



PRIME MINISTER

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TRANSCRIPT OF PRESS CONFERENCE AT THE GREAT HALL OF THE PEOPLE AFTER MEETING WITH DENG XIAOPING - BEIJING - 20 MAY 1986

PM: I must say that it was one of the most remarkable experiences I have had to be able to have nearly 1¼ hours with Chairman Deng. He was very generous in his time and his exposition. I think what is remarkable is not merely the magnitude of the of the changes which are envisaged but also the realism and the preparedness to admit that mistakes will be made, that they will have to be faced up to. He has pointed out that when the reform started in 1980 they were put in terms of looking at a quadrupling of per capita national income from the US\$250 that it was then up to US\$1000 by the end of this century. He said of course that they had had outstanding success in the 5 years of the Sixth Five Year Plan from 1980-85 where the reforms were initiated in the rural sector associated with significant increases in production and lifts in income. He said that as they have come to look again at the problems and the fact that as they go towards the end of century there will be a lift in population up perhaps to 1.2 billion or that sort of order that they have revised somewhat their expectations to perhaps a level of between US\$800 - 1000 per capita income. It may be that they will be able to get towards the upper levels of that expectation. He says now that of course the reforms are moving into the more complex more difficult area of urban economic reform that the burdens that have been on the back of China in the past as they have gone about growth must be removed. There are two areas of burdens which he identified - the burdens of very high levels of subsidies in so many areas of consumption - accommodation as well as actual consolidation of goods and the burden of the total centralising in the past of decision making. There must be the removal of that burden so that actual enterprises have the opportunity and the responsibility of decision making. He says that as those two burdens are removed there will be, he believes, an easier path to growth. It is very interesting that Chairman Deng also projects as far as into the middle of the next century where he puts the aim of China approach the level of the developed countries of the world. If they have reached US\$1000 by the end of the century then they can think again of the quadrupling in a similar period of time which would be something

the end of the first quarter of the next century. And so you can see that there approach is of a pattern. It is not just thinking about today, next year but the lifting of China towards the levels of the developed countries. All this is associated with the belief, and I think this is fundamental to understand, that they see peace as absolutely necessary to the achievement of their objectives. Chairman Deng makes the point that they have changed their thinking from where in the last decade they saw war as inevitable they no longer see war as inevitable. And they see a growth in the forces for peace. They point out that four fifths of the world's population are in developing countries with China - 1 billion, India - three quarters of a billion and that for these countries peace is important and as China grows in economic strength it will increase in its power as a force for peace. One interesting comment that the Chairman made in response to a question when I wondered whether the radical changes in China may have some effect within the Soviet Union he said that that may be the case but he said what was essential for the processes of reform and growth and change and development was flexibility and China had that and doubted whether the Soviet Union had that same flexibility. Now I am sorry that I can't speak longer but those were parts of the essentials of what was perhaps one of the most interesting 1 1/4 hours of my life I would think.

JOURNALIST: Prime Minister, did you have any discussion on what role Australia may play in China's future development?

PM: Not in details because that is obviously more appropriately a matter for discussion with the Premiers and other officials. May I say at the beginning it was very interesting to note that Chairman Deng said that he sits back, he says he doesn't interfere, he has great confidence in the capacity of his leaders and occasionally he said he gives them some advice but not too much he said because he doesn't need to. He has great confidence in them. So I mean that in a sense is a reflection of the fact that Chairman Deng is more concerned with the broad sweep issues. He has obviously been the great inspiration of what's happened in recent years and is still obviously revered and will continue to be. But he is concerned with the broad sweep. But let me say this that he did say how importantly they regard the relationship with Australia. They regard Australia as a country with a close identity of views and perceptions on a wide range of issues.

JOURNALIST: Did you talk at all about the political stability in China?

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PM: Yes, he expressed the view that quite frankly in the past and he said even perhaps in some areas now there have been the sceptics. But he said their approach is to allow the facts to be evidence. And he said the facts are evidence for the correctness of our policies and increasingly as the facts of achievement become more and more apparent so he believes will the acceptance of the processes of change be accepted.

JOURNALIST: Do you take the fact that he has given you an audience on this visit as an endorsement of your Government's China policy?

PM: Well I think it would be perhaps taking things too far just to say that. I think that it is quite clear if you look at the almost unparalleled arrangements that have been made for me on this visit with Secretary-General Hu Yaobang accompanying me and then Hu Chi Li accompanying me after that that the meeting with the Chairman Deng is part of a reflection on the part of the Chinese leadership of the very, very high importance that they attach to our relationship. And I am deeply gratified, I mean it is a question not just of personal satisfaction, but I think on the behalf of Australia we should be very gratified that clearly the whole Chinese leadership attaches such importance to our relationship. It does seem to me to constitute a re-affirmation in the strongest possible terms of the importance reciprocally that they as we do attach to the relationship between our two countries and the possibility for very extensive growth in that relationship, not merely in economic terms although that is important but in the whole range of relations in cultural, scientific, sporting fields as well as in the area of economic and commercial relations.

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