



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH NEIL MITCHELL, 3AW, 16/1/92.

E & E O - PROOF ONLY

MITCHELL: With me the Prime Minister, Mr Keating, good morning to you .

PM: Good morning Neil.

MITCHELL: Mr Keating, who are you?

PM: Well if you don't know now after eight and a half years of me being in the Government I don't suppose I can enlighten you much further, but...

MITCHELL: But something's been discussed though. I mean eight years of an uncompromising tough man with an image of somebody who doesn't listen, a bit of arrogance even, and now, to use a Bob Hawke term, a bit of consensus about you, which is the real you?

PM: I've always been a good listener. I think in public life you have to be a good listener. If you're not you can't form ideas and I think the hallmark of the last eight years of our office was that we did basically consult people, and that's not to say you shouldn't develop your own framework in which you're thinking, but part of the development of that is to talk to people. Now I've always done a fair bit of that but when I decided on policies, I mean people I'm quite sure have seen me as direct, confident, this sort of thing....

MITCHELL: Arrogant?

PM: Well even maybe, but they wouldn't have thought I was too arrogant when I was agonizing over those decisions. I mean they wouldn't have thought that when they'd seen me privately agonizing over which direction to go or the other.

MITCHELL: So that image over those eight years is probably wrong, is it? I think particularly the time when you were being criticized for saying there is no recession and everywhere around the streets people were saying look at the closed shops, look at the people out of work, there is a recession.

PM: Well a recession was technically when you get negative growth and we didn't have negative growth in those days, but later came of course. But I think that one has to assess things and then make decisions and do things. You see the trouble with Australia was, before the early eighties we had the post-war economic policy and it went on from 1945 or 1950 in the days of post-war reconstruction to 1980, and by that we were a country almost dependent on commodities which were then letting us down. So if you want to hide your light under a bushell or not be firm about your obligation to changing policy, well you would be like all the rest of them. So that's why I think you've got to listen but then once you decide go for it.

MITCHELL: But you agree that you now face a credibility problem because of this image. I mean can you see that they're two polls with a very low personal popularity rating. I mean is our credibility problem people saying well if he can throw the switch to vaudeville that's now been thrown, why should we believe you? Why should we believe this new image of a man who wants to listen, who wants to hear people's ideas when previously you just wiped them off?

PM: No I didn't, that's the point. I mean I never....

MITCHELL: That was the perception wasn't it?

PM: Well maybe, but in terms of consulting, if you look at all the business group discussions, discussions with the trade unions, the various community groups through the eighties, I turned consultation into an artform. I never stopped it. I kept meeting them all this time to try and keep them involved with the policy and keep the thrust of it together. But you see in the Treasury job it's the sort of the hard man job. You've got to make sure that budgetary policy of the Government runs from the Treasurer and the Treasurer's office.

MITCHELL: Are you a hard man?

PM: I don't think I am, no. That switch to vaudeville hasn't been thrown.

MITCHELL: This is the real you, is it?

PM: I think as Prime Minister you get a chance to be probably more of what you are, people see you more as you are than you would say in the Treasury post, which is basically about keeping discipline on the whole structure of the Government.

MITCHELL: Is it difficult to expose your family to all this? I know, and I understand entirely why there was a privacy beforehand and I'm sure people respect that, although there were some classic examples when they didn't, but is it difficult now to have to expose the family?

PM: Well no, I think in this sort of natural course of things it isn't, but we've chosen basically a private life and to keep my children largely as children removed from the process of the politics. Now you can't do that absolutely of course but I think my wife and I have done it as near as you can do to doing it, and the result is we've tried to keep the kids with the same outlook as the children they go to school with, the same sort of experience levels.

MITCHELL: Things like security must go through your mind though, because you'd have to say Paul Keating polarizes opinion.

PM: That's probably right but I travelled around for well nearly a decade without any security.

MITCHELL: I notice you don't have a flag on the car. Is that to do with security?

PM: No, I just think that I don't really think I ought to be sort of pointing, saying here I am, there's the flag flying, here I am. I just don't think that....

MITCHELL: But you're Prime Minister, I mean....

PM: Yes I know, but I still don't think that driving around saying here's a motorcycle outrider and a flag saying here I am, aren't I important, I don't really think that's on, and I think we've just got a job to do and you try and do it and do it as effectively as you can but as inconspicuously on occasions as you can.

MITCHELL: Does it worry you being unpopular? Those popularity ratings are very bad. Is that personally disappointing?

PM: I was as popular as any Treasurer was for many years and then when the recession came that disappeared. I've had my highs and lows, when I introduced all the tax changes in the middle eighties my popularity went down again and after that it came up and it went down again with the recession. I think you can't worry too much but providing...look you've got to be able to put your head down at night and say well look, I gave whatever the issue of the day was, the best shot I had. I did what I thought was right and I either got it through or I didn't but at least I did my best. And I think that's the most important, being at least consoled about what you've been doing and being satisfied with what you're doing rather than seeking the approbation of everybody.

MITCHELL: How does it feel to put your head down at night when a member of your Government says you're a dead loss? Laurie Ferguson, Martin's brother and a member of the Parliament.

PM: Well you can't win them all, and I mean the thing about....he's such an urbane and charming fellow, Laurie, that it's a very stinging criticism.

MITCHELL: Did you speak to him about it?

PM: No, oh God no. You know the old saying, the dogs may bark but the caravan moves on. I mean you can't worry about them.

MITCHELL: Speaking of dogs and caravans, have you spoken to Bob Hawke since he's departed?

PM: A couple of times.

MITCHELL: How's the relationship?

PM: Okay.

MITCHELL: Do you want him to stay until the next election?

PM: That's entirely up to him. I think many people in the Government would like him to stay till the next election.

MITCHELL: Have you asked him to?

PM: No, because it is up to him basically.

MITCHELL: But you'd rather not have a by-election one would assume.

PM: No, that's why it is a matter for him, but again it's not for me to be expressing views about his own - you know, he's got the right to do as he wishes after all these years and it's not for me to say otherwise.

MITCHELL: Is it fair to say you were good mates or was that..?

PM: Oh yes, no no, Bob and I were good mates and I think we got a lot done. I don't think there was any Prime Minister/Treasurer team that was longer serving than the two of us.

MITCHELL: And that mateship obviously has finished now.

PM: Well we're not mateship in the sense that we certainly don't live out of each others pockets and we're not exchanging confidences, but in terms of the camaraderie of a working relationship through a long period of time and under the stress of a great change in public policy, I mean whatever people think, in the eighties this Government globalized Australia, took Australia to the world and it's changed it forever.

MITCHELL: Have you seen people already are talking about a Bob Hawke comeback. Not Bob Hawke in fairness.

PM: Well only, I think only the fellow you mentioned wasn't it?

MITCHELL: They've been a few others who're not saying it publicly.

PM: That's alright, it's a free world, they can say what they think.

MITCHELL: Is there any chance?

PM: I don't think so. I don't think Bob would think that himself.

MITCHELL: The economy and that's why your here, Senator Button on this station yesterday supported investment incentives for business do you?

PM: Well, I could do and have on occasions the biggest incentives, I gave them two very large incentives, I cut the personal tax rate, the corporate tax rate from 49% to 39% and I removed dividends from the taxation system. We removed the double tax on dividends so at the right moment incentives matter and this may well be a moment that I think is something to be considered against our sort of budgetary backdrop.

MITCHELL: Well has John Button pre-empted it?

PM: Well no.

MITCHELL: Well he did. You have in the past pointed out there should be more restraint.

PM: Well no, John was entirely in order. What he said was this is something he thinks he favours but it has to be considered in the totality.

MITCHELL: As Prime Minister you move around, you go through more of the consultation process. Are you surprised by what your finding? The level of suffering?

PM: Well, can I just say of yesterday I was very pleasantly not surprised but confirmed what I thought and that was that the business community members who came to see us were very enthusiastic and positive. Such a discussion a decade ago would, there would have been complaints about tariffs, requirements of more protection, the government do this and that and while that was certainly part of the order of the day yesterday, it was put in the context of all of these people and institutions trying to help. There is much, sort of, heightened level of awareness about what the government can do and can't do, what the private economy should do and shouldn't do and I think it really couldn't of been more responsible, more optimistic, more enthusiastic.

MITCHELL: That doesn't say much for the unions because you are now getting that very pressure from the unions for more protection.

PM: Well, I don't know whether we are or not, seriously I don't think.

MITCHELL: Isn't that the basis of a document they put to you?

PM: Well I haven't seen a document as yet. But can I say from the ACTU, which is a peak union body in this country, they are not really out there arguing for more protection.

MITCHELL: What about Wally Curran?

PM: Well Wally might but he hasn't yet. Not to me.

MITCHELL: Do you perhaps regret the involvement of Wally Curran, he has copped a hell of a lot of flak?

PM: No.

MITCHELL: What's your relation with him?

PM: He is a good fellow Wally.

MITCHELL: Is he? some say he has destroyed the meetings around this state.

PM: He is a self taught working class intellectual type of fellow and I think he stands for a lot of what's good about the Labor Party, and a lot of its values and getting to know him has been one of the recent pleasures in my life.

MITCHELL: Is it politically wise? His image in this state is about on par with Norm Gallagher.

PM: I don't think that's fair to him. Norm did plumb a few depths.

MITCHELL: Well is it still politically wise to be involved with him?

PM: Well I'm involved with a whole lot of people down here.

MITCHELL: But Bill Kelty was so moved as to ring you and say you had better distance yourself, its going to hurt Paul.

PM: No it didn't, no.

MITCHELL: That didn't happen?

PM: Bill has a very high regard for him as well. But I talked to trade unions in this state across the board and have been doing. I've been coming to the ACTU now for a decade down here but Curran is not a rank and file member of the ACTU executive. He is a leader of a state union. So I made it my business in the last year or so to get out and see some of those state unions.

MITCHELL: So regardless of political damage does that relationship with him continue?

PM: Absolutely.

MITCHELL: Risk?

PM: I don't sort of walk away from friendships because of risk.

MITCHELL: Bob Hawke said the same thing about Kerry Packer.

PM: Well, good on him.

MITCHELL: Joan Kirner, one of your supporters here, says there's been too much delay already in getting things going. How much damage was done in the time between you left as Treasurer and when you took over as Prime Minister? Seven to eight months?

PM: Well, I think there were opportunities lost and I said some things at the time which I would have done had I been around but I've got the chance to do that now so I can only do, take up the opportunities I've been given.

MITCHELL: Whose fault was that?

PM: I think generally the government was advised that a recovery was coming through much more strongly. It's only about a week ago that I released Treasury's new estimates of growth through the year, which are one per cent lower than they were at budget time and I think because I was getting around the place probably more than members of the government were I could see that basically those stronger growth numbers through the year were not going to occur. So I was saying that they should drop interest rates further, in the end they did, and that basically they should shift policy in favour of growth because there wasn't going to be enough. But the official advisings of the Treasury, the Reserve Bank, the Department of Finance, the statistician, the group that make up the forecasting group was saying to government look that will be ok, our numbers are basically right. Well it turns out they weren't.

MITCHELL: Its interesting you say you saw more when you went to the backbench, you were able to be more in touch. Do you feel that in retrospect you were out of touch as Treasurer?

PM: Well I did as much as you can I think as Treasurer to get around and stay in touch but when I was on the backbench I saw a lot of groups and people that I wouldn't have seen as Treasurer, you know I just went out of my way to do that. And I had the time to do it. I think this is always a problem for ministers, you just can't see as many people as you should see.

MITCHELL: Do you feel you failed as Treasurer?

PM: No I don't because the Australian economy will now have a future as an externally-oriented economy in the international world of trade and commerce which it wasn't.

MITCHELL: We're in a pretty deep hole at the moment though?

PM: Yes we are in a recession, but we will emerge from the recession and what we will look at in the 90s is a low inflation country, with low rates of interest, with a structural budget surplus with a big shift in export and manufacturers. I mean this is the future, there is a good underlying long term future for Australia in the 90s, the short term is the recession and the problems it has brought but again, that followed eight years of growth.

MITCHELL: So you set that up in your period as Treasurer?

PM: Well I was the one who set up the institutional arrangements to internationalise the place and I think had we not done that Australia wouldn't have a future it would be just a low growth country relying on a few commodities with a very large current account deficit and therefore sort of a permanent recession, a permanent low growth mode. And that's what would have happened, you talked originally about making decisions, standing up and pushing your way through had I not pushed through things like the float, the removal exchange controls, cutting government spending all of those things in the 80s Australia would be now doomed as a low growth place.

MITCHELL: Mrs Kirner says she is looking for direct help for Victoria, will she get it?

PM: Well I think Victoria has taken a great burden of the brunt of the structural changes in Australia, that is the changes in protection, the fall in the cycle in the recession in manufacturing, its borne the brunt of that and a large part of the low level of confidence in the country I think is coming from the experience of the people of Victoria of this recession. So I have said now for nearly a year, that Victoria is a problem and has to be dealt with by the government in those terms.

MITCHELL: Are we still a basket ...

PM: Well I think it's bottomed. It's probably bumping on the bottom and may pick up but it won't pick up without help.

MITCHELL: Does that mean pump-priming is inevitable its just a matter of where?

PM: Well its not a good term pump-priming because mostly it has been in a budgetary spending which has picked the economy up and often we have squandered that which we have spent. What we would like to do is to try to give the place a stimulus but the things we do to do it are ones which structurally help Australia in the future. So in other words, rather than just having a sort of a big quick bang which sort of goes into thin air but costs a lot of money. Do things which are structurally good while at the same time pick the place up. So I have been to Victoria a lot in the last two years, a lot, sometimes a couple of times a week and I've seen a lot of Joan Kirner over this period as well

and Joan's prepared to make decisions, get things done and where I can help her I will.

MITCHELL: Some say, in fact the reason you're Prime Minister is the support of Victoria ...

PM: No, I got two Victorian votes only.

MITCHELL: Just going back to Wally Curran, one suggestion he is putting forward and I wonder about what you say about structural change is screwing up the super funds and now you'll look at it?

PM: Well I think one of the options which the trade unions is talking about is letting younger members of super funds have some sort of draw down on the funds for their housing. And this is a concept which has been around a bit and which is worthy of consideration. There are issues here and that is the question of preservation, and these superannuation benefits are to be preserved not to be touched till age 55. So that the sort of policy conundrum is how can you have them preserved and not touched until 55 but touch them for certain, if you like, approved things such as housing and that we are prepared to have a look at.

MITCHELL: A couple of quick things and we are running out of time, you once described as the media nut, I think Michelle Grattan said you were a media nut. In that background are you comfortable with the Conrad Black ...

PM: ... they seem to run a decent newspaper organisation around the world, most particularly in Britain where the weight of it is and I'm quite sure that what Fairfax needs mostly is a sort of a caring owner. I think the business has sort of suffered as a result of this ownership and I don't think newspapers can have a dozen years of being uncompetitive.

MITCHELL: Do you think they might be more fairer to you, I mean the Fairfax press traditionally give you a bit of a hard time, apart from the leadership

PM: No, Fairfax newspaper has been pretty fair to me I have to say, pretty fair to me I can't complain, I mean occasionally I have had a row with them but its been occasional.

MITCHELL: Still on media, the TV and radio political advertising ban its not your legislation do you support it?

PM: Well it has been amended in the Senate and it's I think seen as a solution to the problems of political advertising and its scale and cost and the pressure of the parties I think we can have, certainly not perfection I don't think we should just now, perhaps it was not perfection in its original form its certainly not perfection now.

MITCHELL: Can we get it right?

PM: I don't know but is something I am prepared to have a look at.

MITCHELL: Also prepared to back away from if necessary?

PM: No

MITCHELL: Refine?

PM: Refine I'd say but again the Bill is now back in the House of Representatives and we can examine it.

MITCHELL: Collingwood Football Club, does your support continue?

PM: Yes I'm a Sydneysider because I live in Sydney and I'm not a member of the Melbourne community but I get down to a few games a year.

MITCHELL: End of the year, not the Collingwood Football Club, where will we be? Any better off or still a lot of pain ahead?

PM: I think we will promote a recovery I hope Australia will be growing significantly a year from now and I hope most particularly that the fortunes of the people of Victoria and the mood of this community has changed from a negative one to a positive one. I think that would be great for Australia and great for the State and I think it is incumbent upon all of us in national politics to make sure that happens.

MITCHELL: Confidence is a key?

PM: Confidence is a key and at the moment confidence just isn't there, you still have tremendous problems with falls in asset prices.

MITCHELL: This is what baffles me, the confidence isn't there and the people say to me it's because of Paul Keating, because of when he was Treasurer, we can't wipe that eight year memory.

PM: Just remember this, in the seven years before 1983 we have 1.9% economic growth a year, in the seven years after 1983 we had 4.1 twice as much.

MITCHELL: ... unemployment

PM: In the eight years between 1983 and 1990, seven years in between, seven to eight years we produced one and a half million jobs so in 1983 we had 10% unemployment and in 1992 we have 10% unemployment. But in 1983 we had 10% unemployment in a workforce of six million, we've now got 10% unemployment in a workforce of 7.5 million so we have kept largely the 1.5 million jobs we created in the 80s. So I don't think people are entitled to say that they have had

memories of my stewardship over the eight years, they might have bad memories of the last eighteen months but the previous seven years it was one of the highest growth, highest income, highest wealth producing periods in certainly our post war history.

MITCHELL: Final question, you and your mate John Laws now you launched his book in February but Melbourne radio was bland in fact your having a cup of tea now but you had time for a cup of tea in between questions, I assume that there are exceptions to bland radio in Melbourne or do you still think that is right?

PM: As a general rule I think it was bland I think, I mean Laws is blessed with this, I think, a great radio career, a great radio manner, a very easy touch with what I think is the view or the feeling of most people, a common touch, his great ease of manner, his great skill I think is to develop a very conversational tone and in that out comes all of the little truths which are often hidden in a more racy interview and the other thing about him is that he must have the best radio voice ever.

MITCHELL: Is normal radio bland?

PM: ... its one of your colleagues saying I saw him in the United States, I said well there wouldn't be someone in the United States who has a better radio voice than him, it is a knockout radio voice. In other words some of that is God-given so it is no one's fault if you don't have a voice that good.

MITCHELL: Even if it is bland will you come down and take some calls with us one day, and talk to the public?

PM: Pleased to, thank you very much

MITCHELL: Prime Minister, we have ratings ahead of John Laws I should tell you, I've got a crook voice but better ratings.

PM: I know but you have to make sure that you get the cheques out of the company that he gets out of his.

MITCHELL: That would be a real achievement, thanks for your time.