



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
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AO: Mr Keating has agreed tonight to his first substantive interview since the election, and Prime Minister, welcome.

PM: Good Andrew, nice to be here.

AO: When you won power, immediately afterwards you urged your Ministers to stop and think, to do nothing for a while, to take stock, almost like sending them into retreat, I suppose, for a while. Did you actually need to meditate on just what you wanted to do with this personal mandate over the next three years?

PM: I think so. I think it is the right time for a Government after an election to think about the future and think about the circumstances in this election, some of the longer run issues. The issues which will be important in twenty or thirty years from now.

AO: But the point is you haven't really had that much time, I suppose, to think about that of late. I mean, the last couple of years have been all consuming, haven't they? First you had to get rid of Hawke, then you had to stop Hewson, all the time and energy, I suppose, was used in getting there. Was it a bit like suddenly arriving and having to stop and ask yourself, oh ok, now I am here what do I really want to do?

PM: No, because last year, in 1992, the principal endeavour of the Government was to get the economy growing again, but since the election I think the Government has decided to think about long run issues, to set its sails, and to take the wind shifts wherever they are, not to react to them. There is always this notion, you made this point about being invisible, that's code

for saying that we should appear at press conferences answering wind shifts. Well I think it is important for Governments to think about things, set their sails, and go to them. Since the election we have had on our plate settling the principles for the fulfilment of the High Court decision on native title under Mabo, thinking about the future structure of APEC and trade which I gave a long and important speech on in New Zealand a week or two ago, and the other issues you mentioned.

AO: Well we will come to all those issues.

PM: Setting up the republic and getting a thoughtful structure, to have a proper debate about the republic. Looking at the long-term unemployed.

AO: For the moment can we stick with the long-term unemployed because the economy and unemployment, and solutions to that, was a major issue at the election and yet here we are just straight after the election and now you appoint a committee to look at the issue of long-term unemployment to find a solution, which they will be sitting on until the end of this year, I think?

PM: I think so, yes. Because I think we have a chance to do something novel in Australia, I am quite sure very few comparable countries will attempt to do as we are already doing and can do. That is, we already have in place substantial labor market programs to get people work experience and training and get them back to work.

AO: But you appreciate the people are cynical about yet another committee?

PM: I know, but again it's not a matter of a committee, I don't think, Andrew. The fact is we are in a new phenomenon. That is, that we have got a high proportion of middle age people, of those unemployed who are middle aged, we set to work on dealing with youth unemployment last year and it made some substantial inroads into that. But I think what we don't want to see in this country is people marginalised. In Britain, for instance, you have got very high prices of labour, high labour rates, yet 3 million people are out of work. And you say to yourself, well how could there be high rates of labour with so many people out of work? And the answer is because they are sidelined, they are just no longer taken to the employment equation. I don't want to see that happen in Australia.

AO: So what do you want to come out of this committee, what do you hope it will come up with, what options?

PM: Well ways in which we can get people, longer term people back into work experience and back into work, and to study the post-war patterns of employment in Australia and in other countries and to try and take lessons from that experience.

- AO: You do want to get them back into work, though, do you? Because you did raise an interesting question the other day when you said, should everyone who wants to work be entitled to a job. I mean, are you seriously suggesting that our society can now afford to abandon that fundamental principle, that right?
- PM: Well, it's a matter of whether the notion of full employment is zero unemployment, and whether in an economy where there's a lot of flux – a big shift in its structure where people are going to be trained and re-trained – whether in that sort of an economy you're not going to have a proportion of people who are unemployed. Now, you've got another problem as well and that is, the problem of the older unemployed, elderly, older people.
- AO: Yes, you're now saying that perhaps one solution to that is to bring forward the pension for these older people. Now, I'm sure that's aimed in part, at least, so they can avoid the humiliation of having to go out looking for non-existent work, but a lot of people will see it as pensioning off the unemployed?
- PM: Well, we've already made a decision in the election to set up as we have already – we're already doing legislation – a provisional aged pension for people over 60, because it is somewhat unreal for someone to be requiring somebody who is 60 to subject themselves to the work test ...
- AO: ... to start again?
- PM: ... and when they can't get work. But it's an option for them, they don't have to write themselves down as on provisional aged pension.
- AO: But you're thinking of bringing it down to 55, aren't you?
- PM: Not necessarily, no. I don't think – this is not pre-judging this committee's work – I don't think that's much of an option. I think what you've got to do is get more economic growth, find more jobs, train more people and get the velocity of people through the pool of unemployment up and give them work experience. About 80% of those who are long-term unemployed now, find work, those who find work – 80% of them have had some contact with the labour market program – these are the programs of the Commonwealth which touch about 500,000 people a year – and about 80% of those who are long-term unemployed find themselves keeping their job and have had some contact with the labour market programs. So it's a matter of seeing what we can do with this problem.
- AO: One thing a lot of people would suggest you could do straightaway, is cut the tax cuts that you have in mind. Now, let me mention to you Professor Bob Gregory who is on this unemployment committee that you're looking at, who says that we've really got to be prepared to pay a lot of money for these people over 45 who can't find work to support them – the community

has to be prepared to do something about that. And like many other people, he's suggesting - and some of them inside your own Government you'd have to concede - are questioning these tax cuts. They're saying bluntly: look, if you're going to do something about these long-term unemployed, surely we have to abandon tax cuts for well-paid people?

PM: Let me just make this point on the tax cuts. If the country is to make a commitment to the long-term unemployed, it's got to be a commitment from more than just the Government - it's also got to be a commitment from the whole community and that includes, of course, business. So the notion that people should be laying people off as simply efficiency changes, to find that businesses are not running often as well as they were - and that the moment there is strong pick-up in demand they'll have to be re-hired - may not be a policy which is advantageous in the end of business. So if there's going to be a compact in the nation about committing itself to higher levels of employment, it's got to extend beyond the Government.

AO: Indeed, but surely business is simply doing what the Government said? You've urged them to get leaner and meaner - they've done that - and now it's going to be very difficult to turn them around, isn't it? They've discovered they can do very nicely with fewer people, they just had record profit?

PM: Until they have a surge in demand, and it might be that they've lost a lot of skills that they'll pay dearly for to have them returned. So it's not necessarily the best policy - that is, in corporate terms to be seeing the unemployment queue rise - because often the company demand is not the problem, it's just simply to get more efficient and they get more profitable.

AO: Okay, if I could get back to those tax cuts, though. Isn't it almost immoral, isn't there something almost immoral about having \$8 billion that you're about to hand out in tax cuts to well paid people, when you've got one million people unemployed - those long queues you've just referred to?

PM: I don't think somebody on \$20,000 a year is a high paid person.

AO: But up to \$20,000 they get nothing out of it.

PM: The tax rate at the moment, the marginal rate for somebody on two-thirds of average weekly earnings, that's \$20,000, is 38% - it's too high. It's just too high. That's what the tax cuts are there for, they are basically to deal with that group - between \$20,000 and about \$45,000. Now I don't regard those people as wealthy.

AO: Well compared to people without work, they are?

- PM: But the point is this: the notion is we can't afford the tax cuts because of what, Government debt?
- AO: Yes, because you have a huge deficit, which you acknowledge yourself you want to get down dramatically.
- PM: Yes, I know, but again look at it in the context of any other parameter - we've got just about one of the lowest Government debts to GDP - net debt to GDP - in the world. Australia's net debt to GDP is 12% - Government debt to GDP - I'll draw the numbers because I think it's important to get this over. France's is 27% of GDP, the United Kingdom's is 30.3%, Spain's is 33%, the United States' is 34.7%, Canada's is 49% and ours is 12%.
- AO: But if we're going to make international comparisons, we're not that heavily taxed are we?
- PM: No, but let me make this point. The point is the Government can afford, in these circumstances, to run these deficits because our debt to GDP is quite low. Remember this, where we're not being given credit is in the 1980s, we ran very large surpluses and we banked them - that's why the debt is now low. We're saying now is the right time to be using that low debt to GDP in the right circumstances in the economy. Now people say to me: well, President Clinton is pulling down fiscal policy in the US - so should you. But the American ...
- AO: ... putting up taxes.
- PM: The American's in the 80s had an awful fiscal policy, they never had a surplus, they were massively in deficit right through the 80s. We were massively in surplus, so therefore our debt to GDP, net debt, is low. Fiscal policy has to come back towards balance in the medium term, but not in the short-term. The reason the deficit for the coming year is going to be higher than this year, the starting point ...
- AO: ... \$18 billion instead of \$16 billion?
- PM: ... because the economy is just not growing as quickly and receipts are not coming in. If the economy, therefore, is not growing as quickly, investment per se is not growing as quickly. If we're not going to have a draw on savings, what's the point of bringing the deficit back earlier? What is the urgency? The key point is to bring it back in the medium term, which is what we'll do.
- AO: Well, you said you want to get it back to 1% of GDP in 1996/97?
- PM: That's right.

- AO: That's a lot of money, \$13 billion, from your starting point coming up this year?
- PM: Yes, but that's years away, and as the economy responds so too will receipts, and the Government will do its normal housekeeping job on the outlays. The key point is: a measure of any Governments, if you like good health, in its Budget is the level of its outlays. The outlays have risen because of the cycle of spending we've had to deal with the recession and its aftermath. As the cycle turns down so too will the outlays - our outlays will be back to one of the lowest in the OECD - so the rest of it is an equation with the receipts. That is, where does the economy go and what's the receipts harvest.
- AO: Well, if we needed any evidence of whether the economy is still in trouble, surely today's trade figures and the resulting dollar dive must have had you worried?
- PM: Yes, but again, you've got 1986 commodity prices. Remember this, the world is basically in recession - the United States is growing modestly, Japan's in recession, Germany is barely out of recession, so too is the case with Britain - and as a result commodity prices are now back to 1986 levels.
- AO: It's all true but, with respect, isn't there always a reason, an excuse as to why things aren't coming good the way you thought they would?
- PM: By any other measure, exports have been growing strongly over the decade, the qualitative change in exports is to elaborately transformed manufactures away from rural and mining products - and at any rate I think it's a little bit too early to be making judgements about the trends in the Current Account and the Balance of Payments.
- AO: But you were in despair when you felt the need to talk about a 'banana republic'. We're now within 0.1% of that all-time low, aren't we, on our currency against the basket of currencies?
- PM: Oh yes, but in the meantime we've been comparatively high and sometimes exceptionally high which has worried us too. The market can get awfully bullish once things start to turn around. So this a commodity-driven currency, it's less though today, I think, although I don't think the market thinks that. The change in composition of our exports to manufacturers away from primary products, will mean that over time we'll become less of a commodity-driven currency. But we still are a commodity-driven currency and when commodities are down, the rate will be down.
- AO: Do you sometimes feel like a little balsa raft just being buffeted by all sorts of things? Do you feel you have control of the economy?

PM: I don't think any one person, individual or Government can have control of the economy, but our economy is growing at the moment – about 2.5% to 3.0% ... 2.5% to 2 3/4% ...

AO: ... which is not enough to even make an inroad into unemployment, is it?

PM: Well, it would ordinarily have been – the problem is we've got people laying people off as you mentioned earlier to be productive. So we've got the growth but it's productivity-laden instead of employment-laden. If you're talking about the 80's it would have been ...

AO: ... if it's not one thing, it's another, isn't it?

PM: That's right. These things are not preordained, but nor is there any point in throwing your hands up and saying: well, this is shocking, it's not running according to as we wish.

AO: Sure, but the money market is starting to worry, isn't it? It is starting to show a lack of faith? There has been a number of projections made since the 1987 crash and a lot of them just don't seem to come good. Where are these gang-busting trade performances, the avalanche of investment? They're just not there.

PM: Well they are there and they are gradually happening. I'm sure you'll get onto McArthur River and the Aboriginal Issue – that's another \$300 million investment that's going to happen. There has been quite a number of those. But the key point is that manufactured exports have risen three-fold since the early 80s, manufacturing production has doubled, the fastest growing component of our exports is elaborately transformed manufactures, but while a great part of the basket of our exports is in base metals and in agriculture – when those prices are down in an international recession so too, probably, will be the Australian dollar. But as the international recession passes and things start to grow and the demand for commodities rise, so too, will the Australian dollar.

AO: As it passes, we've just heard more slow-growth from the Americans?

PM: A low dollar also presents enormous competitive opportunities for exporters. It means your products in world terms are very much cheaper and very much more competitive.

AO: And you've got big hopes of getting into Asia. You made a big play about that while you were in New Zealand, didn't you? What exactly do you hope to achieve?

PM: Well, it's where the fastest growth and income is in the world, it's in the Asia/Pacific, and if we can find ourselves integrated there, if we can develop the Asia/Pacific into an open trading area, then Australia's opportunities for income and employment growth will be enhanced.

- AO: Don't we have a rather awkward situation at the moment, part of which we alluded to a moment ago, that Australian companies are becoming leaner and meaner, they're making these good profits – but instead of investing them here, they're off investing them in Asia, especially southern China, and creating jobs there?
- PM: Some are but these things find their right balances, and one of the balances built into the system is dividend imputation, so if companies pay tax to a foreign treasury they don't get a credit for their dividends here. So a lot of companies will find the balance between domestic investment and abroad, but in that investment allowance – the development allowance we established in the *One Nation* project, which has registered \$130 billion of projects which are now starting to roll – if just a proportion of them come to fruition, the economy will be moving, in investment terms, quite nicely.
- AO: What are the hopes of a decent trade zone in Asia?
- PM: This is what we're trying to do with APEC now – improve its trade liberalising agenda – and we've established an eminent persons group to kick that process along. Neville Wran is representing Australia on that group and its report will be ready for the Seattle meeting of the APEC Ministers in the United States in November. What we intend to do with that is try and establish a framework for further trade liberalisation and hopefully beyond that, harmonisation of tax policies, foreign investment policies, packaging, food standards – all the things that will make the velocity of trade greater in the Asia/Pacific area. There's already tremendous growth in these economies, you mentioned China, apart from the established ones like Japan and less so Korea and the rest of the Tigers and the ASEAN countries, there's already a lot of growth there if they are more open, they're more liberal economies, there's a greater opportunity for all of them and for us. And that's why we're working so hard on these trade policies, on APEC and of course beyond all that the Uruguay round of the GATT which would set a much stronger background and framework for freer trade.
- AO: While our companies are going into Asia, Malcolm Fraser has expressed some concern about foreign firms coming here and buying us out. I suspect he expressed a fear that a lot of Australians have when he wondered aloud the other night whether there'll be anything left for his grandchildren to own. Do you recognise that as an emotional concern for a lot of Australians?
- PM: Yes, but again I think what will happen with these businesses they'll be developed as export businesses into ASIA from the platform of Australia, by and large. And this can only be good for us in the long term. Now, a lot of these concerns have been expressed about property in the past – we've now seen high prices paid in the eighties for properties, we've seen particularly Japanese companies selling that property down now for

much lower prices. I mean, they can't carry it away - I think there are a lot of phobias about this and the other thing is if you're running a current account deficit and it's got to be funded it will be funded with debt or with equity.

- AO: That's what I was going to ask you I mean there is a perception that you are a bit soft on foreign takeovers but in a sense you're in that bind aren't you, of needing the income for it, needing the proceeds from takeovers?
- PM: Well today's current account for the month - \$1700 million - has got to be funded. It will be funded by debt or by equity and equity means buying positions in the Australian commerce. Now, this is not the place to be arguing with Malcolm Fraser but if Malcolm was really worried about that he wouldn't have let the seventies go by and drop our trading guard so we start to develop large levels of debt, bad current account imbalances by relying on commodities and letting our manufacturing sector fall to pieces. I mean, we dropped our guard in the late sixties, seventies and early eighties and we've paid the piper since. And part of that is foreign equity.
- AO: But you're urging constantly more independence for Australia. It's almost the battle hymn of your republic I suppose. Rather than attacking the Monarchy some would say, shouldn't we be tackling more seriously our dependence on foreign money. I mean, our foreign debt has burgeoned in recent years, hasn't it, from, I think, it's 32% of GDP up to 43%?
- PM: Well, that can only be done in two ways. Lifting our domestic savings and lifting our own import replacement and exporting capacity and those things are happening, the latter in particular - I'm not sure whether you saw the McKinsey study of 700 smaller exporting companies but their rate of growth is phenomenal, 14 percent compound a year. Our problem on our trade front which is the generator of our debt, the so-called net income deficit, interest payments on the old debt, is about two percent of GDP it's about eight or nine billion. We've got an eight or nine billion dollar trade problem to deal with and as we deal with it the debt starts to stabilise. It can only be dealt with by a high level of Australian savings so we're not calling on overseas savings and overseas debt and a better productive base in this country - meaning more investments, more exports, more import replacement. And all of those things are going on.
- AO: Despite all our economic woes you've indicated that you've spent most of the time since the election concentrating on Mabo - you've signalled that you obviously want to achieve a major breakthrough in that understanding with the Aboriginal people. What exactly do you want to achieve there?
- PM: Well I think the High Court decision does present a tremendous opportunity. It's the opportunity of evening Australia up, of giving the Aboriginal people what they've always believed was theirs. And that's a legal title to the land that was always theirs. And while the High Court has made this decision to facilitate the decision, a whole set of principles have

got to be developed whereby we give expression - now what the High Court has said is there is a native title in the common law which has existed since settlement in 1788, discovered only in June 1992, but existed from that time.

AO: What exactly does that mean, do you think, for the Aboriginal people?

PM: I think what it means is that they have a claim on land in this country which can be facilitated other than by resort to statutory land rights. In other words instead of the Parliaments of Australia conferring on them a land right - something the community of Australia, via the parliaments, gives them - it's something which has more innate dignity. It's theirs of right.

AO: Well they're now fearing that in fact the parliaments of Australia are taking it away from them. I mean given the fine sentiments that have been expressed about trying to reach this understanding, the reconciliation with Aboriginal people, McArthur River must have come as a surprise to them.

PM: Well I don't think so but I'll come to that in a moment. What we've got to do is set up a system whereby we establish who has native title, and then upon having established it, where procedural fairness and compensation are paid for any use which may be put to that land, subject to that title. Now hearing claims for native title across Australia will be a test of our capacity to develop systems because it really means that there is in common law a title to land for the Aboriginal people of this country who can establish an association with it. So it's going to really test our maturity as a country to see this into place.

AO: You can understand the confusion and the cynicism though can't you, especially among Aboriginal people. I mean they think, look the Labor Government has been in there ten years now, we haven't really got anywhere with land rights at all, nothing's happened, it's only happening now because the High Court has put us in a bit of a pickle, put you in a bit of a pickle, with the Mabo decision. And it's the first real test that comes along, McArthur River. Well, they go down again, the miners interests are put first, and they're not even consulted.

PM: It's not really like that. The Aboriginal people themselves made clear to us that they are prepared to validate titles issued after 1975. Now, the problem with McArthur River was, there was a project to begin, it needed the title validated. The Northern Territory Government said it wouldn't revive the title. In other words, the title was extinguished. It issued a mining right and extinguished forever and always the title. We've said as a Commonwealth Government, we reserve the right in the future to revive that title, after the mining is complete, so that native title won't be lost.

AO: Will that have to go to a State Tribunal, which has been flagged, or not?

- PM: No. Well, that legislation now lays on the table and before its passage there's an opportunity for the Aboriginal community to negotiate just terms about the use of that land. And I got a letter from the Northern Land Council today, which made that point clear.
- AO: We did too. They didn't sound too happy in the letter.
- PM: No, it says this - negotiations regarding compensation and a just terms agreement should, as each of the parties has recently stated, continue apace pending the passage of the Bill. So, in other words, they've got a chance to negotiate just terms. We're protecting under our caveat, the revival of the title, but what we are doing, is in the Northern Territory passing the law, validating the title, which means the project proceeds. Now, Andrew, were the project not to proceed, you could imagine the noise which would be around. People would be saying, well, here's Mabo at its first blush a \$300 million project hits the fence. You'd have the worst elements of conservative interests in this country up there blaggarding the Mabo decision and all it stands for. So, what we're doing, is doing no more than the Aboriginal community offered us, that is, the validation of these titles, protecting its revival, allowing a discussion about just terms, getting it off the stocks so it doesn't complicate the broader Mabo principles.
- AO: Well, that maybe what you're doing, but what they're saying, of course, is it's the other way round. Look, a \$300 million project comes along and suddenly these proclaimed rights of ours go out the window.
- PM: Again, it depends how the media responds to this. When Coronation Hill was on, they said this is terrible.
- AO: Is this the pay back for Coronation Hill?
- PM: No, the Government has taken a political approach. It should have taken an analytical approach. When the Government takes an analytical approach on McArthur River, they say you should have taken a political approach. I mean, you can't do it right. In fact, in terms of Aboriginal interests in this country, in terms of getting acceptance of a set of principles for establishing native title and dealing with native title, McArthur River threatened the prospects of that happening needlessly, in the event that it failed. So, validating the leases, protecting the revival of the title, and giving the Aboriginal community time to negotiate just terms, in my view, treats Aboriginal interests appropriately, and properly, but importantly, lets get on with the main discussion about Mabo and not having it sidetracked by a project not proceeding.
- AO: It's effectively an emergency that blew up before you could sort everything out. But how many more McArthur Rivers might there be before it is sorted out?

PM: Well, they'll be some I suppose. But as I said, this will test ...

AO: And all be treated the same way?

PM: No, because once the principles are in place, then what'll happen is, they'll negotiate. A proponent will negotiate with the Aboriginal community and they'll arrive at terms for mining through procedural fairness. There will be a procedure – procedural fairness – as required under the Racial Discrimination Act, and there'll be compensation. But by then, there will be a structure in place. The problem at the moment is, there is no structure in place. And were we to let McArthur River fall, the people opposed to Aboriginal Interests in this country, would have banged the drum so loudly that I'm quite sure upon reflection, the Aboriginal community would have said we would have been better dispensing with this one properly.

AO: The Republic – another drum that you've been banging. Is it a certainty for the Year 2000, or have you still got a lot of work to do?

PM: I think there's a lot of work to do with it. But I think the procedure we've set up for a Committee to look at options for a competent change to a republic, so at least we all know what we're speaking of. I mean, the problem at the moment is, it doesn't matter who you are as a commentator, there are no pieces of paper about what constitutes a change to a republic of any variety. The point of the Committee headed by Mr Turnbull is to produce those models, so that at least we'll know what models we're working in, and people can say, well, a change of this variety I can support, a change of that variety I couldn't support. And in this first instance, at least we'll start to track the course. After that, of course, it's a matter of whether we have constitutional conventions, involve the States and other parties.

AO: Can it happen without the support of the Liberals?

PM: Well, I prefer that it didn't.

AO: But could it happen without that?

PM: It could happen, but I think it would be better if the Liberals recognise the fact that their involvement in this process can lead to a more harmonious and competent change.

AO: So how can you get them across the line? How can you get people like John Howard and Jeff Kennett to see it your way?

PM: Well, I think a lot of people in the Liberal Party do.

AO: But those two don't.

PM: I know, that's true. And I have said to them that we will give the Liberal Party time to come to an opinion about this, and that we don't necessarily want to have only our name on the makers label. That we're quite happy to have their's there too. But I think the first phase is important, and people can see what is involved in a quite minimal change to the Constitution.

AO: Can you resist the temptation though – Paul Keating the great politician – can he resist the temptation to use this to divide the Liberals, to keep dividing the Liberals, rather than going for the unity which would certainly make it a lot easier to work?

PM: Well, I'm interested in the change rather than worrying about the Liberal Party. There are plenty of other issues we can deal with the Liberal Party on.

AO: But how can you convince them of the bona fides then?

PM: Well, I think that just by our actions. That is, I've invited a fairly broad committee, a number of people on the conservative side of politics or the community are on that committee. And once the models are established I'm quite sure there will be an informed debate about what constitutes a minimal change, whether they think there should be change to the reserve powers, what's the mode of election, should the Head of State be nominated by the Government, should they be endorsed by the Parliament, should it have a fixed term. All of these issues will be debated, and we can come up with what the community thinks is a reasonable change.

AO: Mr Keating, you'd be very conscious of the television series coming up next week on *Labor in Power*, in which you and a number of your colleagues have been extremely frank, perhaps, on the premise that you might not have won the election that we've just had.

PM: No, no.

AO: Are you worried they've been too frank?

PM: No. Look, this notion that we've been frank because we might not have won the election.

AO: Well, why have you been so frank?

PM: This has been talked up by Phillip Chubb, and good on him, the Producer of the series. Look, anything I've said in this program I would have been happy to say win, lose or draw. And I noticed on the weekend in the *Sydney Morning Herald*, Alan Ramsey amongst others, had an article on this, and he's got quotes from these interviews, and the notion that what

have we got here. What it is, is big boys and big girls behaving like they are.

- AO: But hang on. You've got the Deputy Prime Minister, your current Deputy Prime Minister, Brian Howe, using words about you like betrayal. And Robert Ray's startling quote "constantly carping at every meeting and every social occasion. Constantly bagging Hawke. Constantly leaking to the Press Gallery, trolling upstairs with the latest story to hurt Hawke. That is destabilisation of the worst and most disloyal kind." He's one of your Senior Ministers.
- PM: I think he was referring there - I haven't seen the series - but I think you'll find he is referring there notionally to my supporters.
- AO: We think you.
- PM: Well, I don't know. It may be me, but I don't know. But I think Robert is happy tucked away back there in the Government. I mean, we're back there, that's all that matters. But the idea that it's being told as it is, is shocking. I mean, really.
- AO: Well, it is unusually frank. As you say, you would have said it anyway because you're the Leader, but some of these people are looking for jobs from you, looking for your favour.
- PM: Look, again, it's back in history. And I think what does motivate most people in public life is what they have on their plate right at the moment, and their aspirations for change. And this Cabinet has I think a very healthy approach in that respect. I think a lot of this stuff just slips into the past.
- AO: Well, it does go to an issue at stake at the moment. It's come up a lot since the election anyway. And that is, your style of Leadership, which is certainly very different from the consensus style of Mr Hawke's. You are, I suppose, much dominating, much more interventionist, power centred on what's already been dubbed the oval office, and that you've promoted really only your supporters in the Ministry. Are you really interested in putting an incredibly firm grip on this Government, it's you and that's it?
- PM: I don't think that's a fair description Andrew. I mean, some of this comes from the Press Gallery. But look, I took the opportunity with this election to try and re-make the Ministry. And the younger and newer people who have joined it will give the Labor Government a new lease on life that it might not have otherwise had.
- AO: There's some merit in that, but it also will require your stronger hand of guidance, won't it?

- PM: Well, I think that energy that you get from new members joining the Ministry and Cabinet, and particularly, younger newer members, is the sort of energy I think a Government needs. And I chose those people on their abilities. And I think they're already showing their ability. But as far as consultation goes, I can only say to you that I think the Cabinet process since December 1991 has been a very happy one. The meeting talks issues through. Now, since the election we've got a committee process into place, so some of the issues go off to committees and they come back to the Cabinet and the debate is truncated, so there is less discussion. But the whole process is a pretty friendly and discursive one.
- AO: But again, if I can go back to that Labor in Power series. Gareth Evans I think it was made the point in that, that under the Hawke style the best was drawn out of the Ministers, because they were expected to contribute a lot to this consensus style of Government. That perhaps you will be sitting on top of Ministers much more?
- PM: No. My attitude is, you let Ministers make their own pace provided the general direction is one where the whole Government is heading. That is, provided the direction is one which is basically not *ultra vires* of the policy. I don't think it's healthy for Prime Ministers to be trying to run the detail of portfolios. I don't think you should do that. But by the same token, it is important in meetings, at the right time, for the Prime Minister to have a view. But I don't think I tend to choke off debate by putting a view. I tend to let people have their say.
- AO: You don't brook opposition lightly though, do you? Can I put it to you, that you have a habit of really crushing quite ruthlessly opposition at times? I mean, Kim Beazley is said to have never fully recovered from the savaging you gave him during the telecommunications debate. And even you have acknowledged on this program, when we were talking about Labor in Power, that you went too far.
- PM: Well, I think in terms of the policy I was correct.
- AO: But you lost.
- PM: But I lost it. But we did in the end, all of us, cobble together nevertheless a good policy.
- AO: Is there a problem though when you do think you're correct that it's very hard to shake you from it? That you have this fixation about staying the course, not losing your nerve?
- PM: Because the place never had a break in nearly a quarter of a century. I mean, the place was inhabited with politicians who wouldn't stay to anything. It was just a flim flam place run by the bureaucracy for most of the post-war years. The reason it has now made the change to a different

culture, a different sort of society, is because it's had Ministers who've meant what they were doing.

AO: Yes, but I'm talking about you and your colleagues, your Ministerial colleagues, who you will take on and stand up to eye to eye and that's it. I mean, if you really decide to go for something nothing will move you?

PM: Yes, it does, arguments move me. If a Minister is doing a good job, and he's got a good case, that's fine. I think the notion that I've got a very interventionist style in the Cabinet is wrong. And this is a view that floats around the place perhaps from the hectic days of the 80s. I let Ministers talk, but in the end, we do bring it to a conclusion. I don't believe in aimless meetings where I sit mum trying to let a consensus develop for fear of showing my hand. That I reject as a style of leadership.

AO: Perhaps we're talking about two Paul Keating's? Perhaps, there are two Paul Keatings? One who is a cynical ...

PM: I'm much softer than you think.

AO: There are two sides to this Keating coin I suggest to you. One is the cynical powerbroker who will resort to just about anything and force his way through. The other is, at times quite sensitive in some of the speeches you've made. I'm sure at times even charming, and quite highly focussed, and desperately trying to think ahead, no doubt about that. But can you understand, why people find it very hard to get a fix on you? That they're rather divided over your merits as well, because there are these two people. Which one is right?

PM: Yes, well, I'm a mixture of things. I am, by and large, I think, nice to people. I try and draw the best from them, and I stick with them often, or I help them. Now occasionally, you'll get to the point where you're going to have a difference of view, and so I'll exercise a view then. I did when I was Treasurer, and I do as Prime Minister. But this is not in this Cabinet, a very heavily interventionist style by me, and I think Ministers would think that. But these sort of myths spring around. Now, I'm not saying that I'm some sort of wishy washy sort of character that doesn't have a view. Of course I have a view. But again, so do Ministers. And I think Ministers ought to be - you choose Ministers, you give them a job, and you let them go and do it, by and large. And they'll come and ask you, do you think this is right, or do you think we should do that, and that's fine, I'll give them a view. But by and large I let them run. But if it gets to a point where it is a problem with direction you've got to have a say, and that's the Prime Minister's job.

ENDS