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PRESS CONFERENCE GIVEN BY THE PRIME MINISTER,  
MR WILLIAM McMAHON, AT PARLIAMENT HOUSE,  
CANBERRA, ACT.

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21 OCTOBER 1971

Q. Have you seen anyone down here today from the Treasury, Prime Minister?

PM: Yes.

Q. What line of discussions have you had, may I ask?

PM: I wanted to find out what their version of the consumer index was.

Q. What is it?

PM: They explained the figures to me, particular the sharp increase that occurred in New South Wales as the result of the increase in fares and the increases that had occurred over the whole of Australia because of the impact of increases in health charges. The greater part of these were due to wage increases. They also went through the various other elements of the September Index with me. But I have given you my impression of what their thinking was. It then became clear that if you had removed the special influence of New South Wales -- special influences relating to New South Wales -- that the rate of increase would not appear to be anywhere near as sharp - or as sharp if you could put it a little more accurate - as the raw figures would indicate.

*Inflation*

Q. Did they make any predictions about what the December quarter would bring in view of increases in State Budgets...?

PM: I raised this question myself and I obtained verification of my own views that the December quarter while being speculative at this moment could at least be expected to be quite substantial because of the impact of the Commonwealth Budget figures were not felt in the September quarter, as the

collection of the data occurred in the middle of August and the Budget didn't come down until a little later, and that the effect of Budget changes in the Victorian Budget would not be written in until the December index figures became available.

Q. Does this mean that a substantial increase in the December quarter won't prompt the Government to take any action on the economy?

*The Economy*

PM: I will not make any statement there, but again it must be obvious that in the December quarter, most of the impact also will be substantially due, or as put last night, directly or indirectly due to the impact of wage increases, and not as the result of an increase in demand. Now what would happen then in the March quarter - March and June quarters - will largely depend on the National Wage Case, if the decision is out by that time.

Q. Sir, Mr Lynch has made it clear ~~xxxxx~~ <sup>you are</sup> going to do something about the Arbitration Act - tightening it up. Do you think what you do there will have an effect on the cost of living? Will you be able to pull it into line through action on wages?

*Arbitration*

PM: You are taking it over a very broad canvas. As yet, we haven't made our decision, so the question is hypothetical, and one to which you couldn't give an answer that is sufficiently exact. But it is as I said, in my view and in the view of the officials and those participated in the drafting of the Budget, the forecasts that we made then are turning out to be correct -- with this one exception that demand is not quite as strong as we would like it to be. But the economy is a healthy one, our overseas balances are strong, our overseas trade is going along well, and personal savings are particularly high. What is needed is a little more confidence. If this confidence was there, then I am sure the economy could be brought quickly to a pretty healthy state.

Q. Any idea how you are going to instil that confidence, Prime Minister?

PM: Talk about it. There is a wonderful phrase that was once used by Roosevelt: "The only thing we have to fear is fear itself". And I think that applies pretty well to Australia's position today.

Q. You are not planning any other definite measures to increase consumer spending, for example?

*The Economy*

PM: Naturally, and I have said this before, we are watching the economy very carefully. We have plenty of scope for revision and we could act quickly should we feel the time was right to do so. I can give this assurance that I, in particular, the Treasury officials and the Reserve Bank are watching the figures very closely, and I have had at least two very thoroughgoing discussions with them during the course of the last four weeks.

Q. Do the present employment figures, in the light of this Index rise, present you with any trouble, or do you propose to take any amelioratory steps at this stage?

*Review of Economy*

PM: Not immediately. But I have said to you that I have had thoroughgoing discussions with all the officials recently and in particular, we will have a national income and expenditure forecast presented to the Government quite soon. Those are the figures that will be important to us in considering what we should do.

Q. You have asked for this specifically, Prime Minister, have you?

PM: I did some weeks ago.

Q. How far ahead does this project? Is it a projection on the rest of the financial year?

PM : I don't know how long a projection it will be, but it is a projection.

Q. When do you think you will get it? After this trip or before?

PM: Not before, no, I don't think so. I think I would be extremely lucky, although I have been asking them to hurry up with it. But these have got to be done with a great deal of thoroughness and care, and I think you might get a surprise -- a pleasant surprise -- when we see the next employment figures.

*Employment*

Q. Have they indicated to you that there are already indications that things might not be following the same pattern we saw in September?

PM: Don't let me get too speculative, but I do my homework. ~~and~~ I know all the people in the employment offices, and I never hesitate to contact them personally.

Q. What would give you a pleasant surprise -- a small drop or a small rise, or what?

PM: The figures that I would be looking at would be see to whether the October figures accorded with the pattern of the October figures for previous years.

Q. The pattern being an improvement in the situation in October usually?

PM: It is usually<sup>a</sup> very small increase in registrants.... look I couldn't explain them accurately to you because I haven't got them in front of me, but they are usually somewhat neutral figures. And I will be interested to see what does happen. We won't have the figures after all until the second week in November.

Q. Is that time, therefore - the second week in November- when you have to sit down and decide whether the Government is .....

PM: That will be an important week for us, yes.

Q. Does that mean the Government will get the income and expenditure.....

PM: That I couldn't tell you. As I have said, it is an extremely difficult analysis to make, and one that has to be done with a great degree of thoroughness and care. Whilst I have been asking them to hurry up with the analysis for me, I am not prepared to make them do too rushed a job. I want the best analysis I can get.

Q. You will still be away then, won't you?

PM: Look I have said to you...no, that isn't correct. Let me correct you, because I said I didn't know when it was coming forward.

Q. No, I just meant that second week....

Interjection : The employment figures will be out in that second week.

PM: Oh, the employment figures. Yes, they would come out in the second week. It would only be within a day or two of my coming back.

*The Economy*

Q. Prime Minister, just what degree of concern do you feel about the state of the economy?

PM: I have said to you already that the economy is in a healthy state.

Q. You are not concerned?

PM: Of course I am concerned. Any politician whoever loses a capacity to be concerned would be a strange one. Of course

I look at the figures with care but I know that the greatest problem of all that we have to solve is of inflation. And we are doing the best we can to try and solve. Many people are now conceding for the first time that what we have said is correct. For example, if you look at today's papers, there is a very good...and if you would like to look, for example, at an article by Professor K.J. Hancock in the "Financial Review" of 19 October, he says in this context :

"Given that the Government takes the view that some deflationary counter to inflation is desirable it is hard to see the logic of those who assert that the Government's Budgetary policy is misconceived."

I think you ought all know these. And the statement of the National Bank today believes that "the economic slow-down of the past year has been caused by the conservatism of individuals in the personal sector as a whole." These are very important statements because now it is becoming understood by so many. The cause is there. The cause is a very real one and we have tried to the best of our ability to ensure that we bring inflation, particularly wage inflation, under control - under relative control - and I believe we are on the way to succeeding.

Q. You said one of the things you are going to do about the economy is to talk. Have you considered going on national television or radio and trying to undo the message that was given to people in January and February?

PM: No, I don't think I have. But I don't want to push this too far. I have yet .....I suggested to the ABC I might go on, but they had a programme filled up and then I was going away. I couldn't finalise the arrangements with them. But I have made arrangements...I thought I would be having a press conference on Wednesday before I went, and I would do exactly the same then as I am doing now, saying a little more confidence is what we need to get demand back because the potential for demand is pretty high and personal savings and disposable income will permit some increase in demand. But again, if you

start to look at the figure....Look at Waltons' figures today for retail sales. They were surprisingly high. So production figures are pretty good. You know, the figures are not as clear-cut yet, for anyone to be able to be precise, I don't care who he is.

*Arbitration*

Q. Prime Minister, you mentioned Professor Hancock's speech the other night to the Economics Society. Although it is quite correct what you did quote, the main burden of his paper was there was a strong chance the Arbitration Commission would no longer have the small degree of control it at present has over the wages policy, because the MTIA would perhaps go outside the Arbitration system. Are you concerned with this possibility which seems to flow from the decision in the Carpenters' case, that we may have the MTIA having sweetheart agreements outside the Arbitration Commission in addition to the National Wage Case and setting a case in which the Government cannot even make representations as it can do now with the Arbitration Commission.

PM: Yes I am disturbed by it and I will be seeing Mr Clarkson tomorrow. He hasn't indicated to me he wants to see me about it but I presume it would be in connection with the National Employers policy decisions as to what they intended to do with Arbitration. I think it would be a retrograde step if they were to have negotiations with the Metal Trades Industries outside the Commission and later on went to the Commission itself and tried to get a national wage increase. It could be extremely dangerous and would introduce a policy that wouldn't be in the best interests of this country and certainly wouldn't be in the best interests of the working man.

Q. Have you considered the idea of using corporation powers to enlarge the powers of the Arbitration Commission in your ~~xxxxxx~~ present review of the Arbitration Commission?

PM: I don't think you can. In fact the Arbitration power is a separate placitum of the Constitution, and gives the power to legislate for the peace, order and good government of the country, and we can only legislate with regard to Arbitration. We cannot affect the Arbitration decision

itself. We must leave them free to make up their minds what they think is right.

Q. I thought the corporation power, and of course it is the subject of wide discussion outside - the corporation power might give the Government greater control over an institution such as the Arbitration Commission operating as an incomes board, being able to set maximum rates as well as minimum.

PM: I don't think so. It has never been suggested to me and on the plain meaning of the words, I doubt whether that interpretation is right.

*Adhikar*

good

Q. To change the subject -- You have had a view of the fasters. What do you think of Paul Ponoermo's actions -- he was taken to hospital today?

PM: I have been very worried about him. Very worried. I did, as I mentioned in the House, ask the Speaker if he would make arrangements to ensure that whatever facilities were available to them were made available, particularly if they wanted to have a wash, if they wanted somewhere they could change, that they would be able to do so. I also made enquiries yesterday to see that he was watched carefully to ensure that he didn't come to any harm. And I checked again this morning to ensure that he was watched. I was later on informed that some of his friends had arranged for the ambulance to take him to hospital. But I have been worried about him, very worried.

Q. You had him watched in the medical sense?

PM: In the medical sense, yes. I thought if he were not eating that he could damage to himself, and I didn't want that to happen.



Q. What about this question of increasing aid to \$10 million, have you thought about that?

PM: Yes, it is only recently that we made the decision about the increase of \$1½ million, and both the Minister for Foreign Affairs and I have answered questions about it in the House. I have also discussed it again with Mr Bowen this morning.

Q. Can we expect further announcements?

PM: I can't make any other statement about it.

Q. Did you discuss the possibility of increase?

PM: I won't go any further.

Q. Was this in the light of the increase in the British...

PM: No, it was in the light of the United Nations' initiative

Q. The Brits say they acted because the United Nations asked them for more money. Have we had a specific request from the United Nations?

PM: I don't know because I wanted to talk to Mr Bowen about it today. He is ill in bed and I was not able to find out what the exact position was.

Q. Sir, will you be talking about the refugees on this trip? Is it one of the things....

PM. No.

*Visit Overseas*

Q. Can you tell us, generally, the reasons for the trip?

PM: The reasons were, I thought, made pretty plain in

the statement that I issued. I received a personal invitation from President Nixon to come to Washington on 2 November. Sometime before, I had received an invitation from Mr Heath, and I informed him that when a suitable opportunity arose I would come. As I was going to Washington I immediately informed him, and he asked me if I would come to London and we have arranged meetings there.

Q. Is the suggestion well founded that President Nixon has some announcements to make that will affect us and wants to tell you about them? Have you got any reason to believe that that is so?

PM: I think it would be imprudent for me to be making any kind of a statement that could create false impressions and I have no intention of doing so. But there has been a speculation on a wide range of subjects and I am sure most of them will be covered in the discussions.

Q. Can you say what other countries you will be visiting Sir?

PM: So far I intend to visit only the United States and Britain. I must...I think then I will come straight home. That will get me home then on the Wednesday before the House meets, and I think that is about as late as I want to return to Australia.

Q. What date is that?

PM: Somewhere about the 16th or 17th. I could look it up for you, but I think you can get it just as easily as I can.

Q. Prime Minister, did you get any indication when you received an invitation from President Nixon that this was in response to your letter to him which you mentioned in the House. You agreed in the House that you had written to the President following....

PM: No, I didn't. I didn't get any impression that it was as a result of that. I did not. I got an impression

that this was a very suitable time for me to come because it would be immediately before the decision-making processes on a wide range of matters would be initiated, and that it was a very favourable time to be there. I would have liked to have gone a little later, particularly during one of the weeks that the House was up but it was felt on analysing the information we had that the 2nd was the best date I could be there.

Q. Sir, can you tell us when in fact you got the invitation?

PM: Last Thursday.

Q. You really didn't waste any time accepting it.

PM: No. Well I gave you the explanation a few seconds ago that I would have liked to have gone a little later and I pointed this out, but it was also pointed out to me that in our interests, our Australian interests, it would be wise to be there at the earliest possible date.

Q. Can you indicate some of these wide range of matters that....

PM: No, I don't want to. But the Press speculated, and frankly, the Press speculation on this occasion has been wide ranging and has touched most subjects that I think are of importance.

Q. Sir, will you have any point of view to put to the President on China which seems to be the big issue? I think your visit will be before he goes to China.

PM: Yes, but I am not going to be now forecasting or stating explicitly what I will be saying. The details of what I intend to say is something that has got to be reserved for discussion with him, and then subsequently I am pretty certain a joint press statement will be made. The Press that come, I can assure you, will be kept well informed.

*Andrzej Czerwinski*

Q. I assume before you leave Australia will make a decision regarding its currency level?

PM: No

Q. I assume you will be discussing it in those talks both in Washington and London.

PM: The answer to your first question is: I don't think we will be making a decision as to the long-term parity of the Australian currency with other currencies. The second one, of course, I will be discussing both the import surcharge of the United States and the question of currency realignments together with the other problems associated with it such as greater freedom of trade = multilateral trade - and I take it that, incidentally, although it won't affect us, ~~the question of~~ will be the question of a greater sharing of the defence burden.

*Andrzej Czerwinski*

Q. Have you spoken to the President on so-called "hot line"? Have you spoken to him personally yet about the trip or is it a written arrangement?

PM: Well, he wrote to me personally. Then there were discussions on at least two occasions <sup>between</sup> ~~with~~ the Australian Ambassador to Washington and the White House staff.

Q. If you are going to get back mid-November and Cabinet will be considering changes to the Arbitration Act, presumably, which Mr Lynch is <sup>I presume</sup> going to present to Cabinet, you are going to be rather pressed to get this into Parliament before the House rises for Christmas.

PM: Yes, but we has not been, as it were, waiting for all the papers to be pre-sented at one Cabinet meeting. We have had several Cabinet meetings about the Arbitration system, and I think most of us are in a position, where if we have to make decisions on a single paper we will be able to do it fairly quickly.

- Q. The intention is to have a policy statement more or less first, rather than detailed legislation before the House rose?
- PM: I doubt whether we could have detailed legislation. It would be a policy statement.
- Q. Sir, have you got any comment on the Mr Anthony's suggestion there could be a Federal election early next year?
- PM: No.
- Q. It is not true or you have no comment?
- PM: I have no comment.
- Q. I think you said early this year there would be no more legislation introduced into the House three weeks before the House rises on December 10. Will that in fact occur?
- PM: Yes that decision will stand with these exceptions. That in the case of tariff reports and in the case of essential Treasury Bills, they would be introduced. But these are usually passed without very much discussion. They are bills of a formal kind that can't be avoided.
- Q. If I could ask one more question. You told Parliament the other day you would look at the figures presented by Mr Howson on the Television and Film School. Have you done so yet?
- PM: Yes. I have had a thorough look at them
- Q. Can you tell us the result of it?

*Parliament*

*Film on TV School*

PM: No, I can't. I think it would my response if I said anything to say it in the House.

Q. You said you saw a Treasury official today. Can you tell us who you saw? Did you see Sir Richard?

PM: I saw Mr Garrett, first of all, who, as you know, is an old friend of mine, and we started to discuss the C index figures. He thought it was better if I saw Mr Rye, and I then had a talk to him. He is one of the whiz kids.

Q. Prime Minister, thank you very much. We hope we will be able to see you again soon.

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