MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Robert Hawke, Prime Minister of Australia (U)

PARTICIPANTS: The President
Robert Hawke, Prime Minister of Australia
Interpreter: None
Notetaker: Karl Jackson

DATE, TIME AND PLACE: July 19, 1989, 5:31-5:35pm EST
The Oval Office

The President telephoned Prime Minister Hawke concerning the East European trip. (U)

The President began by referring to his just completed trip to Poland and Hungary which he characterized as having gone very well. He indicated that what he found coincided exactly with the Prime Minister's earlier assessment. The Polish situation is complex. However, the young leaders in Hungary were very attractive and forthcoming. The President expressed his optimism about overall prospects for success in policies toward Eastern Europe. (✓)

Prime Minister Hawke indicated his agreement and expressed how pleasantly surprised he was to find communist leaders talking about the problems of arranging democratic elections. (✓)

The President agreed that the situation was very open and extraordinary. The President thanked Hawke for an earlier conversation that was very helpful in preparing the President for his trip to Eastern Europe. (U)

Prime Minister Hawke opined that together with others we must do as much as we can to assist these developments. He said that Australia had been asked for particular tariff arrangements that would not be appropriate on an objective basis alone but that he had asked his officials to bend the normal rules a little to encourage further positive developments. (✓)
The President said that they should stay in touch on these matters but that he had real hope for the situation in Hungary. He characterized the situation in Poland as more complex economically and politically. He said Jaruzelski was in a far different position from just a few years ago. The President opined that we are living in fascinating times and said he just wanted to keep Prime Minister Hawke informed. (\textsection)

Prime Minister Hawke agreed, affirming that this could be a real turning point if handled properly. (U)

The President indicated that we must proceed cautiously, working together on these matters. He said the Prime Minister should not hesitate to share his thoughts on this or other matters. (U)

Prime Minister Hawke closed by expressing his sympathies for the air crash that had just occurred in the United States. (U)

The President thanked the Prime Minister and signed off. (U)