

TRANSCRIPT OF TELEVISION INTERVIEW GIVEN BY THE
RT. HON. R.G. MENZIES ON THE COMMON MARKET WITH
MICHAEL CHARLTON FOR TELECAST ON A.B.C. STATIONS
THROUGHOUT AUSTRALIA

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MR. CHARLTON: First of all, Prime Minister, welcome back.

PRIME MINISTER: Thank you.

Q. You left this country expressing concern for its future, and that you wanted to be in places in many different parts of the world, to play an active part in seeing what you could do about that. How do you return - are you more, or less, concerned for its future?

P.M. Oh, I'm concerned, but I think, on the whole, more optimistic than I was and I say that because, politically, I am a little better acquainted with what they are after politically in connection with Great Britain going into Europe, and, economically, yes, I am more optimistic, because I think that in both countries our case is better understood.

Q. Now, we have been told on many occasions that this country stands to lose a great deal if sufficient guarantees are not provided for Commonwealth countries if Britain does enter the Common Market; but do we stand to gain anything, do you think, by British entry?

P.M. Oh, I don't put it all one way. I think that, on the face of it, we stand to lose. For example, if Great Britain went in and we lost either immediately, or after a time, our preferences on certain things - dried fruit, canned fruit, matters on which the United Kingdom market is really vital to us - yes, we would have things to lose. But one can't deny that there are, on the other hand, the possibilities of gain. If the Common Market develops as it is hoped it will, if Great Britain goes in and Great Britain becomes economically stronger as a result, as Great Britain hopes to be, then there is in theory, at any rate, an increasing opportunity for us to do business with an increasing market.

Q. I think it is true to say that one sees evidence of increasing opinion that you have perhaps overestimated the losses and haven't emphasised enough the possible gains to this country. Do you think that's true?

P.M. I think that, in a sense, is a fair comment. But that's perhaps because we have been primarily concerned to discuss the possible losses in order to avoid incurring them, while not being in too much of a hurry to say that there might be gains. And let it be remembered that, so far, although there has been an increasing economic strength in Europe with the existing Six, we haven't gained in terms of market. It's been rather disappointing in that sense. But, still, you can treat me as acknowledging that there may be gains as well as losses. We are more conscious of the possible losses, because the gains are quite speculative.

- Q. Now, concerning Commonwealth ties of which you spoke so much in Britain. Would you agree that they have increased what could almost be called a "stand-off" sentiment on Britain's part towards the Six; that you have got a greatly increased voice of the Labor Opposition in the British Parliament, for one thing?
- P.M. I don't know that I would necessarily agree with that, as I understand it. The Labor Opposition in the British Parliament has propounded the Commonwealth idea and has made it clear that it doesn't want Commonwealth interests to suffer. And I have no doubt that that is quite a genuine statement, but, at the same time, Hugh Gaitskell, who has expressed the Opposition view, and who has been accused of sitting on the fence, has in reality merely been saying - "Don't ask me to decide whether we ought to go in or not until I know what the price is. And the price that concerns me includes the price that the Commonwealth may have to pay.
- Q. Mr. Prime Minister, I wonder if the irony of this appeals to you, the fact that your strongest support is coming perhaps in Britain from the Labor Party and that you, at least on some occasions, are arguing against something for which you personally must stand.
- P.M. Well, I don't regard this as a party matter. There's very strong support for my views on the Conservative side in the House of Commons, and I don't want to have it thought that Ministers from Mr. Macmillan down are hostile to our point of view. On the contrary, they are very conscious of it. Indeed, there is perhaps one thing that isn't adequately realised, I didn't realise it myself until I went this time, and that is that there is no clear-cut, unanimous view on this matter in London. There's a very strong feeling in the Government that there are great political advantages in going into Europe. I think there are strong views on the Opposition side to exactly the same effect. When you come to the economic aspects of the matter, balancing the immediate against the remote, or the probable against the possible, then you can get a hundred different opinions.
- Q. Well, now, Sir, I wonder if you can talk about what appears to be this fascinating political battle which is going on. There have been suggestions that the feelings in Paris and in Bonn, Dr. Adenauer and the President of France, General de Gaulle, are becoming harder towards British entry, that there is a feeling there that they feel that they can go it alone in Europe. Find anything like this there?
- P.M. Well, that's very interesting and it's very difficult for me, a relative outsider, to form a judgment about it. I would have thought that, if you take the Six, the Benelux countries as they are called, the Low Countries, would be strongly politically in favour of Great Britain going in. I rather think that Italy is too. I rather think that Germany is. Though it's very hard to tell, because Dr. Adenauer and General de Gaulle are pretty close together.
- Q. You would discount the realities of this, that there isn't a possibility that Bonn and Paris may say, "We will go it alone".

- P.M. Well, they might, but I think that the crucial point will be Paris, and on that I don't think there's any doubt that General de Gaulle didn't look with any great favour on the British coming in. He has his own ideas about the position of France in Europe, particularly so long as he has close association with Adenauer. My impression this time was that although nobody could say that de Gaulle was in favour of Great Britain going in, I don't think he is so utterly hostile to it as he was perhaps a year ago. In other words, if there's any movement, then I rather think it's a movement in favour of them receiving Great Britain.
- Q. Well, now, if that is one strong force at the bargaining table, the American attitude is another one. How precisely would you measure the American feeling about Britain going into the European Common Market. I have seen only recently a report which quoted the "highest authority" that the Americans would regard it as catastrophic if Britain didn't go in.
- P.M. Well, I don't want to engage in superlatives, but I came out of Washington, after very close discussions with the President and a variety of the members of the Administration, quite satisfied that they were very, very keen on Great Britain going in. Indeed, I rather used this myself in my discussions with them because I said "Now, if they're keen on Great Britain going in, they are not without influence in Europe itself; if the British difficulty about going in and appearing to desert the Commonwealth economic interests becomes manifest, then my card of entry with the Americans is to say, "Look, don't make it too hard. Don't make it so hard for Great Britain to go in that she has to make this horrible choice between Europe and the Commonwealth, because this would be, in itself, a catastrophe. I think they understand that very well and, therefore, I would describe their attitude, as I found it, and after the discussions that we had, as being one of great keenness for Great Britain to go in, of knowledge that there's a limit to the price that she can pay, of an understanding that the Commonwealth does matter to Great Britain and to the world and that, therefore, the American approach must be one, not of dogma, but of practical accommodation. Indeed, both the President and the people in his Administration repeatedly said to me - "Our approach to this is quite pragmatic, it is not dogmatic."
- Q. Did you get the feeling that the American attitude was so strong that it would carry the day inevitably in Europe for British entry?
- P.M. Well, I wouldn't be prepared to put it as high as that, but I do believe that the American influence in Europe on this matter will be considerable, and that, of course, particularly has relation to France
- Q. Sir, there seem to be two developing attitudes about the nature of the European Common Market should it come to pass. One is that it is an exclusive community which looks inward upon itself and that the Common Market countries - the United States of Europe - are self-sufficient, or that it should be an expanding community with interests down as far as this part of the world. Which do you think is uppermost?

P.M. Well, I wish I knew the answer to that. The great danger about the European Economic Community is that the countries in it may become inward-looking. They may become full of ideas of economic self-sufficiency. They may say, "Well, now, the day will be a happy day when the new European Community, including Great Britain, doesn't import wheat, but gets it all from within." The French are, today, wheat exporters. Then they may say, "Well, why should we be dependent on the rest of the world for canned fruits, for dried fruits - we can produce them all ourselves - for butter ... Run right down through the list. That is, theoretically, a danger. And it may be, that for a while, that will be their tendency, their temptation, but in the long run, I think that we have to remember that one of their great ends is so to increase their industrial power, their capacity to make and to sell to other people, that they are not so foolish as not to realise that they can't sell without buying. And, therefore, in the long run, if they avoid ultra-nationalistic self-sufficient economic policies, we may hope that their activity with the rest of the world will correspond to an activity on the part of the rest of the world with them.

Q. I wonder can I press you a little bit. You said you weren't quite sure which idea was uppermost in Europe at the moment. Have you, as a last word, any real feelings about which idea is the prevalent one at the moment?

P.M. Well, I would think, myself, that they were at present rather on the self-sufficiency line.

Q. Which is not good for us?

P.M. Which is not good for us, and what we have to do is to break that down, to make them more and more conscious of the fact that if the rest of the world doesn't have a market in their countries, then they can't have a market in the long run in the rest of the world.

Q. Is it this to which you devoted the greater part of your energies when you were in London?

P.M. And a great deal of time in the United States itself. Very interesting on that matter. The Americans, they're very big and we are relatively small, but one thing that I kept coming back to or that they kept coming back to, in my talks with them was, "Look, if Great Britain goes into the Common Market, you, Australia, and, we, America, are both outside of it, and we therefore have a tremendous common interest in getting the best possible access to that Market for our own goods. If they become illiberal in their economic policies, that's bad for both of us. Then the joint communique with President Kennedy - here it was: We both indicated that we had this in common. We hope they will have liberal policies, and we hope that there will be increasing access for our goods into that Market. That, I thought, was a good start.

Q. Now, Sir, the bargaining on behalf of the Commonwealth has been done at the moment by Britain for the Commonwealth countries in Europe. Mr. Macmillan's position is somewhat less secure, one would have thought, losing by-elections as he is, fairly frequently. Do you feel that this may have, or did it have any effect on his powers to bargain adequately at Brussels?

- P.M. I don't think so. It is in the nature of things that governments lose by-elections without necessarily losing a seat, but it is a very rare event when a government will increase a majority at a by-election, because at by-elections people are able to chide the government without throwing it out. We are very familiar with that. Now, I think he will go ahead. He has a large majority. He is the master of the timetable. He's not due to have an election, if he doesn't want one, before the second half of 1964. No, I think he'll go ahead and negotiate.
- Q. With a freshening opposition in Britain to British entry and negotiations for comparable outlets on behalf of the Commonwealth taking place now not making as much progress as I understand would have helped you, wouldn't you agree that this may be a factor that the people in Brussels' attitude might harden because of the British Prime Minister's position at home?
- P.M. I don't think so, myself, because I don't think that anybody could answer dogmatically as to what the Prime Minister's opponents would do. I don't mean his critics in the Conservative Party, but his political opponents, the Labor Party. I don't think anybody in Europe could say, "Well, we could do a better deal with them, than we can with Macmillan," because I don't think they can take an easy position, either of them.
- Q. Mr. Prime Minister, Sir, I wonder if I can put this to you now. Supposing it comes to the worst, supposing this country gets nothing but transitional agreements, suppose comparable outlets cannot be negotiated, what do we do?
- P.M. Well, it divides itself into two parts. First of all, if that turned out to be the position and we had, in September, the Prime Minister's Conference, I think this would be very badly received by the Commonwealth Prime Ministers. I don't see how it could be avoided. We have our problems, but you take New Zealand - New Zealand's problems, depending so enormously on the products of farms, would be almost intolerable, and I am perfectly certain that there would be tremendous opposition on the part of the Commonwealth countries. And if it turned out that the Commonwealth countries, all being confronted by an end of the present pattern of Commonwealth trade by 1970, said, "We don't approve, we disagree. We disagree violently." Then, I for one doubt very much whether a government of any party in Great Britain would go in. But if a government of whatever party in Great Britain went in, then I think there would be a heavy blow dealt to the Commonwealth association, and I think that so far as we are concerned, and other Commonwealth countries are concerned, we should have to engage then in salvage operations. We, ourselves, would have to devote our time, between now and 1970, to determining what we can do to develop unexpected markets for certain commodities, what financial arrangements we could make to support the variety of interests. We are not going to wander away from these industries. No industry like dried fruit or canned fruit need suppose for one moment that we are just going to dump it under those circumstances, but the problem of how to support it will be, of course, a very acute one. We don't want to get to that problem if we can help it.
- Q. I was just wondering. Obviously, I imagine, you have second lines of defence to fall back on. You must have given some thought to this - to a policy should this come to pass?

- P.M. That's right. But it's not orthodox practice to publish your second lines of defence.
- Q. There's been a lot of speculation that Japan might, in such an instance, become almost a second Britain to this country, and that you are busy now developing, on behalf of this country, greatly increased trade relations.
- P.M. We have been developing our trade relations with Japan. After all, Japan, last year, was our biggest wool-buyer, and Japan increasingly takes commodities from us, and we from Japan. But there's no doubt about it that if the old channels of trade begin to dry up, as they will under this 1970 idea, then we must more and more not hesitate to open up new channels of trade. If this means that we'll do more business with countries with which we now may have some reluctance to do business, well it will mean that, because, after all, the first duty of the government of Australia is to the people of Australia and to the industries of Australia.
- Q. What would you say to those who perhaps see something like realism in this: that when it comes to the fortunes of 50 or 60 million people in Britain and perhaps the fortunes of the whole of Europe, the fortunes of 10 million Australians and 2 or 3 million New Zealanders are not going to count for very much really?
- P.M. Well, in a sense, that's intelligible, but don't forget this: that the fortunes of the 50 million people in Great Britain have been very largely tied up with the fortunes of a relative handful of people in Australia or New Zealand because, until the last couple of years, for example, we in Australia, 10 millions as we may be, have been the biggest customer of British goods in the world. You could literally say that there are scores and scores and scores of thousands of people working in factories in Great Britain who wouldn't be working there but for what Australia buys. These are very important factors. Indeed, I pointed out when I was in London that the American market which happens at the moment to be the biggest - all that's very satisfactory - but if you compared that market in actual terms, not per thousand of people, but in actual terms, with the British market in Australia, over the last thirty or forty years when we've had this special preferential structure, Australia has bought from Great Britain, in actual terms, £800M more of goods than the United States of America.
- Q. But the pattern of trade with Britain has changed, and is changing constantly, isn't it?
- P.M. Yes, but not all that materially. We still remain the second greatest customer. She remains our largest customer, overall. There is a mutuality about these things -- the preferences given to British trade passing into Australia and our preferences in the British market, and I don't think the people of Great Britain will ignore this. They don't want to ignore it. There are still many, many thousands or millions of people in Great Britain who are conscious of the Commonwealth.
- Q. On the other hand, again, there are those who would say that the realities of this are bargaining powers. Much as you talk, you still come down to bargaining. How big a bargaining power are British preferences which this country has in its possession now?

P.M. Well, they are a bargaining point. How big they are depends entirely This is rather a psychological problem. If the negotiators in Great Britain feel that their advantages in going into Europe economically are so great that they will outweigh any losses that they might incur elsewhere, then they will go in, and when you come to discuss these economic problems, I find the greatest difficulty in getting any two people to agree. I spoke to one or two of the most prominent men in Great Britain, actively engaged, whose attitude was, "Well, the economic argument is 50/50" and that's why I believe first, that the British negotiators, Mr. Heath, in particular, who is a very able man - I had known all the others over many years, but hadn't known him, really, before - and I think he's doing his best on this matter. He will want to achieve a result, but I don't think that he will want to report to his Prime Minister that the best deal that can be presented to the Prime Ministers in September is one under which the existing Commonwealth pattern of trade disappears in 1970.

Q. Now, have you given any thought, sir, to this whole idea of customs unions which seem to be fashionable now and, again, people are talking about a customs union, a much closer association between Australia and New Zealand. Have you any comment on that?

P.M. Well, I quite agree with you that customs unions are fashionable. It's occasionally overlooked that the United States itself is a customs union, and so are we, in the Commonwealth (of Australia) as we have complete internal free trade and a common external tariff. The problem of developing some such thing with New Zealand will become really quite an interesting one if it turns out that our present positions in the British market fade out by 1970, which assumes that that's the best term that can be got and that the British Government agrees with it. Then it would become a practical problem. But, really, I would hope to be delivered of having to solve it. You see, in the ultimate, we say, "Well, let's have a common external tariff. We will form a customs union." That connotes internal free trade. And that means New Zealand butter passing without duty into Australia. Well, I think the dairying industry in Australia might have something to say about that. And so on.

Q. This raises many other things. The pressures that are bound to fall upon this country must get greater, I imagine you would agree with that. Do you envisage a more planned economy, a more directed economy for this country over the next few years?

P.M. The word "planning", of course, is a rude word. You know what I mean. There are those who dogmatically are for it, as such, and against as such, but if the word "planning" meant that we must increasingly, and particularly with these possible economic difficulties, that we must increasingly try to determine in Australia what our rate of population growth ought to be, what degree of expansion of secondary industry so vital to population growth ought to be, what the position of the primary industries ought to be, in terms of production and market; what the tertiary industries ought to be, not laying it down in some theoretical dogma, but trying to work out, in terms of expansion and growth, what the best rate of expansion and growth would be in each of these sectors, and then sit down to say "What ought we to do to bring that about?" - if you mean that by planning, then you can put me down as a planner.

Q. One final word, sir, and I think we will have to be quick. Some of your comments in Britain that this country was British to the bootheels, that we are the Queen's men in Australia have drawn a lot of comment. The "Observer" in London said that you were a brilliant and eloquent advocate of something which was dead and gone forever. I wonder if you wouldn't agree that perhaps now Australians are particularly feeling their isolation, geographical and otherwise. What would you say to reassure them, those who feel like this, that they are not right?

P.M. Well, I didn't have the advantage of reading any of these comments, but you see, like you, I happen to be a subject, and a very happy one, of the Queen. I am a royalist, I am a monarchist, we all are in Australia.

Q. Do you think that some of our post-war migrants are?

P.M. Well, if they're not, I am sure their sons will be and their daughters will be. That's what I mean by being British. We are within the allegiance, we are British, in my case and yours, to the bootheels, and in the case of some people perhaps, as you suggest, to their children's bootheels. This is, to me, a tremendously important thing. It means that we will not get into a state of economic strife as hastily as we otherwise would. It means that we have our instincts, our allegiance and deepest feelings in common, and if that's a dead cause, in the eyes of the London "Observer", then I am happy to say that the "Observer" doesn't represent my opinion or the opinion of most people in Australia.
