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PRESS CONFERENCE GIVEN BY THE PRIME MINISTER  
BEFORE LEAVING FOR OVERSEAS - 27 OCTOBER 1971

CANBERRA, A.C.T.

Q. Now that China's in the United Nations, Sir, how does this affect our dialogue with Peking? Does it mean that we'll have to <sup>move</sup> quicker towards recognition of the Chinese Government?

China

PM No, I don't think it does. I think it would create a bad impression with the Chinese if it looked as though we were over-anxious to respond. In any event, I think it's now become common gossip that there have been discussions in Hong Kong about the possibility of closer trade relations. I've said before that we'll proceed cautiously, and trying to ensure that at each step - that each step taken is to the advantage of this country. I'm sure it's better to handle this carefully, particularly as the People's Republic are a very careful people, <sup>and</sup> they take their time over making decisions.

Q. Sir, how far off would you think recognition is, within months, or years?

PM Nobody can make an appreciation, because the rapidity of the movement will depend very largely on the actions of the Government of the People's Republic.

Q. You mentioned the talks in Hong Kong, Prime Minister, can you tell us what the outcome of those talks was?

PM No. Because while it has been agreed that I can go as far as I have gone this morning, we've been consistently warned that the prudent course is to say as little as possible.

Q. Is there any possibility of a trade mission going to China this year?

PM I don't know.

Q. How long has this been going on Sir, weeks or months?

PM It depends what you mean. Talks have taken place in several areas as well as Hong Kong.

Q. Sir, has your Government decided in principle that it wants to recognise China?

PM We've decided to commence a dialogue to improve the relationships between the two countries, we have gone no further.

Q. Will you pursue this on your visit overseas, for example I expect the Chinese will be seated at the United Nations by the time you get there. Will you try....

PM That is doubtful, very doubtful.

Q. I wondered if as you are in the United States....

PM No I would not, because my timetable is full. I want to be back here for the last three weeks of the House, or for the opening of the next three weeks Session, and this is a subject that could not be raised.

Q. Will you come back ready to make a statement to the House, Sir?

PM On China?

Q. On your mission generally.

PM Yes, of course I will.

Q. Sir, could you tell us your itinerary?

*PM's Visit  
Overseas*

PM I understood that Reg MacDonald had given you a document setting up an itinerary in some detail.

Reg MacDonald: It's in the boxes now Sir.

27 OCTOBER 1971

Q. On the economy Sir....

*Dr. Coombs  
Pond*

PM Now wait a minute, can I finish this one. Also I've asked Mr. MacDonald to give you a list of the people who'll be travelling with me. That will be available this morning, if it's not in the boxes already.....It is in the boxes already, and I will be drawing on the assistance of Dr. Coombs - not in matters that involve him in the arts and similar matters, but as a kind of guiding philosopher, if there's any problems I feel he can make a contribution about.

Q. The international monetary crisis Sir?

PM That will be.....not I'm not going to go to any details about what I will ask him to do, but he'll be ready to give advice if I want him to give it. Over there, and with me I'll have technical experts with me, who I think are as well up in the problems of the international monetary problems as I could want to get.

Q. Sir, why are you taking Dr. Coombs specifically then. It seems very unusual.

PM Is it. I've just explained to you why I've done it and I go no further than that.

Q. Sir, who will you be seeing over there who's connected with the Arts. We haven't seen your itinerary, who will you be seeing who's connected with the Arts in America and Britain.

PM Well I didn't say with the arts necessarily, over a wide range of subjects. I value his advice very much. I've been able to use his advice to very good effect over the course of the last few months, and I'll continue to use it.

Q.. Is this going to be a permanent role for Dr. Coombs sort of a roving adviser?

PM I will be using Dr. Coombs' advice in the future to a considerable extent.

Q. Will he become Australia's Dr. Kissinger Sir?

PM I would use his advice to the maximum, and I believe I can use him in the interests of the Australian people.

Q. Will he have a position within the Public Service, or will it just be as an outside adviser?

PM He's already got a position with the various positions with the Aborigines and the Arts. That will be supplemented - he will supplement those activities. Giving advice to me when I think it is desirable.

Q. Prime Minister, it has been suggested that Sir John McEwen might take on some sort of role .....

PM I haven't heard it. I haven't heard it. ....  
Look what are we doing with this. I'm going away on a momentous visit. Are we going to turn it into a somewhat frivolous exercise or are we going to try and deal with things that are of great importance to this country. Now I want to remind you that on the last occasion that I had one, the then Chairman had to say to me that we didn't conduct them in a way that really warranted repetition. I please ask you if you want me to go on consistently giving them, can we keep them to what is relevant and what's important.

Q. Can I bring up an important matter Sir. Our correspondent in Washington reports today that President Nixon will ask you to send Australian military advisers to Cambodia to train the Cambodian Army. He also says that the Americans have secretly sounded out the Australian Government on this matter. Could you tell me.

PM To the best of my knowledge there has been no secret sounding out of the Australian Government, and I believe I would have known as soon as anyone. Secondly, I have not heard any suggestion that we would be asked to make a contribution of a training

TEAM or instructors to Cambodia. It is hypothetical, and I can't give answers to hypothetical questions.

*Return visit overseas*

Q. Mr. McMahon you've described your visit - your coming visit as a momentous visit. Could you outline to us the principle things you hope to achieve while you're overseas?

PM I've said in the first conference that I've had here, that I would not be trying to forecast what is likely to happen. In the first place, we haven't got a precise agenda for the meetings. But what I did say at the last meeting that the press have been pretty close in its speculation about the kind of event that had occurred and would establish the foundations on which discussions could take place. Both in Washington, and in London. I'll go no further than that.

Q. Mr. McMahon, do you expect that by the time you get back, Cabinet will be able to make a firm decision on the parity question. The Australian dollar?

PM I don't know. Nobody could tell you.

Q. It's a possibility though?

*International  
Currency Situation*

PM It's a possibility. Anything's a possibility. But I think you know as well as anyone that the critically important factor is for the major countries - the dominant countries in the international monetary markets at the moment - particularly the U.S., Japan, the Germans. It is critically important that they come to some arrangement as to parities which are likely to stand over a considerable period. Until these parities are established it is difficult - if not impracticable for any other country to try and establish a rate which can be continued over a long period.

Q. Can we give any consideration to a temporary arrangement between the yen and the Australian dollar pending the long term solution?

PM No, I stand by what I said in the House. There'll be no alternation to the policy decision - the policy decisions

TO DEAL WITH THIS interim phase - not change whatsoever.

Q. Are you likely to go to Japan to discuss this?

PM No, I will not have time to. I'll just have time to go to the United States, the United Kingdom and then come straight home.

Q. You'd agree that the parity question apropos the yen and the Australian dollar, is probably more important than sterling and the Australian dollar. What would be your principal mission in the UK. then Sir?

PM First of all, I've already answered the question, I don't think the critical one, or the only one is the change in parities between the yen and the Australian dollar. I don't think that it is practicable to have a solution between two countries. There has to be a general rearrangement of parities and that is what the Group of Ten and the I.M.F. are trying to achieve. But not necessarily fixed parities - there can be a greater tolerance than previously.

Q. Will you have time to Go to Brussels Sir.

PM None at all.

Q. Prime Minister, you describe your trip as momentous. Why do you use that word, why do you think it's momentous.

PM Because it's momentous in a sense that these are momentous occasions. There have been big changes in the United Nations, there's been the initiation of visits by the President to the People's Republic. He will also pay a visit to Moscow. He will be making another announcement on policy relating to further withdrawals of American troops from South Vietnam. The British are ready to enter into the European Community. If these are not momentous occasions, then other people have got differences of opinion from mine. What I will be doing is being in Washington

*Purpose of Visit*

and in London at a time when so many decisions are being made about the future course of events in the areas I've mentioned.

Q. Sir, you announced a couple of economic measures yesterday, can you foresee other measures being announced while you are away?

PM I won't go any further than that, but I would like to emphasise this. That fundamentally the Australian economy is strong. We've said it before, and it can bear repeating. That what was said yesterday was dealing with marginal problems, but directly oriented towards showing that we would take action in these areas where we thought it was desirable but above all, to establish the degree of confidence which is so essential in order to achieve the purposes set by the Budget. Confidence is the most important element we need in the community today.

*The Economy*

Q. Could Cabinet take any decisions if it felt it was necessary on the economy?

PM Of course it could. But I think they would also consult me before they took them. But when a Prime Minister is out of the country the Government of the country remains with the Cabinet.

Q. There were some new building figures released yesterday, Prime Minister. Were these brought to your attention, they did appear to be quite disturbing in that they've got a very high rate of non-residential building for the second month in a row.

PM We've already emphasised that in the H.Ouse. We knew of the trend that is occurring. But there is also outside information which seems to indicate, however reliable it might be, and I make no judgment about how reliable it is, that the phase might be starting to slow down. I see no evidence of it yet.

*Buildings*

Q. I see. Because last February I think, one of the things that the Government intended to do was to dampen down this office building by attempting to get overseas investors to consult with Treasury....nothing was done about this because it seemed to be

dying out.

PM Are you sure that nothing was done?

Q. I thought you said in the House...

PM No I didnt say that nothing was done, I said that...  
when you say that nothing was done, it depends what you mean

Q. The Government took no action.

PM That's right it took no action, because it found that it was not ~~yet~~ due in any substantial extent to overseas investment. It's purely a domestic matter. And I dont know of any easy means that you can take in order to see that in these commercial and industrial buildings that you can slow down construction too quickly. In the public area of course, as you know we severely restricted the rate of growth of the action by the States, and we have substantially restrained Commonwealth expenditure too.

Q. You're not taking any direct action therefore, as you say it's difficult to suggest one. I was just wondering if there was anything you were contemplating.

PM Well isn't it a little bit peculiar that we've heard some people say recently that there is no inflation, and here are you in one area now urging that separate action should be taken. NO at the moment it's not a matter that I can discuss in any great detail. If you want to get a more full answer on this, you should ask the Treasurer.

Q. Sir, in Washington, will you be looking at the effectiveness of the wage and price freeze that President Nixon's imposed?

PM I've been...of course we've given a lot of consideration to them. But I'd be fairly certain, other than - unless it happened to rise casually, but I wouldn't be discussing these matters with President.

Q. But you are meeting Mr. Connally though aren't you

PM I have doubts about meeting Connally, but I will be meeting other people from the Treasury, I understand Mr. Connally will probably <sup>be</sup>overseas.

Q. You're likely to discuss the effect of the 10% surcharge on imports - the effect on Australia?

PM I've said a few moments ago I'm not prepared to forecast what I might be discussing with President Nixon. I think it would be bad politics, I think it would be bad tactics to start....

Inaudible

PM I wouldn't be prepared - if I do something there, I will certainly let those members of the press who are present with me, know to the maximum I can what has taken place.

Q. In Westminster Sir, will you raise the question of the E.E.C. transition period effecting Australia?

PM I have no doubt at all that that will be one of the subjects raised.

Q. Any new proposals to put to the British Government?

PM I've said three or four minutes ago, that I will not under any circumstance try and forecast what proposals I'd be likely to put, or for that matter what the - what was likely to be said to me. I'd rather keep those until I know what the results of the discussions are, and what kind of result is likely to emerge from them.

Q. Sir, on the wage and price freeze just to clarify it. I think you said you'd considered what had been done in the States. Does that mean that you've looked at the possibility of doing it here? Has it gone that far?

PM NO.

Q. Does the idea appeal to you?

*The Economy*

PM We have a totally different system to them. As I've tried to say that if you look at the Australian position, basically our problem at the moment resides first of all around what we call wage/cost inflation. We have an Arbitration Court - they have haven't got one. And we have a constitutional restriction on our power that they haven't got. The difference between the two economies are substantial. In the Budget we took action to try and prevent - I've gone through this story before, but to prevent demand inflation superimposing itself on cost inflation. I can't go any further than that at the moment. But the Treasurer's remaining here, if you want to get any further action on the economy, and details of it, ask him. And here, if I can, I'd make one point. I am a great believer in a Cabinet System of government ministerial responsibility. I want as afar as I can ensure it, that questions of details of this kind should be directed to the Treasurer. He's well capable of being able to understand them. - not only understand them, but answer them.

Q. Mr. McMahon could you give us any back ground on why it's taken the Attorney-General's Department almost two months to decide on the legality of the Tariff Board using outside consultants? And could you tell us further if they decide that it is illegal, would the Government be prepared to legislate to make it legal?

PM

PM First, I can't tell you why the Law Department has taken so long, other than <sup>that</sup> they have been considering it for some time. It's apparently a difficult legal problem, and you'd have to ask the lawyers why. The Attorney would give you the answer I'm sure. Secondly, to the second part of your question I gave the answer in the House the other day.