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**TRANSCRIPT OF ADDRESS BY THE PRIME MINISTER  
THE HON JOHN HOWARD MP  
DINNER HOSTED BY THE FOREIGN POLICY ASSOCIATION  
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**E&OE**

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Thank you very much Mr John Merow for those very kind and warm words of introduction. If you want a job as my PR adviser in Australia after those very kind words, the offer is open.

Can I say to acknowledge the presence of the Australian Ambassador to the United States, Andrew Peacock, another old political friend of mine, Michael Baume, the Consul-General in New York, very well Michael, and the other distinguished guests, and may I particularly acknowledge the presence of Mr Paul Volcker, the former Chairman of the Federal Reserve system of the United States - may I say a man whose steady and courageous leadership of the Fed at a time of very high inflation, both here and around the world, laid the sure foundations for the greater and more consistent economic prosperity that the United States and the western world is now enjoying.

My friends, I am very greatly honoured and personally delighted to have the opportunity of addressing this joint gathering of the Australian American Association and the very prestigious Foreign Policy Association here in New York.

I do so as the Prime Minister of a nation... (interjection).. but ladies and gentlemen, the relationship between Australia and the United States is a relationship which I am very proud as the Prime Minister of Australia to recognise and to endorse as amongst the most important of all of the bilateral relationships that Australia has around the world.

The relationship that Australia has with the United States is enduring. Its foundations are built hard and fast on the bedrock of the values and aspirations that our two societies share.

We both celebrate the role of the individual and the spirit of private enterprise. We both share an unequivocal commitment to democracy, to free speech, the freedom of the press and the independence and the authority of the rule of law. We both believe in the right of every citizen, regardless of colour, race or creed, to equality of opportunity to dignity and to individual self respect.

We share common views about the kind of society and sort of world we wish to bequeath to our children.

And all of this has been given very eloquent expression in the history of our two nations. It continues to be given expression in the current efforts of our two nations to shape a future for our societies in which all have the scope to achieve his or her ambitions and to shape the world in which there is space for every nation to fulfil its potential in peace and stability.

Our common endeavours are reflected in the shared sacrifices made by our men and women in war. I was given a poignant reminder of this history when I visited the Arlington Cemetery last Saturday. There I visited the joint grave of an Australian pilot, Francis Milne, and an American pilot, Joseph Paul. They died in a fighter plane which crashed during the war in Papua New Guinea in 1942. They were found in 1987 and, as their remains could not be separated, they were buried together in Arlington.

Our common endeavours to create a peaceful and prosperous world continued in the decades that followed World War II. We cooperated in establishing new global political and trade institutions, the United Nations and the GATT - the predecessor to the World Trade Organisation - so putting in place codes of acceptable international conduct. We will work together in strengthening APEC - the Asia Pacific Economic Cooperation Forum - so that it fulfils its potential in sustaining the Asia Pacific's growth and stability.

Our great alliance, the ANZUS alliance, founded in the Cold War and now approaching its fifth decade in operation, will help preserve the stability of the Asia-Pacific region. Last year we held in Australia the largest joint military exercise for many years, involving 25,000 men.

The business community so well represented here tonight has played an immense role in the building of the relationship between Australia and the United States. You are the largest single foreign investor in the Australia economy and therefore a vital underpinning to the current prosperity of the Australian people.

As John was kind enough to say in my still relatively new government has introduced a number of major economic reforms. But let me just take a moment to say some very basic things about the character of the Australian economy and in the process let me give you some key facts which are important to any understanding of contemporary economic conditions in my country. According to the latest OECD outlook in 1997 and 1998 Australia's real economic real economic growth and employment growth will be higher than in any of the G-7 nations and higher than the OECD average.

Our business investment growth will be higher than in any of the G-7 nations and higher than the OECD average

Our inflation level will be lower than the G-7 and OECD averages.

Our government outlays as a percentage of GDP will be the third lowest in the OECD after the United States and Korea.

Our public debt to GDP ratio will be the third lowest in the OECD area.

Might I say by way of emphasis that whereas Australia would meet the criteria for membership of Europe's economic and monetary union, only one European country currently meets those criteria - namely Luxembourg. But I hasten to add that we have absolutely no intention of lodging an application to join the union.

The United States remains the largest source of our imports. Your largest bilateral trade surplus is with Australia. It is in relative terms larger than your deficit with Japan. I should remind you, of course, that we have one or two ideas for opening up the US agricultural market which would improve our trade balance.

Australia has 40 per cent as much invested in the United States as the United States does in Australia - which for our relative size is a major commitment. The output of Australian-owned companies in your country is now larger than our exports to the United States.

Our societies and our economies face similar challenges in dealing with technological revolution and globalisation. We share the aim of equipping our citizens, especially our young, to take advantage of the new horizons that are being opened up. We learn from each other's experiences. My conversations with President Clinton and

Dr Greenspan again reinforced for me how important the great flexibility of your huge economy has been to your extraordinary success in the area of job creation.

These shared values and interests, and the friendship which is based on them, are too valuable ever to take for granted. And I say on behalf of the Australian Government, and I know it is reciprocated in the United States, that we will never take the association for granted.

Last year for the first time ever the Defence Secretary of the United States, the Secretary of State and the Chairman of the Joint Chiefs of Staffs were altogether in Australia for our annual alliance talks. President Clinton came to Australia last year. He and his wife received a spontaneous welcome from the Australian people that demonstrated their high regard that the United States retains in our nation, and how warm is our friendship towards all of you.

I take the opportunity on the occasion of my first visit to your country as Prime Minister to reaffirm my government's strong commitment to the alliance and to our enduring friendship with the United States and its people.

Our alliance and our friendship remain as relevant as ever. Australia and the United States have a shared destiny in the Asia-Pacific region. The effectiveness of our cooperation will have an influential bearing on the future course of that region.

Australia's approach to Asia has a strong bipartisan element. If there is any difference on the part of my government with our predecessors in government, it lies in my objection to the impression that was sometimes given in the past that Australia had to pursue an Asia-only policy and downgrade the weight it gave to associations with Europe and the United States. My own view has always been that Australia does not need to choose between her history and her geography.

Our links with the United States are a vital element of Australia's wider association with the Asia-Pacific region. Australia's geography, the extent of her economic integration with the countries of Asia and the human ties created by the presence in Australia of many Asian migrant communities, underline the huge scale of Australia's national interests in the Asian area.

Sixty per cent of our exports go to East Asian countries. Seven of our top 10 export markets are in East Asia.

We have long played an important role in the region. Japan's first trade agreement after the Second World War was signed with Australia in 1957.

Australia is the world's largest minerals trader, and has played a major role in the industrialisation of Japan and Korea. We are now playing a similar role in fuelling China's growth. We are an important source of the region's food. We are a major destination for Japanese investment and officially at least the largest destination for Chinese foreign investment after Hong Kong.

We have close and active defence relationships with a wider range of countries in Asia than perhaps any other country. In particular, we have a security agreement with South-East Asia's largest country, Indonesia, and participate in the Five Power Defence Arrangements with Singapore and Malaysia.

We now have substantial communities from Asian countries in our country. They have made a tremendous contribution to Australia. They have enriched and diversified Australia's culture. Their entrepreneurial drive has strengthened our economy and they have earned a highly respected place in our society.

Australians, especially young Australians, are learning more about the enormous diversity of our neighbourhood. There are more people studying Japanese in Australia than any other country outside China and Korea, and there are many tens of thousands of Asian students in Australian institutions at any one time.

These growing people-to-people links - especially among the younger generations - will have an enormous and positive influence on all areas of Australia's relations with its regions into the next century.

The role of the United States has been crucial to the unprecedented stability and growth that the Asia Pacific region has achieved. I believe it would be an error of historic proportions for the United States to diminish the level of its engagement in the Asia Pacific region. It would profoundly affect events in the region for the worse.

And I am also convinced that it is in the interest of the United States to remain deeply engaged in the Asia Pacific region.

The United States military presence has provided the security which allows the countries of the region to focus on economic development. United States capital, technology and management skills will continue to be vital in sustaining the region's growth. The United States for example is still the largest or second largest market for all East Asian countries except Brunei.

The traffic is two-way. Nearly 40 per cent of US trade is now with East Asia, twice that with Europe. The countries of ASEAN as a group are now the United States' third largest export market.

We welcome the fact that on crucial issues the United States is exercising the leadership that is necessary in the region.

It continues to play a vital role in providing nuclear deterrence. It has taken the lead in persuading North Korea to abandon its nuclear programme.

And successive administrations have kept the key US alliance relationships in the region - with Japan, Korea and Australia - in good repair. US decisions after successive defence reviews to retain a forward-deployed military capability in the region have underpinned stability.

President Clinton is working hard and successfully with the Japanese Prime Minister, Mr Hashimoto, to keep the US-Japan relationship strong.

The administration's commitment to deeper engagement with China and its disavowal of notions of containment and confrontation are central to the region's future stability. As President Clinton said during his visit to Australia, the direction China takes in years to come, the way it defines its greatness in the future, will help to decide whether the next century is one of conflict or cooperation. A stable, open and prosperous China is in the interests of all of us.

The United States convened in 1993 the first APEC leaders' meeting, thus consolidating APEC as the region's most important body and the only forum where the leaders of the region's major powers can meet.

The United States has played an important part in maintaining the momentum for ongoing trade liberalisation in the region and it must continue to do so.

In every single one of these areas, Australia has been a good and faithful partner. In each case we have given practical, financial or strong public backing to the United States. When it matters we have been a friend and ally prepared to stand up and be counted.

One of the strengths I believe Australia brings to the partnership with the United States is the different perspective from which she views the region. We are located on the other side of the Pacific. Although it is not too far away. It is only about five full length feature movies away from the west coast of the United States. We are geographically closer to the Asian countries than is the United States. But we would not claim any monopoly of wisdom but we are particularly aware of their diversity, and perhaps of those nations and perhaps where they are coming from and what their aspirations are.

Australia and the United States have fundamental interests and objectives in common. We will both always stand up for the values and principles on which our own societies are based.

In responding, for example, to human rights shortcomings in a number of countries in the region, our view is that we must take full account of the remarkable progress and change that are taking place in the Asia Pacific region. We need also to take account of the cultural diversity in Asia and the self-confidence and justifiable pride that the nations of Asia have in their achievements - in particular the dramatic shift in the number of families which have moved from poverty to a more secure middle class.

The pace and scale of change in Asia in the past two decades have been unparalleled. From a region preoccupied by internal and external threats and poverty, East Asia has become the engine of world economic growth.

During the past decade, more than half the world's economic growth has come from East Asia. The region now accounts for just under a third of global output. The region's importance to the global economy will grow: the World Bank, for example, estimates growth at over seven per cent a year in the period to 2004.

Apart from one or two anachronistic regimes such as those in Burma and North Korea, the economic transformation of the countries of East Asia has produced enormous improvements in the living standards of ordinary people, stability that is unprecedented in their modern history, and in most cases more open societies.

Many factors have contributed to these developments. A principal one of course is the natural talent and enterprise of the people of the region. A second is the stability in the region, to which as I have mentioned, the United States has made such an important contribution. A third factor that we should acknowledge is the leadership that many of these countries have had.

Under President Soeharto's leadership for example, Indonesia - the fourth most populous country in the world - has achieved progress in building a nation that is nothing short of remarkable when you consider the thousands of islands and hundreds of ethnicities that comprise Indonesia. Stability in South East Asia is in no small measure due to Indonesia's success and to the economic and strategic directions it has chosen.

Under first Lee Kuan Yew, and now Goh Chok Tong, Singaporeans have come to enjoy one of the world's highest living standards.

At a time when Japan's economy needs to be deregulated, Japan is fortunate to have a forward-looking and decisive leader in Mr Hashimoto. In China, President Jiang Zemin has reiterated his commitment to the liberal economic policies first introduced by Deng Ziaoping.

The modernisation and liberalisation of East Asian economies are moving fast. While significant barriers to our exports remain, tariffs are dropping throughout the region.

These are important trends. They create internal dynamics and forces which are more likely to produce the results we seek than any outside pressure. They are giving the people of the region greater scope to fulfil their aspirations.

Our approach must be to encourage these trends, to reinforce the growing integration of the countries of the region into the world economy, and to encourage the broadening and deepening of their relationships with countries outside the region. This is overwhelmingly in our strategic interests, in our economic interests, and in the interests of the peoples of the region itself.

Against this background, may I say, that the most effective way of promoting respect for human rights and freedoms in the region will be in the context of broad and active bilateral relationships and through dialogue. We are not naive or starry-eyed, but we believe that a cooperative bilateral approach dealing with specific human rights issues will produce more results than generalised public hectoring or lecturing and confrontation.

As our close neighbour, Indonesia is of particular importance to Australia. Indonesia is going through a period of generational change and economic and political transition. Indonesia does have human rights problems. At the same time, in the last two decades, the number of its population living in poverty has declined from 60 per cent to 15 per cent. It is in our interests that Indonesia see through this period while maintaining its stability and the overall trend towards a more open economy and a more open society. That means giving it both support and space to work through its challenges.

We do remain particularly concerned about the human rights situation in East Timor. A confrontational approach, however, and refusal to accept its place as an integral part of Indonesia, will not bring the right results for those we wish to assist.

Earlier today Hong Kong became part of the People's Republic of China. It would be unrealistic to imagine that this historically significant event will not bring changes in the former British colony.

However, there is no doubt: China's best interests lie in keeping to the one country-two systems commitment it made in relation to Hong Kong. China has good reason to fulfil its promises to retain Hong Kong's substantial autonomy and its existing freedoms. Australia, like other countries in the region, has important interests in Hong Kong which give us a stake in Hong Kong's success. We have made our position clear to the Chinese government. China's management of Hong Kong will have a strong bearing on how it is viewed by the rest of the world.

China's growth is giving it greater influence. Naturally, it would like to define, to the extent it can, its own terms for its increasing engagement in the region's and the world's institutions.

Yet the reality is that China's growth depends more than ever on its access to the markets, capital and technology available in the rest of the world. It has an increasing interest in joining and strengthening global institutions such as the World Trade Organisation.

China must be allowed a fair say in the development of these institutions. Its involvement must also be on terms that strengthen them and do not damage the interests of others.

All of the countries in the Asia-Pacific region have an interest in cooperating to maintain the stability and prosperity of the region and a responsibility to do so.

The unparalleled position of power and influence that the United States has occupied since the end of the Cold War, however, gives it a particular degree of responsibility.

The United States has the capacity to exercise that responsibility. The predictions of decline made of the United States in the 1980s and early 1990s have proved totally groundless. To the immense satisfaction and admiration of friends such as Australia, the dynamism and inventiveness of the US economy and the United States people and the strengths of its society have won through.

Australia for its part will seek to ensure that its partnership with the United States continues to make the most effective contribution to the region's stability and prosperity into the next century.

And ladies and gentlemen, may I conclude in saying on a personal note that this is the twelfth occasion that I have visited your country since I first came here as a relative new graduate into the profession of law in Australia in 1964. On every occasion I have found welcome. On every occasion I have been impressed with the openness and the vitality and the friendship of the people of the United States. It is a matter of particular pride and personal satisfaction to me that I have the opportunity of addressing this gathering as the Prime Minister of Australia, as the leader of a country whose close association with the United States has underpinned not only our security but also our stability. But most importantly it has given us an opportunity to share values across the Pacific, to share those fundamental beliefs of personal liberty, of individual effort, of a just society and a belief that it is appropriate always to aspire to the ideal of a better world.

The United States and Australia have been through much travail in the past. We have shared many bitter experiences, we have stood shoulder to shoulder in many parts of the world in the defence of freedom and in the promotion of liberty.

I like to believe that on all occasions we have done it with a generous attitude to other parts of the world and in a common belief that the values that we share and the values we have sought to defend are worth sharing and worth defending. And if we can continue that partnership into the future I believe that we in our different parts of the world and together in the Asia Pacific region can play a very important role in building a better and a more prosperous and a more stable world in the remarkable propitious circumstances that the end of the Cold War and what might be the dawn of a new era of economic growth and economic stability has given to both our societies and to all of the societies of the world. I thank you most warmly for your gracious invitation tonight.