



## PRIME MINISTER

TRANSCRIPT OF PRESS CONFERENCE - LONDON -- 21 JUNE 1989

E & O E - PROOF ONLY

PM: Gentlemen, what I'd like to do at the outset is to give you, and refer to, the issues briefly and I'm open to any questions that you would like to address to me on those matters.

The first subject of course was a mutual welcoming by the British Prime Minister and myself, my Ministers and hers on the fact of the meeting and the stature of the meeting. There has never before been a meeting at such a high level of Prime Ministers and Ministers which was indicative of the importance that we, on both sides, attach not merely to a strengthening of the bilateral relationships which we see as important, but also to take the opportunity to consider together a range of international and regional issues on which the perceptions of our two governments generally coincide. Without order of importance I go to those issues we mentioned and talked about.

I first of all say that I mentioned to Mrs Thatcher the decision that we've made in Australia to recognise the 75th anniversary of Gallipoli next year. I have indicated to her the plans that we will be following through to give to that important recognition and Mrs Thatcher was very interested in that and will consider the way in which they can be involved with us.

It would be no surprise to you that I discussed with Margaret Thatcher the question of the next Secretary-General of the Commonwealth. I advanced to her the candidature of Malcolm Fraser and the reasons why I and the Government of Australia believe that he would be the most appropriate selection. Let me say in that regard that our pressing of the candidature of Malcolm Fraser involves ..... in any sense on our part of the qualities of the other candidate ..... I believe that the Commonwealth is in a fortunate position to have two candidates of excellence, but it is our view - our strong view - that taking all things into consideration, that Mr Fraser would be an appropriate choice. To be fair to Mrs Thatcher, she gave me no response on that - positive or negative, but I regarded it as

PM (cont): appropriate to advance that candidature and may I say I'm grateful to Mrs Fraser for the very careful consideration that she gave to what I had to say on this matter.

JOURNALIST: (inaudible)

PM: We ..... what was that?

JOURNALIST: You said Mrs Fraser.

PM: Mrs Fraser did I say? Well, don't read anything into that. No, historically, Mrs Fraser's perceptions in this area have been fairly sensible as I recall. You might translate that to mean .....

We had discussions about the environment. I welcomed the fact Mrs Thatcher has taken a considerable lead in greater environmental matters, particularly with her hosting, here in this city, of a conference in March on the question of the ozone layer. We have agreed that Australia and the United Kingdom should co-operate at the level of officials in our respective pursuit of appropriate policies in this area. We obviously had a discussion about the decision of the Australian Government not sign the proposed Antarctic Minerals Convention. I explained to Mrs Thatcher the reasons for my Government arriving at that decision. Again, this was an issue of course where Mrs Thatcher and her Government had pursued a different position. They are going through Parliamentary processes for ratification of that Convention. However we explained why we took the position that we did and I guess in that sense there was an agreement to disagree as to processes, but let me say there is a shared perception of importance of protecting that important, indeed unique, environment.

A considerable amount of our time was taken up on discussing the developments - the tragic developments - in China in general, and of course in a particular sense, the implications of that for the future of Hong Kong. We are at one, of course, in our unqualified condemnation of the brutality and the repression which has characterised recent times in China and most particularly most recently in our condemnation of the execution of those Chinese who are associated with the train incident in Shanghai. That sort of action is intolerable. It is a response out of all conceivable proportion to the incident and, in our judgement, should be unequivocally condemned as we do. We discussed, of course, what should be the approach in the future and I think it is fair to say that we share a common view that we have, as I put it - I think yesterday - in answer to a question in the city, that you have to walk that line between, on the one hand, consistently and

PM (cont): unequivocally condemning what has occurred in China. Secondly, at the same time recognising that it is in the interests of the people of China, the region and of the world, that the processes of economic reform should proceed in China and it will be a question of judgement for us in the West as to the decisions that are taken, that consistently with our condemnation of what has happened there, how we can assist, acceptably, in the processes of continued economic reform in China.

In regard to Hong Kong, we discussed that issue. We share a hope of course that the changes in China will be such that what I'm now seeing as potentially enormous pressures of demand from Hong Kong citizens for settlement in other countries may change. But I have indicated that as far as Australia is concerned we, in this year, doubled our intake now of people from Hong Kong as immigrants to Australia. We have, on the other area of concern in regard to Hong Kong - that is, the influx of Vietnamese refugees - of course a position where we are able to speak with very considerable strength. I repeat there that we have taken on a per capita basis more refugees from Vietnam than any other country - 118,000 - since 1975. We are in total agreement that the situation now is a different one - that the character of the influx into Hong Kong from Vietnam is now not that of the political refugee, but of the economic refugee and that requires a different response. There is no justification for any expectation in regard to those people and that there should be the same attitude to the preparedness to absorb as in the case of political refugees.

While I'm talking about China, we brought to the attention of Mrs Thatcher and her colleagues the fact that there are certain multilateral treaties that have been made applicable by the United Kingdom to Hong Kong and also apply to China - its convention on the prevention ..... of genocide, the convention of elimination of forms of racial discrimination, the convention on the political rights of women - there are two multilateral treaties that have been made applicable by the United Kingdom to Hong Kong, but China is not a party to them. Those two are the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights. We believe that pressure should be applied upon China to have and become a party to those two international conventions.

Next on the list, but not necessarily of course in order of importance, is the question of the Olympics - the venue of the Olympics in 1996. I indicated to Mrs Thatcher that the United Kingdom has a city as an applicant for the hosting of those events - Manchester. We have Melbourne, and I said to Mrs Fraser, I know that you're not wrapped in the system of preferential voting in this country - maybe in regard to

PM (cont): this situation you will adopt the view that if Manchester doesn't get up, you'd give your preference to Melbourne.

We talked about Indo-China. The proposed Paris conference and I think broadly we are at one - (a) in our hope that the conference is going to lead to an effective resolution of the tragedy in Cambodia and we indicated the intention of my Government to participate fully in that conference and to do whatever we could to assist. We engaged in some speculation as to what would be the impact of developments in China upon those processes and to the obvious conclusion that it is not possible to be dogmatic about what will be the effect of those developments in China, on the position that China will adopt in regard to these settlement processes, that we express the hope that China would continue to play a positive role in those process.

We spoke about the South Pacific Nuclear Free Zone. The position as you know is that the Soviet Union and China have agreed to the protocols of that agreement ..... together with France and the United States is not. I took the opportunity of rehearsing and bringing up to date the arguments that we see strongly the favour the question of adhering to those protocols. I received no commitment from Mrs Thatcher but they were - she and the Ministers were - interested in hearing our assessment of developments in the South Pacific region, developments which - in my judgement and the judgement of my Ministers - add to the arguments that were put before in favour of adherence to those protocols.

We had a considerable discussion about the Middle East in general and the tragedy of Lebanon in particular. We agreed that every support and assistance should be given to the three representatives of the Arab League, that is, Morocco, Algeria and Saudi Arabia. The leaders of those countries, as you know, are currently engaged in the process of trying to get a method of resolution of the tragedy in Lebanon and we agreed that every moral support should be given to those processes in an attempt to bring an end to that now 40 year old tragedy in Lebanon. In regard to the Middle East, of course generally, we expressed the view that there ought to be negotiation that the statements of Mr Arafat from the end of last year has created, with all the qualifications as is appropriate for role to put upon those statements have nevertheless created a different situation in which it makes sense for there to be positive responses from Israel.

We talked about the ..... proposals for elections in the occupied territories and expressed the view that they could provide a basis - I emphasise could provide a basis - for positive developments, but there are qualifications which attach to that proposal. Those qualifications without being

PM (cont): exhaustive go to the question of who would participate in those elections - does it include Palestinians living in east Jerusalem, the question of the withdrawal of forces from at least part of the territories in the process of taking of that vote, the question of international supervision of the vote, of course the more fundamental question of what then is the stage beyond those elections. So, the ..... proposal could be seen as providing some basis for a furtherance of the processes of discussion and resolution. But of course, in themselves, they are not sufficient.

We referred and discussed the developments in East/West relations in general, and of course the more recent discussions are involving NATO and the positions that they are adopting. We, to get a ..... of the changed environment characterises these areas, but recognise while there should be a positive, constructive approach, caution needs to be adopted in this area.

We discussed also the Non-Proliferation Treaty. In general, we need to strengthen the processes of the NPT and we had a particular discussion of that issue in regard India and Pakistan, the delicacy of the situation between those two countries and the desirability of adherence by them to the NPT.

We also of course discussed developments in Europe and we were at one. Of course, in expressing a hope that in the post-1992 situation, that that would an open, outward-looking development which would be characterised by the capacity of countries outside Europe to be able to take advantage of the development of that market of 320 million people. I am confident that the government of the United Kingdom will, in its approach on these matters, adopt that sort of conceptual idea.

We are agreed also that, in the broader area international trading relationships, that we, and all countries, should intensify their efforts for the remainder of the Uruguay Round up until the end of next year to try and get an outcome which not only in regard to agriculture which could be seen to be a matter of particular interest for Australia as it is, but not exclusive interests, in regard to agriculture and other questions of intellectual services and so on, that there should be an arrival at a position which is one of a significant freeing up of the international trading system.

We had a brief discussion also about developments generally in the South Pacific and also within that overall context I referred to the initiative that I began in Seoul in general this year which is concerned with trying to get a closer form of economic co-operation in that region.

PM (cont): So I think, ladies and gentlemen, we will see that it was an extensive discussion covering a wide range of issues and I conclude as I began by expressing the gratitude of my Government to the very constructive approach that has been by Mrs Thatcher and her Ministers. We are fully satisfied with the structure and the nature of the discussions that we've held. We think they augur well, in particular in the context of tomorrow's meeting of some 300 businessmen from our two countries, that these discussions, in totality, augur very well for a significant improvement in what is already a good relationship.

JOURNALIST: Mr Hawke, do you think the executions in China is the start of a mass campaign of executions?

PM: I hope not. One can't speak with any great degree of optimism because you have these factors to take into account. One, the massacre of June the 4th and the ..... that followed. Secondly, the campaign of fear, intimidation and of an attempt to get Chinese citizens to inform on others which is now characterising its society. Within that framework and out of the decisions that have been made to execute these Chinese citizens, one cannot speak on that evidence with a great degree of optimism. I can only hope that with the firmness of view which we expressed by the rest of the world that the Chinese authorities will come to an understanding that not only is such a course of action morally reprehensible but in terms of a perception by them in their self-interest must act in the interests of China.

JOURNALIST: ..... Prime Minister, would you consider trade or other further diplomatic sanctions against China?

PM: We would - when I say we, it's not just Australia, but other countries like us, including the United Kingdom. If there was a significant worsening in the actions of the Chinese authorities, then we would all have to look at that and make our decisions in the light of it. All I can say is that, clearly, we understand that there is a difficult line to walk. We want, as I say, at one and the same time, to have unequivocally in the mind of the Chinese authorities the repudiation, the abhorrence that we feel for what happened and we also don't want to have a situation where, as a result of our actions, China is going to be driven even more in upon itself and that the authorities of China in those circumstances see their only course of action as one of closing up to the West and pursuing a policy of total repression within their own country. So these are not going to be easy decisions, but certainly we are not going to do anything which will give to the Chinese authorities any impression that there is any condonation of what they have been doing.

JOURNALIST: Mr Hawke, are you able to say anything more now on the speculation of dissidents being harboured in the Australian Embassy in Peking?

PM: No, I've got no more to add on that.

JOURNALIST: Mr Hawke, on Hong Kong you said that Australia's doubled its intake from Hong Kong. Mrs Thatcher's government, the Foreign Office, has said that Hong Kong residents wanting to take residency in Britain will either have to be select diplomatic staff or have more than 150,000 pounds. Did you question her about this?

PM: I'm sorry I didn't get that, she said what?

JOURNALIST: The Foreign Office said that Hong Kong residents wanting to settle in Britain will be eligible if they're select diplomatic representatives or if they have more than 150,000 pounds, ..... setting a monetary price on the head of Hong Kong people. Did you ask her about these issues, about the rate on which they are allowing Hong Kong people to come to the United Kingdom?

PM: I didn't go to that specific issue. I said that the question of judgement of policy about intake of those from Hong Kong who wish to settle in the United Kingdom is, by definition, a matter for decision by the government of the United Kingdom. That is a matter for them as it is a matter for my government as to what policy we adopt. I have simply made the point that in this current financial year we have a doubling of to 800 of people from Hong Kong. We have an element of our immigration policy which is called a business migration program and that will continue to be feature of our policy. We will continue to have discussions and consultations with the government of the United Kingdom on this issue. But, in the end, their decisions are a matter for them.

JOURNALIST: But do think that the Hong Kong British should have a right to second abode, and if the British don't do it, could the Commonwealth?

PM: The numbers that you're talking about here are in the order of three and a quarter million people and obviously the United Kingdom would have enormous difficulty in accommodating three and a quarter million people. It's no good denying that obvious fact that they would have difficulty. The important thing I think we've got to work upon is to say to the people of Hong Kong - and it's not just the United Kingdom - we've all got to say that we've going to do everything we can to try and create a situation in terms of decisions and attitudes that are taken by the government of China that will, through time, generate a greater degree of confidence in the

PM (cont): residents of Hong Kong that they can with confidence remain in Hong Kong. But I'm not going to adopt a position where I'm telling the government of the United Kingdom what the level of immigration is that they have to take from Hong Kong.

JOURNALIST: Mr Hawke, did Mrs Thatcher give you any idea as of her feelings about Mr Fraser's candidature for the Secretary-General of the Commonwealth position?

PM: Yes.

JOURNALIST: What was it?

PM: I think that's not appropriate. There's certain areas of these discussions which by definition must remain confidential and I think if Mrs Fra ..... Mrs - there's something that is worrying me and ..... now wait a minute ..... Quite seriously, I think that this is a matter where if Mrs Thatcher has something to say that this shouldn't be conveyed by me, it should be conveyed by her if she wants to say something publicly.

JOURNALIST: Prime Minister, .....

PM: I can't quite hear you .....

JOURNALIST: ..... today by Mrs Thatcher, we gather that Britain push ahead with its intention to, as you say, ratify, the Antarctic Wilderness Convention .....

PM: It's not the Antarctic Wilderness Convention.

JOURNALIST: Sorry, the Minerals Convention. We've all got ..... today .....

PM: ..... but not as ..... as mine. .... Shut up.

JOURNALIST: ..... is it your understanding that Britain will continue to bring pressure to bear on other nations to follow her lead rather than the lead that you and France wish to give?

PM: No, she's left me with no such impression. I think they've made a judgement as to what they think is the appropriate course of action is for them.

JOURNALIST: But is her proposed course of action to go beyond the Convention as it now stands and to try and strengthen the safeguards within it, as I understand is the Norwegian position?

PM: No, their process is already under way. I think it is in the House of Lords now as I understand. She said .....



JOURNALIST: ..... is happy with things as they would be with the Convention ratified?

PM: Whether she's happy or not, I think it is fair to her to say that believes that there is a process that's been undertaken and that, in regard to what has come out of those processes, there is a specific proposal and she intends to go ahead and ratify that proposal, which is obviously her right.

JOURNALIST: How much harder then does it make it for you to achieve your goal, or the goal that Australia has set of a Wilderness Park in Antarctica?

PM: Obviously it be easier if the United Kingdom were agreeing with us, but Mrs Thatcher is exercising her obvious rights in this regard. I regard it as a matter of considerable comfort that we have received the support of two very substantial countries, in India and France. I will pursue this issue on the rest of this visit with the United States and with Germany, and I'll carry the issue in Hungary. I and my Ministers and my officials in all relevant countries will be very actively pursuing this issue and I understand we will have the support of a number of international organisations which have applauded my - and I thank them for it - which has applauded the decision that we've taken.

JOURNALIST: Mr Hawke, today your Treasurer ..... Mr Hawke, could you just clarify a point about Mrs Thatcher's response on Mr Fraser. I thought she said early in the press conference that she had given no reply and said later that she had given some indication.

PM: No, ..... what I've said. I said she did not say to me yes or no, but as to the nature or inclination on where she may be going and so on, and the considerations which were important to her, that is a matter which is fair or appropriate for me to comment on. That was what I regard as a confidential discussion. If she wants to say anything publicly about the matter - I doubt whether she does - it should come from her.

JOURNALIST: Would Mr Fraser get the job without her support?

PM: I beg your pardon?

JOURNALIST: Could Mr Fraser get the job without her support?

PM: I suppose that's ..... I think that what will happen in this matter is that at some stage before the CHOGM meeting in October, that it will become clear that one of the two candidates has a clear majority and in those circumstances the other will withdraw. I don't think anyone would want a situation where, if there were such a clear majority decision, that it then be battled on right up to and into the CHOGM meeting.

JOURNALIST: Mr Hawke is it fair to say that in your estimation that Mrs Thatcher feels deeply about Mr Fraser's candidature?

PM: I think that I can say this, that I think Mrs Thatcher is adopting a responsible approach to it and I hope that that doesn't sound condescending. She has feelings about both candidates, I think she is trying to work through to a decision as to what she thinks would be the in the best interests of the Commonwealth.

JOURNALIST: ..... the harsh things that you've said about Mr Fraser over the years ..... you once said, for example, that he was the man of cutlery of Australian politics, born with a silver spoon in his mouth and ..... all his time stabbing people in the back. Are you totally comfortable, as Malcolm Fraser's lobbyist, and what exactly .....

PM: Campaign manager as I've been described as.

JOURNALIST: And what exactly is your selling pitch when you deal with someone like Mrs Thatcher?

PM: In answer to that question, which I'm quite prepared to, I can do it because anything I've said on this issue with Mrs Thatcher is something that I'm on the record about anyway. My position of course is well-known, that I don't think that Mr Fraser is the perfect human being.

JOURNALIST: (inaudible)

PM: Now wait a minute. It's not as simple as that ..... But I think that what we've got to look at in this issue is, what is the position that he's seeking to fill, what qualifications does he bring to it. Now, as you've heard me say in the Australian Parliament and elsewhere on the public record, Mr Fraser's record on the question of race and colour is impeccable. He has, therefore, a moral basis, I believe, which justifies his candidature. I believe that he has a capacity to talk to with not only Commonwealth countries but with other countries in the world whose decisions will be relevant to the resolution of the position in Southern Africa. But let say this - and I think this is important for everyone to take into account

PM (cont): who has to make a decision within the Commonwealth - the Commonwealth is not a single issue entity. Of course it is the case that South Africa has a great importance and will continue to have until the matter is resolved. There are many other issues of importance for the Commonwealth and throughout his public career, both as Prime Minister and since, Mr Fraser has indicated - as I acknowledge - a concern with these issues. For instance, as you know, he's is currently acting as chairman of an ..... group which is concerned with commodity trade, in particular as it affects African countries. So he has a range of experience and commitment, and contacts which I believe would serve the Commonwealth well. But that's the sort of considerations which I think are important in supporting the candidature of Mr Fraser. I repeat - as I've said before - none of those things are meant to imply any criticism of the candidature of Mr ....., Chief ..... I think it is one of those fortunate positions where the Commonwealth has two very good candidates.

JOURNALIST: Mr Hawke, today your Treasurer .....

PM: I will come to local matters in a moment. Is there any further matters before we go to Australia?

JOURNALIST: Did you discuss South Africa with Mrs Thatcher?

PM: Yes, we did have some discussion about that - within the context of talking about not only the candidature of Secretary-General, but more generally we did some discussion about that.

JOURNALIST: How much common ground is there between you and Mrs Thatcher on South Africa in the light of the fact that Mr De Klerk is coming here later in the week?

PM: He'll be here on Friday. I think he's already here for a government meeting on Friday. I think this is the area of common ground that we share - an abhorrence of apartheid as a philosophy and as it is practiced. We have that common ground. Where we have our differences is in the strategy of trying to combat that and I don't think there's anything more I can usefully add to that observation, that fairly states our position.

JOURNALIST: Prime Minister, while you were discussing matters of the environment with Mrs Thatcher, was she able to give you the British position on when they might accept their responsibilities in cleaning the nuclear testing sights in South Australia, Maralinga particularly?

PM: The position there is that we are still engaged in a joint exercise of officials and people with relevant qualifications as to an assessment of the facts - what needs to be done. When those assessments are reached, then that's the time for negotiation and so, because those processes are going on, there's no point in particularly going to that issue.

JOURNALIST: Mr Hawke, do you think the Commonwealth conference will be dominated by South Africa as the last two conferences were? Or are you making an attempt to vary the menu a bit?

PM: Obviously South Africa will be an important issue and the Commonwealth can't meet without South Africa being an important issue. But I have the hope that it will in no sense be an exclusive or totally dominating issue because there are many other issues of importance and two, in particular, I think will need to be very much on the agenda. One of course is the question of international trade because for the member countries of the Commonwealth, liberalisation of international trading systems is of fundamental importance. And secondly, the question of the environment. I think those two issues need to be very much on the Commonwealth agenda as probably does the question of the actual organisation of the Commonwealth affairs - the mechanics of the ..... and so on. I think we need to have a look to see whether now at the end of the 1980s we're as well organised as we might be on questions of internal housekeeping as it were. Now those issues are all important and I trust will be part of a fairly comprehensive agenda.

JOURNALIST: Mr Hawke, about the question of Secretary-General again .....

PM: It does fascinate you all doesn't it?

JOURNALIST: Did Mrs Thatcher make it clear that she has not got much enthusiasm for either candidate? That's one point, and secondly, on your meeting with Mr De Klerk, what is your view on his idea of the great ..... or, putting this another way .....

PM: I'm not meeting with Mr .....

JOURNALIST: I'm sorry ..... I thought you said you were going to have a meeting with Mr De Klerk.

PM: No, I said Mrs ..... I haven't got to that stage.

JOURNALIST: What is your view on this issue?

PM: In answer to your first question, that's one you should address to Mrs Thatcher.

JOURNALIST: ..... in France, on the one hand, be prepared to sign the Minerals Convention and, on the other, .....

PM: She didn't say much more to me on that than in private or in our impromptu press conference in Downing Street.

JOURNALIST: Mr Hawke, back on China, now that the executions have begun, don't you think it is time the West started to threaten in their serious sanctions and don't you think there are some sort of non-trade sanctions you could use such as banning flights to Australia or something like that?

PM: I go back to the answer I gave before, but I'll add to it. But I go back to the fundamental point that I made, and that is that we do have a difficult line to walk between doing and saying those things which are going to make clear our unequivocal condemnation of the actions. On the other hand, making decisions which are going to be in the interests in China, in distinct from its current leadership. And I've said, what I think is obviously true, that that is a difficult line to walk and it is right, as in implicit in your question, that the more evidence we get of brutality of execution of the total ignoring of fundamental human rights, the more difficult it is with any sense of confidence, to walk that line. But, simply, in these circumstances where there is still a degree of fluidity as to outcome, to just say yes we'll make a whole range of decisions which is going to close China off, is not something which is necessarily in the interests of the people that we want to help. I concede straight away that that is going to require difficult decisions but I hope it will be apparent that in my own case, and I'm sure in the case of Mrs Thatcher and others, that we will desperately try and make the right decision. Let me make this point. That as far as my country and my government is concerned, there will be no decisions based upon expediency.

JOURNALIST: Mr Hawke, on Vietnam .....

PM: Yes.

JOURNALIST: How optimistic are you about the Vietnamese accepting refugees who are sent back against their will and is there any possibility of your government agreeing to resume aid to Vietnam before the end of September?

PM: On the first question, I think Vietnam has come to understand that they have to accept the view of the rest of the world that we are now dealing with a different situation, that it's not one of political refugees but economic refugees, and that the rest of the world is simply not going to accept the flight of people, in the sense of particularly from North Vietnamese, as particularly in regard to Hong Kong, who simply made a decision that they don't like the economic regime and are seeking a more congenial economic environment and that the government of Vietnam has to accept that fact and it has to move to a situation where, as people return, and that they participate in an acceptable orderly departure program which is consistent normal immigration flows. As to the question of aid, we won't be meeting in any significant way before the time we mentioned. What we've made quite clear, in respect of contact with Vietnam - as far as, may I say, of ASEAN countries and others - that one of the outcomes that we hope to see from the resolution of the Cambodian tragedy is a preparedness on the part of Vietnam to open itself up. There is evidence that that is what Vietnam wants to do, and it's my firm position in judgement that, if Vietnam adheres to its commitment to withdraw its troops from Vietnam - as I say, adheres to it ..... go back, but if adheres to that - and take a positive role in trying to secure a final settlement of the Cambodian problem, and itself then seeks to have a greater degree of involvement with the rest of the world, then it is in the interests of Australia and of other countries to respond positively to that, and we'll be prepared to.

JOURNALIST: (inaudible)

PM: Sure. Is there any .....

JOURNALIST: Yes. Mr Hawke, on the question of South Africa, was there any mention of the possible release of Nelson Mandela as part of the deal to get the South African government and the ANC to talk to each other?

PM: No there was no allusion to that.

JOURNALIST: Still on South Africa. At this meeting have your differences with Mrs Thatcher narrowed at all and how long did you spend talking about South Africa?

PM: We spent quite a deal of time talking about it. I think it's fair to say that Mrs Thatcher has a view that the new leadership in South Africa will be more responsive to the processes of persuasion. I hope that's true. I believe that what we need to see there is action, and not just words.

JOURNALIST: Did your differences narrow at all this time?

PM: I don't think that the discussion went to the point where I could draw that conclusion. It's a matter that we will have to take up further in the Commonwealth Heads of Government context.

JOURNALIST: Did she then seek to persuade you that it would be good a moment to lessen the pressure to give De Klerk a chance and if so how did you respond?

PM: She made it clear that she sought, as I said in answer to the previous question, that there was something of a new and more promising environment. I hope that's true, but I repeat, unless there is action then that is not sufficient. Unless there is action that they are moving towards a more acceptable position, then that's the context within which we and the Commonwealth have to consider what our position is.

**JOURNALIST:** On domestic issues ... Did you know the Treasurer ... from the argument of a luxury tax ... on a question of tax relief for savings, which suggests that your pledge that these matters along with others would be given careful consideration is not all that fair dinkum, at least as far Mr Keating is concerned. What is,

**PM:** You're in the unfortunate position, my dear friend, that I have the transcript and as is so often the case you put a slant which isn't accurate. Let's look at what he said as distinct from your gloss on it. "Well look, the whole question of about luxury good taxes on simple lines is simply a matter of taste, and the relevant phrase. I couldn't put it better myself. Now it is an issue as the Prime Minister has said very much in the public debate and we'll have a look at it". Now, I've had the opportunity of seeing the Treasurer's speech and his answers to questions. I simply want to make this fairly brief statement which I hope will be an end to the matter and that we will have an end to glosses and a consideration of facts is always useful. I've been away from Australia now for almost six days, it is appropriate that in the first period when we had the balance of payments question coming up that I'd be prepared to recognise within the context of that economic problem the appropriateness to make certain comments. Now, I just want to make it clear to you that I don't propose for the next 11 days of this visit to comment on every domestic issue that may come along. I do want to say this about Paul's speech and his answers. Firstly, I thought it was an excellent speech which set out the economic situation very clearly, the position, how ever much you may try and create an impression to the contrary, the impression is that Paul Keating and I are in agreement on economic policy. There's no difference between us and we had a long discussion on economic policy before I left and beyond saying that I am not going to conduct a detailed examination here on the other side of the world on issues that will probably ... to anything when I have returned to Australia, but I have emphasised as far as the speech by Paul is concerned, I think it was an excellent speech and I agree with it and we are ... as indicated that he is that if the issues are in the public demand they will be examined and I agree with him instinctly if I may say so, in regards to this issue that the public are ... about, it is possible for an increase in taxes in relation to goods no one



personally including myself ... that .... (inaudible) fundamental answers to problems facing the Australian community about, that is .... is one in which we have demands at a rate of 11% increase and supply of about 5%, now that's the essence of the problem and this particular proposal ... is not going ....

JOURNALIST: Mr Hawke, is it still your views that Australian living standards will be maintained for this year and improve for next year?

PM: I'm going to appeal to what I just said, I have said all I'm going to say about the domestic, political and economic issues. I have prepared for the first couple of days (inaudible) As far as I'm concerned this is the time I (inaudible) as much as I'm going to and when I get back to Australia I am going to get right in to all these economic issues together with Paul and we'll make the decisions that are necessary to protect the Australian economy. I'm not going to on the other side of the world to go on with ... issues.

JOURNALIST: So you take that attitude because Mr Keating has expressed ... (inaudible)

PM: No, Mr Keating's ...

JOURNALIST: (inaudible)

PM: The position I've been putting is very simple and I've read the speech and his responses and I find myself in agreement ... particularly in regards to (inaudible) and the decision as always in this manner ... predominantly reflect the outcome of the discussions between the Treasurer and the Prime Minister.

JOURNALIST: (inaudible) living standards across the board?

PM: Good try Laurie. I've said all I'm going to say.

PM: What lessons are you taking back to Australia from Mrs Thatcher's handling of one, the economy here and two, industrial relations here, particularly in light of the massive swing against her at the weekend in the European elections?

PM: We haven't come here, nor I'm going to the other countries to learn about the ... economic management. We do that better than anyone else and on the question of industrial relations in particular, all I can say is that as a result of our conduct of

industrial relations we've had a 59% percent reduction in industrial disputes, almost 10% reduction in real unit labour costs. We think we handle that area very well indeed.

**JOURNALIST:** Mr Hawke, can you tell us why your taking this decision not to comment on domestic issues while you are overseas?

**PM:** I've told you why. I said that it seemed to me at the beginning particularly in the context while we're waiting for the balance of payments consideration that I knew that that was very much in people's minds as appropriate to make some observations in regard to that, but I just have my priorities very clearly worked out, that is with that behind us what we're about on this visit is the pursuit of Australia's interests in a whole range of areas. That's what I'm going to concentrate on and I've no intention of deviating from that. You know that when I'm back in Australia you have ample opportunity of discussing these matters with me. I know that's disappointing to you, but that's what the position is going to be.

**JOURNALIST:** On a lighter note, what do you reckon on England's chances in tomorrow's Test?

**PM:** Is this put in terms of negotiating a wager or academic analysis? I have said to others before, I repeat it for your benefit, before the encounters began I sent a cable to Alan Border, I'm not in a position of sending him instructions, but I sent a cable to him which send this, "good luck in the first Test, I expect to see you at Lord's one up". Now he has done excellently, I wish all my quasi-instructions were so faithfully carried through and he's done very well. I expect on the evidence both of the performance of his players and the quality of his captaincy and the nature of the opposition, I have no reason to expect that the result which has emerged from the first encounter will not continue to emerge in the subsequent ones. You may pick up one Test but you have no chance of winning the series.

**JOURNALIST:** Mr Hawke,

**PM:** OK, this is just about the last one.

**JOURNALIST:** Should Australia play a leg spinner at Lords?

**PM:** Should we play a leg spinner at Lords, have we got one in the side. Trevor Hohnes. Well I'm not right up to date with how he's

been performing. We got away in the first Test without a spinner, but I think it's one of those circumstances where in this country of variegated conditions there may be some circumstances in which the inclusion of a spinner off or leg, may be appropriate. I have such great confidence in the way that they have conducted themselves to this point that I am sure they will make the right decision.

Thank you.

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