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PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH ALAN JONES, RADIO 2UE,
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JONES: The Prime Minister, Mr Hawke, has broken many records during his Prime Ministership and since his accession to the leadership of the Labor Party. In March this year he became the only Labor leader in Australian political history to ever be elected to lead his Party for a fourth term in office. Today - another milestone. At the end of today he will have served 2,678 days in office which is a hell of a lot. I think it's seven years and four months and so many days and that will make him equal to Malcolm Fraser as the country's longest serving Prime Minister. When he wakes tomorrow he will be on to the 2,679th day to make him the second longest serving Prime Minister to Sir Robert Menzies. He's denied he's aiming to break Menzies' record - he'd have 5,000 days to go, but he reckons he is going to lead the Party to the fifth Federal poll. Anything is possible. The Prime Minister is on the line. Prime Minister, good morning.

PM: Morning, Alan.

JONES: Congratulations from all our listeners and from everybody else. A very important and significant milestone.

PM: Thank you very much indeed, Alan.

JONES: A little bit of history created over the weekend as well, I guess, with Navratilova and West Germany, so you're part of all that.

PM: Yes, it's been a big weekend for them hasn't it?

JONES: Did you pick the winners?

PM: No, but a mate of mine was brilliant in regard to the tennis. He took six to one Navratilova early in the business and then was able to lay off with ... Zina Garrison and so he was, he was looking pretty.

JONES: I notice I just had an interview before you came on air about a man who's a psychiatrist at the Cumberland Hospital who tells us that we're outlaying more money

than ever before on gambling. I suppose you'd say I'm into that - they've got a bit of yours haven't they?

PM: Well, I find it very relaxing. It's one thing that keeps me sane, I think, being able to turn off on the horses every now and again.

JONES: You're not after Menzies' record surely, that's -

PM: No, no.

JONES: Could I just ask you a couple of questions because we just wanted to congratulate you, but a couple of questions I suppose not necessarily involving themselves in the day to day detail. I was interested that in the opening of the Premiers Conference two weeks ago, you described Australia as the most over-governed country in the world which was a consistent theme that you used in the Boyer Lectures now many years ago.

PM: Yes.

JONES: Do you find there will be scope within your Prime Ministership to advocate the abolition of the States or is that something that you would like to get involved in once you cease being Prime Minister? Is there a case for that?

PM: The case I put in the Boyer Lectures in 1979, but I know that in my political lifetime, Alan, I would think for some time beyond that it's not realistically on the agenda. I've simply said, and I think there wouldn't be a single Australian that would disagree with me, that if now, at the end of the 20th century, you were starting from scratch and writing a Constitution which was appropriate for the Australia that was approaching the 21st century, you wouldn't have exactly the same sort of arrangements that were regarded as appropriate by the six colonies reluctantly agreeing to come together at the end of the 19th century.

JONES: There is massive duplication isn't there?

PM: Well, if you just think about it, look at the number of Houses of Parliament we've got with the six States that's 11 Houses of Parliament, because Queensland has only got one, there's 11 there, then you've got the Parliament in the Northern Territory and then you've got the Capital Territory here. So there's -

JONES: Thirteen.

PM: Thirteen plus two Federal, there's fifteen. You've got fifteen Houses of Parliament for 17 million people.

JONES: It's a joke isn't it?

PM: Well, it's on that basis that I say that Australia is the most over-governed country in the world.

JONES: But is there nothing we can do about it?

PM: Well, ultimately Australians have got it in their own hands as to what they do, but what, I want to be a practical deliverer of change if I can and what I've suggested - and I'll be making a major speech next week about this, Alan - is I think the obligation is upon the leadership of the Federal Government and of the State Governments to come together and to see how we make this existing system work better and I think that really involves two things, as I'll be spelling out in my speech. Firstly, it involves getting the evidence, seeing how we look at the way we often duplicate functions, overlap the things we do and see if we can't get a better way of dividing up functions between us. That is simply by agreement between the Commonwealth and the States and not forgetting local government as well and, secondly, to see if we can get together, that is the States and the Commonwealth Government and the major political parties, a better approach to the question of Constitutional change and if we do those two things, as I've said, in the last century, at that last decade, the 1890s, they took all of that ten years then to prepare the Constitution which ... came into effect at the beginning of this century. I think we ought to use this last decade of the 1990s to see if successively we can't get Australia into better shape to cope with what's going to be an extremely competitive, tough, difficult 21st century.

JONES: Well if I could just take that one final thing, better shape, because you've got to go and so have we, but monetary policy, without getting ourselves embroiled in ideological argument or, indeed, political argument. People like Button and Walsh, on the one hand, or public servant people like Charles and Phillips on the other, have been arguing that perhaps we've gone too far on this high interest rate strategy. Now the job figures are looking bad, there are more and more people out of work, perhaps 10,000 small businesses a month going down the drain. Is there a sensitivity in Canberra to the dramatic problems that ordinary Australians are facing and how much longer can they endure this interest rate strategy without really discernible benefit?

PM: Well, yes, there is sensitivity to it. We may be physically remote. But I can assure you there is a total sensitivity to the problems, but there's also the sensitivity particularly to what the alternative would be for this country if we did not lower the level of demand. Because if we didn't lower the level of demand which has all these implications that you are talking about, rightly, Alan, but if we didn't do that then, of course, the economy would collapse. We just can't go on as a country consuming more than we produce.

JONES: But doesn't the current account figure each month demonstrate that we're not being successful at reducing demand? We've still got this export/import imbalance -

PM: Well the implication of that is, as you'll appreciate, the logical implication of that is that the tight monetary policy has to go on until we do.

JONES: How much longer do you think people can endure that?

PM: Well, the answer again is -

JONES: I mean, what I'm saying, I suppose I'm saying to you isn't there a more satisfactory mix?

PM: There are only three arms of policy, without sounding like the jargon-ridden economist, there are only three arms of policy. That's a fiscal one, that's what you do with taxes and your budget, that's one. Secondly, there's wages policy and third, there is wages policy, fiscal policy and monetary policy.

JONES: But couldn't we encourage people to save? This is what the big debate is about isn't it? I mean, you and Paul Keating -

PM: We've done more to encourage people to save than had ever been done before because with the arrangements with regard, made in regard to people providing for their own retirement through the superannuation provisions, there is now undergoing a massive increase in the allocation of funds by the Australian people to superannuation, massive. More than anything that's ever happened before.

JONES: But what about something like no tax on the interest that's accrued from savings? That would be a tremendous incentive to save, to stop spending.

PM: Yes, but everyone has looked at that, including the Opposition who ran around with it - remember when, earlier last year, when the then leader, Andrew Peacock, went on his initial dry run for the election. He said this is the salvation and, of course, we then exposed all the weaknesses in that and they've looked at it since and they know, both sides of politics, we know and the Opposition know that the, without - it's too detailed to go into it all -

JONES: Yes, sure.

PM: The offsetting disadvantages to it are so great that neither side of politics is putting it forward as a realistic -

JONES: Alright, well the only other way you can get out of difficulty that we're in, really, I suppose, is to

work harder, to produce more. What if Bob Hawke went on television and said look, I've talked to everybody around the traps and I've talked to people at the races and I'm just saying to you tonight in a couple of minutes we've all got to get off our butts and work harder, everyone of us and outline how that should happen. I mean, the only way we can get out of the debt, isn't it, is to sell off the farm, borrow more or work harder? Now the first two options are hopeless. The third option seems to be to produce more. We're not actually doing as much as we might as a nation, are we?

PM: We can always do more, that's right. But Australians shouldn't sell themselves short by easy propoganda. If you look at the statistics that cover the performance of Australians over this decade, there has been a significant productivity performance. Australians, by world standards generally, and in manufacturing industry now, in particular, are doing well. They can do better. They always can and I accept that, you know, people ought to work even harder than they do, but it's not a question of just working harder. It's basically a question of working smarter and that's why we've got to get the right technology in here, we've got to be prepared to upgrade the equipment and the capital with which we operate and that's why Australians - let me make this point strongly and I'll do it until the day I die - Australians must not be xenophobic. They must not say that we're good enough to do everything in this tough competitive world on our own resources. We have to be prepared to have the best of foreign capital and investment into this country, so that we can combine the talents of Australian workers with the best technology and equipment in the world. If we want to do the worst thing we possibly can, for our kids and their kids, Alan, what we'll do is succumb to the cheap and easy anti foreign approach that unfortunately I see emerging in this country.

JONES: Well, a bit of it from your own mates in Queensland lending a little bit of that. You might give Wayne Goss a bit of a kick in the head.

PM: Mate, I have made my position clear to my friends in Queensland and elsewhere and I will take on anyone, whether they be in my Party or elsewhere, because I know that for the kids of today who are going to be the Australians of the next century, the absolute essential for them is that we get as much of the best into this country from overseas that we can, so that we are able to take on the rest of the world. If we don't we'll go down and down and down.

JONES: Well just one thing on that. Look 2,678 days PM, it's a hell of a lot of time to be running the show, how did we get so crook? I mean that a hell -

PM: No, no, come on. Don't just be an Australian knocker -

JONES: No, I'm not a knocker -

PM: No, but you look at the statistics that were there in the papers the other day. Unfortunately you'd have to search with a microscope to see them played up, but there was a set of statistics the other day that showed if you take the measure of wellbeing, which is not simply, not simply gross domestic product and population, but taking into account the whole range of things which determine the quality of life and the standard of life, Australia was well up there in the top countries of the world -

JONES: But it's a Christopher Skase form of wellbeing isn't it? It's the big jets and the big expenses on someone else's dough and eventually you are found out and you've got absolutely nothing, got the backside out of your pants -

PM: On the contrary, it's not. If you look at the issue of education. That's not a Christopher Skase sort of indicia, but Australia now in this decade, has brought itself up from one where only a fraction, less than a third of our kids, were going on and staying on in school, to one now where we're up to about two thirds. Now that has been a dramatic transformation of this country. The Australia that goes last decade of the 20th century is up with the higher level of education before -

JONES: Are we living beyond our means?

PM: I said that earlier, I said that earlier, we cannot go on with a situation where like, in the previous year, we have an eight per cent increase in consumption, and a four per cent in production -

JONES: If what what you say, if what you just said before is right, and I'm sure people agree that we have got to be smarter, then the agency of that smartness, are our teachers - now MP's got an increase from \$55,000 by about 20 per cent, there is not a teacher in the country getting 55 grand. Do you reckon out there a smart teacher, a good teacher, is better for us in 1990 than a good MP? If so have you got any dough to help ameliorate the problem of teachers?

PM: We were the ones, it was the Federal Government who took the lead with the States recently, in setting that national standard of 37,000 which was -

JONES: But you didn't come good with the money.

PM: As far as we're concerned we will be supplementing the States as we indicated and promised. We'll be supplementing them. Education is not primarily a function under the Constitution of the Commonwealth -

JONES: You'll help in teachers' salaries, with money?

PM: We have been and we will continue to. But we took the view, Alan, that you've got in this area to be taking a long term view. If you're talking about investment in this country being important as it is, and we've got physical investment up to the highest proportion of our gross domestic product that it's ever been, remember that, and which will start to pay off more, but if you are talking about investment, education is the biggest investment of all. And that's why we have transformed it from one in three to two in three of our kids staying on, where we've enormously increased the number of places in universities and our higher forms of education because that's what's going to change this country ultimately and that's what's being done now to bring this country up to a level which can compare with the best in the world.

JONES: OK. Alright Prime Minister, I only wanted to talk to you, we've gone on a little bit, but congratulations in anticipation of tomorrow. I've no doubt you'll be with us tomorrow as Australia's second longest serving Prime Minister. History is very hard to make and very hard to stand on its head. It's not without significant application of your own, a good deal of leadership, not a lot of luck and you've done it fine and done yourself proud and your family and everybody else. So we congratulate you for that. Look forward to talking to you again.

PM: Alan, could I thank you for that and say that in all that time while we've had a few arguments, robust arguments and differences of opinion, I've always appreciated and it's made easier in a way, the discharge of this responsibility that people like yourself, particularly yourself, are prepared to talk about issues in a constructive way. I've appreciated it very much.

JONES: You're most welcome Prime Minister. We'll talk again.

PM: Thank you very much.

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