



## PRIME MINISTER

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E & OE - PROOF ONLY

JOURNALIST: Did you put Mr Keating on notice at all, Mr Hawke, at yesterday's talks? If he transgresses again will you move against him?

PM: No, I didn't put him on notice.

JOURNALIST: Don't you think that that would have been a good idea?

PM: Not necessary.

JOURNALIST: Why not?

PM: Because I believe what Mr Keating has said to me. He believes what I've said to him and I have the clear view now, as a result of what was a fairly lengthy conversation, that what has been I think the most effective political partnership in post-war politics will continue in the period ahead to be effective.

JOURNALIST: Who do you think was the guilty party, the media or Mr Keating?

PM: I'm not concerned with allocating guilt. I accept what Paul said to me that he was under very considerable emotional strain as a result of the sudden death of not only his colleague and adviser but friend, Chris Higgins. He was under a strain imposed by that event. I accept that.

JOURNALIST: There was harm. You said so in the statement last night.

PM: Sure.

JOURNALIST: Now where did most of that harm fall?

PM: Well I think basically on the Government because I'm always concerned if there is harm to the Government I move quickly to try and isolate that, limit it. I think I've done that.

JOURNALIST: Do you think the Government is looking a bit ragged just nine months after you won the election ...

PM: No I don't think it's looking ragged. There is, I mean I'm not stupid and saying that this hasn't had an adverse

impact. It would've, but I think not a lasting one. We've had the capacity to sit down as two intelligent and committed individuals and discuss the issues directly and I think with a great degree of frankness. We'll go about our business now of conducting the, as far as Paul's concerned, particularly the economic policy, he and I together there and as far as the Government more generally is concerned I, with my other colleagues, doing those things which are necessary to meet the challenges confronting this country. I believe that there is a very clear distinction which is apparent and will become increasingly apparent as we go through the life of this Parliament between the precision and the relevance that we have to offer in policy terms and as we described it in that brief statement regressive, irrelevant prescriptions of the Opposition. In the end, as you know you've heard me now year after year after year and many of you with varying degrees of reluctance have heard me say it, and reluctance to accept the accuracy of what I've said but it's remained true and it remains true now, that in the end the Australian people are going to make decisions on the basis of who has got the best capacity to govern them, to look after their economic interests. I have absolutely no doubt whatsoever that when we go to the next election the judgement will be, as it should be, that whatever qualifications the people will have had about some of the things we have done that in terms of relevant and competent economic management Labor under Hawke has got the best answers.

JOURNALIST: (inaudible)

PM: Calm down.

JOURNALIST: Prime Minister, there is concern that if you go to the next election saying that you will step down some time in the next term that you will appear as a lame duck candidate -

PM: Well under pressure from -

JOURNALIST: - that you will harm Labor's chances -

PM: Ok, I've got your question. I'm a little bit surprised that it was asked actually. Under pressure from various of my colleagues, which has built up over some time now and particularly since I made that statement, I have revisited the issue, if I may put it that way, and I now make it clear that I will lead the Party to the next election and with the intention of going through that term while I retain the keenness towards the job and the fitness for it that I do now. That's what my colleagues feel should be the case. I'm persuaded by them and that is a statement of my position.

JOURNALIST: (inaudible)

PM: Just calm down. There's plenty of time.

JOURNALIST: Is that an absolute commitment or are you giving some qualification there and secondly -

PM: No. It's an absolute commitment - we'll take the second in a moment - it's an absolute commitment that I will lead the

Party into the next election with the intention of leading the Party through the whole of that term.

JOURNALIST: Did you tell Mr Keating ... and what was his response?

PM: Mr Keating is aware of my position and I don't intend to go into all the details of our conversation. But Mr Keating is aware of that position.

JOURNALIST: Did you ... that with him yesterday?

PM: Mr Keating is aware of my position.

JOURNALIST: ... did he accept it?

PM: I think he accepts it, yes. There was no indication that he doesn't.

JOURNALIST: Did he give you any indication that he might leave?

PM: No. The understanding that I have is that Mr Keating intends to stay.

JOURNALIST: But you would not lead the Party to election number six, you'd stay up to the point of that election? Is that ...

PM: Well, I mean, a lot of people have had sort of intimations of mortality over recent times and, I mean, one can't go on forever and ever. But my intention would be to go the whole of the next term and well let's see the position then.

JOURNALIST: Two more elections.

PM: I am saying that, and I don't think it's a very complicated answer that I've given, I mean we really are getting to the navel gazing stage. Let me repeat it; I will lead the Party to the next election with the intention of leading them through the whole of that next period. Now that's a fair period of time. I'm giving my commitment you see for now some five years. Now by any reasonable expectation that's all I need to give at this stage. I don't intend to say anything more about that.

JOURNALIST: Is it reasonable, Mr Hawke, to expect Mr Keating to postpone his own leadership ambitions for that period of time?

PM: Yes.

JOURNALIST: Mr Hawke, is Mr Keating still your preferred successor when you do step down?

PM: As I've said before the decision is for the Caucus to take but yes, as far as I'm concerned, I think he's best equipped to follow me.

JOURNALIST: In your talks with Mr Keating yesterday did he retract a single word of what he said on Friday night?

PM: Yes there was a lot of retraction of things that had been conveyed. I'm not going through all of those. He was very spontaneous, and early in the piece, with his apology and I accepted it. I think you know me now after a pretty long period in public life I'm not, as distinct from some other people, one who carries bitternesses because I regard bitterness and jealousy as a most corrosive element in life, in personal and public life. I've always had that belief and I adhere to it now. I appreciated the fact that Paul understood the hurt and the damage that had been caused and he apologised unreservedly and I accepted it.

JOURNALIST: So, in fact, he did apologise for what he said. Did he accept the responsibility -

PM: He accepted responsibility, yes, that's quite clear. I mean, really you are trying to -

JOURNALIST: I don't think it is, Mr Hawke -

PM: It is to me. I would've thought that the language is quite straightforward. I've given the positive answer to the questions twice already.

JOURNALIST: Mr Hawke, three and a half hours is rather a long time just to say sorry.

PM: Well who said, I mean, with respect to you that's an absurd observation and you, by the grin on your face know that it was an absurd proposition. I mean, we didn't spend the time only with the making of an apology and an acceptance of it. We had a lot of things to talk about.

JOURNALIST: Was there any discussion, Mr Hawke, of a change of portfolio at all for Mr Keating either now or sometime in the future leading up to that transition to leadership?

PM: No.

JOURNALIST: ... remain as Treasurer for the five years ...

PM: My position is this; that I said after the last election I offered Paul would he like to do something else - and this is not something new I'm saying, you know I've said that before. And he took the view that he wanted to keep the Treasurership, a position and the view which I not only understood but appreciated and gladly accepted. My position would be that if at any stage Paul believed that he would prefer to have another portfolio then he would have that right. I mean, the position of the Deputy Prime Minister is that they should have their choice of portfolio. They don't automatically, and I'm talking now historically, automatically get what they would nominate but they do have the right to nominate the portfolio they would like. And as far as Paul's concerned I believe he has that right, not only as Deputy Prime Minister but given the period of time that he's served. If he should make the judgement that he would prefer to have another portfolio experience then, of course, I would

accommodate him. But, I mean, please don't beat that up, I mean, it was not an issue of discussion.

JOURNALIST: Mr Hawke, you said I think only two weeks ago to Howard Sattler that you wouldn't like to fight two more elections. Can you explain exactly why you've had this change of heart?

PM: Well I've had put to me by a range of people within the Parliamentary Party and outside it that that's not satisfactory for the reason, (1) they want me to be there longer than that and (b) that they would think that that would be a politically somewhat difficult position or one that could be exploited - so it's said by some - that people wouldn't know who they were voting for after me at that election. So on the basis that I feel remarkably fit physically, mentally alert and as keen on the job as I've ever been I have responded to those observations. Those are the reasons.

JOURNALIST: (inaudible)

PM: Just a minute, calm down.

JOURNALIST: Prime Minister, you expressed the view that people might vote for you and not for Keating.

PM: Well by some people that was put. I mean, it would obviously be absurd for me to deny that some people didn't say that, some were saying that. But it was not just that point. They were saying; well if you go into an election and say yes but I'm going in the middle well they're not quite sure what's going to happen after that, they want to vote for you and they want to know that that's what they're voting for for that period. I understand that's a reasonable point of view. I've responded to it.

JOURNALIST: Mr Hawke, do you also undertake to evaluate closer to the next election what would be in the best interests of the Labor Party electorally? Your staying or going?

PM: Well that's always open to anyone, not just me. My assessment, if I may say so modestly, is both now and I'm sure it would be at that time, that the Labor Party's best chances of re-election are with myself as leader.

JOURNALIST: Mr Hawke, did you indicate to Mr Keating prior to his speech on Friday night your change in thinking on this matter or did you tell him yesterday?

PM: In regard to going on? No I hadn't specifically had a conversation with him about that.

JOURNALIST: So yesterday was the first time he knew of your changed view on that matter?

PM: I would think that would be so. Yes.

JOURNALIST: In your talks with Mr Keating yesterday did he convey any suggestion that he might leave politics this term?

PM: No. I have two constraints on talking about this. (1), as you know, I don't want to go into all the details of a personal conversation, (2) there was a great deal covered. I think it's fair to say no, that the overwhelming conviction he left me with is that he would want to stay on this term.

JOURNALIST: But did he leave this open though? Did he leave this open?

PM: No he hasn't really left it open. His answer to me is that he would stay the term.

JOURNALIST: If Mr Keating hadn't apologised would you have sacked him?

PM: That's a real hypothetical, isn't it?

JOURNALIST: What about next term ... Mr Keating. Do you expect him stay next term?

PM: I would think so.

JOURNALIST: Has he indicated that?

PM: Well there's no - we didn't go into that period. I mean, the immediately relevant position, as far as he was concerned, was this term and I understand he'll stay this term.

JOURNALIST: He must've been a bit surprised by your change of heart from only two weeks ago. Surely he had a response.

PM: Well I have nothing on which to base an assessment about the period after that other than to say it's my hope that he hope and my expectation that he would.

JOURNALIST: Did Mr Keating tell you that he'd like to see you stand down as Prime Minister this term?

PM: No.

JOURNALIST: Did you in fact tell the Treasurer yesterday about your plan to stay on or did he learn about this today?

PM: It would've been evident from the conversation that we were having yesterday.

JOURNALIST: Was the Treasurer wise to make that speech even on an off the record basis?

PM: Well he was - I don't think it's a question of wisdom. I don't want to go into it other than to say I accept what he said to me, David, that he was in a state of considerable personal stress as a result of the sudden death of Chris Higgins. I think that that's a relevant consideration and I don't want to say anything more than that because, as I say, I accept without question the apology that he tendered to me.

JOURNALIST: ... would've been as evident to Mr Keating yesterday ... Did you say to him explicitly that you're intending to stay the full fifth term?

PM: Well what I indicated was that I intended to go into the, take the Party into the next election and that there was reference to the uncertainty that there would be, if you know I wasn't standing there for the whole of that period and there was reference to that. I have no doubt that he would have understood. That's why I've answered the question the way I did. There wasn't a specific question and answer but I have no doubt from the nature of the discussion as a whole he would have understood that.

JOURNALIST: In 1983 in an interview with David Frost you said you'd only stay three terms and when he asked why I think your reply was that after three terms your capacity for effectiveness in the job was substantially diminished. Why do you think ... now?

PM: Well I've been there now. I know the playing field. I feel better equipped to be Prime Minister now than I was then because I've learnt more about my own country, more about my own people, and I certainly know more about the international environment within which we're operating. In physical terms I feel as well as - better basically - than I've ever felt. Intellectually and mentally I feel as alert as ever. So for all those reasons I think it is appropriate that I continue to be available.

JOURNALIST: Mr Hawke, who were these people who came to you about going right through the fifth term?

PM: I'm not responding to that.

JOURNALIST: Why did they come now, in the last few days?

PM: Well a) I'm not saying who the people were and I don't think you -

JOURNALIST: (inaudible)

PM: There was a range of people but -

JOURNALIST: (inaudible)

PM: Just a minute. There were a range of people inside the Parliamentary Party and outside it. The question basically developed a momentum because of what I'd said before about standing down after the next election, during the period of it. And all these people were, as I say, kind enough to put two reasons for me as to why that shouldn't be my position.

JOURNALIST: Just a whole lot of separate people who suddenly -

PM: A whole lot of separate people Michelle.

JOURNALIST: Can you ... at that dinner on Friday night would have had the view that Mr Keating's .... Do you accept that this issue is going to dog you for the next few years despite the statement that came out yesterday?

PM: No.

JOURNALIST: Why?

PM: Because not to accept that involves either or both accusing Mr Keating of lying and myself of excessive naivety. If you want to do either or both of those things, do it.

JOURNALIST: Just coming back to that range of discussions that you had with various people, given the sorts of comments and declarations you've made in the past, how much persuasion ... have?

PM: Not a great deal.

JOURNALIST: Will you speak at next year's Gallery dinner?

PM: I didn't hear that, just a minute.

JOURNALIST: Do you accept that when your Deputy leader has such naked ambitions that it's very difficult for a leader to sustain his position?

PM: No, I don't. Paul, as I say, has over a fairly considerable period of time not disguised his ambition that he would like one day to be Prime Minister. That's a perfectly legitimate ambition. One I have held myself at times in the past. I, as I say, I repeat what I put a moment ago. I accept what he's put to me now, and I believe the Party will and it will be seen to be operative in fact. What was your question?

JOURNALIST: Seeing whether you'll be the guest next year at the Gallery dinner.

PM: If it's off the record.

JOURNALIST: Prime Minister, you say that you expect a recovery to begin in 1991, on the .... Could you expect to see a recovery in the major opinion polls of yourself and of your Party?

PM: I'm not sure. I noticed in one this morning. They said the Party's up somewhat. It will improve during 1991. I mean I don't know which months or which poll.

JOURNALIST: ... completely different. The NSW Government says it will consider a NSW ... bid for the Year 2000 Olympics if they can get \$125 million in interim funding from the Federal Government. I gather you've discussed this with Mr -

PM: I had a yarn with him yesterday.

JOURNALIST: So what's your ...?

PM: He's going to write me a letter about it and I said I'd consider it when I got the letter.

JOURNALIST: (inaudible)

PM: I don't want to say anything more about it than this. My basic answer is I told Nick Greiner that I'd look at his letter, that we would want to be helpful. He indicated that



they needed ... upfront money. If they weren't successful they would be prepared to repay to the Commonwealth so that it wouldn't be a sort of pig in the poke sort of situation if I could put it that way. I said alright let's have a look at it. He's going to write to me and I'll consider that with my colleagues.

JOURNALIST: Do you accept Mr Keating's general point, and I think he put it generally, not last Friday night, but that it's much more difficult than for a Prime Minister to be popular, to be up in the opinion polls?

PM: You will have seen me say when I've been frequently speaking in defence of Paul that Treasurers by and large do have a difficult job of attracting popularity. It is reasonably difficult for a Treasurer. I've said that before.

JOURNALIST: Well, given that, how can the transition be satisfactorily arranged whenever it is going to be? Aren't you always going to have this difficulty?

PM: It may be. It just depends - I mean, if you know that distant period down the track when this issue may arise the economy was booming along nicely and interest rates were low, employment in good shape, well obviously the assessment of the Treasurer would be better in those circumstances than it is now I would think.

JOURNALIST: Mr Hawke what did you think when you heard that Mr Keating had said that Australia had never had a great leader and it showed?

PM: I didn't like it. Either in terms of its value as an historical analysis or in terms of its present relevance. Now I addressed both those issues in my discussion with Paul and indicated that I thought his historical analysis when he was saying what he said on Monday morning, what he said to me he was really talking about the pre-83 period. I said well I think your analysis is wrong. He won't mind me saying here in terms of our conversation that I said that his analysis in respect of Curtin was in my judgement grossly inadequate.

JOURNALIST: Did he accept that?

PM: I think it's fair to say that he accepted that his observations had done less than justice to Curtin. He made it quite clear to me that in his statements about leadership in Australia he had been referring to the period prior to this Government. So that's my answer in respect of the two elements of this question. The period which he said he was talking about in regard to the present.

JOURNALIST: But Mr Hawke, he obviously thought this out. Why would he suddenly change his mind in an hour's conversation, three hours' conversation on his view of John Curtin?

PM: For the very simple reason that I persuaded him. I mean I can persuade people. I know it's very difficult for me to persuade you. I've come to that conclusion. But it's not difficult for me to persuade other people. I put the case which is overwhelming. Let me briefly put it to you as I put

it to Mr Keating as to why I thought that analysis in regard to John Curtin was inadequate. I made a number of points. He came to office in probably Australia's darkest hour and committed himself and gave his life to saving the country. But as I said to Paul, he wasn't overwhelmed and absolutely dominated by the task currently in hand. He in fact set up at that very time the apparatus to make sure that the Australia that he was fighting to save and for which he gave his life, that that Australia in the post-war period was going to be a better and different Australia than those darkest hours of war. He set up the apparatus of the post-war reconstruction with people of the quality of Nugget Coombes to start planning then for a better and different Australia. As I put to Paul, that sort of concept, inspiration, decision-making and achievement in my judgement ranked at least with Roosevelt.

JOURNALIST: You said all that?

PM: Yes, well we did have three hours yesterday. I mean you find it difficult to believe that in three hours I could say that. I mean I can, and I did and I also made the point, I said Paul I remind you of a previous conversation that we've had, and this is a conversation I had some time before. I said it's worth reading - and I recommend it to you people - it's worth reading the Parliamentary Debates here, the Commonwealth Hansards at the time of the Premiers' plan, about 1930. Six years before the general theory. Read Curtin's speeches then. Curtin was light years ahead of his contemporaries in understanding the nature of the economic challenge and the appropriateness of certain policies and the profound inappropriateness of others. I'd recommended to Paul that he should read those debates. In the discussion I had yesterday I asked him whether he had and he hadn't. I said well it's a good idea to do it. I mean, my commitment to John Curtin is well known. I mean I say I don't have heroes, I don't accept the word hero. But I do have the most profound admiration for him and it is one which in a sense is both emotional and cerebral. I also said to Paul it was not only in terms of those issues that I've already talked about but look at the courage he had in facing up to his own Party and to himself on the question of conscription. Massive task that he had to understand and he did it under very considerable difficulties. Profoundly important as far as the welfare of his country is concerned. He did it. He also was prepared to take on the historical challenge if you like of saying that as far as the future welfare of Australia is concerned it was not now the imperial relationship, it was the relationship with the United States. He gave expression to that. He inspired people to accept the relevance of that. And forged a remarkable relationship with Macarthur. Now I'm simply saying when you take those range of considerations together to refer to Curtin as just a trier, as I pointed out to Paul, was grossly inadequate.

JOURNALIST: As Prime Minister Mr Hawke, do you think it's right to say that this has done damage to the Government, that this particular incident originating last Friday night has damaged the Government and secondly can you tolerate another similar such incident which reveals Mr Keating's ... of you?

PM: The incident did damage but there is permanent damage and there is lasting damage. I don't think it's done permanent damage. It did some temporary damage. In regard to the second question I have no reason to believe there will be any repetition.

JOURNALIST: Mr Hawke, you said you hope and expect that Mr Keating will be there after the next election but is there a possibility that he might leave at the next election?

PM: I guess there's a possibility but I don't expect it.

JOURNALIST: Going back to the leadership. You mentioned that you weren't happy about Mr Keating's comments and you mentioned both historically and present terms -

PM: Yes but that was before I had spoken to him yesterday. He assured me that he was talking in an historical context. He wasn't talking about the present. He repeated to me what he'd said before to me personally and what he said publicly, that he regarded me as the most serious Prime Minister in the post-war period. But he emphasised to me that he'd been talking in as I say an historical context. I accept that.

JOURNALIST: What about his line about walking around shopping malls tripping over television chords. Isn't that a direct reference to you?

PM: He said not. But he had not intended it as a direct reference but he understood that it was unfortunate, it could be taken that way and he apologised for it.

JOURNALIST: Mr Hawke, you said it could be difficult to repair the view that after these last few days to put across that you're a close team and get over ...

PM: I don't think it will be hard to put across we're a close team because I don't think that one speech of one night can or will be seen to undo the fact of seven and a half years of close working relationship. I doubt if any serious political commentator disputes the proposition that the Hawke-Keating Prime Minister-Treasurer relationship has been the closest and most effective that anyone can remember. We've had our low points and we've both talked about those publicly. They've been rare. We see the economic picture in very similar terms. Not always identical, not always exactly the same emphasis. We work very closely and effectively together. I don't think one night's going to undo that.

JOURNALIST: Mr Hawke, your office last night described you as being hurt by what Mr Keating said. How long will it take you to recover from that hurt -

PM: I'm totally recovered.

JOURNALIST: - and put your personal relationship with Mr Keating back on an even keel?

PM: I think it's back there. I was hurt. I mean I'm human. Until I'd heard what Paul had to say - not only an explanation of what he said but the circumstances in which he'd said it -

until I'd heard that I was hurt. But I said, I accept without qualification what he said to me.

JOURNALIST: Mr Hawke, on a different subject. How do you feel about foreign interests buying some or all of the Fairfax ...

PM: I was wondering when we'd get to that. Well let me say this; I would prefer that the ownership of the Fairfax interest was in Australian hands. That would be my preference and I don't think we should dismiss the possibility of that happening. If some proposal were made which involves some degree of foreign ownership then obviously we'd be prepared to look at that. It would be stupid to say we wouldn't look at it. But my clear preference is for Australian ownership. If such a proposal involving any degree of foreign ownership would be involved, I think the sort of concepts that I see from this morning's Press were advanced by The Age staff group seem to me to be relevant.

JOURNALIST: Well what limit would the Government allow on foreign ownership on the Fairfax ...

PM: Well as I've said I would prefer it to be Australian owned. The sort of general -

JOURNALIST: inaudible

PM: Well wait a minute. Just a minute. You are very impatient. The Foreign Investment Review Board has tended to talk in general principle terms about 15%. There is nothing binding about that. I'm not being cute or devious in the answer I've given - I never am on any answer - but on this important one I'm not. I really am saying what I believe that I would prefer that you could get Australian ownership, saying that if some proposal is put up which would involve some degree of foreign ownership and prima facie it seemed to have merit then we'd examine it. In saying that I am not saying well I'd do that if it involved 5% and not 10%. I mean the concept is what I'm putting. I hope that Australian ownership would in fact be what emerged.

JOURNALIST: Are you ruling out majority ownership?

PM: Majority what?

JOURNALIST: Foreign ownership.

PM: I wouldn't favour majority foreign ownership.

JOURNALIST: What about say 40-45%?

PM: Well read the answer I've given, please. I mean I've given the answer three or four times. I mean, can I say it again in the hope that it will be understood? Very simple, very straight forward, I would prefer Australian ownership. (B) if some proposal were put up which involved the degree of foreign ownership, we would look at it. (C) I've said I haven't that particular idea around 5%, 10% or any other percentage. Now I think that's pretty clear, straight forward.

JOURNALIST: The notion of control, Prime Minister, though clearly control can reside with something less than majority ownership?

PM: It can and we would not favour control outside of Australia.

JOURNALIST: Mr Hawke, what's your reaction to the Maxwell bid for 49% of the West Australian?

PM: Well we've indicated previously in regard to another bid by that gentleman, we didn't favour it. I would want to see the details of this bid. Prima facie, not very keen.

JOURNALIST: Back to the Treasurer. Did the -

PM: Oh yes. Fairfax, Paul, Fairfax, Paul, yes.

JOURNALIST: Did the Treasurer's remarks themselves on Friday night, have an influence on your decision to stay on longer?

PM: No.

JOURNALIST: Would you tell us when you made that decision then, Prime Minister, to stay on ...

PM: Relatively recently. But I mean I was interested in the range of people that had spoken to me about it.

JOURNALIST: Was it triggered by the Howard Sattler interview?

PM: Was it triggered? With all due respects to my dear friend, Howard, I can't recall -

JOURNALIST: Well that's when you made the commitment that you would be fighting the next election then stepping down ...

PM: Well that was the trigger point, if you like, of the approaches I got from a range of people. Yes, that's true.

JOURNALIST: Is the US Administration and/or others of the allied contingent in the Gulf totally satisfied with Australia's level of contribution?

PM: As I understand it, yes. I've had no indication other than that. Let me say our decision was not shaped in terms of will this be acceptable to the United States or anyone else. It was shaped in terms of - you remember the three adjectives I used - that I said it was significant, I said it was proportional and I said it was practical. I believe that what we have committed and decided meets those relevant criteria and it was those criteria which shaped our decision. Having said that, I have no reason to believe that that decision is other than acceptable, not only to the United States but others, and so it should be. If you look at the measure of our commitment compared with many others, there's no way that anyone can look askance at Australia.

JOURNALIST: Mr Hawke, is there not a danger that the Australian people will think that you've done a secret deal with Mr Keating and in fact you're not going to serve through the next term?

PM: In life and in politics you will never be believed by everyone, including may I say, may I dare say it, including some people in this particularly cynical group. You'll never be believed. You'll always harbour in your mind some doubt that we've got a hidden agenda. Well let me look you straight in your eyes and say believe me, Amanda, believe me. Because it's -

JOURNALIST: You'll have to do a lot better than that I think.

PM: Well is that an invitation?

JOURNALIST: inaudible

PM: Those things are behind me, Amanda.

JOURNALIST: Has Mr Keating's credibility been damaged by his statements that we weren't going to have a recession and then we've had one, we had to have it ... end of the year?

PM: I think Paul would say that his standing is lower than it has been before because of the fact that we're in recession. But I would go on to say this; that I believe that we will reach a position where the Australian people understand that the decisions that we've made have been necessary, certainly they have involved pain and will continue to involve pain for some time. But I remind you of the gains as well as the pain, and I say that fully acknowledging the reality of the pain for tens of thousands of Australians. But the gains are real also. We now have an underlying rate of inflation which is the lowest since these comparable records have been kept - the beginning of the 1970s. We have to the year to September an inflation rate of 6% which is below the average OECD rate. We have in regard to the balance of payments an average monthly figure in seasonally adjusted terms of \$1.3B which is running therefore at an annual rate of \$15.6B, significantly below the Budget forecast of \$18B. We have a situation where we have cemented into the lowered inflationary expectations the new wage/tax deal with the ACTU which means that in this period ahead there are going to be significant lesser wage pressures upon the employers of this country. It will mean that there will, as we get up to April of next year, have been a period of 12 months with no general wage increase. So there are very significant gains that have been made and I think as we go through '91 and the significance of these gains become more apparent, not only will the standing of the Treasurer but of the Government improve.

JOURNALIST: Do you agree with the Westpac analysis yesterday that the recovery might be later than previously thought might be, in the second half of calendar '91 rather than the first half?

PM: Michelle, I think that's possible because you would've heard me say I'm not prepared to put the week or the month on the recovery. I mean it would be irresponsible to do that.

But let me point, Michelle, to the factors which I think are going to mean the recovery is going to take place in '91. I mean the fundamentals, I believe, are these, Michelle. Firstly - and I've alluded to some of them - you're going to have the tax cuts operating from the 1st January, they are quite significant and associated with that you're also going to have this absence of the expected wage pressure, the degree of wage pressure upon employers. That is going to be significant. You're going to have the inevitable - I believe the inevitable turn-up of the stock cycle. That just can't continue to run down. And of course you're going to have the impact into '91 of the significant easing of monetary policy which has taken place during 1990, with the five successive reductions in interest rates. So those are the fundamentals which make me confident that through '91 the recovery is going to take place. But I'm not going to give false hopes by saying I think it's that particular month. I am confident it'll take place in '91.

JOURNALIST: Mr Hawke, do you think that Mr Keating possesses the qualities to make him a great Australian Prime Minister?

PM: I think he has the capacities within him.

JOURNALIST: Will you win the next election as Prime Minister ... Mr Keating. If you fell under a bus ...

PM: You're not pointing the bone at me, are you? It's hypothetical. I am the one who's got the best chance of leading Labor to victory in the next election. I fully intend to do so.

JOURNALIST: Prime Minister, how do you think -

PM: You better not see Hazel ... see her tonight if I were you.

JOURNALIST: How do you think Bob Hawke will stack up against John Curtin in the history books of the future?

PM: Well that's for the historians and I'm not going to do a Churchill who, as you know, said if he intended that history would treat him well because he intended to write the history. I'm not going to write the history. I hope that people will see some positive comparisons. I don't think now is the occasion to go into that in any detail but they were challenges of different times. I haven't faced the challenge of war and of leading the country at its direst moment of peril when it really could've been invaded and taken over. That was a unique period for Curtin. But I think in terms of a preparedness to have a view about the necessity for Australia to change, to be a different Australia and to have the courage to tell my fellow Australians that they had to face up to that, that the world that they were now living in was fundamentally different from the world in which they'd shaped their assumptions and attitudes of the past, I think there are some comparisons there but this is a task for history.

JOURNALIST: Prime Minister, have you told Mrs Hawke of your decision to keep on keeping on and what was her reaction?

PM: I think you probably should listen to a conversation between Paul and Hazel. I think you're going to get the feeling of that. Paul sort of got it wrong last night, didn't you, Paul. I've never seen so much steam coming out of her ears. She's a very placid - if I can use that word - she's basically a very placid person. She's very upset and annoyed with you, Paul, and you got it wrong.

JOURNALIST: inaudible

PM: Yes, well she got that impression. Well wait a minute. No, this is very serious. I haven't finished this. I can assure you that Hazel is both confident of victory in the next election and wants me to be leading the Labor Party as long as I feel able to do so.

JOURNALIST: Did you make this decision, the five year decision, before or after last Friday?

PM: Before. I answered that question before. Now how are we going?

JOURNALIST: Mr Hawke, in considering these approaches to stay on with the extra term were you conscious of the danger that you may fail to recognise the appropriate time of your departure?

PM: I suppose that's always a problem for incumbents, Geoff, but as I have said before and the records sustain it, I had a fascinating, productive, useful life before politics. I intend to have one afterwards. Being in the Parliament and even being Prime Minister is not the only thing in life. I mean it's not as though I will be going through this period thinking this is the only thing which can give Bob Hawke satisfaction.

JOURNALIST: Mr Hawke, given that Paul Keating's chances now rest on Labor winning six straight terms, what chances has he got of ever becoming Prime Minister?

PM: I think he's got quite a good one.

JOURNALIST: Mr Hawke, your decision to stay, was that shaped in any way by Mr Keating's unpopularity?

PM: No, I have the position that as well as what I might think myself, I have my colleagues saying to me - and they're not putting it in terms of anti Paul - they're saying we believe that you are the best person to lead the Labor Party, you're still active physically, mentally and they have acknowledged the fact that our stocks as a Government and mine relatively are down. But they believe that for a range of reasons that the best interests of the Party and the Government and the country are involved in me continuing to lead. Now I think that's right and I'm prepared to act accordingly.

JOURNALIST: Just on the GATT Round. If ever there was a case for leadership it's there.



PM: Sure.

JOURNALIST: Do you think the time has come that you, as Prime Minister, ought to take Australia's case more publicly than perhaps has been the case thus far?

PM: I couldn't have taken it more publicly than I have. I mean -

JOURNALIST: I think you've activated the APEC round in terms of our own bloc?

PM: No. What I've done is to, both by phone, in one case, and by personal letters to a range of world leaders, I have really taken the lead in this more than any other national leader, by personal communication and I will continue to do that. There was no point - I mean, I don't know whether it was implicit in the question, Dennis, that I, you know, it may have been a case for me going to Brussels rather than, or in addition to, Neal but that was not appropriate. I mean, the only national leader that went was the new Prime Minister of New Zealand and I think that the assessment is that, you know, his presence didn't change things. That was a case for it being left at that stage in the hands of the Ministers. But now what I will be doing is to look at what further steps I can take to try and inject the political will, Dennis, in it that's necessary. The position that's been reached now is that the round has been suspended. What is being done is that Dunkel, the head of GATT, is now, in this period ahead, going to be having discussions with people, particularly in Europe, to look at what's the best way of trying to resume. What's the best way and how can it be done. It may be a question, for instance, of also talking with or writing to him. What we've now reached is, and I think it's worth making this point, that the influence of Australia has been proven to this point to be very significant. If we hadn't established the Cairns Group and created that as a force that is now being accepted in these negotiations and it's quite clear what would've happened. We wouldn't be facing now the situation where these talks were adjourned. There would've been a stitched up result with agriculture left off. Agriculture would've been out as our predecessors walked away from the Tokyo round with agriculture left out. Australia has changed the picture and the pattern of the international negotiating scene in regard to trade because as a result of the initiative that we've taken - and I pay tribute in ministerial terms back to John Dawkins then to Duffy and now to Blewett - through them and with our leadership at the top, we have created a new situation whereby the truth, the reality is this; there will be no, there will be no outcome if there is no acceptable outcome on agriculture. We have taken the view that it's far better to have this adjournment that we've got than either accepting a minimalist position, you know, a no good decision or abandoning the negotiations. So we will now use all the influence that we've got and I will consider what are the best things I can do now to try and get that political will and impetus that's necessary to get an outcome. Because it is the case, as a result of what we've done, there will be no outcome unless there's an outcome on agriculture.

JOURNALIST: Mr Hawke, are you disappointed that Malaysia is talking about turning APEC into a more regional trading group with Australia and New Zealand specifically excluded?

PM: Yes, I don't attach very much significance to the observations of Malaysia about excluding Australia. As you know, at the present time our relations are going through a sort of a rather bumpy patch, and you know the reasons for that. I don't want to elaborate on that.

JOURNALIST: (inaudible)

PM: Just a minute. I don't want to elaborate on that. Let me say this; that I have said, as you know, publicly now on two or three occasions that if you get to the worst case scenario where the Uruguay Round were to collapse rather than be adjourned as it is now we would have to look at our position then and, of course we would within APEC, which not only includes Australia but which is the creation of Australia. We would be looking at what would be the appropriate reconstitution of APEC in that situation, but I must emphasise that is not our preferred position and we will be doing everything we possibly can to get a positive outcome out of the Uruguay Round when it resumes.

JOURNALIST: ... received back from the European leaders to whom you've written, give you any hope that ...

PM: Mixed bag so far, but I must emphasise that those replies were received before the adjournment and the position quoted by the adjournment. I live in hope in these things, but I don't underestimate the difficulties that we are going to face.

JOURNALIST: Mr Hawke, aren't the Cairns group of countries, including Australia, the ones that stand to lose most from the collapse of the GATT talks and therefore wouldn't it be better in the end to accept the ... position on agriculture?

PM: Well, Geoff, I mean it's a good question, but I don't think it's right because I think our great hope basically is that there is a very widespread degree of understanding in lots of Europe, lots of parts of Europe that they stand to lose enormously. The, you know, I don't rehearse the statistics, you know them, the billions of dollars that are involved in transfer payments either price wise or tax wise within Europe which significantly inflate the cost and price structure and therefore reduce the competitive position of Europe and those things are very deeply understood. I mean, one of the things that probably sticks in my mind most from my last visit to Europe was that meeting I had with the very significant group of German industrialists who were totally at one with us in our position and were active in propagating the insanity of these GATT position. So while that degree of understanding is there, I think there is a very considerable degree of hope and I think what we've got to do, as well as trying to get the political impetus, you know, at the political level, I think we've got to do what we can to harness those areas and important areas of understanding within Europe. Of course, as far as the developing countries are concerned, the tragedy of the breakdown in the Uruguay

Round is very real for them and there is an understanding in the developed countries, in many of the developed countries, of that truth too. So, I think it's a, there's a pretty widespread perception that the harm, the dimension of the harm is enormous beyond the Cairns Group and we've got to work on that.

JOURNALIST: ... deal with the reality, it's the German farmers that have even more political clout than the German industrialists?

PM: Yes, that is one of the realities, but we have some hope that now that the election is over and that Chancellor Kohl has got, as he has, a very handsome majority that within that new milieu the influence of the industrialists and the consumers may be more forceful. I mean, it's not just the industrialists, I mean, the fact is that nearly 93 percent of Germans stand to suffer from the current position being maintained.

JOURNALIST: Given the GATT adjournment, is there any point in further delaying the industry statement?

PM: Well it, of course, can be argued that that, from one point of view, it can be argued that that means further delay because there's one line of argument, you could say that until that is resolved you don't have the framework, the international framework of knowledge within which you'd be making decisions. But having said that, I hope that we'll still be able to make a statement in the sort of timeframe we've been talking about.

JOURNALIST: ... what would your attitude be to a purchase of Fairfax by either News Corp or Consolidated Press?

PM: As far as News Corp is concerned, I wouldn't favour, basically, I wouldn't favour an acquisition by News Corporation and I would have thought that as far as News Corporation is concerned, its mind and the mind of its bankers is concentrated more on the disposal than the acquisition of assets at the present time. As far as the Packer organisation is concerned, they, of course, are confronted with the reality of the cross media rules that we've put in place and they would have to make a decision as to which way they wanted to go there if they in fact did have an interest in that matter.

JOURNALIST: Could I ask your reaction to the, your general reaction to the death of the Fairfax dynasty and also whether for the sake of the health of the industry, you would prefer Fairfax to be sold as a block or broken up and sold as separate mastheads?

PM: I don't find myself shedding any tears about the death of a dynasty. I mean, I, you know, I'm not a, in my nature a dynasty worshipper if it's Fairfax or whatever.

JOURNALIST: (inaudible)

PM: No, no, I'm sort of ambivalent about Fairfax. I mean, Fairfax is not some monolithic view. I mean, I think, if I may say so, some of those who write for Fairfax are

perspicacious, constructive, others I would prefer not to describe so. And some are variable, but I don't really have any views about that aspect of it. My concern is that, and let me say this, I think that the newspapers in the Fairfax group, we're talking about the Sydney Morning Herald, the Age and the Financial Review, are great newspapers. I think they are great newspapers, they are a very, very significant part of the Australian political, economic and social scene. In my view it's important that they retain their positions. I think they've got proud traditions, by that I don't mean that I've always been happy with everything they have said or done or the influences they've wielded, but by any standards, Australian or international, these are great newspapers and I want to see them continuing to flourish in this country. Now whether that is best achieved by them being disposed of in block or separately, I don't know. But my concern is the one I've expressed.

JOURNALIST: I take it from your earlier reference that you wouldn't consider any ...

PM: No. Ok.

JOURNALIST: ... why you would be opposed to News Corp ... or against it ...

PM: Well, while I have said that in the past that I believe that the market is appropriate in having decided, you know, what's happened in the past. There comes a point at which you don't want an absolutely, overwhelming ownership of the media in one set of hands. I think that, you know, for fairly obvious reasons it would be better if there was ownership in hands other than the News Corporation. I don't think that's a very complex sort of set of reasoning I have on that.

JOURNALIST: Is the Government prepared to re-look at its opposition to the idea of Robert Maxwell buying The Age? ... this morning he's expressed renewed interest. Would you have another look at him or would you still rule him out completely?

PM: No. My position prima facie would be against it but I do ask you to look at the answer I gave before. If there's some particular proposition that comes up which involves some degree of foreign ownership we'd be prepared to look at it. My preference obviously is that it be Australian ownership. OK. Thanks.

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