The visit of the Prime Minister, Mr. McMahon to the United States and Britain has been undertaken at a time of great importance to Australia.

He returns next Thursday after top level discussions with President Nixon, Prime Minister Heath, and leading officials of both the American and United Kingdom Governments.

We should be honoured that our relationship with the United States is such that the President wished to consult with the Australian Prime Minister during this period of policy re-examination.

The issues which lie behind the visit of Mr. McMahon are both economic and political. The economic issues particularly concern the present dispute between the United States and the major European countries, and the measures which the U.S.A. has introduced to protect its economy.

It needs to be understood that these measures have in fact been made necessary by the policies of some other countries, and by the continuing heavy defence and foreign aid burdens which the United States has assumed to the present time.

Whatever may be the reasons for the United States' actions, the fact remains that we have a dispute between the greatest trading countries of the world. The Prime Minister has pointed out the very real needs and concern of Australia, for which international trade and capital flows are so important.

We are not what is generally termed a party principal to the dispute. We are not a member of the "group of ten". And we cannot therefore directly affect policy negotiations, in arguments between the United States and Europe. But we are well aware that traders and financiers around the world are operating in conditions of great uncertainty, and we have a view that must be expressed.

The Prime Minister has pointed out, quite forcibly, that if these issues are not resolved quickly, there will be a real risk of a run-down in world trade. Indeed, if the measures introduced in the United States are to be
followed by a further round of national protective measures in Europe, the outlook for world trade will be very grim.

The Prime Minister has also emphasised during this visit the concern we have for the confusion which appears to have developed in the trading relationship between Japan and the United States. This has aggravated the situation to such an extent that we now have the greatest threat to world trade that we have seen in all the years since the War.

The second economic issue concerns the European Economic Community. The Prime Minister has again emphasised the extent to which certain Australian primary industries will be hit.

Fortunately, in the last ten years, a great deal has been done to diversify our trade. More is sold to the markets of the Pacific Basin countries, particularly Japan, than ever before.

But sometimes you find people charging the Government with having failed to adequately prepare for Britain's entry into the E.E.C. What more ought to have been done than pursue the development of other markets as rapidly and as vigorously as possible, which is a continuing Government objective?

It would have been quite wrong, and would still be wrong, to assume that certain markets were going to be lost, and thus take steps to phase out some rural industries in Australia. The years of debate over the Common Market have not been wasted years. They have been spent in obtaining alternative markets for much of our produce.

This brings me to other issues which are all-important to our country. Australia is helping point to the need for satisfactory relationships between the United States, the Soviet Union, mainland China and Japan which, eventually, will enhance the security of the smaller countries.

We must make our voice heard at this time of changing Great-Power relationships, for these changes are certain to impinge upon us.

We are also adapting to these changes in a number of ways. The growing depth of our relationship with Japan - our involvement in the Colombo Plan, the Economic Commission for Asia and the Far East, and the Asian
Development Bank are some examples.

We have entered a regional defence arrangement with Britain, Malaysia, New Zealand and Singapore. This arrangement underlines the significance of the changes taking place.

The Prime Minister and President Nixon have emphasised again that the ANZUS treaty remains the sheet-anchor of Pacific Security.

I have chosen in this talk to emphasise three aspects of the Prime Minister's visit. I have done so because the issues themselves are important and will significantly affect the pattern of Australia's development during the next decade. The trade dispute between the great free world countries...the attitudes of the enlarged Common Market...and the political relationships between the United States, China, Russia and Japan are all of real national interest and concern to Australia.

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