



VI SIT TO US, CANADA AND UK

WASHINGTON, USA

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER,
MR. HAROLD HOLT, AT BLAIR HOUSE, WASHINGTON

2ND JUNE, 1967

PRIME MINISTER: Ladies and Gentlemen, I am not prepared to make a direct statement, but thought it would be useful if I could just give you some sort of a picture of the talks I had yesterday.

Of their very nature, they don't lend themselves, of course, to any detailed exposition of it. I wouldn't be received for the talks if I immediately go out and orate what I have come a long way to talk about and some very busy men and very important men have been good enough to provide the time for me to discuss with them.

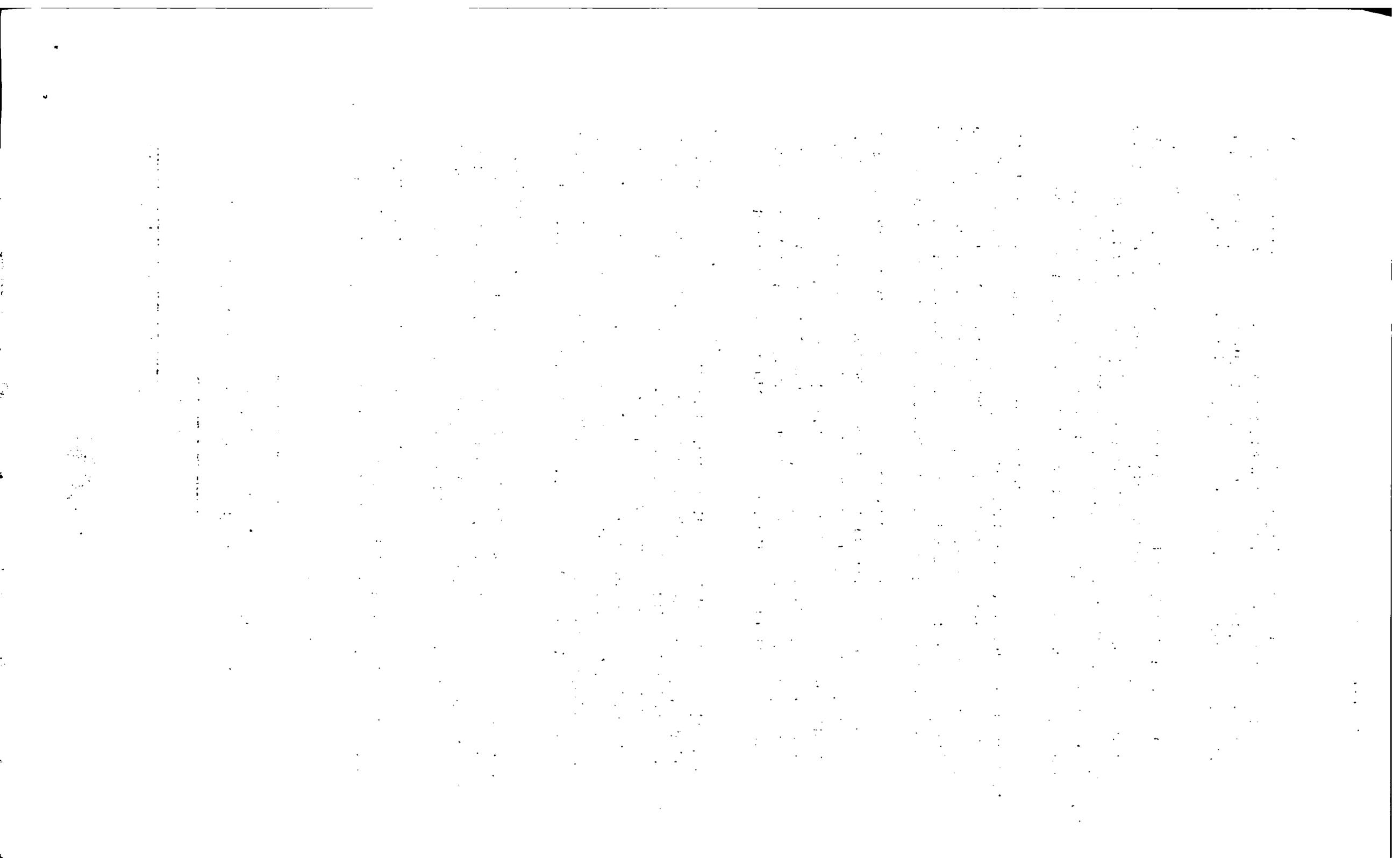
But you can assume that I went over the ground, first with the President, on the principal issues in which Australia is interested in its relations with the United States. These would include the Vietnam situation, various aspects of that, the Middle East situation, of which I don't claim to be very well informed myself, but was able to get some valuable information in talks with the President and with the Secretary of State and with the Secretary of Defense. Then, of course, because that will be the principal matter I shall be discussing with Mr. Harold Wilson, in London, the question of British troop dispositions East of Suez in the future.

I did touch on, with the President, several trade matters and economic matters of interest to Australia, but did not develop these in any detail at this point. We had agreed that we would make known our views on certain of them, say that these could be studied in some detail between now and the time that we shall next meet, when I have part of the week-end with him at his ranch on my return journey. But I did go into rather more detail on these matters with Mr. Rusk, and I shall be following them up.

There is one aspect which it now appears cannot wait for treatment until we get to the ranch. That is the question of the wool duty which applies to Australia, and on which we had held hopes, as part of the Kennedy Round negotiations, that there would be a significant reduction of the GT rate. This has not so far emerged, and we are taking that matter up again with Mr. Rusk in the hope that we can find a solution to it.

I don't know that there is much more that I can say about the talks, because as I mentioned earlier, these were to enable a development of views between us. I think it is well known that the President and I have very much the same view of the Asian situation generally, the potentialities which are building up in those countries where Communism has been brought under check, and we both see a brighter future for Asia if we can bring the Vietnam struggle to a successful conclusion.

Q. Mr. Prime Minister, yesterday, I believe, in your arrival statement, you mentioned the possibility that the war in Vietnam could wind up a lot sooner than some people expect, and sooner than the surface evidence indicates - I think this is what you said. Would you explain your thinking along those lines?



P.M. Well, there are two, at least two bases for that. It is not put as a confident expectation, or even as a solid judgment. It is put as a possibility. I base it on these two lines of thought: first, the North Vietnamese are undoubtedly taking a severe punishment to the economy from the intensive bombing which has been going on. While I was in Honolulu, I was given a detailed briefing by Admiral Sharp, which included a survey of the bombing results. This was accompanied by illustrations in many cases of the industrial establishments before and after the bombing.

While I know there is a school of thought that the bombing has not reduced significantly the degree of infiltration and the movement of supplies, I think there is little, there can be little doubt that continued material punishment of this sort not only has an effect upon the state of the economy of the country, but ties up some hundreds of thousands, which is estimated in the neighborhood of three hundred thousand, members of the work force for the repair and reconstruction. And the damage to the industrial assets -- gas stations, steel works, and the like -- has been very considerable.

Now, I do not believe that even the most stoic and enduring community can take that kind of punishment indefinitely without the leaders asking themselves the question, is this worth it, is the prospect that we have for the future worth the sacrifice that we are making now? They can't entertain any optimistic view in the military campaign against the evidence of their own losses and the rebuffs they have had in recent times.

So that is one line of thought which leads one to conclude that there comes a point of time in which the communist leadership has to ask itself whether it is justified in going on when prospects are held open for it of a negotiation which at least will leave its own, leave North Vietnam secure. We have made it clear that we don't have as an objective the domination of North Vietnam nor the destruction of its economy in the long term.

So the second line of thinking really proceeds from the first. It is based on some experience we have had of communist, the communist mentality at work, but it is in the international field and inside Australia in the industrial field, where communists have been in charge of some of our more important unions; we found that although we have seemed at a particular point in time to be up against a brick wall in negotiation, with no prospect of a solution emerging, without forewarning, without regard to consistency or whatever has gone before, the communist leadership, having made up its mind that the time has come to resolve the matter, does so.

So it is on these two possibilities that I make this statement that while, on the surface, it would appear that there is no crack in the edifice of resistance, it could come more rapidly than the superficial indications would seem to say.

Q. Don't you think the North Vietnamese could take the same line in view of the heavy casualties that have been suffered by the Americans?

P.M. I don't think you could compare the two countries from the standpoint of their respective strengths. I am not wanting to understate the American casualties, but relative to a country of 190-odd million people, it is not a degree of loss which can't be sustained. The individual loss is grievous, of course, to the people concerned, but looking at the respective countries, the loss to North Vietnam is much less capable of acceptance than the degree of loss which America has been maintaining.

Q. Mr. Prime Minister, with regard to the disposition of British troops East of Suez, did you find an identity of view here in Washington?

P.M. Oh, I think you can take it that the United States shares the Australian view that British presence, military presence, East of Suez, is important for maintaining British position in the world and for helping to maintain stability and act as a moderating influence in relation to that area. It has a bearing clearly, also, on the United States' position in the Asian region. It will not be a welcome development to the United States to find itself the only major power maintaining a military presence on the mainland of Asia.

If you consider the various bilateral arrangements of a security kind undertaken by the United States, you find that from the arc running right around from Korea to Thailand, that in respect of a number of countries -- namely, Korea, Taiwan, Japan, Thailand itself, and currently, of course, South Vietnam -- the United States has accepted security commitments and has left this one area to the Commonwealth, regarding it as a Commonwealth responsibility. That is the Malaysia-Singapore area. But as for the rest of that arc you find that the United States has accepted a very considerable obligation and burden for its security.

Q. Mr. Prime Minister, in view of what you have said about the North Vietnamese bombing, would you favour an increase in the tempo of the bombing?

P.M. Oh, I don't wish to comment on that. America is carrying the large burden of this matter. I think that the American military judgment should be looked to to be sure that they get what they regard as the most effective results from it. I don't think it is for us to tell them what they ought to be doing, when they are providing the wherewithal.

Q. Mr. Prime Minister, you mentioned that you discussed the Middle East situation with the President. I was wondering if you would be kind enough to tell us what conclusions you arrived at and what decisions you might have made?

P.M. The only comment I can make on that is that the proposal for a declaration by certain maritime powers was discussed and I was able to indicate, this matter having been under discussion between myself and my Cabinet colleagues in Australia, that if there were other powers joining in such a declaration, Australia would join with them in it.

Q. Would we participate in any international military force?

P.M. That question doesn't arise at this stage, and it was not raised with us.

Q. Could you elaborate on those remarks you made -- do you see any hope of salvaging Kennedy Round discussions if you didn't get any concessions?

P.M. I can't develop it very much, Max. This is a matter which Mr. McEwen has been pursuing very actively. What I was hoping to arrange was for a briefing on it to be made available to me so that by the time I came back to the discussion at the ranch, I would be in a position to pursue it further. But I have since been advised by Mr. McEwen that there is a timing problem on this, that while some of the other matters with which you are familiar yourself, can wait for that point of time for discussion, this is one which we have to try to resolve before the time runs out for the Kennedy Round negotiations.

Q. How are you going to resolve it before the time runs out?

P.M. How are we going to?

Q. Yes.

P.M. Our representatives here will be able to take it up with the Department of State people. I think the atmosphere which has been created already by my own talks should prove at least helpful in providing a receptive atmosphere for this discussion.

Q. So it is not that all hope is gone of getting some concession?

P.M. I would hope not.

Q. You say that there is a time limit. Is there an actual specific day and hour by which time the problem must be resolved or otherwise?

P.M. This was a factor in the negotiations at Geneva. I understand that there has been a time limit virtually set by the Congress.

Q. Do you know what date that is?

P.M. I haven't it in my head. I have an idea it is around the end of this month, but don't hold me to that.

Q. Sir, is this a special bilateral arrangement that you hope to reach with the United States?

P.M. Well, usually, an arrangement of this sort is achieved on the basis of a negotiation in which concessions are made on both sides. That is where it becomes a more technical matter for the Department of Trade. I have merely put it on the basis that the United States is the only country in the world which maintains a tariff duty on raw wool.

Q. What type of reciprocal offer would we make?

P.M. Again, I wouldn't want to be openly exposing what possibilities might exist. But this becomes a matter of negotiation. It will bear on some import item they have.

Q. Mr. Holt, will you speak on this matter of economic matters generally in London, also? Will you take it coming back?

P.M. Well, the EEC matter, I expect there will be some discussion of that there between us. But mainly to learn from Mr. Wilson what view he takes of the British prospects. Mr. McEwen has been there quite recently, so Australia's views as to particular commodities are well known.

Q. You have no specific problems or questions to ask?

P.M. No, I have none. There are specialists on those matters. I would merely wish to have a general view from the Prime Minister of the prospects as he sees them, what he may have in mind by way of safeguarding what they term as essential Commonwealth interests, what definition they put on "essential". I mean it may be essential for a man to reduce his production of dried fruits; he may have a market to sustain for his dried fruits. But it might be the view of the British Government that "essential" means that the economy is able to go on substantially untouched. As Mr. McEwen said in London, it doesn't help the grower of dried fruits very much to tell him that we'll be much better off letting him die off.

Q. Mr. Prime Minister, there is a report that Egypt would consider closing the Suez Canal to the ships of any nation that might try to break the Israel blockade. Would Australia consider this as a hostile act?

P.M. You mention it as a report. I have no information on that. I wouldn't wish to comment.

I would just air that Australia, as one of the principal trading nations of the world -- we rank among the 12 largest trading nations of the world -- has an interest in seeing that there are no limitations placed on international waterways. We joined in a declaration some years ago of a comparable kind to that which is being sought now. We would therefore be expected to take a direct interest in any limitations which any country might propose on what has been regarded as international waterways.

Q. Would you say what your talk with Secretary-General U Thant might develop or what you might hope to achieve by it?

P.M. Well, I would hope that we could explore each other's thinking. We don't agree, quite obviously, on our interpretation of events in Vietnam. I would hope that one or the other of us would be open to persuasion, if that is justified from the changed point of view. Different people place a different interpretation upon events, as I found when I was in Cambodia. Sihanouk doesn't see events in Vietnam the same way as we do. I think it is quite obvious that U Thant doesn't.

For example -- I don't want to be on the record on this as a direct quote from me, but some of you may recall that I did make some comments some time ago when the Secretary General was reported as having said that Vietnam was not a vital interest for the West. Well, more recently, he described Vietnam as leading to a third world war. I would find those two statements quite inconsistent. Surely if the situation is leading to a third world war, it is a matter of vital interest to the countries of the West. I have thought all along that Vietnam was a matter of very substantial concern to the countries of the West.

Q. Mr. Prime Minister, as we are increasing buyers of American defense equipment, have you raised with anyone here the obvious inefficiency of the American forward costing system as demonstrated by the skyrocketing costs of the F-111?

P.M. Not in any detail. I did in the course of my discussion with the Secretary of Defense -- I think it was Secretary Rusk who mentioned this as one of the matters which affected the considerable purchase we have been making of defense equipment in the United States, which, of course, has its own impact on the balance of payments situation.

Q. Did you suggest the Sydney Opera House as an example of our own planning?

(Laughter)

Q. Mr. Holt, did you mention, or will you be mentioning the possibility of Australia getting some exemption from the interest equalization tax on money flowing out from America into Australia?

P.M. That is an old concern of mine. I raised this matter in the time of Douglas Dillon, when he was Secretary of the Treasury. You can take it that I always felt that if an exemption were justified in the case of Japan and Canada, Australia, which has highly adverse balance of trade with the United States and which is making very substantial repayments of borrowed money to the United States, has a strong case for the exemption, at least up to an agreed level, also. This is one matter which I shall be pursuing further before I return to Australia.
