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**PRESS CONFERENCE THE HON P J KEATING MP, PRIME MINISTER
THURSDAY 16 JANUARY 1992, MELBOURNE**

E & OE - PROOF ONLY

PARTIAL TRANSCRIPT ONLY - LAST QUESTIONS MISSING

J: Well how did the talks go?

PM: Well I thought it was a very productive day, which makes two very productive days. Very interesting talks this morning with the unions and the Committee for Melbourne at lunch time and there has been a lot of cross discussion between the various industrial sectors and industrial groupings here on Melbourne and Victoria and the Committee for Melbourne has got now a reasonably clear agenda. Of course the Premier attended that meeting and I think it was a very good meeting where we had a chance to discuss the impact of the recession upon Victoria, structural things about Victoria, ways in which Victoria might play a part in the recovery.

J: So you're thinking of making special offers to help Victoria in this structural process?

PM: I'd like to think that anything we might be able to do can be, whilst national in character, be also usefully employed in Victoria. But I've said and I will say again that Victoria, confidence levels are down in Victoria more than they are in other parts of Australia and to generate a recovery, I believe a substantial recovery has to be generated in the state of Victoria, and that the national, if you like, economic conditions is in part itself conditioned by events and circumstances in Victoria.

J: Do you share Mr Elliot's view that Victoria is the key to Australia's economic recovery?

PM: Well I think that is an important part, I wouldn't say key. But a very significant part and probably weightier than most of the other states.

J: Did you hear anything from the Victorian unions that particularly interested you?

PM: Well a lot of the themes and threads thread through Committee for Melbourne's own agenda which has now all been reasonably widely discussed institutionally here, in the unions, by the unions with business via the various people within that Committee and the Government, of course.

J: What about this submission on changes to the tariff policy?

PM: Well there wasn't very much said about that.

J: They did actually present you with a written submission?

PM: Yes I know. There was not strong advocacy of that in the meeting.

J: The Opposition today in light of the record unemployment numbers is calling for an immediate cut in immigration and for a ... of any national wage rise.

PM: Well I haven't seen any of what the Opposition said. I saw today's employment numbers, It still records a very high unemployment rate, marginally up only than last month but that's not the point. The fact is that it's still too high and that's the whole point of the statement, to try and get it down and to get a recovery going but I think that's what we are basically focussing on, that's the very point of this exercise.

J: Do you rule out any cut in immigration within the next month or so?

PM: Yes because we'll review immigration, the normal cycle of the Cabinet review which will be about April of this year.

J: (inaudible)

PM: Well I presided over an economy which grew at twice the rate of growth in seven years as it did in the previous seven before I became Treasurer. So for seven and a half of my eight and a half years as Treasurer, the Australian economy grew at twice the speed as it did in the previous seven years. And the fact that there is a recession was not of the Government's wishes and, of course, is part of the English speaking world-wide recession, which has come of the globalisation of financial markets, the collapse in asset values and the belief that inflation will no longer cut the mustard in investment, that people have got to invest in things which are income producing. You just can't buy a building and hope to make a profit from it. And now that realisation has sunk in, asset prices have fallen. This is not a phenomena which is peculiar to Australia. Now it is two years ago this month that I first reduced interest rates. Official policy should not be promoting continuing a recession at this point. While it had a role, certainly in inducing the recession the fact that interest rates came off two years ago, came off in earnest eighteen months ago, would by all other measures and reckoning mean we would be into a reasonably firm recovery. We are not because of factors which are not peculiar to Government policy and this is true of the United States, true of Britain, true of Canada, true of New Zealand where recessions are in fact deeper and gloomier in some of those places than they are in Australia. So I'm going back to doing what I did mostly, that is, generate faster rates of growth and employment.

J: fastest possible sustainable rate of growth ...

PM: What the late '80s proved is that once the Australian economy went over four per cent growth a year, it spilled into imports, but the countries around us, the so called newly industrialised countries, the tigers, could grow at six and eight per cent a year before they spill into imports. In other words they add so much industrial capacity they could handle six to eight per cent growth before they started to rely on imports. We can only get just above four before we start to rely on imports. That's why the Liberals should hang their heads in shame after 30 years of running Australia. The best the place could do when it got a bit of speed up, was get to about four per cent growth then spill to imports. And this is what this government has been about, trying to rebuild our capital stock in our productive sectors which we've had substantial success in from the sloth of most of the post war years.

J: Where is this point now?

PM: Where is it? We hope its going to be in the longer run where this is sustainable you're asking? - well it's obviously sustainable under four and a half per cent, 4 per cent or something. But I'm not suggesting and your question does not require me, I don't think to indicate that that's the desirable speed because we can't at the moment get back, get out of negative growth, so we want to get back to a sustainable growth trajectory, one which is sustainable for inflation and sustainable for Australia in the longer run, adding to the capital stock and producing more goods and services. I mean it needs to be remembered, because there is a perception that you know we tried some in the '80s and we sort of lost it now. I notice some people are saying our manufacturing base has been decimated it is worth recording these facts; manufacturing production is twice today what it was in 1980 - twice. Manufacturing exports are 300 per cent greater than in 1983, we have exported our heads off all through the 1980s and are doing more of it now. So the fact is that we have got to continue though to build that capacity and that's what it is all about now, going back to a recovery, but a recovery which builds that productive capacity.

J: Mr Keating, do you believe that with the economic policy you have been pursuing in your statement, that you'll be able to bring the unemployment down from it's present 10.6 per cent level, this year?

PM: Well I'm not going to be making estimates about what the rate will be. But the aim will be to stabilise unemployment quickly and to turn it around, which was our objective in 1983, which of course we accomplished in 1983 and we would be hoping to do something of the same during the course of 1992.

J: Prime Minister, talking about sustainable growth, that's in terms of the economy, ecological sustainable also?

The environmental aspects of this growth is there now a readjustment towards?

PM: Well we are part of the international discussion about, which will take place next year in Brazil about greenhouse gas emissions, about the whole ecological sustainable development questions and that conference will be of some significance in determining how the rest of the world, the Northern Hemisphere economies approach these questions. But at the moment we have got a lot of spare capacity laying about and therefore, what we are about are employing current capacity, current in-store capacity and that capacity has been installed at times when it has been operating at optimum levels in the past, so it's not a matter of any new policy in that sense, I mean we are about, for a start, just getting that existing capacity working.

J:?

PM: Well it's too complex to give a simple answer to.

J: Mr Keating, how do you react to the President of the ACTU's comments, Mr Martin Ferguson, that it's now time for the Government to get it's house in order on Industry Policy, but basically the Government's industry policy over the last few years has been a disaster?

PM: Well it's wrong. Because, manufacturing production is 200 per cent greater than in 1980-83, 200 per cent improvement. Manufacturing exports are 300 per cent greater, they are just simply facts. They just have to pick up any statisticians release and have a look through it.

J: So you think you have a fundamental difference of opinion ...

PM: No, let's be clear about this. The ACTU have had a focus on industry policy for years. What I said was wrong, was that the policy has been a disaster that's obviously, plainly wrong. Now I don't know whether Martin said that or whether you concluded that.

J: What he specifically said is it's time for the Government to get its house in order.

PM: Well that's part of the ACTU claim, and it has been for a number of years. And that's a continuation of that and that's fair enough, and we're doing all that we can to induce better industry policy in this country with the statement which we made in March of 1991 and to the extent that what we might do in this statement, which will be focussed on a recovery, as I said yesterday, also hopefully will have good structural elements to it which would also be improving of and improvement to the general industrial structure of Australia.

J: Mr Ferguson is obviously concerned that the March industry statement and the later job statement didn't go far

enough so will you say that your coming statement will go further in terms of industry policy?

PM: It will have a number of objectives the first will be to promote a recovery, but to promote it in a way which adds to the common wheel, makes the place structurally more strong and that will be around, obviously the structure of industry. Now whether in the end what we do is a approved of by Mr Ferguson time will tell.

J: Does it concern you that the ACTU might not approve of the industry policy?

PM: They don't approve of everything we have done over the years, nor do we approve of every view they have.

J: They have given you a lot of support over the years?

PM: And they have got a lot in return.

J: Mr Keating superannuation funds. What is your view on the ... (inaudible)?

PM: It's not so much for welfare housing, I think it is for housing. There is a view that benefits preserved could be used by some people in a way which preserves, largely keeps the preservation about it, that is if it were used for housing being returned to the pool of preserved benefits at some stage. It's something we are prepared to have a look at. One of the difficulties with superannuation is encouraging very young people in the workforce to be as enthusiastic about it as older members of the workforce and I think the view may be that if younger members of the workforce could draw down preserved benefits or at least use them in some way for housing it gives them more immediate rationale for superannuation rather than simply the benefit which comes at age 55. That's rational and that's why we will have a look it.

J: Mr Keating is there anything that you have heard from the last two days that apart from changes, foreshadowed changes in economic policy in terms of Victoria, giving Victoria some sort of assistance ...

PM: No they are not asking for assistance for straight federal funding. The Committee of Melbourne proposals, for instance, and the ones the Government of Victoria are associated with go to the infrastructure of Melbourne. It's not been a claim by Victoria upon us for funds ... to administer itself..

J: There has been talk within the Victorian Government of accelerating federal funding for housing, for example.

PM: That hasn't been mentioned.

J: Mr Keating the dollar dropped again a level today according to the market ... it was a report going through

the markets that the Financial Review tomorrow is reporting a budget deficit blow out of 8-10 million dollars. I'm not expecting you to comment on what a newspaper may or may not be going to print ... but can you tell us what the latest estimate on the budget deficit is?

PM: I don't know Don. I don't know off the top of my head.

J: Could it possibly be anything within that figure range?

PM: Look I simply don't know and I would doubt that very much and there's no point in me speculating on what newspapers might say about numbers I don't know about.

J: (inaudible)

PM: I think that is very unlikely, but no one has talked to me about it.

J: Mr Dawkins said just a couple of days ago that ...

PM: Yes, well that would be right. If he said that that would be right.

J: (inaudible)

PM: No I thought that it may be prudent on our part to see how the application of legislation goes in respect of the Tasmanian election and the ACT election and the by-election in NSW and just see whether the Bill which was itself a compromise of discussions in the Senate as one that actually does fill the bill so to speak. With some practical having been applied.

J: Are there any circumstances in which you would scrap it?

PM: No. Let me at least reserve a right to have a look at it. See how it has worked in these particular instances.

J: (inaudible)

PM: There's no point in me giving a cheek by jowl commentary on elements of the Bill. I will have a look at it in total.

J: But your aim in that review would be to refine and streamline not to get rid of it?

PM It passed the House of Representatives the day I was elected Prime Minister. Within a couple of days we had to swear in new Ministers, a couple of days after that I had President Bush here, a couple of days after that I had a Cabinet meeting, a couple of days after that I had this. It has not been on the top of my agenda - the Bill I am speaking about.

J: On a totally different subject Mr Keating I believe tomorrow's your birthday, is that correct?

PM No its not. Saturday I think it is.

J: Well what are you doing on your birthday on Saturday?

PM: Not very much I don't think. Have you got any ideas?

J: Are you shouting yourself a present.

PM: No, I think once you're past the Four-0, one does have a diminished opinion of birthdays. And I'm heading for the Five - 0.

J: On the meetings of the last couple of days, there seems to be a lot of people coming out with a lot of enthusiasm, barely negative. How important do you think it is?

PM: If people come and say that they were positive and enthusiastic about the discussions I think that's how they found them, not for cosmetic effects at the front door, or for effects beyond that but because that's how they found them. I mean, that for instance that the Federal Government, certainly at the level of Prime Minister and senior Ministers would have consulted the Victorian trade union movement, probably the first time in our period of office. The Committee for Melbourne which is represented by the Premier and the Government as well as senior people from the business community and the trade unions have also enjoyed a deep, relatively deep, discussion about various points of interest which they think are important to Melbourne and Victoria. The business community, the BHPs, the banks etc., today Pacific Dunlop, Ford, are talking about their industry perceptions about the economy in general, what they think might be worth doing, what they think is sensible and practical to do and they have a chance of having a serious discussion with the members of the Government who are likely to have the greatest impact on the statement. So, I think that's a good process for them, but it's very good process for us. So we said we'd come and listen and try and learn and pick things up and I think we have, we have picked things up and it is worth talking to people in this vein.

J: ...the public, that there's these sort of talks going on?

PM: I should think so. I think the public would probably believe that a spirit of co-operation, the Government earnestly looking for ways to improve the way in which the economy can now function and then the longer term augers well for the economy. That is, that we are interested in promoting a recovery and getting one as quickly as possible and doing it in ways which are deemed sensible and reasonable by these various representative segments of the community....

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