



PRIME MINISTER

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TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP
PRESS CONFERENCE, SYDNEY 21 JANUARY 1992

PM: Well thank you for coming, look I have got to keep it brief because I have still got a meeting in progress which I have to go back to, so just to give you a few thoughts about processes to date. I think it is fair to say our discussions with the business community and the trade union have been exceptionally encouraging. I think most Australians will be pleased to know, it will be music to their ears to know, that most business community representatives we've met all in fact want to get Australia moving again. There is not a lot of ideology in these conversations. If we were having them a few years ago there would be a lot of ideology being spoken that's now been almost completely removed and businesses and their representatives are basically saying what have we got to do to get the place moving again, putting ideas, ideas which we will consider and which a group of Ministers I mentioned to you a week or two ago will be sitting to consider in the next few weeks. As I said to you we have been working in a framework ourselves, much of what has been said to us have been complementary to that framework some things haven't. They have been new and different and we are going to consider them as well. So it has been a very refreshing process. Government always believes of course that they get to hear about it some stage or another - well, sometimes you don't. There are some things that just don't filter down through the ministerial system or the bureaucratic system and I have found, I am sure my colleagues have as well found, the process very engaging. So I would be happy to take questions.

- J: Can you clarify with us a wage tax trade off
- PM: Well nothing is off the agenda, we are looking at everything and prepared to but nor are we about to try and, if you like, push funds on the trade union movement, we are not about to be doing that either. Funds are to scarce to be trying to give them away without some results. So again, it is something worthy of consideration but it is not something which the government at this moment in time plans to do.
- J: Mr Keating Westpac today seemed to echo what was said last week to you that the market could live with fiscal stimulus to the value of about \$2 billion. Is that your view?
- PM: Well I don't have a view that precise, I think, about banks and their economics and their econometrics departments, they can get down to these nice precise numbers but, at least they are making it clear that they believe that as a major institution and representing I think a lot of market view that some fiscal stimulus is appropriate beyond simply that coming off interest rates.
- J: Mr Keating what you were saying before does that mean that you are unlikely to looking the tax deal in the lead up to the economic statement but you could be looking at it in the lead up to the Budget?
- PM: Yes it could be either, that's right.
- J: Could it be on the agenda at the forthcoming
- PM: It could be that the unions are prepared to take their chances in the market place, or in the longer term with a commision, it is up to them really.
- J:
- PM: No, I think there was a certain similarity actually in their demeanor and their content I couldn't assume much but the one thread running through it was that they all want to get the place moving.
- J: Mr Keating what happened to the ideology?
- PM: Well I think the ideology was regarded as superfluous and maybe a luxury for better times, and now they take the view that times require a close assessment of what the traffic will bare, you know whats possible and the ideology has sort of disappeared.

J: Mr Keating there is still talk of a second quarter rate cut. If the economy hasn't started to recover by then do you see room for another cut?

PM: I am not speculating about interest rates.

J:Your own opinion?

PM: About ideology well I don't think this has been an ideological Government at any stage in its history. It was, after all, a Labor Government that introduced a market economy to Australia. I mean again I think it has shown the fact that it is not ideological. It has interests and it has probably, in many respects, permanent interests, but it has not been subject to that sort of craven ideology, and I think this has been largely true of the business community in the last decade. It is certainly true of them now.

J: Mr Keating there was a fresh report today.....
What is your current view on sectoral policy?

PM: The trouble is they all mean different things to different people. The word 'sectoral' means different things to different people I think, and I think, in certainly my view, and I think it is the view of many members of Government, that Australia does have particular strengths and we ought to cater for those strengths. We ought to support those strengths, but not by way of production subsidies and some of the elements abounded of protection which in years gone by. So it is a matter of whether you think that some of the general directions we take are the ones we ought to be taking, whether we take impediments out of the road, whether we do things which progress the lot of those industries or those sectors as distinct from doing much more particular and direct things which we have turned our back from.

J: (inaudible)

PM: Well again, you know if you think minerals and minerals processing is something for Australia to be in, then generally policy should accommodate it. We generally have. Generally policy has, for instance. But there is a whole lot of difference I think between that and production subsidies or particular, if you like, export related subsidies and all of the other things which are generally GATT unfriendly and which are protection of the old variety.

J: Mr Keating, Dr Hewson says your comments on immigration today relating to the Liberal Party were a slur. He is calling on you to withdraw them and to apologise. Will you do that?

PM: Well he shouldn't be running on these issues if he doesn't mean them. I mean, he had Mr Howard up the other day saying we ought to cut the migration program to pieces. It was Mr Howard who was addressing himself to this subject in 1988. I mean, they are back onto it now, not in the same vein, but I didn't say they were. So there is nothing to apologise over.

J: But you did accuse them of a sub plot, a racist sub plot?

PM: No what I said was, there is a sub debate, there was a sub debate in Australia. Whether it is quite in evidence that it was in 1988, I don't know. But the fact of the matter is the program, governments have got to make a judgement of what is in the best interests of Australia as a nation in the short and medium term. And that is where the right judgements and how the judgements should be made in relation to migration.

J: But isn't there room for a debate on immigration given the recession?

PM: I think there is. Yes there is. But a debate and jingoism are two different things. And craven appeals by Mr Howard to rip the program to shreds is jingoism.

J: Mr Keating, just getting back to tax cuts. Do you think that tax cuts (inaudible) in terms of a wage increase would be a good idea and direct the (inaudible)

- PM: Well anything which reduces fiscal surplus or increases the deficit as the case may be is stimulatory of the economy, that is true. But whether that is the path we choose will depend, or whether it is one of the chosen paths, let me put it that way, will depend upon what attitude we have to the Budget, what attitude the trade unions have to those arrangements etc. And right now we don't intend to have one.
- J: Do you think that the implemented over the next financial year that you will be stimulating import.....following our picking up
- PM: I don't know that is right. Because there is not a lot of evidence from anybody that says that there is a pick up going on out there. No evidence in reality. And therefore I think that there is therefore not a great attendant risk that we will over-stimulate it. So, even in the terms which have been spoken about in the public debate. These are not things I think which are going to over-stimulate the economy. But the lag point is right, anything happens with the lag of course.
- J: (inaudible)
- PM: Well we are not being deluged with evidence that there is a recovery under way.
- J: Mr Keating, you are going to meet Mr Greiner. A few days ago he attacked you for, he said, for rewarding Victoria which he described as an economic basket case, how do you react to that?
- PM: Oh-well that was a bit of State chauvinism. That is all that is. We are not going to reward Victoria but it has to be borne in mind that Victoria has carried a large part of the burden of structural change in Australia by virtue of the character of the city of Melbourne and its manufacturing base. So I don't think that that is, it certainly won't be my intention to reward one State, to use his word - reward - any State above another but to look at Australia as a nation and say - what can we do which in the short term is sensible and for the long term, structural.
- J: How would you treat his request for \$100 million for capital projects?
- PM: Well he hasn't made them yet, but he probably will. He can make them for himself rather than you.
- J: Any ideas from the business leaders so far that have grabbed your attention?

PM: Yes. Quite a few, but I don't want to run across them here.

J: How do you enjoy exposing yourself so much as Prime Minister, it must have been different when you were Treasurer.

PM: I did a lot of this when I was Treasurer. I did a lot of these sorts of meetings. In fact, for eight years. It is just that I didn't normally have four television crews accompanying me and this great phalanx of journalists. But I still did them.

J: What other differences are there apart from increased television crews?

PM: Well I think one is required to listen to as broad a range of views as you can avail yourself of. Which we have tried to do. We have had representatives of small, medium, large business, unions, all sorts of organisations, and it is very good.

J: Mr Keating, where would you expect the Special Premiers' Conference to and and what sort of measures do you believe

PM: Well there are obviously on-going issues between the Commonwealth and the States, particularly about national efficiency. And they were not either seeking or swimming, so to speak, on the fiscal question, even though that is important to the States. So I should believe that much more can still be achieved in those areas and we will take that process up.

J: And when will that be?

PM: Probably, it will be well after the Statement and it will be probably before the middle of the year.

J: Mr Keating, the latest Morgan Poll taken in November, shows that the majority of Australians blame the Government for unemployment. 75 per cent complained saying the Government was not doing enough to relieve unemployment. Does that justify the decision taken by Caucus to dump Bob Hawke for you as leader?

PM: That is a judgement for you to make. Public perceptions about the recession are important. But the most important thing is to get out of recession and have the conversation about a recovery.

J: Are you concerned about the prospect of a brawl with Mr Hawke?

PM: Well look, in a change of public office of this dimension, there is always the interview that is done where the hard questions are asked and I tried to answer them honestly and sensibly and I can only repay Bob again, the compliment I paid him last night. That is to say, by any measure he was a good Prime Minister. He had eight years of office. I have had, sort of eight minutes of office. And I think therefore, his record is in that sense very free from any swipe by anybody, but, better than that, subject to much compliment which I am very happy to pay him.

J: Has he contacted you about last night's interview?

PM: No. I think you are all more interested than he is. Now, look, I have got to go now really.

J: One more question. What is it like to tell your son about how to handle media?

PM: Oh I haven't got time for that.

J: Is there (inaudible)

PM: I don't normally give daily commentaries on the exchange rate. Do you work for a financial ...

J: Yes. Dow Jones.

PM: Oh do you. Good on you.

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