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PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, LIONSVILLE AGED CARE HOME,
ESSENDON, 2 DECEMBER 1990

E & OE - PROOF ONLY

JOURNALIST: Well Mr Hawke, what's your response to the latest developments in the Gulf?

PM: Well I'm very pleased that there's this move been made by President Bush. It gives the hope that the strong signal that's been given by the United Nations, through its most recent resolution, of the preparedness to use force if necessary may, however, give rise to a resolution by diplomatic activity. It's important that it be understood, as the President clearly has, that the three conditions of the United Nations - and they're not the conditions of President Bush, they are the conditions of the United Nations - are not negotiable. That is the total withdrawal of the Iraqi forces, the release of all hostages and the return of the independence of Kuwait. Those are non-negotiable. Now if Saddam Hussein is prepared to have discussions within that context there is hope that conflict can be avoided.

JOURNALIST: If that conflict can't be avoided will Australian troops be involved?

PM: I'll be making a statement to the Parliament on Tuesday. I've made it clear that I'm not making any pre-emptive comments before I speak to the Parliament on that.

JOURNALIST: What about the Palestinian position there regarding these talks?

PM: Well I don't understand what you mean.

JOURNALIST: It's been said that the Palestinian issue should be discussed at these talks between Mr Bush and ...

PM: Well the Security Council didn't say that and the Security Council is right.

JOURNALIST: It's been reported today that the Australian Government's preparing to send or to keep four ships in the Gulf.

PM: I read lots of things in the papers about what I'm going to do. Would you be surprised to know that very often they're not right?

JOURNALIST: So are you denying that that's going to happen?

PM: No, I'm not making any statement until Tuesday.

JOURNALIST: Are you considering such a move?

PM: I am considering talking with my colleagues in the Party and I'll also be having a conversation with the Leader of the Opposition, consultations in respect of the Party and the Leader of the Opposition which I've promised in any situation where we were considering what would happen in the Gulf. Those things will be done and I'll make a statement to the Parliament on Tuesday.

JOURNALIST: Is this matter so important that Australians should be prepared to die in the Gulf?

PM: We don't want anyone to die, either in the Gulf or anywhere else. We want the matter to be resolved peaceably but what you have to remember are the facts that some people tend to forget and that is that one nation has attempted to destroy the existence of another, simply by marching in and say; sorry, Kuwait you no longer exist, you're us. Now if the world allows that sort of proposal to stand as an acceptable norm of behaviour then international relations are dead. That sort of position is not going to be tolerated by the world as the Security Council has made clear.

JOURNALIST: Just back home for a moment, if I may?

PM: Yes sure.

JOURNALIST: Industry heads and your own industry Minister this morning said that they believe the recession will get worse before it gets better. Do you agree?

PM: Well whether you've reached the absolute bottom now, no-one can be absolutely certain. I think the thing that I am totally confident about is that the economy will recover in 1991 but it's impossible when you're in a recession to say is it this month or that week where you've actually hit the bottom. There are signs of recovery but I would just be misleading the Australian people if I said; well we are right at the bottom now. But what I am confident about, as I say, is that the recovery will take place next year.

JOURNALIST: inaudible

PM: Just a minute.

JOURNALIST: Nobby Clarke today also warned that the IMF might be forced to intervene soon in our economy.

PM: Nobby. Good old Nobby. I mean, I think Nobby ought to, you know, really keep to the business of trying to run his bank. I don't think Nobby really, from a position of how he's run the bank, is in a position of strength to tell people how to run the economy now. I intend no ill will towards Nobby but I say Nobby you run your bank and that's your job.

JOURNALIST: inaudible

PM: Just a minute. No you've had a chance.

JOURNALIST: Prime Minister, Mr Keating says we're having a recession that we had to have. Do you agree with the Treasurer and do you accept the responsibility for the recession?

PM: What the Treasurer was conveying was this, and I don't want to, as I say, engulf you in statistics but there's a very simple one which is necessary to understand. That is that 18 months ago our expenditure as a nation was increasing by 10 1/2 per cent and our production by five per cent. Now the economy could not be allowed to go on doing that because if we in those circumstances had not taken action to lower the level of activity then the world would have done it for us and it would have done it in a totally devastating way. So we had to slow the economy down and that was the sense in which the Treasurer was saying what happened was a necessary remedy for the situation of the Australian economy. We've got to go on for some time having a situation where our increase in outlays, our increase in expenditures as a total community are less than our growth in production. In that sense the decisions that were taken were, unfortunately, necessary. As I've said recently, I haven't spent 32 years of my life in public life, that is pursuing a public career rather than private aggrandisement, I haven't been doing that to capriciously inflict hurt upon the Australian community. I know that I had the responsibility as Prime Minister, with my Government, to make the decisions which were going to ensure the future welfare of the Australian economy. Ok, I think -

JOURNALIST: ... you and the Treasurer have consistently said that all the Opposition offers is to solve those problems by driving the economy into recession and that you would not do that, this has now happened.

PM: No, what we've said is that the Opposition has no recipe, has had in the past and has in the present no recipe for dealing with the basic economic challenges of this country. It's been true in the past, it remains true. If you look at the situation in 1982-83 when they unnecessarily created a recession one of the reasons why

that was done is that they had no wages policy - allowed a wages blowout of 17 per cent and the economy was driven into levels of unemployment that hadn't been seen for 50 years. We haven't reached and we will not reach those sorts of levels of unemployment and a basic reason why we're going to come out of this recession in a relatively strong position is because we have got inflation going down and it's in large part is the result of having an effective wages policy. While the Opposition is in the situation where they've got no way of controlling the level of wages outcome then they would be, as they were in the past, a disaster for this economy.

JOURNALIST: Can I just ask you one for our Perth station?

PM: For your Perth station, yes.

JOURNALIST: Brian Burke has been named as the "B" involved in phone tapping in Western Australia. Is there a possibility that you might recall him from Ireland?

PM: This question arose earlier. I don't make judgements about the people on the basis of allegations. People are innocent until they are proven guilty. Now as far as the situation in Western Australia is concerned a Royal Commission has been set up and it is for the Royal Commission to make decisions as to who they want to call. If, for instance, and I do it in no more than a hypothetical sense in answering your question, if they felt they wanted to call Mr Burke then of course he would come back for those purposes.

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