



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
INTERVIEW WITH RAY MARTIN, A CURRENT AFFAIR, CHANNEL NINE
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RM: Prime Minister, welcome home. You have come back to a barrage, a media release today from the Leader of the Opposition saying the Keating Government is in a shambles, it is about time you showed some leadership.

PM: Yes, well that's what they all say. That's what they all say, Ray. I mean, as you know on my European trip I met a lot of the leaders of Western Europe, I mean, nobody there had 5 per cent growth, 1 per cent inflation and 3.5 per cent employment growth. When they hear those numbers they say, "Well, gee, if only we could have that". That is the sort of problem that I am quite sure that Alexander Downer would love to be wrestling with.

RM: All right, well let's borrow a phrase from Mr Downer, did the grovelling with the Europeans work?

PM: Well the point is, you see, this gets back to Mr Downer's view of the world, which was Mr Fraser's view of the world, and Mr Menzies view of the world, that Australia should stay at home. You have a country ringed by a high tariff wall, you don't have foreign investment in, and you don't have foreign investment by Australians abroad. That's their view. Whereas the view the Government has had is that you become a competitive country, which we now are, and you go out to the world and you take positions in it, and you invest in it. What has happened to us in Western Europe is, I think, particularly in continental Europe, they don't know enough about the modern Australia. They don't know how we have progressed, how we have become independent as we have been in an economic sense, how we are now back to a high rate

of growth, low inflation, and how we have made this cultural change to the rest of the world.

RM: But Prime Minister, the French are pretty sophisticated, as we all know, they would realise that we have liberty, equality and fraternity in Australia, they would know we were independent, you don't have to tell them that.

PM: Yes they know that, they also think, particularly the French, that Australia is basically a sub-club of Britain.

RM: That's an old fashion, do they really think that? I mean, does the President think that, does the Prime Minister?

PM: Part of the point of me going there was to say, "well hang on, let me bring you up to date." Australia is not a mono-culture, it is now a plural society, it is outward going, it is internationally competitive, it is making structures for itself at home and abroad. I talked about APEC and the Asia Pacific and President Mitterand said to me, "I have never heard an Australian talk this way before." Let me repeat from the horses mouth, Ray, Francois Mitterand said to me, "I have never heard an Australian speak this way before."

RM: But he would be briefed, the same as you are briefed before someone comes here. He would know as much as you are going to tell him, wouldn't he?

PM: But it is not the briefing, people live by impressions. They live by their own life experiences and they live by what they know. I mean, we could all pick up a piece of briefing paper, I mean, I went to see him and I could get a briefing paper about him and his Government, or about his country, but it is not like talking to him, and that's the value of going.

RM: So, is this why you raised the issue of the republic there?

PM: Well, amongst other things, simply to say that Australia has now changed its orientation from the '60s and '70s from an inward looking closed place, to an outward looking confident place, that we pull the tariff barriers down, that we have made a big shift to exports, that we are a multicultural plural society, and I said the Government policy is to reflect this by moving towards a republic by the year 2000.

RM: Did you expect to get the grovelling, cringing, sucking up to the French attacks?

PM: Well, I suppose I did. But I mean, you always get that from people who have basically always shied away from dealing with the rest of the world. And the thing about the Alexander Downers of this world, and

the Malcolm Frasers and the Bob Menzies is they kept Australians at home, and the consequence was that we have fallen from having the second largest income per capita in the Western World to number 18 by 1983. We just kept simply back as that rest of the world moved on.

RM: But then whatever happened to the so-called London convention? The idea that you don't raise domestic issues when you are overseas, clearly the republic is a hot domestic issue?

PM: That was only something Bob Hawke said to suit a particular circumstance at the time. The London convention isn't anything.

RM: So it is fair game. If you are overseas you can call Mr Downer two faced, anything you like?

PM: Well you see Mr Downer was over here saying he wants clean politics, while he is trying to link Graham Richardson with prostitutes in the Senate. He is saying he wants an economically reformed country while he is saying we shouldn't have foreign investment. And I just thought it was time to point those inconsistencies out.

RM: But isn't this a bit rich from a bloke like you who, in the one sense, wants to get rid of the monarchy, but then accepts a ride on the royal yacht Britannia to look at the Normandy re-enactment?

PM: Of course not. I am the Australian Prime Minister, I was invited by the Government of Britain.

RM: As against the Queen. It is the Queen's yacht isn't it?

PM: And the Government of France. And the Queen as Head of State of Britain was involved in those ceremonies. So, anyway I don't accept to be ... I noticed some journalist said, "Oh isn't it shocking, Mr Keating is talking about a republic after enjoying the Queens hospitality." Apparently if you have a cup of tea and a scone, that's it, she has got you for life.

RM: But if you call Alexander Downer two faced and then turn around and do that, aren't you guilty of the same crime?

PM: I don't follow you.

RM: Well if you say that you want to get rid of the monarchy, and in the same breath you say, yes, I will have a ride on the Royal Yacht Britannia?

PM: I don't think there is any inconsistency there at all. I have said this to the Queen directly. Remember I met the Queen in Scotland, in Balmoral a year ago, and had a long and frank conversation with her

about how Australia could no longer make its way as a sort of society it has become with the Head of State of another country. I made that clear. And I said to her that it was the Government's policy that we should move towards a republic by the year 2000. And you might remember the Queen authorised me to say that these were matters for the Australian people and she would accept the advice of our Ministers, and you might remember, Ray, that Prince Charles said much the same thing when he came to Australia. This is a matter for Australians, and why shouldn't they have such a debate he said. In fact the Queen knows exactly where I stand on this.

RM: She still invites you on the yacht?

PM: The meetings I have had with her have always been absolutely first class.

RM: Are the flag and the republic as one, are they combined? Do they have to go together?

PM: No, I don't think so. But were Australia to become a republic, you will probably see a manifestation of that in all of its symbols, including the flag.

RM: Are you still sticking to the target of the year 2000 for a republic?

PM: Yes.

RM: And what about the flag, is there a timetable for that?

PM: No, I mean, I have got an opinion on the flag, but I don't have a plan for the flag.

RM: What's your opinion? How close to your heart is a new Australian flag?

PM: Well, whenever I'm asked I always say what I've said before and that is, that I don't think that ... I mean, this was essentially, the flag we had was essentially the flag of the British Merchant Navy, to which we added some stars for the Southern Cross. There was a very interesting article in today's Australian making that very point.

RM: What about the nervous nellys as you like to call them in the Labor party - the flag waiverers. Are you being told by anybody to back off on the flag issue?

PM: No, not by anybody. But, you see Ray ...

RM: Malcolm Turnbull says that he told you that. That he asked you to please move away.

PM: I can't recall Malcolm saying this to me, but whether he did or not doesn't move heaven and earth. Look, the fact of the matter is that Australia is an independent, plural country. It is now economically competitive, we've made a huge shift to exports, we've changed the culture of business in the work place, we are a much more dynamic society and we've made great linkages into Asia and, indeed, into northern America and to western Europe. It just follows that one can't go on in the future marketing Australia saying that we are an independent place while our head of state is the head of another country. In fact, just in passing coming back in the plane reading the British Economist, in an article about Australia it just said in the last line, not with any great fanfare, but just as an attitude from a journalist "... only colonies continue to borrow the monarchies of other lands ...". Now, Australia is not a colony, but we are still borrowing the monarchy of another land.

RM: What about Bob Hawke's suggestion that the new flag and the republic are inevitable, but there is no need to divide the nation.

PM: Well, I don't think it divides the nation. I think it is an issue, it's a good sound cultural issue for this country to actually declare itself a republic. It is something that would make the country not only feel better about itself, but be better.

RM: But what about if a majority of Australians right now don't want that?

PM: Well, we are not going to have it now.

RM: But to the year 2000?

PM: Well, I think the majority will.

RM: And will we have a new flag then too?

PM: Well, the Government has no plans to bring in any legislation other than as I've said in the past. First of all we have no plans to do it. Secondly, only when there is popular support for it. But again, don't underestimate Ray, the fact that the Olympics are coming up in the year 2000 and the whole sense of nationhood and national pride is going to be there, let alone the changes we've made in the last 10 or 12 years.

RM: Do you fear at all that the flag and the republic are going to be major issues in the next election campaign?

PM: Well, I think, it is Mr Downer who fears they might.

RM: You'll be quite happy if they were?

PM: Remember this, leaning towards the republic was part of my policy speech in the 1993 election. ---

RM: But it wasn't an issue, the GST was the only issue then. But now if they make this a prime issue, does that worry people in the Labor party?

PM: Well, I don't think so, no. Let me tell you this, as sure as you and I are speaking here Ray, Australia will become a republic. Now, sensible people in the Liberal party like Nick Greiner say this any day you want to ask them, the only discussion is about the timing. What Alexander Downer is saying is no, we should keep the monarchy of Great Britain as our head of state.

RM: Have you seen a flag design that you like, a new flag design?

PM: I haven't, no.

RM: Not up to now?

PM: No, I mean I don't take any notice of flag competitions. There is a lot of them.

RM: But clearly the point that Malcolm Turnbull and others make is that it is hard to sell anything if you don't have something to show people. If you can't say this is the flag we should have.

PM: That's probably right, but I'm not out there selling a flag. Let me just repeat the point. I have an opinion about the flag, but I don't have a plan for the flag.

RM: What would you like to see on the flag?

PM: Well, I've never really refined my own thoughts about it.

RM: Kangaroo? Southern Cross? Emu? Didgeridoo?

PM: I don't think so, but I've never seen a design that actually suits me. But, the key point is this Ray, Australia is now a modern plural society with an inflation rate of 1 per cent and 5 per cent growth, we in this country are doing something right. All of us. We've made a great leap into the Asia Pacific, we are now setting up structures like APEC. In other words we are remodelling Australia inside and we are remodelling, recasting it from the outside. It is untenable to wander around then saying, oh by the way, excuse us, we've done all these things, but by the way our head of state is the monarch of another country.

- RM: Let's go to some of those things, on the front page of the papers today the report that the Government is looking at a radical plan to make elderly and chronically ill people in Australia pay more for Medicare or for health care. Is that true.
- PM: No basis to it. Carmen Lawrence debunked that today.
- RM: Absolutely no basis?
- PM: No basis.
- RM: What about a wealth tax?
- PM: There was no basis for that. I noticed that Duncan Kerr one of my ministerial colleagues was reported as referring to that over the week end. He never did. In fact, I don't know where that came from.
- RM: So, he didn't refer to it?
- PM: He didn't even refer to it.
- RM: No reference to the rich actually being taxed heavier?
- PM: No, what he said was that Australia was going to have to keep an eye on its revenue base. But he never talked about wealth taxes or inheritance taxes of any kind.
- RM: But that's widely reported?
- PM: I know, amazingly.
- RM: Well, can you do a George Bush and say 'read by lips, no new taxes?'
- PM: Well, certainly not those taxes.
- RM: Certainly not, maybe some other taxes?
- PM: No, no, just that what the Government ... Ray, what the Government has done just less than a year ago is give major income tax cuts, reductions in tax.
- RM: So, how are you going to pay for things? What about privatisation? Are you going to sell off 49 per cent of Telecom?
- PM: No, but that is not to say we won't sell some things.
- RM: Telecom, part of Telecom?

PM: No, what we are thinking of is the Federal Airports Corporation and Australian National Line and in this year we will be selling Qantas and last year part of the Commonwealth Bank. I mean, the Commonwealth is always acquiring assets, it's got to sell some too, particularly where we think they can be more advantageously managed by the private sector.

RM: But, can you rule out tonight selling off any part of Telecom?

PM: It has never been on our agenda Ray.

RM: And is not, all right. Now, what about an old mate of yours the old Labor stalwart Jack Ferguson, said at the weekend, it's still a case of us against them, the workers against the millionaires. Do you agree with that sentiment?

PM: Well, Australia has right at the moment the highest profit share it's ever had in its history. That's the highest share of national income going to profits. It has no historical precedent. So, therefore, the notion that the Labor party is sort of somehow run by the politics of envy against people who invest is wrong. Now, it is a minority view now and I think it has always been a minority view.

RM: So, it's not us against them?

PM: Of course not. If it ever is, we'll never develop as a country probably.

RM: Is privatisation, just quickly getting back to that, is that going to be a major issue, a battle ground for the Labor party in Hobart at the national conference?

PM: You'll always have these, I mean, you've been reporting national conferences of the Labor party for years and most people in public life have. Every two years we have a national conference. Every two years we have some matter which gets the focus, or a couple of matters which get the focus of the debate and no doubt, privatisation will get a good run for its money.

RM: All right, but you're confident that it's not going to split the party?

PM: No, it never does.

RM: All right, a bigger worry then, how close to war are we in Korea?

PM: I don't think we are close to war. What's happening there is that the Koreans are defuelling a nuclear reactor - the so-called spent or old fuel rods can be reprocessed for weapon grade material - and the international agency inspecting all this, International Atomic Energy Agency wants to see that there isn't a diversion of these materials from

spent fuel rods into weapons. Now, the North Korean government won't allow the inspections and it is that which everybody is upset about.

RM: But, there appears to be one of those inevitable movements we have infrequently thankfully, but a movement towards confrontation.

PM: Well, there is an element of confrontation about this, but part of it is, I think, the United States and others saying unless there is international inspections here there should be a movement towards some international sanctions.

RM: Would we be part of that, economic sanctions?

PM: We would be because we believe that there should be curbs upon nuclear proliferation and weapon proliferation and that all states should be subject to the scrutinies of the IAEA, particularly states which are signatories to it.

RM: What about if it became a bilateral sanction between the Japanese and the Americans. Will we join that?

PM: If there is a set of UN sponsored actions we would join that.

RM: But the Americans, the Japanese acting independently, we wouldn't join that?

PM: We'd have to see what was proposed, but it would be unlikely.

RM: What about troops, would we commit troops?

PM: I don't think we are at that sort of stage.

RM: Are you in touch with Washington, are they keeping you up to date on that?

PM: We keep in touch with the developments and have been, but I think, that the United States wants to move towards some kind of sanctions and I think, the United Nations will consider that this week.

RM: All right, just quickly while on Asia, there is a copy of Asia-Week arrived on my desk, someone showed, me with a horoscope, your horoscope in there. Do you realise that you are a water sheep?

PM: I'm a Capricorn.

RM: Apparently 1944 makes you a water sheep. You are not aware of that?

PM: I'm not aware of that, no.

RM: Let me just read you what your-horoscope says then. They say that water sheep are infinitely adaptable and can, if they decide, make their neighbours love them.

PM: Well, I hope that is a good omen because our neighbours are pretty important. Not just at home, but abroad.

RM: Well, I thought I should let you know about that as you're about to go to Indonesia.

PM: I'll tuck that one away Ray.

RM: All right. PM thanks very much for your time.

PM: Good on you Ray, thank you.

ends