

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER, RT. HON. R.G. MENZIES,
C.H., Q.C., M.P., AT CANBERRA ON THURSDAY, 9TH JULY, 1959, AT
3.30 P.M.

PRIME MINISTER: I think perhaps the best thing for me to do is just to talk a little bit about the various matters that I have had to look at in the course of my journey. If I show any signs of going to sleep half way through, will you give me a nudge? I have averaged about 3 hours a night sleep for the last eight days when I visited the tropics.

There was no conference this year of a formal kind, but by the time I got back home I had had talks - quite extensive talks - with, I think, ten heads of Government. I saw Mr. Nash at some length in Auckland; Mr. Diefenbaker and his Cabinet in Ottawa; I saw the President and Mr. Nixon and Mr. Herter in Washington; I had talks with the World Bank in Washington; and with the International Monetary Fund - Mr. Jacobsson, the head of the I.M.F. in Washington. I had some discussions in New York with our financial agents there. And then, of course, Mr. MacMillan and his Cabinet; Chancellor Adenauer; President De Gaulle; the new Prime Minister of Holland, Mr. De Quay; and with the Foreign Minister of Holland in Zurich. Then I saw the new President of Pakistan in Karachi - President Ayub. I had some very long and interesting conversations with Mr. Nehru in Delhi; and then I saw the new Prime Minister and some of his senior ministers in Singapore. So it was a pretty good round-the-world survey of problems and discussions with them.

I think before getting on to the political aspects of the journey - it was a very absorbing journey. I didn't have - well, I almost had no private spare time. But that was well compensated for by the fact that I had some tremendously interesting talks with leading people.

In Washington - I'll come back to these other large problems - I had discussions with Mr. Black of the World Bank, and with some of his senior executives, about Mt. Isa, and I also saw Mr. Jacobsson of the International Monetary Fund who told me that he could be quoted as saying that he found the discussions that we had very interesting. I asked him two things: One, whether the annual consultations with the fund by countries with balance of payments problems - that applies to a great number of countries, of course, including our own - might take place this time in Australia. And I am hopeful that that will happen. I also invited him to come out here himself.

QUESTION: That is in this coming September?

PRIME MINISTER: Yes - well it is some time later this year.

I thought it would be a good idea if he came out himself. He said he would like to; he accepted it in principle, but it is a matter of time-table with him.

My business with the World Bank had, of course, particular relation to the Mt. Isa railway project. It is quite true that in any projected borrowing from the World Bank, the borrower would be the Commonwealth of Australia. But the World Bank is a bank for reconstruction and development, and it is not merely a matter of lending money and feeling sure that it will get it back. No question of that arises. The real question is: If it makes a loan, is that loan assisting some piece of positive economic development? And therefore it has been particularly concerned to know what contract or

arrangement would be made between the Queensland Government and the Mt. Isa company. I have, from time to time, explained to both of them what the principles of the Bank are and the kind of problem that has to be met. But I have had a feeling for some time that it would be of very great advantage if the Queensland Government and the company talked around the table with the Bank, so that they both would not have to rely on what I had to say about it. They could be informed themselves on the spot and discuss it on the spot.

So I had two objectives in my discussions there. One was to find out whether the World Bank was interested in the Mt. Isa project; whether it thought that in the broad it was a good one; and whether it would like to be associated with it in some way. Of course, unless those questions could be answered in the affirmative, all other discussion would be academic.

It became quite clear that the answer was "yes" to all those questions. They are interested in the project and they think that it is a good one, looking at it broadly; and I am sure that they would like to be associated with it. But they have their own financial principles which they have applied to other countries and other prospective borrowers, and which they would, therefore, need to apply to us with respect to that matter.

The second question was whether, there having been some breakdown in negotiations, the position of the Bank was completely inflexible. And it became clear that that was not so; there was some room for manoeuvre. But it would involve, of course, some movement on the part of the company, in particular - and incidentally of the Queensland Government.

So I said, "Very well, under these circumstances, will you be satisfied if I invited, through my colleagues at home, the Queensland Government and the company to be represented, in the one case by their Treasurer, and in the other case by the Managing Director of Mt. Isa - Mr. Fisher - and to suggest that they come to Washington?" They agreed to that very willingly.

I was not there when the discussions occurred - but there were some discussions, which apparently did not achieve finality. I do not regard the matter as necessarily concluded by those discussions. It is a matter which I will have to take with my Treasury colleagues. There are very great difficulties about it - there always have been - but I still think there is some room for accommodation.

I was very fascinated when I arrived in London to be told in the press that as I got aboard the plane at Idlewild, I said I was very optimistic about a loan. I have no need to tell you that I did not see any pressmen at Idlewild. I had no statement whatever to make about a loan, nor would I be such a fool as to prejudice discussions with the Bank by making any statement that looked cheerful about it, because it is a difficult matter. Nobody knows better than I do about the Bank and its methods. We have had a good deal of success with them.

QUESTION: It was reported out here, Mr. Menzies, that the Bank had imposed impossible conditions on the company. Would it be possible for you to say a little bit on that?

PRIME MINISTER: I do not think so. I do not think anything is gained by that. I did not see that, but I imagine that what that means is that the company would not be prepared to go so far as the Bank thought it ought to go for the making of a loan. But you must forgive me for not offering any opinions on those matters because I have yet to see the detailed reports of their discussions in Washington.

QUESTION: Did the limiting of lead and zinc production affect them at all?

PRIME MINISTER: I do not think that had anything to do with it. I have not heard anything that would suggest that that was a factor.

The whole problem there is how far the company is prepared to go in guaranteeing revenues to a reconstructed railway line which would amortize the cost of the railway line - the bulk of which was to be found by borrowing, partly from the Bank and partly, perhaps, on the market in the United States. But it is all a matter of how far one is prepared to go and how far the other is prepared to go. Apparently they did not reach a composition. I did not, for one moment, think it was easy; but I am sure their discussions will have value because each now understands the other's point of view at first hand.

QUESTION: Before you leave that subject, did you also invite the World Bank to hold their next meeting here?

PRIME MINISTER: No. That question did not arise.

So that that problem as between ourselves and Queensland and the company is still unresolved. But I myself do not regard a composition as being impossible, provided that all the people concerned are prepared to exhibit an accommodating mind.

But one must understand the position of the Bank, because it has many clients in many countries - many applicants in many countries. It just cannot, off-hand, apply a generous rule to us which it refuses to apply to perhaps three or four other countries. And therefore it is a matter for very close, sensible discussion.

However, I will be taking that up with my colleague, the Treasurer, and I will be informed, because I know that while I have been away there have been discussions between Mr. Hiley from Queensland and my own people. Well, naturally, I have had no opportunity of discovering the details of those matters.

QUESTION: Does the success or failure of the World Bank loan mean the end of the whole question?

PRIME MINISTER: I do not know. But it would be very useful to get a loan from the World Bank. It is always a useful thing for us in Australia - not being entirely flush with capital ourselves - to be able to bring in capital from outside. Therefore, a World Bank loan or a Wall Street loan, or whatever it may be, has considerable national advantages, not only in supplying capital but in helping on the balance of payments side of the problem.

QUESTION: In your discussions with the World Bank and our own financial people in New York, did you raise the possibility of further loans from the World Bank on a general basis for Australia this year?

PRIME MINISTER: No, I did not, because you have to remember that the World Bank has made us loans on a pretty general basis to a very large extent - 300,000,000 dollars - and I think the position of the Bank today is that in future - it does not exclude the possibility of further loans, but it would like to have them related to a project, which is the rule they have always applied, or almost always applied, in their lending policy. And this is a project which has great merits - great attractiveness - but, economically, from their point of view, the essential thing is: Can we be sure that the development of the mine and the development of production and the increase in export earnings by the production of additional material, will be matched by some undertakings which will make the railway proposal - which represents about £30,000,000 - successful? So that the railway will be rebuilt and in due course paid for. The two things balance and that is intelligible.

However, I do not want to go into the details of that matter, because they have had their discussions. They have not arrived at a composition on this matter, but - as I say - I will know more about that and what the possibilities are, from our point of view, when I have seen the details of their discussions; I haven't yet.

QUESTION: Has the Bank suggested at any time, Sir, that this is the sort of project we ought to finance for ourselves, and that our priority for borrowing has slipped down compared with other countries who are on their list?

PRIME MINISTER: No. The Bank is genuinely interested in this. It feels that it is the kind of thing that fits into the Bank pattern; but it is not prepared - and I do not criticise it at all - to make any substantial abandonment of its general rules. We are not its only customer.

QUESTION: Do you think, Sir, the Bank would be more interested in a less ambitious construction programme?

PRIME MINISTER: Well, I have heard a rumour in the last twelve hours or so that there is some less ambitious programme. But that is all I know - it is a mere rumour to me, so I prefer not to discuss it. But it was not the size of the project that was the point of disagreement as far as the Bank was concerned. It was how far the contract between the Queensland Government and the company would be satisfactory to it as a lender of the money.

QUESTION: Sir, when you say there is room for some movement by the parties, is there room for any movement in the Commonwealth's attitude - - -

PRIME MINISTER: My dear fellow, we have worked like slaves on this.

COMMENT: I know, Sir.

PRIME MINISTER: I cannot think of a solitary thing that we have not done that we could do. I myself have put in an immense amount of time on it. We are not open to criticism on that point.

QUESTION: No. The point I was thinking of, Sir, one of the Mt. Isa company's conditions is partly that they have to

bear most of the guarantees for the line. In fact, a part of the line will not be entirely devoted, or even a majority devoted, to their use.

PRIME MINISTER: I understand that. I understand their case on that. But from the point of view of the International Bank, what it says is that where some work is to be done primarily at the request of the major user - not the sole user, but a major user - then the major user ought to be prepared to make a contract with the State Government or whatever the authority may be, in order to look after the amortization of the cost. Well, that is the Bank's rule; it is not my rule; that is the Bank's rule. That is one of the facts of life.

QUESTION: It is quite clear from what you say, Mr. Menzies, that the idea of approaching the Bank for this loan has not been abandoned?

PRIME MINISTER: Not by me - no; nor, I hope, by anyone else.

Well, then going back to these other - perhaps larger - international matters, I was very interested indeed to have talks in America and in England and on the Continent. Although I gather there are one or two people still surviving in Australia who think that the problems of Europe and the Western world are irrelevant to Australia, most of us will recall that our own wars have come out of Europe in the past and Europe still remains a point of danger for us. And these are, therefore, very grave matters for Australian consideration.

Well, I am not a spokesman for the President of the United States - he can do that himself. But I must say that I found him in good health and vigour. I thought he looked better and sounded better than I have found him for perhaps three or four years. He was quite vigorous. But, as you know, he has been reluctant to have a Summit Conference unless there is some earnest of success - some progress made by the Foreign Ministers at Geneva. They are, I believe, resuming on the 13th - four days' time. Or some guarantee of some kind that there will be a result. That is his view. He does not - as I understand it - reject the idea of a Summit Conference in principle. Indeed, the interesting thing to me is that there is no rejection of a Summit Conference in principle in either Washington or Bonn or Paris or London - none. But in Washington and in Bonn and in Paris, they attach conditions to it and say, "Well, what is going to be discussed. I want to see what the agenda will be. I want to know what it is that is to be discussed." And in the case of the President, I think he goes further than that and says, "And I want some guarantee of good faith, so to speak. I want to see a prospect of a result."

I think that in the United States, my impression was that the feeling is growing that there will be a Summit Conference. I am not saying that that is the President's view; but that is my feeling and I had a number of discussions.

I was at great pains to emphasise one thing in my conversations - all of them - and that was that the Geneva Conference, even if nothing came out of it in form, could not be regarded as a failure. Because the proposals that were being put were honest proposals; they were not selfish proposals. They did not involve some material gain for the powers putting them forward. But they were designed to ease the tension; produce

peace and a settlement. And I thought that when the world had the spectacle of proposals of that kind being put up day after day and explained carefully day after day, then the effect of that in the world was not inconsiderable.

I took the opportunity in each of these places of pointing out that while nobody may need to be persuaded about those matters in the United States or in Great Britain or in France, let's say, there are hundreds of millions of people in the world who are not in any of those places - we are pretty close to a fair number of them - who are not committed either to the Communists or to the West. They are, in effect, uncommitted countries. And the effect upon their judgment of proposals of an honest kind - honestly advocated - was, I thought, very considerable, and that we in Australia were greatly influenced by that consideration. And I think that that point registered itself.

I elaborated that particularly to Mr. Herter whom I have never met before. I knew Foster Dulles, of course, very well. Mr. Herter himself is a man of great personal attraction. He is a tall man; he is a man with a rather winning personality if I might use that expression; he is obviously intelligent; and I think that Herter will personally make a good deal of ground with the people that he negotiates with.

I was chiefly concerned to tell him that in the opinion of one not very important onlooker, I thought that he was doing a good piece of work, and that the effect of this on the minds of people would be very great - always remembering that this ideological battle - or whatever we care to call it - is a contest for minds. Therefore whatever influences people's minds can never be regarded as a failure.

I do not know what is going to happen in this renewed conference, but I would not, myself, despair of something. They are not going to settle the problem of the re-unification of Germany; I do not think that anybody believes that that is a problem which can be solved this year or next year or the year after. Nor will anybody decide that fascinating and attractive legal arguments that are taking place about the foundation - the legal foundation - of the occupation of Berlin - these are arguments that do not seem to me to be very material because there is no judge, no jury - just have your fun and adjourn.

I told Chancellor Adenauer that it was - I asked him whether he had seen the reports of Liberace in the "Mirror" in London and he said he had, and I said, "Well, there you are, you see, suppose there were no judge and no jury, how long could they go on having the most marvellous fun with no decision." And I think that in reality what the practical point of Geneva will be - and I hope they will do something about it - a working arrangement about Berlin for the next five years or ten years, or something of that kind that will take the tension out of the atmosphere and will allow these other matters to be looked at in a quiet way.

I had long discussions in London, of course, with Mr. MacMillan. I attended a Cabinet meeting. I did gather from somebody that I had been promoted to be an emissary from the British Government, but I am sorry I cannot claim that dignity, because I had already arranged to go to Bonn and to go to Paris, and both heads of

Government had been extraordinarily accommodating in giving me a date and plenty of time for discussion; just in the same way I always desired to come back via the Eastern route and, if possible, look in at Karachi, New Delhi and Singapore.

But, at any rate, of course, I did have a pretty clear picture in my mind of how the United Kingdom Government was looking at these matters; that was helpful to me.

I did not go to Bonn to persuade the Chancellor of something. I was rather fortunate in that I had been there three years before and had established very good personal relations with Chancellor Adenauer, so that he greeted me as a friend. I think perhaps I was able to do a little good there, because I found that he was - as I thought - seriously misinformed about British public opinion. A lot of these statements of his that you read are founded upon a belief that he has that there is an acute anti-German feeling in Great Britain and in the British Government; and I do not believe that is true.

I had some amusing discussions with him in the course of demonstrating, as I hoped, that it was not true. I had about five hours with him altogether. I thought it was pretty handsome, considering that he had a few local disturbances on his hands. But it was a very good discussion. We discussed the European Common Market and the little free trade area, for example. I felt anxious lest the little free trade area - that is the seven, the division of Europe into the seven and the six - might become inveterate and produce an economically divided Europe which, as I said quite freely on the Continent, was no good to them. No good to the six - they do an awful lot of business with the seven.

I am satisfied that so far as Chancellor Adenauer is concerned, he would like to see a composition between the seven and the six. He does not contemplate with any satisfaction any permanent division.

I discussed that with General De Gaulle who, I think, agrees with that in principle, but is inclined to think that a longer period of time must elapse before effective negotiations between the two can be carried on.

It is a very interesting thing to an observer - two years ago, France was the weak spot in the Common Market. France was, economically, the problem child. There is no doubt that today France is becoming one of the most powerful factors in the European Common Market due to the immense prestige of General De Gaulle. And he has restored French pride and the recovery of France economically in the last 18 months is really quite remarkable, and it goes on.

QUESTION: Sir, on the sixes and the sevens, what is Great Britain's view at the moment? Is she likely to be interested? She has been more or less responsible for six being created.

PRIME MINISTER: Well, it is an ill business to speak on behalf of any Government other than your own, and it is not always possible to speak on behalf of your own. But I think it can be taken definitely that Great Britain is not regarding the formation of the seven as a definitive act, but as something from which you can advance to discussions with the six. That, I am sure, is the received view in Great Britain. And it is a view which I myself took every opportunity of advocating.

It is quite true that in the event of such discussions, countries like Australia have important reasons to be heard - consulted - to be in on the formation of any proposals. I discussed that matter also in Great Britain, and there is no doubt about it that that is fully recognised - that in the event of any such discussions we will be in on the grass roots. They will, first of all, discuss with us our mutual in respect to any of these matters, and indeed we have established some machinery for doing that on the official level in the first instance.

But the interesting thing, really, is not that Germany which was tremendously powerful - still is, of course - but outstandingly powerful economically two or three years ago - it is not that Germany does not want to have these discussions, because I am sure it does, but that France is gaining in strength. And I think that President De Gaulle feels that he needs some time yet to consolidate that position before committing his country to discussions of a further kind.

It is an active problem - it is not a dead problem. It is quite active and I think that minds, though they may be travelling at different paces, are really travelling in the same direction on it; but I am rather optimistic there. Of course, it would be a very good thing to have this settled, because there are always some little mutual suspicions, fears, apprehensions between one country and another, and it is a good thing to have them cleared up.

QUESTION: Sir, there has been some mention of the fact that West Germany might like to export more private capital. There has been a suggestion that they would like to have a double taxation agreement with Australia to make that possible.

PRIME MINISTER: I had no discussions about that. You have to remember that I was not there on specific matters of that kind. I was really there to get so far as I could inside the minds of the Chancellor in Germany and the President in France, and I had ample opportunity of doing that, because they were extraordinarily forthcoming and put their cards on the table.

I must say that Adenauer, though he is 83, is remarkably active. I did not see any sign of any failing. He is a very shrewd man but, I think, a little adversely affected by his conceptions, gained from the "Daily Mirror" and the "Sunday Express" no doubt, of what British public opinion is - that is the British "Daily Mirror". And they do not represent British public opinion and certainly do not represent British Government opinion on that matter.

MacMillan himself stands very well with Adenauer who has a great respect for him, as has De Gaulle. I had not seen De Gaulle since the war, and I saw big changes in him. He is a man today of a mellow kind. Nobody could have called him mellow during the war. We exchanged jokes - that was something - and he was very frank and forthcoming and relaxed. He feels justly proud of what he has been able to do for his country, and no longer frustrated. There he is and I think that his country has a great confidence in him.

QUESTION: Do you think he is right in his stand on the atom bombs?

PRIME MINISTER: Don't ask me to offer an opinion of his views on that matter. There is a good deal going on about atom bombs, and somebody is now going to have a non-nuclear club - no, I would sooner say nothing about it. I have a few ideas but I would sooner say nothing about it.

QUESTION: Do you think that Mr. MacMillan's trip to Moscow has given him a greater faith in the Russians than he had?

PRIME MINISTER: Oh no, I would not say that. I thought it was a very good visit to pay and I think that he has learnt something about them at first hand. But you must not suppose that MacMillan is easily beguiled by people. He is not; he is a very shrewd man. But I think he learnt a great deal, and after all the whole advantage of a summit talk; provided it is not too formal; provided people don't get it surrounded by brass bands and myriads of officials; the great advantage of a summit talk is that a few men sit down together - don't hurry themselves, get to know each other, to know what it is all about - because nothing will persuade me that either Moscow or any capital in the Western World wants a war or contemplates one. So there is a good deal of this sort of thing going on, you see, and there is nothing like a personal meeting.

I have had some very interesting side lights on Krushchev from various of these people that I have met around the world who know him, and it turns out he is like the rest of us - sometimes he is in a good mood and sometimes he is not; sometimes he is expansive and sometimes he is not. Well, if people would only sit down and have quiet, friendly talks and get to know each other, we would get somewhere.

QUESTION: Sir, on your return to London, did you have fresh discussions with Mr. MacMillan and his colleagues on the outcome of your talks in Bonn and Paris?

PRIME MINISTER: I did not see the Cabinet again, but I spoke to Mr. MacMillan on the phone and then I sent him a fairly full report of my observations in both Bonn and Paris - particularly on what I thought to be their points of misapprehension of British attitudes and his own, and he was good enough to say he found this extremely helpful. I had a talk with him - an hour - the day before I left London; but that was of a more general kind. But he is in possession of the relevant matters that I felt were worth recording as a result of each journey.

QUESTION: Do you think the NATO Alliance has been affected at all, Sir, by this quibbling over who should have nuclear bombs and who should not?

PRIME MINISTER: Oh, I don't think so. There is always a little bit of propaganda floating around, you know. I think that, basically, NATO is quite firm and good. President De Gaulle may, occasionally, have some wry remark to make about nuclear weapons and France; but he is a realist. He knows that NATO is important.

QUESTION: Sir, which would be the major obstacle in the amalgamation of six and seven - the exclusion of agricultural surpluses or French fear of British industrial competition?

PRIME MINISTER: It is very hard to tell, because they have not got down to brass tacks on that. I think that agricultural self-sufficiency in the Common Market Area is a very considerable factor - very considerable. You see, Germany buys wheat from France at about twice the price that she would have to pay us for wheat. There is a good deal of this agricultural self-sufficiency. As against that, you have to bear in mind that the countries of the Common Market conduct the bulk of their export trade with other European countries, and therefore they cannot be indifferent to what happens in those countries or what affects the competitive capacity of those countries or the industrial strength and purchasing power of those countries.

I think I had better push on a bit, because otherwise we might be here until I am - you know.

I went over to Holland to have a look at the new Prime Minister there who is comparatively new to politics - De Quay. He is a very nice man; indeed, I got on very well with him. He was a Professor of Psychology.

QUESTION: What is wrong with that, Sir?

PRIME MINISTER: Very good. I told him there were two of us. (Laughter) He was the Queen's Commissioner for Brabant for about ten or eleven years - the big province of Brabant. But he is very good. He had quite practical considerations of concern. You may remember that we were speculating a little when his predecessor went out of office as Prime Minister, as to whether there might be a change of policy in the Netherlands with respect to West New Guinea. There will not be. He said, "We will carry on completely the policy of our predecessor."

I notice that there has been a little flutter on the water about my talks with Luns, which I had for some hours in Zurich. Well, there is no foundation for that. What had happened was when this matter was debated in our own Parliament after Subandrio's visit, I made a speech with some care and at some length, and they had had a copy of that. And, in substance, having found that they had read this and considered it with some care, I said, "Well, that stands as a statement; there is no change from that speech." And I think they were content with that. Certainly, we had no disputes or no wrangles, and certainly there has been no change in our policy since I enunciated the policy with some care in the Parliament here - no change of any kind.

I wanted to see the new President of Pakistan. Pakistan has had a lot of fluctuations with Government, as you know, ever since the Aga Aly Khan who was a very distinguished man. And now they have a President and Government containing a certain percentage of military people, and therefore some have been disposed to believe that it is some sort of a military Government. I don't think that is true. President Ayub himself is a very impressive man and a very civilised person - very good. And his idea is that when they get things straightened up, they will go - he hopes in two years' time - to elections and establish a parliamentary system of government, and let the generals go back to their soldiering; and I think he means that. I met two or three of his ministers who, I thought, were pretty good. I am not saying that the others were not, but I met two or three who were very impressive.

One of the great things there, of course, is the projected agreement about the Indus Waters to which we are contributing - an agreement negotiated by Black of the International Bank - tremendously important. With it, West Pakistan has some proper chance of being economically liable, and without it, it lives precariously from year to year. I think it is the biggest material matter of dispute between Pakistan and India. I am not omitting Kashmir. Kashmir is not purely a material matter of dispute. It involves all sorts of other considerations and passions. But in an economic sense, this has been the big thing and it looks as if it is going to be cleared up and a number of us will contribute to the cost of it. And I am hoping that it will modify feeling of hostility, shall we say, or suspicion on both sides of the frontier. I hope it does, because at the present time, of course, as you know, both India and Pakistan are spending the bulk - more than 50 per cent., up to 60 per cent. - of their total budget on defence, and the effect of this in low standard of living countries with an awful lot of development work to be done can be imagined. So that this will not only have an immediate economic benefit for Pakistan, but it will have an indirect economic benefit for both Pakistan and India if it reduces the tension and enables them to devote a somewhat bigger portion of their revenues to economic affairs.

QUESTION: Did you get any impression, Sir, of better relations between the two?

PRIME MINISTER: Oh, I would not care to say that. I found on both sides a feeling of satisfaction about this waters agreement, and I am sure that will lead to better relations.

But, of course, these are two fascinating countries because in Karachi you can go and ask a senior official - a very influential man in Karachi - about some corresponding fellow in New Delhi, and he says "Oh, he's a great friend of mine; we were in the old Indian Civil Service together." And the same way in New Delhi - an awful lot of crossed lines here which are lines of a friendly kind.

QUESTION: (Question inaudible)

PRIME MINISTER: Oh now, that is a very speculative question. That is so hypothetical, I think you ought to withdraw it. It is a very dangerous thing answering hypothetical questions.

I saw Mr. Nehru. I was in New Delhi for about three days and I saw him each day for some hours. We had long discussions. He, of course, has had a good deal of preoccupation first about Tibet and then about Kerrawa. But I must say I found him extraordinarily forthcoming and he is friendly. We had the most interesting, frank, comfortable discussions on all sorts of things, in the course of which he was able, of course, to throw a good deal of light on dark places for me because he was able to give me a pretty good account of the Tibet problems and the departure of the Dalai Lama, and also, of course, some sort of picture of what goes on inside Communist China, because he has representation there. I think he has had a few exchanges with Communist China about some of the Tibet incidents.

But everything he said to me on those matters, of course, I am not able to repeat, but I found it tremendously illuminating.

QUESTION: Did he express a desire to visit Australia?

PRIME MINISTER: Well, we had a little discussion about that. He knows that when he can come we would be delighted. But he is a victim of the time-table too, because it is not very easy for him to get away except at some particular time of the year which may not be the best here. But I told him anyhow to chew it over and if he saw a chance - whatever time of year it was - we would be very glad to have him. It would be something of a break for him too, because he carries a most enormous responsibility - enormous.

QUESTION: Does that discussion suggest, Sir, that it might be worthwhile if we had representation in Communist China, like **England**.

PRIME MINISTER: I have no comment on that. There is nothing fresh to be said on that.

Well, finally, there was Singapore where I met Mr. Lee, the new Prime Minister, and well I think most of his ministers. I had a long talk with him and then I talked with him and some of his ministers, and then I had dinner with all of them at night. They are a very young government; their average age is 37½. He himself is 36. He is a man of high educational qualifications. He was a double first at Cambridge and achieved a very high reputation in the law in Singapore and thereabouts before judges who were competent to express an opinion. He is a man of ability. He has some tremendous problems.

I am perfectly certain he is not a man who will lean towards the Communists. I think, on the other hand, on the contrary, he regards them as one of his problems. But the island has a population of 1,500,000. Its population is rising at the rate of 60,000 a year. It has got 25,000 people added to what they call the work force every year - and a small island with, I suppose, no real possibilities of agricultural development or something of that kind, and therefore it must develop industries, and to develop industries, it must attract capital. Well, he is a socialist, but when I was there, I read the whole of his election pamphlets, for example, to inform my own mind, and also the speeches he has been making lately. And I think he is doing his best to establish that if anybody does invest money there, it will be all right; private enterprise will be recognised. I do not know; I am not preaching his case for him. But he is a seriously minded man and he knows his responsibility; he knows that he has got a great problem in employing his people. He has 6 per cent. of unemployed now and on figures that I have just mentioned, that figure is likely to rise.

He is, of course, very keen on securing the joining up with the Federation - with Malaya. What his prospects are of that, well, your guess is as good as mine. I think that he feels that if that could be achieved, the population could then become more flexible. It could move into the rest of the Malayan Peninsula, and he would be free of this concentrated problem in one very small area.

But I liked him. I found him very intelligent and I liked the ministers with whom I talked - his Health Minister and his Minister of Finance, and really it is very illuminating to find that you can have very much the same kind of conversation with that type of minister as you would in your own country with your own people - similar problems.

But I think it ought to be assumed that this Government in Singapore is honest and is going to do its best to produce good government. Certainly, everybody who is in a position to judge assured me that they were personally incorruptible; that they were completely honest people who were going to do a job. And so I said to them, "Good luck, we regard your getting self-government as an achievement which is in the line of modern British colonial policy, and the people have chosen you, and good luck to you. If we can ever be co-operative, let us know."

QUESTION: Sir, because he has this big unemployment problem, I take it there is no desire on their part to kick the naval base out?

PRIME MINISTER: Well, I do not know. The naval base provides, directly or indirectly, sustenance for 70,000 people. So it is a big factor -- that is men, women and children, 70,000 people. But I did not ask him what his prognosis was about the base. Naturally, in these meetings you are primarily concerned to establish some friendly relations so that in future he can write to me or I can write to him about problems as they arise.

QUESTION: Sir, do you intend to say anything about the Governor-General today?

PRIME MINISTER: No. I had two discussions with the Queen. We passed in review a variety of names. There are always two things about names: One, whether they are satisfactory and the other is whether they are available, which is a very different matter. And I said finally, "Well, Ma'am as this matter can be solved in September when you get back from Canada, there is no hurry about it. I will write to you." But we are familiar with each other's minds on that matter. That is all.

QUESTION: Did you discuss future Royal Visits, Sir, particularly one for the Empire Games in Perth?

PRIME MINISTER: I had some discussions, but there is nothing that can be said about it at present.

With the compliments of -

Hugh Dash,
Press Secretary to the Prime Minister,
CANBERRA.