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## **PRIME MINISTER**

### **TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP INTERVIEW WITH PAUL BARBER, RADIO 3AW, 28 MARCH 1995**

#### **E&OE PROOF COPY**

PB: Prime Minister, good afternoon.

PM: How are you, Paul?

PB: I'm okay, thanks, but you're a man under siege at the moment.

PM: Oh well, that happens to Prime Ministers from time to time - it's an occupational hazard.

PB: You can wear it?

PM: Well, I have in the past.

PB: Can you understand why people call you arrogant and unwilling to listen?

PM: Well, I mean, let's not mistake what people mean. If it's arrogant to have pride in what you're doing and want to get the things done, then that's a label I suppose I have to wear. But, I mean, I've been here for 26 years and I've seen a succession of Prime Ministers pass the parcel on all the big hard issues of Australia, that is, opening it up, making it competitive, reducing a contestable economy inside a country, breaking the back of decade-long inflation.

PB: So, what, you're determined to be better than any of the other previous Prime Ministers?

PM: Well, I'm determined at least when it's all over, whenever that is for me, to say that I never shirked the big ones.

PB: Are you the best Prime Minister in your 26 years?

PM: Well, just get this point about arrogance, I mean, there are other people here who, I mean, my argument is, I suppose, don't mistake pride in one's craft and getting things done. I mean, you look at the last couple of weeks. There's the Native Title Act - seven votes to zero, seven Judges to zero on the High Court. There's the Land Fund Bill passed. There's 91,000 job growth last month. I mean, the economy is growing at 5 per cent and we've had just on 4 per cent employment growth. I mean, they're real, I mean, you understand, they're real things and to get the real things done, if you throw the fights up here or be sippy, let everybody tread all over you in the system, then the Australian public lose out.

PB: Yes, but with respect, I mean, what is more important - this is what the critics are saying - Mabo and the Republic, or a fragile economy and interest rates? It appears to be interest rates is the thing....

PM: No, but it's not fragile. Understand this - I mean, the economy, if anything, has been too strong. I mean, that's why the interest rates were increased in November and December because the economy was running too strongly.

PB: Except you're being forced to bring in a tough Budget next month?

PM: But, what would you rather be handling? A strong economy with low inflation or the thing that I was handling back in 1991/92 of a recession and trying to get out of it? I mean, we're growing faster than any other country in the world with low inflation and we've got a couple of problems. But I would rather be attending to problems in the context of high growth. I mean, the Government was rehired and recommissioned in 1993 to start growth and employment. I mean, you give me that, that the main thing in the election was employment, was it not? Well, here we are, we are now at 590,000 jobs since the election. We are 90,000 jobs passed the Government's 500,000 target - which we achieved in two years, not three. You know, I think, we've had this dreadful sort of debate running - the sky's going to fall in, interest rates have risen, we're all ruined, it's all over - where in fact, you know, I walked around western Europe a couple of weeks ago as the only head of government in the western world able to say that we're growing at 5 per cent with 2 per cent inflation.

PB: But you told them how to improve their architecture.

PM: No, I didn't - that's again another bit of urban myth.

PB: You told them how to improve their economy?

PM: No, no.

PB: Signs of arrogance?

PM: No, you get asked, you get asked. I mean, if you go to Europe where the rates of growth are 2 per cent and the employment growth is three-quarters, I mean, are there no things Australians are proud of? I mean, do you really think, Paul, we ought to have the cultural cringe to the point where European growth is 2 per cent and employment growth is about three-quarters of a per cent, and we've got 5 per cent growth and 4 per cent employment growth and you should shut up about it? Oh, I won't mention that, oh no, I'm not going to tell you we're growing well. No, no, I will definitely not tell you we've got 4 per cent employment growth because it might look like that we're telling you how to run your affairs - you get asked.

PB: Well, this comment today you made about you didn't want to be locked into a mortgage grindstone. Well, you mightn't want to be, but I mean, millions of Australians, they haven't got any choice.

PM: No, but understand what I said. I said, my opponents believe that they can reduce the whole national debate of Australia down to simply a discussion only about interest rates. In other words, Australia's place in the world, APEC - Asia Pacific Economic Co-operation - opening up markets in this part of the world, changing training and retraining in Australia through *Working Nation*, getting the arts into the high-tech end of multimedia, or the Republic, or Mabo, or any of these things should all go out the window and the only discussion we should have should be about interest rates despite the fact that we've had the largest fall in unemployment in any one year in our history last year.

PB: But isn't that the message from the massive rejection you got in the Canberra by-election? I mean, what lesson is to be learnt?

PM: Well, I don't know that that's the sole message. Well, the Canberra by-election was a complex election. I mean, we had a 10 percentage point shift from the Labor Party to the Liberal Party in the ACT Assembly elections. Now, part of that is to do with the fact that Canberra used to be funded Federally, and generously funded, and when the ACT moved to Statehood funding under the Grants Commission, it's now had three or four years of very large reductions in Commonwealth payments to the ACT. The local community hate the sight of the Assembly up here, and I think Rosemary Follett unfairly carried that burden. Now, that's obviously....

PB: Did you have the wrong candidate as well?

PM: That obviously switched across to the Federal by-election as well as the, what you may call, national influences which were there, which I accept were there.

PB: But you see, you've just called those voters, today, Canberra fat cats.

PM: Who did?

PB: You.

PM: When?

PB: This afternoon. I did not at all. Where did you get that from?

PB: I was told that after the reception for Mr Havel that you described them as fat cats.

PM: Well, you are quite wrong about that.

PB: Well, I apologise if I'm wrong (inaudible)

PM: I mean, this is the thing, I mean, we've got this sort of low-grade media debate which runs on scuttlebutt and nonsense. I mean, you know, you're talking to a Government here who's doing things in social terms - employment and growth. Look, you know the Liberals couldn't beat inflation. Ten years we had double digit inflation. You know, that was one of the nasty jobs that was left to me. That's why we've got now comparatively low interest rates. You've still got interest rates around 9-10 per cent out there in the commercial world.

PB: It's not just the media, I mean, take Graham Richardson. I mean, has he really become a Judas? You described him as taking the 30 pieces of silver - has he really become a Judas?

PM: Well, Graham can't represent himself as a Labor person giving Labor comment when he is being paid to represent a network.

PB: Has he ratted on the Party though?

PM: Well, look, that's for other people to make a judgement about.

PB: Oh, what, you can make that judgement?

PM: Well, yes I can. But I'm not making it for you.

PB: Why not?

PM: Because it doesn't suit me to.

PB: He hasn't ratted on you?

PM: Just go on to other things. Look, I can talk about any number of commentators - I could move through half the Press Gallery if you wanted me to.

PB: And what? (inaudible)

PM: Well, there's just no product in it. I mean, there's no product. We're in the middle of this sort of debate which is seeking to deny the undeniable, and that is, that Australia's economy has been, if anything, too strong and that the Government has taken the right action at the right time to slow it down. As I said a couple of weeks ago, those interest rate rises have been done to protect people's jobs in the longer run - the guarantee that there's a recovery that goes on right through the 1990s.

PB: Alright, well, Prime Minister, Caucus today, what was it like going into the lion's den? They're pretty (inaudible)

PM: Well, it wasn't a lion's den at all. That's another bit of hype and nonsense, you see. It wasn't a lion's den.

PB: Did they all get up and applaud you when you walked in?

PM: No, they were fine. They were like they were every other meeting and I gave them my thought, I addressed the issues of the week, and the issues of this week include the by-election loss, and I addressed them I thought directly and frankly.

PB: You've got this Sylvia Smith from Bass threatening to resign because (inaudible)

PM: Well, there's always some comment. You get a Caucus of nearly a hundred people, you are always going to get someone say something.

PB: Well, have you hosed her down?

PM: No.

PB: What if she resigns?

PM: She's not resigning, I mean, where did you get that nonsense from? I mean, do you just think this stuff up, Paul? Do you work at it or does it just come naturally? I mean, you know, do you sit up there, I mean, what do they put in your coffee, down there?

PB: I'm drinking water here at the moment, actually.

PM: You've obviously got a mickey finn in the coffee.

PB: I'm not dreaming this stuff up. You know that she is threatening to resign over (inaudible)

- PM: She's not threatening to resign at all. She passed a critical comment, but so what? She's entitled to have her view.
- PB: What lessons have you learnt then from NSW and from Canberra on Saturday?
- PM: Well, from NSW there is one lesson and that is the John Howard lesson. He said it is completely critical to the future of the federal coalition that John Fahey win in NSW. Well, one lesson out of that is they lost, or it seems they have lost and it looks like Bob Carr will form a Government - that is one lesson. Out of the ACT I think there are multiple lessons.
- PB: Just before we go onto Canberra, even there you have got members of your own faction saying they would have won much more easily or Bob Carr would have won much more easily had it not been for you.
- PM: Yes, well that is a bit of analysis, but all the people that give us the analysis have not won an election themselves.
- PB: But, this is your own faction.
- PM: I know, they are not all wise. They may all be inclusive Paul, but they are not all uniformly wise about deciphering election results.
- PB: Yes, but the NSW Right falling apart, I mean you have got Carr, Loosley, Della Bosca, all of you sniping at each other.
- PM: No, no, I just think that it is never really right that the public will never accept one part of a party denying the other. It was like when Joan Kirner was in her last days as Premier, she was never denied by me. Because I think the notion of saying 'oh look, they are in the Labor Party but they are not ours' people say 'come off it, don't be so dishonest, of course they are yours'. So you go together for good or ill, you go together.
- PB: Do you regret that Ros Kelly went when she did?
- PM: Obviously, if she hadn't have gone we wouldn't have had a by-election. So, we would have been better off.
- PB: Are you disappointed that she put her interests before the interests of the party?
- PM: There is another thing here. Look, the Government has won five elections and at every election there is always somebody that moves out. In this cycle we had John Kerin and we had Neal Blewett and the system has got to be able to let people go and bring other people in. The Government is substantially renewed with a big influx of new and

young members including over half of the ministry having changed since the last election. There has got to be some process where that happens. Now occasionally, in the transition, as is the case here, the public will take hold of an issue or a set of issues and give you a message.

PB: But you reckon you can win the public back despite what the polls are showing?

PM: I think so, because I think this is the Government of post war change in Australia. This is the Government that broke the back of Australian inflation. This is the Government that opened Australia up to the world by removing the tariff walls.

PB: Is it the best government you have seen?

PM: Well, it is the best of the ones I have belonged to and it is certainly the most conscientious and effective government in the years I have been in public life which is 26 now. Look, the thing is, let me just make a little point to you. One of the things I was able to say to Helmut Kohl, you know the European Community have the Treaty of Maastricht, you have heard of it?

PB: Yes.

PM: It has terms and conditions - tough terms and conditions - about who can join the European Monetary Union with the Deutschmark with Germany. At the moment there are two countries which can qualify - only two - Luxemburg and Australia. Now, it says something about us doesn't it? That we can meet the toughest economic convergence criteria, probably in the world, to join in what would be were we to be Europeans in the Deutschmark area. So, I think Australians should understand that this quite malicious debate that John Howard and the Liberal party are running, that there is something wrong with the economy and that we have had five minutes of sunshine. We have had three years of growth - 36 months of growth, 12 quarters of growth - and will go on having growth and the whole claim is fallacious and untrue.

PB: Yes, but there again, you see I am sure that half of the people listening to me at the moment, whilst they might think 'oh well, it is a feather in your cap there to be able to give a bit of advice to the "old Kohlie" over there' on the other hand they are saying 'hang on a sec, Keating should be back here doing something about interest rates.'

PM: No, what I was doing, well, I was over there doing something about interest rates. I was over there at the CeBIT fair where we were the guest country with 170 companies, high technology companies, on exhibit. I was over there trying to inculcate in the European business

mind that Australia is a high technology country and given the fact we had this great opportunity to be the guest country at the largest information and communications fair in the world, I took the opportunity to go and drive that message home so that as we export now, higher value added, and we wrote tens of millions of business coming out of that and we will, no doubt, build relationships now for years to come. When we write those higher technology values in and their higher exports, you write down any attendant pressure on you for interest rates. I mean, you have got to understand this, that Australia's way for the last ten years out of its difficulties, is by exports and by product and it doesn't just happen with the wave of a wand. You have got to basically earn your place in these markets and if the Prime Minister of Australia is not interested to make the point in the largest market in Europe that Australia is a competent, high technology country, but rather sit back here and do radio programs talking about interest rates, I mean, there is not much of a judgement to be made there is there?

PB: Will you completely rule out an election for this year?

PM: I get asked these questions by journalists and I take no notice of them. Why would any Prime Minister give up any option he or she enjoys?

PB: So you are just going to say nothing about it?

PM: No, just that I will do, I will give you my general view on this. All last year I had this claim made firstly by Dr Hewson, then by Mr Downer and more laterly by others, that the Government is about to have an early election. We were never having an early election. Never ever. The reason I don't believe in early elections is, I think, the public want value from the political system. They want the government to get on and do the work and not run tricky polls against them.

PB: All right and will they need time to, the public, will they need time to absorb what appears as going to be a pretty tough budget?

PM: I don't think time, but understanding of what the Government has done to preserve the recovery and to keep it going. I think that is the important thing. The important thing is that you look people in the face and say 'look, we did all the things we thought we needed to do to keep your jobs secure and to give another member of your family a job.' Now, as I said to you, we have had this remarkable number - 590,000 jobs - since the 1993 election. Our opponents were saying, when we mentioned 500,000 in the election, they were laughing and going on. John Hewson told us we would have a double dip recession and then a depression. Remember those ads, the gun sight ads that were on television, how through the gun sight we were going to shoot people out of jobs. Well, we have shot people into 590,000 jobs.



- PB: All right, this good news you are telling me now, are you going to make a stronger effort, if I can put it that way, this year to sell your message more than you have in the past?
- PM: One thing the Canberra by-election has brought home is this sort of doom saying and this dishonesty that Howard and his cohorts are running, that we have just had five minutes of economic sunshine and it is all shutting down. It is completely untrue. It is a distortion. It is completely untrue and the fact that it ever had any currency is to be regretted. So, obviously the Government will make a bigger effort to make sure that people understand that they have, for the first time in 30 years, a strong low inflation recovery with high productivity.
- PB: I know you have got to go so just a couple of quick ones. I am sure you would describe John Howard as 'recycled' but are you none the less surprised by the good impression that he is making so far, particularly in the polls?
- PM: I don't think he is making an impression in policy. I think what's happened is ...
- PB: People like him though.
- PM: I think what happened is this. That consumer sentiment turned down when interest rates changed. They thought 'hello, there is something going on here' and that was right at the time that he came to office and he has just surfed his way along that wave. But he has got nothing to say. You couldn't identify one policy with him and he believes that if he makes himself as small as possible a target and says nothing until the next election, he can win. Well, I think the Australian public have walked way past that. They don't want no policy change governments. They don't want policy free zones. They want change. They want it explained. They want you to be in there doing their bidding for them and doing their work for them. That gets me back to the principal thing: what was I principally asked to do at the last election? That was to start growth and employment again with low inflation and that is what I have done in full measure.
- PB: Another quick one, and you are probably aware of this anyway, but have a listen to this - Mr Murdoch speaking on '60 Minutes' the other night - "Question: Would you do business with John Howard" Murdoch "Absolutely, I don't want to do any business with him and I don't want to do any business with Paul Keating. Do I think John Howard would be a good Prime Minister of this country? I think it would depend on can he control his back benchers who don't look to me like conservatives or anything other than to me moderate Labor politicians, half of them. But, John Howard if can be the John Howard we have been hearing from for the last five years, he might present a very real alternative and a good one. On the other hand you have got

say about Paul Keating, that he is one of the very few strong leaders in the world today. You couldn't use all the fingers of one hand to say who lead their countries and are strong, why, and know what they are doing and are on top of their own political scenes". Would I be right in suggesting that you would sooner have lunch with Rupert Murdoch at the moment than Kerry Packer?

PM: Not necessarily, it is just that I think Rupert Murdoch does meet many heads of government in Europe and in north America. He has got a business that operates in the United States and in Europe. He owns The London Times. He had got major assets in the United States. He has interests in Europe and he has interests in the Asia-Pacific. So, he makes his own judgements and that is a matter for him. But, being an international company, I suppose those international comparisons spring to mind.

PB: A final question, I asked it earlier on. Are you the best Prime Minister we have ever had?

PM: Well, I will certainly be, you could say this about me. I will never have gone home of a night, ever throwing a policy fight. The public can know about me and say at least when the big issues are on, this character will actually represent us. In those late Cabinet meetings or in the discussions or in any of the economic debates or the social debate, I will be in there doing the things that other governments in the past shirked. Whether it be in the big issues like land rights and Mabo or whether it be in breaking the back of inflation or whether it be in training and retraining or any of these issues I won't be in there throwing the fight. Now, I think that is the thing - the important thing to me is to be a good Prime Minister rather than be someone out there chasing cheers.

PB: So, you are the best Prime Ministerial fighter we have had?

PM: Well, don't try to put words in my mouth Paul, don't be too obvious about all this.

PB: I am looking for a headline.

PM: I know you are. The fact that I am on your program is important to you, I think.

PB: All right, I am very appreciative of that. It has been a long wait, but it is good to have you on. I hope you will come on again.

PM: OK, thank you very much.

PB: That's a deal is it?

PM: Well, I think it is.

PB: Good on you. Thanks very much.

PM: It's not too bad, I mean, they do put something in the coffee there. But all things considered, it is reasonable enough.

PB: Thanks for your time.

PM: Good, thank you.

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