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Subject: **INTV Prime Minister Keating**

Compere - Jim Waley:

Prime Minister Keating flew back into Canberra early this morning, after a two week trip to the US, Britain, Ireland and France. His last stop, Monte Carlo, to bolster our Olympic bid.

Before leaving there, he gave his first comprehensive interview on what's been an unusually productive fortnight for a travelling Australian leader.

Paul Keating is talking with SUNDAY's Political Editor, Laurie Oakes.

Laurie Oakes: Mr Keating, welcome to SUNDAY.

Paul Keating: Good, Laurie.

Laurie Oakes: Winning the 2000 Olympics for Sydney is a big finish to an overseas trip for a Prime Minister. But now the excitement's abated a bit, I mean, can we afford it?

Paul Keating:

We can more than afford it. I think it's a substantial international endorsement of what we've become as a nation. Because I think were we not as we are, and as we're going to be — that is an externally oriented country, which has got a real sense of democracy and good values — we wouldn't have won this decision.

So, I think, in terms of the directions which Australia's been going in the last ten years, the Olympic, the IOC decision, in a sense, endorses those directions.

Laurie Oakes:

But can you guarantee that ordinary taxpayers won't have to dig deeper into their pockets?

Paul Keating:

I think on the net balance of things, probably in economic terms, Australia will end up in front. The key point is it will show the world Australia as we now are, as a multi-cultural country, a successful independent country. And I think by then, this is seven years away, we will be much more part of the Pacific, the Asia Pacific, and we'll be I think, even more clear about our identity than we are this very week.

Laurie Oakes:

Now, obviously, this will lead to some upsurge of nationalism — patriotism, I suppose. Do you think that will give the republican movement a kick along?

Paul Keating:

I think it will, probably, yes — I think it will. And I think it deserves to, because I think that it is important

that when the world comes to see us, as it will in such a concentrated way, we're there, you know, having a much clearer idea about ourselves, you know, and more confidence in ourselves.

Laurie Oakes: Could we have a President by then?

Paul Keating: That's a possibility, it is. Somebody's got to open the Games. It's normally the Head of State. I think the world would wonder, would they not, if Australia's Games are opened by the Constitutional head of another nation.

Laurie Oakes: The question of Mabo and reconciliation between Aboriginal and non-Aboriginal Australians — presumably the Olympics have a bearing on that, too?

Paul Keating: I think they have a very large bearing.

Laurie Oakes: But can you get there? You've got the Deputy Opposition Leader, the Deputy Coalition Leader, Tim Fischer, talking about Aborigines being ungrateful for the money that's spent on them. I mean, that's the sort of thing the world will look at, I would have thought, when the Games are on.

Paul Keating: I don't think the IOC would have endorsed that view, you see, that's the point. I think a lot of politicians in Australia are going to have to scrub up their views.

And if the world's actually invested in Australia — and this is a good decision by the IOC, an important international decision. Because there was a big contest here between China and Australia, and it was the values of Australia which carried the day. In the end it was the values of Australia which carried the day. If those values are compromised by the sort of paltry views of some people in the political system, that will not be good for us.

Laurie Oakes:

There are political implications, aren't there. I know that the New South Wales Labor Party is concerned that John Fahey will call an election on the strength of the Olympic decision. Does that worry you?

Paul Keating:

Well, I don't think, I think John Fahey has, frankly, more sense than to try and exploit this decision in a personal way. This was a group effort. Laurie, the thing about it was — it should inject a lot of confidence in the people. It's one thing that the Government, me and others, saying look, we're going quite well, we've a very large leap in terms of our economy, we've made a huge leap into Asia, we're now trying to sort of APEC, we're trying to sort out our place in the world — and there's a lot of pessimism in Australia. I think this decision should provide a basis for confidence for people. We're actually doing better than many people think we are.

Laurie Oakes:

Well, related to that, I guess, the running theme of your trip in Washington, London, Ireland and France was trade — the GATT negotiations — your concern about European attempts to breach the Blair House Agreement. Do you think you got anywhere?

Paul Keating:

I think so. One thing is clear, that there's no doubt, I mean, the centrepiece of my visit was the meeting with President Clinton. That went well in my terms — I hope, and I think, in his. And that it wasn't about, simply about reaffirmation of our defence links, and the normal things we talk about. What was high on the US agenda that week I was there was trade, which was high on our agenda, too. And we've agreed now to kick APEC along — that's Asia Pacific Economic Co-operation — with a meeting that President Clinton is sponsoring in November in Seattle. And at that meeting I should hope that we give much more form and substance to APEC.

Now, that is, in a sense, Australia's bolt-hole. That is to get this organisation together, to put Australia at a very large table for the first time.

What we then want to do is overlay that with the GATT — the General Agreement on Trade and Tariffs, the so-called Uruguay Round. Now, it is stalling at the moment because of French intransigence over the Blair House Accord, which was an agreement freely entered

between the European Community and United States.

We say the Blair House shouldn't be touched. Special Trade Representative Cantor says the Blair House Accord shouldn't be touched, and so does the President.

Laurie Oakes:

Now, you seemed to strike a fairly quick rapport with Bill Clinton. Is it now the sort of relationship where you feel you can pick up the phone whenever you want to? Are you likely to do that?

Paul Keating:

I could — he invited me to do that, and I could do that. Look, I think Americans have fallen on their feet with Bill Clinton. I think he's a young, fresh, altruistic, engaging person, and you can see the — any conversation, the detail that he has in his mind on issues — I mean, in our system Ministers are expected to carry detail in their heads. In the American system this has not always been a requirement of US Presidents — but he has it, he can talk about fiscal policy, tax policy, health policy, trade policy. I mean, he's the genuine article, and I think that we're very lucky that the United States is led by a person who comprehends these big problems — and trying to marry the big international responsibilities of the United States on to the domestic agenda of growth and jobs.

Laurie Oakes:

You're seeing him again in Seattle in November. Are you going to formally invite him to Australia?

Paul Keating: I will. I think that's the time to do it. It didn't on this occasion, because I think it was a get-to-know-you meeting, and I'll be seeing him soon, and I'll be speaking to him in the meantime, anyway.

Laurie Oakes: Do you think he'll come?

Paul Keating: He might. I think he might.

Laurie Oakes: Prime Minister, we'll take a break there — be back in a moment.

Prime Minister, you made a very brief visit to France, really to lay a wreath and remember our World War I dead — but that turned into a trade matter, too. You attacked the French there, I suppose almost using dead diggers as bargaining chips. What made you so angry when you got to Velarise Breteneau(?)?

Paul Keating: Well, you've got to say to yourself, what does it mean? I mean, here's a hundred odd thousand young Australians went from one side of the world to the other, half of them left their lives behind in defence of France, French liberty and values.

And, you know, I was there with the names of eleven thousand Australian service men and women engraved on the wall of that place, Velarise Breteneau, and yet in Paris on a matter which is about international decency

and fair play, which does affect Australia materially, you're flat out getting a point of view registered.

So you've got to say to yourself what does this mean? I mean, we were there twice. The actual — the monument was all, the monument which was built in the early 1920s after the first World War was all pock marked with bullet holes from the second World War, where we were again.

And you've got to say to yourself, well do we rank at all with these characters? I mean, that is, did it mean anything to them? Because what you've got — we're not asking, they're saying, oh, we can't affect the French farm sector. But we've had to make decisions about tariffs. We've made decisions which affect our garment industry and our textile industry and footwear industries, and our manufacturing industries. We've done what's best for Australia, and we've played our role as international citizens. But this dog-in-the-manger attitude which France persists in—

Laurie Oakes: They've protested to you, haven't they, about your comments?

Paul Keating: Oh, no — they gave some churlish off-hand remark by some Deputy Minister. I mean, I've stung them where it matters, and that is to say, look, you've got responsibilities, and we're making you face the fact that

if the Round fails, you will wear the responsibility for it.

Laurie Oakes: Could I ask you about your trip to Balmoral — I know you don't want to say any more about the meeting with the Queen than—

Paul Keating: Laurie, I don't want to say because, not because I want to be secretive and evasive. But it is a convention, and an important one, which the Queen has insisted on always, that the details of the meeting remain private to her and the person she's meeting.

Now, she did break that convention by authorising me to make that statement, which was a very important one, and I can talk about that.

Laurie Oakes: Well, part of that statement was you said the Queen had said that she would abide by the (...inaudible...) for Australian Ministers and the decision of the Australian people. But you'd expect a Constitutional Monarch to say exactly that, wouldn't you?

Paul Keating: Well, yes — but she didn't need to authorise me to say it. I mean, it could have been that the view from the Palace was that she would, she would be advised at least, the Queen would be advised at least to resist such a change. And being perfectly proper, which I've always believed the Queen to be, she not only forth-

rightly met that position, but authorised that I should say it.

Laurie Oakes: So was she declaring herself a neutral player in this? Is that how you see it?

Paul Keating: Essentially, what she's authorised me to say is this was matter for Australians, for Australians to decide, and that she should abide with any decision made by the Australian people.

Laurie Oakes: Can I put to you some of the things that British newspapers reported — newspapers that claim good Palace sources. A whole series of them claim that when it came to the point of telling the Queen about your republican plans you almost bottled it. In other words you almost froze up and weren't game.

Paul Keating: Now let's not underestimate the gravity of this meeting — and the gravity with which the Queen's staff would have approached, and did approach this meeting. There would be no leaks from this meeting.

Now, that's not an accurate reflection of the meeting. The meeting was cordial, and warm, and utterly discursive on the substantive issues which took, I think, seventy five minutes.

Laurie Oakes: Did you almost bottle it?

Paul Keating: Well, I said to you it's not an accurate reflection of the meeting. No, I didn't. I put, as I said before the trip, my views, courteously, informatively and forth-rightly — and I hope for Her Majesty, helpfully.

Laurie Oakes: They also claim, the British press also claim that you had a chilly reception — that you had to stand outside in the cold at a barbeque, and got a royal cold shoulder.

Paul Keating: I can say, I'm entitled say and I'm sure she should want me to say that it couldn't have been a warmer meeting. It couldn't have been a warmer reception in a personal, family way.

Laurie Oakes: Could I ask you, just before we finish, about some domestic issues. You're going back now to, I suppose, the old problems that you left, some of which are worse. What about the John Dawkins issue? I mean, is he showing the strain of this budget battle?

Paul Keating: This Government's directions are right, and they have been right, and we've got to pull those threads together, and I'm going to call the Cabinet together on Monday morning to tell them about the trip. And at that meeting we will have a discussion then also about our budgetary position, and the budget.

Now, the budget's sense is right. It's aggregates are right. We've had a problem with the detail, but the time

has come, I think, for everybody to pass the budget and for the country to get on with it, because we've got so many other big things to do.

Now, I think the Treasurer has, not unnaturally, been left to his own devices while I've been away, to fend off discussion and argument about the budget, including dealing with the Independents.

Laurie Oakes: And he felt pretty lonely, I would say.

Paul Keating: I've spoken to him a couple of times on the visit, and not unnaturally in this circumstances — because what's happened here is the Opposition have broken the convention by not passing the Government's financial legislation in the Senate.

Laurie Oakes: But the Treasurer has looked pretty brittle, hasn't he? — publicly talking about resignation. I mean, presumably he didn't—

Paul Keating: Well, I think he was sort of, perhaps, waxing a bit lyrical about that, but, I mean, we've all done that from time to time. This is not a cardinal sin.

Laurie Oakes: Did he talk about resigning about the budget, and again on the phone with you the other day?

Paul Keating: No, no, no — he hasn't, no.

Laurie Oakes: When you call Cabinet together on Monday, will they bet getting some sort of pep talk from you about the need now to—

Paul Keating: Well, I think, I think, Laurie—

Laurie Oakes: —show more unity, I suppose?

Paul Keating: Well, we've invested a lot of time in Mabo, which is important, and you can see the importance with the Olympic decision — if for no other reason. That is, beyond the great central reason of reconciliation and access to land and decency in public decision making in respect of Aboriginals. Apart from that, just in terms of the Olympics, how important that's been. We've invested a lot of time in that, because Mabo is a revolutionary change in land management and social justice questions.

But that's now coming together in that legislation. The budget aggregates are right — the directions are right — the budget deficit should come down. And that's been presented, and we've trimmed the budget up in certain respects without changing its aggregates substantially.

So, yes, we've had a few problems with those, but they're going into place.

Laurie Oakes: You're looking a bit ragged, aren't you, as a

Government — and won't that continue while the Senate is doing what it's doing? Presumably it's not just a budget problem? They're going to look at all your major legislation.

Paul Keating:

Well, I think, providing the Government's convinced of its policy directions and satisfied with its work, we'll live with the Senate, and we'll stare the Senate down, and we'll win the public argument. I mean, that's the key point.

Laurie Oakes:

Prime Minister, thank you very much.

Paul Keating:

Thank you, Laurie.

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