



# PRIME MINISTER

PRIME MINISTER WITH DOUG AITON ON RADIO 3LO, 16/3/94.

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AITON: Prime Minister, Paul Keating, good afternoon.

PM: How are you Doug?

AITON: Very well indeed thank you. You must be very pleased with the results that came out today on the economy.

PM: I think it vindicates what I said on behalf of the Government in the election campaign, that we had a growth economy on our hands, that we could re-ignite the economy back into growth and employment growth, and today's figures which give us four percent growth in the economy over the year and two hundred thousand jobs and low inflation as a kind of trifecta I think Australians should be very pleased with.

AITON: Also the tenth consecutive quarter of growth I think in a row, it is consecutive?

PM: Yes it is. So it's firm and it's growing, it's on a broad front, it's now got a very high share of profits in the economy which are still driving it. The tax cuts which the Government delivered late last year certainly promoted consumer spending and that's shown up in strong retail sales. So by and large it is, as I said a year ago and most of the day.

AITON: And what about exports, which is so crucial to us to improve upon. They came up I think 2.7% increase, was it?

PM: For the year, 6%, and they were growing as fast as imports across the year, so we've made the great jump to exports and a leap into Asia, particularly with manufactured products. But I think the great thing about it is not just the level of the growth, which I might say Doug is now stronger than any other western economy, but with low inflation.

AITON: Yes, can you keep that up? Can we keep that up?

PM: Well I think so. I think so, and the good thing about these accounts is that there's a number of measures of inflation. The one that we all know is the CPI, the Consumer Price Index, but that's got a basket of goods in it and even with all the goods it has we've got inflation for the year at 1.9%. Well, there's another thing called, wait for it, it's called the non-farm GDP deflator. Now what it means is, it's an even broader measure of prices than the CPI and it came out I think one four, so I mean it's very good confirmation that inflation is low and the trick will be now to keep the productivity coming through so wage increases which come in the next year or so are protected by a fair bit of productivity, protecting the inflation rate by productivity.

AITON: The media criticism comes out of course on days like today, and the one that I've heard most is that business investment is still down or still lagging. Is that true according to you?

PM: Well it's growing and it's grown moderately well across the year but it's not as high as we would like it, but again, look at that high profit share recorded today. The highest level of profits to GDP in the nation's history. As high as the last period of the late eighties which was higher than any other time since the war. Now that will mean that business has got the balance sheet into place and it will mean they will be looking for investment opportunities, and we can see it coming in the expectations data which we're now recording for private capital investment.

AITON: Well I suppose the question that people will want to know the answer to most of all is regarding unemployment because I'd know of no family in my immediate social contact area that has not been afflicted or touched by unemployment. Do you think these figures actually will give us a direct result there?

PM: Well the link between growth and employment is profound and if you look at any graphic illustration of it, say from the 1960's onwards, wherever you see the employment chart or graph laid over GDP, whenever you get a growth in the economy you get growth in employment, and we're seeing the same classic illustration of that in the last year. That is, we've seen the economy pick up, and what have we seen with it? Two hundred thousand jobs.

AITON: So what are you saying is going to happen?. Can you stick your neck out?

PM: I think we're going to have a fair swag of jobs come out of the rural growth of the economy and five hundred thousand jobs which I set as an objective at the time of the last election campaign. One year down a three year path Doug we've got two hundred thousand in the bag already.

AITON: Yes, true. I did notice, as we all did, in your triumphant election speech of a year ago, election win speech of a year ago, that you made a point of saying whatever happens we're going to look after the unemployed. It was a line that affected a lot of people and it was very well and dramatically put. I wondered at the time, and I still wonder now even though despite what you've just said, were you foreshadowing that unemployment is going to become a fact of life in Australia for a long time?

PM: No, because we're hoping that while it will be a fact of life for some time, we're hoping to deal with the most difficult part of the problem and that is the long-term unemployed, and the Green Paper which the Government published in November, and the White Paper which I will be announcing in late April with the policy changes to deal with the long-term unemployed, will be Australia's biggest and most, if you like, valiant attempt to do something interesting, not just in Australian but in world terms, about how you deal with the problem of three hundred-odd thousand people who have been unemployed eighteen months or more. So I think that the sense of compassion, the sense of fair play that resides in the community of this country, will demand that as we go off now into a long, low inflationary recovery we don't leave an underclass of people behind forgotten, carrying the burden of the recession, that we actually bring them with us by making certain that government policy adjusts at getting these people back in the mainstream of the labour market.

AITON: Do you expect that Australia can return to the 1960's-type figure of unemployment which was more or less nil?

PM: No, I don't think so. I don't know what so-called structural unemployment is. You see, we've got the cycle, that is slower growth which has produced a pool of unemployment, and we're now seeing that change with the faster growth. But underneath that we've got all the changes that come from the redundancies, the productivity changes, the industrial changes, the tariff changes, the rebuilding, the new higher-tech industries. That structural change sits under that. If you wash out the cycle, if you wash the cyclical unemployment out and look at the flux which is always created by one group leaving one set of industries and another group being trained to take up another, it's somewhere in that five to six percent area, I think.

AITON: Forever?

PM: Well certainly between now and the sort of intermediate period, certainly between now and the end of the century.

AITON: If I could move to another matter, I'm sure you're focussing on the figures more than anything else today or the economy, but the greatest social problem we appear to have in the news at the moment is that of Macedonia, and I notice that you have intervened yourself and attended lunches or breakfast or something with the Macedonian leaders and what have you. Would you like to state the Government's point of view on this very troubling matter right now?

PM: Well I said something about it today as a matter of fact but I'm happy to say something about it to you Doug, on your program, and that is that I think the thing we pride ourselves on is that down the years this has been a country where old world hatreds have been mediated and forgotten, and I think this is the way we should remain. So the principle should be that all those who have made Australia their home should never forget that their first loyalty is to Australia, and my point is that you can't be loyal to Australia if you break with the basic traditions of the country, that is, and these include above all tolerance and non-violence. So old attachments notwithstanding, acts of violence and engagement in campaigns of hatred I think constitute an assault on the traditions of Australian democracy and what we as Australians believe in, and they're not acceptable.

AITON: Alright. Is there going to be further Federal Government intervention on this matter?

PM: Well we've made it clear that what we're looking for is basically, the Government's made a position of principle, on the basis we've decided to recognise all other states, a recognition of this state of the former Yugoslav Republic of Macedonia, and in the argument, if you like, that's been had by groups in this country we're saying that Australia's, if you like, unwillingness to accept this state recognising itself as the republic of Macedonia has in fact, if you like for those associated with the interests of Greece, brought a recognition, at least temporarily, to this name the former Yugoslav Republic of Macedonia. But now the Australians formerly from this state objecting to the term Slav Macedonian which was introduced by the Government, not to cause a sense or to make some ethnic statement but simply to describe a fact, that these people are people from the former Yugoslav Republic of Macedonia. I mean

personally I'd prefer they all call themselves Australians, as I think all people would prefer to see them called.

AITON: Yes, semantics is always going to get you into trouble though.

PM: The key thing is there are no borders here, there are no borders in this country. And while it may be an interesting debate for these people to be discussing the contemporary division of the former ancient state of Macedonia, the whole notion of pursuing the old hatreds in Australia and the notion that these people have a right to some sort of violence in our society is, I think, a line we ought to draw without qualification.

AITON: Mr Keating, it's a year now, last weekend, since your unexpected, to most people, election victory. These figures of course are the sorts of things that you would've hoped would happen a year after that, the figures today. But is there any particular matter where you are disappointed that you have not been able to achieve what you would have liked to in a year?

PM: The mandate I set down was to re-start the economy, get it growing strongly again, see the recovery bloom, get employment running strongly again, deal with Mabo, the High Court decision, focus on APEC, that is build structures for Australia in Asia, and deal with the long-term unemployed. And I think I can give a tick to most of those things. That is, I can say honestly Doug, to you, the answer to that question, we have got the economy growing again, we have got two hundred thousand jobs, we have legislated for Mabo, an historic piece of property in cultural law, we have put APEC into place and it's growing and changing, and we are now working on the White Paper and long-term unemployment, and of course we're seeing low inflation right the way through it. So in terms of the mandate, can I just say our opponents, Dr Hewson said we'd be in a double-dip recession, they had the ads with the gun sights taking people out of employment, not putting people back into it. All of that's proven to be untrue, that Australia wasn't going to go into a double-dip recession, that we weren't going to see more Australians unemployed but in fact fewer unemployed and more employed, and a year down the track I think the Government's been true to its mandate and true to its promises.

AITON: Do you feel embarrassed about the Ros Kelly business?

PM: No, that's part of the sort of sideshows of public life. But you see, one of the things that today's national accounts, there's a growth of consumer sentiment and retail sales which came from the tax cuts of last year. You never hear about them now Doug. Eight to ten dollars a week for people, a promise the Government made and kept, and we had to battle it through the Senate, against the Liberal Party and the National Party and the Greens and the Democrats and everybody else for the right to pay people a tax cut which the economy needed to kick itself along.

AITON: I notice that you're coming up further ahead of Dr Hewson as preferred leader in recent polls. I know you have a certain amount of contempt for polls but nevertheless we have only them to go by. It seems to me that you might actually like Dr Hewson to stay there as leader because it makes you feel secure.

PM: Well Doug, when we get that tricky, any of us in public life, that we're into the business of choosing our opponents' leadership, that's the time to call it quits I think. I

just think from the point of view of the parliamentary leader of the parliamentary Labor Party, as we are in office, therefore Prime Minister, I take the view that whoever the Coalition propose as their leader is the person I have to deal with in policy terms. Now the Liberals last time in a highly ideological election, they wanted to make a big tax grab through the GST and essentially funnel the money to the high paid, despite the fact that the profit share was rising as it has indicated today the highest level ever in our post-war history, and the public said hang on, this is too greedy, we're not being in this, we're not going to see you knock Medicare out, we're not going to see you knock the social wage around and we're not going to let people go onto individual wage contracts, we don't want a GST, we do want a more inclusive society, we do care about the unemployed, we do care about our community, we do care about aboriginal Australians and we want something better. So I mean we were at the time putting what I call the policies of enlargement out against the sort of straightners and the punishers, that their view being we can only succeed if we've got our head bowed, our eyes down and wearing a penalty. This society deserves better and can have better.

AITON: This is a very funny day for you with those figures which are hard for the Opposition to dispute in any way or to mock. What's been your darkest moment though over the last twelve months since that triumph of the election.

PM: I must say, I'm happy to say I haven't had many dark moments, and the growth today came out of the One Nation package of 1992. I mean what restarted the economy? What started those ten consecutive quarters of growth you mentioned earlier? And the answer was the One Nation spending which Dr Hewson said would bankrupt the country. So this wasn't put there by accident or good fortune. It was put there by express government policy and so I haven't had many, can I say, dark days since. I mean if there was any frustrating, it was the Budget process of last year, that was frustrating. As you know, I don't believe minor parties should hold the money, the financial policies of the Government in the House of Representatives to ransom. That was a trying period but we got through that, we got the tax cuts paid and the economy's growing as a consequence.

AITON: You told SBS television in an interview recently that when the time comes to go you won't have to be told, you'll be gone. But where will you go?

PM: Oh where do any of us go? I mean former Prime Ministers are generally a pretty sad bunch and I suppose I'll end up like the rest of them somewhere along the way but not quite yet.

AITON: Good to talk to you and thanks for your time today.

PM: Okay Doug, nice to speak to you.

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