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PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP INTERVIEW WITH RANALD MCDONALD, RADIO 3LO, 21 MARCH 1995

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RM: ..and on the line now is the Prime Minister Paul Keating. Good morning to you Prime Minister.

PM: Good morning Ranald, how are you there?

RM: Just back from your trip to the meeting on...well, the international meeting on poverty, but you also went to a number of other countries on the way. Just a quick question about your trip and the way that you kept in touch with what was happening on the local scene - were you in any way - perhaps, did you feel - that you needed to take your points and land your punches from overseas - that you couldn't wait until you came back?

PM: It was just that the travelling media roadshow feel that if they don't have a domestic story running at the same time, somehow they are dis-enfranchised from reporting news. I think that's more the problem.

RM: One of the comments you made which of course did make headlines related to the appointment of the next Governor-General under the Presidency, and also the question of whether we should follow the German example - I am just wondering whether you now have had second thoughts about the way that the Governor-General should be appointed - whether you will go along with the suggestion I think Barry Jones feels is a good idea?

PM: Well, I am saying this Ranald - if people want me to essentially give up the exclusive right to recommend to the Queen the appointment of the next Governor-General, I am happy to give it up. But it's in the context of an appointment of an Australian person as the Head of State, that is, to a republic. And that's why I believe...more than ever, you go to these countries in Europe and what have you, Australia is now so well regarded - not only in the Asia Pacific, but also in Europe - as a country. One of the points, for instance, that I made to Chancellor

Helmut Kohl was that you know this notion of the European Monetary Union of the Maastricht Treaty and the so-called convergence criteria for countries joining in a single currency in Europe? The only two countries in the world this year that meet the criteria are Germany and Australia. Now, we're not in Europe, and we don't want to join it, but we are the only other OECD country that could. So Australia's standing in Europe - in Asia - is very, very high indeed, and to say "just by the way, we are borrowing the monarchy of another country". See, when I turn up to see the German Chancellor, normally when Australian Prime Ministers have been through, they have had a little chat with the British Foreign Secretary, and the Germans say "well, here comes not simply Britain across the Channel, but some chip off the block". I'm saying well forget all that - that's all past. This is now well and truly a country with an independent identity, culture and by the way, we are thinking now of moving to an Australian republic with an Australian Head of State, very similar to yours where you have a Head of State, but you also have a Parliamentary Government.

RM: Just as though talking about Bill Hayden's retirement - which is coming up pretty soon - do you therefore feel that it would be appropriate to at least run a test and have an appointed or elected by the two houses together - the Senate and the House of Representatives - in other words, that you don't select him?

PM: I notice...my very clear view of all this is the people are suggesting - I notice Jeff Kennett I think he was suggesting on your program last week, saying "well, this is not a bad idea", and I said "well look, when Jeffrey decides that we will have a republic, then I will take his suggestion seriously", and then he said "oh, it's outrageous raising these matters overseas". This is the character that has gone across to Greece and made an absolute meal out of trying to invest himself with some support with the Greek community of Melbourne by trying to take on a foreign policy issue in Greece, as a State Premier. He has then got the front to say to me that I shouldn't raise, with the German President, the fact that we are considering a republic ourselves, and in that Republic - in that structure - we are thinking of these options, including the appointment of the Head of State by both Houses of Parliament, or in other ways.

RM: Of course, the other matter that you did discuss while you were overseas was the Packer deal, and just where that was - is that going to continue? Is that debate between yourself and Kerry Packer going to follow on, or do you think that should be left?

PM: I think we will just leave that and see what happens here. The thing is, it will be not me condemning John Howard - it will be John Howard doing it himself by....the position is this: I believe in media plurality. I believe there should be a separation on the ownership of these great media assets, and John Howard doesn't. So time will tell - the proof of the pudding of this will be in the eating.

- RM: Well of course, the question is whether a deal was done, and I think your own President Barry Jones said perhaps you put two and two together and did it logically and then drew a conclusion rather than actually having evidence that a deal was done - do you have evidence?
- PM: It's just like any front page story in the Melbourne Age, or the Sydney Morning Herald - you say to the journalists "what proof have you got of that?", and the journalist says "well, I have got plenty of proof of that" and you say "well, give it to me" and they say "oooh - we are not revealing our sources". You know....
- RM: You're not revealing you sources?
- PM: On these things, don't worry about Barry's view on this. The key view on this is my own, and we do have media plurality - for instance, we have got now an independent radio industry we never had 10 years ago, we have got television ownership which is now not associated with newspapers, as is mostly the case with radio. We have now got distinct rumours of private ownership - diverse ownership - of the media, which I think is a good thing for Australia.
- RM: Can I just move to your call for higher growth, and the discussions about Australia's recovering economy overseas - how can we achieve higher growth without blowing out our current account?
- PM: It depends - the economy is now slowing from the 6% growth we had in the September quarter of last year, because I think that was - for us - unsustainable. But we don't want to go back to...my point was in a European context - I was really saying to a European audience where European economies grow by 1.5% - 2%, saying get yourself locked into the Asia Pacific where the general growth is higher, and where in Australia in the 1980s we averaged 4% and at the moment we are growing somewhere between 5% - 6%. That's the context of my remarks.
- RM: Can you put a figure on it though - what's the figure we ought to look to as a satisfactory growth for the next decade perhaps, coming out of our recession?
- PM: We have got to grow at something like 4-4.5% to keep unemployment coming down. And that seems to me to be a social and an economic imperative to keep unemployment coming down. Now, part of the European problem, of course, they have nothing like the employment to growth translation that we in Australia get. If we have 3-4% economic growth, we get 3-4% employment growth, whereas if they have 3-4% economic growth in Europe, they might get 1% employment growth. So, we are getting a much better translation, and that's why at the moment we have had in the last year, 3.75% employment growth.

And when we had 590,000 job growth since the election - which is phenomenal.

RM: Well, what John Howard has just said on another station, can you guarantee that there won't be an interest rate hike soon after the - or immediately after the - NSW election? Is there going to be an interest rate increase?

PM: This is one of those other shabby...he said this in the 1980s after an election then, that the Reserve Bank had connived with the Government to hold interest rates down during the State election - this is in 1987. And Bob Johnson - the then Governor - said of John Howard - he rebuked him at a private lunch - and said of him "relations with this Government" he said in his departing speech, "with the Labor Government, have been entirely proper, but one has to be an insider to know that this was not always so", this is a reference of course to Howard when he was Treasurer. So, after Mr Howard's disgraceful performance in the House of Representatives, being party to the asking of a question he knew was intended to mislead the House of Representatives by Mr McLachlan...

RM: About Hindmarsh?

PM: He admitted on John Laws' program last week that he was at the tactics meeting - that he sat down with Ian McLachlan, that he agreed that Ian McLachlan should ask a question which had no truth in it, that had no integrity to it, which said that the Minister for Aboriginal Affairs, Robert Tickner, had photocopied and disseminated information - that was the charge in the question - when in fact, they both knew it was them. I mean, if I did a thing like that Ranald, you would never hear the end of it - it would be on for weeks, months, months and months. Here is John Howard caught red-handed - caught red-handed - at a sort of smart little tactics meeting throwing a question around which had not a shred of integrity to it, and of course, now he wants to forget that it happened - McLachlan has resigned. And the question we say is "if McLachlan resigned because he asked a question he knew to be misleading in the House of Representatives, why too shouldn't John Howard do the same, given the fact that he authorised the question to be asked?".

RM: There is a certain irony, isn't there, John Howard is down here in Melbourne for most of this week and you have not exactly played any significant role, I would have thought, in the NSW elections - both of you come from NSW, both of you come from Sydney - why have you not actually weighed into the state election up there?

PM: I was on the John Laws program this morning, which is basically a NSW based radio program, and I discussed a number of issues in NSW. Could I just say the problem with NSW is that the Government here is dead on its feet - we are having a sort of pretend election, that

once we can sort through the election, the thing will come back to life. I mean there is more Ministers fallen out of this Government...you know there is this question about the film studio. In the Cultural Statement, I got Rupert Murdoch to agree to do up to three feature films in Australia, and he wanted to do them in Sydney. John Fahey can't even get the studio built - he can't even give him the space to get the studio built to start off an international feature film industry through Fox in Australia.

- RM: Might it come down here to Melbourne, as Jeff Kennett said?
- PM: Jeffrey is out there touting for business - I know he has got the Grand Prix, and he's got Lloyd Webber...I mean, you wonder these days whether State Government is show business or what it is.
- RM: Looking at the NSW election - it is interesting, surely, if you say that the budget, sorry the Government is dead on its feet, that on the opinion polls, they look as if at least they are slightly ahead, and may have a sporting chance of remaining in power - do you think they will?
- PM: Last time the polls showed the same, and Bob Carr came within a seat or so of winning, and I think he has got a better opportunity on this occasion. But there is that fellow Pickard, the former Solicitor-General, there was Packard, there is Terry Griffiths - there is that many Ministers and MP's - Smiles - who have fallen out of that Government. It is staggering along - nothing happens in NSW, I can assure you. The only thing that happens are basically Government projects - there is no substantial private projects occurring there, and it is also as if we are saying "ooooh, let's not talk about that - let's see what they can do later". Well, what they will do is they will fall in a heap, I think. This is a Government which is, basically, the quicker it gets put down, the better.
- RM: All right. You are talking about a tired State Government - what about Federal Government - you have been in power for 12 years - I know you have only been Prime Minister for a few of those, but as a Government, would you say that...how would you reject a suggestion that you have had a long time in power, and perhaps you are tired as a Federal Government?
- PM: Have a look at the last three weeks - look at us, look at the Coalition. The week I was away, John Howard's antics - his principal trick was throwing dishonest questions in the House of Representatives. The week before that when I was there, he was asking me about supposedly dishonest how-to-vote tickets proposed by the Labor Party in the local Canberra election, which was not dishonest at all. In the same period, we have had - in that same week - I had him cave in and pass the Aboriginal Land Fund Bill - a social and cultural milestone in Australia. Last week, we had 7 - 0 the High Court supporting the Native Title Legislation, also the week before that we had 91,000 job

growth for the month. So, if you are looking at substance and quality and change - the thing about Howard is you can't get him into the stalls on any major issue until the field has jumped, Ranald, and when he is in there, he goes in backwards.

RM: As an alternative Prime Minister, you reckon you have got his measure, do you?

PM: The thing is, look, the key-point about Howard is that he is no different than he was in the 1980s, and it won't be me who says it - it will come out of his own mouth. You could see that in the House of Representatives two weeks ago when he did this stunt with McLachlan, you could see it the previous week when he was trying the stuff on me. There is no policy substance - all of the changes....I can walk around Europe with the German Chancellor regarding Australia as one of the countries which has really made great changes in the last decade, we can walk into APEC - which we have had a large part in creating - and have the same view of ourselves right throughout South-East Asia, we have got an international standing that we have never had, we have got 170 countries at CeBIT - the technology fair in Germany - we have got great social and identity changes in Australia - and this has come from the Labor Government, and it is still happening. What has come from Howard - think of one national initiative you associate with John Howard - just one.

RM: All right. I'll have to leave it on that note, but many thanks for talking to me.

PM: Thank you.

RM: Thank you Paul Keating, Prime Minister of Australia.

ends.