



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
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PM: As you know the Cabinet has had a meeting here today in the War Cabinet room, on this the 50th anniversary of John Curtin's death and I have made remarks earlier about that. But it is an occasion which I think the Cabinet is pleased to have had on this anniversary and also we used the time to make a number of decisions and I have given you a press statement about one of them. But I am happy to take questions about any of them.

J: Prime Minister you have clearly changed your assessment, of John Curtin, after five years ago you described him in a different way than you have today. What has changed that?

PM: I haven't changed my assessment at all and I described him seven years ago, at the John Curtin Lecture in Perth, in similar terms as I have described him today.

J: So he is no longer a trier Mr Keating?

PM: Well I am not here to answer silly questions by you, Glen [Milne], and I have made my position about John Curtin clear. At the time it suited the then Prime Minister to make a political issue out of it for his own preservation and misrepresent my remarks. Curtin's position in Australia's history is guaranteed, completely guaranteed, as it ought to be.

J: Do you think he is Australia's greatest Prime Minister Mr Keating?

PM: Well it is very hard to rank people about who were the greatest people. But certainly the only time Australia was threatened he was there to answer the call. He provided leadership. As I said this morning, he was pragmatic, decisive. He was a person who, I think, understood

what needed to be done and got around to doing it and in that sense the nation will always owe him a debt. He was the one who piloted us through the period of our greatest peril successfully and the strain of it probably killed him.

J: Would he have necessarily made a good Prime Minister in peacetime, Mr Keating?

PM: Well I think so because he had the skills of leadership. I mean he was, above everything else as I said, passionate and decisive and his whole life was dedicated to civil issues. So I think Curtin is a person who could have made a transition. He made, in fact, the transition to the wartime leadership. It is not fair to see him, simply, as a wartime leader. I am quite certain that in the peace he would have been an enthusiast in the reconstruction of Australia.

J: Have you been guilty of underplaying his achievements though?

PM: I don't think so. I think he is very warmly regarded and, I think, seriously regarded certainly by, what one may term, the Labor constituency. But I think more generally in the country because I think those of us who are now active in public life and the media, our parents and our families appreciated John Curtin and I think that flowed over to what we have learned of him and about him. So, I think, it is more than just simply the Labor Party or the Labor fraternity. It is actually quite a wide spread thing. Probably the most appreciated of the wartime and post-war Prime Ministers.

J: Mr Keating what do you think about John Howard's comments on the Aboriginal flag?

PM: Well there as mean-spirited as all his other comments are about minorities. You know someone summed it up a few weeks ago when John Howard was talking about ... this commentator said well John Howard was speaking a few years ago about One Australia, he meant One Wollstonecraft and they don't fly the Aboriginal flag in Wollstonecraft generally. I mean, that is his view of Australia. It is a dated view. As I have said of him, often, he is out of his age and he is out of his depth and I think Mr Viner's remarks today only make that point clear from the perspective of someone in the Liberal Party who has kept touch with the aspirations of Aboriginal and Islander people.

J: What do you think recognition of that flag will mean?

PM: Well it recognises it for what it is. That is it is the flag that Aboriginal and Torres Strait Islander people gives a status as recognising them and their aspirations and the official recognition of it is to recognise only that. It is no more than a recognition of what is so. To guarantee its status. But I noticed, I mean Mr Howard he had a statement, I think, yesterday, I have come across, and this is typical of him. He said

"flags have special places in the affections of the Aboriginal and Torres Strait Islander people. This was evidenced by the very positive response to Cathy Freeman's gesture." In other words, he is now invoking her use of it saying that she was entitled to be proud of it, but by the way he won't recognise it. It is just the same as saying "you want a republic, I might give you the chance to vote on one, but I am actually for the Monarchy myself". I mean he never stands for anything. He is utterly indecisive.

J: But he says it downgrades the Australian flag?

PM: Well that means that every other official flag has some diminishing status on the Australian flag which, of course, it doesn't have. The Australian flag is pre-eminent in this country amongst flags.

J: Did you anticipate there would be criticism when you made your decisions?

PM: No and, of course, can I say that the report - this was one of the early recommendations in the report - was shown to Mr Howard before it was published. He never took exception to any of it apparently. It has been there now for a couple of months. No-one else has said a word about it.

J: (inaudible)

PM: Oh, again, you know the sort of I think the notion that the place is still a sort of Anglo-Saxon monolith and any symbols that do anything about the monolith, you know, he generally objects to.

J: But the Council for Aboriginal Reconciliation recommended in order to change the flag the Government should seek bipartisan support for it. Do you think it might have been a better tack to consult with the Coalition beforehand?

PM: But there was bipartisan support for it. It was presented. The report, which went to all of the aspirations of Aboriginal people, had been a process of consultation with both parties. Mr Howard had been briefed before it was even published. I received it in the Mural Hall at Parliament House. When? 2 1/2 months ago, 3 months ago. Did anybody come and say from the Coalition this is a recommendation that we object to? Nobody did. That is only a post-event rationalisation by them.

J: The Council also recommended several other things like changing the preamble to the Constitution and reserving seats in Parliament for Aboriginal people. What do you say of those allegations?

- PM: Well the fact that the Government has adopted this recommendation is not a signal that the Government is going to adopt holus bolus the recommendation or do it now. I mean at appropriate times we will consider the various recommendations and make decisions about them. But not on all of them now.
- J: Mr Keating what do you think this says about John Howard's attitude towards the Aboriginal people?
- PM: Well I think he doesn't understand the importance of when we talk about inclusion, about Australians coming together and being together, that when we think of our identity as a unique people in the world it must be about the inclusion and a basis of reconciliation with Aboriginal and Islander people. It must be about that as well as other things. He has never had the premium on that. He has never thought it was important. That is why his predecessor, but one, John Hewson said that the passage of the Mabo legislation was a day of shame. I mean the Liberal Party of this epoch and not the ones of past, but of this epoch, haven't seen the importance of Australia being at one with its indigenous population and coming to terms with them and reconciling differences with them. And this is another reason why I believe Mr Howard does belong to a period of Australian politics which is past. Everything he says reflects these things.
- J: You don't think he was trying to tap into any community hostility about the Aboriginal flag, do you?
- PM: I think the Coalition will say the things that they think are calculated to give them greatest immediate political effect. You know, no remark like this would be made without references to the Federal Secretariat or the pollsters or the rest. It is a constantly poll-driven approach by the Coalition and, therefore, it is all about what it means this week in terms of garnering public support without saying what does it mean for the country in the long run.
- J: Will this forest statement cause many timber industries to close?
- PM: Well what it is about is forming a basis of negotiation for a regional forest agreements which is the only basis on which we will have a sustainable timber industry. That is if we have got representative reserve systems in place, whereby we can then have a sustainable forest products industry. This is the only way to have it and I think that is why we have had the commitment of most of the stakeholders in this. This is the way forward. We got the States to agree to the forest policy statement and to regional agreements. But we need the criteria and we have now adopted the criteria which will, I think as a consequence, set the scene for the establishment of a world class forest conservation reserve system and this I think will give protection to the high conservation value native forests and at the same time give us a basis for a sustainable industry.

- J: Just on the current account speech last night. Can we take it from the speech that you don't think see the current account putting any pressure on interest rates?
- PM: Well I think the important thing is not what I say, it is what the market says. I mean what has happened long bonds in the last week have gone up from about 8.8, or 8.9, to 9.2 and there has been an even smaller change I think in terms of short term interest rates. So I think the market is giving us a fairly clear signal from that and reflecting on the forecasts which the Government made earlier in the year when Ralph Willis, the Treasurer, came out and said that the current account would be greater in this year 1994/95, that is the year just finished. In February was the week that John Howard came to office and everyone said "oh, this has given Mr Howard fillip. The Government announcing this." Well what you are seeing is some of the numbers coming in and I think we made clear last night that within that forecast there had to be a couple of large numbers otherwise, in a sense, the Government's sense of that forecast wouldn't have been met. Now, in other words, we were expecting some heavy numbers through this forecast period. So, too, I think was the market and the reaction of the market has been commensurate with its expectations.
- J: Prime Minister can we be sure that that monthly peak has been reached?
- PM: No you can't be sure. But I think what we can be sure of is that the current account deficit will decline as the growth in the economy coming off last year has subsided, so too will the current account deficit. That 5 or 6 per cent economic growth, which was producing a lot of import demand as that has come back, so too will the current account. But the other important thing is the Government has put into place the remedial policy changes on savings on the Budget swinging in the next couple of years \$20 billion back into surplus, about 4 per cent of GDP, there are a couple of per cent of GDP on savings. We have got a good 5 or 6 per cent of GDP on savings to meet a 2 1/2 percentage point problem.
- J: What is the timeframe though. I mean when do you see this impact?
- PM: I think we will see that coming together in the, you know, balance of the 90s - the second half of the 90s. But that is a savings change. But not the slowing. I think the slowing in the current account will come with the next twelve months.
- J: Your visit to Yarralumla on Monday. Did that have any implications in terms of the timing of the decision for the next Governor-General and the choice?

PM: Not particularly. No I just had a general chat with the Governor-General about a range of things.

J: You have said before that you don't have a short list in mind or a timeframe. Is that still the situation?

PM: I haven't had. But I am starting to refine my thoughts about it.

J: Is Mr Hayden's departure time flexible or is February a cutting off point?

PM: No, but we said at the time, Her Majesty, I recommended and she accepted that the Governor General's time be extended to around February, or to February in 1996 and that is basically still the position.

J: Prime Minister do you think the time is right for Australia to have its first woman Governor-General?

PM: Well I think the time is right for a person to be appointed who will fulfil the role and responsibility adequately, who understands the sentiment in the country and the fact that the country is now in a very, has been for a decade, in a very large transition. I think they are the requirements rather than gender requirements.

J: When do you expect to make the decision?

PM: Well there is normally about a six month lead time on the process of consultation and I have got no reason to depart from that. So it is not that far away.

J: Mr Keating do you reckon Martin Ferguson would be the best candidate for Batman?

PM: I have got no idea whether Martin has expressed any interest in changing his role in life from the trade unions to the Federal Parliament. Were he ever to do that, he would be a very valuable member of any Labor Caucus because of his considerable contribution to the labour movement and his experience, but that is a matter for him.

J: Are we close to a resolution on the appointment of General Mantiri?

PM: Well it is not a matter of a resolution. I mean the prerogative is with the Government of Indonesia to nominate who they think can best represent that country and that Government in Australia. I think that the intention has been to provide to Australia a high ranking person. One who in this case whose rank comes from his military experience and in proposing someone of high rank in their society, they believe this is therefore giving both Indonesia and Australia the opportunity of having their interests represented well and giving us the opportunity to

have an influence in that country we might not have with a less high ranking person. The fact, though, that the appointment has raised objections in Australia, in particular quarters, in respect of some of the things the General has said in respect of the events in Dili some years ago, you know I think would be now well and truly reflected in Indonesia. But this matter is a matter for the Government of Indonesia to reflect upon.

J: There have been some reports out of Jakarta that the Australian Government didn't put its disapproval forcefully enough, early enough. Is that the case?

PM: Well I don't think it is a matter of the Government putting its disapproval. I mean we rejected the remarks which General Mantiri had made about Dili. What we have not done is rejected his appointment. This is a matter for the Government of Indonesia. Though now, of course, they will have recorded the dissension in Australia that such an appointment will meet and if there is to be any reflection on this it is for them to reflect upon.

J: Is it going to make it very difficult then though if he does stay on?

PM: Well again I mean he would be their representative, not ours. So it is for them.

J: Is it your expectation though Prime Minister that the appointment will go forward?

PM: At this stage, if you are asking me has Australia rejected the appointment. It hasn't and not at any stage. But I mean given the weight of coverage which it has had in Australia, there is no doubt that President Soeharto and the Government of Indonesia would have had that communicated to them and if they are determined upon General Mantiri representing them, that is as it will be. But it is a matter for them.

Could I just finish on one of the points I mentioned last night, this question of tariffs because it seems not a lot of it was reported. Just to say, again, to repeat what I said about John Howard. In an absence of policy statements, the one solid policy thing they have said is that they still believe, they are still hankering after the idea of Australia with a tariff wall around it. John Howard is saying I will give you the economy of the future with a tariff wall around it. Now I can only put this down to the fact that the influence of Mr Stannard in his office, leading the Australian Business Monthly charge against tariff reductions, putting this obscurantist view that if we put a barrier up we will be alright safely behind it. For the Opposition Leader to be dallying with these sort of policies in 1995, after we have been through the GATT and as we go through APEC is, I think, remarkable and it is remarkable only to reinforce the point, again, that John Howard is out of his age and out

of his depth. That he still believes he is a 70s politician with 50s views, seeing the 1950s as the model and this is just as true here to have John Moore and someone on his staff speaking and developing policy in these terms, I think bodes very ill for the conservative side of politics and whatever commitments they ever had to economic rationality. And where we are talking about competition policy, I noticed Mr Moore saying we have got to advance micro-economic reform before we reduce tariffs. He doesn't seem to understand that the very reduction in tariffs induces competition in the economy which produces productivity and then brings on micro-economic change. He wants to put the cart before the horse and the horse before the cart is tariff reductions and competition in product markets which then lead to micro-economic change. I mean you know nothing could say more adequately, how inadequate the current Opposition is for Government than these expressions over the last couple of days.

J: Some of your own backbenchers, though, of course are calling for a more aggressive stance on trade and industry. Is there anything in that?

PM: Well I mean the Government has always sought to facilitate industrial change and we are doing it now with world best practice. We are looking at which ways we might be able to improve product innovation in Australia. But we are doing it in a sense in a generic way and I think this is where the debate has changed and it has changed in the Labor Party, I am happy to say, over the years away from particular sectors with particular plans. But here we are threading together a Pacific Rim trading arrangement through APEC with lower level of protections so we can get into markets around the region while the current Opposition in this country are saying "no, no, stop we want to go back, we want to go backwards".

J: The Governor General you mentioned the new Governor-General would be a person who supported the changes of the past decade, presumably they would also be one who would be supporting the change to a republic?

PM: Not presumably at all. I mean the Governor-General, whoever that person may be in the future, will be somebody who is the Vice Regal figure in this country. But still needing to understand what social and economic changes have taken place in Australia. I mean I think that just is simply a basic requirement for the job.

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