



# PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP  
INTERVIEW WITH NEIL MERCER, "TODAY TONIGHT", CHANNEL 7  
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**J:** First up tonight though it's back to business for the Prime Minister Paul Keating. Today we find out the economy's boiling over, a tough Budget is now being predicted. Prime Minister Paul Keating joins me in the studio. Prime Minister, welcome to the program.

**PM:** Thank you Neil.

**J:** What do you most admire about John Howard?

**PM:** Just the view that if you hang around long enough you might get asked a second time, that's all. If you're tenacious and you stick there. When Peacock left somebody said well you know if you leave, you might leave the job, but Johnny said I've been there that long I don't care any more.

**J:** But you would have to admire his resilience, the fact that he has hung in there.

**PM:** Yes, I think that's to be admired but I don't admire his lack of policy ambition or his lack of achievement.

**J:** He's surely though the most formidable opponent you've had in the last few years?

**PM:** That's what they said about John Hewson. That's what they said about Alexander Downer. Ten months ago it was the dream team, the young turks, Alex and Peter Costello. See the Liberal Party, this is the Liberal Party's third choice and you're asking the Australian people to be their first choice. In other words, when John Hewson lost the election they had a chance then of making a clean break and saying well look, John's gone we'd better go to John Howard. No, they said

no we won't do that, we'll go back to John Hewson. When he fell over they said maybe we should go to John Howard. No, no we won't go to John Howard, we'll go to Alexander Downer. They've gone to him because there is no one else.

J: But surely he's a more formidable opponent than Alexander Downer was?

PM: I just don't accept that...

J: He's a better parliamentary performer?

PM: He is a better parliamentary performer but one of the things I'm very pleased about Neil in Australia is the Government has at least over a decade now lifted the policy debate and the policy expectations. The public want value. They don't want parliamentary hijinks, they want Government policies. So that's where I think we're strong and he's weak.

J: You're not the best of mates with him though and I'll just read you a quote that you said in the 1980s and it was this: I will do everything I can to crucify him, obliterate him from the leadership. They are very strong words. Do you still feel that strongly?

PM: But why did I say that? Because he had one of his backbenchers in one of the most sleazy attacks ever raising personal matters about my personal life. That's why I said it.

J: Have you forgiven him for that?

PM: Everything has its place. You see, I don't refer at all to the personal lives of Liberals. Never have and won't do it.

J: Have you forgiven him for that?

PM: Oh it's way back in the dark ages, yes.

J: Will you still crucify him?

PM: I don't think it's fair of you to ask me that question. What I'll do is, look John Howard has got three policies. One is income splitting for families, the other is to cut the wages of people under \$35,000, average weekly earnings, what he calls labour market reform, and the other is a sort of corner shopkeeper's crankiness about red tape. You know, knock over the Government sector. They're his three policies. Nothing's changed in twenty years.

J: But to be fair to him on income splitting, he said he's now prepared to be more flexible, the Liberal Party is going to be a broad church.

Surely that makes him a lot more difficult for you to combat than Alexander Downer who was clearly accident-prone.

PM: Let me make this clear about him. John Howard left an inward-looking, moribund, low-growth, high unemployment, high inflation economy.

J: And he would say you gave us the recession.

PM: That's what he left us. Ring-fenced by tariffs, a managed exchange rate, a wage explosion, eleven per cent unemployment and ten per cent inflation. It took this Government to open Australia up, to do all those things and knock over the tariff wall, to float the dollar, to open up the financial markets, to get back to best practice, to get nine kids in ten completing secondary school, to give us a future as an educated country. That's why the Government will always beat a John Howard Opposition.

J: He also says you're, and this was just recently, a part-time Prime Minister. That in recent times, you've taken your hands off the wheel.

PM: In the last year I've had Working Nation, the largest package ever for dealing with retraining and reskilling the labour market and dealing with the long-term unemployed. The cultural policy, with support for the arts and multi-media. The Budget of last year. APEC, sewing Australia up in the Asia-Pacific. The drought policy, develop income support for farmers. I mean we couldn't have done any more last year. In fact we did more last year than I think any Government since the war.

J: Alright Prime Minister, we have to leave it there just for the moment. We'll be back with more from the Prime Minister right after the break. Stay with us.

J: Prime Minister, just before the break, we were talking about John Howard saying, you had taken your hands off the wheel and indicative of that was the shemozzle over woodchips.

PM: Well woodchips is a complex issue and there are three thousand, I mean I reject absolutely this hands off the wheel notion, as I said this was the toughest year and the biggest year last year I think any Government's had, certainly since the war. But woodchips is a complex issue. We've got what we call a coupe, 150 metres square. There's three and a half thousand of them and picking which ones have got high conservation value and which haven't, is very hard for a Cabinet.

J: But in terms of a political problem, you said I'm going to lob a grenade in there you have dropped a grenade on your foot, and you have alienated both the Greens and the timber workers?

- PM: Well that might suggest to people....look, what we have got here now is a decision for the nation. It doesn't suit the timber workers, and it doesn't suit the Greens - but it is right for Australia. What it does is preserves those high-quality, high-conservation value stands of trees, which I think it is a crime to see cut - some of these stands of old trees that can be protected and ought to be. What we have done is to set these aside for examination, to see which are truly in that position. Now, if before Christmas 200 coupes were set aside, the Greens would have thought it was a fabulous decision. I have set aside 500, and because they think they have got the Government under pressure, they are saying "Oh no, we're not having that", the timber workers are saying "oh no, this is too much", so maybe it gives the public the inkling that we have probably got this about right now.
- J: Alright Prime Minister, lets move onto the major economic statement today - can you guarantee...say to us tonight that in the coming May Budget, there will be no increase in taxes?
- PM: What I can say to you Neil is that this is the fastest growing Western world economy, with the lowest levels of tax and low inflation. What I can say to you is we will be keeping that going, and the Budget is about keeping that going. This Government was hired and rehired in 1983 to produce growth, job security and employment. We have done that. But we have now got a very strong economy, and basically have to temper it - and that is the job of the Budget.
- J: Ralph Willis said today at his press conference, apparently, "there will be some resort to tax increases". Do you agree with that?
- PM: None of us can pre-empt what the Cabinet will do, but it....
- J: But it has to be one or the other?
- PM: Well that is what I am trying to say...it will come this way - it will come by either some increase in revenue, cuts in Government spending, or sales in Government assets.
- J: Which do you favour?
- PM: You'll see. I did, as Treasurer, 9 Budgets and 7 May Statements - I did 16 Budgets, virtually, and we'll be doing another one.
- J: Can you understand why a lot of people would be apprehensive about what is happening - we saw 3 rises in interest rates, the economy is supposedly going well - as you say - why are we seeing the rises in interest rates, and Government spending about to be cut?
- PM: Neil, let's get this on the record - 6% growth and 2% inflation in the last year is the best economic year since the War, fullstop...

J: But you can understand that people are hurting out there?

PM: ...the interest rates are basically a premium for the security for the future - in other words, how we do we keep this growth and employment running so that people don't have to worry about their jobs, where they are seeing unemployment come down, where they are seeing growth and incomes rise, where they are seeing company profits and investments rise. The increase in interest rates that we have seen are basically a premium on that security.

J: Will we see any more increases in interest rates in the near future?

PM: Well, I don't believe that....

J: They would be appropriate?

PM: I don't believe there is a cause for any adjustment, and that is why the Treasurer again stressed today that in terms of policy, we will be looking at the Budget.

J: Okay Prime Minister, we have to wrap up very quickly - are you looking forward to the year?

PM: Absolutely. This is the ultimate high-wire business - this is my 26th year at it - there has got to be something about it that keeps me going.

J: Prime Minister, thanks for your time.

PM: Good luck with the program.

J: Thank you.

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