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PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
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PM: I will give you a comment about Mr Murdoch's remarks. Well the first thing I would say is at an important time in the political cycle, with an election up to half a year away, it is a good opportunity for me and the Government to confirm again simply how strong the Australian economy is. Now statistics don't tell us everything. But they are about the best measure we have and what the statistics show from the Australian Statistician - not me, or my office, or the departments - is that the Australian economy has now completed 16 consecutive quarters of growth. We are into our fifth consecutive year of growth and this - as I have said last week in this quarter when the Statistician publishes the accounts - will be our longest period of growth since the Second World War. The other thing that I think is worth saying is that this happily has been accompanied by just about the highest job growth we have had in the last 20 years: 670,000 jobs since the election, the largest fall in unemployment in a year last year, and all of this, of course, with inflation at an underlying sense running at around 2 1/2 per cent. And that is why Australia has been at the top of the list of all of the indexes on Western countries for the last 2 1/2 to 3 years. The other thing that I think is worth mentioning is a word we hear a bit about - productivity. Productivity has increased by 12 per cent since June 1991. This is June 1995 - four years - we have had productivity running you can average it out at around 3 per cent a year, which is about twice what we used to be doing, more than twice. And real wages have increased in the same period by 6 per cent. We are 40 per cent more competitive than we were a decade ago, we have got solid profits and I notice from News Limited's newspaper account today in The Australian of the annual meeting, Mr Murdoch said that News' newspapers in Britain and Australia were thriving and for the most part dominating their markets. In Australia, where News control two thirds of the newspaper market, the papers were "doing extremely well with strong advertising results and with results a little ahead of the budget although circulation was difficult in one or two places". The other thing that I think is worth recording, not that I am here to parrot News Limited's news or good news, is that it declared a profit of

\$240 million this year for news Limited in the \$1.4 billion result of News Corporation internationally. Now all this, of course, underlines simply how strong the Australian economy has been. Now I notice that John Howard, that great supporter of our economic progress jumped right on Mr Murdoch's remarks instead of saying "well let's interpret them properly". He said "I don't want to get into the personality side of it. I deal in policy." Well you could have fooled me, John. And "it is undeniable", he said "that the Australian economy is highly vulnerable." Well it is the sort of vulnerability that most other societies would like to have, I think, that sort of growth. Here is Japan growing at 1/2 per cent. Here is the United States with a speed limit of 2 1/2 per cent. And here is the Australian economy growing at between 4 and 6 per cent a year. So one doesn't get too many opportunities to say these things and have them reported.

J: Are you saying he doesn't know what he's talking about?

PM: No, I am saying that you need to know what the historical record is here.

J: But he said it's an absolute disgrace.

PM: Well by whatever measure. Four straight years of growth and now in our fifth year of growth can never be, by any measure, terrible. It has to be good and, of course, it is unambiguously good.

J: But why did he say it?

PM: Well I think he just drifted into Adelaide and he was basically, I think you know he is flying around the world with a big organisation and a few, I think, reactionaries were whispering in his ears some things and he has gone and blurted this out in a news conference.

J: But he seems to know the youth unemployment rate in Adelaide. I mean, he might have just drifted in, but he seems to know (inaudible)

PM: Well someone has told him that and told him wrongly because youth unemployment in Australia is 9 per cent and it is 9 per cent because this Government has lifted the completion rate in secondary schools to just about eight in ten young people.

J: I thought it was 37 per cent?

PM: No, of the cohort of children 15-19, 9 per cent only are looking for work and 9 per cent is too high. But it is not 37 per cent. The 27 per cent, not 34 per cent, is for those who are out there in the labour market. But it is our policy to keep young people, the years 16-19, as a period of vocational preparation. How many times have you heard me say that we regard age 16-19 as a period of vocational preparation? We won't let our young people fall out of the system, cascading into no training and no work and that is why we have kept them in school and,

of course, under Working Nation we have the Government's Youth Training Initiative. So for all young people 15-17, the Government offers a guarantee of training or employment. For the unemployed aged over 17, the Government's Job Compact means that all people who have been unemployed for 18 months or more are given a guarantee of a job. In other words, we won't let kids cascade into nothing and the only thing I can urge upon News Limited is that they join the Youth Training Initiative, team up with Bill Kelty and Lindsay Fox. I am sure Bill would get the documentation to them quickly because I don't think at the moment, one young person in News Limited is in the Youth Training Initiative, or picking up any of the wage subsidies.

J: Have you said that to Murdoch today, or during his present visit?

PM: No, no I haven't.

J: But isn't Mr Murdoch right that 8.2 per cent unemployment is nothing to be proud of?

PM: But economic policy and the success of it is all about the rate of change. We had unemployment here at over 11 per cent, less than three years ago. You know that last year the fall in unemployment in Australia was the largest fall we have ever had and this is not in a country with static population growth. This is not a European economy with static population growth. We have got strong workforce growth coming from migration, coming from the school leavers, coming from a very high participation by women in the workforce. So we are always running against the tide and, even running against the tide, we have got unemployment down 3 percentage points roughly in 2 1/2 years and, of course, our target is to 5 per cent. And we will get to 5 per cent because of Working Nation. The sort of programs that John Howard and the Coalition don't want to have.

J: Do you think Mr Murdoch has turned against you, Prime Minister?

PM: No. Look, well I don't think he has turned for me. I mean I try and keep my dealings with the newspaper proprietors at arm's length and proper.

J: But it is said that he backs winners.

PM: Well, Laurie you know all about backing winners. You have been on a few in your day. But I will tell you one thing I would say about him. I do empathise with his view about casinos. I do empathise with his view about families because Rupert is a good family person. But there is one thing he can do I can't do. He is a major producer of feature films and he can eschew and reject violence in films. Now this is a wealthy, well-padded corporation. It can afford to be picky and choosy about scripts and about product and I would like to see him take the lead in Hollywood - like others took the lead years ago, perhaps in an over reaction but years ago - to knock out the violence which has been

deluged onto our kids and our families around the world. Now that is something he can do. I can't do it.

J: Have you talked to him about that?

PM: I have over time.

J: What was his reaction?

PM: Well I can't remember exactly. No, I mean I think he generally sympathises with that view and as you know I did speak to him about getting Australia into the feature film business because we only ever had one film that made the big time and that was Crocodile Dundee and a lot of our product has been for art house cinemas. And that was the point of getting him to commit to do three or four feature films a year in Australia, to develop the Australian Film Industry or give it access to a much broader market. Now I would like to see that - not just the freshness of Australia, the uniqueness of our culture, the vitality and enthusiasm of our actors and actresses - but as well, use this as an opportunity to actually make a statement about the quality of this sort of product for the world.

J: Did you get a surprise with his views on Kerry Packer and Rugby League?

PM: Well he had a crack at everybody I think you would have to say. The ABC got a spray, Kerry did, everybody did and I think after Mr Howard's appearance at Hayman Island, there were a lot of misgivings about J W Howard after that.

J: What makes you say that?

PM: Because the whole of News Corporation was buzzing that the thing was a complete flop and some Australians in that organisation said they were ashamed to be Australians when he stood up in front of an international audience and basically bombed out.

J: So why did Mr Murdoch give him a leg-up yesterday?

PM: Oh, I don't think he did.

J: It looks that way.

PM: But look here you are I mean it took us 20 years to get you out of the cultural cringe about Britain, about Europe and here you are Australian/American entrepreneurs and you are back at a cultural cringe again. I mean what am I going to do with you?

J: But are you saying that you don't see anything politically pointed or dangerous in these comments?

- PM: No. No. In fact could I ever get you lot down here to tell you seriously, with feeling and meaning, and have you receive it and take it that we are having 16 consecutive quarters of growth, that we have completed our full four straight years of growth, we are now in our fifth year, we are in the longest growth cycle since the Second World War, with low inflation and huge job growth.
- J: What do say to Mr Howard's comments that you shouldn't have dragged the Pope into this political debate?
- PM: Well you see how quickly you bit on that. No, I was only talking he and Tim Fischer they are like a pair of mako sharks because I didn't bring the Pope into it. What I said was that we don't want a dog-eat-dog society. We don't want, as Robert Reich the US Labour Secretary has said, a society which has got an army of working poor, where the extremes of wealth and poverty are greater and that these sort of policies we reject and I said look there is the Pope refusing to meet the authors of these policies.
- J: (inaudible) do you expect Mr Murdoch's views to be reflected in his newspapers?
- PM: Well why would you? I mean were they reflected when he was largely complimentary about the Government in public? I wouldn't think so.
- J: He says that (inaudible) views on the economy (inaudible).
- PM: I am sorry.
- J: He says the newspapers have been chokka with glowing reports on the economy.
- PM: Well the United States, where most of his business is, grows of the order of 2 to 3 per cent in the main. It is running at around 3 per cent at the moment I think and this economy is growing just about twice that fast. And that is why, I think, the profitability of News Limited has been so great.
- J: Mr Keating, you have got various things that you think Mr Murdoch should do. Are you going to give him a ring, or tell him personally that he should do these things?
- PM: No, no. It is a case of mental telepathy. I know you will do the job for me, Michelle, with great fervour.
- J: Is it hypocritical of him to criticise the Australian economy having not done anything in the area of traineeships?
- PM: No, he has views about the economy. Everyone can put their views. It is just that his get more attention. But on the traineeships, he should do more himself and he can. I mean it is a great pity that people like Lindsay Fox and Kelty have got to stump the country. And the

Government, Simon Crean and DEET have got to do their best to get kids into traineeships, but there are none in News Limited.

J: Two areas where you have accused him of not putting his money where his mouth is - youth employment, and ... (inaudible)?

PM: No, they are your words, not mine.

J: Well, what else is it if not hypocrisy if you say that (inaudible)?

PM: No, I am just saying there is an opportunity there and I am just saying I empathise with him with some of these things. He says he has a hobby horse about casinos and that is fine because soaking working people and tipping their change and more than their loose change into the coffers of large industrial companies isn't, I think, a productive enterprise. I mean I have an old fashioned view about that and so does he and, of course, you know my views about film products and children. I really do believe that families are being deluged with violence.

J: Well, what would it say about him if he doesn't take up the opportunities offered by the (inaudible)?

PM: I have never seen him not take up an opportunity yet.

J: Mr Keating do you accept though that it is not a good place for you to be in, in coming to an election, with Kerry Packer and Rupert Murdoch not thinking perhaps that you are the best person to run the country?

PM: The balls are still coming in in slow motion there, pal. We are going to hit one into the Queen Elizabeth stand, one into another stand and we are just in the right place and, of course, I always like playing on a sticky wicket, you know that. Now I don't want this to be like grande bouffe, so I am leaving in a moment. I don't want to have a blow out.

J: Do you find it frustrating that the polls are still not moving much, if you look at that Reuter average?

PM: They have got a very good feel about them. To someone who has the touch, they have a very good feel about them.

J: What feels good about them?

PM: Well that is what I say. They are like hieroglyphics for journalists, but they always were.

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