

ADDRESS TO NATIONAL PRESS CLUB, CANBERRA
ON PRIME MINISTER'S RETURN FROM VISITS
TO THE UNITED STATES AND BRITAIN

Speech by the Prime Minister, Mr. Harold Holt

18th July, 1966.

Mr. Chairman, Your Excellencies, Ladies and Gentlemen:

It doesn't seem so very long ago that I was talking to another National Press Club, in Washington, and I was able to say to that gathering that an invitation to speak to the National Press Club in Washington had become a sort of status symbol in the life of the potential statesman. I think the way you are shaping, Mr. Chairman, the Canberra National Press Club can claim that sort of prestige for its functions and I wish you success in the development of an institution which has added, significantly I believe, to the value of attending Canberra gatherings by those who have come to be named amongst the world's most notable.

You had very recently one of the great men of contemporary times in Dean Rusk - I happened to be in New York at the time and you were being noted with so much significance that a few gentlemen holding up a piece of calico by way of protest to Mr. Rusk's presence found themselves honoured by front-page treatment in the "New York Times", but I doubt whether anything I say here today will be similarly publicised there, but at least the National Press Club here in Canberra has been noted in this way in one of the most august papers of the United States.

Now I don't know that I clearly apprehend how I should go about this business this afternoon because there was such a comprehensive cover in the Australian press of everything I did while I was overseas that it would be a waste of your time to go over the ground in a narrative way again. It is one of the significant developments of modern times that a public figure in a position of leadership going abroad does have a coverage, particularly from his native press and the other communications media of television and radio, surpassing anything that we have ever known in the past, and in a sense this is a good thing since the workings of a democracy require an understanding in some detail of what it is the head of that democracy is putting publicly at any particular time. But I would like you to know what this adds up to in demands upon the itinerant statesman. If, at every airport his plane touches down, even if only to refuel, he finds himself met with a battery of television, radio, and newspaper representatives, then by the time he reaches the country of destination much of what he wanted to say has been dissipated along the route. There is always the alternative of turning rather rudely away from the complicated apparatus that people have brought at considerable inconvenience and expense to greet him, but that is not a very popular alternative, and so one usually obliges by making some comment which the doctors have advised is not well-considered within 24 hours of a jet journey. Perhaps that is why so many foolish things are said at airport interviews.

The other thing is that accompanying you these days is a team of pressmen. In my case I had the comforting presence of radio and television representatives as well, and the result is that back home my own people got very full treatment. They have all heard what I have been saying and doing. They have read so many accounts of the same sort of general proposition that some must have wondered why I have been talking so much, but in point of fact it is necessary to thump your way as hard as you can to make the slightest dint in the press of the country in which you are appearing, and I think it is as well for our own

people to know that. Although we feel that in some of the significant areas of policy making and with some of the leaders of policy around the world, Australia is able to exercise an influence, the space we occupy in the national press of the countries concerned is unflattering to our eyes and this must be accepted as one of the facts of contemporary political life. So don't be surprised if in the course of a journey such as I have just made you find your spokesman saying apparently over and over again the sort of thing that you read a week before. To make his point, to register the argument, with the press and the public of the country he is visiting these things have to be done. Well, I think that by dint of diligence and persistence on this occasion the points that I desired to make were registered at least in quarters where they will have some impact, and I will say a word or two about that as I go along.

My prime purpose, as you know, was to establish closer working relations with the Prime Minister of the United Kingdom and with the President of the United States of America. Both of them independently of each other had proposed to me that I should visit them for this purpose. Both of them, independently of each other, had proposed to me when I took office that I continue with them the same intimate communication by way of correspondence and cable that my predecessor, Sir Robert Menzies, had conducted, and this itself is a reflection of the growing place which Australia occupies in the affairs of the world at this time, or at least in this area of the world in which we find ourselves. For my part I was very glad to receive these invitations, believing that it would be nationally advantageous if I could develop closer working relationships.

In the result that aspect of the journey turned out far better than in my most optimistic moments I could have hoped. My visit to President Johnson, as first leg of the journey, proved warm, cordial and laid the foundation for the closer discussions which took place on the second visit, but there were some valuable discoveries to be made from the first and as these items have not previously been commented on publicly by me, I mention them now.

The first was the welcome discovery of how fit and buoyant the President looks. I had imagined that, having come through an operation of a serious kind quite recently, and noting as I had before in the case of President Eisenhower that the newspaper photographs seemed to take a lot of the blood out of the subject, it was encouraging to find in charge of the affairs of that great democracy this live, vigorous man. Not only was he fit and alert, right on top of his own particular responsibilities, but that morning he had sat up until 4 o'clock waiting for the reports which had come from the oil installation bombing operations. I could hardly have timed my visit better because he was anxious to know the results of the bombing and also to hear the reactions around the world. We had been consulted beforehand, we had made known beforehand that in our view this was a illegitimate exercise of military tactics, but it was fortuitous that I happened to be in Washington just on the morning when the news broke, and what I was able to say then in support of that decision was welcomed widely by all in the Administration and by many people throughout the United States generally.

But one matter I think I should put quite firmly on the record. It is important that this should be made widely known. There may be doubts around the world, certainly I believe these doubts exist in the Communist world, about the strength of resolution of the President of the United States and leading members of his Administration in their determination to see the issue through in South Viet Nam. I have no doubt in my mind, I say that not merely because he made this clear in emphatic terms to me, but because of my own assessment of the man and of the very able team of men he has around him. You saw one of them in the person of Dean Rusk here quite recently. I repeat I have no doubt in my own mind of the strength of the President's resolution, his determination to see this struggle through.

Now I say it is important that this should be known because those who lead the Communist forces are not familiar, or seem to be unfamiliar with our methods of government. To them it would be unthinkable in their own country that a government should find itself faced with the hostile voices that one hears in a democracy without taking some action to suppress those voices. They find leading figures in American life, academic leaders and others, critical - as we find them in our own country. This influences their own thinking. It becomes a subject matter for the propaganda material which they subsequently prepare and consequently it becomes important for us to stress publicly the belief, if belief exists, and in my case it is the strong belief, that the President, backed by the capable men he has around him, is determined to fight on in South Viet Nam until a peace which meets our concepts of justice and fair dealing and effectiveness can be procured in that country.

I saw in one press editorial this morning a query as to whether there was any substance in the suggestion that the Americans were determined to go ahead and secure a military victory before any negotiations would be entertained. Well, as recently as the time of the release of the communique by the President and myself, in Washington, it was made clear that negotiations would be welcomed at any time, and the sooner the better. We both commended the efforts, negative though they have since proved to be, of the Prime Minister of India, in seeking to promote negotiations as early as practicable.

And so we are fortunate, I believe, those of us who are held secure by the strength, the military might, the free world leadership of the United States, we are fortunate that there should be in that leadership at this time a man of the resolution, the clarity of vision, and the will to see this thing through with a view to producing a better world order in that area, in the person of the President of the United States. Don't let's overlook the fact that it is not the decision merely of President Johnson that has been given effect in South Viet Nam. There is a disposition to think that this is a product of the will and judgment of this one particular Presidential figure - in point of fact he is the third President in succession who has felt that free world interests and the proper policies for the United States require an American participation in strength in this area. For our part, we in this country have the authority of two successive Prime Ministers backing the judgments of those three Presidents.

In the United Kingdom I had talks which were just as close and just as cordial with Mr. Harold Wilson. It's rather unfortunate that not so much prominence has been given to these talks because they formed for me a basis for continuing collaboration with him in a most cordial fashion, and, no less than in the case with President Johnson, I was able to build a personal relationship with him. We spent together one night at Chequers, the historical residence of Prime Ministers of Great Britain. We had 3 hours alone in which we canvassed all the problems I had put down on a sheet of notepaper, matters which I wanted to raise with him. Later that night I ticked off each item, in case it proved necessary to follow up next day in the course of further discussion we had arranged some matters which had been overlooked. I found that we had covered the whole field, and although there are differences of viewpoint which I think have become well identified between the United Kingdom, the United States and ourselves - I for one as a parliamentarian who has had to work both with a majority of one and with a majority very much larger than that, don't underrate the political problems which Mr. Wilson has to contend with.

Knowing those political problems, the President feels, and I certainly feel that Mr. Wilson has shown great courage and firmness in holding his government in support of our presence in South Viet Nam and in support of the objectives we have there. I mentioned this to the President and at the same time talked about concern at what seemed to be a lack of substantial interest, and even more so on the Continent of Europe, in what is going on in this area of the world. One has only to pick up the papers and scan through them each morning to see how little space is given to events in this area of the world, outside of the day to day military reporting in Viet Nam itself. And the fact of the matter is - and who are we to be critical of it because I suppose we don't take all that much interest ourselves in what is going on in some of the countries of Europe - that the people of Europe, and this goes for the mass of people in Great Britain also, regard these countries as remote and relatively unknown and thus possessing no great or direct significance in their eyes.

I happened to arrive about the same time, in fact a day or so after the French Prime Minister, and great prominence was given to all that he said and did while he was there. From the more significant papers, such as "The Times" and one or two others, we had quite a good press cover of what I was putting, but clearly the mass of people did not have this interest and if the mass of people don't have the interest then the Parliament tends to reflect that attitude of mind and these days Great Britain, the countries of Western Europe, tend to be inward looking into their own affairs rather than outward looking in a way which would embrace the problems of areas as remote as ours.

Well this, from our point of view, may be unfortunate, but if it exists then it is important that we should know about it and we should adjust ourselves accordingly. And I come back to this country with a more balanced assessment, I believe, of the relative strength of feeling about the future of the area and this must have its effect on policies as they emerge from time to time.

In the United States it seemed to me that there was very vivid reporting and a great deal of it of the actual fighting and events relating to military operations in South Viet Nam. But, again, one found a quite noticeable lack of public reference to the more positive developments occurring around the South East Asian area. Now these are not dramatic in a new sense, and, taken, isolated one from the other, perhaps don't seem to amount to a very great deal. But to those of us who have been dealing closely with these things over the years, we feel a great hope from developments which are now taking firmer shape, which do evidence a growing co-operation, particularly amongst those countries of the area who have felt themselves threatened by Communist subversion or attack, or feel the potential danger which could develop as a result of Communist penetration if country after country were to fall.

And so we have seen an organisation such as the Asian and South Pacific Council emerge with 9 countries, of which Australia and New Zealand are two - not a great power country amongst them - other than that Japan must be considered a great power in an industrial sense, but in a military sense, not a great power amongst them. But all of them feeling unity of purpose or danger from the fact that they are on the periphery of Asia or in sufficiently close contact to the events in South Viet Nam and in China, to believe that unless there is a check to that aggression then they could be endangered in the future.

We have seen over recent years the way in which countries formerly threatened, like South Korea, Taiwan and Malaysia, have been able to strengthen their economies and to build up their resources shielded by the strength of the United States and its establishments throughout this area of the world. And so I made a point wherever I could of emphasising this and it was heartening to find that the theme had attracted the interest and enthusiasm of the President and his Administration. I don't claim that there was novelty in the matters that I was putting forward, and indeed Australia has always maintained an initiative in this field. You may remember that Lord Casey, as Minister for External Affairs, was one of the very few Ministers of Foreign Affairs of any country outside of Asia directly, who went around these countries and made our viewpoint known clearly, built up good personal relations. There was the pioneering work of Sir Percy Spender with the Colombo Plan. The work then followed up by Sir Garfield Barwick and, more recently, my colleague Mr. Hasluck.

Therefore, it is not by accident or by geography that Australia does possess a very warm, friendly and close working relationship with so many of these countries. We even have a friendly basis with countries which don't enjoy that same kind of relationship with very many in the area. For example, we have very good relations with Cambodia and indeed, represent United States interest in Cambodia.

Right through the period of confrontation, we nevertheless managed to maintain a channel of friendship through to Indonesia.

With Thailand, there was the exchange of visits between the Prime Minister and myself, he visiting Australia first this year. In the course of my own visit later to South East Asia, I was able to develop a still closer relationship with him. These are just symptoms of the times. The emergence of an institution like the Asian Development Bank; the arrangements we are making together for the development of the Mekong Valley; the grant by Japan of 800 million dollars of credit to South Korea as part of the close economic and trade relationships with that country. These, I repeat, are only symptoms, but we're

dealing with more than half the human race East of Suez and with a population growth rate higher than almost any other country or area in the world.

By the end of this century that billion and a half of people may very well have doubled, and in this area the United States has expressed its determination to join in developing the resources of this new Asia, in joining in co-operation with others in order to make more effective use of their own resources to provide a ray of hope for a better way of life for the people of these countries. Evidence of this has been quite dramatically provided for us in the course of the past few days by the President of the United States.

Now this was a theme which was expressed quite vigorously by me and before I had left America and, indeed, by the time I went back again for a second visit, had become well taken up by the Administration and had formed the material for a lot of approving editorial comment throughout some of the leading journals of the United States. And I regard this as being just at the beginning of our activities in this field. Australia and Japan have given a notable demonstration of what can be achieved in our friendly trade one with the other. It has multiplied four and a half times since the early 1950's and, we believe, we are just at the beginning of this process.

Now somebody asked - I think you, Mr. Chairman, in introducing me, how far did "All the Way" mean in relation to the President. I only hope that those who've given currency in this country to the phrase have studied as closely all the other things that I said while I was there. They would then have developed a well balanced appreciation of what it was I was trying to express. It doesn't mean, certainly, that Australia has any lack of independence of mind, and anybody who knows the President would be paying him no compliment if they felt that he was looking for the kind of friend who was never prepared to have an argument with him. He has a vigorous mind of his own and he looks for a vigorous exchange of views from those who invoke friendship with him.

Quite shortly after seeing him in Washington I put some views in New York to the American-Australian Association which certainly didn't coincide with Administration policy of the moment. I spoke of the need to penetrate both the Iron and the Bamboo Curtains to build up trade as a means of opening up personal contacts, personal relationships, to have more frequent visits by reporters, by scientific and cultural groups and in these and other ways help to establish a human quotient which would assist in breaking down these resistances. The phrase I used then I think is worth repeating, not because of its excellence, but because it does express a concept that I'm sure all here would adopt. We can't afford to look on the rest of the world in terms of the "goodies" and the "baddies", contending that all the right people, the good people, are on our side, and all the "baddies" on the other in the Communist camp. There are intelligent people, dedicated people, working for their own national interest in all communities around the world. For our part, it is for us to see where those who are willing to look for a better world can come together in some settlement arising out of present differences, and apply the tremendous resources that men are capable of now attaining, to the betterment of mankind for the better world to which we all aspire. In the President, we have a practical man who is, at the same time, a man with vision of a better world whether it is the society that he works for in his own country, or for an

application of the fruits of science and technology to the needs of the rapidly increasing human race.

Now, out of these discussions, I feel that a basis has been established in which Australia can play a useful part in the future. Adopting the old Aesop Fable of the Lion and the Mouse, I said that "Little friends can prove great friends" and Australia is so placed geographically and in terms of the relationships we have built up with the countries of Asia, that we can, I believe, serve in a useful way both with the United Kingdom and with the United States in doing more in this area of the world. The United Kingdom is conscious of the limitations upon its own capacities. "Overstretch" was the word which seemed to signify the situation in that country. It was put to me by members of the Government itself. They're very conscious of their commitments at a time when their resources are not adequate to meet the extent of the commitments they have undertaken. They have to bring themselves into a better state of balance. But with the United States, the position is rather different. If only a situation of peace and stability could be restored in South East Asia, then the vast resources that are currently going into military purposes could, with advantage, be turned to the tasks of reconstruction and development of areas possessing so much potential in themselves.

Now, I believe that Australia as a result of all these talks, finds itself in a position where both the United States and the United Kingdom look to us as a country of influence, a country capable of playing a significant part in the future of the area. I can say, without any reservation, that no additional commitments have been sought of this country. These matters did not arise in discussion between us. I think, both in the United States and in the United Kingdom, it is recognised that as Australia grows, so will our contribution, in a security sense and in the provision of aid. There is a more realistic appreciation that this country is not making a military contribution merely in one area or the other, that we're doing so at several points. And there is a more realistic appreciation that the country which has still a vast continent to develop, with such limited resources of population, has its own limitations upon what it can accomplish.

Having said that, gentlemen, I don't imagine I've covered your queries by any manner of means, but, broadly, that is the field which was covered at this time and I feel, in my own heart, greatly encouraged by the reception given to me as the representative of this country. It illustrated for me better than anything else perhaps that I could look for, the regard and the respect which the Australia of these times is held in the countries which mean so much to us. The warm, co-operative and friendly relations which these great democratic leaders have developed for Australia and for its own leadership are, I believe, happy auguries for the future of this country.

I would just, by way of final comment, say Mr. Chairman, that the reporting of those who accompanied me on this tour was I believe in the best tradition of the craft of journalism, and I would like to express my personal thanks to them for faithful reporting and for every consideration given to the subject. Thank you very much.

QUESTION: Mr. Prime Minister, having seen you in successful action in Washington, I know the circumstances in which you said "All the way with L.B.J." Apparently this has been misconstrued, not only in Australia but in various parts of Asia. Could you please reconcile the apparent inconsistency in our desire to be part of Asia and to participate actively in Asian affairs, and our equally emphatic wish that Britain should remain East of Suez, and that we should be so close to America?

MR. HOLT: Well, gentlemen, in South Viet Nam, and my remarks of course were directed to that, I had no hesitation in indicating our full support because, as I've said so often before in this country, my Government believes that Australia is more directly involved in South Viet Nam even than the United States of America itself. We believe that the security of this nation ultimately is involved in successfully resisting Communist aggression in that country. If it can't be successfully resisted there, then ultimately, we believe, it will spread through Asia - I'm not saying this is a matter of years, it may be decades - but ultimately it will spread through South East Asia generally. And the kind of world in which we will then live will be a very different world from that which we see today and the even brighter world which is within our sights tomorrow. And so, when it comes to American participation, American resolution to see the issue through in South Viet Nam, Australian undoubtedly is "All the Way".

QUESTION: In view of what you've just said, and in view of the fact that we know America is in process of a further massive increase in its forces in Viet Nam, do you foresee at this stage the possibility of us having to increase our commitment?

MR. HOLT: This was not raised with me, as I have already said, and I don't regard it as a matter within our early review. Of course, as time goes on, we will review what the Australian contribution should be, but there is no escalation in dimension in contemplation.

QUESTION: Was any indication given by Washington of how long the Viet Nam war could continue?

MR. HOLT: Well, I think a lot of people would like to be able to forecast this, but my political opponent is the only regular forecaster I know who is prepared to put a precise time on these matters. I don't think anybody can say with precision, because it depends on your definition really of military action. I've always believe that as the Communists were either defeated or repulsed in major military engagements, they would turn increasingly to the kind of guerrilla activity which they can conduct at relatively small cost to themselves and considerable nuisance and cost to the forces on our side. We had to contend with that in Malaya for, what was it, 12 years or thereabouts. But the fact of the matter is that I had a very thorough briefing on all this at the headquarters of Admiral Sharp just two days ago as we came through Honolulu. There is no major engagement these days that the Viet Cong is winning. Where the Viet Cong measures up in a major force, then the forces opposing them are gaining the victory. the loss ratio is running at about 5 to 1 in respect of the Viet Cong and North Vietnamese forces against those on our side. Our people are much better equipped and better organised. There is improvement in intelligence. There has been a good deal of success in halting the flow of materials, but even so materials do get through. We know that the North Vietnamese and the Viet Cong are having difficulty about food supplies, even more so with medical supplies. But how long they'll go on taking this kind of

punishment is in their minds, not in ours. So no one can give you a precise answer on it. I said when I came back from South Viet Nam that the Viet Cong could not win, and that we were making good progress in the military field. That is confirmed by the latest advices which reach me, and results in the guarded optimism which has been expressed in Washington in recent times.

QUESTION: You state the need to penetrate the Bamboo Curtain by way of trade and cultural and scientific exchanges. Did you put this specifically to President Johnson, and, if so, could you give us his reaction?

MR. HOLT: I did not put it specifically on my first visit. We had very limited time on the first visit for close personal discussion. By the time the various ceremonies were carried out - we had a luncheon at the White House where we both spoke; the next day he left on a speaking tour himself for a couple of days. He had said to me that he wished to speak with me further and as this had not arisen by the time we left, I wasn't altogether surprised when in London he urged me to come back via Washington before I came on to Australia. But, in the meantime, and of my own initiative, I advanced these views while I was in New York. I think that a large body of opinion in America would favour some development along these lines. It's not easy for a politician facing election to advance some of these ideas. I felt they should be advanced and did so and I don't think anybody was unduly disturbed by them. I think more hard thinking is now being given to what ought to be done in relation to China, just as I hope that inside the Communist camp more hard thinking is being devoted to where they are getting by their present policies. They must see that they are driving a lot of the non-Communist world more closely together and that if they allow another ten years of this process to go on, then there will have been built up economic strength and trade relationships which they might find prejudicial to their own interests later on.

QUESTION: Now that it is clear that the bombing of Hai Phong and Hanoi has not compelled Hanoi to negotiate on terms acceptable to the United States, there seems every possibility of an escalation of bombing in North Viet Nam. There have been forecasts by American spokesmen that the next steps might be to knock out power lines, dams and canals. If this eventuates, can we assume that the pledge you gave Mr. Johnson of "All the Way" means that, in advance, we have endorsed such actions?

MR. HOLT: You're dealing with some quite hypothetical situations. As far as Australia is concerned, just as we were closely consulted before the other operation, I am sure we would be made aware of any significant change in American tactics.

QUESTION: Mr. Holt, as Australia is proving herself such a firm friend of America, did you seek American aid for national development in Australia while you were there, such aid that America has given to countries that have been hostile to her?

MR. HOLT: No. I made it clear when I got there that I hadn't come to ask for anything. We are, it is true, a good friend of America and I hope that's a general feeling in this country. I don't know where people would choose to look for the security of this country were it not for the friendship and strength of the United States. There is no lack of will on the part of the United Kingdom Government, for example, no lack of goodwill

toward this country, but its own capacity to help is limited these days, and you and I and the rest of us are secure in Australia today because our security has been guaranteed under treaty by the United States of America.

QUESTION: If I might take an earlier question a little further. You have had the opportunity of seeing the situation in Viet Nam yourself and these talks in the capitals in London and Washington - how much hope do you put in peace in Viet Nam say, for example, with Mr. Wilson's forthcoming mission?

MR. HOLT: You don't want me to predict in advance that it's not going to get anywhere. I prefer to leave any comment on that until we see the outcome. I'm sure we wish Mr. Wilson well in his efforts. He has, of course, made many visits to Moscow in the past, particularly during the period when he was President of the Board of Trade, and so he is well known personally to several of the leading personalities there. I'm sure that there could be nothing but value from the close talks that he would have with Mr. Kosygin and other leading members of the Administration. But, whether the Russians would act independently of any general Communist attitude, I think is highly doubtful. But at least as Co-Chairman with the United Kingdom, there is purpose in them having talks together and from what I have seen of Mr. Wilson, if anybody is capable of putting a view clearly and compellingly, then he possesses those attributes.

QUESTION: Mr. Holt, in place of an extension of the bombing of North Viet Nam, do you see a greater likelihood of American ground action from bases in Thailand? Has the President given you any indication of what the next phase is if the bombing fails to stop the movement of troops along the Ho Chi Minh Trail, and if ground action is in his mind, do we support it?

MR. HOLT: Well, I don't want to canvass publicly what were clearly private discussions between us on various possibilities which may arise. I've already said that we were not asked to increase our commitment nor have we. But we shall certainly be closely in touch with the United States regarding future developments. My own impression is that the Thais have made it known that they wish to cope with terrorist activity within their own borders. But I wouldn't claim to be inside their minds on that matter, I haven't had any recent discussions with them.

QUESTION: Do you feel that the United States regards Australia as a more important ally in the South Pacific than Britain?

MR. HOLT: I wouldn't know about that. I'm sure that the United States values Great Britain's tremendous influence in world affairs, and there has been for a considerable time a very close working relationship between the United States President of the day and the United Kingdom Prime Minister of the day. In the case of President Johnson and Mr. Wilson, there have been frequent exchanges, visits by Mr. Wilson to him. Indeed, Mr. Wilson will be making another one within the next week or so, on my understanding. The United States would, I think, believe that Great Britain will tend to decrease its role in this area of the world. It sees in Australia a country, not only which already enjoys good relations with others in the area and which itself by virtue of its geography and circumstance is placed significantly in the area, but that looking at some point well ahead from where we are now, we shall be a country of increasing population, increasing economic strength, able to

play an increasing part in the affairs of the area. And it is understandable therefore that we should be regarded as a partner, and we are undoubtedly now regarded as a warm and close friend.

QUESTION: You said a moment ago, Sir, that you did not discuss the question of trade with China with the President on your first visit. Could you say whether you discussed it on your second visit?

MR. HOLT: Not in specific terms.

QUESTION: Mr. Holt, have you asked the President to come to Australia and, if so, has he been able to give a time when he might be able to visit here?

MR. HOLT: I've made it clear that there would be a warm welcome for him whenever he can arrange to come, and I know he would like to come - indeed after we'd gone for the journey down the Potomac he took me back to the White House and arranged for a screening of a 20-minute film which he'd taken out here some 25 years ago or thereabouts, when he was a serviceman in this area of the world; it was like most moving films taken by an amateur photographer, not the best example of the cinematic art, but I've asked him for a copy of it for our own national archives.

QUESTION: Sir, you've spoken about our alliance with the United States. You've said that the British attitude towards this part of the world is going to have some influence on our policy thinking. You were also reported as saying while you were away that it was expected that defence expenditure in this country would rise to about 5 per cent of our gross national product. Does not this juncture of circumstances mean that we are going to have to expect substantial increases in our national sacrifices to play our part in this part of the world in the coming years?

MR. HOLT: Well, that depends on productivity, the run of the seasons and a variety of other matters. We have, as you know, entered into some arrangements to spread part of the cost of the defence equipment that we're securing a little more widely. The figure of 5 per cent is one which was mentioned to me by the Treasurer as a figure which seemed to be looming on what he could see of the trend in defence expenditure. An end to confrontation would have a bearing on what our costs are, but I would hope that we would be able to manage these things without eating unduly into our development prospects. One of the factors here which will have a bearing will be the extent to which capital inflow is sustained. We've had a remarkable year in that respect, an all-time record inflow, but there are the restraints being imposed in Great Britain on a voluntary basis, and some uncertainty as to the future availability of capital from the United States now that money has shot up in price so much all around the world. Quite remarkably in Western Germany, the Government is paying there 8, 9 and 10 per cent for money. And in Great Britain, of course, a 7 per cent bank rate has just been introduced. So the cost of money may itself prove one of the limiting factors on the availability of capital here. Now, these things could all have a bearing on how far we have to restrain our own expenditures. There is only one country in the world that currently withholds a higher percentage from consumption of its gross national product, a fixed capital and investment, and that is Japan. Australia ranks next. So we're already doing a great deal to help ourselves. I would hope that, with our own efforts, and with the sort of inspiration that this growth, this feeling of growing responsibility, a growing place in the world brings, will result for us all a better national teamwork enabling us to meet these commitments.