

NEW ZEALAND TOUR 1967

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PRESS CONFERENCE HELD BY MR. HOLT  
AT WELLINGTON

3RD FEBRUARY, 1967.

Q. Have you thought of any possible increases New Zealand might make towards the Australian Task Force?

P.M. Well, you would hardly expect the two Prime Ministers to come together without some discussion occurring in relation to Vietnam, and I think there was a reference to that in the communique which has been put out. There have been suggestions, I gather, that my visit here had some connection with that and the size of New Zealand forces. I make it quite clear that that was not included in any of the purposes of my visit, nor would I presume to say to a New Zealand Government what the level of its contribution ought to be. It is quite capable of resolving that matter for itself, but I do say, as I recall it, in the communique that we continue our support of Vietnam in its defence against aggression and we actively join in the search for a just and peaceful negotiation - or a just and peaceful settlement arising out of a negotiation.

Q. What would be your view if the New Zealand Government were to propose that the battalion now with the Commonwealth Strategic Reserve be re-deployed in Vietnam, and has this been mentioned to you in official conference?

P.M. I would not comment on that matter. It would raise questions which would relate not only to Australia but to the United Kingdom, the level of forces required in the Reserve, and this is a matter which if Mr. Holyoake wished to raise it, would no doubt be considered by the Government. I make no comment on that.

Q. What was actually discussed this morning in Cabinet?

P.M. I am not to be cross-examined on a Cabinet discussion. I do not know what the practice is in this country but in my country Cabinet discussions are confidential to Cabinet, and I regarded this one as a confidential discussion subject to what appears in the communique.

Q. How long do you expect the Vietnam war to continue?

P.M. I wish I knew the answer to that one. I could plan with much more certainty in my own country than is the case. I do not think anyone can predict the course either of the hostilities or of the prospect for the negotiations. We are a little more hopeful than we were. I do not know how justified those hopes are that negotiations could emerge, perhaps at no very distant point of time, but I do not claim to have substantial evidence that this is likely to be so. There have been suggestions in more recent times, appearing rather more frequently than before, that this is a possibility, and I imagine that the events that are occurring in China would have produced some review of their situation on the part of quite a number of people in various countries. But as to the course of hostilities, I do believe that the position represents a very substantial improvement on the situation which existed 12 months ago. I came back myself last April saying I was convinced we had reached a point where the Viet Cong - the North Vietnamese - could not win this conflict, but at the same time I predicted that if we were able to meet successfully the more highly organised attacks - more highly organised in the sense of proceeding from large bodies of men - that there would be a disposition to revert to guerilla tactics, and the fact that guerilla tactics have substantially increased, I think, is confirmation of the view I held then, and also some substantial evidence that they have not been faring well where they have engaged our forces - by ours, I mean those of South Vietnam, the Americans and other friendly forces in the area - they have not been engaging them successfully.

Q. Have there been any serious discussions in Australia on a Pacific

Trading Agreement involving New Zealand, Australia, Japan, Canada, and the United States,

P.M. No. It is the sort of thing that sometimes is canvassed in academic argument or in the sort of speeches that back-bench Members make from time to time, but I would not say it has been seriously entertained by any Government of which I have an awareness. After all, there is no corresponding situation in Asia to that which exists in Europe. The countries have very different stages of development, very different standards of industry and living, and while there is a great trade developing, and the trade between Australia and Japan is perhaps the most dramatic example I can point to, I would expect trade generally between countries such as our own and yours to increase as population grows, consumption standards rise, as capacity to consume increases - these all have some beneficial trading effect for us. We have, of course, a bilateral arrangement with Japan which by and large is working very well. Certainly the trade is increasing very satisfactorily.

Q. You don't see any advantage in the idea at the moment?

P.M. Well, I don't regard it as practical politics or practical trading at the present time, because there are significant differences, but that does not mean there could not be useful bilateral arrangements.

Q. The EEC development suggests that Britain will eventually go into the EEC and that New Zealand and Australia, as far as their own trade with Britain is concerned, might be left outside. Do you think that this will eventually - perhaps not in our lifetimes - lead to economic and perhaps political federation between Australia and New Zealand?

P.M. You use the word 'eventually' about entry to the Common Market. I don't think there is any early prospect of it from what one can gather from the exchanges that have taken place, but no one can predict these things with certainty. As to eventual union of one form or another between our two countries, the Prime Minister has to look to the matters within his own likely range of operation, and finds himself busily enough occupied doing that, and I have not detected in either of our two countries any widespread sentiment in favour of such a course. I think most thoughtful people realise the practical problems which arise, but that is not to say that there can't be a strengthening of unity in objective and in arrangements of a trading and security kind. We already have security partnerships in ANZUS and SEATO. We have a trading agreement which has not yet run more than about 12 months and, as I said at the lunch today, it would certainly be our wish that this should operate to the mutual benefit of both countries. It is not desired that we should have a one-way benefit.

Q. Are you satisfied with the way the Free Trade Agreement is working at the moment?

P.M. I do not claim to be an authority on the operation of the Free Trade Agreement. My colleague, John McEwen, Minister for Trade, is our specialist and expert on this, and he will be over here shortly and you will be able to put questions of this sort to him and expect more detailed and rather more authoritative answers on it. I have gathered from our end, and indeed from this end, that its value is accepted. I have found in my dealings with the Premiers of my own States that if we reach agreement on something and one group feels it is not working out as satisfactorily as both parties imagined it would, they quickly make that known and we make adjustment accordingly.

Q. Mr. Watt suggested that there was some dissatisfaction on this side, and your reply was that this would be only temporary because of drought. Would you sort of .....

P.M. No, I do not want you to read that into it. I think he was making the point that in the year in which it had been in existence it had not produced the results that had been hoped for at this end. While I do not have the full explanation with me of the factors which may have influenced trade over the past 12 months, I did point to one of

the factors which could have affected the buoyancy of trade from the Australian end. It has not been as lively a year for us as some of the earlier ones in recent times, but we are moving, we think, into a more buoyant situation at the present time.

Q. Is there any suggestion that New Zealand might have to cut its imports to Australia?

P.M. Again, I do not want to be pressed closely as to what were entirely confidential discussions, but I don't, by saying that, want to convey the impression that the subject was either discussed or that was the line of discussion. Don't read that into it. I think these are matters which more appropriately could be put to Mr. Holyoake.

Q. On the free trade business, I get the impression that in Australia they are reluctant to take finished products from New Zealand. That is, we have already struck trouble with paper pulp and kraft paper, plywood, and so on. Is there any likelihood of that attitude cleaning up in the future?

P.M. You mentioned one conspicuous matter, and I was told by my colleague, Mr. McEwen, that this was one of the matters he would be discussing when he came over here. But I have not gained the impression myself, and frankly there has not been a good deal of Cabinet discussion on this since the Agreement came into force - but I have not gained the impression myself that it is working out unsatisfactorily. No doubt if that is the view held here it will be conveyed to him, and he will be reporting back to us, but we have a big country to administer. It has a lot of problems, and I do not try to be a specialist on all of them. I look to my Ministers to attend to those matters which fall within their own jurisdiction.

Q. Sir, Do you think there is any possibility - or any advantage in the eventual amalgamation of New Zealand and Australian Armed Forces?

P.M. Well, again that raises problems both of a technical kind - matters of national identity, matters of national pride, I suppose, also - and we have found in the past when we have been linked together and resisting aggression or fighting in the cause of freedom that the forces of our two countries got along extremely well together. After all, it was in that spirit that the anzac tradition became established. I am sure that the Service representatives would be looking for ways and means to collaborate more effectively together if they do happen to be working in the field together. In Vietnam, for example, your artillery element there works in closely with not only the Australian Artillery but in support of the Australian Infantry.

Q. Sir, Australia's military contributions for South East Asia are much bigger and include things like conscripted troops, whereas New Zealand is much smaller and we do not have conscription. Is there a feeling in Australia that New Zealanders are not aware of the dangers to this part of the world from enemies in South East Asia?

P.M. I do not hear that discussed in Australia. I think most Australians recognise that just as we have commitments in other directions which affect the scale of contributions we can make, New Zealand has its own commitments and its own problems. Currently it is facing the quite difficult problem of providing all the overseas exchange it needs for its various purposes but, as I said earlier, I am sure we will feel that what New Zealand believes it can and should do, can be safely left to the Government of the New Zealand people. I may say that sometimes you find that the degree of support varies according to geography. I have always found that the people of Queensland, who were closest to the threat of invasion during the last war and who were close, of course, to the Battle of the Coral Sea, which had the effect of preventing the invasion of Australia, appear to be more defence-minded, more sensitive to threats to their own security, than

some of the southern areas. Western Australians, too, right at the extreme side of the Continent, seemed to feel the more remote because they are separated from us, not by water as you are, but by a great deal of territory, including a good deal of desert. They, too, sometimes feel a little isolated from the defence standpoint and press for more defence activity in their area. But I would not read too much into those matters. I think the Nation as a whole revealed in the course of the last election that it was giving substantial support to Government policies in this field.

Q. Would you care to comment on some of Mr. Arthur Calwell's statements and activities when Marshal Ky came to Australia?

P.M. I did not think it appropriate to do so in Australia, and I have not come here to New Zealand to say things about him here. I was not disposed to say in my own country. I think February 8th will be a critical day so far as he is concerned, and I will wait until I learn what his intentions are on that day.

Q. Do you foresee any move towards or need for the re-armament of Japan in years to come, or a defence alliance between Australia or New Zealand and Japan, particularly if the Chinese hostilities continue?

P.M. Well, you are getting into a field of thinking which would be beyond my own competence at present. This raises issues in Japan's relations with much larger countries than ours, and of course relates also to its own special situation in that area of the world. I do not feel I can make a useful comment about it.

Q. In your talks this morning did you discuss Indonesia? Did you talk about the supply of credit from Australia?

P.M. No. But I don't want to get to answers by exhausting other possibilities.

Q. You have had decimal currency for a year now. We are going to change in July. Some people come back from trips to Australia and say you are having all sorts of problems with it. Other people come back and say it is as simple as a breeze. Could you give us some idea for people here?

P.M. As in most statements at poles of the extreme, there is something to be said, I suppose, in between in respect of it. Those of us who had a large part to play with the introduction of decimal currency - and it was planned and carried through during my own period as Treasurer in the Commonwealth - have been gratified by the smoothness of the transition and the absence of difficulties which we had anticipated. When you become accustomed to a particular currency through your lifetime, it does call for some mental adjustment. Even I find myself at times converting back into pounds from dollars so that I will have a clearer idea of just what it is I am asked to pay for something. This even occurs on the race course. In the first weeks I had to work out how much I would normally have put on this horse in pounds, and relate that to dollars. But what you might call the machinery aspects, I think, have functioned extremely well. By machinery I am not thinking in particular of the conversion of the machinery with £.S.D. symbols over to the dollar lettering. That is going ahead well in front of schedule. I think it is about seven months ahead of schedule and this has been pleasing. The cost of the conversion worked out at less than we had originally estimated. That, too, was gratifying. At the moment we are passing through this more awkward stage which is unavoidable in a transition of this kind where you do have some machines working on one lettering and others working on the new decimal lettering. You do have some of the old coins current together with the new decimal coins, but I think most people are finding it a much easier adjustment than they had contemplated, and the advantages of it undoubtedly far outweigh any temporary inconvenience. The younger generation of Australians and New Zealanders are going to benefit from this in their education. We were finding - I mentioned

this yesterday to someone here - that the larger firms in Australia, before decimalisation was introduced were conducting their accounts inside their organisations on the basis of decimals and then converting back into pounds, shillings and pence for any transactions that went on outside. I think this is pretty good proof that there was a substantial convenience in accountancy, anyhow, in working on the decimal basis. We will settle down to it much more quickly than we had earlier anticipated, and the fact that not only your country but the United Kingdom has now decided to go decimal, I think is further proof that it is worth while.

Q. Were there many complaints in your country from consumers about prices going up after the change-over?

P.M. There were a lot of predictions beforehand that traders would take advantage of this or that, prices would go up, but if I recollect correctly - and I think I do - the movement in our Consumer Index was rather smaller after decimalisation, certainly within the last quarter just under review when decimal currency had been in effect some time. There are other causes which bear on movements in the Consumer Index even the actions of Governments in putting up fares and rates and the excise on beer and tobacco. These things all come into the Consumer Index. We studied this quite closely in Australia, looking at the South African experience, and there is no evidence in South Africa that costs have risen beyond what might have been regarded as the normal order of progression - certainly at no higher rate than in the period preceding decimalisation.

Q. With the end of Indonesian confrontation and the comparative stability in South West Asia, how long do you foresee a need for the Commonwealth Strategic Reserve?

P.M. I would hope it would continue indefinitely, because I am quite certain that it provides, with the British presence in that area of the world, a stabilising and moderating influence whose presence is not resented by the Governments of the two countries most closely associated geographically - Malaysia or Singapore. I am sure they welcome the added security the presence there brings to them. When the Minister for Defence was here in Australia - and presumably your Dean Eyre was over with us at the time - there was some feeling then that the British might in the near future or by 1970 move their troops from that area. We emphasised how important we felt it to be that they should remain there, and were very gratified that the United Kingdom Government subsequently announced it proposed to keep them there indefinitely providing that their presence was acceptable to the countries most intimately concerned. So I do not see an early movement back of troops in the Strategic Reserve. In any event we would not be likely to reduce our establishment. We are currently building up the Australian Regular Army establishment to about 40,000 personnel, and whether you have them stationed in Australia, or at some point such as this where they are able to deal more quickly with trouble should it emerge, is a matter of military advice - expert technical advice, I think. There are political questions which arise also, but we look at the complex of these things to see what ought to be done.

Q. Has there been any discussion of further Australian credit for New Zealand following the pounds twelve million loan which we obtained late last year?

P.M. Well, I have no comment to make on that.

Q. Has it been raised?

P.M. Do you mean today, or for that matter at any earlier point of time, no.

Q. Referring in a rather round-about way to military conscription in Australia, did your Government not wish at some stage or other

that it would have been simpler to detach troops from the Commonwealth Strategic Reserve rather than introduce conscription?

P.M. When we introduced conscription - and perhaps I should remind you, not that in any way I wish to avoid the issue, but as a matter of historical fact, the decision in relation to that matter was taken before my Government came into existence. I was a supporter of the decision and a party in the Cabinet to its adoption, but it was not a decision which was taken during my own term. We implemented it, and the decision to introduce national service training and to make use of national service trainees for overseas service was based on the best military advice we could secure, and at the time we would not have found it practicable to use the Strategic Reserve and serve the commitments for which they were intended and at the same time have the number of troops we wanted available for participation in the Vietnam conflict. It was to us a necessary decision, and I think the Australian Electorate has now accepted that fact.

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