



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH PETER KENNEDY, ABC RADIO - 29
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KENNEDY: Are you trying to frighten people into supporting the government?

PM: We had the federal director of the Liberal Party yesterday saying that people on unemployment benefits, after 9 months under a Liberal government they will be kicked off unemployment benefits, so somebody say 40 years of age with a wife and a couple of children will be stigmatised by them as being unemployed, unworthy of government assistance after 9 months you are down to the voluntary agencies, and I made the point that if we run a country like that for a considerable period of time the social unrest it will produce will make it an outcome which this country has never seen before. That is you can't say to people sorry there is no sustenance and support for you, you are on your own, you are down to St Vincent de Paul or the Smith Family or the Salvation Army and that is the end of you. I mean that sort of spiteful policy is what I think will bring Australians socially unstuck.

KENNEDY: But do you really think we have that record of social volatility, that emerged in Los Angeles for instance?

PM: We have never had that sort of spitefulness in policy but can I just say, today Gerard Menzies, the director of the Anglican Community Services said on radio and he was asked by the questioner. Can I just pick up your word, he said you are using the word I think that the Liberal Party is abusing the agencies, that's the voluntary agencies, and Mr Menzies said, well I think they are abusing the agencies. To think that we can come in and pick up their responsibility, I mean we do it of our own accord but to have to actually be demanded of us as in this policy I think is really quite unacceptable, and he goes on in a similar vein to say that

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PM: (cont'd) elsewhere in the interview. These are the policies that Dr Hewson is pushing and if anyone says look if you do that you will end up creating not only social misery but social strife his response then is that the Prime Minister is trying to scare you. What the Prime Minister is trying to do is just tell people what sort of spiteful policies Dr Hewson is actually presenting.

KENNEDY: The key to all this is obviously employment isn't it, is jobs. If there are jobs for ordinary Australians then this problem won't occur.

PM: Exactly, but to say that in both the cyclical impact of a recession and the unemployment which comes from it and the structural change going on in the economy and the unemployment that comes from that, to try and brand people as Mr Robb, the federal director of the Liberal Party did yesterday, has some sort of people sponging on society not giving taxpayers a go as he put it and therefore just being wiped off all government support and sent to a voluntary agency, as Mr Menzies says quite clearly we couldn't possibly. See the Liberals have, they have got \$50 million in there for the voluntary agencies and Mr Menzies said when you consider that the Anglican Church alone spends \$100 million nationally and you multiply that with all the other churches, you see \$50 million is really a drop in the ocean. This is the \$50 million that comes from the great soft heart of the Liberal Party, peanuts when they drive people into misery and poverty.

KENNEDY: Let's look at the government's position and the government policy and this morning we read that the chief executive of BHP, John Prescott said One Nation was a failure, that the money had which had been designated for infrastructure projects for instance had not started flowing.

PM: Well some of the railway work hasn't. I had lunch with the board of BHP last week and I made the remark myself that we had not succeeded yet in getting a green fields industrial relations agreement with the rail unions so as to facilitate the building of the standard gauge between Melbourne and Adelaide etc and we were trying to speed that up and I think what's happened is that, I think Mr Prescott repeated my own remark back to me. But the twist I think the media put on some of it, this is just a part of the One Nation package, what is also in One Nation is the tax changes for business and depreciation, the change to the airline system, the change in technical and further education, the adoption of a national electricity grid, all those things are proceeding, the national highways, the arterial ring roads, the one bit where we are now trying to break through is on this new industrial agreement for the National Rail Corporation which will mean that we can start pouring money into the system and developing these standard gauge rails and improving the Sydney Melbourne railway line etc.

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KENNEDY: That's crucial isn't it from the point of view of employment and that really is the achilles heel so when do you think we will see a real improvement in employment and getting that jobless rate down?

PM: A large part of the One Nation spending has not been spent yet but it wasn't meant to be spent until the financial year 1992/93 which begins on 1 July, that soon. So the fact of the matter is that then we will start to see the One Nation spending coming through and that will help. But unemployment is a problem, it won't be dealt with easily or quickly, we never proposed that it would be but we want to have it trending in the right direction and we have got now interest rates have come off substantially, down to quite low levels, we have got the budget deficit playing its own role in supporting the economy, that is acting as a shock absorber, that is promoting spending and activity through the deficit and we have got these programs like One Nation coming on stream.

KENNEDY: When we spoke 5 months ago here you had been Prime Minister for I think six weeks and you were lagging the Opposition, the government was lagging the Opposition in the polls and your approval ratings were down. During that 5 months both the government's position and your own position shot up, topped the Opposition and now it's moving down again according to the latest polls. That's a fair degree of volatility there how do you arrest that decline?

PM: I think it's the trend that matters Peter, these polls are taken every two weeks and the levels one can't rely upon the levels, it depends how they are taken, the quality of the material that is taken from them rather than just a production of raw numbers. So the trend is what I think we are interested in rather than the level and the trend has been okay for us, we have been picking up slowly across the course of the year. These are difficult times I don't for a second make light of that, it's not easy to at the one time be continuing micro economic change, changing the airline system, as I say trying to rebuild the national rail highway, trying to change all these things, while at the same time dealing with the end of the recession and trying to deal with employment.

KENNEDY: You haven't got much time to do it in have you?

PM: I have got the better part of 12 months and we believe the economy will be growing quite strongly through 92/93. It's just a question about productivity, if productivity is higher rather than lower for a given level of production, it produces less growth in employment. If productivity is not so high therefore if more people are employed in the process that growth will produce higher levels of employment. So the quandry will be what, if we look at this in a year from now, what will have been the level of

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PM: (cont'd) productiivty on the way through. We will get the growth but exactly what level of employment we will get from the growth is the moot point.

KENNEDY: So it's a catch 22, we really need that efficiency to be able to compete internationally but in getting that efficiency it might not be reflected in significant reduction in unemployment.

PM: That's right. We have got businesses now which are quite productive, they are going to produce more output but for a lower level of employment. So therefore to take employment up and unemployment down we have got to produce more growth, more output. Now I think the economy will produce quite a lot of output in this coming year but the little productivity equation in the middle will determine how many more people are involved in that process and how much a given level of employment will produce in output by way of higher productivity.

KENNEDY: So on that basis though it's going to be a hard slog to get that unemployment rate down, isn't it?

PM: We do want a more efficient country, we want slimmed down efficient companies, we want them to be competitive but at the same time we don't want to see the product of that being higher levels of unemployment. We want to see that taken up in more employment which means you must have more output, therefore the economy must grow, and that's the point we keep making to the Liberal Party and Dr Hewson. You can't have an economy grow without inflation jumping out of the box, without an incomes policy, without an Accord, without some basis of letting that growth be devoted to employment and not spilling over into wages and prices and so that's why we think with the Accord mechanism and the commitment from the unions that inflation will be held near our trading partners, we can let the economy grow and hopefully pull employment up.

KENNEDY: On the point of employment you would be aware that one of your former ministers, Stewart West, said today that the government could not afford to be sanguine about employment and talked about Thatcherite policies and Thatcherite advice that you were getting on economic matters.

PM: I am not sanguine about it and I don't think we are getting Thatcherite advice. The One Nation document was the essence of a Labor Party document, it was a building document, building on the traditional infrastructure of the public sector as I said in rail and road in other areas and while we are doing that we are trying to make the country more efficient. Now look what we are doing in training and youth policies they are the antithesis of Thatcherism. That is we are trying to train people back into the work force, we have now got these very high retention rates in schools, we have

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PM: (cont'd) now got this big throughput into universities, we are now trying to fix up technical and further education to take kids into a trained position in the workforce, those things are not Thatcherite they are the antithesis of Thatcherite.

KENNEDY: With regard to youth, you met unemployed Perth youth today and one of those young people told an ABC reporter that the talks had been in fact a failure. Is that your view of them?

PM: I thought they were quite successful and I saw a report, I am not sure if it was the West Australian or the Advertiser of similar discussions I had yesterday with a group in Adelaide where the group were very praiseworthy of the nature of the discussion and my willingness to listen to their problems and take on board things and today we had a first class conversation. Mr Beazley was there, the Premier was there as were members of the business community and one listens to the problems and also the views that some young people are putting, how they practically find themselves, the circumstances they find themselves. Although today's group were not all unemployed some were at work, some were at university, some were at TAFE and some where unemployed and the people having most of their say today were actually at university. But last night the people I met were all unemployed and I came away with some very useful impressions.

KENNEDY: The report that our reporter picked up was that while one of the people who attended, a girl, said that she was flattered that the Prime Minister wanted to talk to them that another opinion was that they didn't achieve very much.

PM: I don't know what they call achieving very much. I said we are trying to get a breakthrough with entry level training wages for young people at this national meeting we are holding next month, because the problem is that I think we could have arrived at the position where we have priced a lot of young people out of the labour market and we are now trying to break through on that to get to a situation where young people can afford to be taken up by companies where the companies don't have to carry the cost of the training. The Commonwealth will carry the cost by extra places in technical and further education and other institutions but the employer carries the cost only of the non training component. Now such a breakthrough would be important but if anyone of the group there today were at university and feeling comfortable about their circumstances, maybe the unemployed ones are more interested in that than they were.

KENNEDY: On another matter, you returned to the question of the Australian identity the other day. Why does the Australian identity need redefining in your view?

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PM: Because if we go to the world uncertain about ourselves and ambiguous in our signals we won't have the response we ought to have to make a success of ourselves particularly in the Asia Pacific area and I think countries around us have taken the view does Australia want to deal with us, does it regard itself as a country of the Asia Pacific, does it regard itself as a European country, does it see its ties with North America. These are the questions which I think are often put and part of the reticence of many of our close neighbours in dealing with this is they are not sure we want to deal with them. Now if we say we are a unique nation, we have got a continent to ourselves the oldest land mass on earth, it's made us different the kind of society we now have is different, it's unique, it's not European, it's not North American, it's Australian and we are happy to declare it and be unique and be part of this part of the world. That is an important I think economic change as well as an important social change.

KENNEDY: You started the debate on the flag here on January 31, you were also talking about the oath of allegiance the other day and how that needed to be reworded in your view. What other things do you have in mind?

PM: I think the oath of allegiance is important that people actually, there is a sort of a civic oath that people take, swear allegiance to Australia and it's values and I think that is important rather than to the head of state and that is psychologically important for themselves and the country. But I think that Australians are proud of themselves, they want to see themselves independently of independent spirit and attitude and I find it most particularly amongst young people. This morning at Perry Lakes stadium I met the country senior high schools, there were 3,000 kids there for a week of sport but the enthusiasm of them was to be seen to be believed and again in some of the young people I met at the youth fest project later, that's where our future is, it's with the kids who are now going through school into university who will take up the cudgels, take up the responsibility for this place and are proud of it.

KENNEDY: I wonder if the Australian identity is being diluted by multiculturalism?

PM: No, but I think we have to be careful that multiculturalism doesn't replace the old sort of imperial ties we had in the past, but rather be a binding thing in the new Australia.

KENNEDY: So no winding back on multiculturalism?

PM: No but all of it's subordinate to a commitment to Australia and it shouldn't be a commitments to other places, commitment to Australia and I think if that comes through clearly and it's come through most clearly with young

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PM: (cont'd) people all this stuff about paying sort of lip service to our sort of history and as important as that is but letting it have too much of an impact on the shape of it now, they are quite smart about this I think and they are quite determined to declare for Australia, to declare the place to be a unique place to be out there doing it around this part of the world and wanting to do it.

KENNEDY: You started the flag debate here at the end of January.

PM: We did indeed Peter.

KENNEDY: What stage has it reached?

PM: It's become an important debate, people are now focussing on it as they have never focussed before but I have said and I am quite happy to repeat that before we would contemplate any change to it we would have a plebiscite of some kind so people will have their say, the government won't be changing the thing without there being some very clear support for such a change and that manifesting itself by way of a vote of some kind. But there is no doubt we can't go on with a representational image of ourself with a flag of another country in our flag.

KENNEDY: No early decision?

PM: There will be a process and we have got to agree, we have got to talk about that but certainly we won't be seeking to do anything other than by giving the public a say.

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