



Prime Minister's Press Conference

BRITAIN'S "EAST OF SUEZ" DECISION

(Main points from press briefing by the Prime Minister,  
Mr Harold Holt, to Heads of Bureau in the Parliamentary  
Press Gallery, Canberra)

19TH JULY, 1967

PRIME MINISTER: One useful result from all the discussion which has proceeded on the "East of Suez" question over recent months has been the development of a closer contact between the other interested countries. I speak in particular of the United States, New Zealand, Malaysia and Singapore. Australia has been in frequent contact with these countries on various aspects of the matters covered by the United Kingdom defence paper, and we have, I think, established a basis as a result of these contacts for even closer co-operation for the future, though it is of course much too early to say in what direction the co-operation would develop or to discuss it in any detail.

The second thing which I think does come out of it is that over the years ahead - and we do have a very considerable period of years in which to carry out our defence planning and our consultations together - there will emerge no doubt some regional defence arrangements. But who will be party to these, or again, what form they will take remains to be resolved. But the very fact that a group of countries are associated in the Vietnam conflict and the fact that others of us have been associated in maintaining the security and stability of Malaysia and Singapore at least provides the groundwork of some future co-operation in directions which may develop arising out of consultations we shall be having together.

The third point I would like to make about it is that it becomes all the more important to Australia that we should have in office a government which at least has a consistent foreign policy and an intelligible foreign policy, and a government capable of working in close co-operation with allies who see the needs of the area in much the same terms.

Fourthly, these developments will, I hope, bring home to the great mass of Australians the fact that we don't live in some sort of a lotus land, that we are placed by geography in an area of the world where some of the greatest dangers, and at the same time some of the greatest opportunities exist in the world today. We can't afford an attitude that we can defend and develop this vast continent on the basis of 45 weeks of work a year of 40 hours a week. We just have to realise as fellow Australians we have to put our best efforts forward in the years ahead for the security of the country and for its growing strength and prosperity, and out of that the growing contribution that we can make to the security and stability of the area in which we live.

C. Sir, in reference to your remark about 45 weeks of 40 hours, you are not suggesting that you are going to shorten the holidays and lengthen the working week?

FM: No, I'm not. I'm just putting it that that is the current situation - three weeks' annual leave, ten days of holidays, public holidays, a week of sick leave is usually taken, and an accumulative week for long service leave - that is the net effect of it. I merely used that as an illustration. We have got ourselves, many of us, I think, into the frame of mind that we can just go on indefinitely, doing less and getting

PM (Contd.)

more in a period of our history when we have very important problems of defence and development ahead of us.

Q. You are not implying, Sir, that there will be an increase in the working hours?

PM: No, I'm not. Of course I recognise that many Australians work considerably longer hours. But what I am trying to direct my comment at is a mental attitude which does exist in some places and which will, I hope, receive something of a jolt from developments such as these. I'm speaking in particular, in making this comment of the younger generation of Australians who are building their future in a country which, I repeat, has great opportunities, but by virtue of its geographical position and political developments in the region also faces dangers which this country has probably not been conscious of earlier in its history.

Now, there is one fairly obvious question: Is Australia likely to build up forces to compensate for the United Kingdom force reductions in South-East Asia, particularly in the Commonwealth Brigade? Australia has had this long-standing association with the United Kingdom and New Zealand in assisting in the defence of the Malaysian area and we will continue in co-operation with these governments and the Malaysian and Singapore Governments to contribute to the stability of the area.

First, there is the fact that the United Kingdom withdrawals will be spread over a fairly long period of years, measured in modern terms in a fairly rapidly changing world, and also the United Kingdom has made the statement clearly that she will continue to honour her obligations to defend this area under the present defence agreement and will engage in consultations as to the best way of meeting those obligations. The fact that these plans for reductions are spread over a fairly long period of time indicates the United Kingdom's continuing sense of responsibility for assisting the security and stability of the area. The precise shape and size of Australian forces deployed in the area in the years to come will have to be determined, of course, after the review which will become necessary of our own defence arrangements, but it will require not only considerable study by us but consultation with our allies. This applies in particular to the Commonwealth Brigade which Australia has always rated as a valuable protective force from the point of view of preserving a military presence in the area and for the deterrent effect it provided in that it indicated the backing to it of the countries concerned.

Will the British decisions mean an increase in our contributions to aid Malaysia and Singapore to build up their own forces?

Australia has already committed \$25 million towards the build-up of forces in the Malaysian area, and following the visit of the Malaysian Minister for Defence, Tun Razak, to Australia several months ago, the Australian Government announced that it would continue to provide aid up to 1970. A technical mission was sent to examine needs with the appropriate representatives of Malaysia and Singapore and its report is now being submitted to Ministers.

The question of our further aid is under consideration at present in relation to Budget matters generally, but it may not be possible to resolve this in any detail at this time because we will need to consider the bearing that these developments will have on it. In any event, it may

PM (Contd.)

appropriately form part of a wider discussion with others later on.

Will the United Kingdom announcement preclude a further Australian contribution to Vietnam or even necessitate a withdrawal of Australian forces deployed there?

Australia will maintain its commitment to contribute to the defence of South Vietnam against communist subversion and aggression in that country. As I have said on a number of occasions, the Australian Government maintains a continuing defence review which includes the size, and shape, of its force contribution to the Vietnam conflict. This review is made in the light of military developments in the area and in concert with our allies. The reduction of the United Kingdom forces over a fairly long period of years will not require us to change this practice.

Well, another question that might be likely to arise is whether the Australian defence expenditure is likely to rise rapidly in the next few years as a result of the planned British force reductions.

We have a Budget in preparation right now and I am not discussing it nor to be taken as discussing it in any sense. But given the long-term nature of the United Kingdom plans for reducing forces in the area, I wouldn't expect that any of the adjustments arising out of the British decisions will have large and immediate financial implications. This is a gradual phasing out and already, of course, our defence provision is a very substantial one. I am thinking in terms of a percentage of GNP exceeded by very few countries in the world - the United Kingdom and the United States perhaps, but it wouldn't be easy to point to others. In the longer term, as I have stated on previous occasions, Australia will continue to contribute to the defence of South-East Asia and its own defence needs on a scale which will be related to our economic growth and the view we take from time to time of our interests and responsibilities in the area.

Well, I think those are the main items. There may be others which are in your mind. Just before I go on, I don't think I need to fill you in on the sort of discussions we had with the United Kingdom Government. I did that pretty thoroughly, I think, while we were in London - those of you who were there - and when I came back here subsequently. You will know the sort of views we put forward and the reasons for them, but what I would like to make clear is that they were not only views put by Australia, but this was the general approach of the other governments I mentioned, including the United States.

C. Have you had any request from President Johnson yet for more military aid in Vietnam?

PM: Well, as Secretary McNamara pointed out, this is not the way business is done between governments who are interested there. There is a process of consultation and discussion. One government indicates what it feels necessary to be done. I've not even had a proposal put to me in any form which you could term a specific request but we recognise, of course, that whatever any of the of the allied countries are able to contribute is welcomed by the Government of South Vietnam, and we do from time to time review the size and nature of our own contribution. I have already pointed to the very considerable defence provision falling on our Budget and indicated earlier, without trying to prejudge the outcome of our Budget, that

PM (Contd.)

this year's appropriation for defence will, in the nature of things, be larger than that of last year. Just how large depends on the view taken of our Budget responsibilities generally. I would believe that the kind of continuing review which includes, from time to time, an assessment of what we can do in Vietnam would need, on the next occasion we come together for it, to take account of these developments in the Malaysia/Singapore area and just what provision we need to make in relation to those.

C. Sir, the tone of that suggests that any additional aid which we might give in Vietnam will be only marginal.

PM: Well, I wouldn't like to have too much significance read into the tone at this point of time. There have been suggestions which you may have seen for another meeting of the countries represented at the Manila Conference, and I can just fill you in on that to this extent.

In the course of the year I have discussed this myself with various heads of governments in the countries concerned with whom I have been in contact - Mr Holyoake when I visited him, Prime Minister Ky when he was out here, the Prime Minister of Korea when I was there, and President Johnson himself. And all those with whom I have talked about the matter when it has arisen in discussions between us have favoured another meeting, but the timing of it we felt called for some consideration in view of the impending elections in South Vietnam. But for that, I think, you would have seen a conference held in an earlier point of time than this.

Now, for my part, I would prefer some discussion on force levels to take place in this kind of company because we could all assess what could usefully be done and what commitments we had in other directions. Australia, of course, does have to make defence provision in other directions and this is not always clearly perceived by our allies who look to what we are doing in South Vietnam and tend to ignore that we are also making a contribution in the Malaysia/Singapore area and that we have some responsibilities in respect of Papua and New Guinea as well as responsibilities in relation to the Australian mainland. Another factor which is not widely recognised, it seems to me in the countries concerned, is that Australia is the one country in addition to the United States of America which is providing a three-Service contribution. Australia, of course, is paying its own way entirely for what it is contributing. If it is a case of doing more, then I think it would be helpful if we all considered together what each is contributing, what each is capable of doing.

C. This meeting is likely to be in September, Sir, in South Korea, is it?

PM: Well, I have heard September and October mentioned. I would, myself, have thought it would appropriately be held after a Presidential election, possibly even after the assembly elections they have in South Vietnam. I should have mentioned that the matter was discussed at the conference in Washington attended by Mr Hasluck. I think it followed on the SEATO discussions. It was discussed there and both Korea and Thailand have apparently indicated their willingness to have a conference held there. I think it gets pretty cold in Korea about October.

Q. When do you hope the conference will take place from your point of view?

FM: Well, first, as you will be aware, it is not a conference which occupies a great deal of time. The whole exercise for me last time took two days of travel and two days of conference.....

Q. Talking in terms of October, what month do you think.....

PM: The Assembly elections are held in November, I am told, but I think the really important thing is the Presidential election, and no doubt the appointment of a Prime Minister and a Vice President. They would be in a position to speak for the country, so I don't think it would be necessary to await the Assembly elections, but I would have thought it desirable to await the Presidential election.

Q. Which is when, Sir?

FM: September 3rd.

Q. Will the increased costs of defence next year have any impact on national development?

PM: Well, we can't indicate at this stage what the defence bill will be..... You mean the defence bill we are now deciding in our Budget discussions?

Q. Yes. You said it would be larger next year than it was this year. Will this mean that.....

PM: Well, our revenues will be larger also. It would be the aim of the Government to retain sufficient flexibility in its Budget arrangements to keep the process of development going steadily forward.

Q. Will this mean higher taxation?

PM: Not necessarily. You are asking me to indicate the contents of the Budget. We have just started our discussions on it!

Q. Mr Holt, do you visualise an early meeting on a Ministerial level of the countries concerned with Singapore and Malaysia?

PM: There have been press reports that the Tunku is thinking of a five-power conference to discuss future arrangements for defence in the Malaysian region in the light of Britain's planning decisions. However, no proposal has yet reached me at the governmental level, and whether a formal conference is necessary I think is still too early for us to say. My own Government would first want to study the British decisions closely and consider, as I have said, how our own arrangements and policy might be affected and whether any changes are desirable. Clearly there will need to be consultations among interested governments. These have been taking place already as I mentioned and will continue. A proposal for a conference could arise out of these consultations. We should then want to consider what the conference is intended to do and how other governments feel about it, but at this stage, the question has not arisen in our own considerations. It hasn't been discussed as a substantial matter by Cabinet.

Q. When do you expect to be in a position to tell the Americans the result of Cabinet's review on the Vietnam commitment?

PM: Well, first of all I have indicated that there has been no particular proposal put to me from any source, although if the Americans are reviewing their own force contribution, I imagine that they would expect that once they have reached their own conclusions that their allies would have also been giving some thought to theirs, but I would not expect us to be making any early decision on this matter because, as I have said, we have first to resolve just what we can provide through the Budget for defence and, secondly, we have to see the total picture which includes future developments now notified to us formally in Malaysia/Singapore.

Q. Mr Holt, how much regard do you attach to the British suggestion about sharing bases in Australia? Will the discussions that have been going on be stepped up?

PM: I would like to give you a fairly precise comment on that. Yes, well, the United Kingdom air, land and sea forces already make some use of our facilities in Australia in exercises, and as you will be aware, we also have begun a preliminary study involving an initial survey in relation to Cockburn Sound. I did speak in my statement about feasibility studies and that includes this one. But the question of specific facilities for use by British forces in the 1970's is, as indicated in their own White Paper, a matter for further examination between our countries. You will remember that when Denis Healey was here, one of the points made at the time was that if it became impracticable to remain on in Malaysia and Singapore, then either they would need to come to bases in Australia or they would need to go home. We put in hand some studies at the Service level on various possibilities.

Q. Mr Holt, in view of the rapidly-changing assumptions on which we based our defence policies, is it likely that Mr Fairhall will be bringing out a White Paper, giving our estimates and saying where we stand and what we see the policy alternatives are in the years ahead?

PM: Well, I couldn't comment on that yet. We haven't really had the opportunity to sit round on this. I imagine it will be a fairly early item of business for us, but we have first to get through what is a major exercise for us and that is the Budget, including the defence vote in the Budget. While I have no doubt that at the Service level and in the Departments concerned there will be immediate activity in reassessment of where we stand and the implications flowing from all this, we should still have in mind that this is a programme which runs for over eight years at least - or it is likely to run for at least eight years, it could conceivably be longer, it could conceivably be less, but at least it is going to run over some years. That doesn't mean that we can just sit back and take our time; it doesn't mean that we are faced with decisions that have to be announced in the next few days.

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