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PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP
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PM: You might know that overnight I wrote to members of the South Pacific Forum, as the Chair of the Forum this year, expressing Australia's condemnation at the decision by the Government of France to resume nuclear testing at Mururoa Atoll and I have since had communications back from Forum country leaders wishing to join with Australia in a formal statement and protest condemning France's decision to resume nuclear testing in the South Pacific.

I proposed to the Forum member countries and their governments that there be a delegation from Australia, that is led by Australia, with the Forum members to France seeking a meeting with the government of France to say that we think this decision is deplorable and should be desisted from. That is, desist from any further program of testing of weapons.

Can I say more generally, this is not a necessary thing, I believe, for the government of France to do. It is a pity that a country of such substance should needlessly undertake such a program when the thing that will protect the French people is engagement with the rest of the world and understanding and not a 1990s version of the Maginot line. What will help France most is engagement with its neighbours in Europe and engagement with the rest of the world which, in the period since the cessation of nuclear testing, France was seeking to do with some accomplishment. That is, to engage other countries and to be part of the world dialogue. In doing this, in a sense, coming from that sort of Gaullist view of the world, that part of the role of the French government is to protect the French people rings a little hollow now after the cessation of the Cold War and the fact that the problems now to be dealt with are far more complex such as removing the nuclear power stations in the old

Soviet Union, taking that threat away from continental Europe, removing the stock piles of nuclear weapons, cleaning up nuclear sites all over Europe and northern Europe and eastern Europe. These are the things, I think, are more a danger to the French people than something which may be deterred through the further development of an offensive nuclear weapon capability.

So, it is a wilful and regrettable decision and one which will do the French people and the French government no good. At any rate, we will be expressing our opinion forthrightly and directly and doing so in the company of Forum country representatives and Senator Evans will be leading that delegation.

J: Prime Minister, what more could you say to those in the ALP, in particular, who are concerned about the perceived softness of the Government's original response especially by Gareth Evans?

PM: I don't think it was soft. We said we deplored the decision. I said that we deplored the decision. Today we are saying we condemn it. There is not much more we can say than that. What we are saying is that the way to express our rejection of this notion of testing is to do it in a way where we make our views clear, but at the same time and I think the government of France has made its position clear, that is it is going to go its wilful way unless world community opinion changes its mind. Now, apparently, I haven't seen the text but President Chirac has said something about that sort of an approach this morning - something negative - but that will not deter us from sending a delegation there.

J: Do you believe there is any case for concrete trade sanctions against the French?

PM: Well, you have got to remember, I think, and this is what the Foreign Minister has pointed to, what we want the French and all other people in is a comprehensive test ban treaty. Now, the world is becoming a much nastier place. You have got a lot of ex-Soviet weaponry laying around the place. You have got a lot of nuclear scientists from the old Soviet Union wandering around the world with their wares. You have got the Soviet fleet, Pacific fleet, rotting away up in Vladivostok and all those reactors exposed to the atmosphere. You have got potential diversion of nuclear fuels to some now non-weapon states. What is going to matter to the world is getting a comprehensive treaty negotiated. President Chirac has said France will be in this. We want to hold the French to it. So, let's make sure our response is right and not a wrong headed response which really does damage to the one treaty that matters.

I mean, when the Nuclear Test Ban Treaty was signed in the 1960s people gave it very little hope of doing anything. In fact, it has been far more

successful at containing weapons proliferation than many people ever, ever imagined. But now, we are reaching another difficult epoch in the nuclear story. That is, formerly the weapons of formerly nuclear weapon states and the spread and drift of these technologies are such that we need something more comprehensive than the NPT. That is what is now in prospect. I think, this is a great international opportunity, even the French understand this. It is more the pity that they put their credentials at risk in doing this before hand, but still the commitment is there. That is why, I think, Australia has the right response and to seek to move to trade sanctions which will have no effect on the French, in fact, may end up damaging Australian interest more than theirs is not the right response. People have also said, 'oh well, we should undo any co-operative military activity we have with them now', but a lot of that is about surveillance activities in the Pacific for the benefit of Pacific island nations. So, there is not much sense in that either.

So, I think, we have got the response as we should have it, but let there be no doubt in the minds of the French how wilful and unnecessary we believe this is. How much it flies in the face of a sensible participation by France in a comprehensive Test Ban Treaty and how when the rest of the world has always looked to France for international leadership, and often has got it, this is not one of these occasions.

J: Do you think the union movement then has over-reacted by calling for some bans on French companies and calling for consumer bans?

PM: It is not a matter of whether they have over-reacted. It is a matter of whether one can deliver things that matter. Keeping the response proportional to what they have done is important. It is a measure of our maturity. And, can I say, that in many respects the relationship with France in the last few years has gone quite well. I personally restarted it in 1988 with Premier Rocard and as a consequence of that I proposed to him that we reserve Antarctica as a wilderness park for the next half century. As you know, that actually happened and so while one can reasonably lay a charge of environmental vandalism at the French in Mururoa, you can't lay the charge to them about Antarctica.

J: ... do you believe ... (Inaudible) ...

PM: Hang on, it is a news conference. It is not for you.

J: So how big a set back is this to our relationship with France?

PM: It is a set back because, I think, Australia is developing an independent and quite strong dialogue with the French, but this must be true of many countries with France. But, President Chirac has put this at risk with this action which is now receiving international condemnation as it should.

J: But, does it soften our response, I mean he is not really worth putting at risk because he gets to have his cake and eat it too?

PM: No, he doesn't get to have his cake and eat it too. This opinion will be registered, but nor do we want to see one of the weapon states of the world not be part of the comprehensive Test Ban Treaty and not be a participant in the problems. I mean, these are real problems. The problems that people in this country don't often think about like the rotting carcasses of those power stations in the Ukraine, like the rotting carcasses of those ships at Vladivostok. They are not on the lips of everybody, but they are on the minds of the Australian government.

J: Prime Minister, on a different issue, do you think that Bernie Fraser's statements of a day ago about interest rates dampen the likelihood of a further cut in the next couple of months?

PM: I just think the Governor was saying that which was obvious. That is, that he was trying to warn markets of any notion of stampeding the Government or the Reserve Bank along. That is against the context of a quite substantial fall in long term interest rates because you understand that the long bond rate - the 10 year bond rate - is set not with any reference to the Government, but in the market place and that has been set because of the Budget parameters. Not in any artificial way. I notice Mr Howard trying to glean some miserable political advantage from it yesterday, what's left of his political hide after his fiasco on the republic.

Let me just say a couple of things about Mr Howard now that I have got an opportunity. Two major statements in a week: The headland speech - one commentator described as mitch. The republic response - completely indecisive and incoherent. The thing to know about John Howard is he stands for nothing. He looks pathetic because he stands for nothing. He is just the same character he was in the late 1980s when the Liberal party got rid of him as leader. A lot of people have been trying to reinvent him. He is not capable of reinvention. And then yesterday, he came out and said he is really for the Monarchy after all. Can you believe that? That anyone today who believes in this country, what it has become, the notion of what we think of ourselves, our complete right to be - to independently represent ourselves - that somebody proposing of himself that he should be the Prime Minister said 'oh no, by the way, I don't agree with that. I believe that our head of state should be the monarch of another country.' Can you believe that? That is where he stands.

Then, in that fiasco he walks out and then tries to say that any fall in interest rates will be politically motivated. The fall you see in interest rates to date - over one percentage point on 10 year bonds - came not from political motivation, but by the strength of a major economic change in the

Budget. In other words, falls in interest rates in this country, whether they are ones we have had or any in the future, will come from the value of the public policy changes. Not by some manipulation of the Reserve Bank. These were empty charges which John Hewson used to make and that former Reserve Bank governor said that relations with the Government have been entirely proper, but he said you have got to be an insider to know that this was not always so. This was a reference to Mr Howard's period.

So, what I would say to Australians is this: the Budget has eased the bond selling program by \$15,000 million. That is one of the reasons why the long bond rate has fallen. It is one of the reasons why the fixed interest rates have fallen and any falls in interest rates, whenever they occur, will come because of the soundness and quality of Government economic changes. Not by any political manipulation.

J: Do you think they will fall before the end of the year?

PM: I am not here to predict interest rates.

J: On the republican issue, what do you make of Ray Groom's move in Tasmania. Is he moving too soon?

PM: I think it is a refreshing change from the strait jacket which this obscurantist Mr Howard has placed in the Liberal party in and for a Liberal, in Mr Groom, to stand up and say that he believes it is inevitable that Australia should become a republic and that Tasmania will test this notion first in terms of the governorship, the replacement if you like, the relationship between Tasmania and the British Crown is something which, I think, is a position that the Liberal party in general should be taking. So, I certainly support Mr Groom on this.

J: But is it reasonable for the State to go first?

PM: The greater purpose will be served with the nation making such a change, but who are we to say and who am I to say 'oh no, Tasmanians have not got a right to express an opinion about it and make a decision, if you like, about'. They have and good on them.

J: Mr Howard was down here two weeks ago and has promised a special package for Tasmania.

PM: Yes, well do tell me, do tell me. He has promised a special package for Tasmania. Well, have a look at Tasmania under the hands of a Liberal government, the only employment growth in Tasmania has come from Federal Labor government programs. We have had this recovery on now for three years and the only growth in employment in Tasmania has come

from Federal Labor government programs. In fact, the private employment base of the State has actually shrunk under a Liberal government in Tasmania. This morning I was at a Landcare project and discussing with some commonwealth officers in charge of Skillshare and some of the other labour market programs the importance of getting young people trained and into work. Could you imagine Mr Howard giving that any priority. These are the very programs he actually wants to cut. So, when he comes down here wandering around with his 1970s policies and his 1950s philosophy saying 'he will give Tasmania a package'. Say 'sure you will Johnny, sure you will'. Thank you.

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