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PRIME MINISTER

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E & O E - PROOF ONLY

JOURNALIST: Prime Minister, how reasonable is it to expect a fall of two percent in interest rates after the election?

PM: Well, if you look at what I said, the context I was, the two percent came up in terms of some reference I'd seen to, in going through a whole lot of media in the last few hours of some comment by Mr Howard that he'd talked about two percent. You'll notice that I was reluctant myself to predict it and I, I don't want to say precisely because I've said today and before today that the actual fall, the degree of the fall, will be determined by the, by the banks. The important thing that I have been saying and that Mr Keating has been saying is that we've got the policies in place upon which the banking industry is able to say that there will be a fall. The actual amount of the fall will be a matter for the banks and the banking system to decide.

JOURNALIST: Would you say that two percent was a reasonable ...

PM: Well ... that arose in the context of I'd seen Mr Howard was talking about two percent. He'd been asked about what the candidate in the Northern Territory had been saying and he, he said two percent. Now if he wants to say it, I'm saying, well it might be reasonable. My own consistent position is I'm not going to put a figure on it. What I am saying is the clear alternative that the Australian people have next Saturday, it's this - that under our policies interest rates must fall and are seen by the banking industries and necessarily falling. That's one reality. The other reality is the inevitability of an interest rate rise under the policies of the Opposition which contain two things which would bring about an interest rate rise. Firstly, a wages explosion and, secondly, a deliberate dissipation of the budget surplus.

JOURNALIST: Over what, over what period of time would two percent be a reasonable fall, Mr Hawke? Three years or a matter of weeks after the election

PM: I wouldn't think a matter of weeks.

JOURNALIST: Three years?

PM: I'm not, you can ask all the questions you like, but what I'm -

JOURNALIST: Prime Minister, on another issue -

PM: Yes.

JOURNALIST: Andrew Peacock has accused you of injecting racism into the MFP debate.

PM: Well, Mr Peacock, unfortunately, has got desperate in the last few days. All the records will show the untruth of that assertion. I would not, have never, accused Mr Peacock of racism because I only make charges if I think they are warranted. I don't think a charge of racism against Mr Peacock is warranted. I've made a serious charge against him which is not the charge of racism and that is the charge that he has been adventuristic and dangerously irresponsible in his position in regard to the Multi Function Polis. What Mr Peacock has to answer is a very simple position. Why was it that last week, last week, in the Sydney Morning Herald in explaining the position of the Opposition on the Multi Function Polis, this was the word, these were the words, quote - the proposal, that is the proposal for the MFP is unique for Australia and deserves extensive consideration. Now that was the position last week, then last Thursday night, without consultation with the Minister involved, Mr Howard, who himself had just said that the proposal was worthy of consideration and should not sink in a sea of hostility - without any consultation - a decision was made on Thursday night and that there wouldn't be any processing of this under a coalition government. This has appalled his own colleagues, it has appalled the business community in this country, it has appalled the business community in Japan.

JOURNALIST: Mr Hawke, on that issue Mr Peacock says he has a better record on race than you because, as ACTU President, you opposed him as Foreign Minister on the issue of Indo Chinese refugees coming to Australia.

PM: Well see, Mr Peacock can't get anything right. He is totally desperate in this issue. He goes back to a point not at which I or the Labor movement opposed the, that Australia should offer haven to refugees from Indo China. I expressed a concern at the way in which people were just being able to land without any channelling through Government of the way in which they came. And that was a matter of concern to all Australians including Hawke who has, I would suggest of any person in public life, the most impeccable record going back to my days at university on this issue. No-one can touch Hawke on this

issue. Now I'm sorry that Mr Peacock has to go, has to get into this because I don't accuse him of racism - never have and never would because there is no evidence available to me, no evidence at all, that would sustain a charge of racism against Mr Peacock. And so I don't make it, never have, but I make the serious charge of irresponsible adventurism in this matter and you have the position where his, the President of his own Party is clearly appalled by this because Mr Elliott has taken a totally different position on this, his own Minister, Mr Howard, just a week before made it quite clear what his position was, so what Mr Peacock has succeeded in doing in this final week of the campaign is yet again highlighting the fact which has been true, right throughout the campaign, that you have an Opposition which is fundamentally divided on serious issues. They cannot speak with one voice. As I said at the beginning of this campaign, you've got a coalition which can't govern itself and therefore, as I've said from the beginning of this campaign, absolutely unable to govern this country.

JOURNALIST: (inaudible)

PM: Beg you pardon?

JOURNALIST: ... poll showing any influence over the MFP issue?

PM: Not that I'm aware of and, let me say that, as I've said in the Parliament and I've said right throughout my public life, polls will not determine my attitude on issues like this.

JOURNALIST: Mr Hawke in the Vietnamese language newspapers, the, the advertisements being run by the Labor Party talking about darkest plots by conservatives. To whom is that referring?

PM: Well on that, that phrase there was put in without my authorisation and I have a letter and you can get it from my people, a letter from the person who actually put that out over my name, in which it's indicated that that sentence was put in by them and without any authorisation from me. I don't go in for that sort of caper.

JOURNALIST: Are you embarrassed by that?

PM: Well, I, I just repudiate the statement. I have done. It was put in without my authority. It's been made quite clear and you can see the letter to that effect.

JOURNALIST: Prime Minister -

PM: Yes.

JOURNALIST: If Mr Peacock isn't a racist himself is he trying to tap the certain racist element within elements of Australian society?

PM: What Mr Peacock has done is to repudiate the position of his own Party a week before, the position of his own Party the week, as I've quoted, let me repeat it - that the proposal is unique for Australia and deserves extensive consideration. His own Minister responsible, Mr Howard, has said it was a worthy proposal and shouldn't sink in a sea of hostility. Now he talks to two or three people, Mr Peacock talks to two or three people and not including the Minister responsible, and changes that position against the position of his Party, against the position of the President of the Party, against the position of the Shadow Minister. Now he, I didn't issue his Press release, he said that he didn't like the idea of an enclave. Now why did he say this when the principles set down under which the committee is operating makes it explicit that there shall be no enclave. They are looking at a proposal calculated to bring to Australia what Australia needs, to bring in a concentrated form, the best technology from Japan, from Europe, from the United States, to marry the best available technology from overseas with a highly trained and highly skilled Australian workforce so that we will put Australia for the future in the best possible position to tackle the challenge of the future - to make us better able to export manufactured goods and services. Now that's what it's about, it's what has been accepted before by the Opposition and its Shadow Minister, by Mr Greiner, by the Federal President of the Liberal Party. Now, now, what they are about in talking about an enclave I don't know because the discussions were only going on with the Japanese. That's what the discussion was about, but in the context of bringing everyone to the, to Australia from all these other areas, but that's what they've done in a situation where they know that the nine principles deliberately included a proposition that there shall be no enclave and he puts out his opposition on the basis that he's opposed to enclaves when enclaves were not on.

JOURNALIST: Prime Minister.

PM: Yes.

JOURNALIST: From one of your comments this morning you seemed quite resigned to the fact the vote for the minor parties could be ...

PM: I don't know that it will be twenty percent, but what I've said, Maxine, is that I think the vote for the non-major parties will be higher in this election than it has been before and I've said, you know, since the campaign started, that this to a considerable extent will be a function of a political fact, here in this country and around the world. That is, that there has been a growing

interest in environmental matters and I make the point again that for those for whom the environment is the major issue and they want to express their concern by a primary vote, either for the Democrats or for a Green candidate, then the logic of their position demands that their effective preference vote must go to the Labor Party because it's the Labor Party or the coalition which will form Government and the record of Labor is, as the Australian Conservation Foundation and the Wilderness Society says, head and shoulders above that of the Opposition.

JOURNALIST: Prime Minister, how much damage will the MFP debate do to our relations with Japan.

PM: Well, I can't measure that. Obviously they've been hurt by it which is understandable. I believe we're going to win the election and we will responsibly, with the cooperation of the Will Bailey's of the ANZ, the John Elliott's, with the cooperation of people like that as well as the bureaucrats and the governments, we'll go ahead with doing what was being done and that was calculating how best we can secure the future of Australia by bringing to this country the best technology available from overseas, including Japan, to marry that best technology with our trained workforce and that's what this exercise is about and any political leader who, for opportunistic reasons, would prejudice that process is, as has been said in one major newspaper, not worthy of being in the Lodge.

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