



**PRIME MINISTER**

TRANSCRIPT OF INTERVIEW WITH STEVE LIEBMANN, A CURRENT AFFAIR, - 22 AUGUST 1990

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LIEBMANN: Prime Minister thanks for joining us.

PM: It's a pleasure.

LIEBMANN: Last night Treasurer Keating told the people of Australia that their faith in your Government is now being repaid and yet we're told that living standards are going to fall and unemployment's going to rise and I'm sure a lot of people are saying today hey that's some pay back.

PM: Real disposable income will, in per capita terms, will stay at about the same level. What we've had to do Steve and it's not an easy job, but we've had to impose sufficient restraint so that we're not going to be as a nation importing more imports that we can pay for, but at the same time not be so tough as to plunge the economy into recession. Employment will still grow during this year, we'll bring down our current account deficit and inflation will come down.

LIEBMANN: But a lot of Australians are going to say how much tougher does it have to get. You walk through a suburban shopping centre, every second shop's empty. You talk to housewives, the supermarket bills are going up. The stories of bankruptcies and business collapses are continuing. How much tougher has it got to get?

PM: Well let's put that in perspective and I don't Steve in any way want to minimise the hurt that some people have suffered. But let's remember this, that we have had up until a recent period the highest levels of investment in our country's history. And that investment which has flowed from our economic decisions which has involved restraint in wages, a move to profits and into investment, that has involved the fundamental process of restructuring of our economy, adding to our capital stock which is making us more competitive, which is now producing a situation where the Treasurer's able to point to the fact that in this next year, with the restraint in domestic demand the whole of our growth is going to come from net exports. We are becoming more competitive in a situation where employment will still grow in 1991. So

these things have been done to create an Australia which can continue into the future to be more competitive. Now I simply ask the Australian people to say well look do you know Hawkey, he's been around in public life now for over thirty years. I've never once tried to do something which is going to be against the interests of my country.

LIEBMANN: Prime Minister, there's probably two million Australian pensioners today who would say we thought we knew Hawkey until last night.

PM: No, no. Let me be quite clear about that. What we did last night was something which in fact was absolutely necessary and which will be in the best interest of pensioners. Well let's go to the two things Steve. I don't say things lightly. There are two things. There's the pharmaceuticals.

LIEBMANN: They would say that's a broken promise.

PM: No, not at all.

LIEBMANN: Didn't Brian Howe say before the election no charges?

PM: What in fact is going to be the situation is that no pensioner will be worse off. The most - Steve, I ask you to understand the most, in my judgement, perhaps the single most important statistic in Paul Keating's budget speech last night was this one, talking about the pharmaceutical benefits scheme. It took nearly 40 years for the cost of that scheme to reach half a billion. That was from 1948 to 1985. In the next four years the next half a billion. Now what had to be done, and this is recognised by all independent commentators, and may I say totally accepted by the Opposition, everyone understands that that couldn't go on.

LIEBMANN: But why did Brian Howe just a couple of months ago then, I mean if this was becoming apparent to you and the Treasurer, why did he say there'll be no charges?

PM: If we'd just put charges on and done nothing else, then that would have been a contravention of all that had been said and all we stand for. But the \$2.50 increase in pension will not only compensate but for very very many pensioners will mean they are better off. They can only pay \$130. Once they reach \$130 they don't pay another cent. And yet in the year they get that \$130 by way of pension increase.

LIEBMANN: Do you acknowledge though that you may be imposing unnecessary trauma, anxiety, confusion on them, that coupled with -

PM: I understand. I understand that for our elderly citizens, change of any kind can always be worrying. I mean I would be the last person in the world to want to

impose an unnecessary hardship upon a pensioner. Uncertainty there will be, but I believe that through the processes of our public servants in the Department of Social Security, through welfare organisations, through the media, that our pensioners will understand why these decisions were right and necessary and how, in fact, in regard to the other factor, the deeming, what decisions they will need to take to take advantage of the decisions

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LIEBMANN: But they're hard decisions for someone who's 80 plus. I mean one pensioner organisation today on that budget provision about the \$2000 plus and the 10% interest is saying that it's piracy.

PM: Well it is not piracy. The piracy that's been going on is as far as the banks are concerned. I'm not saying they are pirates but it's been just a straight out subsidy by the elderly of the banks. The banks getting their money from the elderly, three to four per cent and then lending at 18%.

LIEBMANN: But how do they decide where their money is safe? I mean we're talking about senior citizens now.

PM: Ok. What we've done there is significantly to increase the financial counselling services within the Department of Social Security so that our elderly citizens who may be uncertain or confused can go there and get competent professional advice as to what they need to do.

LIEBMANN: Yes, but I've got to say to you, I mean, we had a Victorian Treasurer who was telling people that their money was safe and look what happened.

PM: That is no response to what I'm saying because there is no financial commentator today - you get any financial commentator you want, get onto your program and say, with competent advice, within the banking system, I mean ... banking system, can you get 10% on your money safely and securely and everyone will say yes you can.

LIEBMANN: Alright, finally on the Middle East crisis. Are you any more confident today than you were when Kuwait was invaded that this crisis can be settled by diplomatic solution?

PM: If we were dealing with a rational man then my answer would be an unequivocal yes. Because what's happened since the invasion would lead any rational man to the conclusion that the interests of his people could only be served by a withdrawal from Kuwait.

LIEBMANN: But?

PM: But you've got to say that on the evidence of history, where this man has engaged in an eight year long

war with Iran, where he's gassed his own people, the evidence is that the man is not entirely rational. My hope is that there will be sufficient people around this man who will understand the truth of what I'm saying, that they will be able, if he doesn't come to that conclusion himself willingly, to be able to force him to that conclusion.

LIEBMANN: But in the meantime our Australians sit there. What do we say to them? Be strong, be firm, we're confident we're doing all we can to get you out?

PM: That's right. We are doing everything we can to get an end to this horrific situation.

LIEBMANN: Prime Minister, thanks for talking to us.

PM: It's been my pleasure Steve.

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