



## PRIME MINISTER

TRANSCRIPT OF UNEDITED INTERVIEW WITH MICHAEL  
SHILDBERGER, SUNDAY NATIONAL RADIO, 2 SEPTEMBER 1990

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SHILDBERGER: Prime Minister, thank you firstly for your time.

PM: Michael, it's a pleasure as always to be with you.

SHILDBERGER: The problems of Papua New Guinea are obviously causing you concern.

PM: Well just before I go to those problems, I mean I don't know whether you were going to give me any other peg upon which I could hang this but I understand, Michael, this is 35 years for you now in the public arena and in broadcasting and I just simply want to say this to you, Michael, that while it's not the best kept State secret that we've had a few arguments and moments I just want to say that I think that the most important task in this great country of ours is to get Australian people thinking about issues, discussing issues, debating them, not of course always having all of us thinking exactly the same thing. But the important thing is that as a community we value democracy, don't take it for granted and have discussions and debate. You have for 35 years played a very important role in performing just that function. I congratulate you for it and I thank you for it and I wish you well in the future.

SHILDBERGER: Oh, thank you very much for that. In fact I'd like to come back to that because I want to do a little reminiscing with you. But at the moment - well as we record this you're heading off very shortly to New Guinea and I was really wondering just how much concern that part of the world is to you at the moment.

PM: It obviously looms significant in our thinking. For a number of reasons. It's one of our very closest neighbours. We're closer to it than to any other nation. We also have a particular responsibility because of the ex-colonial relationship and therefore we have a very great interest in seeing that we can do what we can, acknowledging their sovereign independence, do what we can to put them in a position to handle what are a significant range of problems.

SHILDBERGER: Well there are a few. Economic is one, I suppose Bougainville - which is partly economic - but there's also another serious one.

PM: Yes, Bougainville has represented for them a very significant source of income into their budget and their export earnings and that is now, we hope temporarily, lost to them. But as you say, it's not merely an economic dimension it is a reflection of the fact that not enough people recognise when they are talking about Papua New Guinea and it's this; that as distinct from most other ex-colonial entities there was no natural ethnic or geographical qualities about that area and that entity which made nation building easier. The new leaders of this new nation have had to engage more than many in the actual process of building the nation and the concept of a nation. That has been a very real problem and Bougainville is, in a sense, to be seen in that light.

SHILDBERGER: There are those of course who will say that perhaps Australia should have played more of a role.

PM: There will always be some who would say that but of course those who say it will not spell out the assumption which is implicit in that assertion. The assumption in that is that Papua New Guinea in some sense still is a colonial dependency that we can tell Papua New Guinea what to do and intrude, well that's not the case. We are there to discuss these issues with Papua New Guinea to the extent they want to discuss them with us, to help them to the extent we can and it's appropriate to do so. But the realities are, as I say, that Papua New Guinea is a sovereign independent nation with both the wish and the responsibility to deal with its own affairs.

SHILDBERGER: Do you think when you get there you'll be asked for more money, maybe troops?

PM: No I don't think so.

SHILDBERGER: And you're not going there prepared for that?

PM: Well I always go prepared to listen to whatever my hosts want to raise with me and discuss with me.

SHILDBERGER: Moving from that part of the world to the Gulf. How worried are you?

PM: As an intelligent person I'm obviously very worried about what's happening there. The paradox of course of this period in which we live is that for the first time in the post war nuclear age we have as a world the better basis now than ever before of looking to the opportunity of a world living at peace free from the possibility of super power conflict. But just as we've reached that world, that new world of opportunity, there is a

corresponding obligation on the world community to make it clear that certain basic norms of conduct between nations must be respected. One of those of course is that the naked use of aggression and attempt to subjugate a neighbour is not acceptable and therefore when that has happened we must be terribly concerned about that and when you have added to that fact the horrendous practice of using hostages as human shields against possible targets this sort of thing must give any intelligent person cause for concern.

SHILDBERGER: ... always sort of watched that particular part of the world very closely. If in the present scenario the best happened and Iraq chose to withdraw again from Kuwait, it's not necessarily over though is it? I mean what would be likely to be the US role do you think?

PM: Well the role of the United States is always a difficult one in that region because they are wanted by some and not by others to have a presence or an influence and that's always difficult for a super power like that to handle that situation in a way which is generally acceptable. But -

SHILDBERGER: Do you think it would be likely that they'd stay?

PM: Not in any sense in the presence they've got now. I think one should say this in regard to a possible withdrawal and I think Saddam Hussein should understand this that if he withdraws - as he must - I mean there are certain things that are non-negotiable, that is he must withdraw from Iraq and he must release all hostages. Those things are not negotiable -

SHILDBERGER: From Kuwait.

PM: Iraq must withdraw from Kuwait and he must release all hostages. That is not negotiable. Now, I think he should understand that if he does those things, then if he believes, if he believes that he's got some legitimate grievance, territorial or otherwise, against Kuwait, then there should a facilitation of them to have those matters considered by the International Court of Justice. There are peaceful norms and peaceful machinery which enable disputes between nations to be considered.

SHILDBERGER: Right. From that, let's get to the economy of this country. Ken Davidson of The Age says that Paul Keating in his deregulation, are responsible for many of our economic problems like in Victoria and the state of some of our financial institutions. What's your comment about that?

PM: Well as you know, neither I nor Paul regard Ken Davidson as an objective observer on the situation in Victoria or as far as this Government is concerned. I

mean, Ken Davidson - I don't want to get into a personalised you know, attack on him - but I think it is a matter of record, as Ken himself would agree, that historically he's been essentially a supporter of what was the Keynesian type approach of the Victorian Government in earlier years of which we are now seeing an unacceptable outfall. Now having had that position in the past, I don't think it's likely that Ken is going to be a thoroughly objective observer of the present.

SHILDBERGER: Well put his views aside for the moment. What about deregulation in general? Have we perhaps gone too quickly?

PM: Paul Keating made the obvious answer to this point, Michael, when he said it was not deregulation which has caused the problems in Victoria. It was the absence of proper supervision. As Paul said in the banking sector where there is appropriate supervision by the Reserve Bank, then there hasn't been these failures. The supervision of State Banks and State non-bank financial institutions is the responsibility of State Governments.

SHILDBERGER: Was your virtual lack of support for John Cain, do you think, the final straw?

PM: No I don't think that's fair to say the lack of support. I made the observation which was appropriate and that is that the matter of State leadership is a matter for the States. I said that in Western Australia. I said it in Victoria. I didn't regard it as appropriate for me to say John must stay, John must go. It was a matter for decision by the State and within the State and in the end John made the decision himself.

SHILDBERGER: Now the Budget indicates that demand can still afford to slow before any sort of reverse action needs to be taken. Are you concerned perhaps that the figures are too slow before they get to you, that you might sort of act too late?

PM: You've always got to be careful in this but let me make this point about it, Michael. We don't simply rely on the official statistics - those of the Statistician - which can have that lagged affect to which you properly refer. These things are happening. The people in my own Department, the people in Treasury are constantly in contact with the business community, having their finger on the pulse of what's happening. Let me say this, that when I became Prime Minister in 1983 I said then that - and, you know, we were in the depth of the worst recession in 50 years at that time - and I said to my people I'm not going to wait just on the official statistics to get some feel of when the economy's on the move. I think it's a reasonably well known fact that Sir Peter Abeles is a friend of mine, I've never tried to disguise that. Now he heads up the biggest transport company in this country. I asked Peter when I came to

power just to let me know what was happening in his area of transport because transport in any country, and in a sense particularly in this country, is a very good indicator of what's happening to the economy and I can say that those indications came through ahead of the official statistics. So I'm simply making the point that

SHILDBERGER: Are you still keeping that sort of contact and asking those sort of questions?

PM: Yes and not simply there but I mean I make the point that the bureaucrats in the Treasury and in the Prime Minister's Department, the Department of John Button's - Department of Industry and Commerce, they are constantly in contact with the wide range of leaders in the business community. So we're not just the captive of the lagged official statistics.

SHILDBERGER: Many businesses are going broke now though aren't they?

PM: Yes and many businesses are not. I mean - and I don't mean to sound heartless in making that comment. Yes, the fact is that we had in this country an unacceptably high level of activity which was sucking in a level of imports which we simply could not sustain. So therefore there had to be tight monetary policies, there had to be tight fiscal policies and tight wages policies. Now when you tighten the arms of policy it is inevitable that some businesses are going to collapse.

SHILDBERGER: If you're watching regularly - as obviously you are - can you finger a time or can you think towards a time now that you're going to say right now we've got to change policy of putting budgets aside or -

PM: That assumes that we haven't. The fact is that in this year, 1990, we have on 4 occasions eased monetary policy. We've eased it by 4 points, by 4 percentage points. So during 1990 we have not sat on our hands. We have successfully eased policy. Now our position will be that we will continue to monitor what happens and at that point where we think there can be a further easing - and only when we think it can be done - we'll do it again.

SHILDBERGER: Right. Now looking at the economic problems as well and that is the ACTU hit-list at the moment. Do you support what Martin Ferguson is doing, that he's going out to employers because he says they haven't been doing the right thing?

PM: I answer that question by these prefatory remarks. The trade union movement of this country has exhibited an unparalleled degree of restraint over the period of this Government which has meant that non-farm real unit labour costs have fallen by 10-1/2 percentage points, which has been associated with a massive move from wages to

profits, which has allowed historically high levels of investment. That only happened because of the enormous restraint which has been exercised by the trade union movement. I can understand, against that historical background, the concern that the trade union leadership must have about what appears to be the lack of recognition by sections of the business community of the enormity of that restraint. The problems it's created for the ACTU leadership within its own ranks and also may I say that this restraint, this enormous restraint which has been exercised by the trade union movement has not been reflected in the behaviour of the executives of the business community who, while the trade union movement have been exercising massive restraint involving a massive move from wages to profits, business executives have engaged and indulged in a massive increase in their personal remuneration. That of itself has created enormous problems. So I am not surprised that there is a degree of frustration. The next point I make is important as the previous one but it's important in regard to the national economic outcomes that the ACTU remains committed to the undertaking they have given of a 7% aggregate national wages outcome during this financial year, and that is the important consideration.

SHILDBERGER: Is it right in saying it won't go before the Industrial Relations Commission?

PM: Well at this stage that seems to be their attitude. That's something that they have to work out. As far as the Government is concerned, our fundamental concern is that they keep their commitment of acting in a way which means a no more than 7% national wages aggregate outcome.

SHILDBERGER: Would you prefer them to go before the Commission?

PM: I, by nature, tend to prefer to have these things settled in a more consensual way. I mean that's my nature. I can't emphasise enough the important thing for the community is that the trade union movement adheres to that commitment about a 7% - no more than 7% - aggregate outcome.

SHILDBERGER: But do you support therefore the ACTU and Martin Ferguson who says that the employers haven't been doing the right thing?

PM: I've already said that I think that the employers have been less than totally responsible, sections of them have been less than totally responsible in terms of understanding just what the trade union movement has done over recent years.

SHILDBERGER: Right. Let's get onto a bit of reminiscing briefly. As you kindly referred to the fact it's 35 years when I started as a copy boy at the Melbourne Sun. What were you doing in 1955?

PM: 1955 I was at the University of Oxford enjoying one of the most pleasurable periods of my life.

SHILDBERGER: Now you spent a bit of time in New Guinea, where you are now returning -

PM: Yes.

SHILDBERGER: And I gather - a little bird told me this - that that's where you really got the interest in punting?

PM: Yes it is. Before then I not only had no interest in the horses I had a positive detestation of racing because, as you know, I'm a sports fanatic and I used to find it upsetting in the extreme that I'd be listening to the cricket or the football and they'd say now we go to the races and there would be this monstrous interruption. But I had when I went up there I was sort of acting as the barrister, as it were, leading the case in this local officers case which took me all over Papua New Guinea and I had as my junior, as it were, Paul Munro, who is now on the Industrial Relations Commission, I might say. Paul and I very quickly developed a close personal relationship but it used to break down come Friday when he immersed himself in the mainland papers, the racing section and getting his bets on for Saturday. Now one day I was going over to see - now I must be careful here - I can't name names because it would be obvious but I was going to see a newspaper person who, if I could put it gently, supplemented his income by sort of running a book, as it were, a particular sort of book. Paul had made an investment, I remember it was the Newcastle Cup that was coming up. I was going over to see this fellow about the case and I wanted to put some facts to him that I'd hoped would get sympathetically reported. So Paul said to me oh look, he said, I've put this money - I want to change my investment. Would you do that for me? He had to write it down because I didn't know what he was talking about really. I said yes I'll do that. So I went over and saw this person and I said give me a look at it. Have you got a form guide there? And the fellow said yes, and knowing absolutely nothing about it I had a look through it and with infinitely more luck than good management or insight I picked out one and said well I'll have a certain amount on it. Well needless to say as the story unfolds, my beginners luck paid off. I was hooked. So it started.

SHILDBERGER: I believe there might have been the odd glass of alcohol to be consumed at the time too.

PM: Yes in those days, when forced, I reluctantly had a drop or two, yes. There was some associated with this pleasurable past time.

SHILDBERGER: I've got to say something else here though. I mean I did get to know the Bob Hawke of yester-year pretty well. -

PM: Yes.

SHILDBERGER: He's changed now though, hasn't he?

PM: Well he'd be a bloody fool if he hadn't.

SHILDBERGER: Well he's changed because of the grog, OK.

PM: But not only because of the grog. I mean an intelligent person must change through life. I mean if you want a sign of stupidity, show me a man at 60 who's the same as he was at 20.

SHILDBERGER: Is there more to the Bob Hawke now though where he's become in perception as much as anything and perhaps more aggressive, perhaps even more rude?

PM: That I've become more aggressive now? Oh, that's impossible. No, I'm just a shadow of the aggression of yester-year.

SHILDBERGER: The fuse isn't a bit shorter?

PM: Oh no, it's lengthened to the point almost of non-recognition.

SHILDBERGER: There are rumours that you're back on the grog. Is there any truth?

PM: Gee, you'd want to be careful on that one. I will retire in very considerable opulence. There is not a skerrick of truth and if you could produce any evidence of anyone saying that, please let - well you say there are rumours.

SHILDBERGER: Oh yes, just people sort of speculate, that's all. I've got no evidence at all.

PM: No, what I'm saying is I'd be indebted if you would indicate to me any person that said it. I mean I hope this is not just something you've conjured up. I mean if you say this you've obviously heard someone say it.

SHILDBERGER: Yes.

PM: You have?

SHILDBERGER: But with absolutely no evidence.

PM: No, no, no. -

SHILDBERGER: Pure speculation.



PM: No, no. But I would be indebted if you would at some time convey to me anyone who said that that's happened -

SHILDBERGER: Right.

PM: Because I will take them to the bloody cleaners.

SHILDBERGER: Good. Good to hear it. Your emotions. You laugh, you cry -

PM: Sure I do.

SHILDBERGER: Do you regret any of that?

PM: No. I'm made the way I am. One of the most futile things I've witnessed in life is people saying I wished I was like that or I wished I was like something else or I wish I wasn't like this. You are what you are. What you ought to do is to try and maximise what you've got. The most futile thing in life is to spend time trying to concern yourself about things you can't change. I have a particular make-up. At times it would've been obviously less embarrassing for me if I wasn't made the way I am. But if I've got to sit down and do a balance sheet of my make-up I think I'll settle for what I've got.

SHILDBERGER: How long do you give yourself after the next election before you step aside?

PM: I don't know. I haven't really thought about that. My commitment is to go to the next election.

SHILDBERGER: Have you decided what you'll do when you step aside?

PM: I've thought about it and I've publicly said it. One of the things I really want to do is to do a series of interviews with people that I've had the great good fortune to meet over the years in this job. I have been enlarged and enriched as a human being through meeting a number of these people. But not only have I been enlarged and enriched personally but I think in various ways they've had a significant influence on things that have happened in the world and I would like the opportunity of doing a series of interviews with these people and I imagine that a lot of people would be interested in that experience. There has been some evidence that people in the television industry think it's a good idea so I would like to do that at some stage.

SHILDBERGER: A couple of quick ones. How do you regard John Hewson as an opponent?

PM: I like to conduct my political affairs as far as I can in a way which doesn't involve an attack on the personality of my opponent. I like to deal with the

issues and I must say that one of the things about John Hewson that worries me is that he looks as though he's falling between two stools, that he is a Professor of Economics and he has the capacities that ought to go with that experience. But in the way he's dealing in his analysis of matters economic, he looks as though he's come to the conclusion that he's got to almost be a gutter brawler, see what sort of level of abuse he can get to in regard to Keating. Now the fact is that he's not constitutionally made for that sort of role and I think he's going to fall between two stools there. Not being the analyst - and there is room for that - and attempting to be the tough sort of brawler type, he's not equipped for that. So if he continues doing that - I mean he's having understandably a honeymoon run now. It was inevitable whoever followed at the end of the Howard-Peacock merry-go-round saga, whoever came after was going to be well received and he is being well received now. I recognise that. But in the months and the years ahead he's going to have to be judged in the light of how he does conduct his analysis, how he gives possible alternatives and my assessment at this stage is that he's not shaping up well in that respect.

SHILDBERGER: Just finally, how's Paul Keating's Collingwood going to go in the finals?

PM: Well I've got a lot of, you know, sympathy for Collingwood. It's one of the great sporting clubs of Australia. Standing off objectively, I'd have to say that Hawthorn - if I were having a bet now, let's put it that way - you'd have to say that the form that they are exhibiting at the moment, including that demolition of Collingwood, is, you know, points to them. Let me put it this way, one of those on my staff, who shall remain nameless and who has black and white eyes, has put it this way; that he just hopes that Hawthorn gets knocked off by one of the other finalists on the way through as Hawthorn's the only one that he's worried about.

SHILDBERGER: Interesting. Bob Hawke, Prime Minister, thank you very much for your time.

PM: Thanks Michael, it's been a pleasure.

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