

AUSTRALIAN PRIMARY PRODUCERS UNION

OPEN CONFERENCE HELD AT CANBERRA

ON 23RD OCTOBER, 1962

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Speech by the Prime Minister, the Rt. Hon. R.G. Menzies

Sir, Ladies and Gentlemen :

I think I will follow my usual prudent course and declare the Conference open. Anything I have to say then is extra, but the Conference is now open.

I have recollections of the A.F.P.U. that go back a long time. They are not all good. I have forgotten how long ago it was - the better part of twenty years - eighteen perhaps - but I remember going to Warrnambool. Were any of you there that night? It was a very wet, draughty night, just as this is a very wet, draughty day. The wind blew from behind the platform at the Town Hall and we wore overcoats at the top table; masses of food and drink, strangely enough, but no time to apply ourselves to any of them, because there were twentynine speeches (Laughter) and my good friend, the late Allen McDonald, who had persuaded me to go, tackled me again a year or two later and said, "You must come." "Oh," I said, "I don't think I can go through twentynine speeches again." I had to listen to twentyeight, you see. (Laughter). So, anyhow, I didn't go and he reported afterwards that there had been a marked improvement - you had only twentythree (Laughter) at the Ballarat Conference.

But those were comparatively early days, weren't they? And I must say, particularly in the State of Victoria, my own State, and moving over into South Australia and into the Riverina and now with very close associations with Tasmania, the A.F.P.U. has become a powerful and highly-respected body embracing, of course, many, many aspects of rural life. I am always delighted to find bodies who are active in this sense, because until we have reached that stage of perfect wisdom in which we don't need to hear either side argue, it's a very good thing to hear both sides of the question. And I have been particularly conscious of that in recent times.

We have had an internal problem and we have now, of course, an external problem developing fairly quickly. Each of these problems concerns you and the industries that you speak for. The internal problem is the problem of maintaining a high rate of immigration, encouraging the development of secondary and tertiary industry, as the industries which can give employment to a rapidly-growing population - these are very important matters. We never must consider them - I never do myself - without remembering that each of those matters can put pressures on the cost level in Australia which will ultimately come back to the primary producer. And I hope you will allow me to say that as the head of the Government, I take some pleasure out of the thought that for a long time now, the better part of two years, there has been, as viewed through the consumer price index, stability.

Now what you want is stability of costs. What you would like even more to see would be a reduction of costs. And

our great internal problem is to see that whatever pressures we put on the economy, however much we encourage the growth of the economy --- and that's tremendously important - the growth of Australia, the growth of population --- it should all be done on terms which enable the primary industries, the great exporting industries, not only to survive, but to be profitable and to expand as Australia expands. On the whole, we haven't been entirely without success in that field, but this last year or eighteen months, several of us as you know have been immersed in the problems of the Common Market.

I thought I might just tell you a little about that this afternoon. I don't want to detain you too long. But these are great problems and a Prime Ministers' Conference is in a sense not a very suitable piece of machinery for dealing with them. A lot of us, particularly old-fashioned fellows like myself, look back on the Commonwealth and think of a few countries - Great Britain, Canada, Australia, New Zealand - what you call the "old Commonwealth" - where we had a great deal of community of interest, and you could really have a Conference and discuss most of your problems pretty effectively. But the Commonwealth today has grown enormously. This last time in London, we had sixteen Prime Ministers, or their representatives, sitting at a long table, each accompanied by a Minister or two, a couple of officials, so that in the result, we had in this Conference room not less than 100 people. And that becomes rather like a public meeting. It's not very easy to get intimate and matey with 100 people at a Conference, as you no doubt have discovered. (Laughter)

But more than that, we have interests which are diverse. We are greatly concerned, ourselves, about our exports of wheat, of mutton and lamb, of beef and veal and dairy products, of sugar, of metals in various forms - matters of this kind greatly concern us and they concern Canada, or some of them do; they concern New Zealand, or some of them do; but they don't greatly concern an Asian country, except perhaps in some remote spots, for sugar. They don't greatly concern a West Indian country except for sugar and the result is that we rapidly found that we had a series of diverse interests. The Asian members of the Commonwealth could freely discuss the particular problems that they had like textiles and matters of that sort, and tea. The African countries were greatly concerned about a variety of tropical products, some of which, of course, affect us in New Guinea, and the West Indies were greatly concerned, of course, about sugar, as we are, and other tropical products. In the long run, therefore, we came to realise that the future of Australia's interests depended upon a concentration of effort by ourselves and Canada and New Zealand upon the matters which primarily concern us.

On those topics the fact was, when the Conference met, that the negotiations between Great Britain and the Six had not gone very far. There had been considerable discussion about commodity agreements. I'll say something about that in a moment. But on all the other commodities that I have referred to, there had been no negotiation. There had been a great deal of to and fro between ourselves and Great Britain, for example, through officials and Ministers, including myself, but no actual negotiation. All that is going on now, and until it is concluded, we won't know the nature of the bargain. We do know that if, being constantly informed as we will be as to how it is going on, getting near the end of the period, we want to have a further conference so that we may, on the spot with Great Britain, emphasise our views, we can have it. That being so, I don't at all exclude the possibility that somebody will have to pack his bags and engage in this kind of discussion again.

It's not easy. The Six took years to create the Treaty of Rome - years of difficult negotiation, and therefore you can hardly wonder at it if their attitude is, "Well, it took us a long time to get the Treaty of Rome. You don't think we are going to reopen the whole business again, do you." This is highly understandable. But, of course, it is not the end of the argument. Just as Great Britain attaches enormous political importance - this is undoubtedly true - to going into Europe, so I have a pretty shrewd idea that most of the European nations also attach importance to Great Britain going in because this will create a stronger Western Europe and that's what they all want. They know that it can't be as strong as it otherwise would be if Great Britain is standing aside from it.

Therefore I think we ought to assume one of the facts of life, that the British Government wants to go in for political reasons and that the European nations, with one possible exception, also want Great Britain to go in for political reasons. Well, that's their judgment, not ours. We don't have to determine that question. But it does mean, I think, that one shouldn't despair too quickly about something reasonable being hammered out on the economic side as the price of entry. Mind you, I haven't yet seen any symptoms of it. We've read a great deal so far about phasing out all the old preferences by 1970, which is merely postponing the evil hour, not avoiding it. But we know what we want and the British Government knows what we want on those matters and I've no doubt that Mr. Heath as the chief negotiator will do his best to achieve the results that we are after.

But there was one aspect of the Conference in which I felt that we had made some headway. You will all remember - it's years now - since we first began, particularly through Mr. McEwen at various Conferences, to direct attention to the underlying fact of international trade, a fact which has existed ever since the war, and that is that the primary exporting countries like Australia have had the terms of trade move against them steadily, year by year. The price of what we buy has risen out of proportion to the price of what we sell, and the terms of trade for a primary-producing and exporting country have fallen steadily. Indeed I think they are 40 per cent. worse now than they were eight or ten years ago.

We've been directing attention to this and saying, in effect, to the nations of the old world, the rich, industrialized nations, "There is not much point in your handing out millions and millions of dollars or pounds to help developing countries if, having helped them to develop their production, you refuse to buy their product on reasonable terms." This is crazy, and we have been saying so for years. We have pointed out that an increase of a trifling percentage in the prices of primary products bought by these industrialized countries from overseas, an increase of a trifling percentage would more than compensate for the loss of financial aid that has been given.

It is practical and sensible and therefore we have constituted ourselves the great advocate for international commodity agreements designed to produce payable prices for these commodities and some stability of the price level and some stable assurance of markets for these commodities. Now this is tremendously important. It, of course, doesn't cover the whole field. You can't solve all these problems by commodity agreements, but it is not difficult to think of a few in which the existence of commodity agreements subscribed to by all the relevant countries, both sellers and buyers, would be of tremendous value to a country like our own.

Well, they have had a good deal of discussion about that at Brussels. They had particularly been dealing with cereals and in particular, in that bracket, with wheat. Now, we have had a rather fluctuating experience of international wheat agreements and one of our principal buyers over a term of years, Great Britain, has quite frankly never been very keen on commodity agreements. For a long time, she didn't associate herself with the International Wheat Agreement. She was never very keen on it, and that, of course, is something you can understand. There was what was called, in the early part of the century as part of the policy in Great Britain, "the cheap breakfast table". This is an intelligible doctrine. "If we in Britain can buy our foodstuffs cheaply," the argument ran, "and sell our industrial commodities at a good price, well, we overcome our balance of payments problem and we are able to do things for other people in the world." Now that's very admirable, but the people who grow the commodities and who sell them and see them being destroyed in price by a temporary glut or messed around because of some loss of market or some particular treatment in another country, don't get much comfort out of knowing that people are buying these goods cheaply in some other country.

Therefore, we were very anxious this time to see whether these negotiating countries were at last prepared to go seriously into the business of negotiating international commodity agreements. And the best thing that we came out of the Prime Ministers' Conference with was the communique which indicated that every Commonwealth country, including Great Britain, wanted to secure commodity agreements of this kind, providing for a proper access to the market and a remunerative price level and that the countries of the Six were in agreement, in broad principle, that commodity agreements ought to be made.

Now this is a good step forward. It won't be worth a thing if, having been written down, it is forgotten about, but I can assure you that we are, ourselves, keeping up the pressure and, happily, keeping it up with the assistance of the United States of America, with the President of which I had some most useful discussions earlier this year.

The United States is now armed with the Reciprocal Trade Act which gives the Administration of the United States great power to negotiate international arrangements and I think between one thing and another, if we can keep up the pressure, and we certainly will, we may very well expect to see, in the next year, effective steps in the direction of practical, determined negotiation, genuine negotiation for some commodity agreements. If we could start with wheat and get one established there with the relevant countries involved in it, this would be a trial balloon; this would be something that would have great value in itself and by demonstrating that such agreements to preserve access and stabilize prices and keep them at an effective level can be achieved.

All I want to say to you, ladies and gentlemen, is that I have been in a lot of these discussions this year - over there twice, in America twice to have talks there - and you need to have a lot of patience. I remember when I was a small boy in the country, somebody told me that the seed that would grow most quickly in the garden (I was very young then; I wasn't in politics; I was about eight) (Laughter) - was a radish. I'd plant them today and then at the end of the week pull one up to see how it was going. Well, we can't do that on this business. We will, I undertake to you, be unremitting

in our efforts on these matters. We will right along through the remaining negotiations be in constant and perhaps daily association with the British negotiators on the official level and we will, at all times, reserve to ourselves the right to say before finality is reached, that we want once more to be heard at the top level in order that before they make the concluded bargain, our interests will have been considered and, so far as we can bring it about, reasonably protected.

Now I am sorry to talk so long about that, Sir. It's all very old hat to you but I thought that speaking directly to you like this you might be interested in one or two of the aspects of a Conference, the high point of a series of Conferences - the most important for us, ever, in time of peace. But the whole objective must be, and is, to improve our terms of trade, to give to the exporting industries a proper chance of rising markets, increasing access to the buying communities of the world and some price assurance which will mean that they can go along and produce with their cost level reasonably held and therefore with every possibility of expanded production. That's my policy, as you might say, in a few sentences and having expounded it to you very briefly, I'll probably now go back and get into some other arguments in another place, but I remind you that before I began, I declared this Conference open.

I conclude by saying that I wish you and your organisation the greatest possible success.

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