



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
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PM: Well there have been plenty of reasons in the last 12 months why people could have been pessimistic and entitled to be pessimistic and gloomy about the economy. But that's not true today, not true of these numbers in the National Accounts. We are entitled to be confident that the economy is on the turn, that there's hope there, and that every person who is interested in a recovery should welcome the numbers today.

J: Is 0.3 enough?

PM: The fact is that it's turning and it's positive and it's coming off the previous couple of quarters so it looks as though there is every reason, as I say, to be confident and to be hopeful about the economy.

J: Dr Hewson says that there aren't improvements in the areas that count such as business investment.

PM: Anyone who doesn't welcome these numbers today, including Dr Hewson, is not saying things which will welcome or induce a recovery.

J: Is it possible that we could slip back into a negative situation?

PM: I think the trend over the period and the fact now that interest rates have been down low for a very long period of time will help and, as well as that, now, of course, we've got the added chemistry of the One Nation Statement. These changes reflect the December quarter. We believed when we brought One Nation down that we were going to add to the impetus coming out of the December quarter and spur growth in the economy over the course of the year. I think now the chemistry of the One Nation Statement will have that effect. It will take that momentum and push it on and have its own impact on the economy. People should remember that while One Nation was presented a few weeks ago, and in terms of the newspapers has gone into the history of the writing of it, its impact is yet to be felt, and will be felt

through the course of this year and, in particular, in the next half year.

J: Business investment is still poor, when are we going to see an improvement there in terms of broader recovery?

PM: It's confidence that matters and it is GDP and growth which will bring confidence around, and it's that which will change the whole ambience of the economy. These numbers are a cause now for some confidence and some hope.

J: Is there need for further stimulus to get a more rapid effect on unemployment?

PM: No, I think the Government has judged it about right with the One Nation Statement, the impetus which we thought it needed, the stimulus which we thought it needed and I think these numbers make that point for us, that it will push activity along, push growth along and push employment along. The people who were saying that it was overdoing it at the time, have now got some cause for reflection.

J: ... any hope that unemployment won't hit 10.75 per cent, the forecast high?

PM: These numbers would be consistent with the forecast which are included in the One Nation Statement and let's hope we do better than 10.75.

J: Dr Hewson is talking about 11.25.

PM: Dr Hewson has got to be very careful about his gloomy comments. I mean does he want a recovery or does he not? Does he want to spoil the game for all Australians?

J: But does he have a point that perhaps the growth isn't in the right areas?

PM: Come on, growth is growth. GDP and employment are tied together, if GDP picks up, growth picks up and employment picks up.

J: Mr Keating, is the recession over?

PM: The economy is obviously turning. It's clearly turning now and that's the important thing. It is its direction, and, as I say, with the extra impetus of One Nation, that fiscal package and those changes coming through, plus the built-in momentum from the changes to monetary policy, all of that is going to have its positive impact on the economy.

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