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PRIME MINISTER

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TRANSCRIPT OF THE PRIME MINISTER THE HON JOHN HOWARD MP RADIO INTERVIEW WITH JOHN LAWS RADIO 2UE

E&OE.....

LAWS:

Prime Minister welcome.

PRIME MINISTER:

Thank you John, good morning, nice to talk to you. I understand why some people might question this but let me explain why we are doing it. First of all, it is not a gift it is a loan that will be repayable with interest and it will only be made available if the Indonesian Government agrees to make changes to the Indonesian economy to make it work better in accordance with instructions laid down by the IMF. It is in Australia's selfish national interest, if I can put it in those terms, for us to do this.

LAWS:

Well that is the best way of putting it because we have to be selfish, don't we?

PRIME MINISTER:

I am doing this to look after Australia. Because it is in our interest to have a strong Asian economy. We now send 60 per cent of our exports to the Asian area. We had a trade surplus of \$1.4 billion with Indonesia. There has been a cumulative amount of \$6.5 billion dollars in US dollar terms of Australian investment in Indonesia. Indonesia sends 150,000 tourists to Australia a year. Our exports to Indonesia last year were worth \$3.1 billion which is an increase of 32 per cent on the previous year. Now you add all of that together, Indonesia is a very important economy to us and it is in our interests to make sure that it remains so and improves and increases. And what we are doing is in Australia's calculated, selfish, self interest and I make no apology at all for

looking after Australian interests and that is what I am doing. If I was just giving this money down the drain I would be the last bloke in the world that would do it.

LAWS:

Given the currency crisis that exists in Indonesia, does it not mean that there is an element of risk attached to us lending them money?

PRIME MINISTER:

John, not a big one. If you are saying to me, can I guarantee that there is absolutely no element of that, of course no Prime Minister can do that. But what I can say is that, for example, when the Americans bailed out the Mexican economy the investment was repaid early and I would venture to suggest that the degree of risk involved there was just as great if not greater than is involved here. And I repeat, it will be part of an International Monetary Fund rescue package. We are not giving Indonesia a billion dollars. What we are saying is that we stand ready to participate, along with other countries like the United States and Japan and other countries in the region to help stabilise the Indonesian economy. Now you can't be a fair-weather friend. You can't say to the world: we want to have an involvement in the Asian region, that we want to trade with Asia, we want to get the benefits of Asian consumers buying our goods and services and when they run into heavy weather say: sorry chum the Americans can look after you, the Japanese can look after you, the Europeans can look after you, but don't ask Australia to help. But mind you, if you stabilise we will be very happy to take the advantage of a stabilised Indonesian economy. So I am looking at this entirely from Australia's point of view.

LAWS:

But there is a slight risk?

PRIME MINISTER:

I think, John, on the scale of these sought of stabilisation packages, less than most.

LAWS:

You said, I think you used the expression I describe it as regional mateship, is it really mateship or is it really based on selfishness?

PRIME MINISTER:

I guess there are elements of both. I said yesterday in Parliament that the first reason why I was doing it was Australia's national interest, but there is also a benefit to Indonesia. There is never one description that totally describes ones motives in something like this. But clearly I would not do this if it weren't in Australia's selfish national interest.

LAWS:

Can I ask you this because you are a bit short of time and so are we. Was there any, I saw the look of frustration/annoyance on your face when the question was asked by Pauline Hanson it was fairly obvious to me as soon as you heard the please explain you knew what was coming, was there any merit in what she said at all?

PRIME MINISTER:

No, no merit at all. I think she was just trying to score a popular political point on me. And I expected that she would do it. I, in fact, said to some of my colleagues: I bet Pauline Hanson asks me a question about the Indonesian rescue package.

LAWS:

And do you think she got the applause for the reason she generally gets the applause and that is that the Australian people sometimes just don't understand?

PRIME MINISTER:

Oh, I don't know. I mean, it's terribly easy to say: oh, this is terrible, why should we give money to the Indonesians when we ought to be doing this, that and the other at home. And it's only when you explain that it's in our interests that people then begin to understand.

And also we need to point out to them, we're not giving them the money.

LAWS:

No, we're lending them...

PRIME MINISTER:

We're lending the money to the International Monetary Fund and it will be repayable with interest. That is the same thing that applied with Thailand. We're not giving them the money. This is not like foreign aid. We're not writing a cheque to the Bank of Indonesia, never to be seen again.

LAWS:

No, I understand, it's coming back. I just suspect that a lot of people didn't understand that, they now do. Could I just ask you about the announcement you're going to making Sunday night - is there anything you can tell us about that?

PRIME MINISTER:

John, it's going to be across three areas. We're going to talk about a law enforcement, but we're also going to talk about education and we're going to try and bust the culturally neutral attitude at best and really culturally sort of understanding attitude that many young people have towards drugs. I mean, it's too poppy, it's too cool, it's still too sort of acceptable in the eyes of young people for drugs to be used. And one of the things we're going to try and do through the schools is to alter that attitude.

LAWS:

Are we going to try and increase surveillance by customs officers, are we going to get more customs officers?

PRIME MINISTER:

On that generally and also quite a lot on detoxification, a lot on rehabilitation. We'll be very heavily involving the non-government organisations. We have consulted the non-government organisations like the Salvation Army and others in putting this plan together. It is a very sincere attempt to make a dent in the drug menace. Now, I'm not going to make extravagant claims about it but, equally, I don't want anybody to think that it's just a token effort of a few dollars and that all we're doing is tightening a few penalties here and there. It is a comprehensive plan and I'll be announcing the first stage of it on Sunday. I will need the cooperation of State governments and I'll be discussing the matter with all of the State Premiers when I see them in Canberra next Friday.

LAWS:

Okay. Well, Prime Minister, thank you very much for your time. I hope that you have allayed the fears of some who were concerned that you were giving the money to Indonesia. I presume they now have a better understanding of it. And I do appreciate your time very much. Have a nice weekend.

PRIME MINISTER:

Thank you John.

[Ends]