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AUCKLAND

INTERVIEW ON NEW ZEALAND TELEVISION

GIVEN BY THE PRIME MINISTER, MR JOHN

GORTON

Interviewer : Mr David Beatson

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(Beginning not recorded)

PM : .....it is hard to say what the outcome would be, but as far as we are concerned, we are predisposed to do what we can to help in relation to what we are asked to do to help by the countries there.

Q. You have expressed a desire to help your good friends and neighbours, I believe as you put it, and you also said there was a limit to what you could spend on defence because of your needs for internal development. Do you think Australia can make a greater contribution to the stability of the area by stimulating economic assistance and through trade ties than it can by supplying troops and military equipment to overseas bases?

PM: No, I don't think so, but I think both those avenues of help are necessary. We are trying through trade ties, and indeed we would like to see, through trade ties, assistance and stability, not only for Malaya and Singapore, but for Malaya, Indonesia and Singapore because these, in our view - with Australia and New Zealand - would form a package. If we can increase the whole of the living standards in the area, the trading possibilities in the area, we think this would be good. But there is also a need for a military presence - or so we were told by those in the area - to provide conditions of stability against subversion, against terrorism, against the sort of thing that happened in Malaya in the 1950's. So I think both those requirements are there. But it is true, as far as Australia is concerned, we have so many requirements to improve development, to help progress, to look after the aged and the ill, so many requirements that we can't sort of push everything into just military commitments.

Q. Do you feel that the date that Britain has set for her withdrawal puts the pressure on Australia and New Zealand to make decisions about military involvement in South-East Asia?

PM: Yes. I think the latest date, if I might put it that way, which Britain has set for her withdrawal, which is quite different from the dates set for her withdrawal previously, and the doubt which previously wasn't a doubt that there would be a British naval and air contingent there, able to come to the area when they were asked for, with some real significant military capacity, which now we don't know whether will be there or not; it looks as if it won't, but the withdrawal of that idea, coupled with the acceleration of total withdrawal of ground forces, does provide not only Britain and Australia, but Britain, Australia, Singapore and Malaysia with problems which obviously weren't there when 1975 was the date for final withdrawal of ground troops and when it was, as we understood it, part of the plans of withdrawal that there would be a naval and air contingent from Britain available for the area.

Q. Australia enjoys trade ties with the People's Republic of China to a degree, and also with Japan, another major force in the area. Do you think that these strings can be drawn together through your influence throughout the South-East Asian area to form some sort of mutual assistance or non-aggression agreement which will guarantee the security and stability of the area?

PM: Well, I think our trade ties with Japan, which are quite strong, indeed very strong, and increasing - Japan is one of our best buyers of wool, for example - will draw us closer towards Japan, but I don't know that this will contribute terrifically to the stability of the region because Japan is no threat to the stability of the region but rather Japan is one of the factors which helps towards the stability of the region. Japan is investing heavily in the region, Japan is helping the economies to grow. And so, yes, we will be increasingly trading with Japan. I think Japan will be a stabilising force in the area, but this is just in the course of the things that are likely to happen. Our trade ties with China are mainly that we sell them a great deal of goods, particularly wheat, mainly wheat. We don't buy a great deal from them. I would like to think that China would be a stabilising influence in the area, but I don't think it will. I hope it will, but I doubt it.

Q. This week, Mr Gorton, the South-East Asia Treaty Organisation is meeting in New Zealand. Partnership in SEATO has been a controversial point with many South-East Asian countries. Do you think that in view of the need for new regional defence arrangements that we are going to have to look for something new to replace or supersede SEATO?

PM: For what particular purpose? For the purpose of the security of Australia and New Zealand?

Q. Of the whole South-East region.

PM: I see. Well, I don't think I foresee an alternative to SEATO, though it has some difficulties about it, particularly the participation of some countries that are out of the region. But as far as Australia is concerned and New Zealand is concerned, I think the ANZUS pact is the one which provides the greatest security for us.

Q. Do you think our security really depends on the total security of the whole South-East Asia region?

PM: "Depends" is a strong word. I think our security is affected by what happens in the South-East Asia region here. But assuming that the worst happened in the whole South-East Asian region, then I think our security would depend on the alliance with the United States through the ANZUS pact. Now it would be much better, of course, if the worst didn't happen in the South East Asian area, and we did not have to depend on the ANZUS pact. But I think the SEATO Treaty Organisation will help to see that the worst doesn't happen in the South-East Asian region.

Q. At the moment the ANZUS partners, although perhaps not as such, are involved in Viet Nam and you have said you feel the cost of the Viet Nam operation to Australia must be held to about the same level as last year. In view of this, does this really mean, as some critics suggest, that you are less enamoured of the United States and more sceptical about the commitment to Viet Nam than Mr Holt your predecessor?

PM: I don't think it does. You said we kept it at the level of last year. Well, this is not quite true, though I understand how it could be said. It was, I think, October or November of last year that we increased our commitment to Viet Nam by some one-third, so that now we have got somewhere between 8,000 and 9,000 fighting men there, which we not only provide but supply with arms and ammunition, aeroplanes, ships, food, logistics - look after completely. And this is quite a significant contribution from a country of our own size. Now, we are keeping it at a recently-expanded level. I think that it is a significant contribution and one which is worthy of an ally to be given, and I would want to think long and hard before any addition to that was made because of the requirements for Australia itself to develop into a significant power as quickly as possible, to meet all its other requirements. I don't believe this means that we are less enamoured with the United States. I don't believe it means any indication of diminution of our belief that it was right to go in there to try and give the South Vietnamese the right of self-determination. It is just a sort of look at what we are providing, of all the other things we need to do, and whether what we are providing in relation to all the other things we need to do is a reasonable contribution. I think it is.

Q. This is an independent attitude, in other words, a specifically Australian attitude towards the involvement?

PM: Well, it is, but on the other hand, of course, we haven't been asked to increase the contribution, but that would be the approach I would have to the situation which, I suppose, you could call an Australian attitude.

Q. Since the military situation in Viet Nam does appear to have deteriorated quite considerably in the latter part of last year and early this year, do you think the time has now come for the Allies to press more firmly for thorough investigations to open up peace negotiations?

PM: Well, we would certainly want to support any peace negotiations that led to a genuine peace. We wouldn't be interested ourselves for pressing for so-called peace negotiations which, in fact, were not designed to secure the sort of peace in which the South Vietnamese could run their own affairs, but were designed for a disguised surrender to the North. We've seen countries - I think Laos is an example - where peace negotiations led to a composite government and agreement that it would be run by a composite government, and we have seen what has happened as a result of that. If we can do anything to achieve talks about a peace which will provide the South Vietnamese - without North Vietnamese interference - with the right of selecting their own government, and living under that government without fear, then we would be in favour of that kind of arrangement. We are not interested in

PM (Contd.)

things which are called peace talks but which in fact are surrender talks.

Q. Moving on now to questions on the relationship between Australia and New Zealand, Mr Gorton. New Zealand is one of Australia's major markets. Have you been concerned about the economic conditions here?

PM: Well, the economic conditions here...no, I can't say I've been concerned about the economic conditions. Indeed I don't know a great deal. I can't discuss a great deal about the economic conditions, but you are quite right, New Zealand is a significant market for Australia, and I would hope Australia would grow into being a significant market for New Zealand.

Q: The point that I make here is that certain measures have been taken. First of all, the devaluation of the New Zealand dollar which makes imports to New Zealand look more expensive and our exports look more attractive, and certain other measures which have been to dampen down the demand for imported goods must have reflected themselves on the marketing trends or rather, the exporting trends in Australia. Has there been any concern about these measures?

PM: No, not particularly. You see, even though there was devaluation in the New Zealand currency, it only brought it down to a par, or roughly to a par with the Australian currency which had previously been devalued and the New Zealand currency hadn't, and so in some ways, I suppose, that didn't make it much more difficult for us. Our trade has been growing - well, perhaps it hasn't been growing but at least it's been fairly constant over the last two years with New Zealand, and if it hasn't been growing, I think it is possibly partly because of import restrictions which need to be put on in any country when the balance of payments gets out of kilter.

Q. The other question, of course, relating to New Zealand exports to Australia is that we are a dairy efficient country, and Australia is now engaged on a reform of the dairy industry. In view of the fact that it is obviously going to cost a great deal of money to bring about the reform you envisage eventually, wouldn't it be cheaper really to let New Zealand products in on the Australian market?

PM: I don't think it would for these reasons. Yes, we want to reform the dairying industry in Australia because we have got a lot of - I won't call them inefficient - but uneconomic dairy farmers, and we would like to get them into some other form of production or to get a lot of uneconomic dairy farmers combined into one economic area. But even if all the uneconomic dairy farmers went out of production, if all northern production of dairy products in Australia stopped, the southern areas could produce not only all the butter that Australia required, and probably at a competitive price with the butter from any other country in the world, but would also produce surpluses which would need to be sold abroad. I don't see, in my forecast for the future, a market opening up in Australia for New Zealand dairy

PM (Contd)

produce. I see Australia and New Zealand working together to try and keep prices reasonable overseas for dairy produce from our joint countries, but the areas where I think the greatest hope lies are in forest products being available in greater quantities to be sent to Australia and an increase in New Zealand secondary industry, and a market for that secondary industry in Australia and vice versa. These are, I think, where the real hopes for expanded trade lie.

Q. Can you see really significant opportunities in terms of this belief of yours that we should be restricted to these two areas for New Zealand's exporting future in Australia when most of our exports are, in fact, primary produce?

PM: Yes, I think I can because I think that the Australian market will grow all right - it's what, 12 million people now, which is not very large. It will be 25 million before very long, and that will be twice as big a market. New Zealand will have, as it has now, an advantage in that market under the Free Trade Agreement, and I expect New Zealand will diversify. I expect New Zealand will build up its secondary industries in conjunction with Australia or by itself, and have more of those kind of things to export. Indeed, I think they will follow the same path that Australia has followed. Once we were entirely dependent on primary industry, or almost entirely dependent. Now we have so diversified, built up so many secondary industries that even the sort of terrific drought we are suffering from now doesn't have the economic effect on us that it would have had. I know New Zealand will always be dependent to a great extent on primary production and the export of primary production, but I believe that it will certainly greatly expand in secondary industries, want a market for those secondary industries where it has preference and will get that in Australia. I think that New Zealand and Australian firms will tend to come together in joint enterprises and that this is the area which will expand for the future for the good of both of us.

Q. Talking about joint enterprises, there has been a great deal of talk about union between the two countries. Do you think the time has now come, as some people suggest, that some form of joint secretariat or organisation common to both countries should begin to plan for closer relationship and closer ties between the development and overall efforts of Australia and New Zealand to penetrate markets elsewhere?

PM: Well, I hadn't thought about a joint secretariat but I do believe that our defence chiefs in New Zealand and Australia are planning together more than they used to do, that your Prime Minister and my Prime Minister, your Ministers and our Ministers are planning together more than they used to do - not in the sense of a political union but in the sense of a joint effort. I think this is happening more than it used to happen. I think perhaps it could happen even more in the future. I have read about this proposal for political union between the two countries. If and when that ever becomes a possibility, it will only become a possibility if the people of New Zealand say "This is what we want to have at some particular time" and the people

PM (Contd)

of Australia say, "This is fine. We will agree to it at some particular time". But at the moment, what is far more significant than that is that we should plan together in defence, plan together in foreign affairs, plan together to expand our joint trade, plan together to work together in the region in which we live.

Q. Mr Gorton, thank you very much.

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