

MONDAY CONFERENCE - 30

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THE RIGHT HONOURABLE WILLIAM McMAHON, M.P.

Prime Minister of Australia

IS ON CAMERA WITH

ROBERT MOORE, ABC - Executive Producer and Programme Anchorman

ALLAN BARNES - Canberra Correspondent of "The Age"

RICHARD CARLETON - Canberra Correspondent of "This Day Tonight"

DAVID SOLOMON - Political Correspondent of "The Canberra Times"

ROBERT MOORE: The Right Honourable William McMahon, Prime Minister of Australia. Mr. McMahon was elected Leader of the Liberal Party in March of this year. He's been a Member of Parliament since 1949.

Tonight, on MONDAY CONFERENCE, the PRIME MINISTER.

Good evening. Next year, some time, there'll be a general election. Many people have an opinion about when it will be and what the result will be, but the man whose opinion really matters is of course the Prime Minister. Mr. McMahon will have the final say as to when the election will be held and it will be his judgement, more than anybody else's, which will be vindicated - or not - by the result. Mr. McMahon has recently returned from discussions on foreign affairs and related matters in the United States and Britain, and last week his Government survived a vote of no-confidence on its handling of the economy. Well those two subjects, foreign affairs and the economy, are very much bound up with the next election.

To question the Prime Minister:

Allan Barnes, Chief Political Correspondent of "The Age";

Richard Carleton, Canberra Correspondent of "This Day Tonight"; and

David Solomon, Political Correspondent of "The Canberra Times".

Prime Minister, on Monday Conference at the end of October, Senator Gair said that the economy would be the paramount issue at the next election. Last Week, as I've said, there was a no-confidence motion in your Government's handling of the economy, and in the last few days you've been subjected to a very strong attack in a number of newspaper editorials about the economy. In the light of this, do you see the next election being fought on the economy?

PRIME MINISTER: No I don't. I think there are a number of issues on which we'll fight the election. The basic one, I believe, will be defence and security. Then of course there will be the economy, there will be the problem of industrial law and public order. There'll be the problem relating to our immigration programme and many other problems of a similar kind.

MOORE: Prime Minister, could I ask you this then? Are you suggesting that one reason why the election won't be fought on the state of the economy is that you will delay an election until the economy is in a much healthier state?

PRIME MINISTER: Well, I'm not going to give you any help at all as to when the election will be held, but I can assure you your guess isn't right.

MOORE: Could it be in March?

PRIME MINISTER: It could be later than March. I haven't made up my mind, so that it's not much use you probing me as to date. You won't get any help.

ALLAN BARNES: Prime Minister, Mr. Snedden on this programme some... a couple of months ago, said that he thought the economy would not be an issue against the Government if the election was held at its normal time, the end of the year, implying that he thought the Budget strategy would work through and the economy would settle down. You seem to be taking a similar line. Would that be appropriate?

PRIME MINISTER: I'm not taking any line about the date of the election, and I told Mr. Moore that and I'm not going to help you either.

RICHARD CARLETON: Prime Minister, what sorry.

PRIME MINISTER: The simple look, I wonder if I could finish, because if I am asked a question I think there's a responsibility to let me answer the question in full, rather than get interrupted half way round. So if I want to answer your question completely I agree with what Mr. Snedden said about the date of the election - if it were held late, the economic issue would not be a real one. But after all, I feel confident about the way the economy is going now, and the way in which we were able to virtually annihilate the Opposition on Wednesday, as you well know, was a clear indication that we're handling the economy pretty well by world standards too, and I think we'll go on handling it exactly the same way between now and the time we hold an election, no matter when it might be.

BARNES: The day after you annihilated the Opposition in that censure motion, however, you did take measures to correct the unemployment situation in the country. Does this indicate there may be more measures in the pipeline?

PRIME MINISTER: Well, we took those ... the decision had been taken beforehand but I couldn't ... I felt first of all it was inappropriate to mention the measures during a no-confidence motion, and secondly I had to let some of the States ... or virtually all of the State Premiers know first.

So that was the reason why I didn't mention it then but I've made clear over and over again that if we find there is some difficulty emerging then we will take action to either prevent it or to introduce remedial measures. We won't hesitate. We did it in the case of nursing home attention, we did it in the case of rural unemployment, and we'll do it whenever else we think that a need has arisen which we feel demands or requires action.

BARNES: The question of unemployment is however one of the primary ones worrying you at the moment, surely?

PRIME MINISTER: Yes, it is. It is one of the primary ones. But I don't want you to forget for one moment that the dominant one is inflationary pressures, due fundamentally to the wage-cost squeeze. So they are two, but they are virtually the same because unless we solve the inflation pressure then in the long term we create great troubles for ourselves in unemployment.

MOORE: Prime Minister, could I ... sorry ... interrupt just for a moment. In the short run, on this very point, does the Government's attack on inflation depend on there being less than full employment? In the short run.

PRIME MINISTER: Not necessarily, no. Our policy is one of combating inflation, at the same time getting a fairly good growth rate - and I hope you'll ask me questions about this later - and at the same time keeping unemployment to a minimum. Those are our goals and I think we've got reasonably good prospects of keeping them.

BARNES: How would you define a minimum, Sir?

PRIME MINISTER: No, I wonder if I could get a little bit of coherence rather than everyone coming in and stopping me from giving a complete answer. That's what I want to do, because there are a lot of viewers and they're entitled to get the full answer, so please, which one is the next one?

CARLETON: Mr. McMahon, let me ask you what are the factors that are going to weigh in your mind in deciding in favour of an early election or putting the election off until the ... say the end of next year?

PRIME MINISTER: I've answered that already Mr. Carleton.

CARLETON: You haven't mentioned the factors.

PRIME MINISTER: Yes I've would I give away whatever advantages I had of surprise? Would I commit myself at this early stage? Of course I wouldn't, and I won't do so.

CARLETON: Well, I think it's fair to ask you Sir

PRIME MINISTER: Well I don't think it is; well it might be fair, but it's not reasonable. When I feel that an election should be held and is in the interests of this country then I'll make my mind up, but at the present time I haven't made up my mind and consequently I feel that this is not an occasion when I could give you a finite answer to the question you've put to me.

CARLETON: Well what's the attitude of the Country Party towards an early election?

PRIME MINISTER: They haven't discussed it with me.

DAVID SOLOMON: Prime Minister, on the question of the economy, could you give us an indication of how high you expect unemployment to go in the next few months, when school leavers will be a real problem.

PRIME MINISTER: No, I couldn't give an answer to that question, but what I can say is the numbers today are just a little above the 15 - year average. But we have certain problems we have to deal with and the main one is that over the next few months, in fact from the last two weeks in November right through to January, we have 190 thousand school leavers, and people who've passed their tertiary education - 190 thousand; and under the economic conditions in which we live, particularly the matter of overseas... problems of overseas parities in the international exchanges, the difficulties associated with the rural economy, industrial indiscipline, we have a set of circumstances that we've not previously had to face, so anyone wanting to make up his mind and give precise figures is, I think, looking into the crystal ball and not being realistic.

SOLOMON: Sir, some of the economic conditions are those of the Government's making, in terms of the last Budget - the restriction on public service employment for example; the limitation on the amount of money that the Commonwealth was making available for works. Are you convinced that these are the right measures at this time.?

PRIME MINISTER: I've said that I believe that whenever it is necessary for us to take any remedial or preventive action, we will do so ; so of course to deal with the first part of your question, when I saw that Public Service recruitment was not as high as the approval we'd given for the whole of the Budget year, I asked that it be corrected and that we adopt a liberal policy about it. Similarly too, I took other action, so far as it related to the rural unemployment. Just prior to that as you know, before I went away, went overseas, I had a look at the interest rate policy, and on bonds ... we reduced interest rates over the whole range. Those were but just some of the measures that we took and of course we look at other lines of action that we feel may be helpful and when we think a change is necessary, I can assure ... again I assure you we'll take the measures.

MOORE: Prime Minister would you see the state of our primary industries as being the most permanent weakness in our economy at present?

PRIME MINISTER: It depends which part of the primary industries you're talking about, and if you're looking at the problems of wool, I think that this is a long term problem that we have to handle and if I can make this one comment, a commendatory comment - the fact that we've had a growth rate this year, or will have a growth rate of something like five per cent, despite the fact that the price of wool has fallen so dramatically and sharply, is I think, a tribute to the resilience of the Australian economy, and I believe the energy and the industry of the Australian people.

MOORE: Does the Government have a long term strategy to get those farmers who must leave the land off the land ? Are you working on it at that level :

PRIME MINISTER: We had an immediate and then a long term problem. The immediate problem was this, that because no-one could forecast what the price of wool would be at the opening or during the season, and because we had to keep up the income flow during this year, we had to take immediate steps; first of all to give as it were subsidy to the wool producer, and secondly to permit the Commission to buy in wool if it was thought necessary to sustain the price. But even at the last Budget time we had a look at the long term prospects as, for example, taking people off the land, giving long term finance and farm reconstruction, and now we have appointed a committee under Sir Richard Randall, the former permanent Head of the Treasury, who will be able to recruit a large proportion of his own staff, and will be assisted by senior representatives of other Government departments, and we hope he'll put up long term answers to us, or recommendations to us, by the end of March next year.

MOORE: Do you in fact see a lot of people leaving the wool industry in Australia ?

PRIME MINISTER: Yes, I do, I do; and in fact when we first looked at it at Budget time this year, we thought that there were at least between eleven thousand and fourteen thousand who should be withdrawn from the industry.

CARLETON: Prime Minister, have you made an in-principle decision not to continue the wool subsidy in next year's Budget ?

PRIME MINISTER: Not an in-principle decision, no, but we have said we will not again give open-end commitments, either to the deficiency payments, or - and that is of course the subsidy - nor will we give unlimited authority to the Commission to buy in wool. But everything will depend upon... first of all upon the facts as presented to us by the Randall Committee and our analysis of conditions as they exist at the time we have to make the decision.

SOLOMON: In last year's Budget, Sir, your Government gave a thirty million dollar grant for special aid for woolgrowers which was going to be for one year only, and this year the budgeted amount for special assistance on a one-year scheme was sixty-million, and it looks as though that'll probably be 120 or 150 million. Could you give us some indication of the amount of money that the Government would be prepared to commit in future years ?

PRIME MINISTER: No, I couldn't give that. We haven't thought of it yet because, as I said to you, we've just appointed the Randall Committee, and I think it'd be wise for us to wait until the Randall Committee has submitted its report before we make up our minds.

BARNES: On the general economic question, Prime Minister, your predecessor, MR Gorton, in speaking in the censure motion last week, suggested some form of variation of a wages and prices freeze. Does this appeal to you ?

PRIME MINISTER: Not very much, n, because I don't think it's practicable in Australia. We have no constitutional power to control prices. Under the arbitration part of the Constitution, that part of the law of the Constitution, it is the Arbitration Commission that has the power to determine official awards and consequently sets the pattern for wage rates throughout Australia. We haven't got that power.

BARNES: On the short.... I'm sorry Sir.

PRIME MINISTER: No in the long run. On any run. But in any event one of those parts of the recommendations of the group of ten who ...the ten economists who made some recommendations to us last week ...I think the one part that I would agree with was that in Australia an attempt to control wages, prices, is a pretty difficult proposition and is rather apt to lead to a misappropriation of resources and create bottlenecks rather than find real solutions.

BARNES: President Nixon applied this only for three months - the Ninety Day Freeze. Couldn't you do the same thing by using your taxing powers without the necessity for a Constitutional.....

PRIME MINISTER: I doubt it, I doubt it, but in any event that would be a very long term measure to introduce taxing powers. Nixon fortunately had the power to do it, but I wonder even in his case, I wonder how long it'll be successful for, and in any event our problems are nowhere near as serious as theirs.

BARNES: The problem as I see it... I'm sorry, I just wanted to follow this up... the problem as I see it is that the Commonwealth will go before the Arbitration Commission and either recommend no increase whatsoever in the National Wage Case, or a minimum increase, and... but you leave yourself open to the criticism that you're not doing anything about profits or prices. Surely this shows up an inconsistency and surely the Government needs to use some powers to balance the picture in the minds of the workers ?

PRIME MINISTER: Well on the facts, and the facts are important, let's establish them; I think you'll find that average earnings went up between thirteen and... well about thirteen per cent in the corresponding period of last year, and that was mainly due to Arbitration awards, but... not awards, but agreements that were made outside the Commission, and that was the basic cause of our problem. But profits did not go up substantially at all. In fact they went up to a minimal extent and they have slightly increased in the corresponding period of this year as compared with last year ; so we haven't got the problem of profits rising in a way that is completely unacceptable. But that doesn't touch the basic problem; the basic problem is how to be successful, and I doubt whether under Australian conditions we would be able to introduce a system of income controls, whether it was on wages or on profits. But there are two ways in which we can go about this. The first one relates to the Arbitration Commission. There of course we were willing to intervene in the Metal Trades case, but an agreement was made outside the Commission and we were not able to put arguments. But we did intervene in the carpenters' case, we did in the annual leave case, and we did, as you know, also intervene in the national wage case. Secondly, if we felt that we really wanted to take action so far as profits are concerned, we've got the taxation mechanism, and when we looked at profits we realised that wasn't an angle that needed immediate attention. So we can do something, but I don't think it is the answer to the problem. The real answer to the problem of inflation is trying to dampen down the conditions that are favourable to inflation and that is create conditions when people can write into their prices any awards that might take place, or over-award payments, or the losses that can occur because of industrial indiscipline.

MOORE: Prime Minister, do you read into Sir Richard Kirby's report on the Arbitration Commission a warning against the Government taking stronger action in industrial relations ?

PRIME MINISTER: No, but you put me in a very difficult position here because Sir Richard has written to the Government over the last few days protesting about the way in which his report had been presented to the public, so that on Tuesday either the Minister for Labour and National Service, or myself - I hope the Minister for Labour and National Service - would in one way or other have to read out the protest of Sir Richard. I think it's a pity, a great pity that he's been misrepresented in the way he has been.

MOORE: Does the Government in fact intend to adopt a tougher industrial relations policy?

PRIME MINISTER: Could I go back first of all to Sir Richard because I think he is ... as I said he has been misrepresented. I've known Sir Richard for a long, long time. I was Minister for Labour and National Service for eight years and I knew him before then and I know he would never be critical of a Government for what it did in its legislation. He thinks of himself as there to administer that legislation and to have the arbitration in the legislative context and wouldn't present a view of the kind that he's been represented as presenting. Then the other part of your question

MOORE: Well, does the Government intend to adopt a tougher industrial relations policy?

PRIME MINISTER: Again, it's been made plain that my colleague, the Minister for Labour and National Service, will be making a statement next week on the Government proposals relating to arbitration. It will be a comprehensive review of the whole of the Arbitration processes and procedures. We've been working on it now, I believe, for very nearly seven months, and we completed our final review of it on Thursday of this week. I don't want to, as it were, get into his jurisdiction. I think it's appropriate and proper that I leave him to explain his own case on Tuesday or Wednesday. But this I can say to you. It is a thorough-going review, it is one that will cover many aspects of arbitration, and we will not introduce a Bill on this occasion, but we will put down a paper that will open up the way for others to see what we propose, and so that they will be able to present their arguments, whether it's the A.C.T.U., the trade unions, whether it is the industrialists or the commercial interests, they'll be able to say well look we don't like this, we think a different sort of an approach should be made. So we hope for wide-spread debates, widespread discussion, but we do hope it'll be the beginning of a process that we can have another look and a better look at industrial law.

MOORE: So there won't be legislation coming

PRIME MINISTER: No, no, it'll only be a statement and the legislation will not be brought in, a Bill will not be brought in, until the next session.

SOLOMON: Sir does Sir Richard's statement, in this letter, counter his own statement in his report that he thought that improvements in industrial relations are more likely to arise from changed attitudes from the employers and the trade unions, than mere Acts of Parliament?

PRIME MINISTER: Look there are several points on which he's made a complaint - at least six, and probably more. I don't think that one is isolated by him, and I don't think it is referred to, but I couldn't be sure.

SOLOMON: No, he put that as a very strong view in his report.

PRIME MINISTER: Yes, well, I too believe that one of the remedies is better relationships between employer and employee. To that extent I do agree with him.

MOORE: Can we turn to foreign affairsI'm sorry can we move on to foreign affairs now for a while, and I we do have to begin with the conflict between India and Pakistan for the moment anyway. How serious do you see that conflict?

PRIME MINISTER: Very serious, and very regrettable because I don't think either country can really afford to get involved in a war of this kind and of course there can be too great a loss of life that was avoidable. I did write, or make diplomatic representations to Yahya Khan, President of Pakistan on at least four occasions; I spoke to Madame Gandhi's representatives, and I wrote to her too. I just feel it's something that we all hoped we could avoid, particularly amongst two members of the Commonwealth; but they've declared war now, it's in the hands of the United Nations I believe, and my colleague, the Minister for Foreign Affairs, has made a statement and again, this is within his jurisdiction and I don't want to add anything to it tonight.

MOORE: Prime Minister, I'm sorry, could I?

PRIME MINISTER: Yes, you can.

MOORE: Could I ask you, what did President Yahya Khan say in his replies to your letter?

PRIME MINISTER: He didn't give one.

MOORE: He didn't give you a reply?

PRIME MINISTER: No.

BARNES: There was a suggestion

MOORE: Are you disappointed in that?

PRIME MINISTER: Yes, very disappointed. Other countries have done exactly the same. Some have got a rather sharp response, an unfortunately sharp response. We hope that there can be an agreed solution, but it is an extremely difficult problem and the big nations, the more powerful nations, must all get together to see if they can try and get an agreed solution between the two.

MOORE: Do you see it possible for Australia to play a significant and special role in this kind of conflict?

PRIME MINISTER: No I don't. I think this is will be basically between India and Pakistan, and I only hope that they'll see the light and that they'll start to negotiate now. But I don't see an immediate prospect of that happening. But I don't think the great powers either would be able to influence them to any great extent.

BARNES: There were reports from New York when you were there Sir, that you were contemplating actually going to India and Pakistan on your way home from London, and then later it appeared that you'd either abandoned it or been dissuaded by your talks over there. Is that correct?

PRIME MINISTER: I didn't know of any reports whilst I was in either Washington, New York or London. But before I left, some of the Press Gallery in Canberra suggested to me that I should go to Pakistan and to New Delhi. I knew I could not go to New Delhi because Mrs. Gandhi would be in Washington at the same time as I was there and if I went to Rawalpindi, if I went to Pakistan first and then didn't go to India, I think it could create greater troubles than I wanted. And in any event I also decided whilst I was in Washington that I would write another letter to the President of Pakistan. We did all we could, and other nations, particularly the United States and the United Kingdom, have done all they could, in order to minimise, even to avoid, a war breaking out between the two countries. They feel the same as we do about it.

BARNES: Prime Minister, could I move the discussion a little further south. The main area of debate recently has been regarding the Indian Ocean, in Australia. How seriously do you view the presence of some Russian ships in the Indian Ocean, from Australia's point of view?

PRIME MINISTER: Not at the moment very seriously. The real problem arises from the fact - and this hasn't been made clear before - but the real problem arises from the fact that now, the Soviet has taken an interest in the Indian Ocean. Until a few years ago she'd had no interest whatsoever. The second important fact is that at least at the moment her naval forces are concentrated in the west and the north, mainly around the Suez Canal, Red Sea and the Gulf area, and secondly, they are able to mobilise and to add to their naval presence very quickly. It is this that is the cause of worry to us, and of course, none of us know what the future is likely to hold, particularly the relationship between the People's Republic of China and of the Soviet, so we must remain constantly aware of the dangers, we must be ready to build up our own defence capabilities - steadily build up our defence capability - and try and ensure that our allies have the same approach to the problem of the Indian Ocean as we have.

BARNES: Haven't the Americans in fact played it down in rather low key? I think in your report to Parliament you said that Mr. Laird, particularly in your talks with him, had indicated that America didn't see it as any sort of a threat whatsoever. There seems to be some conflict between the attitude taken in the Australian Parliament and by our major allies.

PRIME MINISTER: I don't think you could put it in quite that language because in my talks with Mr. Laird he recognised the difficulties in the ability to build up - for the Soviet to build up its naval presence fairly rapidly. But they have problems, not only with the Administration but the problems they have with their Senate Foreign Relations Committee, so they're not prepared to be too outspoken about this problem, but they understand the problem in exactly the same way as we do. They've indicated that they will use, if it's necessary, Learmonth and Cockburn, that's the naval base at Cockburn that we're building; they're establishing a signal station at Diego Garcia; they've indicated clearly that they will have voyages there, missions there by naval presence, and as you know only recently they had a carrier and a support crew, support ships, travelling around the Indian Ocean. They know the difficulties. But just as importantly the British know the difficulties that exist too, and whilst I was in London, Mr. Heath gave me the clear assurance that what he said in Singapore about Britain maintaining a presence in the Indian Ocean would be confirmed, and it was confirmed. They are interested in the Indian Ocean as a great trading area, as an area that is necessary for them to live by, and they'll keep a presence there too.

BARNES: Is it worthwhile us spending eight hundred million on a fleet of ships to patrol the Indian Ocean - the light aircraft carriers, the light destroyers I'm talking of now.

PRIME MINISTER: Up until the moment I have no proposals before me from the defence machine as to the size of the presence they would like in the Indian Ocean. Until I get a submission from them I couldn't give you an answer to your question.

MOORE: Prime Minister - I'm sorry - what has happened to the study group that was set up at the Commonwealth Conference in Singapore at the beginning of the year?

PRIME MINISTER: It's wasted away.

MOORE: It's wasted? Well are you sorry about that, or glad to see it go?

PRIME MINISTER: No I think it would have been a failure. When I was in Singapore I felt it would not succeed and it hasn't succeeded. We have said we were willing to participate if necessary, or to give whatever help was necessary, but we also believe that political problems would intrude and would superimpose themselves on the analysis, and it was only analysis that was to be attempted. I think each country itself has got to make up its mind what the problem is, and take whatever action it thinks is in its best interests.

CARLETON: Prime Minister, can I take you up to Vietnam. The Government's position seems to be that the position in Vietnam has improved to the degree that we can now withdraw all our troops. If the situation in Vietnam was to deteriorate next year, could our troops go back?

PRIME MINISTER: I stated in the House we have no intention of sending troops back to South Vietnam. I stand on that statement.

CARLETON: No matter how much it deteriorates?

PRIME MINISTER: I would not commit myself on a hypothetical question as to what might happen if there were completely changed circumstances, but I believe, and I state this as a belief, that the probability, or the possibility, of sending any troops back is extremely remote.

SOLOMON: Sir are you concerned that the Democratic Labor Party has not seen great merit in your statements on your return to Australia, regarding defence?

PRIME MINISTER: The Democratic Labor Party is also a political party, and of course it has to play the game politically, in the way it thinks suits its best interests. That doesn't mean to say that they've got necessarily grave doubts about our defence posture, and what we intend to do. What it does indicate is they'd like to see us doing much more because that is the kind of policy on which the Democratic Party must succeed.

SOLOMON: Are you going to accede to their demands?

PRIME MINISTER: I will not make any forecasts about future policy. I respect the Democratic Labor Party but that doesn't necessarily mean that because I'm asked a question at a conference, however important this one might be, when I'm asked a question I immediately give an answer on what is a high level political and policy decision.

BARNES: You were to the Defence Minister, Mr. Fairbairn, was to have made a statement to the House during this session - he's now said it won't be made - why have you postponed this if defence is so important to you?

PRIME MINISTER: I gave instructions that I wanted a White Paper prepared because we first of all had a strategic appreciation - that gives the global picture of the dangers of warfare, whether of a general kind, a limited kind, or insurgency or subversion. It was pretty reassuring and said we couldn't expect global or even limited types of warfare during the next decade; but I pointed out at that time that I felt that we also needed, based upon that strategic review, something to do with the size, the structure, the disposition and role of the Australian military forces, and I asked that a White Paper be prepared for presentation to the House. The Defence machine tell me they can't do it in time, that you can't make instant coffee decisions and we have to wait till somewhere about February. Regrettably I have to wait. I'm sorry about it, but that's the answer.

BARNES: I thought the idea of Mr. Fairbairn wanting to put down a statement, during this session, was to give these defence planners a bit of time to work out their priorities, instead of the usual scramble for money in a pre-Budget period, when everyone's in for, whatever, guns and boats. Aren't you defeating this by not giving them some guidance now?

PRIME MINISTER: No, it was my own idea and I believe it's based upon normal Cabinet or Government practice. I wanted a document setting out the role, composition and size of the forces, and therefore the way in which they should be equipped and manned.

But they told me - Mr. Fairbairn himself told me - that they could not do it in time. That is the reason, there isn't any other one.

MOORE: Prime Minister, how close are we to recognising China?

PRIME MINISTER: I can't tell you because it's in the hands of the Chinese.

MOORE: Why do you say that?

PRIME MINISTER: Because we opened up, or wanted to open up a dialogue with them. So far as we're concerned we permit our people to freely go to China and to come back. Subject to security requirements, any Chinese can come to Australia. We trade with them freely, other than in strategic goods. We welcome cultural and scientific exchanges, and I did say, I think you know one of the first speeches I made as Minister for Foreign Affairs, largely as a result of my own initiatives, that we would want to open up a dialogue with China as soon as we could. And we thought, quite frankly, that we were on the way to some sort of success, but the Chinese act in their own inscrutable ways, and suddenly they cut off, without rhyme, without reason, and we don't know when they're likely to resume them again.

MOORE: In your Department's discussions, does the Government of Taiwan still claim to be the Government of China, or has it recognised reality?

PRIME MINISTER: I can't answer that on behalf of the Taiwan Government, but our attitude is a clear one. The de facto control of continental China resides in the Peking Government, that's the People's Republic. De facto control and jurisdiction in Taiwan resides in the hands of the Taiwanese Government. So consequently we don't recognise the claim that is made by Taiwan to jurisdiction over continental China.

MOORE: Can we turn, just back to defence for a moment. What ... again what is the present status of the Jervis Bay nuclear power station? Is that.....

PRIME MINISTER: That's postponed for the time being. I haven't heard of it since the statement was made by my colleague, the Minister for National Development.

MOORE: But in principle, do you see the need for Australia to be prepared to be able to make nuclear weapons if it needed to?

PRIME MINISTER: That is a question I as you know I couldn't answer, because as you know, we have signed, or we have initialled I'm sorry, not signed, the document of the United Nations relating to nuclear weapons and while we haven't ratified it - we've kept that in abeyance because other countries haven't ratified it either - yet we are keeping well up with nuclear developments, particularly in the industrial world, and that of course would help us if ever in the future we had to make up our minds which way we wanted to go.

MOORE: But you don't see it as a matter of urgency?

PRIME MINISTER: I don't.

BARNES: Prime Minister, could I open up the area of politics, domestic politics? Mr. Killen, your former Minister, the former Minister for the Navy, gave notice I think a couple of months ago that he wanted a special meeting of the Parliamentary Liberal Party this session to decide the issue of an elected Ministry or otherwise. Do you intend to hold that meeting this week?

PRIME MINISTER: I will hold it as soon as I can, probably this week.

BARNES: What is your attitude towards an elected Ministry?

PRIME MINISTER: I'll reserve my statement about an elected Ministry until I have to discuss it in the Party room, and I will listen to what they have to say, but hitherto I've been opposed to an elected Ministry.

BARNES: Are you concerned about Mr. Killen's approach to this as maybe damaging your position as Prime Minister, the traditional role of a Liberal Prime Minister of being able to choose his own Ministers? Does it concern you that this may be damaged by the adoption of an elected Ministry?

PRIME MINISTER: No I don't think that, but in any event, because I want to discuss it in my Party room first, I believe that's the place where my opinion must be expressed, and I think that it would be imprudent for me to openly discuss it before I let my Party know what I thought.

SOLOMON: Sir are you concerned about criticism which Mr. Killen has been making of you and the way you've been handling yourself as Prime Minister?

PRIME MINISTER: I will not discuss any of my colleagues publicly. I've stated over and over again that I believe in fighting on issues and on policies, and relying on the public approval for what we do and the way we comport ourselves, and I will not under any circumstances discuss Mr. Killen or his views, or for that matter, any other of my colleagues and their views.

SOLOMON: Do you think that things which people say within your Party can be of political damage to the Party?

PRIME MINISTER: I think they can be of political damage. Yes of course they can be. But I think if you look at the recent Gallup ratings, including the one in "The Age", "Sydney Morning Herald", I think you can see that our ratings are going up nicely and I think better than most people would have predicted, and in any event I believe that there's been too much exaggeration about the extent of the difficulties within my Party, and particularly the state of my Party today. I don't think the public have been effectively presented with the state of the Party as it now exists.

BARNES: Do you think this has been a misinterpretation? Do you think the Press has mishandled the reporting of the state of the Liberal Party?

that we're prepared to act, not only in the interests of those people in need and defence and other avenues, but wherever we feel it's necessary we'll act, and we won't be bound by precedent and we'll not hesitate to take action when we think it's necessary.

BARNES: You mentioned social services, sir. In Melbourne, on Friday, you promised a war on poverty. The economists, whom you mentioned earlier, suggested that the first shot in this war could be fired by imcreasing unemployment benefits and pensions, as a way of stimulating demand. Does this appeal to you?

PRIME MINISTER: I think you know that at the last Budget we gave the biggest increase, single increase in the penscion that had been granted, and that followed one, a mid-term increase of a half a dollar; added together they were pretty big increases, and accepted as such by the Australian people; because I've heard less comment about the pension increase this year than in the twenty-one years that I've been in Parliament. I doubt whether that is the way to stimulate demand. The way we are going about it now, and I'd have to repeat this, but I might have even made it clear before; I think you know though - I'd better make this as a preface - but there is a potential for very much in very great growth in demand because savings are at an all time high, and if the economy starts to gather speed, and it can do that fairly quickly, then we could have demand inflation superimposing itself on cost inflation, and that would create great damage and great problems for the community. But what we've done - I'll mention them one by one to you. We gave help for, I thought, the area of greatest need and that was nursing homes and nursing attention. We then intervened on interest rates. We took action so far as migration was concerned, to cut it down, particularly over the Christmas period. And I announced what we would do, on Thursday, about rural unemployment. So you'll see here a Government anxious and willing to take action when the need arises. But you asked me another question, and that was the question of where we'd gone wrong. I don't think we've gone wrong anywhere and I'd like somebody to tell me where we've gone wrong, and if they can, I'll give them the answer, the answer from my Government's point of view.

MOORE: Sir, in the light of your experience as Prime Minister, are there any major changes that you would like to see made to Parliamentary procedure?

PRIME MINISTER: I am disturbed about Parliamentary procedures, yes. I had one major one - Mr. Solomon will well recognise - about the bank up of Bills at the end of sessions, and we've overcome that, I think more or less completely.

MOORE: Are you happy with the working of Question Time? That's often being criticised.

PRIME MINISTER: At the moment, at the moment, I think the main problem about Question Time is that petitions are presented in the way they are, and I think it's taken away from the vitality and the great interest there was in Question Time. If you have fifteen minutes on petitions, somehow or other the interest goes out of it and the vitality is gone. Now petitions must be presented, but I'd like to see Question Time get back to its former vitality.

The second point that I'd like to make is that I think too much is made of trying to concentrate on the Prime Minister in matters that are outside his jurisdiction and portfolio. I'm trying to ensure that we get back to the British Cabinet system of Government practice, and for that matter the Menzies Government Cabinet practices of directing questions to the responsible Minister; I'd like that to change.

But the other big change that I'd like to ensure is that matters of great public importance, like the state of the economy, defence, the Indian Ocean, social services, are debated in the House. We can't do that because we really have so much legislation, so many Bills' coming forward, that if we want to get through within a reasonable time, then we have to reduce the time during which we can discuss matters of great public importance.

MOORE: Would you like to see Parliament televised?

PRIME MINISTER: No.

BARNES: Sir, Mr. Gorton said on the eve of the last elections, that he believed 18-year olds would have the vote by the next election. Will they?

PRIME MINISTER: Again you're asking me what is a policy decision and I wouldn't answer a policy decision on a question and answer session, even though it's as an important a one as the one I'm attending today.

SOLOMON: Sir, are you considering any changes in your Ministry?

PRIME MINISTER: I beg your pardon?

SOLOMON: Are you considering any changes in your Ministry or are you satisfied with the way all of your Ministers have gone?

PRIME MINISTER: I'm very satisfied with my Cabinet and Ministry.

CARLETON: Prime Minister, can I raise a major political issue within your jurisdiction....

PRIME MINISTER: I hadn't quite finished what I wanted to say to David Solomon. Would you mind if I just finished it? I'm sorry to keep saying this to you, but I would like to finish the answer. Leaving Sir Robert out of it, I think this is probablyleaving myself out of it, too, I think this is probably the best Cabinet I've sat with. They each have an opportunity to present their views when they want to, and they do so. They're highly intelligent people and I believe the decisions they've been making are right, so I'm proud to be a member of the team, and I'm proud to be able to lead a group of blokes who I think have got a lot of intelligence, and certainly present their ideas in a very cogent way.

CARLETON: Sir, a major political issue right within your jurisdiction, and that is the issue of Parliamentary salaries. Now the argument from yourself and from the Treasurer so often is that the economy falls down because the unions demand too much by way of wage demands. Is it not incumbent upon you to set a good example next week and not take a salary rise yourself?

PRIME MINISTER: It is incumbent upon us and a very heavy responsibility to use my own phrase - to show moderation and to give leadership, and we will.

BARNES: Sir, when Mr. Whitlam was on this programme, he challenged us that if ever you were on the programme we'd ask you the same matters on law reform. May I ask you sir what is your attitude towards abortion reform?

PRIME MINISTER: I gave the answer to this question in the House. Fundamentally this is a State problem and it only concerns us in the Federal capital and in the territories. I would not give an answer to this until I had discussed it with my Cabinet and with my Party, because there are strong differences of opinion there and I would want to test their views before I'd be prepared to introduce a Bill into the House, I see no prospect of introducing a Bill in the House during this Parliament.

BARNES: But do you have a personal view on the matter sir?

PRIME MINISTER: I have a personal view, yes. I would not express it.

SOLOMON: Does that mean that the proposed criminal code for the A.C.T. and the Northern Territory which was tabled in the Parliament in 1969 and which was going to be introduced next year won't come in? Because it deals with the

PRIME MINISTER: a question. I did not know about this proposal relating to the Australian Capital Territory. I've not heard of it before and I can't give you an answer to that question. As you know I've been the Prime Minister for nine months and if it was introduced then it was introduced at a time when I was not the Prime Minister and it didn't come within my jurisdiction as the Foreign Minister.

BARNES: Capital punishment is also included in this Bill Sir. The Committee which set and recommended the Bill declined to make recommendations on what they saw as policy issues. Capital punishment, abortion reform, homosexuality.....you've.....we've dealt with abortion. Could you tell us your attitude towards capital punishment?

PRIME MINISTER: Well I can tell you my attitude towards capital punishment. I've got a horror of capital punishment. It seems strange that I should put it to you in that way but I have, and on every occasion when the question of capital punishment has come into the Federal Cabinet, I have expressed my strong, and I believe, unchangeable view that I don't believe in capital punishment. I don't think it's a practical question therefore because in all the time that I've been there - twenty, twenty-one years whatever it happens to be - the recommendations, if there have been any relating to capital punishment, have never been agreed to, and consequently no such recommendations have been made to the Governor-General. I think it's improbable, highly improbable, that there'd ever be capital punishment, certainly whilst I'm the Prime Minister, or while the Liberal-Country Party is in power.

CARLETON: A very very quick question, Mr. McMahon. Will you ever go on television in a television debate with Mr. Whitlam?

PRIME MINISTER: I'll make up my mind when the circumstances arise.

CARLETON: Prior to the next election?

PRIME MINISTER: I'm not going to..... I'm not going to commit myself under any circumstances to hypothetical questions, but when I've previously been with Mr. Whitlam I think most people remember the results. I've got a phenomonally good memory and know what I'm talking about.

MOORE: Sir, we began ... we're nearly to the end of our time - we began this conference by looking ahead to the next election, and there's one issue that some people think may be an issue at the election that we haven't mentioned yet, and that is immigration, our immigration policy. Do you see our immigration policy as being an issue at the next election?

PRIME MINISTER: Yes, I do, and a very important issue, and we will not change our policy, which is based on two separate considerations - or three. The first one is that we must be certain that the person can be integrated into the Australian community, that he has talents of the kind that we want, and that he will be able to make his contribution to the development of our country. Now we are not racist but we are selective in the people that we choose to come here. On the contrary the Labor Party's attitude is one that it believes that apart from family reunions then there should be a non-discriminatory practice with regard to others. Now if this happened, over sixty per cent of British migrants would be prevented from coming; we'd get practically none from Western Germany, from the Scandinavian countries, or from South American countries; or I think too, but I'm not absolutely certain of this, from North America. So their policy therefore is one that is different to ours in this sense. We base ours on what we regard as in our best interests, the best interests of Australia, and consequently we select those that we think will help us. Theirs, so far as I've said, is non-discriminatory, and consequently you can find people coming in that won't make the kind of contribution I think they should be in a position to make.

MOORE: Do you believe in a homogeneous Australia?

PRIME MINISTER: Yes, I do.

MOORE: And what does that mean to you - homogeneous?

PRIME MINISTER: It means integration, it means the people will become Australians and we won't have little enclaves here, and we won't introduce the kind of problem that other countries have at the moment.

MOORE: Is colour a factor in determining whether the country is homogeneous?

PRIME MINISTER: No I don't think it is.....

MOORE: It's irrelevant?

PRIME MINISTER: I don't think it is, but we want to be certain that as I said, and I gave this answer before, so I'm really repeating what I said a few moments ago, we are not racist and I think my history is enough to show how well I get on with the Asian and African people, my great liking for them. But we're not going to introduce problems here of a kind they have in other parts of the world.

MOORE: But you also said that colour is not a factor to be taken into account?

PRIME MINISTER: No, and if you look at our policy, you will find, and I haven't got the figures readily in my mind, but they've been mentioned in the House on several occasions, that of course we introduce, or we allow people of different colours and different religions and different races to come in here.

BARNES: Sir isn't it racist to allow those people to come here and yet not pay them assisted passage, and yet to pay assisted passage to people who are white skinned?

PRIME MINISTER: I don't think that that's got anything to do with the principles at all. That's the means by which you get them here.

BARNES: But it's a racist discrimination between one another, sir, I would suggest.

PRIME MINISTER: I don't. I think you're playing with words saying that; merely because you don't give them assisted passages doesn't mean to say that it's racist. We've got our policy relating to the kind of people that we'll bring in and it is non-racist in origin. The mere fact as an incident of that we have problems associated with assisted passages I don't think is relevant. But can I take you a little further? Shortly the British will be terminating, or giving an indication or a clear indication that they will terminate assisted passages. Now does that mean that because we might not then, if this comes to fruition, we might not then have assisted passages from the United Kingdom, does that mean to say we're treating them as racist?

BARNES: No, if white and black are treated the same, sir, I wouldn't call it racist.

PRIME MINISTER: Well I can't agree with you, with great respect to you. I don't think it is relevant. The real problem is one, the real issue is one of what are our principles and policies, and our principles and policies are the three that I mentioned, and we do allow coloured people to come in - I don't like using the word coloured people - but we do allow people of other race and other colours to come in, and I'd be only too happy to get the figures for you and let you have them some time tonight.

MOORE: Prime Minister, thank you very much for giving us so much time on MONDAY CONFERENCE.