INTERVIEW I

DATE: December 1, 1969

INTERVIEWEE: SIR KEITH WALLER

INTERVIEWER: JOE B. FRANTZ

PLACE: Austin, Texas

Tape 1 of 1

F: Sir Keith, let's talk first of all about the problem of U. S. investments in Australia, which was a prime problem, had been a prime problem during your ministry to the United States.

W: It's true to say that they were a problem, yes. But I think it's equally true to say, as our present Prime Minister made clear not so very long ago, that we need them to develop. You see, you have a continent, and it is a continent, [of] three million square miles, give or take a few hundred thousand.

F: About the same size as this one.

W: The same size as the continental United States, and you've only got twelve million people to develop that continent. It's physically impossible for that number of people to generate sufficient capital to carry out the investment program which is necessary to enable us to develop, and therefore we are to a large extent dependent on foreign capital. There was a time, I would say 1965-66, where, because of your anxiety on balance of payments problems, it appeared likely that the flow of American capital might have to be diminished. In point of fact, that flow has continued. I think we've been treated very fairly in the

guidelines that two of the administrations have laid down, and the flow of the American capital has continued. I hope it will go on continuing.

F: Has there been ever really a strong movement for the Australians to limit the amount of capital that could be introduced?

W: No. This is a matter of some public debate and there is a fear that we may become victims of an economic takeover, but I think the balance of the people, the large majority, realize that we must have foreign capital. After all, many Americans with whom I've discussed this matter are not aware of the extent to which the United States was developed in the last century with foreign capital. Your railroads--

F: Mines.

W: --mines; there was British-French-German-Belgian capital in all these. You had precisely the problem we have, to free your local capital.

F: It freed our local capital to do auxiliary things that couldn't have been done otherwise.

W: I'm often asked by various American businessmen who are thinking about investing in Australia what the restrictions are. Well, broadly, there aren't any restrictions so far as investment is concerned.

F: You've never seriously entertained the idea of some sort of percentage on the stock ownership, a percentage of the directorship?

W: We've certainly looked at this. There are restrictions as to the amount of money that a foreigner and a firm can borrow on the local market. In other words, they can't have it both ways. If they're going to invest, then they must make a genuine investment, and not

simply set up house in Australia and hope that Australian banks will finance.

F: Yes.

W: But beyond that there are really very few restrictions. But as I was saying, I'm often asked about this. American businessmen will come and say, "If I start a branch of my undertaking in Australia can I remit my profits? Must I have an Australian equity?" Well, the answer is, "No." There is no legal obligation for you to have an Australian equity in your company, but if you're wise you will encourage one, because the day will come, certainly, when we will feel able to make restrictions of this kind. I think it's some way down the road, but it will come.

F: Shortly after you arrived here in 1964 you made a speech to a national group in which you described the Australian economy as being in the middle zone. What did you mean by that phrase?

W: What I meant was that we were not a fully developed country, nor were we an undeveloped country. We tend not to use that phrase any longer, partly because our own economy has expanded to such an extent and partly because we have been pressing for, and indeed ourselves offering tariff advantages to the LDCs, the less developed countries.

F: In the spring, our spring of 1965, there was of course a strong movement to cut back the outflow of American dollars. For the person looking at this script a hundred years from now, what does an ambassador do in the way of representation in that case? What can you do? This is an American economic problem, but it affects other people.

W: There was not a great deal that we could do. We did make representations, both to the President and the Secretary of Commerce and the Secretary of the Treasury, and on all occasions we got a fair and friendly hearing, a promise that we wouldn't be pressed unduly. But we understood your position, because we had balance of payment problems ourselves. All we asked was that we should have what Australians call "a fair go", and I think we've had one.

F: In the next year, 1966, both Vice President Hubert Humphrey and President Johnson later in the year made trips to Australia. Was this just because it was a good ally, an important neighbor, or were there underlying reasons that you could discern?

W: I think so far as Vice President Humphrey was concerned, it was a mark of appreciation of a good ally. So far as President Johnson was concerned, it was something rather more than that. He had of course been in Australia as a young man. Early in World War II he had spent about six months in the country, and he'd been decorated as a result of war service that he saw while in Australia. He had developed a very great attachment for the country and its people and for our then-prime minister, Mr. Holt.

F: Yes.

W: And when he was invited to come, I think that he very much welcomed the opportunity to go back to a country of which he had these very personal memories.

F: Incidentally, had you known him before you came to the States?

W: No, I hadn't.

F: When the president of a country to which you are the ambassador decides to go visit your country, how much are you as an ambassador involved? Is this pretty much handled out of his office with the United States ambassador in Canberra?

W: Oh, no, we were all very much involved in it. The normal thing is of course that the ambassador accompanies the visiting head of state on his journey in the country. I went out a few days before President Johnson and was there to meet him and travel with him throughout his Australian visit.

F: Now, by this time of course Vietnam had become a matter of controversy both here and there. Did you have much fear of problems with the anti-Vietnam demonstrators?

W: We knew we would have demonstrations, and considerable precautions were taken to limit those demonstrations. They were neither very numerous nor very important. Some thousands of anti-Vietnam people demonstrated against President Johnson, but some hundreds of thousands turned out to welcome him. There really was the most extraordinary turnout; the mere experience of driving through the streets of the four capitals that he visited was most exciting to see. Literally millions of people must have turned out to see him. I've never seen such crowds.

F: I rather judge that he warmed to the Australians and vice versa.

W: I think so, yes. I think so. But he does, as he says himself, have a very sentimental attachment for Australia. You always remember places that you visited as a young man, and if people were kind to

you or unkind, then you remember this. He was very conscious of the fact that people had been kind to him.

F: This is subjective, but would you say that the amount of anti-war feeling in Australia was as intense as what you'd seen in this country?

W: No.

F: I'm thinking about the fact that you had a little bit of demonstration when your own people came here.

W: No, I don't think it's as intense. You see, we're much closer to Vietnam than you are, and because of the physical contiguity of the whole Southeast Asian region we can understand perhaps more easily than the man in the street why it's necessary to fight to prevent a small country from being taken over by its neighbors. It's always, therefore, been easier to explain to Australians what it was all about. Indeed, the election at the end of 1966 was fought almost entirely on the Vietnam issue, and the government was returned with a majority larger than any majority since federation in 1901.

F: It had gone from a very narrow, what was it, one vote majority, wasn't it?

W: No, that was the 1961.

F: 1961?

W: Yes.

F: That's right.

W: The 1963 election the Menzies government was returned with a reasonable majority, and then in 1966--we have a three year term for Parliament--they gained this huge majority.

F: Yes. The charge was made by the opposition while President Johnson was in your country that some of his speeches intruded on domestic politics. Is this a supportable charge, or is this just strictly politics?

W: I think it was only domestic politics. The President went to great pains to see leading members of the opposition party, spent quite a lot of time [with them].

F: Were you with him when he saw these opposition members?

W: No, he saw them without any official present. It was a personal interview between him and the leaders of the opposition party.

F: In preparing for the trip,did the President seek your advice on the personalia, on the people that he would be seeing, whom he ought to see and so on?

W: Well, I did have discussions with him prior to the visit. I'm not sure to what extent that came up. I don't any longer remember, I'm afraid. But the bulk of the planning before the visit was done in Australia and then submitted to the President for his approval.

F: Well now, was there any sort of theme or idea that you had behind where he should go, or were you just trying to touch the principal bases?

W: Time didn't permit him to visit all the state capitals.

F: Yes.

W: We felt that he'd want to go to Melbourne, because that was where he had started off as a young Naval officer. Of course, he had to go to Canberra, because that's the nation's capital.

F: Sydney's the metropolis.

W: Sydney's the largest metropolis. Brisbane--he again had been there as part of his war service. And Townsville, a little city on the northeast coast--

F: Yes, I've been there.

W: Well, he'd left there on a bombing raid over New Guinea. He'd spent some time in Brisbane, certainly a number of weeks, staying in a funny little country hotel, and he wanted to go back and see it, which he did. He went into the bar; it was a Sunday morning as I remember, and there were a few chaps in there drinking beer; so he had a beer with them, and that's where he ended the journey.

F: You had the privilege, or the work of bringing three of your prime ministers to the United States during your ministry with President Johnson. Is preparation for their visits more or less the same, except from the opposite end, as when we send someone abroad?

W: More or less, yes. I consult the Prime Minister about the business that he wants to raise, and then I work out a program with the State Department and the White House to discover how best we can fit those things into the program without overtaxing the Prime Minister. Normally, of course, these visits are fairly short, about two working days.

F: Do you lay out a really formal agenda and hew to it, or do you just suggest topics that might want to be discussed and let the men develop a . . .?

W: We try to keep it as flexible as possible. There are generally three

or four main topics. For instance, it may be American investment in Australia, may be current developments in Vietnam; generally two or three major topics that suggest themselves. These dictate the people on whom the Prime Minister will wish to concentrate on his visit. It's not too different. It's a pretty straightforward exercise. Normally, a prime minister coming here would see the president; he would see the secretary of state; see the secretary of defense; he might see the secretary of the treasury or the secretary of agriculture or the secretary of commerce, depending on the problems.

F: Your prime ministers have seen the President in Washington, they've seen him at the Ranch. Is there any essential difference between where you saw him, as far as procedures are concerned?

W: Not so much so far as procedures are concerned, but when you see him out of Washington you're seeing him in a much more intimate atmosphere. For instance, Prime Minister Holt had a weekend with President Johnson at Camp David. Now,there you're cut off from much of the normal business, though a president of the United States can never cut himself off entirely, the telephone rings and--

F: People slip him notes.

W: --the ticker machine keeps on ticking away, but it is a much more intimate and informal atmosphere. Sitting around a swimming pool or eating barbecue is very different from sitting in the White House.

F: Is one atmosphere more conducive actually to getting things firm than another, or is it just a matter of developing a closer personal, more intimate personal relationship?

W: Again, it depends very much on the business to be discussed. Sometimes there are advantages to being in the White House. The president can pick up the telephone and say, "Ask Secretary So-and-So to come in and see me." But a great deal of what one might call high level diplomacy depends on the development of the personal relationship. You must have mutual trust and confidence. You must have the sense of being at ease, and this can often be achieved more readily if you're away from the formal atmosphere of the White House.

F: Did the President develop a more or less equal degree of congeniality with your three prime ministers, or was there some variance?

W: Well, they were three entirely different people, and I think it was with Harold Holt that he was most intimate. He got on with all three of them, and all three of them admired him. But Holt, you see, was a man almost exactly the same age; they were born in August of the same year. They were both people who had been in politics virtually their whole adult life. Mr. Holt was elected to the Commonwealth House of Representatives in 1935. I've forgotten when President Johnson--

F: President Johnson came to Congress in 1937.

W: In 1937.

F: Parallel careers.

W: They were both people who, when seeking relief from the tedium of office, liked to do things in the open air. Sir Robert Menzies was essentially a scholar, and if he found that he had a Sunday morning off, which didn't happen very often, he would retire to his study

with a book. President Johnson used to always try and get down to the Ranch and be out in the open air. Holt used to like swimming or diving or fishing and this sort of thing, so they were men with curiously parallel careers. I think they developed an instant liking for each other, as I thought they would. I went out to see Prime Minister Holt before he made his first visit, and he naturally said, "Well, now, what sort of man is the President? Will I get on with him? Will I like him? Will he like me? What will he want to talk to me about?" I said to him very much what I've just said to you, that, "I think you will find yourself at ease with him at once." And it worked out that way. Of course, as prime minister, he was here three times, I think, and on each visit their relationship got a little bit warmer, a little bit more intimate. Mr. Gorton only had the one visit, and that was just before the elections of 1968.

F: Did the fact that Mrs. Gorton was a United States citizen make any difference one way or another?

W: Yes, I think it probably did. It was the kind of thing that the American people naturally noticed. I don't know that it had much more impact than that. Of course, she hadn't lived in this country for a good many years. Indeed, I'm not sure that she'd ever been back here since she left it. I think she was at one of the European universities when she married him. He was in England, and he met her I think in Spain. I doubt whether she did [return].

F: Yes. When we announced that we were going to cut our overseas investments, of course, that had an economic impact on a number of nations, and we announced that we would cut them on a percentage basis of our 1965-1966 investments. This happened to be a kind of a prime year for investment in Australia. Was this considered in light of that? Did you make any representations along that line, or did this just happen that the United States picked this particular year?

W: I don't honestly remember. I have a clear recollection that we did far better than we feared we might do.

F: There was a charge made in Australia that your defense spending, to a great extent, was utilized to shore up our deficit and balance payments. Was this charge viable?

W: Not really, because in the first place our total defense expenditure, which is about 1.2 billion dollars, wouldn't have done the trick. Secondly, not all of that money was being spent in the United States. No, I don't think there is any substance. I never actually heard that charge. The charge that we normally make is that we buy twice as much from you as you buy from us, that the balance of trade is very heavily in your favor.

F: Let's talk about Vietnam just a little bit. We, of course, after the Gulf of Tonkin, stepped up our commitment in Vietnam considerably. How was this communicated to you that we were going to step it up? Because you are involved more intimately than some countries.

W: You see, we had quite literally daily contact with the State Department. I was normally in the State Department on one subject or another

two or three days a week. I don't remember precisely how it came up. One could see it coming quite clear and that it would be coming. There was a marked decline in the situation on the ground in the latter half of 1964 and the first few months of 1965, which left you with a position in which unless direct military assistance was made available, the whole thing might collapse.

F: Were there any strong representations from Australia for us to step up our commitment?

W: No, I don't think so. It was very much a joint undertaking. We were watching the situation just as carefully as you were and were just as perturbed at the way things were going. I don't even remember at this stage whether we ever got a specific request for a combat unit or whether we offered it without that request having been made. I know we started originally with one battalion and ended up with three. I know with the second and third there was no request. Whether there was for the first, I don't remember.

F: You don't feel that there's any undue pressure on the part of the United States toward Australia to continue its commitment or to enlarge its commitment, that this has been two independent partners?

W: Two independent partners looking at the same evidence and coming to the same sort of conclusion.

F: Has there ever been, to your knowledge, a really serious consideration of Australia's withdrawal?

W: Well, naturally we are considering it, just as you are. When this matter came up during the last election campaign, the Prime Minister

was faced with an opposition party platform which was that all the troops would be out by the middle of 1970. The Prime Minister refused to commit himself to that kind of timetable, saying that the withdrawal of our troops would be phased in to what the United States did, that when in our mutual view it became clear that the South Vietnamese could manage with a much smaller Allied force then clearly the time had come for us to withdraw. He said he couldn't prophesy when that was going to be, that no fixed timetable had been generated in Washington, and that therefore he wouldn't name a date. But clearly we're not going to stay there forever.

F: You have that vast northern coast that is relatively uninhabited, or at least sparsely inhabited. Does this give you considerable pause for any sort of what looks like mischief-making in other countries to the north of there?

W: Oh, I don't think so. The problem of defending a continent of that size with a population as small as ours is of course a major one, but if I understand your question correctly, we're not particularly worried, because there's not much there for the enemy to seize. They could seize territory, but in most parts of the country they would have difficulty in holding it because of the shortage of food and water.

F: They'd have to be supported from the outside.

W: This would be a major logistical undertaking.

F: Did you have any particular intimacy with the United States with regard to its Indonesian policy?

W: Yes. A good deal of that happened prior to my arrival. The decision

on West Irian Island was taken in 1962. But we have worked closely with the United States on the whole Indonesian problem, and in some cases we have played a leading role. See, Indonesia is much more important to us than it is to you: 115 million people more or less on our doorstep. You can withdraw, you can leave the area. We can't, we happen to live there. So we have tried as much as we possibly could, especially in recent years, to retain good relations with the Indonesians. I don't know whether you--I'm sure you do remember the Sukarno policy of confrontation.

F: Yes, yes.

W: We had troops in the Sabah-Sarawak area who were fighting Indonesian troops in the same area. Yet throughout all that we maintained comparatively normal relations with the Indonesian government in Djakarta, and we continued our aid program for Indonesia even though we were fighting. Because we thought the day would come when this would change, and we didn't want to follow the policy which might leave lasting scars. It's very easy to leave national scars.

F: Right. You also, of course, had Indonesia as a problem with regard to Malaysia, which is--

W: That was, of course, a complication. I think relations there are far, far better now, and one has every hope that they will improve.

F: Has the United States generally supported your guardianship of areas like Papua?

W: Papua and New Guinea. Oh, yes.

F: There's been no friction there?

W: No, none at all.

F: Either overt or covert?

W: No.

F: What about the attitudes toward Southern Rhodesia, which is a long ways off from both of you but still involves you?

W: Well, we've gone along with the U.N. resolution on Rhodesia. We still sell them food because we don't read the U.N. resolution as advocating starvation, because it's starvation for the whites as well as the blacks.

F: Right. While we're on the subject of food, of course, two of the things you have to offer are in direct conflict with what we have, and the one is wool and the other one's meat. Does this make for any sort of economic friction between the two countries?

W: Oh, yes, very much so.

F: Is it the sort of thing you work on continuously?

W: Continuously, yes. And I think we're likely to do so for quite a long time to come. You've had your high tariff on wool, of course, for many, many years. It's twenty-five and a half cents a pound for raw wool, which means that by the time it's scoured it's roughly fifty cents a pound, and this is a swingeing duty. No other industrial country in the world has a tariff of this magnitude, and so we've long made representations on that, without any great success I'm sorry to say.

Meat--most of our meat exports consist of lean meat, what they call manufacturing meat. It's chopped up and minced up and used in

hamburger and things of that kind. We contend that you have a shortage; indeed, even the administration admits that you have a shortage of meat of this kind. We have a surplus, and we feel we should get better access to the American markets than we do. At the moment we are operating on a system of voluntary restraints, under which we limit the tonnage that we send to this country in any one year. We don't think that's particularly fair. We don't think that the present percentage represents an adequate projection of the base period. We think that you're raising your own cost of living by limiting the import of types of beef and mutton which do not really compete with the local market.

F: Does our concern for the development of the Latin American Common Market impinge at all on your own economic situation?

W: I don't think so.

F: Does the slow but still steady growth of American ownership of ranching properties in Australia make any difference in sort of defeating the American tariff lobbyists in the fields of [beef and mutton]?

W: It hasn't so far. It may in the future.

F: This way they're hitting themselves for outlets.

W: One of the disadvantages is that we have no constituency in this country. There's an Irish vote. There's a Jewish vote. There's the Italian vote, and there's a Swedish vote. There must be several congressmen from Minnesota who were elected entirely on the Swedish vote. We have no constituency like that; so maybe it will help us one day.

F: You've seen us now off and on from the vantage point of Washington since the late 1940s, and of course very intensively since 1964. Do you think the Australian relationship vis-a-vis the United States is growing closer? Are we drifting apart? Are we getting to be irritants to each other? What developments do you see in this?

W: I think it's grown very much closer than it was in the forties.

F: Even with the fact that all those Yanks were down there?

W: I know the volume of business and the variety of problems that we deal with in Washington has increased enormously as compared to what it was in the 1940s. An intimacy has developed between the two governments which didn't exist in those days. There is a feeling of mutual trust and confidence.

F: Well, now, you have held other ambassadorships in the Far East, or I guess the Southeast and the Middle East. Is there any basic difference between your procedures in those countries and your procedures with us?

W: Oh, yes. An immense difference, an immense difference. You know the old phrase--well, how does it go, "When Washington catches a cold, the rest of the world has pneumonia."

F: Yes.

W: Virtually everything that happens in this country will have some impact on Australia, and, therefore, we follow all the developments with the greatest possible interest.

F: The charge has been made, right here in Austin, that President Johnson sent a crony to Canberra, Ambassador Edward Clark. There's a counter-

charge, or a refutation, that he's a kind of a big, friendly bear and everybody soon understands him and loves him. Did his sort of lack of dignity and his half-sophisticated country boy approach to problems drive official Australians away, or did they soon understand the nature of man they had there? He's not an ordinary ambassador.

W: Oh, I think they understood very quickly. Maybe it took a week. But there's much more to Edward Clark than just bluff, party bear. He's a man with a very keen mind and an excellent political sense.

F: So the sometimes, oh, lack of exterior dignity didn't really deter.

W: I didn't find him undignified.

F: Mannered may be the word.

W: He's very informal.

F: Yes.

W: But Australians are an informal people.

F: Yes. So from that standpoint you wouldn't fault the choice?

W: No. Oh, no. It was an excellent choice indeed. There was a gap between the departure of his predecessor and Edward Clark's arrival. Prime Minister Menzies was staying with me in Washington, and he was going to see the President. He told him that he was going to talk about this, that, and that, and I said, "Well, can you please find time to mention the fact that nine months have gone by without a new American ambassador being appointed?" So Menzies said, "What kind of ambassador do you think we should have? Do you favor a career man or do you favor a man from politics?" I said from my judgment the person who would help Australia most--and naturally I

think about Australia, not the United States--would be a man who was a personal friend of the President's, because this would give him access to the President and would give us a channel of communication which might not exist under other circumstances.

That was my first point, and my second point was, "If he can be a Texan, so much the better, because there's a great physical similarity between Texas and large parts of Australia. Texans seem to find it easy to get on." Menzies went down to the White House, and as soon as President Johnson opened the door the first thing he said to him was, "I've got a new ambassador for you. I hope you will like him. He's a personal friend of mine and he's a Texan." So Menzies said, "Mr. President, I was discussing this matter with my ambassador, and I asked him for his prescription and you filled it completely." Oh, no, I think it was a very good appointment. We gained a lot from it, and I think he enjoyed himself, too.

F: Were there ever any serious discussion on the part of Australia that it might pull out of Vietnam?

W: No, never by the government.

F: Oh, yes, individuals with that many people.

W: Except in the context that I mentioned to you earlier, phased into a progressive American withdrawal.

F: In your long experience in foreign service, do you find the relationships between the Johnson Administration and your government to be about as effective as any others, less effective, more effective? In other words, how would you characterize Mr. Johnson's foreign

relationships, insofar as Australia sees it?

W: As I said earlier, there was a very close working relationship between the President and the prime ministers who happened to be in office, and this kind of relationship went right down the hierarchy in Washington. It meant that anything that I had to say was listened to with much more care than it would have been, I expect, had that relationship not existed. In the time from my arrival in August until Dean Rusk resigned from office in January, 1969, I saw him dozens and dozens of times, and out of those many dozen times, only on two or three occasions did I have to wait as much as twenty-four hours to see him.

F: You had ready access. Did you find him a sort of a flexible man to work with?

W: I found him an admirable man, admirable to work with, yes. You knew exactly where you were.

F: Ordinarily you went to the Secretary of State and not directly to the President?

W: No.

F: When you needed to see the President, did this go rather quickly?

W: Well, I never had to see him. It is unusual now for the President to receive an ambassador as an individual. I used to arrange to take visitors to see him from time to time, either prime ministers or foreign minister and minister of finance.

F: Did he tend to give them what seemed to be adequate time?

W: Oh, indeed, yes. Indeed, yes.

F: Did he use a schedule?

W: No, no.

[End of Tape 1 of 1 and Interview I]

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