



## PRIME MINISTER

TRANSCRIPT OF PRE-RECORDED INTERVIEW WITH THE TREASURER  
BY RICHARD CARLETON, 60 MINUTES, SYDNEY - 16 MARCH 1990

E & E O - PROOF ONLY

CARLETON: Prime Minister and Mr Keating thank you very much for coming to the studios tonight. I would just like to find out for the viewers the strictures under which this discussion is being recorded this evening. In 21 years of interviewing Mr Keating, since he first came into the Parliament back in 1969, he has never imposed conditions on his television appearances with me. He has tonight. The Treasurer has insisted that every word he utters at this recording session is in fact broadcast. That is to say his words are not to be edited in any way. Mr Keating has made his appearance tonight conditional upon us agreeing to that. The Prime Minister has imposed no such condition. Well gentlemen, thank you very much for coming. Mr Hawke, is it not amazing, is it not amazing, that despite interest rates being what they are, terrible inflation, almost daily corporate collapses, appalling current account and foreign debt figures, that you're likely to get re-elected next week?

PM: If they were the only facts that were relevant, yes, the answer is it would be amazing. But of course it's also relevant that we have record employment growth, investment at a record level as a proportion of gross domestic product, our manufacturing industry recording record levels of exports, our children now staying on in school in numbers - double what they were before - and the most needy in the community being compassionately cared for. Now when you put those things into the equation it's not amazing.

CARLETON: And the price of that is 17 percent interest rates?

PM: Well, the price of that is not 17 percent interest rates at all. Seventeen percent interest rate is there because in fact we've had an economy that's been growing too strongly. In the last year, eight per cent growth in consumption, four per cent growth in production and Paul and I had no alternative but to slow things down somewhat. We had tight fiscal policy, tight wages policy and we had to have, in those circumstances, tight monetary policy. But the important thing is, for the voters out there, and this is what they're thinking

about, is they know why we did it and they know that under our policies the rates are going to come down and they know that under the policies of our opponents an explosion of interest rates and collapse of the economy is inevitable.

CARLETON: Yes, but it's much more rewarding to judge you by your results on interest rates rather than the promises of either yourself or some banks. The result on interest rates is now, after seven years, 17 percent, you're responsible.

PM: Well, I am responsible too, if we're going to claim responsibility. I and the Treasurer, and our colleagues are responsible for the fact that we've had a rate of employment growth five times faster than our opponents had, twice as fast as the rest of the world, a massive reduction in unemployment and a doubling of the number of our kids staying on in school. We're responsible for those things too. And the, see what you've got to do, Richard, is understand that that electorate you're talking about there isn't single dimensional. You seem to think they are single dimensional, that they're only going to make the judgement about Paul Keating and Bob Hawke and the Labor Government on the basis of interest rates.

CARLETON: But Mr Keating if 17 percent is the best you can do after seven years and they can do five per cent in Japan, isn't it time to get out of the way and make room for someone who can do better?

KEATING: Well, Richard, let me take your first point up. I did this interview with you tonight on the basis that it would be like a live interview. If I do Jana Wendt live, it goes live. We're doing this - I want the public to see what's actually said and not to find either your questions or my answer on the cutting room floor. So ...

CARLETON: And do you impose the conditions ...

KEATING: No, I'm giving the public a break you weren't prepared to give them.

PM: ... clear about that.

CARLETON: ... in 21 years you've never imposed any condition like that one.

KEATING: But this is, this is one week before an election campaign ...

CARLETON: ... since 1969.

KEATING: Normally we'd do this live on the Sunday evening and what we're doing is the equivalent of doing it live. How can you complain about that?

CARLETON: I'm not complaining, I'm simply saying ...

PM: You're taking ... a bit of time about it.

CARLETON: Yes, I know but ...

KEATING: (inaudible)

CARLETON: I'm pointing out the unique conditions that ... imposed on this interview that you haven't imposed in 21 years.

KEATING: Just because ... I can't remember doing one with you Richard, one week out from the campaign and if I was doing one with Jana Wendt or anyone, it would be live.

CARLETON: Well, I could remind you of 1972, 1974,

PM: Oh, come on ...

CARLETON: 1975, 1983 ...

KEATING: You're on the big issues, you're on the big issues Richard.

CARLETON: ... yes, we'll go back to the point ...

KEATING: You're a big issues person.

CARLETON: Yes, well, the big issue of course is 17 percent rates produced by you after seven years. And the question was - if after seven years the best you can do, when they can do five per cent in Japan, maybe it's time for you to get out of the way to make room for someone who can ...?

KEATING: We've also had twice the rate of growth per year in the last seven years than we've had in the previous seven. We've had twice the OECD average employment growth. We've had a faster, stronger, wealthier economy and when the terms of trade picked up unexpectedly in '87/8 it produced big spending effects which were met with a big interest rate effect, it's as simple as that.

CARLETON: You're going to be Prime Minister for the next three years?

PM: If they elect me on 24 of March, which I hope they will, then the answer is an unequivocal yes.

CARLETON: For the three year term, or whatever the term of the Parliament is?

PM: Well, and we have three year terms, I mean, the election in 1984 was to bring the two Houses in synch and

then we've had three year term, three year term, and we'll have another three year term.

CARLETON: So he has to wait 24 years, a 24 apprenticeship. After 21 years in the Parliament so far ...

KEATING: I'm doing well, I'm doing well ...

CARLETON: ... and another three before he gets a crack at your job?

KEATING: I'm doing well.

PM: ... he's doing well and he's happy. The important thing is that he went into Parliament early, he's been a magnificent Treasurer and by the time that I give it away he would come to the Prime Ministership, if that's his wish and that's the election of Caucus, which I imagine it would be, then he would come to the Prime Ministership at what I would believe would be a younger than the average age of Prime Ministers in the past.

CARLETON: Is he going to spend the next three years as Treasurer?

PM: If he wishes to. I mean, my position is, and Paul and I discuss these things, that if he wants to remain Treasurer then, that's his position.

CARLETON: If he wants Foreign Affairs can he have it?

PM: If he asked for Foreign Affairs I'd have to think about it. But, on discussion -

KEATING: ... asking.

PM: And he won't be asking. He regards the Treasurership, he regards the Treasurership as the next most important job.

CARLETON: In October 1988, when he sent John Dawkins down the corridor to knock on your door and tell you that it was time to get out of the way to make room for him, was that a silly thing for him to have done?

PM: If he'd done it, yes, it would have been and he didn't.

CARLETON: What did happen?

PM: Dawkins came and had a discussion with me of his own volition - not sent by anyone - and that discussion was reasonably amicable and, I might say from my point of view, quite definite. Much more definite than it was on the part of Mr Dawkins.

CARLETON: Are you happy to sit around for another three years and play second fiddle?

KEATING: I'm happy to be led by the most successful Prime Minister in the post-war years. It's a pleasure to me, has been a matter of great sense of accomplishment for all of us who've been in this Cabinet. We are a very happy ship and, if I might just say, we're a very happy couple.

CARLETON: Yes, but ... wanted his job, 17 months ago.

KEATING: Oh no, oh no, I mean, look - Bob and I would be the first to admit that these jobs produce a few strains and pressures, they do. But, but we are seven years on, we are into our eighth year now and, considering the pressures we've had in this economy to pick it up from basically a recessed heap to what it is today, it's been an enormous amount of change, I think we've weathered it fantastically.

CARLETON: Under what circumstances would you try to knock him off again?

KEATING: Well, Richard, you use all these crass terms. I mean, it's unbecoming of you.

CARLETON: It's unbecoming of me?

KEATING: Yes.

CARLETON: Well, let me ask you if some of your language is becoming of a Prime Minister when you referred to the Opposition as like a dog returning to its vomit. When you use language like that -

KEATING: ... Rudyard Kipling.

CARLETON: Mugs, criminals, loopy crims, stupid foul mouthed grub, piece of criminal garbage, alley cat, gigolo, perfume gigolo, scumbag, scum, thug, gutless spiv and champion liars.

KEATING: Well, that's becoming -

PM: ... Treasurer or the Prime Minister?

KEATING: That is, they are bits and pieces of words picked up over 20 years of going through Hansard. You go through Hansard for 20 years of anyone on the Liberal side, you'll find similar terms and mostly when they were attacking me personally.

CARLETON: Do you apologise for it?

KEATING: I never attack them personally.

CARLETON: Do you apologise for and of that?

KEATING: Howard, Howard, that was Howard's one success in politics in last three years. He laid that on me. I made him pay the price of losing the Prime Ministership as a result.

CARLETON: Do you apologise for any of it ...

KEATING: I thought it was moral and even swap.

CARLETON: Should I ask you again?

KEATING: Eh?

CARLETON: Do you apologise for any of that?

KEATING: Oh, I don't ... I'm not in the apology business, mate. Look, look, in some countries they settle their politics across the street - in Lebanon they shoot each other.

CARLETON: Yes, but this is not -

KEATING: In this country it's settled in the clearing house of pressure, the House of Representatives and it works very nicely and people like you understand well how it works - you've made your living off reporting it.

CARLETON: Yes.

KEATING: So why denigrate the process, Richard? ... other people have actually lived off it.

CARLETON: Do you think Australians may have had enough of your style though, enough of the foul language -

KEATING: No, but ... hang on, that's that's over - I mean, you're really a big issue person aren't you? Here you are, you've got a chance one week out from an election to look at the big issues of growth, employment. I mean, you had an important place in Australian society on the ABC and you gave it up to be a pop star and now ... with a big cheque and now you're on to this sort of stuff.

PM: You've, you've spent half this time on issues which are irrelevant and may I say, very unfair to Paul. I mean, why don't you look at the fact that in those years in Parliament he's made a series of brilliant, penetrating ... speeches in Opposition and in Government, recognised - a lot of people argue he's the most effective Parliamentarian there is. I mean, made a series of brilliant speeches and out of all that period you pick up some language. I mean, part of, part of the fascination of the character is that he's got a turn of phrase which a bit tough and rough.

CARLETON: Yes, but -

PM: But, but it's part of a much more broad range of capacity. Why don't you give him credit for that?

CARLETON: Well sure, but all the credit in the world, Prime Minister -

PM: I haven't noticed it.

CARLETON: But if one was to allow him to, in this context, to talk on about those subjects without being ...

KEATING: Richard, Richard -

CARLETON: ... may I say, then the ...

KEATING: Richard, at least four or five of those words were said when I was accused of having an illegitimate child. What would you say? When I didn't. What would you say?

CARLETON: I'd say it was pretty outrageous ...

KEATING: Yes, that's right, but you don't think I should have responded.

CARLETON: Of course you should have responded.

KEATING: Well.

PM: What are you going on about?

CARLETON: Well you've also got to live down the words that you use.

KEATING: Well, my friend, I don't ever worry about that. Look at all this, look at those 14 -

PM: ... interview.

KEATING: Look at those 14 economic statements. Look at them. They're that big you can hardly jump over them which ... took us six and eight months to put together. All of that, all that concentrated work which you're not even referring to.

CARLETON: One of the reasons why the economy is in the present shape, because we're not manufacturing anything in this country. We're not manufacturing the cameras, the lights, anything here -

PM: ... Let's make some facts. Let's take the facts -

KEATING: Not true, not true.

PM: We're not manufacturing in this country? OK, let's look at the facts. We are in this country so

transforming our manufacturing industry that in the last four years we have had a 54 percent increase in the exports of manufactured goods. Steel industry - when we came to office, BHP on the point of shutting down the steel industry. In this year, exporting three quarters of a billion worth of steel right around the world and within the next three years will be trebling that to over \$2 billion. We are one of the most efficient producers and exporters of steel in the world. Exporting cars and motor components to Japan and the United States. In the fiercely competitive area of optical lens, we have there a factory in the suburbs of Adelaide going into the United States, the most competitive market in the world against 11 other companies and it's got over 50 percent of the market -

CARLETON: And a foreign debt of \$120 billion.

KEATING: Richard, we're rebuilding Australia from an agrarian runt that produced a bit of wheat and wool to a modern industrial Australia.

CARLETON: Seven years in, how much longer?

KEATING: And we've ... concertinaed 20 years of policy changes into seven. There was no investment in this economy for 20 years up till 1983. That's why we've got a problem because the conservatives dropped the ball for nearly two decades ... what you're saying -

CARLETON: Let's say, let's say ... seven years you've had. How much longer?

KEATING: Well, look at the growth, look at the growth of the economy and the employment in the economy. I mean, now of putting the capital stock in at a rate which is unprecedented to produce goods right through the 1990s to pull the current account down. I mean, the very substantial thing, the one thing that will get us out of trouble is production and it can come from one place only - not wishful thinking - investment. And how do you get it? By keeping profits up, by having a proper social wage and we've got both. We've got all things happening at once, in spades, in spades.

PM: And in addition to that, a savings plan untold in this country. Superannuation with which my friend and colleague, Keating, has been intimately associated, the development of superannuation. Now let's look at that -

CARLETON: Prime Minister, because we can't edit his remarks, I'm sorry, I've got to keep to time and I must end it, end now. So thank you, Mr Keating thank you too.

PM: Thank you.

KEATING: Thank you, Richard.

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