



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
INTERVIEW WITH PAUL MURPHY, "DATELINE", SBS TV, 17 FEBRUARY
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J: Prime Minister, welcome to Dateline.

PM: Thank you, Paul.

J: If I can start with foreign policy which is as close to your heart, of course, as domestic matters and can I start first with Indonesia? Now the recent treaty/agreement that you negotiated was done in secret, nobody knew anything about it, the voters didn't, and no Parliamentary scrutiny and now your critics say, 'It was undemocratic'. Why do it that way?

PM: Well they are all done that way and the Liberal Party would have people ... I mean they couldn't have done it and they wanted everyone to think that there was then something wrong with it. In fact, you might recall, that one of the things I said when I challenged Bob Hawke was I wanted to put the relationship with Indonesia on a proper footing.

It is our largest nearest neighbour. Their security outlook has great similarities with our own and in proposing this idea to President Soeharto and the two of us having thought about it over time, we needed time and he needed time to discuss this with the army, with the defence forces there.

In other words, this is not something that can be negotiated in public and in this country we have elections every three years - you give a Government a mandate. Our mandate was closer integration with East Asia and particularly with Indonesia. All this is within the mandate.

J: But what does it actually mean, the military aspect of it? Does it mean, for instance, that Australians might find themselves in potential trouble spots like East Timor, Aceh, Irian Jaya?

- PM: No, I think, it means that we are declaring, first of all, trust in one another. More than anything else, it is a declaration of trust to say that Indonesia has no territorial designs on Australia and vice versa. And not only do we trust one another, but we do recognise that we have a common strategic outlook and that we will consult if our security interests are threatened.
- J: Well what is in it for the Indonesians?
- PM: I think what is in it for them is knowing that the largest continental power near it is a declared friend, so much so that it has a treaty of security common between us, common to us, and that it will take from us what it thinks it has in our maturity in foreign policy, in our defence structure, in our strategic outlook, in our strategic judgements. I think it gets all of that.
- J: Does it mean that we are a bit more cautious in criticising Indonesia on their human rights record?
- PM: No, it doesn't mean that all. I think this, again, is the benefit of a quality relationship, a real relationship, rather than just a thin foreign policy relationship is that you can speak about all of the difficult issues and I have always done this with President Soeharto.
- J: A bit of a sidelight, the democratic politician in Hong Kong, Martin Lee, has said that you 'put trade before human rights'.
- PM: That is completely untrue and we have supported Christopher Patten in his democratic attempts at democratisation, though I will say for the British, at exactly one minute to midnight, they had 100 years of course to do some of this and didn't do it. But wherever someone wants to keep democratic structures or improve them, of course, we are always supporting them and we have supported him in Hong Kong.
- J: Now your thrust into Asia, especially APEC, is very obvious. Although you say, of course, we are Australians, we are not Asians, but we are part of the region and the Opposition seems to go along with that and yet Alexander Downers says, that you seem obsessed with Asia at the expense of Europe and the rest of the world.
- PM: Yes, well, of course, this is just code for them keeping their old allegiances and while we, in the Government, have good relationships - better than good - with the United States. We are one of its, I think, key partners in the region and also with Europe. This is where we live. 75 per cent of our exports go to the Asia-Pacific. This is the place where we have to find our future and they are very uncomfortable about that. They want security from Asia. The Labor Government wants security in Asia.
- J: Right.

PM: And there is all the world of difference in security from Asia and security in Asia.

J: But how seriously do the Asians, and particularly giants like China, take us?

PM: I think seriously indeed, Paul. Just take APEC. Before APEC there was no forum where the Chinese leadership would meet the Japanese leadership, or the Korean leadership, or any one of them would meet others. The one forum which has been developed Australia has had a major role in and that is APEC. When I first proposed that we should develop a Heads of Government body, very few people gave it a chance.

But gradually we built a consensus for it and President Clinton then issued the invitation and the first meeting was held in Seattle, the second in Indonesia, and the third in Osaka. As a consequence, we have now built the primary - and I emphasise primary - piece of political architecture in the Asia-Pacific for the region. And I think China appreciates that, I think the Japanese appreciate that, I think the Indonesians appreciate that.

J: Even Dr Mahathir? Because your relations are now correct, if not warm, but he still wants his EAEC - his Caucus - and, of course, he doesn't want us in that.

PM: Well the EAEC, so called, has never met. But, I think, the Malaysians take the view too that APEC offers such opportunities. And the thing about it is, Paul, not just economic opportunities. When you have a set of leaders ... for instance, before the Osaka meeting, President Jiang Zemin of China visited South Korea.

Now it is very hard to imagine, you know, the President and Chief of the military of China visiting South Korea and I spoke to him about it. And a large part of that is APEC. He sees President Kim Young Sam at APEC meetings, they sit beside one another, they speak, so why not visit? In other words, APEC is changing the whole strategic environment.

J: Okay, and you are saying that you are having quite an influence with Asian leaders. You also have said that they have no interest in dealing with John Howard. Now who has told you that?

PM: Well just examine this point. Do Muoi, the Leader of Vietnam, the General Secretary of the Vietnamese Communist Party, who is turning Vietnam into a market economy, visited this country, his first visit ever to the West.

John Howard would not see him. Tim Fischer wouldn't see him. Alexander Downer wouldn't see him. And I accompanied him along the Queensland coast for two days, because they have a lot of bauxite, took him to see the aluminium smelters, took him to see the tourism projects. He was continually being embarrassed by questions: Why won't Mr Howard see you? And some other ASEAN leaders have asked me: Why didn't Mr Howard see Do Muoi?

J: Which leaders?

PM: Well I am not here to tell you all the conversations I have, but I assure you it was noticed because they are full members of ASEAN and when Mr Howard decided not to meet the leadership of a full member of ASEAN, this raises eyebrows around the region. Paul, I made this clear in this remark, of course the leadership of the region would see the Australian Prime Minister whoever that might be. But what the Australian Prime Minister has got to be able to do is to get them to deal, in this case, with him.

J: And you are saying you can do that better than John Howard?

PM: Well, I think, that is proven to be the case.

J: Look, just on another related topic. Australia has been excluded from, or not invited to, the Asia-European Union's Summit. Does that concern you?

PM: Not particularly, Neither Gareth Evans, nor I, put very great store in this. I think the first meeting - will be a get-to-know-you meeting ... I think the likelihood is the region would like us at the second. This has certainly been the view of Japan and that is fine, we would be happy to go along.

J: And now you see, just before we go to domestic issues, APEC building, getting stronger all the time and particularly our relationship with China being of principal importance?

PM: Well, Paul, what is happening in East Asia is without precedent in history. When you think of the wealth of the 19th century and the industrial revolution, the English who built abbeys for themselves across the English countryside, the great American families - the Carnegies, the Melons, the railway barons, the coal barons, the Fricks - it came from relatively small populations, you know, 15 million or so in Britain, 50 or 60 million in the United States.

There is 2.5 billion people in Asia. The economies are growing at 8 and 10 per cent a year. It is going to be a wealth phenomenon unprecedented in human history and we are in the middle of it. And to not understand that, to say that we are obsessed with it as Mr Downer says, or to be looking as Mr Howard says to Whitehall and

to Washington and not understanding that we are in the centre of the biggest growth phenomenon in history ...

J: Yes.

PM: ... is not to be able to lead this country properly.

J: Okay, Prime Minister, let's turn to domestic matters and plenty has been happening in the past few days. But, overall, this is a competition of promises, expensive ones too, and I know you have been asked this before and it may irritate you, but why won't you throw open the books as your opponents are asking you so that we can see whether a surplus really does exist?

PM: Well let me just put the question this way. Let's say it was a November election, the Budget is introduced into Parliament in October and it is passed in November, so what would we do in a November election - go and re-do the whole Budget, wind the Treasury up into another huge forecasting round? You know, would the Budget, just two months old, not be good enough?

So what does that tell us? It tells us there should be a principle here and the principle here should be the publication of the forward estimates of receipts and outlays, publication of the forward estimates of the Budget balance, and the within year reconciliations and at the appropriate time - because the forecasting round is a very large undertaking, it takes a long time and it requires huge resources.

And let's say with this election, I called it for 2 March. From the day I called it to the development of a forecasting round, the election would just about be over - probably over - before it was complete.

J: But can you fund your promises? Are you confident of what Treasury has been telling you and Ralph Willis and Mr Beazley?

PM: When I was the Treasurer, I was the first Treasurer in history ever to produce a Budget surplus. I produced four of them. Mr Willis has produced this Budget surplus and the Budget, in prospect, for the out-years is in surplus.

By contrast, Mr Howard left me, as Treasurer, the equivalent today of a Budget deficit of \$22 billion.

J: He says you exaggerate that.

PM: Well it was 4 1/2 per cent of GDP. Go and pick up the Treasury documents from 1983/84. 4 1/2 per cent of GDP. GDP this year, Paul, is \$520 billion. What is 4 1/2 per cent of \$520 billion - about \$22 billion.

J: Okay.

PM: So, in other words, in his sly trickiness he sat mum on the real numbers in the critical days of an election campaign and then left the Government of the day, us, saddled with a \$22 billion problem.

J: He is saying that you might be sitting mum in the same way?

PM: But what is the debate - whether the Budget is in surplus or not, not \$22 billion in deficit. I mean the debate is a joke of a debate. I mean he is out there saying, 'I will legislate to stop this'. I said yesterday it is like Ronald Biggs saying he won't rob trains anymore. I mean this is a man who has the singular distinction of producing the largest fiscal deterioration in the history of our federation.

J: These 100 very wealthy, allegedly, tax avoiders who will net you \$800 million, I think, extra in revenue. Why suddenly discover them during a campaign?

PM: Because we gave the Tax Office the resources to do enhanced audits and surveillance of individuals and ran these massive computer programs to find the commonality of these hundreds of trusts. Some taxpayers have six or seven hundred trusts, ostensibly all independent and different and not having common names.

It is not easy, Paul, and the Tax Office found that and first notified the Government - first notified the Government - in November. So we have taken the obvious steps. It took John Howard three years to deal with tax avoidance and in the 1970s and the early 1980s, the tax avoidance wasn't avoidance, it was criminal evasion and it took him three years to do something about it and he only did it when he had a Royal Commission report around his ears.

J: You have made the point this week that we have got a growing economy. Do you fear that inflation will take off and, the old cycle again, you will have to raise interest rates?

PM: No. Well, Paul, let me just go back to what we promised last election. We would start growth. What have we had - on average for three years, 4 1/2 per cent. We said we would go to 500,00 jobs. What have we got to - 713,000. We said we would produce low inflation. What have we had - 2 1/2 per cent. In other words, we have had the trifecta and been right at the top of the western world league table.

J: And yet that awful problem of youth unemployment remains. What can you do about that?

PM: Let's try and get this into perspective again because there is so much confusion put about it. There are 1.3 million young Australians

between the age of 15 and 19. 88,000 now are out of work. That is 6.78 per cent.

J: It is a lot.

PM: I know, but it is not 30 per cent. What the Liberals try and imply is that 30 per cent of the 15 to 19 year olds are out of work. It is only 20-odd per cent - when I say, only, it is 20-odd per cent which is again too high - of the group looking for work.

J: Yes.

PM: But if you take it as a group there is 1.3 million young Australians in the 15 to 19 group, the numbers looking for work are less than the unemployment rate in the general population.

J: So you can assure parents, concerned parents, desperately concerned parents, that you are going to get results on this?

PM: Well young people are taking jobs up at a rate of knots, Paul, and we are getting ... there were 158,000 young people 15 to 19 unemployed when John Howard left office. There are 88,000 this day, this month. Now, I think, those clear statistics make it very clear. But the more general point is there are 1.3 million young Australians in this group and 6.78 per cent are unemployed.

J: Prime Minister, how do you answer the jibe from many critics, not just your political opponents, that 13 years hard Labor is long enough? That even your Cabinet must be tired and jaded, even possibly yourself?

PM: Well over half the Cabinet were not there three years ago. The Government is, in fact, four years old. It was a new Government when I became Prime Minister, with a new policy direction and we used the opportunity in 1993 to turn over half the Cabinet. In fact, in 1983 the average age of the Government was 47 years. Now, 13 years on, the average age is still 47 years and why is it still 47 years, because so much new blood has come into the Government, come into the Cabinet.

J: Sure, but then how do you counteract that feeling that might well be out there in the electorate, give John Howard a go?

PM: Yes, a change.

J: Why not give him a go because that wily old campaigner and former colleague of yours, Graham Richardson, thinks that they are coasting to victory?

PM: Well they say a change, time for a change. But a change to what? To John Howard, to Tim Fischer, to Alexander Downer, to Peter Costello, to Bronwyn Bishop?

J: So you are saying there is no reason to change?

PM: I mean how could anyone believe that John Howard, and Tim Fischer, and Alexander Downer, and Peter Costello, and Bronwyn Bishop would run this country and understand the issues better than I, who have been there in a ministerial office for this time; Kim Beazley, my Deputy; Gareth Evans, the Foreign Minister; Ralph Willis, the Treasurer.

I mean there is something very valuable here and, I think, the nation will be very careful before they destroy it for something of much less value.

J: Do you think the nation is getting sick of your personal style? I mean I know you think that arrogance is a stupid charge, but I mean do you think they are getting sick of it?

PM: Well it is a stupid charge. I mean real arrogance is not showing people your policies, not telling people what you will do and that is what Mr Howard has shown right through the period he has been Opposition Leader. 'I won't show that Mr Keating my policy', he says. But I only get one vote, Paul. What he is really doing is not showing the Australian people and that is real arrogance. I mean that is rancid arrogance and it may suit the Liberals to say, 'They don't like my debating style'. But my democratic style is exceptionally democratic.

And you know the day before yesterday when I said, we would have a plebiscite to see whether Australians wanted an Australian Head of State, wanted an Australian person as their Head of State

J: And yet Bill Hayden says we have got one already?

PM: Mr Howard said it was cheap populism. In other words, if we ask each Australian elector to cast a vote, it is cheap. But we have 300 people appointed by him, locked in a room, as a convention, that is all democratic.

J: But he says your plebiscite is just a toy one.

PM: Well they always have these elite, anti-democratic sentiments. What I am trying to say to you is we put our policies out there, we explain ourselves, if we want to move to something like a republic we will ask the nation. It is the biggest poll you could ever have. It is the most democratic expression you could ever give and for Mr Howard to say it is cheap, reflects I think very poorly on him.

J: Alright, Prime Minister. Let's get on to multiculturalism and, of course, that has been much in the news over the past few days and immigration and, of course, it means recognising the marvellous diversity of Australia. But how do you allay the fears of some Australians, dare I suggest it Graeme Campbell, that in some way it is a fad?

PM: I think the event of great significance to Australia in this century has been the post-war migration program. It has made Australia a stronger, more diverse, more interesting, more vibrant place. It has, if anything, strengthened our own democratic fabric and what the Coalition did this week, in terms of their costings, in terms of their cuts, they are going to take about 10 per cent of their total cuts - \$600-odd million - off migrants, off the children of migrants.

Mr Howard says he is a family man, but he is not for the dependants of migrants and after a couple of years here, migrants slip into the same unemployment patterns as the rest of the country. So why would you not support them with Social Security or unemployment benefits if other than for callous reasons? Why wouldn't you support their children? Why are they now altering the family reunion category so now they are making English a prime requirement for family reunion? That means for most families, a lot of families, that mothers and fathers, and sisters, and brothers, will not be joining them here.

J: Right and, of course, none of this you would do, all your commitments will stay the same. You don't think you are being a bit savage on Mr Howard though do you?

PM: Oh, well, Paul, let me just go to the details, let me not leave you with any impression that 370,000 people born outside Australia take a new job. Under Mr Howard, they are to end up in jobs with poor pay and conditions and there will be no alternative support in the Social Security system.

10 per cent of Mr Howard's savings, a huge part of his Budget, relies on attacking these most vulnerable people, that is those who have been here for less than two years and their children.

On immigration he is saying that he 'would be much tougher in respect of imposing an English language requirement across the board for the concessional family component', making it much tougher for families to reunite and the funding for citizenship education he will slash by \$16 million.

So you have got the candidate in Leichhardt for the National Party in a derogatory remark saying that they are de-wogging ceremonies and then you have in the expression of their Budget cuts, \$16 million being cut away for citizenship. In other words, they won't be encouraging citizenship. At the same time if people are here, they will attack the

cohesion, the social cohesion, and family values of the country by leaving them to fend for themselves.

J: Okay, well, that is what you are saying. We are coming to the end and I want to put it to you that you have said that if John Howard were to win, progress in this country would stop. I mean how can you justify that?

PM: Because he is always looking backwards. He has no faith, really, in what we have created here, no belief that Australians can do as good as anyone else in the world. We are sitting in the highest growth area of the world, he wants to walk around it. He wants to walk back to the low growth areas of the world, to Western Europe and to North America. He just doesn't understand the imperatives of leadership. He is not thoughtful about the sort of society we ought to be. He says, for instance, a republic is a diversion - where, in fact, it is completely central to how we see ourselves. That is why I believe a move to Mr Howard is a step back down the time tunnel.

J: Alright then, Prime Minister, we must leave it there. Many thanks indeed for coming on to Dateline.

PM: Thank you, Paul.

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