

PRIME MINISTER'S VISIT TO U.S. AND U.K.  
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Press Conference given by the Prime Minister,  
Mr. Harold Holt, at Australia House,  
London.

7th July, 1966.

MR. HOLT: There are several matters which we might cover this morning but I thought it might be useful if I opened up with some discussion on three topics which are of special interest to us in Australia and which I know have attracted a good deal of attention here.

First perhaps I should say a word about how I come to be here at this time. I have been, thanks to their kind suggestion to that effect, in fairly frequent direct communication with both the Prime Minister, Mr. Wilson, and the President, Mr. Johnson.

My predecessor, Sir Robert Menzies, had developed over the years a basis of intimate consultation with successive United States Presidents and Prime Ministers of this country and I was delighted to find that both Mr. Wilson and Mr. Johnson proposed to me when I took office that I continue with them on the same basis of direct personal communication. But even the most frank and forthcoming exchanges of correspondence can't be an effective substitute for personal contact. I had met Mr. Wilson when I was over here last year, as Treasurer, and I had not previously had the opportunity of meeting President Johnson. So it seemed important to the three of us that we should get to know each other better, and this has been the principal purpose of my journey to Europe this time.

There are several matters in both countries which we felt we could discuss with advantage to each other. I've already been to the United States. I must say that the outcome there exceeded by most hopeful expectations., not only have we developed a closer understanding of each other's attitude of mind- and this was not confined to the President but I did have an opportunity there of close consultation with Mr. McNamara, Secretary Ball, Mr. Fowler of the Treasury, Mr. Connor of Commerce and Mr. Averell Harriman, an old friend who has specialised in the works of South East Asia.

I had the advantage of a very good talk with Dean Rusk, who was in Canberra for the SEATO Conference and so, having covered those various leading personalities of the Johnson Administration, I feel I am not only well informed as to their thinking but have this right up-to-the-minute. I believe it will be useful to have some talk with the Prime Minister based on what I have gathered to be the views of the Administration of the United States.

In the case of the United Kingdom, Mr. Michael Stewart was out in Australia also, of course, for the SEATO Conference and we had a good talk together there.

I'm looking forward to renewing discussion and acquaintance with an old friend in Jim Callaghan, who laboured as I did with his Treasury problems when we were together in those respective capacities.

I regret that Denis Healey, with whom we had such valuable discussions in Australia earlier in the year, will not be here but perhaps I can catch up with him later on in the year at the Prime Minister's Conference when it is held in this country.

Now there are three matters which call for some better understanding between our two governments and between our people and the people of this country. I don't need to stress to a British audience the warmth, friendliness, and indeed affection on which our relationships are based.

I've mentioned the names of two other National Leaders - President Johnson, Mr. Harold Wilson, even my own four-letter name is an anglo-saxon derivation, and the three of us have come quite obviously from Anglo-Saxon stock at some point of time, which should assist us to understand each other the better. And we're not to be discouraged by plain, frank and direct speech to each other - we would feel we had less friendship for each other than exists were we not to proceed on the basis that we can speak freely and frankly and informatively about what is happening in our own countries and what is shaping our policies.

I possess, as do the rest of the people of my own country, a sympathetic awareness and indeed understanding of the major difficulties which the United Kingdom faces at this time - economic difficulties, problems which have carried on, some of them, since the major effort of expenditure of wealth and human resources in two great world wars where you carried so much of the brunt of the burden of the fight for freedom. You will not find my own country either lacking in understanding or sympathy in the problems which have to be faced here. I come in no complaining mood, nor, indeed, to ask for anything in particular. I was able to say that to President Johnson.

While there are some matters which we hope will be carefully studied by the United Kingdom Government I have not come here expecting to go back with some particular changes of policy, but there are these matters which are worth mentioning and no doubt others will occur to you. First South Viet Nam.

I suppose the view we bring to this matter is affected by our geography and our circumstances, but I bring to a European audience a view from "Down Under" where perhaps the perspective looks rather different than the view taken from this point of distance. We see the struggle going on in South Viet Nam, not merely as one in resolving an issue in that disturbed, complex country, but as one affecting South East Asia generally and, indeed, ultimately Asia as a whole perhaps even finally the peace and economic progress and stability of the world as a whole.

We know the arguments about whether this is a Civil War or whether the particular Administration presently in charge of affairs could be relied upon to maintain stability of government.

The fact of the matter is that, for all its difficulty after the Geneva accords of 1954, South Viet Nam did make steady progress and, indeed, one of the factors influencing the aggression from North Viet Nam was the contrast between the steadily progressive South Viet Nam, with its production rising usefully, and the failure to sustain production in North Viet Nam. But it's not the story of a particular issue involving South Viet Nam solely - that would be justification enough if we were to stand by the principles which brought my own country into two world wars and saw us fighting in Korea to protect another country under threat of communist aggression at that time. Going beyond that, is in our judgement the future of the kind of Asia which we have in South East Asia generally, and throughout the world as a whole. And so don't be surprised if differences of view develop between us. We feel very strongly about this.

You will find those in my own country who take a different attitude but I can only point to the expressions of public opinion, such as we are able to ascertain them, which on the last two showings have revealed stronger support for my own government whose policies on this matter are so clear - a degree of support which has reached the highest point we have known in the history of my own Party, and this has been confirmed over the last poll takings.

Well, they are not conclusive, as we know, but certainly the government is firm as was the government of my predecessor, Sir Robert Menzies, and three successive Presidents of the United States. It's worth remembering, that. This is not the policy of any one man. Three successive Presidents have given support to the policies which are now in effect in Viet Nam.

So don't find it surprising if there was disappointment in Australia that it was felt necessary to dissociate this country from the recent military action, taken principally on military grounds and with the utmost care, as I know, exercised to confine civilian damage to the barest minimum. And, surely, if one is involved in operations of war and there is an item of supply so basic to transportation and efficient conduct of hostile operations against your own forces as petrol and oil installations, that these become legitimate military targets.

Now we find it difficult to understand how at the same time there can be support for the general policies which have brought our own forces - I'm speaking now particularly of the American forces plus those other friendly forces supporting the South Vietnamese who are there in such considerable numbers - we find it difficult to reconcile that expression of support with the criticism which came at a time when the United States was feeling that it needed international backing for the causes it is pursuing.

The United Kingdom has carried a considerable burden itself in South-East Asia in order to preserve stability, particularly in relation to Malaya and in containing aggressive conduct on the part of Indonesia.

When I was expressing in America the other day some critical comments on the failure of western European countries to face up to their responsibilities in that area of the world I did not, of course, have in mind the United Kingdom which has contributed in so many ways - the military establishment it has had in the area and the considerable civilian aid that has also been given through the Colombo Plan and in other ways - but I used the phrase, and I don't run away from it. I used the phrase in America that in my judgment some of the countries of western Europe who have most cause to be grateful to the United States for the reconstruction of their own economies made possible by the Marshall Aid Programme, and who themselves have the interest that countries have internationally in stability and peace in a substantial area of the world - I said of them that I believed them to be "coasting" on the United States effort.

If the United States were not there in its current strength these other countries, could not afford to have Asia turned into a communist thieftom, and I would hope they could search their minds and their consciences on this issue. It is entirely unreasonable that this one country should be expected to carry so much of the burden.

There are altogether, as of the last count that I could make, some 34 countries in South Viet Nam giving assistance in one form or another, a few giving military assistance, others giving some material assistance, and I don't think the United States is looking for massive assistance, but it is looking for understanding for recognition that it is carrying out a task that is of benefit to the free world as a whole, and it would welcome the moral support, at least, of those who have been grateful for the strength America has brought to the struggle for freedom in two European wars.

For our own part, I think this is the first time in the history of my country that our own forces have been engaged in military operations in which they have not been fighting in association with forces of the United Kingdom, and this too is a matter for regret by us. But we have recognised the substantial contribution the United Kingdom has been required to make while the confrontation issue persisted.

Now moving from there to the issue which, in shorthand terms, is referred to as "East of Suez", we have been thinking not so much in military terms as we have ourselves commented with concern on the growing strength of opinion which seems to exist on both sides of politics in this country and that the United Kingdom should reduce its influence, its interest, its activity in that area of the world.

In the military side the discussions we had with Mr. Denis Healey, produced a result that was satisfactory from my own government's point of view and we had that position confirmed and clarified, again to our complete satisfaction by Harold Wilson quite recently.

But it's the growing body of opinion in a country which throughout its history has felt part of the world scheme of things, which has been able to play so often a decisive part and, of course, so frequently an influential part, because to us it seems to be turning ones back on a very large part of life. After all, there are currently 1½ billion people East of Suez and that about half the total population of the world. Their proportion of it is tending to grow rapidly as methods of better hygiene, of public health, increase a life expectancy, and this added to the natural fertility of the countries in the area will produce, in all probability a doubling of that population by the end of the century.

There is no place, as Mr. Denis Healey said, where there are more dangers of military operations or hostilities breaking out, but there is no place in the world also where there is more dynamism, more stir, more potential for growth in a variety of useful ways. We in Australia recognise the challenges but we also see the enormous opportunities, and I wonder just how far there is realisation in this country of what is going on and what it can mean if good fortune holds, if we are able to take advantage of opportunities for peaceful economic progress in the future.

Let me just mention by way of illustration Australia's situation with Japan. Since the 1950's our trade with Japan has increased 4½ times. It runs second to the United Kingdom as an importer of Australian goods at the moment, but on present trends it won't be very much longer before Japan becomes the principal customer in the world for Australian goods.

Our trade in the countries East of Suez has increased from about 15 per cent in the early 1950's to something over 33 per cent today and the trend is strongly upward, and so involved militarily at a number of points - involved in various aid programmes, involved to an increasing degree in the organisations which are now emerging in South East Asia.

SEATO, of course, has been in operation for some considerable time, the civilian aid programmes under the Colombo plan, they have been continuing for quite some time, but we have new organisations of which the so-named ASPAC is the most recent example, which held its conference at Seoul with Japan, South Korea, South Viet Nam, Taiwan, Philippines, Malaysia, Thailand, Australia and New Zealand, all present conducting a very useful and successful conference together.

How many people are aware that the Asian Development Bank looks like being successfully launched shortly with an initial capital of a billion dollars of which the United States will have subscribed a couple of hundred million, Japan committed itself to 200 million, and my own country for 85 million dollars. Quite recently Japan concluded an arrangement with South Korea in which 800 million dollars of credits were to be extended to South Korea.

In South Vietnam itself, concurrently with the military operations, there are positive programmes of civic action, rural development, village development going on as part of the positive, constructive side of what is happening in South East Asia today.

We are ourselves engaged in programmes of road construction in Borneo, in Thailand, and these are merely illustrations of the growing volume of co-operation which is occurring in that part of the world. And the events are moving so rapidly that I am coming to the conclusion that we are more likely to get a disposition to peace on the part of the North Vietnamese - particularly if they are as much subject to influence, as we believe, from communist China - than the outcome of the military operations themselves because there are intelligent people in all camps whether behind curtains on one side or the other.

We can't divide the world sensibly into the "goodies" and the "badaies". I'm convinced that there must be thoughtful people in China who are realising that their programmes have been failing in other parts of the world, they have had their serious setbacks in Africa, in Indonesia, and they can see a growing body of co-operation in South East Asia, in particular, right round the arc from South Korea through Taiwan, the Philippines, Thailand, Malaysia, our own country and New Zealand, strengthening all the time, building up an economic strength, and stimulated to do so because we feel that together the threat of what China, unless halted, could mean to all of us in the future.

And I think they're close to a cross-road were they've got to make up their minds that they either join in a growing economic society in that part of the world or take the other path at the cross-roads and stand aloof from these developments with a steady hardening of hostility toward them. Now we would hope that they would have the good sense to see that the time has come to review existing policies and what we say of communist China goes for the communist world as a whole.

I was delighted to see the initiative being displayed by Mr. Harold Wilson. Earlier in New York this week I was making the point myself that we have to search for ways and means of making the curtains, iron and bamboo, less exclusive, and make them at least penetrable by various processes which would lead to personal exchanges, to the development of some mutuality of interest. Trade is, of course, the outstanding example of one of the ways in which this mutuality of benefit and interest can be developed.

My own country, despite well-known views against communist aggression, sees nothing inconsistent in trading with communist China, any more than we felt this when we kept open a channel of friendship to Indonesia, despite the fact that we had forces meeting theirs in their confrontation tactics.

Through Trade, tourism, more frequent visits by press representatives, scientific and cultural exchanges, in the variety of ways that can build up some lessening of tension and spirit of conflict, we must take advantage of these opportunities and I wish the Prime Minister well on his forthcoming journey.

Now the other matter which I thought I might mention just briefly to you, because I know there is great interest in it, is that of British capital investment.

British capital investment in Australia has been the major element in our total of overseas investment. We don't wait for the investment to come to us, 90% of fixed capital investment in Australia derives from Australian sources.

We are surpassed, I think, only by Japan in the degree to which we withhold from consumption a percentage of our gross national product. Last year this reached 26.7%, the comparable figure for the United States was 16.7% and for the United Kingdom 16.7%. So you will gather from that figure that we are doing a great deal to help ourselves. But it's the remaining 10% that has been of tremendous importance to us, because it has mainly enabled us to finance larger projects, new types of enterprise and has contributed significantly to a more balanced, more highly diversified economy.

Now, over the years since the end of the war, the United Kingdom has been responsible for more than half the total volume of investment - the figure would be well in excess of 800,000,000 sterling in that time - and although the percentage has dropped a little relative to dollar investment in recent years, the United Kingdom is still the largest investor in our country.

One of the questions I will be discussing with the Prime Minister is the estimates made here of the length of time which it is felt that these restraints should operate. I would hope to be able to show that there is considerable benefit to the United Kingdom from the continuance of this investment. Even <sup>now</sup> some 60,000,000 sterling a year contributing to your own balance of payments assets from outside sources come from profits in Australia, and, as is well-known, most of our own earnings overseas, when they end up in the form of reserves, are held as sterling reserves.

I've never felt it a very useful negotiation myself to try to ask people just to do something for you in the absence of a consideration flowing the other way, but I think here, that in this question of overseas investment by the United Kingdom in Australia, there is powerful argument in support of the view that it is in both the current and long-term interest of this country to keep that process going. I want to see it going for a variety of other reasons, and one of the most important of these is that with the investment comes the outflow also of executive leadership and personalities - people of quality and character associated with a new enterprise.

We welcome this as part of our own community life, and I think of so many outstanding Englishmen who are part of the Australian community and helping to enrich that community in the quality of British character and the experience and wisdom that the British people can bring to others when they associate with them.

We have enjoyed that, we want to go on enjoying it. We think it's important for you as well as for us that the British influence in our community life be strongly maintained. We've been welcoming in the post-war years a million migrants from this country and we would also like to feel that the type of executive or artisan who comes to Australia with British enterprise which, in turn, is in the statistics as an item of capital investment, that this would continue and I shall be putting this viewpoint to the Prime Minister.

I know the difficulties of my colleague, the Chancellor, he has my sympathy. I used to say to him. "I'd much prefer to have my own problems as Treasurer from those of the Chancellor of the United Kingdom."

We fortunately have been having a rather more comfortable experience on our own balance of payments despite the currency of a quite serious drought, the worst we've had for just on 20 years, which reduced our sheep population by just on 8% from 170,000,000 to 157,000,000 and in New South Wales reduced the cattle population by just on 25%.

But fortunately the economy is diversified these days to a point where we could take almost in stride what would have been a disastrous experience 10 or 20 years before. And there's the very considerable mineral projects now in process of coming to full production and when they bring their export earning to the total we feel that our position will become even stronger in the years ahead.

Now the final comment I want to leave in your minds is that we believe that there are stirring, exciting things happening with almost dazzling rapidity in an area of the world which contains, I repeat, just on half of the world's population. We are placed geographically and, as a consequence of friendly relations with so many countries in the area, strongly able to take advantage of the opportunities which will develop, we think it in the interests of this country to see Australia take advantage of those opportunities and if British capital or British migration would promote those purposes and, in turn, lead to the strengthening of the sterling area generally and the British position throughout the world, then I'm sure that if we have the facts and the case to support British action, we won't be receiving an unsympathetic ear when we come to the Leaders of the Government in your country.

Now I've taken up a lot of your time. Over to you in case there are other subjects you would like to develop.

SQUIRE BARRACLOUGH (DAILY EXPRESS): One of the grouses of people over here, Mr. Holt is that Australia herself is not spending money on defence. Have you any comment to make on that?

MR. HOLT: We do have a combined objective of developing a continent the size of the United States of America with under 11½ million people at the moment, but we have recognised the need to put an increasing proportion of our resources to defence.

The Treasurer told me just before I left Australia that over the next year or two our defence expenditure would be close to 5% of G.N.P. I think your objective is to get yours down to 4% of G.N.P.

We have doubled our defence expenditure over the last three years and this is not easy when you have the combined tasks that I've mentioned and it's part of the explanation why we have to withhold a much larger percentage of our G.N.P. from consumption than is the case in this country. Our population growth rate is slightly over 2% compared with .8 of 1% in this country.



I tried to make some estimate of how many more houses you would need to build each year if you had a 2% growth rate instead of .8 of 1% but houses, schools, hospitals and the other amenities of a modern community, when they have to be provided on double the scale in one country as against another, clearly have some bearing on what you can do in other directions at the same time.

MAJOR HINTERHOFF (TABLET): You painted a very fascinating picture of the growing co-operation among the nations of a vast area from Japan to New Zealand. You also said that 74 countries are assisting the United States -

MR. HOLT (interjecting): 34.

MAJOR HINTERHOFF:- 34 countries assisting the United States in Viet Nam. My question is why no advantage could be taken from these forces for Formosa?

MR. HOLT: Well, I think the reasoning behind that can be deduced - I'm not speaking with authority or knowledge precisely of what went on in the minds of those who resolve these things - but I imagine that this would be regarded in their eyes by China as a highly provocative act. If you are concerned as to whether China would be drawn into the conflict I don't think anything would be likely to bring China in quicker than for them to feel that this was not merely support by Taiwan but could possibly be converted eventually into an attack on the mainland of China itself. Certainly the Taiwanese have been entirely willing to give support.

FISHER (THOMPSON NEWSPAPERS): What is your feeling about the refusal of Chancellor Callaghan to allow companies to operate in Australia - to let them have their headquarters in Australia, such as New Broken Hill?

MR. HOLT: This is a matter of discussion likely to arise between us. Possibly the main burden of the discussion will have to be borne by my colleague, the Treasurer, when he is across a little later in the year, but we feel that with the activities being carried on in Australia - it's a reasonable thing that taxation should be levied at that source. But I'm not going to try and pre-judge any particular case. We are dealing with fair-minded people, and if we have a case, then we should be able to secure satisfaction from it. I notice that one decision recently affecting one of the gold-mining companies took a favourable view from Australia's standpoint.

MURRAY (LIVERPOOL DAILY POST): You described the attitude of the United States when you elaborated on point 1. Can we assume that this is what President Johnson told you?

MR. HOLT: You can assume that this is the assessment I have gathered in my discussions with Members of the Administration, but I'm not going to discuss individual Members or their views. I don't think I would need to be a James Bond to convey that intelligence to the United Kingdom. I'm sure they have assessed that for themselves.

LAKE, (SUN): You seem to have expressed some regret that British troops aren't fighting alongside the Australians and Americans in Viet Nam. If I read you right, do you think that they should be, especially as some British troops are going to be released from their duties in the Malaysia-Indonesia set-up?

MR. HOLT: I mentioned as a matter of historical fact that this was the first occasion ~~that~~ there has been a very effective use made of British troops in the confrontation problem and we have understood right through the piece that these forces, having been built up largely to meet the confrontation issue, would be reduced after that issue had been satisfactorily resolved. It's a little early to say that it has, as a matter of fact, I think, but developments are moving in the right direction. I am not aware of any finality of judgement to which the United Kingdom has come as to the disposition of its forces subsequently.

One matter on this which I think might be touched on, and that is the view which seems to be held in some quarters here, anyway, about Thailand, that somehow or other Thailand is not entitled to the same support because the form of government it possesses doesn't appeal to some people. I've seen a good deal of the Leaders of the Government of Thailand. This year we had a visit to Australia from the Prime Minister, Mr. Thanom Kittikachorn, and Mr. Thanat Khoman - his very able Foreign Minister - and Pote Sarasin, who was for some years the Secretary-General of SEATO - and then, having gone myself to South Viet Nam, in the course of a journey I made to adjacent areas, I returned that visit.

It was a symptom of the growing spirit of co-operation that I spoke of earlier that I was invited as the first foreigner in Thai history to sit in the Cabinet with their government, and from what I have learned personally in my associations with these men we are fortunate that there is such a capable body of men at the present time in charge of a Government that is playing such an increasingly influential role in the area.

You may have noted that the Thais provided the venue for consultations between Mr. Malik of Indonesia and Tun Razak of Malaysia, and they were active in this recent conference in Seoul, in a variety of ways over recent months they've made a very useful contribution. It may be that they have a form of government which is a military dictatorship, but if the Prime Minister were to conduct a general election on the same basis as ourselves I think he would poll something over 90 per cent of the vote.

He's a very popular leader in his own country, his own country is making very good progress, it has greatly strengthened itself economically, and recently they have decided upon a degree of military participation in South Viet Nam.

So I would just utter a word of caution against being critical of the Government or allowing that to become a foundational aspect of policy determination.

They can make, and will make, I think, a growing contribution of strength and economic progress and stability in South East Asia.

STOKES, (BBC CURRENT AFFAIRS): Mr. Prime Minister, you've referred to the growing size and importance of communist China, and to the need to search for ways and means to make the iron and the bamboo curtains more penetrable. Does this mean that your government is re-considering its attitude towards the recognition of China, and its admission to the United Nations?

MR. HOLT: Well, when you say reconsidering it, that matter had been considered on a number of occasions. My own view has always been that this question is one which ought to be resolved in a wider settlement, a more general arrangement in which we would have a clearer view of the future intention of communist China. There is the problem of the Taiwanese, Australia would certainly not be sympathetic towards a result which abandoned the Taiwanese, and there are complications which have to be borne in our thinking and our accounting, but we haven't got a closed mind on this matter. But while we have people maintaining philosophy in which they are talking about power growing out of the barrel of a gun and that wars of national liberation can be the pattern for expansion of communist influence generally throughout the world, it seems a little odd that you are embracing them. -

STOKES: Not embracing, recognising.

MR. HOLT: Recognising - well, we sell them a lot of wheat and wool, we recognise them to that extent.

MONKS, (SYDNEY MORNING HERALD): Mr. Prime Minister, Tun Abdul Razak has been saying today that he and Mr. Healey have agreed on measures for the withdrawal of British troops from Sabah and Sarawak. Has Australia been consulted on this, and have you any comments to make on the scale of possible British withdrawals from this region?

MR. HOLT: Well, you can take it that Australia is closely consulted on whatever happens around that area, not only by the United Kingdom Government, but we are on very friendly and close terms with the government of Malaysia - so you can safely assume that whatever is going on there you will be pretty well informed about - but I'm afraid I've not been directly in contact with the latest developments myself, so I can't give you a precise answer to your question.

CORBET (TIMES): Last year, Prime Minister, you took quite a lead in asserting the right of the less industrialised nations to be heard on the question of an international liquidity issue. Could you give us your reactions to the meeting of common market ministers in Rome which decided that there should be no increase in the world's monetary resources until the United States and British deficits had been eliminated - a view which was subsequently endorsed by the group of ten deputies meeting in Frankfurt, and could you more generally give us your views on how these discussions have been going?

MR. HOLT: The general views of the Government have not changed since I expressed them last year.

This question of international liquidity concerns us all because it seems to me to be unnecessarily fouled up by these attitudes in Europe and elsewhere. In other words you don't get the feeling that it is being faced in a completely objective way. Now we have always supported the fund as the principal source for leadership and guidance on this issue and for that reason you do tend to get a broader, more objective view of requirements than would be taken by some special group which had its own interests principally and almost exclusively in its thinking.

CORBET: In short, you would like the whole matter taken out of the hands of the committee of 10?

MR. HOLT: We have all along asserted that the final responsibility, or at least the judgement on this matter, should rest with the fund rather than with any more limited group, and indeed the substance of my speech last year at the meeting was that the countries - and there are more than 100 of us altogether against, say, the ten that you are speaking of - they have interests as well in this question, which can be better protected by the fund than by any other body we can point to.

Q. Would you mind clarifying your remarks when you said you thought China was very close to the cross-roads where you felt it must join the economic society of the area. Do you envisage it as a member of the Asian Development Bank or Aspac?

MR. HOLT: No, I didn't say that was the thinking of the Chinese themselves. What I'm saying is that these co-operative organisations, the spirit of collaboration in friendly trade and that sort of thing - this is developing so fast in the area and the projections of trade trends tend to confirm this - that the Chinese must surely be giving some thought to whether they can afford this process to continue in such a way that you have regional associations from which they are excluded, strengthening the economies of these other countries and the other countries having a unity of interest which currently is as much based on concern about China's aggression as any other factor. They could find themselves in ten years' time from now the odd man looking out against the rest of Asia.

Q. When you spoke about the Western nations "coasting" along on America, did you include France especially?

MR. HOLT: Well, I don't think it needs much specification by me to range over a number of countries and certainly France was one which greatly benefitted from the Marshall aid reconstruction programme and we very much regretted that France has not been able to give support to American efforts and has indeed been hostile to them.

Now I don't know by what process of Gallic logic this has been decided but the United States is justifiably disappointed that there has been so little thought given when in principle they find as we find it hard to distinguish between the issues which arise in South Vietnam and the issues which arose in West Berlin and if it was justifiable for my small country to have nearly half a million casualties in two world wars to defend countries against aggression in Europe, and the United States paid heavily in those world wars also for a struggle fought thousands of miles from their shores, we would have expected a rather more sympathetic understanding. We do not go into these matters lightly nor unless we are convinced that great issues are at stake and must be defended.