

INTERVIEW WITH RADIO JOURNALISTS

QUESTION: You've been talking extensively overseas about trade. Tonight you are addressing the Confederation of Australian Industry. What news have you got for Australian businessmen and industry?

PRIME MINISTER: I will be telling them the results as I see it of the visit overseas. I will also be indicating the importance of the trade negotiations to Australia. We are a very significant trading nation with a higher proportion of our national wealth dependent upon trade than most countries and therefore what happens, our capacity to get access to markets, is of enormous consequence to everyone in this country. Our trade with many countries has of course been expanding very greatly -- with Japan, with Korea, with many countries in Asia. In these areas we are not up against the sorts of non-tariff barriers and discriminatory trading practices which we have seen in Europe and that's why Europe I suppose, is taking so much attention. There you have over 200 million of the most affluent, technologically advanced people in one trading group that the world has ever seen and they have been using discriminatory trading practices which in many cases have damaged Australia's industries very severely. My government is the first Australian government to try to redress that situation and I believe it should have been undertaken before.

QUESTION: Both Mr. Lynch and Mr. Robinson in recent speeches have pointed out the possibility of cutbacks in areas of Government spending the coming Budget and Mr. Robinson noted health, education and welfare. Today, at that Conference of Australian industries, Sir Roderick Carnegie virtually said that cutbacks in these areas were essential. Is this on the line?

PRIME MINISTER: I think you should know me better than to get me to speculate on what is going to be or not going to be in the Budget.

QUESTION: There has been speculation, Prime Minister, with respect sir, in today's press, that the Government will cut public spending by at least \$400 million in the Budget.

PRIME MINISTER: I've got no doubt there will be speculation in the press and there will go on being speculation, but I don't think you expect me to comment on the speculation about particular areas of expenditure so far as the Budget is concerned. The Treasurer will make a Budget speech at a certain time.

QUESTION: Are we heading for a tough budget?

PRIME MINISTER: I thought this interview was basically about the visit overseas and what it meant and about trade and you turn immediately to domestic matters. I think let's see if there are other questions on trade matters which are of great concern to many Australian industries, including that Confederation with whom I will be talking to tonight.

QUESTION: Prime Minister, could I put it this way? In your talks overseas, did you get any emphasis which suggests you should change your economic financial (inaudible) in other words, does Australia - do you think Australia should have to perhaps stimulate some sections of the domestic economy to provide employment opportunities?

PRIME MINISTER: The strongest and healthiest economies are probably Germany's and Japan's, of the major trading countries. There are other smaller economies that are in a healthy position with low rates of inflation and wherever I went, I found respect, in the business and commercial world, the policies of Germany and Japan. I also found a growing respect for Australia's policies and maybe not far off... (break in tape) ... because you know it's very easy to spend an extra few hundred million dollars on a particular program within a particular country but if that is going to drive out domestic investment, overseas investment, you know you could spend \$300 million or \$400 million on particular programs and alter the perceptions of your own economy and by so doing lose maybe \$1000 million in domestic and overseas investment. Now if that occurred it would be a very bad bargain, and it's certainly not a course that my Government will embark upon.

QUESTION: So job creation schemes just aren't on?

PRIME MINISTER: You know quite well that we spend great sums in the job training schemes and re-training programs through Tony Street's Department, but the broad thrust of the Government's economic policies are going to be pursued.

QUESTION: Prime Minister, there's been considerable criticism here in Australia, and though I may say there is a lack of hard news stories from overseas from some of the reporters travelling with you. Do you really think you can justify this trip to the Australian, and to Australia generally?

PRIME MINISTER: I have not the slightest doubt at all. If you got to the stage when the Prime Minister goes overseas he's got to bring back a basketfull of goodies to Australia, well then that's a very odd circumstance and it's not something that often, if ever, happens. But we are in a situation, where 1978 is a year of very very great importance for Australia as a trading nation. This is the year in which the Multilateral Trade Negotiations will come to a conclusion. Many Australian's mightn't understand it, but this total year of trade talks began five years ago. It's been going on and nations are now on the home strait. What happens at Geneva over the next few weeks will determine the pattern of world trade maybe for the rest of this century. It will determine whether there will be an opening up of the closed markets to agricultural products. A little later in the year there will be decisions determining whether or not there's better access, better trade conditions for commodities in the developing world and so the pattern for years ahead is being set in this year, 1978, and we are very close to final decisions. It's terribly important that Australia's view be known, that Australia's view be understood and I think that there's an obligation on the Australian

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PRIME MINISTER: (continued) government to press its view in the strongest possible way. Now I've used this analogy before but you never know when extra weight, put on the side of reason and common sense, in a particular argument, will make all the difference between success and failure. We know quite well the limitations of Australia's power and the limitations of Australia's influence but if an argument is evenly balanced a bit of extra weight on the right side, on the side of reason and commonsense, can make all the difference between success and failure. And believe me, the difference between success and failure at these trade talks in Geneva will affect the livelihood, the well-being of every Australian for many years to come and therefore its not only desirable, I think its a positive duty to express Australia's view as strongly and as forcefully as possible.

QUESTION: (Inaudible)

PRIME MINISTER: I think there are some signs, yes. Some signs that are good, one or two signs that concern me greatly. The United States has said, again, that they will walk away from these negotiations unless agriculture is part of it. Now that's a good thing and they've said it with a great force. In addition, the discussion I had with Mr. Jenkins as President of the Commission was more constructive than I thought it might have been. He made it perfectly plain that while he's saying, and the Commission has said to us, that Australia's problems can be resolved, should be resolved, in the Multilateral Trade Negotiations, he also said that it will not be realistic so far as we are concerned unless it opens up the possibility and the reality of trade in beef, for example -- to take that as one of matter of pre-eminent concern -- into the European community market. That is virtually saying that we know for there to be a reasonable result, there's got to be a market for Australian beef in Europe. Now it finally comes out, it's too early to judge and I will believe it when I see it on the ink, as it were, on the final document. But that seemed to me to be a recognition that there had to be concessions, that there had to be movement and I haven't seen that kind of recognition coming out of the European Commission before. So those two things are on the plus side. In addition of course, the United Kingdom, the Germans and the Italians, have all taken the view that is inherently in support of the kind of views that we've been putting and indicated that they are prepared to support and will support us. Herr [redacted], the German Foreign Minister, will be Chairman of the Council of Ministers of the European Community over the next six months and he said during his period as Chairman, he wants to work particularly closely with Australia and again, try and achieve the circumstances in which there will be success. Again, that's on the plus side. On the debit side, there is a bid by European countries to break down the most-favoured nation principle which I believe has been of the utmost importance to middle-ranking, smaller nations, developing nations and you will understand that the most-favoured nation principle is one that means you've got to treat all your trading partners equally. That if you have quotas on imports, it's got to be global quota, that you are not allowed to aim at one particular country and say we don't want any more of your goods.

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PRIME MINISTER: (continued) They are now talking about selective, a better word would be discriminatory, safeguards which would give the national governments the power to be selective, to be discriminatory in what they do; give them the power to point to a particular nation and say your goods are damaging our trade, you've got to stop exporting to us, you've got to reduce exports to us. That power in the hands of a national government I think is one that will be extraordinarily dangerous. It would be going back to the trading policies of the 1930's and the most favoured nation principle is one which is of enormous consequence to countries such as Australia and one which we intend to fight to try and keep through those trade forums, even though we know that there is very significant weight on the other side of the argument with major European countries wanting to break down the principle.

QUESTION: You said that unless agricultural products are taken into consideration at the MTN then America is prepared to withdraw. If Australia feels that it should withdraw, would you expect America to support Australia and therefore withdraw at the same time?

PRIME MINISTER: I can't guarantee that the circumstances that would require our withdrawal are precisely the same as those that would involve the United State's withdrawal. We both have an interest in agriculture. The United States has a particular interest in some matters which are of concern to important areas of Congress. They have at the same time said that they'll support the Australian viewpoint but while there is great similarity of view, I can't say down to the last point it is absolutely identical.

QUESTION: (Inaudible)...hope that they would?

PRIME MINISTER: Of course we would hope that they would, but what can be said with complete accuracy and great strength, is that the United States have indicated that they will give great support and weight to the Australian point of view.

QUESTION: Prime Minister, if I could briefly bring you again back home, you are back now, the Premier's Conference is coming up -- what sort of offer will the Federal Government be making to the Premiers or will in fact the Federal Government be telling the Premiers to tighten their belts and look after themselves?

PRIME MINISTER: We will be coming to this Thursday and Friday of this week and I've got no doubt there will be a good deal said about during those days by the Commonwealth and by the Premiers. I think it would be -- I hate to spoil it by entering the debate today.

QUESTION: Prime Minister, one other domestic subject - beef. Just how urgent do you think the PJT Inquiry should be?

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PRIME MINISTER: I have asked for a report on these matters; what stage it's got to, what technical matters are holding it up and until I've had that report I'm not in a position really to give you a substantive reply. I had a brief discussion with Ian Sinclair about this morning but I've noted with concern the reports of a -a sort of a- profit rip-off down the chain and we had some time ago determined that there ought to be an inquiry into meat prices, into beef pricing policies and what I've seen over recent days makes me all the more convinced that that's necessary. I hope that we can get the matter launched as quickly as possible but I can't make a judgement about when that will be until I have been fully advised.

QUESTION: Just one final point on the Premier's Conference, if I could (inaudible)..

PRIME MINISTER: Well, there is no harm in persistence but I can't guarantee that my answer will change.

QUESTION: Should the Premiers expect a fairly, if you like, non-reply from the Federal Government?

PRIME MINISTER: The Premiers can expect a stance from the Australian Government that is completely atuned to Australia's economic needs. That is completely atuned the requirements of 1978 and to our determination to capitalise on the hard-won gains in the Australian economy over the last two and a half years. We've got inflation down, the underlying trend is down. We don't intend that that will be reversed. People overseas are starting to look upon the Australian economy with great favour. A number of countries are saying we wish we could have done as well in overcoming economic ills and getting inflation down. They obviously don't say that privately, but they do say it - they don't say it publicly but they do say it privately in conversation and there is respect for the determination and steadfastness that we have had in the pursuit of policies. Now this is meaning that countries are starting to look to Australia as a favoured one for investment once again. People from Britain have for the first time in years invested in Commonwealth Securities. Now that says something about the Australian economy and the way it is being managed and it would be foolish in the extreme if we were to upset this by a change of course, by undue relaxation in policy because, I've made the point before and I made it overseas, it's very easy for a Government to spend a few hundred million dollars listing out a budget in an effort to try and provide greater government employment but if in doing that, you alter the perceptions of your own economy, you cast or cause some doubts about the way in which people see your own economy and thereby lose say many times more than that three or four hundred million in a desperate - from your own people, or from overseas - then that's a very bad bargain for the country concerned - it would be a bad bargain for Australia and while you might have more people on a government payroll, you'd have less people employed overall. That's not the sort of bargain that my government intends to undertake and I hope you wouldn't want us to.