



## **PRIME MINISTER**

### **TRANSCRIPT OF THE PRIME MINISTER, THE HON PJ KEATING MP DOORSTOP, ACROSS CONGRESS, CANBERRA, 1 OCTOBER 1992**

#### **E & OE PROOF COPY**

- J:** Prime Minister, what have you been advised of the implications of yesterday's High Court decision?
- PM:** I want to talk about a few other things and that is the Reserve Bank, Mr Fraser said today in the context of Dr Hewson saying that he would delete the object of full employment from the Reserve Banks charter. He says he'll do this after it's been there for nearly half a century, when it's been part of the Australian consensus that price stability, that's low inflation or inflation control coupled with employment were the joint and dual objectives of the Central Bank and all conservative and Labor Governments of the last half century. He wants to take it out, yet he has the hide to talk about unemployment and as the Governor of the Reserve Bank said so eloquently today, anyone who has opposed interest rate reductions and an expanded fiscal policy has no right to talk about unemployment. I say that applies to Dr Hewson and Mr Reith, both of whom have opposed interest rate reductions, both who now oppose trenchantly an expansion of fiscal policy, yet they claim the right to talk about unemployment, yet they wish to remove employment as an objective from the Reserve Banks policy.
- J:** Prime Minister, is the Reserve sufficiently concerned about employment in the last couple of years, pushing up monetary policy?

**PM:** We had three times the rate of employment growth of the western economies throughout the '80s and that is just proof positive of the general balance in objectives, but again you can't go spending twice what you produce and that had to be reined in, but the general commitment to employment has been made so clearly by Mr Fraser speaking on behalf of the Bank Board now on a number of occasions.

**J:** So what would be the implications of the ...

**PM:** The implications are that a Liberal Government would ask the Bank to push inflation below two per cent to zero, by lifting interest rates and paying no regard for the employment consequences what so ever. In fact they would be pleased probably, in their model to have some unemployment around because this would simply reduce pressure on wages and inflation. Can I say the other thing is the question of the Catholic Social Welfare Commission, they went to see Dr Hewson and Mr Reith yesterday, they were emptied out. They were told, barely politely that there would be no change to their policy and Dr Hewson would right over the heads of the Bishops to the Catholic community, not changing his policy, insisting that he should tax food and saying that he knows best, what's good for them, he'll tell them, Dr Hewson will tell the whole Catholic community, the whole community of Australia what's good for them and we'll have Mr Reith doing a Goebell like impersonation half making the argument that rich people have got bigger bellies, that rich people actually eat more and therefore it's good for them that they tax food because it's fairer to the poor. This is the sort of callous rubbish you're getting from these ideologues, so when the Catholic Welfare Commission representing the Bishops of Australia stand up and say this is unfair and inequitable to Australians to tax food the ideologues push them to one side and say don't worry we'll right for the community over your heads and tell the community what's good for them. Dr Hewson knows what's good for everybody, a tax on everyone's food is good for them he says.

**J:** Is the Reserve Bank charter much comfort to the unemployed at the moment?

**PM:** It's been of enormous comfort to the unemployed right through the last forty or fifty years, most particularly in the last decade and we've now had thirteen one percentage point interest rate reductions, we've got bill rates around the six odd per cent mark in Australia, under six in fact, in Britain they're nearly twice that level. We've seen in Britain a celebration of a one percentage point reduction in interest rates, we've had thirteen one

percentage point reductions from the Government and the Reserve Bank and this is because the Government and the Reserve is committed to the dual objectives of inflation control with growth in employment, employment remains, and has remained a key objective and that's why today, notwithstanding the unemployment we have we've still got 26 per cent more people in work than we had in 1982, that is the labour market is now 7.6 million in size instead of 6 million as it was in 1982.

**J:** Mr Keating, let's talk about ACOSS, they said to you today that your tax cuts should be reconsidered because of unemployment, are you just going to push them to one side?

**PM:** They've also said to me a moment ago how regressive and unfair Dr Hewson's policy is, that the tax cuts are not funded, Dr Hewson's tax cuts will only be funded by cuts in Government spending and that is what they are afraid of; taking \$12-13 billion of unfunded money, of tax cuts out of the social welfare system as we now have today, out of the social welfare system.

**J:** ... (inaudible)

**PM:** They believe that you can increase the real incidence of tax, they are a welfare organisation, they believe tax should rise to pay for more welfare. I don't believe the real incidence of tax should rise and the Government by its tax cuts will not do that. But we're not putting a 15 per cent GST on people's food and clothing as Dr Hewson is - that's the difference. We're reducing, maintaining the real incidence of tax, not letting it rise and I don't think it's fair that it should rise. Can I make another point about petrol. Yesterday we had Dr Hewson the bowser boy, out there pumping petrol. What he didn't tell people is that their registration fees will double or treble, that they might save it on the tank, but they'll pay it on the front window when they slap the next rego sticker on there, where they pay twice as much. He didn't tell every truck driver who pulls up - you notice there were not trucks there - that there would be a \$17,000 registration fee on trucks, so when he's at Mount Panarama watching the cars go round, the registration stickers will be flicking through his mind as the millions roll up, the billions roll up to pay for this squalid sleight of hand in reducing petrol prices. Again everything he does is basically about helping people who have got wealth.

**J:** Mr Keating, do you welcome the High Court's decision yesterday that effectively guarantees the right ...

**PM:** It is a decision they took and announced a couple of weeks ago and I haven't been through the fine print of the argument.

**J:** Do you think this is going to make politicians fair targets of any sort of attack or criticism?

**PM:** We've had free advertisements now since time immemorial. So what?

**J:** Mr Keating, you said recently that it's unlikely there will be an election this year ...

**PM:** No more talking about that.

**ENDS**