

The Great Debate: Bob Hawke, Prime Minister (ALP) and Andrew Peacock, Opposition Leader (LP)

Moderator: Paul Murphy, ABC, February 25 1990

PAUL MURPHY: Welcome to the Great Debate coming live from ABC television studios in Sydney. Good evening. I am Paul Murphy, your moderator for this debate.

Australia votes on March 24, just under four weeks away, and as this first week of the election campaign ends we have mounted a debate tonight between the Prime Minister, Bob Hawke, and the Leader of the Opposition, Andrew Peacock. Welcome to both of you gentlemen.

Bob Hawke says this election is the most important in 40 years as he tries for a fourth term as Prime Minister. Andrew Peacock says he is certain he will be Australia's next Prime Minister. Well tonight we will put them both to the test. And joining me is a panel of four senior political journalists selected by the Federal Parliamentary Press Gallery. Warrick Beutler from ABC Radio current affairs, Laurie Oakes from the Nine television network, Alan Ramsey from the Sydney Morning Herald newspaper and Paul Kelly who is political editor of the Australian newspaper.

Now let me explain the rules of this debate. Of course, it's always hard to work out the rules but after exhaustive discussions between all parties we have decided to tackle it in a way which we hope makes it as interesting and informative as possible. The Prime Minister and the Leader of the Opposition will talk on three issues: the economy, social policy and the environment. They will question each other and then the panel questions both of them. Later the panel will throw questions to both leaders on any issues and topics that they care to choose.

And we will wind up with final statements from Mr. Hawke and Mr. Peacock. Time restrictions have already been agreed to and as we have only one hour I will be rigorous but reasonable in applying these rules.

So now, let the Great Debate of the 1990 election campaign begin. And the first topic is the economy. A few minutes ago we tossed a coin, the Prime Minister called, he won and he allowed the Leader of the Opposition to lead off. So Mr. Peacock, the economy.

ANDREW PEACOCK, OPPOSITION LEADER: Thank you very much Paul. I think for starters the one thing that I would agree with that Mr. Hawke has said in this election campaign is that this is the most important election in the last 40 years of Australia's history. The reality is Australia needs a new era, a new epoch and a new spirit.

You know and I know that the economy is on the brink of collapse. Business failures are at a record level, family living standards have been shattered. Our children's futures have been mortgaged because of the spiralling debt and so the decision that you will take on the 24th of March is in fact one of the most important in the last 40 years.

But worse still in the outline that I could put to you, worse still is that for the first time in Australia's history we contemplate the reality that the next generation of our children could inherit worse living standards than their parents. This has never happened before and it should never have happened. You know and I know who is to blame. My opponent deliberately chose the high interest rate route. They deliberately chose an economic instrument which is both crude and cruel.

They could have tightened fiscal policy, they could have freed up the labour market and with those settings in place had a steadier monetary policy which would not have had the effect of adding to the inflationary pressures pushing interest rates up.

Oh no, they took the high interest rate route. They cannot therefore blame anything else for the choice was theirs.

Now we are saying to you, what Australia requires is a coordinated set of programs. We will tighten fiscal policy and we have identified in our economic action plan \$2.7 billion of costs, of cutting of expenditure in our first year alone. We are of course utilising \$2 billion of that savings for families, for tax relief. A child care rebate, a child tax rebate, easing of the eligibility and increasing of the dependent spouse rebate.

We are abolishing the capital gains tax where 80% of the men and women who paid capital gains tax in the last figures available earned only \$35,000.00 or less and that ain't millionaire stuff because the Labor Party keeps threatening me with the allegation that we are doing it for millionaires. 80% of those who paid capital gains tax earned \$35,000.00 or less.

But the great stress has to be on the family. And have produced a program which will give genuine relief for families, a marked contrast, a marked contrast of staying with the status quo.

PAUL MURPHY: Okay, I must stop you there and now ask the Prime Minister, Mr. Hawke, to speak.

BOB HAWKE, PRIME MINISTER: Next month you must make the decision as who is the best equipped to run the Australian economy.

For the last seven years, with my colleagues, I have been running the biggest business around here and that's the Australian government. And for the first time in history we have made a profit out of running that business, never before. In the last three years a \$17 billion surplus and I have applied that surplus, that \$17 billion to wipe out Commonwealth Government debt. As far as you are concerned, through your Commonwealth Government, you owe no overseas debt at all. We are an international creditor.

They have done that at the same time as we have reduced tax rates. I inherited from this crowd a top rate of 60 cents in the dollar, we have brought it down to 47 cents. A bottom rate of 30 cents, we have brought that down to 21 cents. And we have done that by making the rich pay where they didn't pay before. A capital gains tax, a fringe benefits tax and closing off all those tax avoidance rorts that we inherited.

But as well as doing that we have substantially cut out layers. For the first time in history, guess what Mr. Peacock has said, for the first time, four successive years of

real reductions and outlays, which has allowed us to transfer \$30 billion of resources to the private sector. And that's where the jobs have been created.

1.6 million new jobs and 92% of them in the private sector. We have done that because together you and the government have put Australia's future first. We have had predictable wage outcomes and with that we have been able to restructure the Australian industry.

We now have had, in the last four years, a 54% increase, real increase in manufactured exports. We are sending cars to the United States, we are exporting steel to the world. Imports are coming down and we have the biggest investment surge in history.

\$90 billion worth of investment projects identified by access economics to bring on \$10 billion worth of extra export income in the years ahead. This had to be high interest rates because we have gone too strong. But you accepted that, and I know it's hurt, it hasn't been pleasant. But now, the banking sector says that the policies are right, that the interest rates are coming down.

If you are going to control interest rates you have got to control wages. You can predict the wages outcome under us, under Mr. Peacock it will be a wages explosion. He has a \$6 billion unfunded set of promises which will blow the deficit out again. So if you are going to keep restructuring the economy, keep up with manufactured exports, bring interest rates down, then you must control wages, which we can, he can't. You must fund your promises. I will fund every promise I make during this election against a \$6 billion unfunded situation of the conservatives.

So there it is, if you want interest rates down, exports going ahead and jobs growth then you must have wages and fiscal control. We have got it.

PAUL MURPHY: Well now we go to an interesting part and this is where the leaders question each other. First question to you Mr. Peacock.

ANDREW PEACOCK, OPPOSITION LEADER: Thank you Mr. Murphy. Mr. Hawke, in your 1987 election policy speech, not once, not twice, but three times you undertook to the Australian people that you would get interest rates down. Home mortgage rates are now at a record level.

BOB HAWKE, PRIME MINISTER: Will you get to the question?

ANDREW PEACOCK, OPPOSITION LEADER: Yeah, sure. Well you can see that your promise has been broken.

BOB HAWKE, PRIME MINISTER: No, what has happened Paul and viewers is that I have conceded publicly that at the end of 1988 the, every professional economist, every private and government economist, underestimated, we underestimated the strength of demand.

And demand grew so much in the Australian economy, recognised and reflected by the fact that there was an 8% increase in expenditure, a 4% increase in consumption. Now we could have, if we had wanted to, still having a tight fiscal policy and tight wages policy, left a soft monetary policy which would have wrecked the economy.

You just would have had more imports that you can afford. So we had to take the tough decision, I am neither masochist or sadist but that's what had to be done and the

banking sector has realised and recognised now, that under those policies interest rates will come down.

PAUL MURPHY: Do you have a quick follow up question?

ANDREW PEACOCK, OPPOSITION LEADER: Not worthwhile after that answer.

PAUL MURPHY: Well Mr. Hawke, now you can question Mr. Peacock.

BOB HAWKE, PRIME MINISTER: Yeah, well, I would like to ask you Andrew, you have said rightly, that if you are going to get a reduction in interest rates then inflation must come down. Now I guess if you are thinking about getting inflation down you must have some idea, some target in your mind of what wages outcome there will be necessary to bring inflation down. What's the target rate for wage increase you have in the first year?

ANDREW PEACOCK, OPPOSITION LEADER: You love targets because those who like centrally planned economies always like targets and they want people to meet them. We believe in the market and we are not getting into this game.

Our target, if you want to use that term, is to get labour costs down to the equivalent rate of our trading partners. Now we can only do that with a stress on productivity. And we are underlying the drive for productivity in our wage fixation mechanism which you are not prepared to undertake.

And together with that of course, in reaching it we can have a drive through tighter fiscal policy, freeing up the labour market and a steady and monetary policy which will be directed towards getting inflation down. But without a program of freeing up the labour market, without a program directed toward getting labour costs equivalent to that of our trading partners, what will happen is that inflation will continue to eat into wages and those real wages, which under you have fallen, will not turn around.

PAUL MURPHY: A follow up Mr. Hawke?

BOB HAWKE, PRIME MINISTER: Well, you said on the 31st of August, your exact words, that government should stay out of industrial disputes, stay out of wage fixing and such, they just get in the way. That means that you will just leave it absolutely free if you meant what you said on the 31st of August, you will leave it absolutely free for the strong to get whatever wage increase they want. Is that correct?

ANDREW PEACOCK, OPPOSITION LEADER: No, that's not so. Industrial disputes (Inaudible) government would get out of the way, they tend to play politics with it. In terms of wage fixation this, the current system will remain. You will in fact have amendments in directions to the commission to take note of productivity, international competitiveness and employment and the fixing of wages. And those who move out will get wage rises in line with productivity increases.

PAUL MURPHY: Okay, we now move to the members of the panel, my colleagues. And the first question comes from Paul Kelly and it's to Mr. Hawke.

KELLY: Mr. Hawke, after seven years in the job can you tell us where we are in terms of achieving in this country a truly internationally competitive economy. Are we nearly there, are we just in the middle or are we still at the start?

BOB HAWKE, PRIME MINISTER: No, we are past the start. Let me give you an example, as I said in my opening statement, that we are now exporting cars to the United States. We are exporting vehicle parts to Japan.

Let me give you the outstanding example. When we came to office, BHP was contemplating closing the Australian steel industry. I saved the steel industry and now we are exporting steel all around the world. We are a world class competitive exporter of steel. We couldn't have done that without wage restraint and cooperation.

So we are there, but importantly we are having wage restructuring, award restructuring as well so that the training that will take place in industry will be relevant to modern processes.

I can take you to factories round Australia which are now competing in the most competitive market in the world in a whole range of export of manufactured goods. So we are doing it, there is more to be done, but you can only do it under our wages policy.

KELLY: But Prime Minister, how can you say we are nearly there when our inflation rate at the moment is one and a half times that of our trading partners, and we have got a net external debt of over \$100 billion, one of the worst in the world?

PAUL MURPHY: And you have got 30 seconds too.

BOB HAWKE, PRIME MINISTER: Well, let me say this in respect of our debt. You look at the debt, access economics identifies the other side of that debt, \$90 billion worth of investment projects in this country which they say will project another \$10 billion of export income in the years ahead.

KELLY: And they say the debt will get worse, they say that in the paper that they released last week.

BOB HAWKE, PRIME MINISTER: They also make it clear that as far as the government is concerned that we have wiped out debt and the debt that was being accumulated by the private sector is increasing the productive and competitive capacity of the Australian industry.

PAUL MURPHY: Okay, now Warrick Beutler puts a question to Andrew Peacock.

BEUTLER: Mr. Peacock, Senator Janine Haynes who wanted to be here but couldn't, wants to know how you justify further deregulation of the Australian economy and particularly how do you go about implementing your policy of abolishing capital gains tax and further privatisation of organisations such as Qantas when the Democrats hold the balance of power in the Senate, will do so after this election and they are implacably opposed to those policies?

ANDREW PEACOCK, OPPOSITION LEADER: Well of course the Democrats aren't running for office in the sense of running for government. The Democrats never produce programs for government. I have a great respect for many members of the Democratic party but they are not seeking to govern Australia. Therefore if you vote for the Democrats you will be voting for a group of people who want a degree of

purchase and leverage on events but do not want to lead the nation through the 1990's.

And leading the nation through the 1990's, returning to incentive, returning to programs for development, labour market deregulation absolutely essential following the freeing up of the banking and finance system. The capital gains tax, I indicated in my opening statement, 80% of the men and women who pay capital gains tax earn \$35,000.00 or less so I want to return incentive, I want to get taxes down. If Janine Haynes wants to oppose that let her do so at her own peril.

BEUTLER: But the reality is you do have to deal with the Democrats, how are you going to do it?

ANDREW PEACOCK, OPPOSITION LEADER: And the reality is they have got to get elected. What I am proposing for Australia is a new era. What I am proposing for Australia will return incentive to Australia and Australians and let her seek to oppose my programs which will be helpful to the great bulk of men and women who have been slugged under this government, not only through interest rates but through high taxes. I have the programs to do it, the Democrats regrettably don't.

PAUL MURPHY: Laurie Oakes, a question for Bob Hawke.

OAKES: Prime Minister, a Sunday newspaper today asked residents of a Sydney street what they thought you should be asked and one of the questions they threw up was why are you allowing our country to be sold out to the Japanese? Now if you eliminate the racial overtones that's a question I have heard from a lot of Australians. What's your answer?

BOB HAWKE, PRIME MINISTER: Well of course we are not and the fact is that we have a foreign investment review board whose task is to recommend whether any take overs or acquisitions of Australian assets are against the national interest. And we take account of the advice of that body.

Australia does need investment from abroad. We must have some mechanism for taking account of whether it's in the Australian interest or not and we are in a situation where, in regard to many sectors of our economy now, we have been strengthened because we have brought in expertise, technology, equipment, know how, which is associated with investment from overseas.

But we have kept a mechanism in the foreign investment review board to oversee that investment.

PAUL MURPHY: Do you have a follow up?

OAKES: No, that's fine.

PAUL MURPHY: Okay, well Alan Ramsey now questions Andrew Peacock.

RAMSEY: Mr. Peacock, your proposal to abolish the capital gains tax. That tax this year will bring in \$500 million. It is a tax paid by 1% of Australian taxpayers. You intend in abolishing capital gains to make it retrospective to 1985. Now how do you justify backdating abolition of a policy that gives a five year windfall of \$450 million to 1% of Australian taxpayers, 1%?

ANDREW PEACOCK, OPPOSITION LEADER: Look, I think Alan is suffering a bit of selective amnesia, he must have caught it from the Prime Minister.

RAMSEY: No, I am not at all. 1% of taxpayers.

ANDREW PEACOCK, OPPOSITION LEADER: And the reality is, I have said to you that of those men and women, those small businesses that are copping it in the neck, 80% of the men and women paying capital gains tax earn \$35,000.00 or less...

RAMSEY: Mr. Peacock, that's an absolute distortion.

ANDREW PEACOCK, OPPOSITION LEADER: ... you can in fact, you can in fact describe them as millionaires which will be laughed out of court but they won't ...

RAMSEY: I didn't describe them as millionaires.

ANDREW PEACOCK, OPPOSITION LEADER: And the second point about it is why back date to '85. In fact, it's from '85 to the date of our election to office. The reason for that is obvious. Otherwise you will have three categories of people. You will have those who purchased an asset before that date in 1985, you will secondly have the people who purchased assets between '85 and our election to government. Then you will have a third category thereafter.

Now we have already got a bag of snakes in the income tax and other tax acts now. The classic way to make it worse would be to follow your lead.

PAUL MURPHY: A follow up, Alan?

RAMSEY: Yes indeed, Mr. Peacock, you never, you always oppose retrospective tax penalties, why are you giving a \$500 million windfall gain to 1%, 1% of Australian taxpayers by backdating this particular policy?

ANDREW PEACOCK, OPPOSITION LEADER: I have just told you, administratively you would have three classes of people and that would ...

RAMSEY: So you are saying it's simple?

ANDREW PEACOCK, OPPOSITION LEADER: Hang on a sec, hang on a sec.

RAMSEY: What is simple about what, I mean, what is difficult, what is difficult about applying the policy the day after you are elected?

PAUL MURPHY: Okay, now the answer.

ANDREW PEACOCK, OPPOSITION LEADER: I have the utmost respect for you but I would prefer you to allow me to answer the question.

RAMSEY: You are avoiding the question.

PAUL MURPHY: No, please ...

ANDREW PEACOCK, OPPOSITION LEADER: I haven't started to answer it it.

RAMSEY: You are avoiding it.

PAUL MURPHY: Please go ahead. Please go ahead.

ANDREW PEACOCK, OPPOSITION LEADER: My time starts now?

PAUL MURPHY: Yes it does.

ANDREW PEACOCK, OPPOSITION LEADER: Okay, fine. The reality is, not only are the men and women who are paying capital gains tax earning only \$35,000.00.

RAMSEY: That is not true Mr. Peacock.

PAUL MURPHY: Please, Alan. Please let Mr. Peacock ...

ANDREW PEACOCK, OPPOSITION LEADER: If you have a look at the latest figures available.

RAMSEY: I have and the same figure that you are reading.

ANDREW PEACOCK, OPPOSITION LEADER: From your stats you will find that in fact of the companies that paid capital gains tax, 65% of them only had a corporate profit of \$40,000.00.

Now, it seems to me if you want to return incentive in this country you will look at those figures and you will recognise what they are doing to small business.

PAUL MURPHY: Okay, I must intervene here, we must move on because we have got three topics and we are moving to the second of them now and it's social policy. And I would ask Bob Hawke to speak first.

BOB HAWKE, PRIME MINISTER: I talk about social policy and social justice. I look first of all at kids. I look at the fact that now after seven years as Prime Minister I can go into the schools of Australia and see that two out of every three of our kids are staying on in school against the one in three at the end of the seven years of conservative government.

That means that what we are doing for the families of today is we are training and educating the kids of today's families and importantly training and educating the parents of tomorrow's families.

When I talk about social policy and social justice I look at health and I see all of my fellow Australians now covered by Medicare and with bulk billing available. And I don't see the two million Australians that I inherited in '83 who had no cover. And I see an Opposition pledged to abolish Medicare.

I see social justice when I see kids and adults going to programs like skill share and a whole range of other training programs that mean that people with some disabilities or backwardness are able to be trained to go into the employment market. Our opponents would abolish all these programs. What they would do is to substitute for a social safety welfare net, a social trap door, push the people through the trap door and then do nothing more for them.

I see social justice in regard to our kids where every major social welfare organisation has congratulated me and the government for now paying over \$2 billion a year to the kids of low income families. And they have said, they have said that that's matched the promise to ensure that there be no financial need for a kid to live in poverty. That \$2 billion is being paid to meet that promise.

I see social justice in a fair taxation system, the sort of thing that Alan Ramsey has been talking about. I see social injustice in giving over a period of time, as they would, literally billions of dollars to less than 1% of the population. In the last year '87, '88, 65,000 people, one third of 1% paid capital gains. But will put billions of

dollars back to them, billions of dollars that could have been spent on health, on education and the welfare of the needy.

These are the things that are important and I don't want to see an Australia where we are going to have a pattern of privilege return, where superannuation is the preserve of the few instead of for the blue collar workers, and for women, as we have made it.

It's these things, it's education, it's health, where we have done the things that need to be done. And through all this, despite what Mr. Peacock has said, the independent analysis shows that average standards have also increased by over 6% in the period of being in office. That's what social justice is about.

PAUL MURPHY: Okay, thank you Mr. Hawke, now three minutes from Andrew Peacock.

ANDREW PEACOCK, OPPOSITION LEADER: Well Mr. Murphy, I actually think, listening to what the Prime Minister has just said that we may have all been fooled. This must be Max Gillies in here.

This is not Australia today that he is discussing. Let me just say firstly, we are not going to abolish Medicare. Secondly we are not going to abolish all trading programs. And thirdly, if you want to know who is close to the privilege, have a look at the man over here. Because during his time as Prime Minister of this country Australia has become an unfair society.

Unfair to the great bulk of men and women, particularly working men and women. The rich have got richer, the poor have got poorer and that great bulk of Australians who have not only just been squeezed out, they have been forgotten by Mr. Hawke.

And the focus of social policy ought to be firstly the family, secondly our children and thirdly the elderly. I have said what I will do for the family, with child tax rebates, child care rebates, assistance for, assistance for spouses through a lift in the dependent spouse rebate. And as for our children, now I mentioned before a broken promise, indicated three times in the 1987 policy speech by Mr. Hawke, if I may so, the most debased promise of all was that one that said no child will live in poverty by 1990.

Well it's 1990 and 500,000 children are living in poverty and 70,000 are homeless. So much for the undertakings that are made by Mr. Hawke in his election speech. We are on about keeping families together, that will assist this particular problem. We are on about working with those great welfare groups in the community to work with government to solve this problem, Mr. Hawke will not.

In regard to the elderly, to whom we have the most special duty of all, and particularly the current generation, some of whom went through a First World War, some of course, most a Second World War. And including between the depression. The duty is even more profound than at any other time.

And we are going to maintain, I say to the elderly, every program that is down at the moment including Medicare. And we are going to liberalise the assets test, and we are going to end the compulsory retiring age, and we are going to have a deferred pension plan, and we are going to lift the tax free threshold on lump sum superannuation from \$60,000.00 to \$125,000.00.

The guiding principle on social policy is to be fair. You have seen what's been enacted out over the last three years, well we will be fair while they talk.

PAUL MURPHY: Okay, we now again come to the section where the leaders question each other and first question to you Mr. Hawke.

BOB HAWKE, PRIME MINISTER: Do you agree with the statement of your shadow Minister for Health, Mr. Shack, where he said that the Liberals and National Party have a very poor track record in health, both in government and in opposition? Do you agree with this statement and why was he right?

ANDREW PEACOCK, OPPOSITION LEADER: Well, if I agreed with the statement I would have to make it relative and compare it with your record. And the reality is there is now a Medicare crisis with 100,000 people unable to get into public hospitals. And the only way to address that is to correct the imbalance between public hospitals and private hospitals.

Before you brought in Medicare more than 62% of the population was covered by private insurance. That has fallen to 42,000 today. And as a consequence the queues have grown and grown.

Now we are going to leave Medicare in place, not only just for the disabled and the aged and the poor. But we are going to make it attractive to get into voluntary insurance by not requiring those who take out a premium with a voluntary health insurance society, not only will they not have to pay the Medicare levy but they in fact will get a tax rebate. So I will stack up our record any time you like with yours.

PAUL MURPHY: Do you have a follow up?

BOB HAWKE, PRIME MINISTER: Well, why did you say on the 23rd of June last year, through your spokesman, that the policy had been finalised and the costing completed when in fact that wasn't the case? Why did you keep saying that?

ANDREW PEACOCK, OPPOSITION LEADER: Because the costing had been completed. But then we got further material from you which had not been made available before.

BOB HAWKE, PRIME MINISTER: But had been on the public record.

ANDREW PEACOCK, OPPOSITION LEADER: Oh yeah, particularly, oh yes, well that was the situation as it was. And then I openly said, when you eventually made the material available, in terms of the numbers in state hospitals, we realised that we could make the change I have just described of freeing that system up somewhat. But we would have to do it in the second and third year and not in the first.

BOB HAWKE, PRIME MINISTER: Would it be cost schedule?

ANDREW PEACOCK, OPPOSITION LEADER: I told you about the costing itself before ...

BOB HAWKE, PRIME MINISTER: well what's the answer?

ANDREW PEACOCK, OPPOSITION LEADER: And you know that in determining that no one in fact will pay more because any changes that we make in the system will have an offset through the tax mechanism.

PAUL MURPHY: Okay, time has expired. It's your turn now, Mr. Peacock, to put a question.

ANDREW PEACOCK, OPPOSITION LEADER: Well, once again I want to go back to that graphic 1987 policy speech of yours. You said that your government, and I will quote it, sets the welfare of the Australian family as its top priority. In fact, the living standards of most Australian families have been savaged since then, why?

BOB HAWKE, PRIME MINISTER: Well of course, that's not true and if you look at the research that's been done by the independent, the University of New South Wales Institute of Social Studies you will see that what they say, that on average real standards have increased.

Because when you are measuring real living standards, disposable income is made up not only of what happens to real wages, it's made up also of whether there are more jobs, whether there has been a cut in taxes and what's happened to the level of social welfare payments. When you take these all into account there has been an increase in standards.

So, your basic premise is wrong and if you want your people afterwards to see the statistics and the basis of my statement that will be provided to you and to any journalist that wants to see it.

PAUL MURPHY: A follow up.

ANDREW PEACOCK, OPPOSITION LEADER: Well, I am going to rest with that, I mean, you know that is no answer to the question but I will let other people judge that. Have I got a question now?

PAUL MURPHY: Sorry.

ANDREW PEACOCK, OPPOSITION LEADER: Have I got another question now?

PAUL MURPHY: A follow up, do you have one?

ANDREW PEACOCK, OPPOSITION LEADER: No, no, a separate question, do you want a separate question or not?

PAUL MURPHY: It's a follow up which means that there is a 30 second response.

ANDREW PEACOCK, OPPOSITION LEADER: Oh no, I wouldn't be bothered with that after that answer.

PAUL MURPHY: Okay, well, we now go to the panel questions and first it's Paul Kelly with a question to Mr. Peacock.

KELLY: Mr. Peacock, I think you would agree that when you mention social justice to Australian families these days they think interest rates. Every banker and economist in this country knows that we need higher interest rates than countries overseas in order to finance our overseas debt problem. Now you have been going round the country saying that under your government there can be massive falls in interest rates. How do you reconcile that promise with the interest rate differential which we need to finance the foreign debt?

ANDREW PEACOCK, OPPOSITION LEADER: Well, firstly what I would say to you is that we do not need interest rates as high as they are. And they have in fact been hitting record levels.

There are two reasons for this, two reasons.

Firstly the impact of the government's tight money supply which has forced those interest rates up. Secondly because this government doesn't have an anti-inflation policy. And so long as they continue to allow inflation to be stuck at a high rate then interest rates will remain high.

Now I am on about getting them down and the reality is all my programs are, in the economic field, are directed towards not only lifting productivity but to having a drive on inflation. And as a consequence of the success of that through tighter fiscal policy and freeing up the labour market, when I am able to have that steadier monetary policy, I will get inflation down and I will get interest rates down.

KELLY: You are talking about massive cuts, I mean, how can you say massive cuts? I mean, you don't know what's going to happen to interest rates overseas?

ANDREW PEACOCK, OPPOSITION LEADER: I do know what the effect of my programs will be.

KELLY: Are you standing by massive cuts or are you ...?

ANDREW PEACOCK, OPPOSITION LEADER: Mr. Kelly, I know that from day one, when I am elected on September the, on March the 24th, that on the 25th I will make a statement as Prime Minister, reiterating the programs of the new government.

And the market will see clearly, because governments don't set interest rates, you know, that, the market will see clearly that I am embarking on the tough anti inflation drive that I have spoken of.

KELLY: Isn't it correct Mr. Peacock ...

ANDREW PEACOCK, OPPOSITION LEADER: And that will give real relief to interest, in interest rates to families that they are desperate for. And I am confident that the market will respond and that through our period of government you will have sustained and significant reductions in interest rates.

PAUL MURPHY: Okay.

KELLY: So you agree therefore would you that you went too far promising massive cuts?

ANDREW PEACOCK, OPPOSITION LEADER: I am telling you we will get significant interest rate cuts through the first term of our government because our policies are right and we are not relying on high interest rates to conduct the Australian economy.

PAUL MURPHY: Alan Ramsey it's now your turn to put a question to Mr. Hawke.

RAMSEY: Prime Minister, welfare payments of course are eroded if you can't get inflation down and you can't get interest rates right. Now in four of the last six budgets, the treasurer, and you were talking before to Mr. Peacock about targets, the treasurer didn't meet his targets on inflation. He said it would come down and in fact on each of those four occasions it went up and we are still awaiting judgement on his

most recent budget. Your own forecasts on interest rates last year were hopelessly wrong.

Now, given what you have said on interest rates and given what he said for five years about inflation, why should voters now believe that ...

BOB HAWKE, PRIME MINISTER: They have got to make, sorry.

RAMSEY: ... believe that you now know what you are talking about or what you are doing?

BOB HAWKE, PRIME MINISTER: Sure, fair question Alan. They have to make a choice between Mr. Peacock and myself and the central question in interest rate levels, as everyone knows, is the inflation level. And the central determinant of what happens to inflation is what happens to wage rates.

You people were at the press conference on the 30th of November when you put the question to Mr. Peacock about wages outcomes.

RAMSEY: But that's not what I asked you, I asked you why should people believe you now ...

BOB HAWKE, PRIME MINISTER: Let me answer it, let me ...

RAMSEY: ... when you have been so wrong in the past.

BOB HAWKE, PRIME MINISTER: Could I answer the question. What I am saying is there has got to be a choice and I am saying that we will have lower wages outcomes, lower wages outcomes and therefore a greater capacity to bring inflation and interest rates down.

And in regard to the wages predictions, let me remind you of this, and again, we will show all the statistics afterwards. That over the whole period of wages predictions by the treasurer, on average his predictions have been over what the wages outcome can be.

So we are more reliable in terms of the basic determinant of interest rates, that is what happens to wages, than the alternative.

PAUL MURPHY: Okay, now Laurie Oakes to Andrew Peacock.

OAKES: Mr. Peacock, you go into this election campaign with no health policy even though health is very important to Australians, Medicare is very important to Australians. The figures didn't add up. You are going into the campaign saying trust us even though we won't tell you what we are going to do with health, we won't tell you how we are going to pay for it. Now why should people trust you?

ANDREW PEACOCK, OPPOSITION LEADER: Well the reality is we are going into the election campaign with a health policy but what we have said ...

OAKES: Could have fooled me.

ANDREW PEACOCK, OPPOSITION LEADER: What we have said is that we could not implement it in the first year. I would love to be able to correct every mistake that Labor has made on the first day and in the first year. But there are restrictions on even those of us who have got well thought through programs.

And that health policy is to be implemented in the second and third year. To leave Medicare in place for the aged and the disadvantaged and the poor and to encourage people, others across to the private health funds, for which, if they take out a premium there, they will not have to pay the Medicare levy and they will in fact get a tax rebate.

And that rebate will be skewered down at the lower end to be of more significance to lower income earners and middle income earners so I am very happy ...

OAKES: But you don't know who you are going to vote for do you?

ANDREW PEACOCK, OPPOSITION LEADER: ... with that. Yes indeed we do ...

OAKES: You can't say who you are going to vote for?

ANDREW PEACOCK, OPPOSITION LEADER: Yes we do because we will in fact be ensuring, as I said, that any changes that are made in the health policy will not cost individuals more, because whatever the change we make in terms of health per se, and the arrangements, will in fact be off set then through the tax mechanism which is what I believe ...

OAKES: But your health spokesman said it could cost the taxpayer between zero and \$2.6 million, that's ridiculous.

PAUL MURPHY: A final brief response.

ANDREW PEACOCK, OPPOSITION LEADER: No, in fact, any, the only relevance of \$2.6 billion, Mr. Oakes, would be if ...

OAKES: It's Mr. Shack's figure not mine.

ANDREW PEACOCK, OPPOSITION LEADER: Would be if everybody went off Medicare. Well they won't. That's, \$2.6 billion is the amount the government receives in terms of revenue from the Medicare levy, it's not relevant to what I am talking about.

PAUL MURPHY: Right, thank you Mr. Peacock, we now must move on to our next topic in the great debate. Each leader has two minutes to speak on the environment and Mr. Peacock leads off.

ANDREW PEACOCK, OPPOSITION LEADER: Well, thank you very much Paul.

The guiding dictum that we apply to the environment, and it's fairly simple and it's spelled out in our policy, is that the environment is not something that we have inherited from our parents but rather something that we have borrowed from our children.

And an effective environment policy must be aimed at targeting and increasing our quality of life.

Now the Labor Party, the Labor Party make, place great stress on what they have allegedly done for the Environment. We are always seeing either Mr. Hawke or Senator Richardson stomping all over the flora and frightening the life out the fauna as they are being photographed majestically. But the reality is if you look at our record we established the first federal Ministry of the Environment, we ended whaling, we proclaimed the Kakadu, Uluru and Great Barrier Reef marine parks. We

have a record in the environment extending through to the saving of Fraser Island from sand mining. And that will continue.

Incidentally, I am proud to say that albeit, for a short time, I held the portfolio of Ministry for the Environment. And I have ensured that we have committed ourselves to sensible and sensitive environmental policies. Not just for Australia but for the planet.

But for Australia we are committed to sensible and well planned policies for reforestation. No world heritage area will be delisted or degraded. We will protect the Antarctic. In fact we were the first to take the decision to oppose the mineral regime in the Antarctic while two Ministers, Senators Richardson and Evans were proclaiming the need to mine in the Antarctic.

Ours is, as I say, a sensitive and a sensible environment program. It calls for sustainable development, it sits well with achieving what we need in Australia, a sensitive environment program for quality of life and sensible economic policy to improve our living standards.

PAUL MURPHY: Thank you Mr. Peacock, now two minutes for Mr. Hawke to address the environment thank you.

BOB HAWKE, PRIME MINISTER: There could not be a greater gulf between myself and Mr. Peacock on the question of the environment.

Let me first refer to his claims about what they did. The point about that is that every one of those decisions that they made in government they did with our support, with the support of the Labor Party. But since I have been Prime Minister every major decision we have made in terms of protection of the environment has been bitterly opposed by our opponents.

If I were not Prime Minister, if Mr. Peacock had been Prime Minister, the Franklin would not be running free, the Daintree would be logged, Kakadu would be mined and there would be authorisation for the Western Vale Pulp Mill to be pumping out 13 tonnes of organo-chlorides each day into Bass Strait.

The decision, that later one, opposed by Mr. Peacock. All the other decisions opposed by the conservatives.

So there is the gulf, there is the gulf between us. In terms of our global responsibilities we are there are the forefront with other nations in doing what we can within Australia by way of international cooperation to combat the effect of the greenhouse emissions. We are, with France, proudly taking the lead, not just talking but proudly taking a lead in ensuring that the Antarctic is going to be free from mining and kept as a great nature and science reserve. And we are being applauded worldwide for that.

In regard to protecting the soil, we instituted last year, a \$320 million landcare decade program which is going to tackle the problems of salinity and soil degradation. So in all these areas we have not talked, we have acted. And on every major decision that we have taken we have been opposed by the Liberals and the National Party.

PAUL MURPHY: Thank you Mr. Hawke, now of course the leaders question each other and Andrew Peacock, you lead off.

ANDREW PEACOCK, OPPOSITION LEADER: Well the harsh reality is, Mr. Hawke, you, you were dragged reluctantly to oppose the minerals regime in the Antarctic. Is it not a fact that we opposed that and took the decision before you and that your ministers were proclaiming the need to mine the Antarctic and only changed their minds after we issued a policy directive?

BOB HAWKE, PRIME MINISTER: You had no impact upon us at all. This was something that had been considered by a range of our ministers. It is the case that some of them wanted to go on with the signing the mineral convention because they took the view that that was the only way, they thought, which could provide some environmental protection.

I took a different view and I was persuaded and persuaded my cabinet that what we should do would be bold and go out and say no, no mining. That it is silly to talk about protecting the Antarctic environment through the medium of the minerals convention.

We were told that we wouldn't be able to get anywhere. But now we have got the Russians, many of the Europeans, New Zealand I think is reconsidering its position, the United States is reconsidering its position. And as in so many areas of international affairs Australia, the Australian government is taking the lead on this.

PAUL MURPHY: Do you want a supplementary Mr. Peacock?

ANDREW PEACOCK, OPPOSITION LEADER: No, the reality is Mr. Hawke has admitted that in fact the government was torn on the question and it took them quite some time and that we were the first in to ban it.

PAUL MURPHY: Mr. Hawke, you now question.

BOB HAWKE, PRIME MINISTER: Yes, I wanted to ask the Leader of the Opposition, how can he support a position where his shadow spokesman for the environment, Senator Puplic has said that you would allow mineral exploration of the Kakadu National Park, including the area where Crocodile Dundee was filmed. How can you possibly contemplate endangering the Kakadu National Park in that way?

ANDREW PEACOCK, OPPOSITION LEADER: No, stage one and stage two in Kakadu will not be mined. And we have made that perfectly clear. And just as you were prepared, until you buckled yet again under the pressure, in terms of stage three, we would allow the examination of the possibility of mining in stage three. In fact the company had an environmental impact statement which said at Coronation Hill you could proceed.

Now the reality is if you place any faith in those econom, environmental impact statements and they say that it's not endangered then you ought be prepared to proceed. But there will be no mining in stage one or stage two.

PAUL MURPHY: Supplementary.

BOB HAWKE, PRIME MINISTER: Then why is it that in October of last year, Senator Puplic, your shadow minister indicated that they would allow mineral

exploration, via the bureau of mineral resources in stage two? Why did he say it? Did he not have your authority?

ANDREW PEACOCK, OPPOSITION LEADER: No, Senator Puplic said, as has the party, that there will not be mining in stage one or stage two.

BOB HAWKE, PRIME MINISTER: Well we will show the stuff that happens.

ANDREW PEACOCK, OPPOSITION LEADER: But we would be prepared to look, as you were, in terms of stage three. And there we have been decisive. I mean, as with value added industries elsewhere we are prepared because of the need for Australia to have value added industries, to examine the possibility of the proceedings and if the environmental impact statement says they can proceed without damage then they will proceed.

PAUL MURPHY: Now do you want to ask another question on the environment?

ANDREW PEACOCK, OPPOSITION LEADER: No, I thought we were going on to the panel now?

PAUL MURPHY: Well, I am just giving you another chance.

ANDREW PEACOCK, OPPOSITION LEADER: No, that's fine with me.

PAUL MURPHY: Right. Another question Prime Minister from you?

BOB HAWKE, PRIME MINISTER: Yes, why, Mr. Peacock, when we had advice from the CSIRO that there would be 13 tonnes per day of organo-chlorides pumped into Bass Strait by the Westley Vale Project and they recommended against it. Why were you in favour of it? Why did you criticise our decision to stop the Westley Vale Project on the advice of CSIRO?

ANDREW PEACOCK, OPPOSITION LEADER: There are two things I want to say about Wesley Vale. Firstly it took you an interminable time to make a decision. Secondly you have said earlier tonight that there are \$90 billion worth of investment programs to go ahead and you have quoted access economics. And I just happen to have it here.

BOB HAWKE, PRIME MINISTER: You have got a lot of things there Andrew.

ANDREW PEACOCK, OPPOSITION LEADER: Contained, well, they are notes of your failed promises over the last seven years and there are a fair number of them.

Contained within that that you have been hotly pressing and advocating, about \$90 million that you have put in the program, contained in this is the Westley Vale pipeline in Tasmania for \$1 billion. Now you can't talk in favour of these programs which contain in fact, a preparedness to go, proceed at Westley Vale and then use the other side of the argument now.

The fact is, if it could be done in an environmentally sound way we said then it should proceed. And that's the reality of the question.

PAUL MURPHY: A quick supplementary.

BOB HAWKE, PRIME MINISTER: Well the CSIRO said it couldn't be done in an environmentally sound way, why did you, why did you therefore support it?

ANDREW PEACOCK, OPPOSITION LEADER: My god you are like a human hiccup on that one. You were all over the place and it took you a long time and your own ministers have said if it could, it's being re examined again, as you know, and what I am saying to you, if it can be developed on an environmentally sound basis it will proceed and that's what your minister says.

PAUL MURPHY: Okay, we move on now to the panel to pose questions to both leaders on the environment and indeed anything else that they want to ask. And the first question comes from Warrick Beutler.

BEUTLER: Mr. Peacock, another specific question about the environment. What is your solution to land degradation and salinity?

ANDREW PEACOCK, OPPOSITION LEADER: Well, the land degradation and salinity problems of Australia are the most crucial problems that we face environmentally.

There are high profile problems elsewhere which can attract an enormous amount of support. In fact, we will double the funding for the national conservation strategy and we have made that perfectly clear. And this real drive has to be on land degradation and salinity.

The National Farmers Federation has supported, with the Australian Conservation Foundation, this approach. It has our full support. And in fact, I think, apart from our commitment to more than double expenditure in this arena, it's one of the welcome signs in Australian politics that the parties are moving increasingly close to recognising the need to move in this arena.

BEUTLER: What's a doubling of spending mean? How much are you spending on it?

ANDREW PEACOCK, OPPOSITION LEADER: Well, you take out the forward estimates by the government and multiply it by two I will say. And I haven't got those estimates with me.

PAUL MURPHY: Okay, Laurie Oakes, to Mr. Hawke.

OAKES: Mr. Hawke, is the labour party prepared to match the coalition's commitment to spend \$1 billion next year on child care, and before you answer, could I say that since you insisted the debate had to be before the policy speeches I hope you won't fob me off by saying I will have to wait until I hear your policy?

BOB HAWKE, PRIME MINISTER: It's not a question of fobbing you off. I can say to you that in fact, during the campaign, I will be making announcements which indicate further moves, substantial moves on our part, in regard to child care.

But let me say this, I do that from a position of strength. Because under my government, when this current program of child care place increases which finishes in 1992 is in place there will have been a trebling, a trebling by us of the number of child care places that we inherited from the Opposition.

But we are not resting on our laurels Laurie, we in fact will be doing more and in terms of being available for question, when I have made my announcement, during the campaign, I will be available, as I am each day for detailed questioning by you.

OAKES: But if I could repeat the question, is the Labor Party prepared to match the Coalition's billion dollar promise?

BOB HAWKE, PRIME MINISTER: I have answered that by saying I will be making ...

OAKES: You have fobbed me off.

BOB HAWKJE, PRIME MINISTER: No, I haven't. I have said I have made, I have said I will be making my statement and I will be available when, the day I make that announcement Laurie, you be there and ask me any question you like.

OAKES: Well if you are so inhibited why did you insist that the debate had to be now instead of after the policies Mr. Hawke?

BOB HAWKE, PRIME MINISTER: No inhibition at all, it seemed to me a good idea to have it now, get it out of the way and get on with the real business.

OAKES: But there are things we can't talk about.

BOB HAWKE, PRIME MINISTER: Not at all. I will be available to you every day, I don't know whether Mr. Peacock will be.

PAUL MURPHY: We must move on now. Paul Kelly with a question for Mr. Peacock.

KELLY: Mr. Peacock, I think a lot of people would like to know how serious you are about fighting inflation which is the cornerstone of your economic strategy. Now the lesson in the 80's in countries like Britain and the United States is in order to fight inflation there is normally a cost. The cost can be higher unemployment or cuts in real wages. Now are you prepared to fight inflation to the extent that you might countenance either of those?

ANREW PEACOCK, OPPOSITION LEADER: No, because by the mechanism that we are using in fighting inflation we will in fact lift employment. Because we have got to end this nexus between inflation and wage rises and cost prices just passing it on. To the extent that you lift wages solely in line with inflation and without regard to productivity, that in fact workers just get diminished real wages so ...

KELLY: So you are not prepared to achieve your inflation objectives if the cost of those objectives is either cuts in real wages or a higher level of unemployment, is that the real situation?

ANDREW PEACOCK, OPPOSITION LEADER: The reality is, as I have said.

KELLY: No, is that the real situation or not?

ANDREW PEACOCK, OPPOSITION LEADER: Now listen Mr. Kelly, listen Mr. Kelly. Just listen to me.

That's a fundamental point that I make because you are talking about unemployment rising in one feature of an anti-inflation policy. What I have said to you earlier tonight is that we in fact have a coordinated economic strategy that doesn't rely on one element alone like this government does in terms of controlling demand and using high interest rates ...

KELLY: I am just talking about the price which other countries have had to pay ...

ANDREW PEACOCK, OPPOSITION LEADER: ... you are not letting me ...

KELLY: ... during the 1980's.

ANDREW PEACOCK, OPPOSITION LEADER: Okay you are very agitated in making your point but I thought I was being asked the question my dear friend. And the reality is our program is a coordinated one. It is a tighter fiscal policy, it is freeing up the labour market. With those settings in place it means we can have that steadier monetary policy to get inflation down and we will boost productivity, not only through our wages policy but also through privatisation and contracting out.

So we have a coordinated program which will tackle inflation, bring down interest rates as a consequence and boost productivity, thus ensuring greater take home pay.

PAUL MURPHY: Alan Ramsey, would you like to put a question to Mr. Hawke?

RAMSEY: Yes Prime Minister. I want to go back to the question I asked you last time about inflation and interest rate forecasts. And I remind you that two budgets ago, which is only 18 months ago, the '88 budget, Paul Keating said inflation would be coming down to 3% to 4% by 1990.

And we have arrived at 1990, inflation is just on 8%, 7.8% and I ask you again, why should voters now believe that you know what you are talking about?

BOB HAWKE, PRIME MINISTER: Because we have been honest in saying that we underestimated the level of demand. We were absolutely right, as we have been each year, in our wages estimate, Alan, but we, frankly, underestimated the level of demand. As did every other economist in the country.

So now come to the present. The present situation is one in which the inflation rate will be coming down, the Treasury has said at the end of the year, end of last year, that the underlying rate was 5.7%. There is a lessening of demand, there is a lessening of demand, no one questions that. And the banking sector itself has said that interest rates are coming down.

So we have been frank in saying yes, we did underestimate demand and in that underestimate of demand inflation was higher than we expected.

We got an \$11 billion surge or more than \$11 billion surge of income from the improvement in the terms of trade. And that money surged into the country and lifted demand. We believe that in the current circumstances, as does the banking sector, that we have got the settings right for the lowering of both inflation and interest rates.

PAUL MURPHY: Do you want to follow up Alan?

RAMSEY: No.

PAUL MURPHY: Okay, Warrick Beutler, have you a question for Mr. Hawke?

BEUTLER: For Mr. Peacock actually.

PAUL MURPHY: Okay.

BEUTLER: Mr. Peacock, do you rule out a consumption tax under your government?

ANDREW PEACOCK, OPPOSITION LEADER: I have indicated quite clearly that in the program for the first term of our government, which is what we are offering the Australian people, there will be no consumption tax. And that's, that's contained explicitly in our policy document.

Now Mr. Hawke may have a different view and he may dump a new tax on us if he wishes. The reality is however, that those who call for a consumption tax can argue quite plausibly in terms of it increasing our savings. But I do have to say to them, the reality is, it can have the appearance at this juncture, of a palliative unless you start cutting government expenditure.

And we have taken the tough decision, we are taking the dole, for example, back to nine months, and saying to people, if you have got the capacity to work then you have got to work. Australia is the only country in the world where you can leave school, go on the dole and stay there until you join the pension.

So tighter fiscal policy again, freeing up the labour market. We will in fact be able to get inflation and interest rates down and that's the route to go before you contemplate any consumption tax.

BEUTLER: Mr. Peacock, is Mr. Elliott wrong when he says your federal president, that he would like to see a consumption tax?

ANDREW PEACOCK, OPPOSITION LEADER: Oh he has long has the view in favour of consumption tax. But he has been told by us that it's not on.

BEUTLER: He also has views about the removal of tariffs and tax breaks on savings and things like that. Is it time to start eliminating some of those sorts of policies?

ANDREW PEACOCK, OPPOSITION LEADER: Well which ones are you talking about, tell me, what do you want?

BEUTLER: Well ways of getting us out of, out of our debt problem, for example? Removal of all tariffs.

ANDREW PEACOCK, OPPOSITION LEADER: Well I told you first of all, the best way of working the way through our debt problem is for Australia to become productive again and that's not only ...

BEUTLER: So we have all got to work harder?

ANDREW PEACOCK, OPPOSITION LEADER: Hang on a flash. That's not only in Australia's interest that we are able to compete in the export market and compete against the import placement industries. But it's pretty important, critically important for Australia's own wellbeing. And to lift their own living standards.

In terms of tariffs then I want a liberal trading world, Mr. Hawke wants a liberal trading world. The GANO report puts a target of the year 2000 for example, for the elimination of all the tariffs.

I think it's a pretty heroic gesture. I don't think we would in fact be able to achieve it but it's a fine ideal to work to provided you give those industries out there in the market place, some certainty as to what you are doing as you work toward that more liberal trading world.

PAUL MURPHY: Okay, thanks for that, Paul Kelly, have you got a question for Mr. Hawke?

KELLY: Yes, just a few days ago Mr. Hawke, the treasurer, Mr. Keating, attached most of the employer groups and branded them, in fact, as liberal party fronts. Do you agree with Mr. Keating on that and does this mean that there is now a new degree of tension in the relationship between your government and the business community?

BOB HAWKE, PRIME MINISTER: I would say that it is accurate to say that in the last few weeks the noises that have been coming from the major business organisations have been fairly pro-Liberal. But that doesn't lead into, logically to the second point.

I don't believe that when we are re-elected that there will be tensions between us. We will have a capacity, as we have in the past, to talk and work with the business council, with the Confederation of Australian Industry, we have done that for seven years. And may I say that they have been very cooperative in many ways, not least in one important area, which I was involved in this week.

Women. One of the great performances of this government is the opening up of opportunities for women in employment, to remove discrimination and I pay full tribute to the cooperation that we have had from the Confederation of Australian Industry and the Business Council of Australia in perhaps what is the most fundamental microeconomic reform. Making sure that 50% of the population are available to be trained and to be employed.

PAUL MURPHY: Okay, time is galloping on, Laurie Oakes.

OAKES: Mr. Peacock, the coalition government has pledged to flog off a string of government owned enterprises ranging from Qantas to Medibank Private. Your privatisation spokesman John Moore has quoted in a business magazine this week saying professionals in Australia are really looking at the greatest Christmas party they have ever had.

Now, is that the way to present this? Why should Australians vote to enrich Accountants, Lawyers and Stock Brokers?

ANDREW PEACOCK, OPPOSITION LEADER: Well he might have been using a touch of hyperbole to get your interest. To raise the understanding of the privatisation program itself.

The reality is however, it's not only us who want to privatise what could be described as either inefficient or capital-starved government business enterprises. The Labor Party wanted to. The Prime Minister spoke in favour of it, the Treasurer spoke in favour of it. Other ministers spoke in favour of it. But the Labor Party conference stopped them and they were unable to get through.

PAUL MURPHY: Okay, time unfortunately is really getting away from us and I know come to the, to the period where I ask you both to summarise and your first Andrew Peacock.

ANDREW PEACOCK, OPPOSITION LEADER: Well thank you very much indeed Paul.

I said at the outset, Australia requires a new era and a new epoch and a new spirit. The shame about tonight's debate is that it was held before the policy speeches. Mr. Hawke made that a condition of precedent. I thought election campaigns were all about policies. But I can tell you what we are going to do for the future, I have the blueprint, I have the schedule, my party does. But essentially what Mr. Hawke is telling you is that he is proffering the status quo.

Now, that's just not good enough. The world is changing, in fact the international changes that have occurred in the last four months have been the greatest since the ending of the Second World War. And whilst all of that is happening and so many people have great hope for the future, Australia is going backwards.

Well we have got the policies and we have the team. We are saying to people that you don't need to in fact have your living standards crushed. We have not only economic programs but the associated schedules that go with them.

We have taken some pretty tough decisions to cut government expenditure, to make it leaner so that we can have a real viable, in fact, the most generous family tax program in decades.

We haven't done it just for fun, we have done it (a) because we believe in the family and (b) because the family is being crushed. And in essence, when we come to the end of this campaign you will essentially have a choice.

One route or the other. If you in fact want more of the same then you will vote Labor. But if you want a change for the better then the answer is Liberal.

PAUL MURPHY: Okay, and the final two minute statement comes from you Mr. Hawke.

BOB HAWKE, PRIME MINISTER: The choice on the 24th of March is stark, whether you are going to have continued economic growth, job growth and a restructured economy where we are exporting more manufactured goods against the most competitive markets in the world. Or are you going to have a wages explosion.

Mr. Peacock when asked the central question, what happens to wages, shrugs his shoulder and says who is to know. And if you say who is to know to wages outcome it means that you must have a wages explosion, interest rates up and the economy doing what it did before, out.

You have the choice between a continuation of Medicare or it's dismantling. You can have a choice between superannuation, a savings plan for the future, a fair one available to all and which, when it's through, \$30.00 a week being paid by employers for every one of their employees or the dismantling of that superannuation arrangement.

You can have absolute commitment to the protection of the environment or you can have the environmental vandalism of their opposition to every major decision we have had.

And on the question of policies you can have these buzz words about productivity but it's all what we will do, but you have not heard one word about how you will get an acceptable wages outcome.

And finally, on the question of leadership and unity, you can have strong knowledgeable leadership of a united team or you can have the situation opposite where John Howard has said publicly that there can be and is no trust between John Howard and Andrew Peacock.

The Liberal Party is ridden with internal bitteresses and hatreds and there is fundamental division between the Liberal Party and the National Party with whom they would go into Coalition Government. A party which can't govern itself cannot govern the country.

PAUL MURPHY: Okay. And that's where we must finish although it mightn't be a bad idea to have another debate after the policy launches. I hope you have found this both interesting and entertaining.

You have seen the leaders. The choice is now yours on March 24.

Mr. Hawke, thank you very much. Mr. Peacock, thank you very much. Good luck to both of you in, for the rest of the campaign.

Thanks also to my colleagues on the panel and thank you also for the faxes and telephone calls for suggested questions which have deluged us for the past few days. So from the Great Debate, at the ABC, good night.

Source: Transcribed from original footage.