



PRIME MINISTER

ZGB TALKBACK

BRIAN WHITE INTERVIEWS THE PRIME MINISTER, THE
RT. HON. WILLIAM McMAHON, CH, MP, FOR THE
MACQUARIE NETWORK

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Well, now, one of the major subjects which is occupying Federal political attention at this moment is this matter of revaluation of the Australian dollar. In its annual report this week, the Reserve Bank came out - quite definitely it would appear - in support of the notion of revaluation. The report does not specifically mention the word "revaluation" but nonetheless, the whole tenor of the remarks it made on this subject seem to indicate that it was in favour of it. Then we had on what night was it -- Tuesday night, the Leader of the Opposition in an interview made a statement to the effect that he endorsed what the Bank had to say. Yesterday as some newspaper reports today - for example, the Adelaide Advertiser reported today - that Mr Whitlam came under sustained attack from Labor MPs yesterday for advocating revaluation of the dollar. On This Day Tonight last night, the Deputy Prime Minister, Mr Doug Anthony came out flatly in opposition to revaluation. In Parliament today, the Prime Minister has endorsed that stand. On the line from Canberra at this time, I have the Prime Minister, the Right Honourable William McMahon.

- Q. Prime Minister, can I ask you if there is any disagreement in Cabinet on whether or not there should be a revaluation?
- PM: Not so far as I am aware. I did say in Parliament today that in the course of the last two days - yesterday and today, I had discussed this question both with the Deputy Prime Minister and the Treasurer who is functionally responsible for these problems. There was no disagreement between us.
- Q. Were you aware that Mr Anthony planned to make his statement against revaluation last night?
- PM: No.
- Q. You were not?
- PM: No. I don't think that mattered because I had discussed it with him earlier in the day.
- Q. The suggestion which arose last night which has been taken up by some people is that Mr Anthony simply took matters into his own hands.

PM: I don't think that is true because I discussed it with him earlier in the day. But I confirm that he didn't discuss with me beforehand the question of going on television.

Q. On a matter of this importance, perhaps, some people might think that would have been expected?

PM: Oh, I don't think so because I had only on the previous Sunday gone on television myself and I had made the Government's position clear. In other words, as I listened to what he said, I don't want to say he necessarily did this, but it did appear as though he had followed exactly the same lines as I had. So I couldn't object in a case like that.

Q. Can I ask you what factors would lead Cabinet to a new assessment of this matter?

PM: If it were brought up by the Treasurer - and I don't think it will be because I have already mentioned it to the Treasurer - we could consider it again. But I gave four good reasons why we should remain where we were, and I stick to them.

Q. Would you like to go into those again?

PM: Yes, I indicated that when we revalued on the last occasion, I had five important problems in mind. The first one I had to consider - the interests of those primary producers who would have to meet competition from the producers of countries that devalued, and I didn't want to affect them more than they had been. The second point was that in the case of our mineral industries, we were going through a particularly tough time, and who lost about \$8 million (Australian) for every cent we revalued against the American dollar and those who had their contracts made in US dollars would suffer further losses, and I didn't think it was appropriate at that time. Then we had to think of the manufacturers - Australian manufacturers - who had to compete with the manufactured goods of the people from overseas and, for that matter, import-competing manufacturers. Then, most importantly, was the economic climate of confidence in Australia itself. I did not believe it would help our cause by revaluing upwards any further than we did. In other words, when unemployment is proving tough to handle, when confidence has to be restored then further revaluation would, in my opinion, have done harm and I wasn't prepared to permit that to happen.

Q. You think those factors still apply?

PM: Yes.

Q. What about the economic climate? Do you think it is no different?

PM: It has moved a lot further, yes. It's a lot better. But I would like to see it much better before I would contemplate any change.

Q. The Reserve Bank, while not specifically using the word "revaluation", suggested it pretty clearly in its report this week as a means of combating inflation. You do not agree with that?

PM: Implicitly the Reserve Bank said that it thought there should be further revaluation, that is appreciation of the Australian currency. It looked at it from a purely monetary point of view, I, as the head of government, had to take a wider view, particularly with relation to unemployment and confidence and sustaining Australian industry.

Q. The Opposition Leader, Mr Whitlam, has been accused in the House today of committing a political crime by suggesting that the dollar should be revalued. Do you go along with that?

PM: I wouldn't use those words, no. But what I will say is that I think he was extremely foolish, and he made it appear that he has little or no knowledge of economic or financial problems. I am amazed that he even got involved in the problem because it became obvious he did not know what he was talking about.

Q. Mr Whitlam's attitude was that he was endorsing simply what the Reserve Bank said.

PM: No, it is not. No it is not. He was endorsing that, but he went much further. He accepted personal responsibility for what he said. And for that matter, there was a second question in the House today that confirmed that as the view of certainly a large section of the Labor Party.

Q. There is a feeling abroad that whichever Party wins the next election.....both the Government and the Opposition at the moment would stand against revaluation, but come the election - when it is over - there will be a revaluation. Do you have any comment on that?

PM: Well you are putting a hypothetical question. But first of all, so far as I am concerned and the Government is concerned, we are not contemplating revaluation. We are not contemplating changes in the value of the currency. It is obvious, too, that there is a wide difference of opinion within the Labor Party itself. And those who are expressing opinions believe that there should be a revaluation. I don't know which side would triumph.

Q. Do you believe that the Government Parties are completely united on revaluation?

PM: I believe they are, yes.

Q. All right, Sir. Thank you for talking to me.
