



## PRIME MINISTER

TRANSCRIPT OF INTERVIEW/TALKBACK WITH VINCENT SMITH, RADIO 5AA  
20 MARCH 1990

E & O E - PROOF ONLY

SMITH: Are you feeling a bit of pressure.

PM: No, I don't feel pressure, I realise that I've got to work right up until Friday night, and I'll do that.

SMITH: Do you feel that things like this MFP row place pressure on you, indeed diversions from the issues.

PM: I think it's a very unfortunate diversion, I think however that the electorate will slot that into their overall assessment of which side has addressed the issues and addressed the real challenges of Australia's future - I think we've done that, I don't think the other side has.

SMITH: You've had a very relaxed campaign it strikes me, that you've been taking it almost easy.

PM: No, I haven't taken it easy. I wouldn't insult the Australian people by taking an election easy. I've put everything I've got into it. What is true is that the actual schedule has been not quite as demanding as in the past in one important respect. We haven't scheduled so many fund-raising dinners at night, and they can be, while a lot of fun, and I enjoy them in one sense, they also take an enormous amount out of you, and the relative absence of those night dinners has made it somewhat easier.

SMITH: Have you been getting early nights?

PM: I've been getting a lot earlier nights than I normally do in an election campaign, yes. I feel good.

SMITH: You're staying actually, you're staying in the Hyatt Hotel, next door to the casino, have you been across to have a flutter, are you thinking of doing that.

PM: No, I haven't been to the casino, no.

SMITH: Did you stay at Wrest Point -

PM: No, no.

SMITH: You're not having a flutter?

PM: No.

SMITH: I wondered whether you've been putting a price, some odds, on yourself -

PM: No, I believe others are doing that Vincent, but I wouldn't degrade the process by doing that.

SMITH: Not long odds on.

PM: No, I just take the view that this is a tight election and I've got to do as much as I can to .... really I've got two things to do; to sell my own policies, the present and for the future, that I've tried to do; I also have an obligation to expose the inadequacies of the other side, the dangers in their policies for the future of this country, I've tried to do that. More than that I can't do.

SMITH: Do you think the odds may have changed with the emergence of this MFP issue, this week.

PM: I don't think so. What that has meant of course is that there's been, deliberately on the part of the Opposition, from the end of last week, a diversion from the major issues. They chose to do that and that would seem to me to be unwise from their point of view, but interestingly what it's done again is to allow to emerge in the highest of relief the great internal divisions within the Opposition. Let's look at it. You have Mr Peacock, sometime on the Thursday, talking to some small element of the leadership group, not including Mr Howard who is the Minister responsible, and the word went out on Thursday night that they had made their decision, to go against what they had said just a matter of days before. Just last week, this is the official Opposition response in the Sydney Morning Herald, on the question of the policy, I quote, this one short sentence: "The proposal is unique for Australia and deserves extensive consideration". Now that's the week before, that's what their position was, then Mr Peacock gets together with two or three of the leadership on a Thursday night, and they make up their minds on the basis of some material before them, that they'll say no, wipe it completely, including the proposition that this has been an enclave. Didn't consult Mr Howard. So what have you got. That rushed up little decision on the Thursday night, the Federal President of the Party, Mr John Elliott, an ardent, vigorous, enthusiastic supporter of it, Mr Greiner pushing like hell to get the concept for NSW, now the National Party bloke in Queensland damning Mr Peacock for what he's done. I mean you've got here again, the successful Mr Peacock, successful in the sense of

PM (cont'd): putting up in neon lights, "I lead a massively divided Liberal Party and Coalition". Some achievement.

SMITH: Okay. Everybody seems to know better than the PM of the country, don't they. The Opposition Leader knows better, everybody out there in the electorate knows better, everybody wants to run the country, don't they, but no one wants to be PM. Why do you want to be PM again after 3 terms.

PM: Well let me say, give you a reason why, which is not driving me. I can honestly say that it's not a question now of marking up personal milestones, this country has given me the immeasurable honor and pride and privilege of being its PM for seven years and to be PM of what I clearly regard as the best country in the world is something that's just enormous, and I thank them for that. But I am striving harder in this election to win than I ever have before I think, because I truly believe that the policies that are being put by the Opposition are a recipe for disaster for this country, domestically and internationally. And I love this country that much, I mean the whole of my public life and the whole of my adult working life, has been public life, has been to try and advance the interests of Australia, and I am as sure as I am of anything, Vincent, that if the Opposition were to be able to come in and do the things which they are promising, it would set this country back immeasurably. I mean what do I mean by that.

SMITH: We'd be on the road to a banana republic.

PM; Well you would. I mean you would certainly go into recession because you look now four days from the election, they have their hinge words, their linch-pin words if I can put it that way. And what are they? Productivity, increased productivity. But their policies are a recipe for negative growth, growth .... productivity movements. A wages explosion, there must be a wages explosion. Capital gains tax, they would be shovelling billions of dollars into the pockets of the wealthiest one per cent, that's not only a recipe for social divisiveness, but it's a recipe for economic backwardness because instead of investment decisions being made as they are now, on the basis of productivity considerations what's the best economic return, investment decisions would once again become how do you increase the paper value of particular assets so that you can flog that tax free. And this is the reverse of what productivity decision-making is about. These sorts of things in the area of tax and the economy are a recipe for sending Australia back into economic backwardness, social divisiveness and we've done too much in the country together to come together, to become competitive again. We're now exporting manufactured goods all over the world. I mean if I can just go one point, which comes out of Adelaide. One of the most exciting things that's happened to me as PM. Just go to this enterprise here, in Adelaide, which

PM (cont'd): is a manufacturer of optic lenses.

SMITH: Sola Optical.

PM: Yes, Sola Optical, I wasn't going in for advertising. Now I just can't describe to you -

SMITH: I'm just getting used to some.

PM: Yes, well I can't describe to you the excitement of that. There I went into this enterprise, magnificent relations between management and workers, and they were telling me the United States, the most competitive market in the world, they said they had about 12 or 13 competitors there in the toughest market, and this Adelaide enterprise has over 50% of the United States market.

SMITH: Do you think that's the beginning of this investment, this capital investment in plant and equipment that's supposed to increase our productive capacity.

PM: I don't think it, I know it. I mean we've got the situation now where under the Accord the Trade Union Movement has allowed a movement to profits which has moved into investment. We now have investment at the highest proportion of production that it's been in our history - 13.5%, it's the highest it's ever been. And that now is transforming our industry, that's what's been enabling us to have this massive increase in manufactured exports. I mean a 54% increase in the last four years Vincent, manufactured exports. The classic example, steel, look at it. In 1983 BHP was going to close down the steel industry. Now in this last year we have exported three quarters of a billion dollars worth of steel around the world, we're one of the most efficient producers and exporters of steel in the world, and in the next three years we're going to export over 2 billion dollars worth. And that's as a result of massive new investment in the steel industry, in co-operation with the workforce. The second, well, an equally almost exciting thing of that here, Sola Optical, was going to the BHP steel works in Newcastle at the end of the last year, and there I met the management and workers together, enthusiastic, excited about what they were doing together. Management saying to me, look before this new period since you've been in office, our attitude he said, these were his words, our attitude used to be in regard to the workers, that we expected them to leave their brains at the gate, he said now, under this new set up, he said we co-operate with them. We tap into them, get their thinking, he said we've changed management attitude, they've changed work attitudes, so we've now got a steel industry, which was going to be closed down. We've not only got a steel industry for Australia but it's a great source of export income for us.

SMITH: You say it's happening now. How long will it take before we can say, good times are back here again. Is it going to be the turn of the century. I mean a lot of people are saying and writing that really this is a bit of a phoney campaign. Both sides are saying things are going to get better very, very quickly.

PM: But let me .... when you say things are going to get better, sure there've been hard times with high interest rates over the recent period.

SMITH: Are you saying they will come down.

PM: Even more importantly than I'm saying it, or that Paul Keating is saying it, the banking industry itself is saying that they will come down after the election. We've had to have high interest rates because we were growing that fast, and importing that much, that we couldn't sustain that level of imports but the banking industry has said, okay what you've done was right, it's working, and now the mortgage rates will come down.

SMITH: 1%, 2%.

PM: That's a decision which the banking sector has got to make, but the important thing is that we've got the policies in place, which are going to enable that to happen whereas if the Opposition were to get in with a wages explosion, and with blowing the budget surplus. See I've done what's never been done before with my colleagues. In the last three years a 17 billion dollar surplus. The Conservatives never got a surplus. Now that's important in terms of economic policy and interest rates because that means we are reducing the government claim upon savings and that opens up a greater savings pool for the private sector so that reduces pressure on interest rates. But they're going to blow the budget surplus. 7 billion dollars. I mean they're saying to your listeners, and we're only four days away from the election, oh dear listeners of Vincent Smith and electors of Australia generally, please you know, buy us on trust, we've 7 billion dollars of promises, which we haven't funded, we either blow the surplus or cut your benefits massively. Now they must blow the surplus by increasing the outlays and also by giving billions of dollars back from the public revenue and shovelling billions of dollars into the pockets of the wealthiest 1 per cent. Now that's a recipe for economic disaster.

SMITH: But on the other hand you're also asking people to take you on trust, on your record -

PM: On the contrary, on the contrary. I said with Keating last year, I said, look I'm neither a masochist nor a sadist, I

PM (cont'd): certainly don't want to hurt myself, much more I don't want to hurt Australians. I mean I haven't spent 30 years in public life and now wanting to hurt Australians unnecessarily. But we had the simple fact that in the last year we increased our consumption by 8% and our production by 4% and we just brought the rest in by imports so we had to slow things down. And I said to the people of Australia last year, this is why I've got to do it, I've got to do it to slow things down somewhat, but I said I guarantee you that that will work, we'll slow things down and we can bring interest rates down. Before this election started, the Reserve Bank brought the prime rates down and now the banking industry is saying yes, the policies are working and mortgage rates will come down after the election. They're saying it.

SMITH: 2%?

PM: Well, it would be unfair for me to say it will be 2%. I believe that the forces are there, that is the reduction in demand, and the lowering in the cost of money to the banks, that means they must bring it down, now the amount that they bring mortgage rates down by will be determined within the banking industry. But I think it will be a significant figure and it will be sustainable.

SMITH: When money gets cheaper, doesn't that increase demand beyond our production level -

PM: No, no, no. The important thing is that we are having restraint in wages, restraint in wages, we're not going to be having a great boost, an enormous boost, in real disposable income, it's going to be an increase in real terms, but what we're going to be doing, our efforts, our activity, will be more and more going into net exports. I mean this is what's happening now that Australia's productive activity, the increase in our productive capacity which comes from having more people in work, and higher investment, it means that we've got more Australians, better trained and better equipped at work and that productive activity is going to be more and more channeled into exports.

SMITH: Our first caller.

CALLER: I'm waiting on a thing from the Taxation Dept answering my accountant, and it's taking a hell of a long while to go through, waiting on the ruling and -

PM: Clare, could I just interrupt you, there's no way just on air like this that we'd be able to settle this, but could I give you this undertaking. If you'd send the details of your concern into Vincent, and I'll have it sent on, I'll give you my personal undertaking.

CALLER: Well we're still waiting and I'll tell you in a couple of minutes why should you have to pay Medicare levy back to 1978 when it didn't come in until the 1 of February 1984 on your retiring allowance.

SMITH: You shouldn't.

PM: And you're not being asked to.

CALLER: I've great respect for yourself and I don't wish to belittle you but I say to you, would it be possible for you to answer my question without all the statistics. I appreciate your skills in the economic division. I'm asking you if you could help small business. What are you going to do when the election is over to stop this high interest rates of banks, so that we can continue to employ our staff. In Adelaide we are forced to put off staff at the moment. Small business with a staff of three, and having to reduce our part-time labor. If you continue to allow these high interest rates that permeate through the small business section to continue, it will go too far.

PM: That's right Arthur, and that's why it's not going to go further. I hope you were listening before and I won't throw statistics at you, Arthur, I do that when I think they're relevant to a question, but let me say this to you; that we had to have a high interest rates during last year, the reasons I put, I won't repeat the statistics, but we were simply consuming more than we were producing and that meant we were pulling in more imports than we could sustain, so I've had to have high interest rates to slow the economy down somewhat, but importantly, Arthur, that's been achieved now and the banks are saying that they will be lowering interest rates, as you know already the commercial rates that are relevant to the bank's decisions, they have come down in this year, over 2 percentage points, and they have made it quite clear to the people of Australia that rates generally will be coming down, because we've got in place the policies which will enable that to happen. I can assure you, Arthur, that we are going to continue to grow, the economy is going to continue to grow, but as I was saying a little while ago to Vincent, what we've all got to do and I appreciate very much the role that small business plays in this—we've got to more and more direct our activities in a way which is going to enable us to substitute our own production for imports and also increase our exports because that's what's vital to dealing with our external problem. I can assure you, Arthur, that the rates will be coming down after the election.

CALLER: Can I come back to you Mr Prime Minister. Well, what about a tip for Sandown races today, you're an expert in that field too.

SMITH: Warwick Farm, Peacock is scratched in the second race.

PM: If I had a paper in front of me, I'd give you a tip mate, I'm sorry I haven't got one in front of me.

CALLER: I want to speak to you in relation to your Immigration policy. In Adelaide we've been fairly quiet backward sort of country, sort of State, with the introduction of the -

SMITH: Michael turn your radio off.

CALLER: We're getting a lot of drug problems now in Adelaide now that we've opened up the state a lot, obviously it's coming from overseas, could you tighten your policy up with immigration.

SMITH: Do you think we're not screening immigrants.

PM: Michael, you're not on the ball there mate. And I must say while that there's been a lot of disagreement between Andrew Peacock and myself on basic issues in this campaign, as I understand it Mr Peacock's position is no different from ours on immigration and I applaud him for that in that I think he agrees with the level of immigration that we've got now, and if anything he'd want to increase it somewhat. We have tightened all our procedures in regard to ensuring that the people who come here are going to be appropriate citizens and they are proving to be that. You may be interested to know something I've just announced today, Michael. What we've done is to announce the establishment of a statutory criminal asset trust fund and that to put it in simple terms, all the proceeds from crime that we get on convictions of criminal and under the drug-trafficking provisions of the Customs Act, we're going to turn those, all that we get back from criminals will be divided up, 50% going into the law enforcement agencies, and 50% going to programs for the rehabilitation of drug users so that in increasing our fight against crime in general and drug related offences in particular, we're going to make the criminals cough-up their ill-gotten gains out of that, and that will go into the trust fund so that we can even further strengthen our law enforcement agencies and the programs to help the rehabilitation of drug users. So I hope you'd agree with that.

CALLER: Yeah, I do, I think that's one of the best things that come out, it's excellent.

CALLER: I've just been a bit concerned recently about all the talk about health policy. This is perhaps not as much in regard to your own party but particularly the Coalition's policies or lack thereof, as the case may be, they've talked a lot about the problems that we've had with Medicare, I still think it's better to have it than not, I was just wondering if you could tell me what you're planning to do - I heard Dr Blewett speak, he said that there will be improvements made if you could just outline some of them.



PM: Well basically, what we'll continue to do Jo, is what we've done in the .... and that is to keep the basics of Medicare in place and the basic is that there be equity and universality. Equity that means Jo, that I because I get a relatively high salary, will pay more than I guess you do, I'm sure my salary would be higher than yours, I don't know what it is but I should pay more, and we'll keep that principle that those like PM's and business executives and so on who have got higher salaries, by paying our 1.25% we will pay more and so we should so that will mean that everyone in the community will continue to be covered and we will never have it returned to that situation that I inherited as PM, where 2 million Australians simply weren't covered for hospital, medical bills, so it will be equitable and it will be universal. The other thing of course that we will continue to do, Jo, is what we've done over 7 years we'll continue to consult with the States and with the people who are actually involved in the medical system - doctors, nurses and so on, so that where there can be points of refinement, improvement, that will be done.

CALLER: That sounds great, better than the other lot.

CALLER: I haven't been unemployed for very long, about a month, and I've listened to your speeches about training programs, they sound very interesting and I would like to know, are you going to put a lot on - because I'm looking for a job as hard as I can, and these training programs are they going to be good enough to get you a job sort of thing.

SMITH: Will they give you a ticket, is that what you're asking.

PM: What we've tried to do mate is to have a range of programs because there's a range of people that need to be dealt with. There will be some who come with sort of no experience of work at all, and some with no technical qualifications so for them we've got programs which are calculated to give those people some sort of sense of confidence in themselves and the beginning of understanding of what's involved in various types of work. One of the programs that, one of the newer programs that we've developed is SkillShare which I've seen around Australia now, it's remarkable because what happens there is that people are brought in who for one reason or another, haven't had much experience of work, who might have some sort of disability, and people in the community who have themselves been tradesmen or who know how to deal with people, and they are, these community organisations are working with people to give them confidence and experience. There's a range, in other words of programs, .... to fit the needs of particular individuals. And I think that you will find - can I give you this specific recommendation - how old are you by the way?

CALLER: I'm 21.

PM: What you ought to do is go to the Commonwealth Employment Service and ask them, just tell them exactly what you're background is and you let them know what your interests are and I can guarantee you that out of the range of programs that are available there, they will be able to point you to something which will be of assistance to you.

CALLER: It seems like the Opposition's not really -

SMITH: Come back to us if he doesn't.

PM: Yes he can. Well the Opposition want to scrap most of these programs.

CALLER: They want nothing to do with the unemployment.

PM: What they're saying is - I mean there's is heartless, I mean after 9 months they just throw people out of the scheme, what we say is yes, people haven't got an automatic right to a dole, and that's going to be ended. But what they have a right to from the community, is access to training programs, and that's what we'll give them.

SMITH: That's about all we have time for, for calls. PM just one question I wanted to ask you - while you're going through the Sandown form.

PM: No, no, it's only because it's been put in front of me and I've been asked to give a tip. Look this is done without prejudice, and on the basis that I haven't really had a chance to study it closely, but .... I don't know what price this one is. Have a little bit each way on Rave Report in the last at Warwick Farm, just a little bit. I haven't been able to study it closely, or at all. It's got a bit of a .... it's way over the odds I think probably.

SMITH: As I said, Peacock is a scratching at Warwick Farm. But I wanted to ask how you feel asking people for a second preference vote, not for a primary vote, given the strength of the alternatives.

PM: Well I feel this way. What's happening in Australia is happening all around the world, particularly in regard to the environment; that people are saying that's the issue that concerns them most of all, and so, more people than before are casting their first preference for the party or parties which they think are very, very much environment oriented. Now that may be the Democrats, it may be actual direct Green candidates. What I say to them is this. A, I share your concern about the environment; and B, if that is your overwhelming concern then you

PM (cont'd): must cast your second preference for the one of the two parties that's going to form govt, which has got the best environment record. And there's simply no doubt about that, the Australian Conservation Foundation, the Wilderness Society, have made it clear, that to use their words, 'Labor is head and shoulders above the Coalition', and well may they make that judgement because look at -

SMITH: But why aren't you then saying well cast your first vote.

PM: Well I would prefer it, I'd prefer it. I mean I would ask them to cast your first vote, but if they are saying we just want to register our real concern about environment by casting a Green vote 1, or Democrats, then, and this is a free society, if that's they want to do, okay, I prefer they voted for me 1, but I'm saying to them, according to their own criteria then, if the environment is the most important consideration, remember, that it was Hawke and Labor, who saved the Franklin against the Opposition of the Liberals and National Party. It was Hawke and Labor who saved the Daintree from logging against the opposition of the Liberals and the National Party. It was Hawke and Labor who saved the Kakadu from mining against the Liberals and the National Party. It was Hawke and Labor, who saved the tall forests of Tasmania against the opposition of the Liberals and the National Party. So I'm saying to them okay, if you insist on casting your first vote on environmental grounds for someone else, make sure that your effective preference is for Labor, because the ACF, the Wilderness Society, they all say, properly, that we are head and shoulders, head and shoulders above the Opposition.

SMITH: Just very, very quickly, how importantly do you rate newspaper support, one way or the other. A couple of Murdoch papers have come out in support -

PM: Frankly I don't think editorials .... I think they hardly change your vote. What's much more important as far as newspapers are concerned is that they give you a fair coverage during the campaign. That's the important thing. If you get a fair coverage from the newspapers during the campaign, that's what counts, and if - I mean I would rather have them saying vote Labor in their editorial, than not, I'd prefer that, but I don't think it really affects many votes.

SMITH: Thank you.

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