



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
DOORSTOP PACIFIC DUNLOP HOLEPROOF, MELBOURNE
29 SEPTEMBER 1992**

E&OE PROOF COPY

J: (inaudible) [BOP]

PM: It is a good figure for the month, it shows that imports are down by 11 per cent so all the Jeremiahs who were saying a month ago that imports are rising inexorably again even as we were coming into recovery, all this proves again is that you can't put that much store in one month's numbers. And at \$903 million the Balance of Payments figure for the month is in line with the Budget forecast, which is being for an improvement over the recent period. A seasonably adjusted figure of 903 million is 39 per cent below a month ago.

J: You can't see any trends emerging then?

PM: Well I think it means that those so called trend setters, people who want to chart us, people who want to draw these things out and graphically illustrate them and then point a finger of gloom, will have to be less gloomy today.

J: Does it raise the potential for interest rate cuts?

PM: No implications for interest cuts.

J: Mr Keating, on industry policy, in your coming here today this is a big achievement, the sense of a new facility, but some months ago we were all out at Wills and we saw the devastation of TCF industries out there and while your

political opponents are talking greater doom than you are, you bear a lot of responsibility don't you for pursuing the tariffs down to a level where many thousands of jobs have gone in TCF industries?

PM: If you ask me to I bear responsibility for creating new industries like this one, the answer is yes I do. And it is these industries which will give people long term employment, it is these industries which can stand ...

J: What do you say to those employees who have lost their jobs, when their employers have gone off shore because of that?

PM: Well only some. But it proves this point that clothing, textile and footwear in efficient sectors does have a future as we are seeing in this plant, as we are seeing in other fibre based industries across the country. And also in the primary areas like wool where we are now moving into tops production which will add value again. So in the whole sector, that is from woollen tops, cotton, spinning ... which some from inefficient companies that have had no investment for a long time. I mean this plant proves the point.

J: ... the whole tariff debate.

PM: Well I think it is drawing a long bow on Sir Arvi's part to say to the car industries, please face extinction, gladly. That is don't mention it, don't complain about it. I think it is not fair to say that it is politicising the debate for a car company about to invest \$800 million in Australia, to say they can't survive at zero protection. I am quite sure that any investments Sir Arvi would be associated with, he wouldn't like to have it threatened and then have someone say, once you complain about that Sir Arvi you are politicising. I mean the fact is industries have got a right to speak and particularly world competitive ones developing world competitive plants in Australia. So the time for jockeying on cars was in 1988 and 1991 when the plans were put together. What you are hearing now is basically the genuine views of car companies that can't survive, they believe, at zero tariffs with a relatively small Australian economy.

J: Mr Keating there is going to be an election on Saturday in Victoria ...

PM: ... inaudible

J: ... inaudible

PM: ... the answer is produce more products, run the economy at a greater level of GDP and there's only one way of doing that without inflation spilling over, that's with an incomes policy - the thing the Liberal Party doesn't want. That is an agreement with the trade unions about where national incomes goes, so if you want to run Australia at a speed fast enough to create the employment to take most people up, certainly people who have been unemployed from industries such as the TCF

industry or others then you've got to run the economy to speed, that can't happen without an Accord and you can only have an Accord in some structured co-operation which of course, Dr Hewson rejects absolutely. So his model is a model for low growth, high unemployment which has been made clear today in fact by a survey of economists published on the front page of the Melbourne Age.

J: Mr Keating, let me ask you about the election on Saturday. As you know the Labor Party is not looking ...

PM: I've done all these before at Williamstown.

J: No, but I wasn't at Williamstown, I'd like to ask you a question about the election if I may.

PM: Where are you from?

J: The Age, my name is Peter Ellingsen. Mr Keating, the whole financial mismanagement allegations made about the Labor Party in Victoria are being rebutted by the Labor Party state politicians and their citing the Tricontinental Royal Commission as evidence of their varacity in that. Mrs Kirner is talking about the culture of the '80s as the culpable culprit in this whole problem that Victoria has had and one key fulcrum in that culture surely was the deregulation which you pursued as Treasurer.

PM: Let's not draw that ...

J: But didn't you create a culture which is now come home to roost in Victoria?

PM: What are we into from the Age, Pto-Copernican obscurantism? Is that what we're about ...

J: I'm reflecting the view of some of your colleagues.

PM: ... warm hearted lefty into obscurantist views. The fact is if you can't have free flow of money in this economy, don't blame the problems of Trico management onto the deregulation of the Australian economy, it is absurd and the only place that question would be asked today is in a newspaper which still has lingering good will to the dark cave dweller age of the 1960s and '70s.

ends