

PRESS, RADIO AND TELEVISION CONFERENCE GIVEN BY
THE PRIME MINISTER, THE RIGHT HONOURABLE
R. G. MENZIES, IN CANBERRA, ON SUNDAY, 30TH
SEPTEMBER, 1962 at 3 P.M.

QUESTION : Mr. Prime Minister, what would you say Australia's prospects were after this, perhaps final, Commonwealth Conference on the Common Market?

PRIME MINISTER : I don't think it is possible to answer that question very positively. You see, the position is that of all the commodities with which we are concerned - export commodities into Great Britain and the Common Market - most have not yet been negotiated with the Six. They have been the subject of a great deal of discussion between Australia and the United Kingdom, both on the Ministerial level and on the official level. But the one item so far negotiated, up to a point, out of what they are pleased to call temperate foodstuffs, has been cereals with particular reference to wheat. The discussions there have been in the direction of some international agreement. That led to a considerable discussion about international commodity agreements generally. But the other matters that are of great importance to us - certain metals, sugar, meat, dairy products, processed fruit, either canned or dried and so on, have been thrashed out a good deal between ourselves and the United Kingdom, but they have not yet been negotiated by the United Kingdom with the Six Countries of the Common Market. And, therefore, it is impossible to say at this stage how we will come out. I believe that the negotiators for the United Kingdom understand our position and sympathise with it and will do their best to achieve a result that is satisfactory to us. But nobody can forecast the result.

Q. Sir, after your Conference in London, would you regard our loss as being no more than about £50 million a year?

P.M. I would not put a figure to anything, because you are now asking me to say how much we will lose on certain assumptions. I don't make any assumptions, because I don't know what the result of the negotiations will be. It is quite clear we can lose heavily. It is equally clear that if the negotiations worked out well, our losses would be substantially reduced.

Q. Could I put this question to you? Do you now regard a changing world as representing a very heavy challenge to us?

P.M. I think it does, but it must be said - and this can't be said too frequently - although we have somehow achieved the reputation as wanting everything left alone, we have never adopted that attitude in these matters. We knew that Great Britain couldn't go into the Common Market, taking with her the existing structure in its present form of preferential Commonwealth trade, and we therefore, from the very beginning, looked for some practical substitute, some middle course in relation to each commodity, which would give us a reasonable prospect of increasing access to the European Market at prices relatively stable and payable. Therefore we haven't stuck to the old rule. If we had been thoroughly pig-headed, no doubt we could have. But we have looked at it in a pretty practical way.

Q. Do you think it could reach the stage, Sir, where Australia might protest against Britain joining the Common Market?

P.M. This is a highly speculative question. I am not making any protests in advance. No. Our main business is to see that what we regard as the interests of our own industries are never lost sight of.

Q. Are you satisfied that Britain is seized with that, Sir?

P.M. Yes, I am.

Q. How do you think we would benefit from this United States Trade Expansion Bill if Britain should join on unfavourable terms?

P.M. Well, you can leave out the last bit of the question, perhaps. The question is still valid whether she joins on good terms or bad terms. I think there is considerable importance to be attached to the American position. As a matter of fact, in the communique, we had a sentence to emphasise that point. I thought I had my finger on it but I haven't. But the trade expansion legislation which the President has now, for all practical purposes, got through Congress - only a few little purely verbal things to be cleared up - the effect of this will be to give him and the American Administration a lot of room for manoeuvre. Instead of just protesting against the level of a common external tariff, for example, under the Treaty of Rome, they will be in a position to negotiate a reduction of that external tariff and this may be quite material from our point of view. You take a commodity in which we are interested, like processed fruit, in which the United States is also interested. If the American Administration can negotiate a substantial reduction in the common external tariff on such an item, then it is quite clear that outside suppliers like ourselves will be less prejudiced than we would be if we had to meet relatively high external tariff. In return for negotiating a reduction of that kind, the United States would be in a position to offer reductions in her own tariff within the upper and lower limits allowed by this new legislation. I know from talks I had the other day that the American Administration itself attaches great importance to this and feels that some of the danger of over-economic nationalism in Europe by over-protection and over-production of certain things internally can be modified very much by appropriate tariff negotiations.

Q. In effect, Sir, would you agree that this means that the effect of the Common Market on Australia could be modified by the American legislation?

P.M. I believe so. That is not saying that it will, but it could.

Q. Doesn't it raise the problem that if you have a reduction of external tariff in Europe, it comes back to a reduction of tariff in Australia. How do we get on then with our manufacturing industries, because we would almost certainly have a whole-scale reduction of tariffs?

P.M. The United States could very conceivably reduce a tariff on goods passing into the United States in exchange for a reduction in tariff on goods passing into Europe and under the GATT arrangements. We would stand to secure an advantage from that. If at any time we want to negotiate some tariff reduction on goods passing into Australia for some reduction on our goods passing into another, we can do that. We have been able to do that already, because that is one of the reasons why GATT exists and GATT is the proper negotiating forum. But with a very powerful negotiator like the United States, ready and willing to have some reduction in tariff both ways, into our own country and into Europe, I think we stand to secure advantages from that. And that does not mean that we have to abandon our own protection for our own manufactures. Not at all. That would be entirely inconsistent with our national policy.

Q. Do you think, Sir, after your talks with President Kennedy, Australia's position is generally understood?

P.M. Yes. I must say quite frankly that I am delighted once more to find that President Kennedy not only has an interest in our position, but has a really very good knowledge of it. Both in the broad and in particular.

Q. Would you say, Sir, that he appreciates the difficulties and dangers of the break-up of the Commonwealth?

P.M. You can take it that he does not want the Commonwealth disturbed. He does genuinely attach importance to it.

Q. Sir, would you also say that the Six do not want the Commonwealth disturbed?

P.M. Well, as far as I have been able to gather, that would represent their view. You can't speak universally about the Six. You know, there are internal differences of opinion.

Q. In other words, you feel that the Six would want to try and preserve the Commonwealth and build up the Commonwealth, rather than to try and destroy it?

P.M. Well, they said so, and I have no reason to disbelieve them. That doesn't mean that we don't have to watch our own interests like hawks.

Q. Sir, do you feel that the negotiations on the international commodity agreements must wait on the final outcome of the Common Market negotiations?

P.M. I don't think they are likely to reach a point of conclusion about any commodity agreement before the Common Market negotiations end. I say that for reasons of timetable. These negotiations - some people when we were in London thought they might be concluded by the end of the year. I see now that there is a more realistic view that they might take until March or April of next year. Well, you wouldn't get an international commodity agreement negotiated by March or April next year, even though you were all driving very fast cars. And therefore I think that what we have to aim at is to secure international commodity agreements in appropriate cases before the Common Market arrangements come into full operation, that is to say,

P.M.
(Contd.)

before 1970. I would hope, for example, that there is no reason at all way, given goodwill, a wheat agreement shouldn't be concluded in 1963. No reason at all. In fact, this business of commodity agreements I regard as one of the great advances in this Conference because, in the past, the Government of the United Kingdom, for intelligible reasons -- low, relatively low, food prices on imported foodstuffs and favourable terms of trade -- one understands all those things -- have been somewhat reluctant about commodity agreements. In fact, I reminded them of that very plainly in the course of the Conference. The great advance here is that they, with all the rest of us, have come out completely in favour of international commodity agreements, and I believe that they will pursue that and be quite willing now to make agreements. Of course, a willingness to make an agreement is a very good thing. But it is the agreement that matters and what is in it. And there again, there were two - I think considerable - results pointed to in the communique. The first was that they agreed that the policy of the Six, which would then become the policy of the Seven on their entry, was not to be directed to overstimulating domestic production of the kind of things that we export. It would be very easy to overstimulate the production of soft wheat in Europe, for example, as a result of which our market disappears. Canada is in a better position, because Canada produces hard wheat. And therefore a resistance to overstimulated production - No. 1 - that's been agreed. And in the second place, we were very much concerned, of course, about price because a fluctuating price level could easily put us out of business, if the price that the Six or the Seven agreed upon was a price unprofitable from our point of view. And it has therefore been agreed that one of the principles is to be that we are to have access, effective access, to the Market, and at prices fair and reasonable. Well, these represent, I think, quite material advances.

Q. Sir, how do you see this operation on the Common Market in relation to Communism?

P.M. Well, that takes you to the political side of it. There is no doubt about it that the general feeling of those in favour of British entry for political reasons - the general view - is that this will prove to be an element, a very material element of resistance to Communist advance in Europe. In other words, if Great Britain goes in with outward-looking policies, this will help to have outward-looking policies right throughout the Community, and that would lead to considerable co-operation between them and the United States in the political field and in resistance to the Soviet pressures.

Q. Do you accept that argument, Sir?

P.M. I think that that is true.

Q. Sir, going on from there, if America is then relieved from a certain amount of defence expenditure in Europe and comes back into South East Asia and ultimately relieves a certain amount of defence expenditure there, how do you see this operating say in Latin America where she poured in more money?

P.M. Now, look, I would prefer not to speculate about that. These are ideas that vaguely move in people's minds, but it is much too soon to speculate about them.

Q. Sir, in view of what you have said about the achievements of Australia at the Conference, and the prospects of the Common Market, would you think that much of the pessimism, which is rife in both Britain and Australia, is unwarranted?

P.M. I don't say that. I didn't think I was exaggerating any particular achievement. I was pointing out that, in relation to international commodities, I thought there had been quite a material advance, but you must remember all the time that whatever damage we sustain from the existing position in relation to a series of commodities cannot be entirely eliminated by commodity agreements. Commodity agreements anyhow are not appropriate perhaps in all cases, but they would be modified by effective commodity agreements, and that is the reason why, when I went away, I felt perhaps this was a card that we ought to play pretty hard - and not without success as it turned out. But let me emphasise once more that nobody sitting in my chair, or anybody else's chair, will be able to cast up a profit and loss account on this matter until we know the best result that Great Britain has been able to get on these individual negotiations and that leads to another matter that perhaps I ought to mention. There was some talk at one stage of having another full Prime Ministers' Conference. One or two of my Prime Minister colleagues seemed to be suggesting it. Personally, I don't think that is a very good idea, because there are 16 of us, and those who are interested in temperate foodstuffs are about four and those who are interested in the great run of tropical foodstuffs - I am not forgetting sugar in our own case - are four or five or six. They fell into groups with a variety of interests. Therefore my own view was, and I think this is accepted, that when the United Kingdom, keeping in close daily contact with us, as the negotiations go on, when it has reached the point of saying, "Well, now, that is the best we can get on that - A, B, C, D, F" - then if we want to have a discussion with them on the Ministerial level before they finally say "Yes", we can have it. And if a group of us wants to have a further conference, say Canada, Australia and New Zealand, on those matters, we can have it. I wouldn't think it advantageous to convene 16 people to discuss what might turn out to be the particular interest of four out of the 16.

Q. Mr. Prime Minister, at this distance, there seems to have been a considerable departure on the side of Britain from the earlier assurances that they would not enter the E.E.C. without adequate safeguards for Commonwealth trade. Do you think this is so?

P.M. I think it is a little early to say that.

Q. You don't agree then, Sir, that Britain will go in whatever happens?

P.M. Not a statement that I would like to commit myself to. One is not to assume that that is the position.

Q. You felt that even after hearing Macmillan speak, Sir?

P.M. No, I'll reserve any comment on that matter, to see whether it happens.

Q. But isn't it true that Britain will be the sole judge as to the terms, as to whether they are good or bad?

P.M. Well, you must subdivide that a little. It was agreed by everybody that Britain was to be responsible for the final decision, and the reason that was stated and restated and finally put into the communique, was that not one of us wanted to take the responsibility -nor indeed should we - of saying, "In principle, you are not to go into the Common Market, and we will resist this by all means available to us." Not Australia, with 10½ million people, saying this to a great country like the United Kingdom. No, we all reached the same conclusion - "Well, it will be your business and it will be your decision. But it is also our business, of course, to have a profound interest in the terms that you will work out. And therefore when we know what the terms are, we will be completely free to express our views on them, as to whether they are satisfactory; as to whether they are reasonable from our point of view. But when we have done that and you retain your own mind and judgment, then it will be your decision that will operate."

Q. Will there be any field of possibility for Britain to operate after Australian protests, if any?

P.M. Yes. They won't sign on the dotted line until they have heard what we and other people have to say.

Q. Sir, swinging off the Common Market just for a moment. Can you tell us anything further about the proposed Royal Visit next year as to when a full programme is likely to be available?

P.M. I don't know, but I am under the impression that Sir Roy Dowling is now visiting the States, one by one, in order to work this out. I didn't discuss any details.

Q. In your absence, Sir, there has been a report that you invited the Queen Mother to open the Restival of Arts.

P.M. Goodness gracious me! Did the Queen Mother make a statement about that?

Q. Was any consideration given to the future shape of the Commonwealth and arrangements between the countries if Britain enters the Common Market?

P.M. No. A proposal was made by one of my colleagues for a world conference, but that wasn't a Commonwealth Conference. Well, maybe there will be a world conference. I've heard talk of it in United Nations circles but being a practical fellow myself, I don't think there would be much advantage in having 104 people sit around to discover the future access to the European Market for Australian metallic lead or of Australian wheat or New Zealand dairy products.

Q. Bringing it nearer home, Sir, can you tell us if you have had any enlightenment since you were in London about the special treatment promised for New Zealand?

P.M. None. Nothing has been said about it. All that people like myself know is that they had an all-night sitting at Brussels. The Chairman had to go to hospital at three o'clock in the morning; the Acting Chairman presided until they finished at 7, and then somebody said, "New Zealand" and he said, "Yes, we must do something about New Zealand," and people nodded and there it is.

Q. If nothing were done about giving New Zealand any special treatment to enter the European Common Market on its dairy and other commodities, will this lead to a closer liaison tradewise?

P.M. This is much too hypothetical. I am too old in the tooth, you know, to be speculating on what might or might not happen after I am out of office. It is quite true from New Zealand's point of view that mutton and lamb and dairy products, in each of which they are splendid producers and have a big export trade - are as important to them as probably wool is to us; and unless something is done about their problem, I can see they will be in great trouble, and no doubt, something will be done. All I know is, to the extent to which we produce similar things, we would expect similar treatment. I am not saying that because I don't want New Zealand to have a good deal. I want New Zealand to have an effective deal on this matter.

Q. Can you tell us when you will be reporting to the Parliament on your overseas tour?

P.M. The first date that was suggested to me from one of the people on the other side was the 9th, but I have understood since that Mr. Calwell, for a variety of reasons, would prefer to have it a week later, and if he does, then that is all right with me. So it maybe the 9th, but more probably I believe the 16th. But you must realise that I have only just walked into the building and I don't know what Parliamentary arrangements have been made.

Q. Can you make any comment, Sir, about any other topics which were discussed at the Commonwealth Prime Ministers' Conference?

P.M. I would just like to add one thing about the political business, because somebody just now asked me whether I agreed with a certain proposition. And this has to be made clear on the political side, and it was made clear as far as I was concerned at the Conference. The United Kingdom Government is clearly enthusiastic - I don't think that is too big a word - about the importance of going into Europe. And the American Administration is equally clearly enthusiastic about it. That does not mean to say that the Americans have been pushing them into that position. It means that the Prime Minister of Great Britain and his Ministers are enthusiasts for this idea. And that is a problem for them to determine. It is a very big historic decision for them to make, involving enormous change in many things. We might have taken up the attitude "No. Look, in principle, we are against this. Our slogan is 'No Common Market'" for the reasons I have just mentioned. That was not the position that I was prepared to take up. But I did point out at some length that much depends, if you are going to assess your effect on the Commonwealth,

P.M. (Contd.) on what kind of political association they achieve. If it were a Federation, quite obviously the effect upon Great Britain as a member of the Commonwealth would be profound. I don't see how anybody could deny that. If, on the other hand, they merely had an ad hoc relationship of periodical conferences on the Foreign Office level and this sort of thing, then the effect would be considerably smaller and might be, perhaps, forgotten. But I did point out to them that the lesson of history was that when nations became associated in some form of political confederation -- not a federation -- but some kind of political association of a confederate type, then either that developed into a federation or it broke up into fragments, and that it had never been known to stand still, and it is because of that that you will find in the communique some words, "They trusted that should there be closer association between Britain and Europe, it would not be allowed as it developed, to weaken the cohesion of the Commonwealth," etc. Now that is putting in the language of diplomacy a view that a federation as we understand the term is not to be desired. And so far as I understand the position of the present British Government, it does not want a federation. But I pointed out that if there is one thing clear, it is that once a nation becomes a member of a federated union of federated states, then it ceases to be a sovereign community.

Q. Does this mean that Britain is seeking to create a balance of power between Germany and France?

P.M. Don't ask me to speculate about the variety of reasons they have in their minds. It would be most improper for me to say, "This is why I think they are doing it; this is what they have in mind." I couldn't. And if anybody can explain with precision the relations between France and Germany, except in terms of the relations between de Gaulle and Adenauer, I will be deeply indebted to him.

A. Can you say whether there will be any frequent discussion with the United Kingdom on the question of political union and what the form of association will be?

P.M. Discussions between us and them? Look, in the forthcoming period we are going to have our ears back on these economic matters.

Q. When we reach the political questions, will the Government be consulted?

P.M. I don't know that I can answer that. If they achieve finally a result, or results, on the economic side, which after debate and discussion with us they think are acceptable, they will then accede to the Treaty of Rome. The political institutions, if any, to be set up under the Treaty of Rome will then be a matter of discussion between the Seven, and not the Six, and no doubt the British Government would anticipate with its political experience it could exercise some influence. At present, one of the political dangers in this matter is that quite obviously there will be very large revenues in this Community, variable levies on various types of imports, common external tariff revenues which will run into hundreds and hundreds of millions a year, and I displayed a certain vulgar inquisitiveness as to who was going to manage the funds. At present bureaucracy will attend to it. And in my own view, a de facto federation in which the central financial power is held by officials is not the most satisfactory form of federation that I have ever heard of. However, they are in possession of our views on that matter.