

THE HON P.J. KEATING, PRESS CONFERENCE, PARLIAMENT HOUSE
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E & OE - PROOF ONLY

PK: Could I begin by saying that I'm very greatly honoured and more than a little nervous at the great responsibility the Labor Party has entrusted to me tonight. The first thing I'd like to do is pay tribute to my predecessor, Bob Hawke, who has been a great leader of the Labor Party, who has won an unequalled, unparalleled, four consecutive election victories - an electoral record I will never match, and few of us could ever hope to match; and who, in partnership with me and our party, has changed the way in which Australia is and the way in which it works. I speak on behalf of the whole of the Parliamentary Labor Party today, in thanking Bob for his leadership for the way in which he conducted himself today, with the dignity and the pluck in the House and at his press conference; and having lead Labor to victory, he's lost a ballot in the manner of his choosing in the Caucus of the Parliamentary Labor Party and he's shown great credit, I believe, to himself in the way in which he's conducted himself as Prime Minister and to the Labor Party as a Government. Could I, in my first words as Prime Minister elect, Leader of the Labor Party elect, to you, the Australian people, say that I want to make three commitments to them. The first is I pledge to give everything I've got to the job and the country. The second is to deal honestly with the people, to tell them the truth. In tough times, of course, the temptation is always to gild the lily. I'll be resisting that temptation as much as is humanly possible. I'll speak honestly with them, to them, and realistically, and I'll listen accordingly. The third commitment is I pledge to fight the battle against unemployment and for economic recovery with all of the energy I can muster. I promise never to turn a blind eye to the suffering that some are enduring and never to agree that it is acceptable for some Australians to be written off or sacrificed in the so-called national interest. I want each Australian to have the opportunity to pursue with dignity and hope a fair share of our national prosperity. So there are the three commitments I give. In the next few weeks, I've got these important tasks. To restore unity and harmony to the Government, because it would be futile to deny that the recent past has been a somewhat traumatic experience for all of us. It's imperative that we're now all pulling in the same direction, and for my part of course, need I say there'll be no recriminations whatsoever, no raking over old ground, but only a commitment to get on with the task of governing this country. Over the holiday period, I will spend time talking to my colleagues and working on proposals I want to put before the Cabinet in the early new year. I would like to start 1992 with a cohesive and comprehensive plan to push Australia ahead. I've got a good idea already of what should be in that plan, what should be done, but I want to tie it all together and make sure we have it right. With that and above all that, the thing that the Government, I and the Government, must do in the immediate period ahead is get confidence in Australia going again, to get the country moving, to try and engender confidence in the community, confidence in the business community, and get the country cracking. While the economy is now much too weak and unemployment

much too high, I believe we can emerge from this recession a much stronger economy than ever before. This period gives us great opportunities and the 90s hold for Australia very great promise, very great promise indeed. So, could I conclude on this point, by saying that I will need the help of the Australian people, their understanding and their patience as indeed I will need it from you. In time, I hope, that I can earn their trust and their patience and their support both as leader of the Party and for and on behalf of the Party and the Government. Thank you.

J: Mr Keating, do you expect a Cabinet re-shuffle?

PK: I do not believe that there should be any spill of positions in the Labor Party. I think it's very important for harmony that that not be so, and I'd like some time to think about portfolio responsibilities, the Ministerial arrangements, that should obtain and naturally, the people who should fill them.

J: What about Ralph Willis, the Treasurer?

PK: Well, that goes for everybody.

J: How can you respond to speculation that people now seek a mandate from the Australian people and take Australia to an early election?

PK: I've never heard that speculation. I've got to give you marks for trying there, though.

J: Mr Keating, ... unemployment figures, what are you going to do to get their confidence?

PK: Well, along with Bob and the Government, I spent seven and a half of my eight and a half years trying to engender employment growth into this economy. We inherited 10.5 percent unemployment in 1983 and we brought it down sharply through the eighties, and it's a matter of profound regret to me that that employment was overtaken by a rise in unemployment, and the result is that there's been a substantial level of misery in the community as a result. I want to go back to doing what we do best, that is creating jobs and making the Australian economy grow - but doing it in a way which preserves the great gains on inflation, doing it in a way which advantages all Australians.

J: Mr Hawke spoke a few minutes ago on the need for new directions in economic policy. Do you think that's right?

PK: I think governments have a substantial pride in the authorship of their policies, and we're entitled to be proud of the great change of Australia to an international country, and all of the things which are part and parcel of it. I suppose it is probably a human failing if nothing else that governments then spend time defending their structure, defending their policy, and not be as alert to the shifts which they ought to be making. I think policy dexterity and keeping alert to those shifts is going to be important. I agree with Bob about that. But again, we're not talking about putting policy on its head. We're not talking about taking Australia back to the closed days of the 50's,

60's and 70's. We're talking about policy which is going to make Australia fairer, better, with more growth and more employment, but at the same time keeping that great historic change into an international society.

J: Are you worried about blowing out the deficit and boosting interest rates? Are you talking about massive jobs requiring a lot of money?

PK: Part of the framework of my views were sketched out in a speech I made at the Collingwood Football Club a month or two ago, and I have got a framework in my mind, but I'd like to put that to the Cabinet and the Caucus. I think that's the right place to put it. So, rather than get into any detail, that's what I'd prefer to do.

J: Mr Keating, what about the recession Australia had to have?

PK: It's one of the statements I made as Treasurer I regret, because it did not reflect the Government's policy, and it was a statement which seemed too uncaring at the time. The Government was never after a recession. Policy was only about a slowdown. You remember at the time, we were spending twice what we were producing. The economy had to be slowed and I had the job as Treasurer, of inducing that slowdown. We never wanted a recession. It's a pity that the recession we now have is deeper than any of us would have wanted it to be, or needed it to be. So, it was a shorthand way, on my part, of trying to describe the slowdown, but I think an inadequate one. You can never consign Australians to the misery of unemployment, believing there's a higher purpose to it. There can be no higher purpose, and therefore it's important to get the economy growing again so that what we thought policy was about back then in 1988, which was a slowdown and became a recession, quickly becomes, as quickly as we can make it happen, a recovery.

J: Mr Keating, you spoke of feeling humble today. Have you learnt a new humility on the backbench?

PK: I must say I think that public life is a humbling experience for anybody who has had major responsibilities, it's a humbling experience. Can I say that I said in the Caucus tonight, I enjoyed immensely the six months on the backbench. I found the camaraderie, the wit, the open-mindedness, the fun of many of the people there to give me a great charge. It's one of the nicest things that's happened to me in public life, is having that time there. I think that as a result, I will be determined, as a leader of the Party, to be more in touch with the Caucus than I ever was. We all commit the sin of moving into the Cabinet processes, not consulting the Caucus enough, and invariably we miss a step somewhere. So, it only reinforces me in my view that that experience, which I had a very pleasant one, means that the Government must be closer to the Caucus. Cabinet must be closer to the Caucus.

J: Did you have time to look at the GST package while you were on the backbench?

PK: I've had a look at it.

J: What do you think of it?

- PK: Dr Hewson has proposed what he believes is a plan for Australia. But it's the wrong plan. It's the wrong plan. It's a plan which is about making a tenth-order issue, about whether you tax income or expenditure, as a first-order issue, when we know, all of us, that the first-order issues are employment, growth, investment, maintenance of low-levels of inflation, further production, change in the workplace, enterprise bargaining, national economic efficiency. They are the first-order issues. Whether you tax income or expenditure is a tenth-order issue. What Dr Hewson has done is said 'look, I'll take a tenth-order issue and I'll bring it up here and try and solve it as a first-order issue'. Well, frankly, basically, his proposition amounts to no more than a shift of income to the wealthy at the expense of the low-paid.
- J: A vote of 56/51. Is that a strong enough base on which to rebuild harmony in the Labor Party?
- PK: I think so. I took considerable heart from both what Bob said and the tone of what he said, and also what colleagues in the Caucus said to me, who voted for Bob. I think so. From my part, the Caucus will not find me lacking in any goodwill towards them. My Cabinet colleagues won't. I think we have the prospect of being a unified force. I said in the Caucus that we can only succeed on a basis of friendship. And basically without that friendship, we just won't get the cohesion, I think, we need to come from a very long way back in the electoral stakes.
- J: Mr Keating, why do you feel better equipped to lead Labor to the election in 1993 than Mr Hawke?
- PK: Well I think, look it is the issue of generational change. I think I could say Bob and I conducted a government which contained two leaders. And we worked as a good team for a very long period of time. Probably a record period in Australian politics for two people to work as closely and as effectively as we did. But, time tells. I think it told on both of us - in our work, in our relationship - and I think that the need for policy shifts, that dexterity I mentioned earlier, and generational change is important. I think it is important for a political party to change itself. Afterall, this is a very long period. Bob is the second longest serving prime minister by a very large margin. It is a long time and, therefore, I think that every person who leads a party comes to it with different views and perspectives and I believe the Australian people are looking for both hope and direction for the 1990s and this country can be in a very good position in the 1990s, notwithstanding the fact we've got a recession. Notwithstanding the fact we've got a recession we can be well set up in the 1990s and I believe I can play a role in that and that's why I believe that I will serve the Labor Party well.
- J: You've just admitted that the recession was a mistake. How can you inject confidence in the community that you won't make another mistake as momentous as that?
- PK: Well, when I say it was a mistake, it was not... the policies we adopted were intended only to slow the economy. It unfortunately became a recession, but there were substantial contributing factors. Those factors now don't exist and I think that if one looks at the record of the Government from 1983, we engendered twice as much

growth in the Australian economy in our first seven or eight years as in the previous seven or eight years. So, while we've certainly had a recession, there is an enormous shift of employment and wealth there as well. So, certainly, the recession we didn't need, but what has come in these years of change is enormous strength and change to this economy. And I think the Labor Party and the Government can be relied upon to continue that ambition for change.

J: Mr Keating, when can we expect you to throw the switch to vaudeville as you promised some months ago?

PK: Well, if you'd have been here for many years, as some others were, you'd have known I've thrown it often, often, and, I hope, well.

J: What will you be telling George Bush about U.S. trade policy? And how's your golf swing?

PK: Well, my golf swing? That's not good. The last time it swung well was when I was a teenager. But, I've known George Bush since 1970, and there is a lot in him that, a lot about him where you see the good, the very good side of Americans. I'm sure he will forgive me my golf swing. And we can discuss, when he arrives, issues of moment, and of substance to both countries, and to the world.

J: The money markets, Mr Keating, are expecting interest rates to come down to about 7%, that's the 90 day rates. Is that part of your economic program (inaudible) a sharp cut in interest rates?

PK: No, I don't want to start speaking now about what the Government may consider. But all options, including monetary options, would be on the table. I'd like to consider those in the freedom and privacy of the Cabinet room, in the first instance.

J: (inaudible) any shifts in the emphasis of the Australia/U.S. relationship?

PK: Well, the Australian/U.S. relationship, I think, is a longstanding one. It's been improved, I think, by the Government, by Bob Hawke's Government, by Bob's relationship with President Reagan and President Bush. And I can only hope that I can maintain a relationship of the quality. I would certainly make that an ambition of mine.

J: ... which suggested that you thought that Mr Hawke had been a little too subservient to the Americans. Will you be reflecting that in anything you say (inaudible)?

PK: No, I didn't say that. I said that, I made some reference to telephone calls. I think that, I don't think American Presidents, not someone of George Bush's experience. I've met him on about four or five occasions since 1970 in various jobs. I don't think they expect any nation to do other than consider its own interests. And that's what we must always, sensibly do. I mean, you've got James Baker, at the moment, talking to the leaders of the former Soviet states. I mean, I'm sure, the Americans are very wide-eyed about national interest.

- J: (inaudible) next year. And more generally, (inaudible) relationship with the Asia/Pacific region?
- PK: Well, I think, Australia is an Asia/Pacific nation. And, as time goes by, as we are seeing the central focus of our trade and our foreign policy is going to be more to the Asia/Pacific area. This is obvious with the APEC arrangements which Australia has championed, which have been adopted now by all the Pacific Basin countries, or most of the Pacific Basin countries. So, therefore, I regard the Asia/Pacific area as our area of interest, as our backyard, as the principal focus of economic trade and foreign policy.
- J: ... will you be going to Jakarta?
- PK: Well, I haven't thought about that.
- J: Are you concerned about your unpopularity with the Australian public?
- PK: Well, its a matter of what popularity is about. I think when we had some, if you like, dissection of polls, I think there was a great discernment being shown by the public about what they expect in leaders. They expect leaders to do things, they expect leaders to lead, to strike out. The essence of leadership is being out there, in front, and I think that this community has a very realistic view of their situation in the 1990's, that they hope and expect for a decent life, and physical and economic security. And they want governments to provide that for them, they don't want more than that I don't think. I mean, I think they've got reasonable expectations. And I think if any leader can provide policies to meet those expectations, he or she will be approved of. And I hope in providing those I could be approved of too.
- J: A year ago you said Australia had never had a great leader, I presume you think that's about to change. I just wonder what qualities of greatness you might bring to the job?
- PK: Well, that's for you to make judgements about over time, isn't it. One would always hope one could bring any quality of greatness to such a position.
- J: (inaudible) that this leadership challenge has taken place at a time the people think the Government should have been concentrating on the recession?
- PK: Well, I think we were concentrating on the essentials, its a matter of how we concentrated on them. I wouldn't try and say that there wasn't, that the first challenge wasn't a distraction for the Party, but a relatively short one, and the Government's largely gone about its business. And this resolution today is a couple of weeks in the making, but until then I don't think there has been that great a distraction. I know that the Party will be glad that the distraction is behind it, whatever distraction there was is behind it, and I'm glad of that too, as Bob said he was.
- J: How great do you think the resentment is in the community?
- PK: I can't judge that. You're a better judge of that than I am, I think.

- J: Would you have mounted a challenge this week if Bob Hawke hadn't made the move he did today, for the sake of the Party?
- PK: Well, Bob made the move, that's the point. Bob declared his position vacant which was, I think, the right gesture for somebody of his stature, as a Prime Minister of longstanding, a leader of longstanding, and in the position of that vacancy I nominated.
- J: Mr Keating you didn't attend Question Time today, why was that?
- PK: Well, I don't... As Treasurer of course, I always had to attend it as a rule. I've not been entirely punctual as a backbencher and I was less punctual today.
- J: (inaudible) embarrassing for (inaudible)
- PK: No, but I thought in the circumstances it was best I wasn't there. I think it's probably right.
- J: (inaudible) given your position in the Parliament, I know what you've just said, and given Mr Hawke's legendary ability as a campaigner, that Caucus has in fact taken something of a gamble today in an electoral sense?
- PK: I think they've picked up on the view in the community that the community is looking for change. If a party says we don't think we'll give you any more change, they say, well thank-you we don't need you anymore. And I think they, but as I said, not the right kind of change, not the right kind of change. I think he's picked up on sentiment but not responded to it properly, Dr Hewson, I mean.
- J: So what's the right kind of change (inaudible) You've said that there are some decisions that you might, sort of treat a bit differently these days, having been out in the community, you sense a different set of priorities, perhaps. I mean, do you believe that the basic structural changes that the Government started should continue, for example. There is a lot of resistance in the Labor movement to those changes now.
- PK: Well, the basic change is one from a closed to an open society. And I don't think there is any dispute about that within the portals of the Labor Party. And in any recession there will always be questioning about policy stances, but I don't think anyone would now believe that our security could be enhanced in the way in which it has been in a closed place. So, we can always discuss and debate how the opening of this economy and its continuation goes into the future, its meeting the challenge of international efficiency, you can always debate those things. But I don't think the basic thing is being debated.
- J: The pace of change is going to be a very important issue at the next election isn't it?
- PK: I've always believed that. I think if you offer the public sensible change, we have in this country, very fortunately, a very conscientious community.

- J: When will the abolition of the Medicare co-payment occur? And have you discussed it with Mr Howe?
- PK: Well, I think most of you know my views about this. We considered it many times when I was Treasurer, in the Expenditure Review Committee. But I will be speaking first to the Ministers involved, and putting my views to the Cabinet, as the appropriate place to consider the matter.
- J: Are you happy for Mr Howe to remain as your Deputy?
- PK: Delighted. I think we can both help each other make the Party stronger and better.
- J: Mr Keating, the changes you are proposed require a mini Budget?
- PK: Well, I said, I hope in 1992 to present a plan for the ongoing, a plan for change for Australia as we go through the 1990's. That will be obviously something of substance, and whether you want to give it a mini Budget tag is up to you.
- J: Mr Keating, Mr Hawke was planning a Cabinet meeting tomorrow to start producing a new plan to boost employment. Will you proceed with that?
- PK: No, I don't think any of the Cabinet think tomorrow would be an appropriate day to start.
- J: (inaudible) was a couple of weeks in the making. How much responsibility do you bear, personally, for the turbulence that has virtually crippled the Government over the last couple of weeks
- PK: Well, until a few minutes ago I haven't made a public comment since the 8th of November. And I think I can say that if the Government had been able to respond more fulsomely to the Opposition's consumption tax package then the likelihood of this matter being debated before Christmas would have been remote. I can say to you that in the last session of Parliament when it finished, my expectation was we would go away for Christmas and we would come back here on the 25th of February. And those events changed though, I think.
- J: When do you expect the recession to end?
- PK: Well, I'll be taking some advice on that, but I think it will end during 1992. But it's not very wise of me to try and be precise about the point, or to be clever about it, because I don't think it's easy to be clever about picking the turning points in any economy.
- J: If the Government's attack on the GST unfulsome, why didn't you help them over the last few weeks?
- PK: Well, it was up, I think, for. It's not really, I think, an acceptable argument for a backbencher to say that in the initial phases of the presentation of such a package, and

the requirement on the Government to respond to it, that I should have been out there, if you like, putting a view. And also one without the support that comes with Ministerial office. So, it was properly the job of the Government, of the Prime Minister and the Treasurer, and I recognised that.

- J: Do you believe that 'Fightback' has carried you to into the Prime Ministership?
- PK: Its caused a debate in our Party about our direction and our leadership, which may have led to the events of today. So what, in terms of the package.
- J: The Party, under Mr Hawke, came under fairly heavy criticism for pandering to sectional interests and lobby groups. Do you see any shift in emphasis there?
- PK: Well, I think the Hawke Government, one of its hallmarks was a consensus approach to Australian society. And it's because of that approach we were able to do many more policy things and changes more rapidly than could ever have been undertaken by a Government taking a confrontationist approach. In the course of those discussions people may say we're subject to lobbying. Well, if a Government is listening, and a Government is responsive, I don't think the public can complain about it. I think it is a very good sign, and I think it changed the way in which Australian politics worked.
- J: Is there any other decisions such as the Medicare co-payment policy that you would be looking to review quite soon?
- PK: None that comes to mind.
- J: Mr Keating, will you be asking Mr Hawke for any advice?
- PK: From time to time I may well do. He made me the offer, very kindly, and I'll very happily take it up.
- J: Would you like to see him remain on the backbench?
- PK: Well, it's a matter for Bob. He can remain there at his own pleasure.
- J: Is he a future Governor-General?
- PK: You should have asked him that. That's a question for him. Before I go, again thank-you. I want to just conclude on this point by thanking the Parliamentary Labor Party for supporting me today, those who did, and those who didn't. And I also thank my wife who has supported me through these years, and through these times of difficulty, and my family. Without that kind of support it is not possible to do a public job like these, under this sort of pressure. Most particularly, I thank the Australian people for having the forbearance to see the Labor Party change its leadership, and I hope the patience to see us change our policies, as needs be, to take Australia to a better future in the 1990's.

ENDS