

COMMONWEALTH OF AUSTRALIA

SPEECH

BY

The Rt Hon. W. McMAHON, M.P.

Prime Minister

ON

Visit to the United States of America and Great Britain

Ministerial Statement

[From the 'Parliamentary Debates', 23 November 1971]

Mr McMAHON (Lowe—Prime Minister)—I seek leave to make a statement on my recent visit to the United States of America and Great Britain.

Mr SPEAKER—Is leave granted? There being no objection leave is granted.

Mr McMAHON—The statement is in 3 parts—the United States, Britain and general matters common to both countries. I think most honourable members in this House would agree that Australia stands on the threshold of a transitional period in its development as a nation. We are living in a world in which relations with our traditional allies and friends and with the nations of the Asian and Pacific region are changing significantly. And so, having received invitations from both President Nixon and Prime Minister Heath, I believed it was wise to go to Washington and London.

It was natural that as the head of a recently formed government I should welcome the opportunity for discussions with the leaders of 2 major powers who are traditionally close friends and allies of this country. With the passage of time there is inevitably a risk that changing circumstances might erode the understandings and contractual arrangements of long standing between us and put under strain the com-

mitments embodied in them. Moreover, changes are taking place in the world strategic balance of power which are of fundamental importance to us. As honourable members know, I left Australia on 27th October and returned last Thursday, 18th November. I believe this visit was timely, successful and to Australia's advantage.

A new balance is emerging which includes the United States, the Soviet Union, the People's Republic of China, Japan and the European community, including Britain. In this situation the voice and influence of a medium power such as Australia is becoming increasingly significant. On behalf of the Government of this country, I wanted to establish close personal contact with leaders in the United States and Britain and to explore their thinking on major international issues, their attitudes to which are of importance to us. I also wanted to put at the highest level our own views on some of these bilateral and international questions.

My visit to America followed closely the United Nations vote on the admission of the People's Republic of China which created a new situation in the world body and in the Asian region. It followed Dr Kissinger's return from his second visit to Peking. And, as it happened, it occurred at

the same time as the defeat of the foreign aid Bill in the United States Senate. It came shortly before Mr Laird's visit to Vietnam and President Nixon's planned announcement of further American troop withdrawals from that country. It also preceded the President's planned visits to Peking and Moscow. My visit to the United Kingdom followed immediately after the House of Commons had voted in favour of British entry into the European Economic Community. It also preceded Sir Alec Douglas-Home's present attempt to find a solution of the Rhodesian problem. In the international economic field the world's currency arrangements are in disorder and the stability and growth of international trade are threatened.

In the United States, I had lengthy and very frank discussions with President Nixon, Secretary of State Rogers, Defence Secretary Laird, Deputy Secretary Packard, Dr Kissinger, Under Secretary of the Treasury Volcker, Chairman of the Council of Environmental Quality Russell Train, and Senator Fulbright, Chairman of the Senate Foreign Relations Committee. I also had discussions with many others including the Republican Leader in the Senate, Senator Scott; the Secretary for Commerce, Mr Morris Stans, who is to visit Australia shortly; and the Managing-Director of the International Monetary Fund and the chairman of the Export-Import Bank. All of these talks were very frank and friendly. I have returned with the firm impression that the American Administration is well disposed towards Australia. This reinforcement of our relationship at the personal level is worthwhile in itself.

An important result of my visit was the public reaffirmation by President Nixon of the continuing strength and validity of the ANZUS Treaty. President Nixon gave me an unconditional and unqualified assurance that ANZUS is as valid today as it was when it was signed, 20 years ago. The ANZUS Treaty, as honourable members will know, provides that in the event of an armed attack on any one of them or on their forces in the Pacific area, the United States, Australia and New Zealand would each act to meet the common danger in accordance with its constitutional processes. The reaffirmation is important for 3 reasons: Firstly, it was described by the President as one of the fundamental pillars

of American Policy in the Pacific, giving it a special emphasis at a time when a new balance of forces is emerging throughout the world; secondly, it was a most positive public affirmation of the Treaty following the announcement of the Nixon Doctrine which outlined new American attitudes in the Asian and Pacific region; and thirdly, it came at a time when a minority in Australia was doubting its worth and others were downgrading its importance. I should add that, in all my discussions on this subject, it was clear that we shared the view that ANZUS is more than a Treaty. It is the symbol of the close co-operation which exists between Australia, the United States and New Zealand. But more than that, in addition to providing for the annual meeting of Ministers, it furnishes a framework of practical co-operation under which there is constant exchange of information and views of the greatest importance to Australia. Senator Fulbright, who has been critical of many of America's involvements beyond its shores, also said—to use his own words—'ANZUS was different' and was a commitment of indefinite duration. None of this must suggest any easing off in our determination to strengthen and enlarge our defence capacity. We are a nation of increasing influence in the world with a fundamental responsibility for our internal and external affairs. This responsibility is ours and ours alone. But if circumstances beyond our capability arise, we know we have reliable allies.

On my way home I discussed defence strategy in the Pacific with the United States Commander-in-Chief, Pacific, in Honolulu. We spoke of the continuing danger of Communist subversive and insurgent activities throughout the region. I also remind the House of the uncompromising speech by the Chinese delegate to the United Nations on his first appearance at that forum earlier this month. We have no hostility to the great Chinese people who have contributed so much to the culture and history of mankind and we favour an accommodation with them.

Mr SPEAKER—Order! I remind those honourable members who are interjecting that there is a great deal of interest in this statement both inside and outside the House. The Leader of the Opposition is to follow the Prime Minister and I hope that he will be accorded the same kind of

reception as is given to the Prime Minister. So I suggest that honourable members contain themselves.

Mr McMAHON—But we should not forget that this great revolutionary power in Asia still holds fast publicly to its policies, including its support of National Liberation movements. We will seek to advance our own dialogue with China but, as I have said before, we will proceed with caution.

In my talks with the Secretary for Defence and Deputy Secretary Packard, who has recently visited this country, I raised the question of the security of the Indian Ocean. It was agreed that the increased Soviet naval presence does not constitute a serious threat at present to the vital sea lanes across the Southern Indian Ocean, but it was also agreed that the situation needs to be watched with care, particularly in view of the fact that the Soviet presence, of course, can be built up quickly and sustained, especially if the Suez Canal were to be re-opened. I am satisfied the United States is fully aware of the political and strategic importance of the Indian Ocean and agrees that a careful watch should be continued in this area. The United States will continue visits and transits by its naval ships and naval exercises in the Indian Ocean. They have welcomed the possibility of using facilities at Cockburn Sound and are, with the United Kingdom, maintaining a communication station at Diego Garcia.

During my talks with President Nixon and Mr Laird we exchanged assessments on the situation and the future in Indo-China. The view, which I questioned closely, was put forward that Vietnamization in both the military and the economic sense was making very good progress and that the situation in South Vietnam was much more stable and promising than seemed likely 9 months ago. I was also informed of American intentions regarding troops to remain after the withdrawal of American combat forces and on the maintenance of air and naval support for the Vietnamese forces for some time to come. I informed the President of our decision in principle to assist in the training of Cambodian troops in South Vietnam after our own combat forces are withdrawn if practicable arrangements can be made in conjunction with the other countries con-

cerned. The President and other members of the Administration expressed their appreciation in the warmest terms of our constant support and help in Indo-China. If I might digress for a moment, our hope in Vietnam and indeed in Cambodia and Laos is simply that these countries will have the opportunity to live in peace and to determine their own futures, rather than have imposed upon them, by force, unwanted communist regimes. Can anyone in this House seriously contest the sense and propriety of this objective? In essence our policy towards Cambodia, which attracted so much public interest while I was overseas, is to play a modest part through aid and training programmes in helping to give that country a chance to survive as an independent non-communist state. As I have emphasised before, there is no question of sending Australian military advisers or instructors to Cambodia. During my discussions I invited President Nixon to visit Australia at a time when it would be possible for him to do so.

The Australian Government has been giving much thought to the question of the environment. I took the opportunity while in Washington to have discussions with Mr Russell Train and other members of the council on environmental quality. From these discussions I gained valuable insights into American experience of the problems of dealing with pollution and environmental protection measures, especially in the context of a federal-state relationship. They are willing to assist and advise in this field where they have already made some notable advances. In Washington, I took advantage of the presence of the Prime Minister of India, Mrs Gandhi, to have a full discussion with her on the situation in the east of the sub-continent. After this meeting I sent another message to President Yahya Khan urging upon him once again the need to deal with the elected representatives of East Pakistan and with Sheikh Mujibur Rahman. During the discussion, Mrs Gandhi said she would welcome a visit by Australian members of Parliament to see for themselves conditions in the refugee areas.

I turn now to my visit to Britain. In London I had detailed discussions with the Prime Minister, Mr Heath; the Foreign Secretary, Sir Alec Douglas-Home; the Minister for Defence, Lord Carrington; the

Chancellor of the Exchequer, Mr Barber; the Minister responsible for the British relations with the European Economic Community, Mr Rippon; and the Governor of the Bank of England. I also addressed the Cook Society, the Confederation of British Industries and the Australia-British Trade Association. Naturally, I spent a great deal of time discussing the British entry into the European Economic Community. I started from the point that, while we had been disappointed at the terms agreed upon for British entry, those terms were now a fact and we should look towards the best arrangements we could make for the future.

Generally, I expressed the hope that Britain, having made its decision, would now use its influence to ensure that the community was outward-looking and international in its approach, that it should be flexible in its approach to world trade, rather than regionally exclusive in its attitude. I also pressed strongly for assurances that during the transitional period the British would adopt as helpful an attitude as possible to Australian commodities affected by the British entry. I was assured by Mr Heath, Sir Alex Douglas-Home and Mr Rippon that Britain would use its influence to see that the European Economic Community adopted an outward-looking policy. The point was made to me that Britain depended heavily on its trade and, consequently, the widest area of multi-lateral trade and payments was a source of strength. The point was made to me also that a weak Britain would be of little use to its old Commonwealth friends. A strong Britain within the EEC would be of value to countries like Australia. Mr Rippon also explained fully the inclusion of a clause in the entry agreement that if imports of an agricultural commodity subject to import levies were seriously affected or likely to be affected by British entry, either Australia or Britain would have the right to raise the matter before the commission.

Assurances—the value of which admittedly can only be fully tested in time—that Britain would, during the transitional period, be ready to discuss on a commodity basis those commodities likely to be affected by British entry into the Common Market, were reaffirmed to me. The point was also made to me that it

would be desirable for the industries concerned to be active in presenting their cases themselves. I urged upon British Ministers the need for the EEC to adopt measures to ensure that the exports of tropical produce from Papua New Guinea are in a no less favourable position than those from other developing countries which are to receive special treatment. Notwithstanding that Papua New Guinea is still a trust territory, the British are hopeful for early progress towards agreement on this matter. I should tell the House that I questioned repeated assertions that although the United Kingdom is to enter the Common Market its bilateral relationship with Australia would not change. I can report that I was assured by Britain's Ministers that there was a pervasive desire to maintain the closest possible co-operation with Australia.

During my talk with the Chancellor, I raised with him my concern that the voluntary restraint on the movement of British capital to Australia should not be maintained, while, at the same time, movements of capital were liberalised in respect of the EEC countries with consequent disadvantage to the traditional flow to Australia. Members will be glad to learn that I received an assurance of the fullest consultation and co-operation before any decisions are made. When Britain enters the EEC she will be creating a situation in which her longstanding trading preferences in the Australian market will come to an end. These foregone preferences will be available to us for bargaining purposes. Our policy in any negotiation of new arrangements will be based on recognition of the principle that trade, to be successful in the world of today, needs to be multi-lateral. In my discussions with persons involved in commerce and industry, I repeatedly emphasised the point that, despite some problems, our economy was fundamentally sound and that we could look to a long-term annual growth rate of around 5 per cent or more. These views were generally well received and British interests with whom I discussed the matter continue to regard Australia as a country of promise and a suitable place for British investment. Mr Heath and I agreed—and this was followed up later in my talks with the Minister for Defence and the Foreign Secretary—that even closer consultation and communication should be effected between

the two Governments. This included strong confirmation of the policy that the British and Australian High Commissioners should have, when needed, immediate direct access to the respective Prime Ministers. At the same time, we would take the opportunity to step up our direct contact with other EEC members and strengthen our representation in Brussels.

I had useful and wide-ranging discussions on defence matters with the British Prime Minister, the Minister for Defence and the Foreign Secretary. I was assured that the Heath Government intends to maintain its political interests and defence commitments in South East Asia. We reviewed the five-power defence arrangements for assistance in the defence of Singapore and Malaysia. The signature of the new arrangements on 1st November reflects the readiness of the Heath Government to make a contribution to the security and stability of our region which is both welcome and timely. I am aware that the British Government is actively considering, with other Governments in the five power arrangement, further areas of co-operation in the defence field. There was also a close identity of views on the security of the Indian Ocean. I was left in no doubt about British concern for the implications of the Soviet naval influence in the area.

Mr Heath indicated to me that his Government intends to maintain a naval presence in the Indian Ocean. This reaffirms his statement to the conference of Commonwealth Heads of Government in Singapore last January. We also had useful opening discussion directed to increasing defence co-operation in the Indian Ocean area and work is proceeding on proposals about improved procedures for co-ordinating resources and surveillance. I was given a survey of the situation in Western Europe, including NATO and was informed that Britain would maintain its commitments to SEATO, in which it still sees, to use their own words, itself as a 'full partner'.

I want to turn now to some of the matters which are common to my visits to America and Britain. As a result of my visit, the Australian Government now has a deeper appreciation of American and British thinking on a wide range of international issues of importance to us, such

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as: The British entry in the EEC; the future of China and Taiwan; the future for Vietnam and Cambodia; the Soviet presence in the Indian Ocean; overseas trade; President Nixon's forthcoming visits to Moscow and Peking; the international monetary situation; and the Rhodesian situation. For our part, I was able to give American and British Leaders a clearer picture of our Government's thinking on the role we expect to play in the Asian and Pacific region. And to emphasise that, while we are a dependable friend, we shall make our own independent judgments based upon our own national interests.

I also took the opportunities available to me in my discussions to emphasise our changing role in a changing world. I emphasised the need to take full account of Japan in the emerging balance between the United States, China and the Soviet Union in North Asia. I emphasised the role we were seeking to play in regional economic co-operation and regional defence co-operation in South-East Asia. I also emphasised the importance of a stable and peaceful Indonesia in South East Asia and the weight we give to our relations with that country. I believe the administration in the United States, the Government in Britain and leading representatives of the media in both countries now have a greater awareness of Australia—as a country of stability and increasing influence in the South East Asian region. I believe, too, that they may now be more conscious of the importance and vitality of Japan and Indonesia in the Asian region.

Before I left I had been concerned for some time to find that, perhaps because we are so far from North America and Europe, ignorance about Australia and misunderstanding of some of our policies are still quite widespread in these areas. For these reasons, I talked in New York over 2 special lunches to the editorial writers and correspondents specialising in Foreign Affairs of 'The New York Times' and of the Time Life Incorporated. A member of my party did a similar briefing on Australia's role in South East Asia for The Washington Post. In London, at a similar lunch I was able to speak to the editors of nearly all the main newspapers published in England. I believe this was worth while in focusing the interest of leading opinion formers in the media in the United States

and in Britain on Australia and its prospects and policies. My mission also received considerable public notice in the media of both countries, particularly in the responsible Press. And I think this, too, served to project Australia effectively to the man-in-the-street.

I turn now, Sir, to the international currency situation, a difficult, unresolved problem for us all. I discussed the situation with the President and members of the Administration in Washington—with the Prime Minister and senior Ministers in London—and with high officials and trading and financial interests in both countries. In both Washington and London I emphasised that Australia wants an early resolution of the present impasse as being a matter of the greatest importance for the whole trading world.

I pointed out the impact which the United States import surcharge and the uncertainty about exchange rates has had on the market for some of our products, including wool. I mentioned the charges that temporary expedients could harden into dogmas and that a widespread slowdown in economic activity could result. Unless there is an early, sensible and adequate readjustment in trade and currency arrangements, competitive devaluation could occur, and increasing protectionism in trade develop, with a consequent threat to economic stability and growth around the world. I stressed, particularly in the United States, the indirect implication for Australia of any sharp check to economic growth and trade in third countries, such as Japan, as a result of the United States' measures. There were dangers in isolating Japan, which has to be seen as a country finding a new role in the world, and particularly a role in the economic development of South East Asia. I have made it clear that, in relation to currency matters, Australia reserves its position. We will take our decision when any realignment is settled. Our decision will be based on the interests of the Australian economy and the Australian people.

In America I urged on the Administration the need to remove barriers in the

way of world trade in agricultural commodities, and raised at the highest level the problems we face in our attempt to export Australian wool and meat to the United States. These discussions were followed up at other levels. There are good grounds for believing that the United States is seeking ways of being helpful to us in respect of both wool and meat.

Sir, in concluding this outline, I think it would be appropriate to say something about Australia and where we stand today. I believe that my visits to New York, Washington and London did something to project Australia to a Britain, which is becoming increasingly involved in Europe, and an America which is subject to varying degrees of pressure to withdraw from its overseas involvement, and to remind them that they have in the southern hemisphere: A vigorous, like-minded but independent friend; a country of great prospect, of influence and stability in the South East Asian region; a country willing and able to make its contribution to a secure and stable Asian and Pacific area increasing in economic strength.

I pointed out that we have our problems—such as inflation and the state of some of the rural industries—which we must solve but, at the same time, our friends should not lose sight of the fundamental soundness of the economy and the great promise of this country. For our part we should concentrate on representing Australia to the world as a tolerant, stable, healthy member of the international community—increasing in size and strength as it develops, but threatening no-one. I attempted to do this during my tour.

In short I emphasised that we in the Government will direct our energies to building a greater Australia based on self-confidence, determination, co-operation, and a vision of an unlimited future. Mr Speaker, I recommend that this statement be studied by members of the Opposition. I lay on the table the following paper:

Visit to the United States and Britain—Ministerial Statement, 23 November 1971.