



PRIME MINISTER

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E & O E - PROOF ONLY

JOURNALIST: A message for the Chinese students in Australia Mr Hawke, do you have one?

PM: Two. First of course to reaffirm the sense of tragedy that we share with them for what has happened in their country and second to say to them quite directly that we will be very accommodating in our approach to any requests that are made where there is clearly a legitimate concern on the part of any Chinese student that a return to China in these circumstances would pose dangers to them. That is the obvious proper approach for us to adopt and it's the one we would adopt.

JOURNALIST: Are you considering a relief package for mortgagees?

PM: No, it's not a question of considering a package of relief. All I've said in the past and all I'm prepared to say now is that we are continually looking at the operation and impact of economic policies. We will continue to do that. The position of course is that, as I've said, we've got to slow down the level of activity in the economy. We've got a too strong economy. We have to have that as a continuation of the thrust of policy to slow down the level of activity so that we get a more sustainable level of imports. We can't change that basic thrust. Within that situation we'll continue to examine the impact of what those policies are producing.

JOURNALIST: Any short-term relief for people suffering from ...?

PM: I've got nothing to add to the answer I've given.

JOURNALIST: (Inaudible)

PM: I've got nothing to add to the answer I've given.

JOURNALIST: Is the Financial Review story wrong?

PM: It wouldn't be the first time, would it. They've got a good track record of being wrong.

JOURNALIST: What implications do you think the turmoil in China will have on your regional trade initiatives?

PM: I don't think it will have directly any impact on the initiatives. We've now sounded out the countries in the region, that's the ASEAN countries - Japan, Korea, New Zealand, the United States and Canada. There is generally a fairly positive reaction. I think it has its own momentum now and will not be affected one way or the other by those events.

JOURNALIST: But you're not so optimistic about a settlement for Cambodia in the light of what you -

PM: I simply was saying, I didn't want to leave the impression that I was saying that those settlement processes had been derailed, and I've got no reason to believe they have been derailed. I was simply making the point that one of the issues that's clearly still to be settled between all the parties involved, directly and indirectly, is in the post-withdrawal phase. That's when the Vietnamese troops have withdrawn by the end of September, what is the sort of administrative authority, what are the roles that are available both for the PRK government and for the factions that have been opposed to the PRK? Now within that overall question the central issue has been the Khmer Rouge. There's a legitimate concern widespread that if Sihanouk and his other colleagues were to come back in and that the Khmer Rouge were to be part of that process, because of the superior supply of weaponry and arms that they have and their past track record, there could be a concern that they could upset the balance that would be acceptable to everyone else. Now within that sort of framework there had been an optimistic assessment that China would not in a post-withdrawal situation, they or the Vietnamese, that they would not supply arms to the Khmer Rouge. That ... been part of the whole pattern of planning and thinking, that's if you like to put it, optimism for the future. I simply raise the question, no more than that, whether with the recent events in China would there be the same degree of optimism about the attitude of China in that situation. That's all I've said. There is no reason to say that I think what's happened there is going to derail these important processes. It just is a legitimate question mark you've got to raise.

JOURNALIST: You've said it's an important trip Prime Minister, which are the most important issues and do you think they'll prevail over interest rates as far as the average common sense of working Australians go?

PM: I don't think they're alternatives. I think that in the six years I've been in office that the Australian people have come to accept that the visits that I make overseas have very specific and relevant purposes as far as Australia's welfare is concerned. There's never really in

PM (cont): the six years been any question about the relevance or the appropriateness or the usefulness of the visits I undertake. I think you will have heard from what I said here today that in each of the countries I'll be visiting there are very specific Australian interests, both in terms of bilateral issues, in terms of regional considerations and in terms of global issues like the world trading environment, environmental issues and so on. So I therefore, in that circumstance, find it difficult to rate, in terms of priorities, the importance of the various matters that I'll be discussing with the French and in the United Kingdom, in the United States, Germany and Hungary. There are a range of the important issues. Now how do they rate against issues of compelling importance to people in Australia at the moment, like high interest rates? There's not a comparison to be made. I mean, for the person who's been hit by a rise in his or her mortgage repayments, I guess for that person there's hardly anything, if anything, as important as that. I understand it and I hope that they will understand from my point of view that I feel deeply about the pressure that has been imposed upon people by these high interest rates, particularly for those who can least afford them. What needs to be understood is what I've been saying, two things. Firstly, that if we didn't have these tight policies at the moment then the outcome would be worse and it would be worse for these very people, the ones who relatively are least able to look after themselves. Because if we didn't have tight policies now then the Australian dollar would collapse and interest rates would then go through the roof and they'd be very much worse off and the economy as a whole would be. So I repeat, I have a very deep feeling of concern that those people who are not terribly well off are bearing a pretty tough burden at the moment. The second thing - that's one category of what I say - the second, of course, is to remind them that as from the beginning of next month and the matter now of only a couple of weeks away, those significant tax cuts will be coming through and those tax cuts, in the average case, will more than compensate for the increase in interest rates, interest repayments, that are involved in these higher rates. I just ask people to understand that and then if we together can see this fairly tight period through, then we'll be able to see a situation where there'll be a reduction in the interest rate situation. But we've got to see it through now.

JOURNALIST: Prime Minister, was this this afternoon that your Government had spoken to the Chinese Government seeking safe passage for two dissidents in the Embassy there, does that surprise you?

PM: As Prime Minister, if anything has happened rather than a report of what's happened, anything that has happened of which I'm aware, by definition, doesn't surprise me. Now I'm not putting this particular report into any of those categories. Where I know about a thing it, by definition, doesn't surprise me.

JOURNALIST: Have you had any -

PM: But I mean, I'm not trying to be funny or elliptical in this. I hope you'll appreciate that where you're talking about a delicate situation now where there may be people seeking assistance, it doesn't help anyone. It doesn't help anyone or relations between the countries to speculate or talk about it. So I'm not trying to do anything other than to be responsible in this situation.

JOURNALIST: President Bush hadn't been able to get through to the Chinese leadership. Have you had any response?

PM: Well I haven't had any response to my letter yet. The letter was sent for delivery to our Embassy earlier this week, and, well at the end of last week, and I have not any information yet as to whether the Premier has actually got it. I hope and assume he has by now, but there's certainly no indication at this stage of any response.

JOURNALIST: If these reports this afternoon are correct, presumably you're concerned about potential trade implications with China?

PM: That's not at the forefront of my mind. I mean you've got to - in these sort of situations if they were to arise - you've got to look at the rights and prospects of individuals concerned. You can't ignore that. You can't put trading considerations up there as a barrier to a consideration of individual human rights. You've got to take all those considerations into account. We'll do that.

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