



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
PRESS CONFERENCE - DR MAHATHIR'S VISIT
The Heritage, Brisbane
29 March 1996**

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Ladies and Gentlemen, I'm sorry that I've kept you a little delayed.

Can I start the news conference by saying that the Malaysian Prime Minister and I had a very positive one-on-one discussion which lasted for about an hour and a quarter. I welcomed this opportunity so early in my Prime Ministership to meet Malaysia's Prime Minister. I made it very clear to him that the bilateral relationship between our two countries was very important and that if the relationship were built on a common acceptance that although our respective countries had on a number of issues different values and different traditions, we nonetheless had a common interest in building on those things that gave us mutual benefit and those situations that we had in common. We reminded each other that the relationship had at its core a lot of very positive things. He recalled the contribution that Australian forces had made over a long period of time in the defence of his country - both in World War II and during the confrontation. He also acknowledged the very close educational links between some 130,000 Malaysians and Australian educational institutions, the two-way trade flows, the growing levels of investment. I told the Prime Minister that the new Government was very committed to the deepening of Australia's relations with the nations of our region, that although inevitably a new Prime Minister would bring some different nuances and some different emphases, there would be a common thread between what I did as Prime Minister in relation to the region and what has been done in the past by Mr Keating, Mr Hawke, Mr Fraser and Mr Whitlam. That there was a genuine continuance in the relations between this country and the nations of the region.

We talked about the economic and political situation in the region as a whole. We discussed the happenings between China and Taiwan. I sought his views on the changes in the economy and the political structure of Vietnam - a nation that he has visited quite recently. We talked about the importance of APEC and we discussed a significant number of bilateral issues. I found it, in every sense of the word, a very positive discussion. It was clear to me from the discussion that the Prime Minister wanted in a constructive, sensible, practical way to have a good relationship. We agreed with each other that if problems were to emerge in the future between the two countries neither should hesitate to get in touch with the other by telephone, if necessary, to discuss some of those problems.

Now I don't make any extravagant claims about today's meeting. I never regard it as intelligent to make either extravagant claims or to express any extravagant dismay about meetings of this kind. But I did find it very positive and I'm glad to have had the opportunity so early in my Prime Ministership to meet him. I think the key to the bilateral relationship is mutual respect. Australia has a tradition, it has a history, has a point of view and has permanent interests in this part of the world, so does Malaysia. I think if both of us, and others who are concerned in the relationship, recognise that, don't expect that on everything we can agree - cause we won't. I made that point to the Prime Minister and he made it to me. But if you respect the right of each to have respective points of view I made it clear to him that I didn't see it as my role to give long lectures to his country or others about how they conduct their affairs and that equally Australia would not take it lightly if that kind of attitude were taken to her by another country.

So, in summary, without over embellishment, or embroidery, or without trying to exaggerate - I think it was a very positive and very useful meeting which I welcome and I hope to see the Prime Minister again in the not too distant future. We have exchanged a respective invitation to each other to visit our respective countries and I'm sure in one way, or in some order, I certainly hope that is going to occur. I should say that contemporaneously with my discussion there were meetings between the Deputy Prime Minister, Mr Fischer and the Trade Minister, between Mr Downer and the Deputy Foreign Minister and between Senator Vanstone and the Employment and Education Minister for Malaysia. Overall, I found it a very positive day and I welcome the opportunity so early in the term of the new Government to have that meeting.

JOURNALIST:

Did Dr Mahathir indicate that he felt more comfortable with dealing with your Government than with the previous...

PRIME MINISTER:

We didn't get into comparisons. We were there to promote the national interests of our respective countries and I'm not sure that the national interest is served by those kinds of

personal comparisons. I don't see it as the role of a foreign leader to be cross-examined by me about whether he likes somebody else better than me or he likes me better than somebody else. I think that's - that doesn't help Australia.

JOURNALIST:

Well, Prime Minister, was Mr Keating's name even mentioned?

PRIME MINISTER:

Oh yes.

JOURNALIST:

Did you talk about the East Asian Economic caucus? Did you indicate a new attitude on that?

PRIME MINISTER:

We did talk about it briefly Greg. The view I took was that we would have probably some different views on it but it was not the sort of issue that should contaminate the bilateral relationship between our two countries. I told him that I thought the APEC relationship was very important and that the great value of the APEC relationship was that it involved such a variety of countries in the region. In another context of the discussion I did say to the Prime Minister that I thought the involvement of the United States both at a diplomatic, defence and economic level in the region was very important to Australia and beneficial to the region. I said that I understood the desire of any group of countries that believe they have things in common to meet and to have a forum with each other. He indicated to me that in no way was the caucus intended to be a trade bloc but I think the key take-out of that as far as Australia is concerned is that even though there may be differences in emphasis and attitude it is not something that ought to contaminate our bilateral relationship and I think he accepted that.

JOURNALIST:

.... more accepting of the caucus?

PRIME MINISTER:

I think it means just what I said. Nothing more and nothing less. It means exactly what I said that there would be some differences in attitude towards it, but it was not something that so far as I was concerned, and I believe he accepted this, I believe he accepted that, it was not something that should be allowed to contaminate the bilateral relationship.

JOURNALIST:

Did you discuss treaty with Indonesia at all, and will Indonesia be your first stop when you do go overseas?

PRIME MINISTER:

Well, the answer to the first question is no. The answer to the second question is that I expect to visit Indonesia in the not to distant future, but I don't want to be pinned at the moment on the precise timing and the precise destination of my first visit overseas, but obviously Indonesia is a very important country to Australia.

JOURNALIST:

Did Dr Mahathir give you any indication that the Transfield bid for patrol boats would be successful?

PRIME MINISTER:

We discussed that, I raised it. He said that it was ultimately a matter for the Malaysian defence authorities and he indicated that Australia, as has been reported, has a very good chance - Transfield has a very good chance - but he did say that. But that was merely repeating what had previously been reported.

JOURNALIST:

Did any opportunity arise to discuss the Gillespie case?

PRIME MINISTER:

It was not discussed, as I foreshadowed the other day it ought not be discussed. It is as I have felt myself for quite some time a matter of private international law involving a dispute between citizens of two different countries. It is my understanding that there have been certain initiatives undertaken at a diplomatic level and that Mrs Gillespie herself has expressed satisfaction and gratitude for the attitude taken and the action taken by Mr Downer and his department. But it was not a matter that I raised today and it was never my intention to do so and I frankly did not think it appropriate to do so for the reasons I have explained.

JOURNALIST:

Mr Howard, what was Dr Mahathir's reaction when you said that Australia would not take kindly being lectured given that he is one of the people who has in the past lectured us?

PRIME MINISTER:

You misunderstand my reference to it. It was not in any way directed at him. It was just an observation that my style would be that I was not going to run around the world giving other countries lectures any more than I expected other people to run around giving me lectures, that it in no way would, and a reaction from him personally to that had been appropriate because in no way was it in anyway directed at him.

JOURNALIST:

Mr Howard to what extent did you get into the discussion of whether Australia is or is not a part of Asia or an Asian....?

PRIME MINISTER:

We didn't, we didn't. Can I tell you, I regard that as completely distracting, irrelevant, counterproductive discussion. I mean, self-evidently Australia is not an Asian country in the proper sense of that expression. Self-evidently this country has very close continuing and permanent links with Europe and with North America. We have values, history, culture, traditions and attitudes in common with the nations of those areas of the world, but also with equal self-evidence we are cast permanently in this part of the world, we live cheek by jowl with the fastest growing economic region in the world and we have permanent and enduring interests in having close and productive relations with all the nations of this region built on, properly as they should be, on self respect. It is not question of choosing between our history and our geography. I've never seen the association with our region as being a choice between our history and our geography and those who see it in that way trivialise the relationship. I see it as building on all the things we have in common, and recognising that in an increasingly globalised world economy and world polity there are a lot of values that all nations have in common and I certainly believe that many of the traditions of this country, or certainly a good deal of the traditions of this country are traditions that we would have in common with Malaysia but there would be others we won't and I find this question of whether you, it's a bit you know, we fret too much about whether you fall within a particular definition you will consume your intellectual energy on that rather than focussing on the pragmatic benefits that you can derive from the relationship.

JOURNALIST:

Were you concerned by the breach of security at today's welcome of a foreign head of Government?

PRIME MINISTER:

Well, I don't know all the circumstances of that. It is my understanding at the moment, my understanding is your understanding also, that the person in question posed as a member of the press but in reality was not. Look, I would always be concerned if there

were breaches of security. I will know more about that later. I don't want to pre-empt that investigation. You will always have in our kind of society a tension between the proper and legitimate right of people to lawfully dissent and to express their point of view, providing it is done in a lawful, non-provocative and non-violent fashion. ON the other hand there is an obligation on all of us, all of us, to extend proper courtesy and respect to a guest of this country and to the extent that that courtesy and respect is not extended then damage is done not to the visitor but damage is done to the country.

JOURNALIST:

Did Dr Mahathir raise that problem?

PRIME MINISTER:

No, he didn't. He was very, may I say, he certainly did not.

JOURNALIST:

Mr Howard, you said that Mr Keating's name was mentioned. In what context was it mentioned?

PRIME MINISTER:

Look that's, I don't want to go into, I made it very clear earlier in this press conference that I don't see any point at all in the context of a bilateral discussion between two heads of Government to turn the post discussion press conference into an occasion to score political points off my predecessor. I will have an opportunity to score some political points off my political opponents and I look forward to it with relish and in an appropriate forum but I accept something that I have to say, perhaps my predecessor didn't, that the commitment to the relationship between Australia and our region really has been over the years quite bipartisan. I thought Gough Whitlam did a lot, I thought Malcolm Fraser did a lot, I thought Bob Hawke did a lot, and I thought Paul Keating did a lot and John Howard is going to do a lot as well. And if you are really interested in the national interest, I mean, if one is really interested in the national interest, then one should focus on that rather than on trying to score some point in the wake of this discussion off one's predecessor.

JOURNALIST:

On the national interest though, Mr Howard, did you get any evidence in the discussion with Dr Mahathir that Mr Keating's comments that Asian leaders would not deal with an incoming Coalition Government had done Australia's relations with Asia any damage.

PRIME MINISTER:

I don't intend to talk about that except to observe the obvious that the leaders of the region are as I expected are more than happy to deal with the elected Government of this country. I always expected that to be the case and leaving Dr Mahathir out of that all together because I don't want to drag a foreign leader into a domestic political argument. Let me say in my own right that that was one of the more ridiculous and absurd statements made by the former Prime Minister during the last election campaign and of course he's been proved wrong by today's meeting and other events.

JOURNALIST:

Was the island issue discussed?

PRIME MINISTER:

The issue was not, the name was mentioned but the issue was not, no.

JOURNALIST:

Mr Howard, was there any talk of moves of opening up the Malaysian economy to Australian banks at all?

PRIME MINISTER:

I did raise with him the interest of the ANZ bank in perhaps obtaining a license, yes.

JOURNALIST:

And what was his reaction?

PRIME MINISTER:

Well, he said it was something that you know, had to be considered. I understand Malaysia's position on that and it's something I... look, let me put it, I think I put it on the agenda and it is something that will probably be discussed in the future. I'm not expecting any early immediate change but it has been put on the agenda just as other economic matters of that kind ought to be put on the agenda.

JOURNALIST:

Mr Howard, did you discuss the Asia Europe meetings at all?

PRIME MINISTER:

Yes we did. He said that he thought they were valuable meetings. I reiterated the interest of Australia and involvement in those meetings. He indicated that at present it was felt that it was not appropriate to increase the number of countries participating. He was aware of our position on that. He in fact raised it in advance of my raising it in what he had to say about it. I think he understands our attitude on that, and we'll continue to maintain it.

JOURNALIST:

Did you get a clear feeling Mr Howard that there's no bad feeling left over the recalcitrant incident - anything to do with that was with Mr Keating and not Australia?

PRIME MINISTER:

Well, I got a very clear feeling that he valued as I did the opportunity of us having such a lengthy direct one-on-one discussion.

JOURNALIST:

There's no bad feelings?

PRIME MINISTER:

I certainly didn't have the feeling that he harboured any resentment towards Australia, towards me, or to the Australian people. But I also recognise as was made clear to me in the conversation with him that there had been some difficulties in the past and the intelligent thing to do is to make sure that the expectations and the atmospherics always echo the realities and you often create difficulties in relations between nations and between leaders of nations if extravagant claims are made about the significance of this or that discussion. Now, today's meeting was important, it was positive, it was valuable and I believe helpful to Australia and that at the end of the day is my goal and my responsibility. But like any relationship it will need care and it will need mutual respect and it will need all of us to understand that there will be occasions in the future where we are not going to agree and I think if we have that kind of measured attitude, we'll have far more valuable and permanent outcomes than blood rushing to the head on either side of it.

JOURNALIST:

So name calling won't be an option....

PRIME MINISTER:

Well, I'm not a name caller in relation to people whose attitude is important to the well-being of Australia. Equally, I'm not a person who will in any way serve the interests of Australia short when I represent it in discussions with other leaders or discussions overseas. And as I said, the night I accepted victory on the 2nd of March that my responsibility was to defend the values and the principles and the beliefs of Australia both here and overseas and I will certainly do that always.

JOURNALIST:

Mr Howard, a couple of domestic questions if I may. Mr Fraser yesterday spoke about higher wages and higher interest rates. I'm wondering what your reaction to that is. He also seemed to be indicating your budget cuts would have little impact on interest rates.

PRIME MINISTER:

Well, what I said before about interest rates I repeat and that is that the lower the deficit, or the bigger the surplus, the less the pressure there is on interest rates. Clearly there are a lot of things that exert upward or downward pressure on interest rates and the size of the Government borrowing requirement is one of those and I see absolutely no reason at all to recast or remodify the view that I expressed when asked about that last week. We've stated our position in relation to the budget cuts. It's the Government's responsibility to decide the right balance in those areas. We believe that overwhelmingly the gap between the current forward projections and what we think is the right outcome that that should overwhelmingly be covered by expenditure cuts and not tax rises. We believe from an economic point of view that's far better. Our aim remains to put the budget into underlying balance in two years time.

JOURNALIST:

Mr Howard, could you clarify something. The \$8 billion in cuts over two budgets, now is that quite separate from any extra revenue you might get from economic growth.

PRIME MINISTER:

Yes I will.

JOURNALIST:

Do you think there's going to be a

PRIME MINISTER:

No I will I will. That \$8 billion was made on the basis of current projections of economic growth. Malcolm I am not going to sort of give a running commentary on what the economic growth is likely to be in 3 or 6 or 9 months time. At the moment, there is a projection about economic growth given by the Treasury, not by the new Government, and on the basis of that, we see ourselves as having at least an \$8 billion task. Now, if there is some significant change in that, I'm sure you will have an opportunity to ask me what my reaction to that change is and what Peter Costello's reaction is. But I'm not going to hypothesise about what will be our position if the projection of economic growth currently given by the Treasury is different in three or six months' time. I'd like you in three or six months' time, if it is different, to ask me and I will give you an answer.

JOURNALIST:

So it's flexible.

PRIME MINISTER:

No, no, it's not.

JOURNALIST:

So that's set in concrete, it will be \$8 billion cuts.

PRIME MINISTER:

No, no, what is set in concrete is what Peter Costello's said and what I repeated subsequent to the revelation that we'd been misled to the tune of \$8 billion by the finance minister who is now the leader of the Opposition and who carries the principal political culpability for the Australian public having been so badly deceived.

JOURNALIST:

Mr Howard, if growth picks up will you...

PRIME MINISTER:

I'm not going to answer hypothetical questions.

JOURNALIST:

Mr Howard, Mr Fraser yesterday also said that if wages growth continues to pick up...(inaudible)... raise interest rates. Is that a sentiment that you endorse?

PRIME MINISTER:

Well, it's a view that is held by the authority that sets interest rates, which is, well, I'm sure I'll get consulted. I'm sure we'll have very significant consultations. I certainly hope that everybody takes to heart the ruling given by the reserve bank governor and that there is a clear link between unsustainable, economically unsustainable wage rises and not only interest rates, but also levels of employment. Can I just say one thing about the Accord, I find it a rather curious proposition that just because a former understanding has ended without any concomitant withdrawal of social wage components, that automatically that entitles one of the parties to that former arrangement to abandon restraint. And that seems to be the argument being advanced by some, I repeat, some sections of the trade union movement. I mean I could understand the attitude of some of those people if the new Government had said, not only are we formally abandoning the Accord but we are also formally abandoning some of the social wage components of the Accord. But we have not done that and if the position of some leaders of the trade union movement is that all that matters is a piece of paper and a seat - a defacto seat at the Cabinet table then they are in a position of massive hypocrisy and they are not representing the interests of their members. If on the other hand they are saying, well, our attitude is different if you take away social wage benefits then I understand that and that is a defensible position. But we have given certain guarantees in relation to Medicare, we have given guarantees in relation to take home pay under the new industrial relations system and I therefore say to those trade union leaders, what is the rationale for adopting the attitude that some of you have adopted? I mean where is the logic in it? What is the interest to the Australian worker in that attitude?

JOURNALIST:

So you are saying that unless wages pressures recede, there will be pressure on interest rates and there will be...

PRIME MINISTER:

No I am saying that people should listen carefully to what the Reserve Bank Governor said.

JOURNALIST:

How quickly do you think you can actually get the industrial relations reforms through given that you believe that higher wages are possible under your system given higher productivity?

PRIME MINISTER:

I'm glad you added that rider. You asked me when. It is our intention and I believe this can be realised to have it introduced early in the new term which starts on the thirtieth of April. I don't want to hazard a guess in relation to weeks after that, because it is a bit in the hands of the Parliament. It will be debated in the House of Representatives and then it will go to the Senate. It will go into the Parliament as a package and not at bite sized pieces and we'll see what happens. But I give great priority to it, very high priority indeed.

JOURNALIST:

But the points you've just made about the Accord, something you'll be taking up with the ACTU leadership when you meet them and

PRIME MINISTER:

Yes but it is something that ought to be taken up publicly. It's one thing to say that we are going to walk away from a set of understandings that comprised elements A B C and D, if the new Government has in fact withdrawn those elements. It's entirely another thing to say we are going to walk away from the arrangement simply because the new Government no longer has its signature on a bit of paper no longer gives you a seat at the Cabinet table even though that new Government keeps elements A B C and D in place. I think that presents a representational dilemma for those leaders of the union movement who advocate that. I mean, we are not ripping away the safety net. We've said all along we are not going to do that. We are not taking away Medicare, we are not going to scrap some of the other components of the social wage which the former Government put in place. Now, that being the case, what is the justification for some of those leaders taking the different attitude they are taking now. Now, I agree with you that not all of them are taking that attitude and some of the more sensible ones would see that although they wouldn't admit it, the logic of what I'm saying.

JOURNALIST:

Could they not argue that \$8 billion worth of cuts to balance the budget would fall hard on the bottom end of town and therefore pushes for wages ... would be justified in that context and therein lies an abandonment of the social wage part of the Accord?

PRIME MINISTER:

I think David we should deal in actualities and not in hypothesising. And I think if they've got a worry about the \$8 billion they ought to take it up with the former Accord partner, who is both responsible for it and deceived the Australian public about its existence.

JOURNALIST:

Do you share Bernie Fraser's optimism that the growth impact may be in fact greater than three and a quarter percent in which case it won't be as big as was foreshadowed?

PRIME MINISTER:

Well, I would like to think he's right but I'll just hold my countenance on that, I don't know yet.

JOURNALIST:

...inaudible...

PRIME MINISTER:

Well, no I'm not going to hypothesise if he is right. I mean, if he is right that's good, but don't ask me to say how I will react if he's not right.

JOURNALIST:

On the China Taiwan Strait, what was the nature of your discussion? Did you put it to Dr Mahathir that Australia supported America's action in the Taiwan Strait and how did he respond to that?

PRIME MINISTER:

It came up in the context of my asking him for his assessment of the significance of the behaviour of both China and Taiwan. I was interested in his view as a regional leader of some 14 years into the job, as a regional leader only 3 weeks into the job, I was particularly interested in having his view and he expressed it to me and it didn't really go beyond that.

JOURNALIST:

What was his view?

PRIME MINISTER:

He was reasonably positive about what was likely to happen in the future.

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