

Question

Newsweek is doing a major coverpiece on Australia and focussing in part on your own statements and actions in the last couple of months. There is no question in my mind that you are quite and have long believed in the Soviet threat. But I wanted to get stuck into more general questions about where you think Australia is headed in 1980. Do you think Australia is going in a new direction in the 1980s?

Prime Minister

I do not think in the sense of any radical change - I would say no. But I think the Australian economy has developed in strength and depth and while the shortage has been difficult for all countries including Australia, there is in a perverse kind of way a very real advantage for us in what has happened in the energy area. We do have good supplies of other forms of energy. We are not self sufficient in oil as you know. But coal, uranium, natural gas - we have more than we need for ourselves at the moment. Electricity based on coal is very cheap in this country. Because we are a resource rich and an energy rich country our export base is very strong, keeping our economy run a bit tighter than some others with inflation a bit lower than some others - attracts more investment to Australia. Coupled with our own due resources I think we are going to see much better processing here. It is already happening in the aluminium industry, very substantially. It is going to be cheaper for other countries to process minerals - Australian based energy.

Question

But do you think that the focus on energy will see you through or sort of override commonly mentioned problems of the world economy dangers?

Prime Minister

I think it will.

Question

I think that to transcend that the fact that a lot of it is going to be energy.

Prime Minister

Well obviously what happens will affect us. But four years ago we made up our minds that we were not going to get much help through an increase in trade, through an expanding world economy. If that happens - all right it will help us - it will help everyone else. But we saw inflation as being too high. We saw high inflation continuing in too many countries. Therefore we said we have got to get our inflation below other people's. We have got to get our manufactures exported. We have got to get a larger share of existing markets. We have got to develop Australia's minerals and energy resources in a way that has not happened before. So if you like that is a new direction or a new emphasis. Coupled with the strength of rural

Prime Minister (continued)

exports, it really has placed Australia in a very strong position as we enter the 1980s.

Question

Do you think there's a chance of the manufacturing industries being left behind a bit by the Government in minerals and primary industries?

Prime Minister

Manufacturing industries are very important as employers of labour. And in the last year the physical volume of their exports has gone up nearly 30 per cent. We are now exporting to a remarkable number of countries including some labour intensive things where we have a particular expertise. So we are not defeatists or despondent about the future of manufacturing industries as much as we might have been.

Question

There's quite a debate on the new technology and how that's going to (inaud). Do you think enough is being done by - if something is sort of brought up and you see a full page letter in the paper - but it doesn't seem to have created the sort of serious debate that you would expect, because it seems to me that Australia is well placed to take the new technology and make it an export item as well.

Prime Minister

Well we are and I think we have to. I do not believe any advanced industrial country has got any choice other than to embrace virtually all the new technology which comes their way, which they can create or devise for themselves. This is not really a new argument. New technology and the technology debate of today is another form of the argument that occurred when the Industrial Revolution started and people were frightened for the future of cottage industries and frightened for the future of employment. Industrialisation then led to a greater level of employment than had ever occurred in an industrial state. What we have to do is to look to the advantages of modern technology; producing things cheaper so you sell more of them, producing more things and increasing people's standards, increasing the range of products that they will want to buy and thereby increasing the numbers of jobs. If people just sit back in a defeatist way and say - if we had modern technology we can build that telephone with less labour therefore we won't have modern technology - we will end up by selling no telephones because somebody will be doing it cheaper. So there is no option. New technology opens new opportunities for businessmen, for entrepreneurs. It opens new markets and it is going to be up to those with inventiveness and ingenuity, the capacity to go out and achieve things, to take advantage of it. We have appointed a major committee under Professor Rupert Myers, who is Head of a very technologically based university, to advise us on the introduction of new technology and those matters of particular application and of concern to Australia.

Prime Minister (continued)

I think it will be a very useful report and I am not suggesting that new technology should be introduced thoughtlessly from the point of view of employees. There needs to be consultation. There needs to be phasing in. There needs to be training and re-training. Some industries have worked out a good way of accommodating themselves to it and others not so good. More progress to be made. None of that is an argument against it. It is just the way you go about it.

Question

There seems to be a glut of liberal arts type students on the job market and a real shortage from what I have gathered during the initial story I did, a real shortage of skilled manpower. Is there going to be more attention focussed on training and retraining. I know some companies are quite innovative. Do you think anyone in the Government is going to be doing something?

Prime Minister

No we are doing quite a lot. Companies are encouraged to take on more apprentices. Quite directly under Government training programmes, by the end of this year and the last three or four years over half a million young Australians mostly but not exclusively young people, will have been given training under various training programmes run by the Government in co-operation with industry. And that is quite a large number. We are spending much more on technically based college courses or Technical and Further Education, as we call it. This again is designed to encourage those with professional, technical skills. There are new programmes of transition from school to work. One of the things a number of us believe is that the Secondary School system has become too academic not enough attention is being given to the vocationally minded. So in all of these areas there is certainly a role for Governments working either for its own training programmes or in co-operation with industry.

Question

Why haven't the unions been more co-operative? I think they realise as much as anybody else that it could be a very good time in the 80s for Australia. Why aren't they - except perhaps for personal greed and wanting all the money for themselves.

Prime Minister

Sometimes unions are remarkably short-sighted. Sometimes they are remarkably conservative in the sense that they won't change their habits. Some of the older people who can remember the difficult times of the 1930s and they just say - you know we've got a closed shop, we've got a union membership - it takes a long while to expand that membership and therefore we're in a stronger bargaining position. Others are just resistant to change. But some unions are now coming to accept in some degree adult apprenticeship, which is the really important thing.

Question

Adult apprenticeship?

Prime Minister

To give a bloke of 30 or 40 or whatever an opportunity to gain skills and have those skills recognised that they might have missed out on because they did not get opportunities as kids. Now up to the present most unions shut these people out. But with patient negotiation hopefully we will overcome that. It is a short-sighted view and in many ways it is a very conservative view and a misplaced one, conserving the wrong things.

Question

Self survival seems to be a big factor.

Prime Minister

I think it is but that is still short-sighted and selfish.

Question

The defence, increase in defence expenditure you announced last Tuesday - it seems to have created quite a stir within the defence and academic establishment - the types that I have talked to. And I think that you are with Afghanistan onto an issue, for the first time I think the Australian public is listening and talking about defence as an issue. I think it's been pretty hard to raise much interest before.

Prime Minister

Probably. In the recent past that would be true.

Question

But do you think you are going to be able to sustain an interest in defence that you would need to sustain the massive capital expenditure you're involved in.

Prime Minister

Well I think we are going to have to in peace time. We have never been a country that spends very large sums on defence. But with the expense of modern equipments we are going to have to spend substantial sums. It still lifts defence spending to 3 per cent of GDP, not above that. So by other larger nations' standards it is not high. But the new programme will be 1.6 billion in constant dollars over five years more than the previous guidance. The defence vote will be rising in real terms between 5 and 7 per cent a year instead of about 2½ per cent a year. In our terms the increase is substantial. It will give us small but hard hitting and effective forces. I think that is the position isn't it? There has always been an underlying strength and interest in defence in Australia and it does not take very much to bring it to the surface.

Question

Moving to what some people would call a forward defence. What expression do you use?

Prime Minister

No we used to have a so-called forward defence policy but that was

Prime Minister (continued)

years ago when the British were very actively in Malaysia and we were helping them there. These sort of slogans tend to depict a policy wrongly simple because they try to do it much too briefly. We are obviously interested in the security and peace of Asean and of our own region. Our forces are increasingly becoming equipped to operate by themselves or equipped to operate with allies, using very often allies logistics supply lines and now we believe we have got to have a capacity to do things more on our own.

Question

Would you say that that's a lesson that Australia learned from the Vietnam and the post Vietnam...that you should be more independent. I think that was something that you did stress in your speech last week. - as part of but independent.

Prime Minister

Well it's partly that. But at the same time the British don't have much of a presence left in Southeast Asia and they did have a substantial one and therefore the option of operating with them or alongside them is not as real as it once was. There have been some perceptions of change in the United States policy. There was the Guam Doctrine. We have never doubted the efficacy of the Anzus Treaty. But at the same time we have envisaged the possibility of being involved in conflicts that are related to Australia's security - well we might have to operate by ourselves. That might be in a time scale in the distance. But it takes a long while to build up the infrastructure and the basic support and the logistics and the industry capacity for an independently operated force. And we have been moving in this direction in spite of the difficulties that very sophisticated equipments pose in terms of maintenance and in terms of buying them and understanding them and all the rest. We want to continue on that path. Because it does represent a more independent national effort and gives us a greater degree of independence in what we do, not necessarily tied to one ally or another. I think that ages and beyond that is the only approach that makes sense for Australia. That doesn't mean to say that allies are not important. Of course they are. But our own sense of independence and ability to do things is also important.

Question

That is in some ways a new development isn't it?

Prime Minister

Of it has come about over the last ten years.

Question

You seem to be leading Australia. Has this always been your view of what we've just been talking about you know - developing your independence, infrastructure, logistics, manufacturing - is that something you have always felt.

Prime Minister

In defence certainly. And it certainly would have been from the time I was Minister for Defence and maybe Minister for the Army.

Prime Minister (continued)

But times change and the policies that were appropriate to this place when I first came into the Parliament 25 years ago are not necessarily appropriate today. You have got to be prepared to adapt and adjust your policies and make them relevant and appropriate to now and the future.

Question

Do you see Australia as taking a more active role within the region?

Prime Minister

I think we are. We are certainly taking a much more active role in the Pacific and that's important because they are small fragile economies. They need some support and assistance. I think they would much sooner have it from New Zealand or Australia than countries further afield. But other people will do it and get a leg in if we don't play our role. That obviously has strategic consequences as well. In Southeast Asia we have always had an active policy - our overseas aid and defence aid has been concentrated in that area and as I indicated the other day we are looking to see if they are willing or would like to expand some of those relationships.

Question

You've expanded quite often in the past on the concept of the Pacific Community - something which was brought up during the Ohira visit and I think it was something fairly concrete to come out of the Ohira visit. Have you any more thoughts since that Ohira visit - you were especially - that was in the early post Afghanistan invasion days - is there something you can talk any more about in the United States or in the region?

Ptime Minister

No not really. I think the United States' position is that they applaud the concept but would like others to be the front runners. People have not really got in mind some sort of defence association-social, economic, trade, cultural - but a great deal more work needs doing before you can put even bones on the idea and then flesh on the bones. The concept is good and many people applaud it but then you ask them what do you mean. How do you develop a Pacific community that comprises nations of very diverse backgrounds, culture, size, strength, geography. Japan on the one hand, the small island states of the Pacific with a few thousand people total population - the Asean groups of nations - you have got to make sure that they don't regard this concept as something that threatens the integrity of that group and you would not want it to, because the strength of Asean is very important. What is happening at the moment is very careful soundings going on of the attitudes of other countries and it will be dependent upon that - whether or not we go ahead with the seminar which Japan and Australia agreed would be a good idea. We hope other countries will join us. But there are some sensitivities. There are enormous differences between the countries of the Pacific. In other words there isn't the kind of natural affiliation that you would have got from the European Community for example. That is not depreciating the idea, that is just saying that it needs working on.

Question

I understand the American Ambassador to Micronesia was just down here.

Prime Minister

Well Mansfield was here from Japan.

Question

I heard that someone was here just last (inaud)

Prime Minister

Well he could have been. I did not meet him.

Question

The Americans are fairly set to give Micronesia some sort of self governing status. Is that something which interests Australia?

Prime Minister

Well all the Pacific States are becoming independent and self governing. That is a move that is sweeping through the Pacific. But it is also going to be very important that those countries keep together in their own bodies in their own groupings.

Question

Do you see the Soviets as willing to play up any weaknesses in...

Prime Minister

There have been some suggestions that they are prepared to provide air force or (inaud) bases in some of these islands and if they are given half a chance I suspect they might like to - and then what does it later develop into.

Question

There was that thing in Tonga a couple of years ago.

Prime Minister

That's right, yes. Well that was the main feeler that went out I think.

Question

The New Hebrides is having a lot of problems which could be a (inaud).

Prime Minister

Some.

Question

I know you are pretty pressed for time but jumping to another subject - do you think, I mean it's part of my hassles with my editors in New York and I sometimes feel sympathy when you are

saying in effect that no-one is paying us enough attention down here.

Prime Minister

I haven't said that. Our journalists said it.

Question

In effect. But do you think Australia is taken seriously enough?

Prime Minister

I think Australia is taken seriously in Washington and State Department political circles and in the White House. I think Australia is taken seriously for quite different reasons in the financial circles in New York. I attended an economic club dinner and 1,000 people turned up. I don't think 1,000 people turned up just because they liked Malcolm Fraser. I think they had some interest in Australia and what Australia is doing and some interest in the kinds of policies that we pursue. Because we have got a reputation in New York for economic policies that work and keeping a tight reign on government expenditure and all sorts of things. And that is appreciated. So in those areas I think Australia - well (inaud) if somebody has got a project to develop here you will find plenty of people in New York that will be prepared to provide the funds. That is the sort of reputation we want. Now it doesn't worry us if we don't get many column inches in New York newspapers or in the Washington Post. And I can well understand what the 140 or 150 nations represented in Washington - how people get involved in their own domestic affairs. You go across to the United States and a number of the newspapers there hardly even write any national news. It's only in the East coast newspapers and I suppose to an extent in the West coast papers, when I've been in the country where you really find international events reported at all. So I am used to it. But it doesn't worry me.

Question

But are you disappointed that Australia hasn't - in world economic forums it seems that - I know that you liaise very closely with the Americans and the Japanese for example - and that they carry Australia's arguments to these forums - but why hasn't Australia become an invited partner of these..

Prime Minister

Japan wanted us to be and I think the Americans would have accepted it and the British would have, may be Germany. But there are one or two in the economic group that didn't want us. There are economies than Canada's but bigger than ours. The present membership is based on the size of their economies. Now if they make a juncture with a country with Australia's size economy - they are going to be a number of others in between within the European area that will give problems to the Europeans and say how do you put Australia on and leave us off - our economy is bigger. And I can understand that sort of argument. I can also understand arguments that said the world's geography has got to be balanced and that was the argument that the Japanese used. I don't know that that matters very much. We can make our own way and seem to be doing it all right. I don't know that our presence at those forums is going to really strengthen the anti inflationary policies of the countries



Prime Minister (continued)

that are not receiving an adequate anti inflationary policy. But in other areas of course, in the political domain, I would like to see more discussions amongst an even more restricted group and that is Britain, France, Germany and the United States. I think much of the future of the independent nations of the world depends upon a very even closer link and liaison between those major four countries - I suppose I am saying in practical terms that there are things that I believe they can and ought to be saying to each other which they probably wouldn't say in any larger grouping. But that is on political and strategic matters rather than on economic matters.

Question

But do you think that such talks however informal would tend to put off your own regional - the other nations within the region?

Prime Minister

What sort of things?

Question

You know if you are talking about forming a group of independent nations - like mostly European and American nations - wouldn't that put off the regional allies a bit - why aren't you talking to us as much as you're talking to them?

Prime Minister

I think they talk to us and to others in different sorts of forums. Look so much depends upon a concerted European/North American policy in dealing with the Soviet Union. And it can be achieved through those four nations.

Question

But how would you assess the relationship between Australia and the region?

Prime Minister

This region?

Question

Yes.

Prime Minister

I would have thought it's good. Sometimes our own economic writers down here write things that I think are nonsense about our trade relationships with Asean. But the Asean countries are well aware that their exports to us have been increasing by 30 to 40 per cent a year for ten years, even though they started from a low base - that rate of growth that starts to build up - we have introduced many special policies to help them get into our markets because they started later than many others. I am opening a second Asean Australia trade fair later this year. And I think they understand that we buy on a per capita basis much more their manufactured goods than does any other advanced industrial country - more than Japan, America or Europe. And we will go on doing so. We have got

Prime Minister (continued)

a close identity of interest in the security and stability of the region. With Malaysia, Singapore, Indonesia - we have got defence aid programmes - we have got a five power defence arrangement that still exists with Singapore, Malaysia and New Zealand, Australia and Britain.

Question

That's right. Everyone is still there except the Brits I guess?

Prime Minister

The Philippines have put aside a trade treaty for a long while because they were not satisfied with trade arrangements. But when I was there last time it was brought up, dusted over and signed. So I think the relationship with the region is a good one.

Question

Would you agree that there have been strains and misunderstandings.

Prime Minister

Oh going back over 25 30 year period - at different times - of course there have been some. There have occasionally been strains and misunderstandings in relation to our immigration policy - sometimes in relation to trade policy. But we have tried to work on it and I think those difficulties I hope have permanently passed us. And relationships with Japan could not be better. So we have concentrated our diplomatic efforts and initiatives in this area - the last 3 or 4 years may be started to branch out a little bit and develop closer links with the Indian subcontinent. And in the last 3 or 4 years we are giving much more attention to the Pacific.

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