

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER,
THE RT. HON. R.G. MENZIES, IN SYDNEY AT 4 P.M.
JULY, 12TH, 1961

PRIME MINISTER: I think it might perhaps be a good idea - you have all had the communique, or your principals have - if I just said something about the background of this matter; in fact, if it does not sound too tedious, something about the history of the matter, because it is some years now since the Common Market was established in Europe by the six powers, that is to say, Germany, France, Italy and the Benelux powers - we sometimes call it the Treaty of Rome. But one of the essential elements in it is that over a period of years they are aimed at internal free trade and a common external customs tariff.

When the Common Market was established, when the negotiations were in hand, Great Britain did not decide to go in; she had remained out, as a matter of judgment. Since then she has established a European Free Trade Association which includes six other European countries, including the Scandinavian countries. Now, she has not decided - that was made clear to us by Mr. Sandys - she has not decided to go in or to negotiate her way in, but she has been rethinking the matter; and a decision as to whether they should negotiate to go in will be taken one way or the other after Mr. Sandys returns to London, and after other Ministers who have been visiting other Commonwealth countries have returned to London.

So the whole thing is quite tentative at the present time. And I think it is proper to say, because there is a little misunderstanding about it, that Mr. Sandys did not come out to ask us to say "Yes" to go into the Common Market, or to approve of Great Britain negotiating to go into the Common Market, because Great Britain herself has not yet taken a decision. What he was really doing was informing us of the various considerations that were operating in the minds of the British Government. And we welcomed this because although consultation in principle has been accepted now for the last two or three years, this was in fact the first occasion when we have had any close ministerial discussion about the matter in principle. And we therefore welcomed his visit and we enjoyed it.

That would explain to you why, in the course of the communique we have said "This is a matter for Great Britain to decide", which it clearly is. It is Great Britain that may or may not go into the Common Market; it is not Australia or New Zealand. Therefore a decision for Great Britain. That being so we have no status to object or to do anything else about it except to exchange our ideas and do what we can to protect our own interests. And a good deal of our discussion took place in relation to the ways and means of protecting our own interests should the United Kingdom decide to negotiate for entry to the Common Market.

The reason for that is very clear, of course. Suppose Great Britain went into the Common Market unconditionally - I mean on exactly the same footing as Germany or France or Italy or the rest - then, in due course, perhaps over a period of seven or eight years, there should be internal free trade. And if Great Britain went in, it is reasonable to assume some of the Scandinavian countries would go in, including, for example, Denmark. And if Great Britain went in unconditionally - and I repeat, that is to say on the same footing as the others - then Danish butter would

find free entry into the United Kingdom, but Australian butter and New Zealand butter would be met by the common tariff barrier and would therefore pay duty, which would seem to us to be rather an unhappy result for an industry which is substantial in Australia - but probably vital in New Zealand - as an export industry.

And in the same way wheat from France, France being a great wheat producer, would move into England duty free while wheat from Australia would lose its present advantage of going in without duty.

Dried fruits - very important in various areas of Australia - would lose their preferences, because they would be all subject to the common tariff barrier. But dried fruits from say Greece - Greece having already decided to be an associate member of the Common Market - would move in duty free.

These, of course, are tremendously grave matters for us, not matters to be disposed of merely in a sentimental way. They have very grave implications for our own business. And one of the things that we set out to do was to establish that these particular interests were not to be overlooked in any negotiations. That is why you will have noticed in the course of the communique that in any such negotiations various Australian export industries would be involved and Australia should be in a position to negotiate direct on Australia's behalf when details and arrangements affecting items of Australian trade were being discussed.

What that means is that we did not feel that the case for our export primary industries could be put by anybody as well as by Australia, because we are familiar with the problem. Therefore it was not enough to be consulted in the distance; it was essential that in case the British Government decided to negotiate - and I repeat it has not yet decided - in case it decided to negotiate, then we would be, so to speak, in the room, and taking a hand in the discussion when wheat would be debated, or dried fruit, or butter, or whatever these commodities might be.

Of course the United Kingdom cannot guarantee that that would be so because if it decides to negotiate it will negotiate with the six nations of the Common Market as a group, and if they say "No, nobody else is going to be in the actual negotiation", then that, no doubt, will be conclusive. But I am sure that so far as Great Britain is concerned, if it does decide to negotiate, it will do all it can to secure our presence and our participation when those particular matters are under consideration.

That, I think, will explain why it is that we have observed a fairly cautious position in these discussions, not making ourselves a party to a decision - it is not our decision to make - but doing all that we can to protect our own legitimate interests should the decision be taken. And that, I am sure, is what the people of Australia would expect us to do.

I do not think there is any trouble about that, so far as our friends in the United Kingdom are concerned. I think that represented in the long run a common and cheerfully accepted view of the position.

But there is one matter, a difference of opinion, that emerges, that I would like to say something about, and that is the difference on the political implications. The Treaty of Rome is, in its terms, an economic treaty. It covers a variety of matters. - I have mentioned two of the great ones, internal free trade and common external tariff. It also provides for machinery for common working standards, for social services. It really covers a great deal of the economic field in these countries; and, of course, if Great Britain becomes a member it will correspondingly cover a great deal of the same field in Great Britain.

We think, and indeed we think that the Common Market countries think, that the political implications of this are very great. Indeed I think it is one of the proper objects of the exercise. They did not engage in the Treaty of Rome just because of tariffs and trade; but they were contemplating that as time went on because of all this common ground, they would become more and more of a political unity, not necessarily one nation, not necessarily a federation in the sense that we understand it, but something of what I will call broadly, a political unity, a get together politically, with a growing tendency to have common policies, to thrash them out. So that in the result you would have these European nations together constituting more people than the United States of America and therefore representing what might loosely be described as a third power in the world.

That is a view strongly held by a number of European statesmen. I offer no comment on it. But we think that the political tendencies in the Common Market must be in that direction. How far it will go is anybody's guess.

And under those circumstances we simply observe, in point of fact, that we do not think the position as between Great Britain and the other Commonwealth countries in the political field remains unaltered. It is very difficult for me to believe that Great Britain, intinately involved in European politics, for the first time - this is not the old 19th century balance of power business - it is very hard to believe that her position in relation to the Commonwealth countries, when we meet at Prime Ministers' Conferences, would remain so individual and detached as it is today.

Now I am not saying that is good, bad or indifferent; neither my colleagues nor I sit in judgment on that matter. But we record our view that the Commonwealth will not quite be the same. Mr. Sandys felt, and no doubt with great conviction, that none of these things would affect the Commonwealth relationship. Well, we think it will.

Whether that is a good thing or a bad thing depends on a choice that it is not for us to make - the choice between Great Britain effectively participating in a powerful European group of nations in the international political field, but with a looser association with the Commonwealth, or a Great Britain refraining from the European Association and maintaining her full contact with the Commonwealth.

I see, and my colleagues see, great merit, politically, in a European association. We hardly need to be persuaded that it has great importance. But we simply record our view - and we are bound to record that view - that this will lead to a loosening of the Commonwealth relations. That may be a price worth paying for the European association; I am not endeavouring to sit in judgment on that. Indeed, only time will provide an answer to it.

So that the difference is a difference of opinion; it does not represent any vital matter. Indeed, it is very agreeable to me that in a matter in which Great Britain has tremendous interest some of her people, at any rate - without attributing a judgment to their Cabinet - thought that for Great Britain to be in the Common Market representing an enlarged home market of about 250 million people, would greatly increase her competitive position, her competitive capacity in the world. That is a very legitimate argument. There are, of course, arguments the other way, that British industry will be subject before long, to the full blast of continental competition in Great Britain itself. And I am relieved to know that I certainly do not have to decide that matter.

But allowing for all these things, the remarkable thing about the discussion and about the communique is not that it exhibits so many differences but that it exhibits so few. The one difference that I have referred to is the difference of opinion. And that is, of course, a matter of historic judgment. We are all entitled to our own views on that. I used to think I knew a lot about the Commonwealth - I am not so sure now. But all that is a matter of judgment. As for the rest, it has been agreed by them that so far as they can bring it about we will have every opportunity to defend these interests of ours if they decide to go into the negotiation.

It has been a very interesting experience. We have had close debates, as you might have gathered, not from the speculative stories that appear, but from the sheer amount of time that we have occupied in the course of them. Would anybody like to put a question to me? I am sorry to have spoken so long.

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QUESTION: What would you consider, yourself, to be the biggest danger to Australia by Great Britain joining the Common Market? Would it be a weakening of political ties with Great Britain, or just hardship?

PRIME MINISTER: I think you have oversimplified that question. You are speaking of joining the Common Market without conditions?

PRESSMAN: Yes.

PRIME MINISTER: If she joined the Common Market without conditions that would represent a tremendous blow to our export trade running into millions of pounds. It would represent for New Zealand - I do not want to speak for them here - an almost fatal blow having regard to the size of the dairy product industry throughout the country. But whether it would mean the destruction of this trade or the substantial modification of it there can be no doubt it would impose a great hardship before very long on half a dozen of our primary industries of some significance. That is assuming they went in unconditionally. But I do not think they will go in unconditionally. I think Great Britain is determined to do everything she can to get conditions which will give, at any rate, some measure of protection to the Commonwealth trade. It may not be 100 percent; but some substantial measure. She has made that clear to us. But she will then, of course, have an awkward decision to make, because if, having gone into negotiations she finds there is nothing doing, that it has to be unconditional, then she may feel compelled to withdraw from the negotiations and abandon the whole thing, give up what she otherwise feels to be economic advantages; or alternatively, come to the grim choice about our own Commonwealth trade. But we will not anticipate that yet.

QUESTION: You have explained that the Australian Cabinet did not think the case of Australian exports could be put by anybody as well as ourselves. I wonder whether that implies the British Government felt it would like to put the case of our exports on our behalf?

PRIME MINISTER: No, it does not imply that. The moment we raised this matter they agreed at once that after all our own people, whose business it is, whose interest it is, naturally can put that case in the most complete way. There was no suggestion they wanted to put it on our behalf.

QUESTION: Do you think there is a genuine risk to the present political structure of the Commonwealth if Britain were to join the Common Market unconditionally?

PRIME MINISTER: Yes, that is what we have said. This is not a risk of break-up. But what we say is that it would represent in our opinion in due course, a real modification in the present Commonwealth relations.

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QUESTION: Does the Australian Government intend to apply for membership of the Common Market?

PRIME MINISTER: I think I am in enough trouble now with the Australian manufacturers, but if you are going to suggest Australia should get into a common free trade area I will have to take to the bush.

QUESTION: You talk about the fact that some people in the United Kingdom Cabinet look to their market for their market for their produce and you suggested that there might equally be the possibility of greater competition if the United Kingdom... Do you find any difference between the view that our own Government took about advantages and disadvantages with the United Kingdom Government economically within the Common Market and what they were thinking?

PRIME MINISTER: I do not think we were thinking along identical lines, no. It is very hard to judge. We are dealing with one Minister, although he is a very distinguished visitor, a distinguished Minister. He, I think, was - I hope I can say this without putting things into his mouth - pretty conscious of the economic advantages; we on the other hand tended to think they might be over-estimated and the economic disadvantages might turn out to be rather greater. But we are not judging that from this distance. They are pretty old, as a country; I think that we will leave that decision to them.

QUESTION: Australia has insisted on the right to negotiate direct with Common Market countries if Britain joins. What form will those negotiations take and what would be their objective?

PRIME MINISTER: I am sorry, I thought I had explained that. Before Britain decides to enter the Common Market she will negotiate. Thus there are two decisions to be made. First, a decision to negotiate. When she goes in to negotiation one of the things she will want to discover is what terms and conditions can be got in relation to Commonwealth trade, the existing pattern of Commonwealth trade, and preferences.

It is at that stage when these matters are being discussed that we would wish to be present to defend our own interests or present our own interests. Whether we can be, or not, will depend upon Great Britain.

If, when the negotiations are over, the position is such that Great Britain has to reconsider the whole matter she will then decide whether or not to go into the Common Market on such terms as may have been arranged in the negotiation, or unconditionally, if no terms have been arranged. That will be a major decision she will have to take and she will take that after the stage of negotiation has been concluded. And I dare say at the time - I am sure at that time - when all the negotiations are over - I do not imagine for one moment that she would arrive at that great crucial decision without some form of consultation with the Commonwealth, either through a top level conference or otherwise.

QUESTION: Having in mind the economic and political facts of life in Europe do you entertain any real hope that we can arrive at conditions that will be acceptable to Australia?

PRIME MINISTER: I beg to be excused from answering that question. I feel all they want is the best chance they can get if they decide to negotiate.

QUESTION: Whatever Britain does about the Common Market do you feel Australians will have to depend more on Asia in the future for markets than Europe?

PRIME MINISTER: I think I would prefer to see this present exercise through before raising my sights too high.

QUESTION: The Australian Government has said that it is not entitled to raise any objections to the opening of negotiations but it does not approve of the opening of negotiations.

PRIME MINISTER: Do not twist it in that way. What I said was we were not entitled to object because this was a matter for the decision of the United Kingdom, not for us; that this was not to be interpreted as an approval. That is a different matter.

QUESTION: Some people wonder why we could not approve of the mere opening of negotiations as distinct from deciding, since having determined on the course negotiations would take the opening of it had to be rather explicitly said to be not approved, by the phrasing of the communique.

PRIME MINISTER: I have already given my reasons for that. I would not have thought there was much mystery about it. I am not in the habit of objecting to something that is not within my jurisdiction.

QUESTION: Having in mind the views stated about the effect on Commonwealth trade do you think the effects to Australia would be greater politically or economically?

PRIME MINISTER: Both, if the contingency occurred. But I still say that I do not think it will.

QUESTION: You said if Britain joined unconditionally it would be a tremendous blow. The figure of £170m. has already been quoted. Does the Government agree that that is the maximum?

PRIME MINISTER: Do not ask me about the figures. My colleague, Mr. McEwen, has a press talk arranged on this matter and will be able to give precise figures in relation to precise industries, because they were all to be under analysis. I do not carry those in my mind. But I know it is very substantial and I know that overall that total has been referred to.

QUESTION: Will you be putting in train any feelers to European countries as to whether they would take Australian products?

PRIME MINISTER: We will not feel inhibited from doing what we would normally do. The Trade Department normally has a few discussions going on with various countries either to renew trade treaties or something of that kind. I would not regard the Department of Trade as being prohibited by these discussions from following the course they would otherwise follow on these matters.

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PRIME MINISTER: I do not think we were thinking along identical lines, no. It is very hard to judge. We are dealing with one Minister, although he is a very distinguished visitor, a distinguished Minister. He, I think, was - I hope I can say this without putting things into his mouth - pretty conscious of the economic advantages; we on the other hand tended to think they might be over-estimated and the economic disadvantages might turn out to be rather greater. But we are not judging that from this distance. They are pretty old, as a country; I think that we will leave that decision to them.

QUESTION: Australia has insisted on the right to negotiate direct with Common Market countries if Britain joins. What form will those negotiations take and what would be their objective?

PRIME MINISTER: I am sorry, I thought I had explained that. Before Britain decides to enter the Common Market she will negotiate. Thus there are two decisions to be made. First, a decision to negotiate. When she goes in to negotiation one of the things she will want to discover is what terms and conditions can be got in relation to Commonwealth trade, the existing pattern of Commonwealth trade, and preferences.

It is at that stage when these matters are being discussed that we would wish to be present to defend our own interests or present our own interests. Whether we can be, or not, will depend upon Great Britain.

If, when the negotiations are over, the position is such that Great Britain has to reconsider the whole matter she will then decide whether or not to go into the Common Market on such terms as may have been arranged in the negotiation, or unconditionally, if no terms have been arranged. That will be a major decision she will have to take and she will take that after the stage of negotiation has been concluded. And I dare say at the time - I am sure at that time - when all the negotiations are over - I do not imagine for one moment that she would arrive at that great crucial decision without some form of consultation with the Commonwealth, either through a top level conference or otherwise.

QUESTION: Having in mind the economic and political facts of life in Europe do you entertain any real hope that we can arrive at conditions that will be acceptable to Australia?

PRIME MINISTER: I beg to be excused from answering that question. I feel all they want is the best chance they can get if they decide to negotiate.

QUESTION: Whatever Britain does about the Common Market do you feel Australians will have to depend more on Asia in the future for markets than Europe?

PRIME MINISTER: I think I would prefer to see this present exercise through before raising my sights too high.

QUESTION: The Australian Government has said that it is not entitled to raise any objections to the opening of negotiations but it does not approve of the opening of negotiations.

PRIME MINISTER: Do not twist it in that way. What I said was we were not entitled to object because this was a matter for the decision of the United Kingdom, not for us; that this was not to be interpreted as an approval. That is a different matter.

QUESTION: Some people wonder why we could not approve of the mere opening of negotiations as distinct from deciding, since having determined on the course negotiations would take the opening of it had to be rather explicitly said to be not approved, by the phrasing of the communique.

PRIME MINISTER: I have already given my reasons for that. I would not have thought there was much mystery about it. I am not in the habit of objecting to something that is not within my jurisdiction.

QUESTION: Having in mind the views stated about the effect on Commonwealth trade do you think the effects to Australia would be greater politically or economically?

PRIME MINISTER: Both, if the contingency occurred. But I still say that I do not think it will.

QUESTION: You said if Britain joined unconditionally it would be a tremendous blow. The figure of £170m. has already been quoted. Does the Government agree that that is the maximum?

PRIME MINISTER: Do not ask me about the figures. My colleague, Mr. McEwen, has a press talk arranged on this matter and will be able to give precise figures in relation to precise industries, because they were all to be under analysis. I do not carry those in my mind. But I know it is very substantial and I know that overall that total has been referred to.

QUESTION: Will you be putting in train any feelers to European countries as to whether they would take Australian products?

PRIME MINISTER: We will not feel inhibited from doing what we would normally do. The Trade Department normally has a few discussions going on with various countries either to renew trade treaties or something of that kind. I would not regard the Department of Trade as being prohibited by these discussions from following the course they would otherwise follow on these matters.