



PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, ST MARYS MEMORIAL HALL,
ST MARYS, SYDNEY - 30 NOVEMBER 1990

E & O E - PROOF ONLY

JOURNALIST: Could I just ask you for your reaction to the United Nations resolution authorising the use of force post January the 15th?

PM: Well I think it's important that the Security Council has shown such a great sense of purpose the vote is 12/2 with only Cuba and Yemen going against them and China abstaining. So that should be now a very, very strong signal to Saddam Hussein that the world is not going to tolerate his forceful annexation of Kuwait and that, I hope, will be the great outcome of the Council resolution. I don't see it in terms of saying well here is the signal for war. I see it as a signal, a strong determined signal to the leadership of Iraq saying what you've done is not acceptable. The world is not going to tolerate it. What we want you to do is to withdraw. Only in that sense to understand that if you will not withdraw, if you will not meet the reasonable demands of the rest of the world then take notice that the world may in those circumstances reluctantly be required to use force to ensure that the wish of the world for peaceful and normal processes to be followed will be, in fact, followed.

JOURNALIST: inaudible

PM: Just let me finish. So what I want to emphasise therefore is that how I see this, how the Australian Government sees this is an important signal that an unmistakeable signal, we hope, that perhaps up until now Saddam Hussein has believed that the world is not serious in its condemnation of what he has done in declaring that unacceptability. I hope that now he will see it and that the interests of the people of Iraq, in the interests of the people of region, and the interests of people of the world, require and demand his total withdrawal and the release of all hostages. If that happens then of course if Iraq believes it has any cause for arguments with Kuwait in regard to any matters then let that be done peacefully. There are means available within the international community for that to be done.

JOURNALIST: ... Mr Hawke, to the Gulf?

PM: Well I've indicated that I'll be making a statement to the Parliament on Tuesday and that will be a considered

statement which will take into account the implications of this Security Council Resolution.

JOURNALIST: Have you spoken to Mr Bush about this latest resolution, Mr Hawke?

PM: No.

JOURNALIST: Prime Minister, Saddam Hussein has ignored every previous signal that's been sent by the world community. What makes you think that he will take any notice of ... this time?

PM: Well this is different in kind. The previous resolutions of the Security Council have been ones that have indicated that sanctions will be imposed, they have been imposed and there is the assumption before that Article 51 of the United Nations Charter of itself would be enough to authorise action and that is the sustainable legal view. But now what we have is a very specific decision by the United Nations Security Council, the supreme body of the United Nations, making a very, very clear and determined statement that if by a particular period he doesn't withdraw then the parties are specifically authorised to use force. Now that is a much stronger, much more specific resolution than has ever been passed before. As I say I do hope very sincerely that he will understand now that here is a statement of the world's intention and that his own interests and the interests of his own people are best served by complying with the decision.

JOURNALIST: Is it possible that Australian troops will now be requested to go to the Gulf?

PM: I don't anticipate that that request would be made.

JOURNALIST: Do you anticipate any increase in the size of Australia's ...

PM: Look I'll be making a statement to the Parliament on Tuesday, a considered statement. I'll have the opportunity

JOURNALIST: inaudible

PM: Well just a minute. Then I'll have the opportunity of having a discussion with my Party and my Cabinet about this and that's when the statement will be made and I'm not pre-empting it.

JOURNALIST: Is that one of the things under consideration?

PM: I'm not pre-empting the statement.

JOURNALIST: inaudible.

PM: I beg your pardon.

JOURNALIST: What recycling schemes do you have up and running in The Lodge?

PM: They have quite significant ones there I understand. I'm informed of them and I'm sure they are carried out. I mean, I don't, on a personal day to day sense, go and empty the bins myself and carry it through.

JOURNALIST: Prime Minister, turning, if we can, to the recession. It's the people who live around here and similar places all over Australia who are suffering as a result. What do you have to say to them to make them more optimistic than they are?

PM: Well firstly, I want to say these things. Firstly, I haven't denied that in terms of the impact on people's lives that they've been in a recessionary situation. We just want to make perfectly clear that all that we have been saying in terms of technically acknowledging the recession is that it's two successive quarters of negative growth which technically will meet the definition of a recession. But that hasn't been the important thing as far as I'm concerned because I've understood that people have been suffering. But what I want to be understood is this; that we could not as a Government allow to go on what was happening 18 months ago where a very simple statistic, you had expenditure going at 10½ per cent per annum and production at five per cent. You can't as a community, as a society and as an economy allow that to go on and so we had to slow the economy down so that we have got a position where we can, out of our own production, satisfy our own needs and also provide enough for export. So we had to slow the economy down. We've done that. In the process, of course, there's been some pain. The next thing that has to be understood is this; that if we hadn't taken that decision as a Government to slow the economy down, then the world would've imposed upon us a much harsher resolution of the economic problems facing this country. So what we've had to do is to slow activity down. That's meant some hurt for businesses and for individuals. But we now have a situation where in the judgement of the Government we will see in next year, 1991, economic recovery, but on a much firmer basis. Remember this, that what we have now cemented into the Australian economy is declining inflation, we've significantly lowered interest rates and we have a situation also where wages are under control so that as we come out of the recession, in the next year, then we will have much more sustainable growth. We are not going to have inflation going crazy, we're not having wages crazy. We'll have a more competitive economy. We're going to, as a total Australian community, understand that we've got to be producing more and the increase in our production has got to be greater than the increase in our expenditure so that we can live within our means and build up our exports so that we'll be internationally competitive. We're well on the way to doing that.

JOURNALIST: ... that blame for the recession.

PM: It's not a question of blame. We accept the responsibility of Government for running the economy. We made the decisions, we made the decisions of a tight fiscal policy, tight monetary policy which meant a slowing down.

We were, it was the Government that was responsible. We had to bring about that position where the relationship between our production and our expenditure was acceptable. Of course it was Government policy.

JOURNALIST: Do you think those words are any comfort to the people who live out here because this is a particularly bad hit area? They're the ones who -

PM: Let me say this. You've been following me this morning, I think. You've been around me, you've seen I haven't been in an iron lung. I've been amongst the people on the street, you saw the reception I got, didn't you? You saw the reception I got, wherever I've been. I don't think you'd call it a hostile reception, would you?

JOURNALIST: No.

PM: No. I don't feel complacent about that. I mean, I know that people have been hurt but I also think that the Australian people are not giving the Government great ticks of approval at the moment. Nevertheless I think they do understand the very - I mean you don't have to be a professional economist to know that where we had the economy increasing its expenditure by 10½ per cent and only increasing its production by 5 per cent, that was going to create an Australia which was totally unsustainable in which the world would've descended on like a pack of bricks. So we ourselves had to slow activity down. Now that means that when we come out of it in 1991 we're going to do it from a much stronger basis. As you know in respect of those who are the least protected in the community, this Government has revolutionised social welfare provisions in the community, both in terms of pensions, unemployment benefits, in terms of training programs for the unemployed, to open up opportunities for them. This Government has done more. It's recognised within this country by all the welfare organisations that we've done more to make sure that there's not just a safety net there for people who are hurt. But much more important, as well as the safety net, is the range of training and retraining programs which will mean that the least advantaged are going to be put in a position where, as the economy recovers they'll be able to be part of that recovery.

JOURNALIST: On that score, with unemployment rocketing up, as Graham Richardson put it yesterday, will you rethink the budget proposal to provide a four week delay in the provision of unemployment benefits for people with assets of over \$5,000, as requested by ACOSS?

PM: Well the Ministers responsible are always in a position where if they want to bring to Cabinet a particular proposal for a review of any particular situation in the light of the way the economy and the society is developing, they are in a position to do that. Of course, if such a proposal is brought forward it would be considered by the Cabinet. But at this stage I'm not saying that's what will happen. It's a matter for decision by the Ministers as to whether, in their judgement, any particular decision that's been made in

the past in different circumstances, needs review. If they make that judgement then the Cabinet will consider it.

JOURNALIST: Do we have the manufacturing capacity, Mr Hawke, to get ourselves out of this, to pay our own way?

PM: Well we're improving that capacity. If you look at the situation over the last 12 months the figures are interesting in regard to exports. We had a rise of 8.1 per cent in exports over the last year to September. We are gradually creating a more competitive manufacturing sector. I mean, one of the things that I find most exciting as I go around the country is to go to enterprises which are in fact competing in the most, you know, toughly competitive markets in the world. We are doing that. That's not something that's going to happen overnight where the whole of manufacturing industry is so competitive. It is happening and it's not happening by happenstance or by accident. It's happening because we have now, under the policies of this Government, seen a massive re-equipment and re-investment in Australian manufacturing industries. Secondly, we are seeing massive changes in work practices in the manufacturing establishments of this country. That's under the aegis of the Accord with the whole restructuring program that's going on. Now we need new attitudes of management, we need new attitudes of the workforce, those are gradually being seen. There is a reflection in the increased level of exports that we are becoming more competitive but none of us governments, business or trade unions can rest on our laurels. We've just got to continue to create an Australia where our manufacturing sectors in areas where we can be competitive. We'll never be able to have the mass manufacturing of motor cars like the United States or Japan but we can go in, there are a great number of niche areas where the highly trained and skilled and flexible Australian workforce can compete. Let me give you examples of it so you can understand what I'm saying. We have an enterprise in Adelaide, for instance, which is manufacturing lenses. That's gone into the tough competitive United States market competing against about 11 or 12 other countries and we've got over half the market. Now that's something that an enterprise in Adelaide has set down, their own research work, their own management and co-operative trade union movement operating there, is producing a competitive product. We can do it. You look at steel. When we came to office in 1983 they were going to close the steel industry down. That's what they were going to do. But now as a result of co-operation from my Government with the steel industry plan, new attitudes of management, and new attitudes of the trade union. I mean, it's an eye-opener. Go into BHP now and see the attitude of management and workers. Instead of a closed down steel industry that I was going to inherit we've now got a steel industry which is exporting massively around the world. So we can do it.

JOURNALIST: ... are still high though -

PM: I beg your pardon.

JOURNALIST: Imports are still high and there's talk of layoffs in the manufacturing industry. Has the pain been worth it? We're now in a recession.

PM: Well pain - when you ask a question is pain worth it, at the moment when pain is being suffered by the person suffering it they are going to say well no I don't like it, it hasn't been worth it. But if you look at it overall and you ask yourself the question; are we going to come out in 1991 with an economy with lowered levels of inflation, lower interest rates, a more competitive structure, and the answer to those questions is; yes we're going to come out with those things. Then it will mean that Australia will be more efficient and more competitive and that more opportunities will be opening up. Just remember this when you're talking about employment, remember the statistics, now you're looking at the fact now that there's a growth in unemployment, an increase in the unemployment benefit recipient. The fact is that under my Government, for the whole of it's period, we've had employment growth five times faster, remember that, five times faster than when the conservatives were in there in the previous seven years. We've also had employment growth twice as fast as the rest of the world. Now that's happened, not by accident, but it's happened because we've had a wages policy which has contained wages, the trade union movement has accepted improvements in the social wage rather than increases in money wages and that's made us more competitive. Those things could not have happened, we couldn't have had 1.6 million new jobs, it's what we've created, with 90 per cent of them in the private sector, unless you'd had the relevant government policies. Now the unfortunate thing, of course, is that in that period which they talking about, up to 18 months ago, we were going ahead that strongly that our demand, the demand of the community was exceeding our capacity to produce and we therefore had to slow it down. The employment record of this Government is second to none in the world.

JOURNALIST: Would you enjoy the prospect, just changing focus again, enjoy the prospect of going to visit the sailors in the Gulf?

PM: Well, of course, that would depend, the possibility of that would depend upon the circumstances. I simply - you will have seen some reference in the media that we had some contemplation of that but with this deadline now of the 15th of January that creates a new ballpark. I don't really want to say anything more about the Gulf issue and the Government's reaction until I make the statement on Tuesday in the House.

JOURNALIST: ... that you'll go.

PM: Look let me leave that till Tuesday, will you? I mean, it was talked about in a different situation the possibility of seeing them because we were going to be in Europe about that time and obviously if the circumstances were convenient then, obviously, I'd like to see our people there, our fellows on the ship. I'd certainly like to see them if that

were possible but we've got a new sort of situation which must be considered now.

JOURNALIST: Will you be reviewing with Cabinet, before your statement next Tuesday, the level of our forces in the area?

PM: We'll be considering the whole issue of the situation in the Gulf in the light of the Security Council Resolution. I'm not going to pre-empt anything that will be in that statement by any off-hand comments now. These are matters of very, very grave importance for this country and we are not going to be flippant or ill-considered in our treatment of them. The people will expect from me a considered statement and they will get it from me in the Parliament next Tuesday.

JOURNALIST: Do you think high interest rates might impact on Labor voting in areas like Roger Price's and Ross Free's?

PM: I expect that the people in areas like this will, when the election comes, they'll make the judgement as to whether their best interests are served by the Hawke Labor Government or an Opposition. They will take into account what has happened in regard to their employment opportunities. They will say; well is it an accident that under Hawke employment's increased five times faster than it did under the Tories. They'll ask themselves too the question about the educational opportunity for their kids they'll say; well, when Hawkie came to government only one in three of the kids stayed on in school because the Tories haven't got any interest in equality of educational opportunities. They'll say, now, after 7½ years of Hawke Labor Government it's not one in three of the kids it's two in three and that's because the Hawke Labor Government has put the money into the pockets of the lower and lower to middle income families so that they can keep their kids in school. They'll also remember the chaos in the medical and health sphere. Before I came to government the threat of illness or hospitalisation was an absolute disaster for the people of this area, they simply didn't have the cover. But now every single Australian is covered through Medicare. No Australian has now to worry about the threat of illness or hospitalisation. These things education, health, the creation of jobs, the elimination of pensions for millionaires so that people who really need help. They'll remember that. They'll remember the fact that when we came to office we had a taxation system which was the most unfair tax system in the world, where the wealthy didn't have to pay tax, it was a matter of choice whether they paid tax. We make them pay tax now so that we've been able to reduce the tax burden for the mass of people. These are the things that they'll remember and these are the reasons why when the election comes we'll be returned again.

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