



PRIME MINISTER

"THIS WEEK"

Television Interview given by the Prime Minister,
The Rt. Hon. William McMahon, C.H., M.P. for HSV7.
MELBOURNE

Interviewers : John Boland
Max Grant

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Introduction

Good Evening and welcome to "This Week" this week. Much of our programme this evening is devoted to the first in-depth interview the Prime Minister, Mr McMahon, has given since he returned from his trip to South-East Asia.

Now to question the Prime Minister tonight, John Boland, and Maxwell Grant of the "Herald".

Q. Prime Minister, if there is criticism of you as Prime Minister, there certainly was never any of you as Federal Treasurer. And I have heard it said that you were probably one of the most forthright and best Treasurers we have had in Australia, and it is that area that I would like to deal with first. With Britain letting the pound sterling float, most financial experts believe that sterling will be devalued when foreign exchanges open tomorrow and the British Exchange opens, I think, on the following Tuesday. Now if this happens, is it possible that Australia's dollar would devalue?

PM: I don't think so, and I think it would be highly improbable. That's the clear answer I can give. I think that is the only answer I can give in fact.

Q. Well, the devaluation of the pound sterling could affect Australia's farm industries, and say bring a flood of speculative money here, far more than has been pouring into Australia in recent months. Is this concerning you, and do you see some vital areas of concern here ?

PM: The foreign exchanges will be closed at least tomorrow. The British exchanges have closed and so, too, have the Japanese, so we have a little time to think. But what is important is that the British Government through the Chancellor of the Exchequer, has made it clear that there are no objective facts on which Britain should expect a revaluation or devaluation downwards, if you like. And I think that is probably true,

PM: so that what has happened in recent days has been speculative. cont'd. But even if there were some depreciation of the United Kingdom pound, it would not necessarily have a severe effect on us. As you know, when we were looking at this problem in December, we decided to detach ourselves from the pound sterling, and to associate our Australian dollar with the United States dollar. Consequently, for the two reasons that I have just given, we doubt whether this will have a very big impact upon us and that includes the primary industries as well.

Q. The floating of the sterling pound, though, would in fact, tend to make our exports to Britain dearer ?

PM: That is true, yes. But we don't know yet to what extent it might occur.

Q. But it will occur to some extent ? You wouldn't argue with that ?

PM: I wouldn't argue about that, but I wouldn't speculate. Consequently I would not speculate to the extent to which it would affect Australia's primary industries. I do not think it could be very substantial.

Q. Has the Government considered floating the dollar, as some Sydney and Melbourne university economists have suggested?

PM: No, we haven't because we believe - and I think most other countries believe - in having a fairly stable exchange rate. And we do like some areas within which the exchange rate can vary, but we want the band to be not too big. And we want the United Kingdom Government - and I know it's the view of the United Kingdom Government - that it gets back back to a parity of exchange and it fixes the band within which fluctuations can occur, as quickly as it can. It knows that is in the interest of world trade and world development, and so do we.

Q. You were Federal Treasurer, I think, when the late Harold Holt was Prime Minister... ?

PM: Yes, that is true.

Q. Prime Minister, -you took a very strong stand on the pound sterling crisis then, and you did have trouble with the Country Party at that stage. Sir John McEwen, I think, was Deputy Prime Minister then. Now, do you expect pressures... obviously primary industry will be affected... you would expect pressures from the Country Party again in this area?

PM: It is much too early to speculate and dangerous to do so because we will not get the kind of fluctuations in the exchanges that we had previously. And, in my own view, looking at it as I do at the moment, I don't expect any trouble about this problem.

Q. You probably could.... would you be prepared to say there is certainly no prospect at the moment of a revaluation of the Australian dollar ?

PM: I would not speculate about this at all. I would be fairly certain of this, that we will not change our parity with gold or with the United States dollar, but that doesn't mean to say that there might not be some fluctuation in relationship to sterling, if it does devalue - that is, move downwards.

Q. You think it is possible that the Australian dollar could move downwards ?

PM: The Australian dollar ?

Q. Yes.

PM: If I have created that impression, no, I do not. The Australian dollar is strong and there is no reason why it should do anything else than stay where it is, at least for the time being.

Q. Before Mr Anthony left for overseas, he told the Press he was gravely concerned at the flood of investment and speculation money pouring into Australia. He said he wanted decisive, quick and realistic action on foreign investment. Prime Minister, have you heeded those words ? How do you feel about that ?

PM: Well, I was the one who initiated probably the most far-reaching and in-depth enquiry into the Australian exchange rates, and also the flood of money that is occurring into Australia from the international markets. Everyone who is really interested in this problem should try and understand the analysis that was made by the Treasury. I have examined it, and my officials have examined it in great depth, and we have decided to present five papers to the Federal Cabinet dealing with the problems that may emerge as, for example, whether there should be some regulation, or control of the flow of capital into Australia, and whether we want better guidelines for borrowing, whether we should do something about interest rates, whether we should give greater flexibility for Australian corporations to invest overseas and for overseas corporations to be able to borrow money from us. Now, before anyone can come to a precise conclusion which he knows will be for the benefit of this country, he must have those papers from Treasury, and the Government must make up its mind what it will do. That doesn't mean to say we are not interested in them. We are vitally interested in them, but we want to be certain that when we make a decision we do it in the best interests of this country.

Q. If you had to devalue, do you see this as being a sort of political storm that could affect your electoral chances ?

PM: There is no prospect of Australia devaluing.

Q. Well, that is pretty final, Prime Minister.

Q. Before the next election ?

PM: I will give no other answer than that. There is no prospect of us devaluing.

Q. Prime Minister, I would like to turn to defence and foreign affairs. What is the future of the Five Power Agreement, particularly if Labor won the Federal election, and the recent controversy which you have had on your South-East Asian tour? It would seem there is some sort of uncertainty as to where this Five Power Agreement is going. I know you have underlined and said in the second part, yes, we are definitely going to continue with it. But Labor has said, well, if we win, we are not going to worry much about it.

PM: There is no uncertainty so far as the Liberal Party is concerned, nor so far as the Coalition Government is concerned. And I can state our position precisely. We have Five Power Arrangements with Malaysia and Singapore. We will keep them in full and they will not be changed. We have no intention of changing them. We have troops stationed in Singapore and Malaysia and we have no intention of withdrawing or reducing them. In other words, on both scores, as to the Agreements themselves, or the Arrangements themselves, as they are properly called, and as to the stationing of troops, we are firm on what we do. And I believe, too, well, I know -

it's not a question of belief, it's a question of knowledge - the Singaporeans and the Malaysians want us to keep them there and they don't want any reduction. And I think that even in recent days, not only when I was there, but probably subsequently, that is the view of the Singaporean Government. And it is the view of Tun Razak, who most recently said that these Arrangements provide an umbrella for them and that they are probably in the enlightened interests not only of Singapore and Malaysia but of Australia as well, I wouldn't substantially differ from that view. It is to the advantage of the three of us that the Arrangements are maintained, and we will do so. As for Labor, nobody can tell you exactly what they mean, but we do know what their long-term intentions are. That is to get out as quickly as they can. This sets the dividing line between the Government and the Opposition.

Q. Prime Minister, on this issue of the Five Power Arrangements and keeping a battalion there, the thing that seems strange to me is that Tun Razak has nowhere actually denied the statement of his official in the background briefing of the journalists, who subsequently after you raised the issue of a clarifying statement and this most recent June 19 statement you referred to about it being needed as an umbrella, he has nowhere denied the public servant's statement. Do you find it strange?

PM. No I don't. I do don't. I do not find it strange. I believe that the statement issued at his request by the Foreign Office itself was a complete enough explanation and I could not have asked for anything more. When it was supported by the communique, I believe that our position was clearly stated by both him as Prime Minister of Malaysia, and myself as Prime Minister of Australia. Mr. Sulong is an able man and I would make no commentary about him. He is a civil servant, and I do not think it would be proper for me or, for that matter, for anyone else in a position such as mine, to enter into any controversy what relates to a civil servant. I am satisfied with which the Prime Minister, representing the Government of Malaysia has said, and what Mr. Lee Kuan Yew, the Prime Minister

representing the Government of Singapore has said, and I don't want to enter into any controversy which relates to a civil servant.

- Q. The ANZUS Treaty, Prime Minister, is one which Australians have grown up with now, and have looked on with great respect, yet Senator McGovern who is a Presidential candidate, and I believe has a reasonable chance of winning the Democratic Presidential nomination, if not the Presidential election, says that he is going to pull out of ANZUS if he becomes President. Where does that leave us?
- PM. First of all you have said he might have a reasonable chance. There could be disagreements of opinion with you on that score, but I don't again want to raise the question of United States politics in Australia. That is their business. And while we are interested in it, I doubt whether it is a proper matter for me to be discussing here tonight. This is a Treaty, and treaties in the United States are part of the supreme law of the land. We regard ANZUS as crucially important to us, and I know the United States Government, as it exists, regards it as crucially important, too, and I have had assurances from Senator Fulbright, the Chairman of the Foreign Relations Committee that he - and I take it he means his Committee, too - regard that as a Treaty, that they will maintain and I have no doubt that they will. So I can't go any further than that. It is crucially important to us, respected by the Government of the United States, respected by at least the Chairman of the Foreign Relations Committee of the United States.
- Q. I am wondering, though, whether it is crucially important to them - and I agree with you about our knowledge - of American politics because we are not in a position to say who will win the next Presidential elections. But nevertheless these are possibilities and I am wondering whether the Americans generally are treating the ANZUS pact as strongly as we do.
- PM. I think you are raising a political problem that is so hypothetical that it cannot be precisely answered. I can say no more than I have already said - that so far as the governments of the two countries are concerned, ANZUS will be sustained. We regard it as crucially important - as you know the Labor Party is backing and filling about it, and nobody really knows where they stand on the ANZUS Treaty.
- Q. Prime Minister, getting back to Malaysia for a moment. How do you feel about Tun Razak's greater emphasis these days on greater independence of nations in that area and ASEAN nations?
- PM. I respect his views about neutralisation of the ASEAN theatre, yes, that is true. But as he has made it clear, and as I have made it clear, there is no inconsistency between the long-term objectives of Malaysia and the objectives that we all share in trying to ensure the peace, freedom and the independence of the South-East Asian theatre of Australia and of the other ASEAN countries. But this question of neutralisation is a long, long-term project.

Q. Well perhaps five or ten years.....?

PM: If I could just put it to you.. The idea is to get ten nations into ASEAN. At present there are only five, and when that is done, they have to get guarantees from the three great powers, and probably back-up from people like ourselves and the New Zealanders and other countries. In other words, we wouldn't be conceived of as a recipient of guarantees. We would be looked at as giving some kind of support like the guarantor countries.

Q. So you see Australian troops remaining even if this ASEAN community was expanded ?

PM: Well, if you use the word "expanded", that is a different matter. I think they would probably stay. But if you asked me to go on for a period of say, five or six years hence, and this is the time period we are thinking about, it is far too long to try and speculate about it.

Q. SEATO gets under way on Tuesday - in fact I believe you are opening the SEATO Conference in Canberra?

PM: Yes, I am.

Q. This is confusing these days to Australians. It seems to be the poor relation to the ANZUS Treaty. Now, what future has SEATO got, and why do we need the two, Prime Minister ?

PM: Well, you are using emotive words. In the case of ANZUS, it is only between the United States, New Zealand and ourselves, and virtually guarantees our independence. That is why it is crucially important to us. The SEATO Treaty relates primarily to South Vietnam and to Thailand. These are the countries covered by the Treaty, and it is a treaty that concerns the United States. The President himself has stated that the United States will keep its treaty obligations, and we would be a peculiar people if we distrusted the President of the United States at a time when they have given such unbelievably strong support to South Vietnam and shown their desire that South Vietnam should remain free and that the people of that country should have the right to determine their future. SEATO, I believe has some value, and while we know it has some value, I think it is in the best interest of Australia that it be sustained. I can't understand those who, recognising that it has some value, would want to have it destroyed.

Q. Prime Minister, recently a symposium in Melbourne, I think three weeks ago, which was opened by the Foreign Minister, Mr Bowen, and attended by experts on China, China-watchers and academics, completely threw out the concept of the yellow peril and expansionist theories of China. Now, from Mr Bowen's observation, is the Government changing its views slightly towards China and this bogey that has existed in the past ?

PM: I think I must put this in two different... from two different aspects to you. First of all, we do want to normalise our relationships, our diplomatic relationships with the People's Republic of China, but we do not want to do that at the expense of Taiwan. In other words, if we can get an

PM: accommodation with them which will recognise the present (cont'd) relationships between us, we would want to have recognition with the People's Republic. That is our present position. Two, we want the People's Republic to become part and parcel of the world community, and we did take a fairly strong role at the United Nations, not only to ensure that the People's Republic became a member of the General Assembly, but that she also had her seat in the Security Council. That was done, we voted for them, we wanted them to be there. But that doesn't mean to say that we are prepared to give up Taiwan as the price of getting recognition. Now, we have also in recent months - if I can use words pretty close to those used by Mr Bowen - proceeded in a normal way towards trying to get a better accommodation and to improve the dialogue between the two countries. Up to the moment, we haven't been successful, but we will continue with our efforts. And we will do so in a way that we know is to the manifest advantage of Australia, and we won't pay too big a price in order to get the kind of accommodation that might otherwise be available.

Q. Prime Minister, what do you mean actually by "accommodation" and "dialogue"? These are fairly vague terms. Are we actually talking to representatives of the People's Republic at this moment or at this time?

PM. We have been talking in various capital cities and once at the United Nations. We have been talking, yes.

Q. In Paris also?

PM. I don't want to mention which places we have been talking in, but we have been talking in certain places.....

Q. Certainly in New York at the United Nations .. ?

PM: Yes.

Q. How are we going then ? Are we progressing more ?

PM: We are not getting ahead very fast, no. But the People's Republic, the Government of the People's Republic, knows our position and they know just how clearly we are expressing ourselves. In my view, and this applies under current circumstances, I think you could take it that the ball is now in their court.

Q. There has been no invitation to an Australian Minister - or no fresh invitation to an Australian Minister ?

PM: If there ever was one, there was no official invitation from the Government itself. It came through sources in Hong Kong that we could not have regarded as official. But since we have not had any renewed invitation for an Australian Minister to go to Peking.

Q. Or a trade mission ?

PM: Or a trade mission.

Q. Prime Minister, during your overseas tour it may have been a little overshadowed, but you made some negotiations, did you not, with the Government in Djakarta about the possibility of Australian banks setting up there ?

PM: Not negotiations - no that is not precisely the right word. I did make enquiries about why there were no Australian banks having branch associations there. And I was informed that it was now too late. They would only let twenty-once branches come in, or figures of that kind, anyhow. So I then looked at what could be done. Could we have representative banks - and they said, yes, we could. Our great hope is that we can establish representative banks there. They won't be able to carry out normal banking business, but they will be able to represent their clients. And I want this to be done because undoubtedly Indonesia is a country of great natural resources. Undoubtedly its trade prospects will increase, and as they increase so, too, will ours. So I want to be in the business as soon as we can get there, and I would like representative banks, even branch banks, to be established.

Q. Prime Minister, turning to unemployment and the local economy now. The unemployment figure for last month must have been a disappointment to you, particularly when it didn't drop but it rose. Now what is the answer if this trend continues?

PM. Well, normally in the month that you are talking about it does rise slightly, and it rose a little more than we wanted it to or expected it to. As you know, we, ever since Mr. Menzies first established the Government in 1949, have not only believed in but we have made a reality of the doctrine of full employment. We have been remarkably successful. But we were proceeding from a position where we had overfull employment and measures had to be taken to control them and above all to control inflationary pressures. Now unemployment has got a little - or somewhat too high for us. But we have taken action wherever we have thought it has been necessary. As for example, in September, again in February at the Premiers' Conference, again at the Premiers' Conference last week, and in between times as well, we have taken action in order to give a stimulus to growth. And as growth proceeds, we hope that it will overcome the difficulties that we now have relating to unemployment. But if that isn't enough, then I can assure you we will take further action. In other words, we will keep to the reality of a full employment policy.

Q. Isn't it time, Prime Minister, to take it now. There are something like 70,000 excess over job vacancies, and that is more than twice what it was this time last year, I believe?

PM. Well, I can't go into the detailed figures with you but only last week we injected a massive stimulus into the economy. So I think we have taken the kind of action you suggested ought to have been taken.

Q. You think the handouts to the States.....?

PM. I wouldn't call them handouts because they are a reality. We gave them a big increase in what are called general revenue grants. We gave special assistance to New South Wales, to Victoria and to Western Australia, and of course, there is a flow-on of that to what are called the claimant States. We have increased the amount of money that is available for what we call the quality of life - to give better sewerage facilities, better hospitals and better education, and by these means we hope the stimulus will be sufficient. And I think it is fair of me to say this, too, to you and to everyone who cares to be viewing, that the technical experts themselves believe that there is a lot in the pipeline from our past actions and that these should very soon be making themselves apparent, not only in growth and demand but in employment.

Q. Prime Minister, prices and wages though, are still going up, and I am just wondering whether you had discussions with Mr. Marshall, the New Zealand Prime Minister, when he was here in relation to the wages and price freeze which they have imposed for five months and apparently is having quite a deal of success?

PM. No, I did not. They have a unitary system of government, we have a federal system. They have the power, we do not have the power. But I think you should understand this - and I want every person in Australia to understand this - that our problem is one mainly associated with wage increases in excess of our production or productive capacity. And if those wage increases become excessive, then there is very little that you can do in order to restrain inflationary influences. As well as that, with industrial trouble, with the strikes we are having, with the powerful unions operating outside the arbitration system, of course this compounds the problem for us. So what we are doing, whenever we get the chance is to appear before the Commission, or if we can't appear before the Commission, we do our best to try and bring it before them and see if we can reduce the industrial anarchy, if we can try and keep some restraining hand on excessive wage increases, which are the basis of all our problems.

Q. I am wondering whether our system is right? It is almost like the dog chasing its tail. Unless you can peg the two - because as soon as you get a wage increase, up goes prices.....

PM. I deny that it is a case of the dog chasing its tail. Basically, it stems from the fact that there are excessive wage increases, and I think anyone with an elementary knowledge of economics knows that once you get wage increases that are in excess of productivity, you must necessarily have an inflationary impact, although it might be over a period of time before it shows itself. So first of all, we have got to get wage increases, or average earnings increases under control. This is basic, and I believe that the Commonwealth Government is doing all in its Constitutional and legal power to try and keep these increases under restraint.

Q. Prime Minister, I want to talk about the Budget for the moment and ask whether you are going to loosen the purse strings there. But on April 7 at a press briefing in Canberra, you mentioned fourteen categories of policies.

Q. You said, "We believe public opinion will best be served by not being hesitant in letting the public know what we think and why." That was after a Liberal Party meeting. The categories were - the economy, development, defence, foreign affairs, quality of life, urban development, arbitration, the law, national health, national goals, education, social welfare and rural matters. Now, have you really hit hard in each of those categories with the strong policies that you promised to?

PM. In most of them we have, yes. And you can tell tonight what I have said about defence as to whether we are precise and definite and know where we are going. The Labor Party doesn't. Immigration, there is no doubt. Education, we took action shortly after I made that statement to show what we are prepared to do, not only for government, but for independent schools as well. So we are prepared to take action as and when we think it is necessary and as and when we think it is in the public interest. And we give our reasons why. And the most recent example, and the one I think shows just how quickly we will act, is the way in which we treated the Premiers at the recent Premiers' Conference and Loan Council. That shows decisiveness of action. That shows that we are prepared to do what we think is right, and as I said a few moments ago, if we think more action is needed, I can assure you we will take it.

Q. In the Budget?

PM. Yes, in the Budget or wherever else it happens to be. Before the Budget if it was necessary.

Q. Perhaps with a decrease in personal income tax?

PM. No, I wouldn't speculate about details of the Budget at all. In fact, I think any person who did that is, I think, doing a disservice to the community. I believe it would be improper and wrong. I certainly won't do it and I won't make any forecasts.

Q. The 35-hour week, Prime Minister, is gathering quite a deal of momentum now. Do you concede that it does have merit in some areas where it could help unemployment?

PM. I don't think it will help unemployment. In fact, I believe, that the 35-hour week, going over too wide a range of the economy will create even greater problems for us than we have at the moment. That applies particularly to inflationary pressures, and the danger that inflation itself can cost us out of international markets and create the probabilities or the possibilities of unemployment. This is a point that I want to keep on making. But I don't want to go too far about the 35-hour week at the moment because it is now before the Arbitration Commission. I think that is the proper place where our arguments should be put. I finish what I have to say on this, on this note. I want every woman and every man in this community to know that if we had a 35-hour week it would undoubtedly reduce production, it would undoubtedly raise prices to a very high level, and would create very severe problems for us in the future. This is the biggest difficulty we face at the moment, and we will do all in our power to try and restrain those inflationary pressures.

- Q. Prime Minister, what is happening to the taxation review?
- PM. The taxation review? We have decided upon it. We are now waiting to get a panel of names from whom we can choose the people who will make up the Commission.
- Q. National superannuation?
- PM. National superannuation is a matter that we have been giving a lot of consideration to, but we have not yet come to any conclusions about it.
- Q. So they are a couple of those policy areas we mentioned that are still hanging.....?
- PM. Well one isn't a policy area at all. One is choosing the personnel, and we haven't had the amount of success we would like in getting the people we want on it. But the Treasurer, I believe is getting close to the stage where he can make a decision. On the other issue of policy, that is a matter that I personally believe has to be looked at in a wide context of fiscal policy and what we might think about even in the long term.
- Q. Prime Minister, I would like to quickly turn now, because time is going to be our enemy, to the French nuclear tests. Australians feel, generally, that they are behind New Zealand in taking steps here to prevent these French nuclear tests. Now we were a little bit slow in the United Nations meeting on the environment in Europe, and I am wondering whether you feel we couldn't be taking a more positive approach on these tests.
- PM. Well, I believe that we came in a little, a very little, slowly at Stockholm. But I would like to emphasise this to you - since 1963, we have been a party to the Partial Nuclear Test Ban Treaty, and we have objected whenever we have had the power to do so, the opportunity to do so. We have objected to atmospheric nuclear tests, and we have always strongly objected to the atmospheric tests of the French, and we led the way. We are a party to the non-proliferation treaty - the Nuclear Non-Proliferation Treaty - we initialled the agreement. And since I have been back, I personally have taken a very strong attitude. We have made representations to the Conference on Disarmament now sitting in Geneva. I personally took to task the French Ambassador when he raised this matter at the opening of the nuclear facility just outside Sydney a few days ago. I believe that we have taken sensible action, but I am not satisfied because I do not believe that it is proper or right that France should explode nuclear devices in the atmosphere in the Pacific theatre. And we are now considering what more we can do. I have only today, and yesterday, been discussing this with the officials and also with my colleague, the Minister for Foreign Affairs. But we want to act rationally, we want to act sensibly, we want them stopped, but we want to act simultaneously in the interests of this country.
- Q. What sort of actions have you been considering, Prime Minister?

- PM. I don't think it is right that I should speculate on those because I don't think it is right to create false expectations, and I certainly will not do so.
- Q. But you intend to take further action with the French Government?
- PM. I have written to President Pompidou asking him to stop these tests, and he has replied saying that it is impossible, that he will not do so. Where we will go from there I will not speculate now, but I will certainly be taking up more with my colleagues.
- Q. You have ruled out, I suppose, the suggestion of a group of Ministers - that we ought to put... (inaudible)
- PM. I have not ruled it out, but I don't regard it as a prospect that would lead to success. I believe the one real prospect is to mobilise world opinion, and with the New Zealanders we are doing what we can to mobilise world opinion. This is the best, this is the wisest course to follow and we keep on letting the French know where we stand and we hope to draw others in with us.
- Q. What do you think of Dr. Cairns wanting to sail in with the "Esmeralda" into the....?
- PM. That is spectacular but it would have no useful effect.
- Q. Can you take any steps or would you, to stop the parachutists who at this time, anyway, are scheduled to fly out tomorrow morning according to them?
- PM. My latest advice, and this was given to me within the course of ten minutes prior to the time when I came here, is that nobody yet has asked or suggested to us that it should be done, and certainly no-one has presented to us a flight plan. Although we have reason to believe that it might happen soon, but until that happens, again I believe it is speculative. Without discussion with my colleagues, I couldn't make a statement about it.
- Q. Let's turn to the Federal elections now, coming up in November. Today's Sunday Press says that they are expecting you to reshuffle your Federal Cabinet before that comes about and that Mr. Bowen could be going to the High Court and also you will have to find a Minister to take over in London. Now is this a possibility, a reshuffle before the elections?
- PM. I read the article in a Sydney paper. It is totally false. I have not considered, and I have no intention of considering a reshuffle before the next elections. None at all.
- Q. Will Mr. Bowen be standing for his seat at the next elections?
- PM. I hope so.
- Q. Has he talked to you about whether he may wish to stand down?

- PM. I wouldn't talk about confidential discussions between any colleague on any subject whatsoever. But I have said, answering that newspaper article, that I have not contemplated a reshuffle before the election, and I won't do so.
- Q. And Sir Reginald Swartz.....?
- PM. Sir Reginald Swartz is like me. He loves the place and wouldn't leave.
- Q. Prime Minister, there has been a call....I would like to turn to social services now - there has been a call for a Royal Commission such as New Zealand had into social services and poverty. What is the possibility of such an enquiry in Australia at Federal level?
- PM. On social services and poverty?
- Q. Yes.
- PM. My own belief is that on social services and poverty it is up to the Government to find out what is wrong and when it knows what is wrong, or when it even regards there are difficulties, to solve them itself. And that is my attitude and I believe it is the one we will take. And I think you could take it if you look at our social services policies, ever since we have been a Government way back since 1949, you can take it that we have always been anxious to ensure that there is a continuing increase in the purchasing power of the pension and we have always widened the scope of our social service payments. This will remain our policy. I can say no more about it at the moment, because this is a Budget matter, one of the matters that has to be kept for the Budget and I don't want to have it thought that I am in any way at all compromising the attitude of the Treasurer or the Minister for Social Services in the presentation.
- Q. Health and dental... these seem to be two areas that we don't seem to be making much progress in. These costs are going up and particularly dental fees are getting completely beyond the average man in the street now. Is some consideration being given here, in this area?
- PM. Well we established the Kerr Committee, and Mr. Justice Kerr was superseded by Mr. Justice Mason of the Supreme Court of New South Wales. And he made recommendations relating to the common fee in New South Wales: We adopted those. We increased the Commonwealth contribution to the common fee in all States, and we did that because we regard the health of the person who is sick as of paramount importance. They will not have to pay any additional part of that fee. We will pay it. But what we hope to ensure is that a much larger percentage of the population will be covered by the common fee than hitherto. And we have been talking to the Australian Medical Association, the AMA, in order to see if we can ensure that they will be the authority throughout Australia for the fixation of fees. If we can ensure that this done, I can assure you that we will have much greater prospects of success with the National Health Scheme, whether of medical or of hospital benefits.

Q. Incorporating dental?

PM. No. No, we have not looked at the problem of bringing the dental services under the medical health scheme.

Q. On a more personal note, Prime Minister, it is about three months since we last saw you, and you are still looking fairly fit. How many hours a day would you work?

PM. Oh, I suppose about ten. I work pretty consistently. I don't have very much entertainment, but I would imagine it would be at least ten a day. But you can't tell, you see.....

Q. What time do you get up, and what time do you normally get to bed, in an average day?

PM. I get up probably.... I wake up round about six o'clock and do some personal thinking between say six and seven. I get home probably anything between half past eleven - I am talking now when I am in Canberra - or if I am at home then I would work until half past eleven, till round about twelve or one, sometimes a little bit later, but that is probably a normal routine.

Q. Prime Minister, you have denied the Federal reshuffle. I am wondering if you win the next election - you will, of course, have to form a new Cabinet - whether you would consider inviting Mr. Gorton back into the Ministry?

PM. Don't tempt me to answer questions that are extremely difficult to answer and are hypothetical. I wouldn't answer that sort of a question, but in any event, so far as Mr. Gorton is concerned, I refuse to discuss him in public because I don't think it is proper.

Q. How do you feel about the Government's fortunes at the moment? Are you still glad it is a few months to go before the next election?

PM. Yes, I am, but what I can say - I can make two comments. First of all, we are doing all we can, and I believe we are administering not only the economy, but the Government pretty effectively under what have been in my view the most difficult set of circumstances I can remember in all my experience of government. So with all the difficulties, I think we are doing pretty well. And I will have no hesitation whatsoever in any administrative theatre, whether it happens to be, say Papua/New Guinea, whether it be medical health and social services, whether it happens to be the exchange rates, whether it happens to be in urban development, or urban renewal. In all these matters, we will give the closest attention, and pretty devoted attention, too. And I hope by the time the election comes round, we will be able to get the approval of the Australian people, and carry on in the way we have carried on since R. G. Menzies won power for us in 1949.

Q. Prime Minister, thank you very much for appearing on "This Week".