

Discordant Communities:

Australia, Britain and the EEC, 1956-1963

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Abstract

This work is concerned with the demise of 'British race patriotism' in Australian political culture in the late 1950s and early 1960s. The organic ideal of British racial community was a founding ideological pillar of Australian nationality for much of this century, yet the declining relevance of these ideas, and the emergence of a more limited, exclusive conception of Australian 'community' has not been adequately addressed in the existing historical literature. In many respects, the waning appeal of 'Britishness' in Australia was a gradual and piecemeal process, but at the level of Australian political culture the shifts in outlook and assumptions occurred surprisingly rapidly, and converged largely around a single key event; namely, the first British application for membership of the European Economic Community in the years 1961 to 1963. The Macmillan Government's painful choice between the discordant communities of 'Europe' and the 'the British race' provoked a crisis of British race patriotism in Australia, and prompted long overdue reflection, discussion and debate about the changing determinants of Australian nationhood in the post-war world. This occurred, not under the impetus of an instinctive dawning of an innate and assertive Australian nationalism as is often suggested, but in reaction to the demise of British race patriotism as a viable and credible framework for the ordering of Australian loyalties, priorities and policies. In the case of Britain's EEC membership application, it is significant that the revision of sentimental assumptions took place *after* it had become painfully self-evident that the United Kingdom was determined to pursue national interests and a national destiny that could no longer be reconciled with the traditional conception of organic Anglo-Australian community. The tensions and contradictions between 'sentiment' and 'self-interest', long inherent in Australia's political and economic ties to Great Britain, imploded under the impetus of the Macmillan Government's EEC aspirations. Before any limited, sovereign, national community could become fully imaginable in Australian political culture, it was a necessary precondition that the wider sense of British racial community should become 'unimaginable'.

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Introduction

*'The more I see of it, the more I am convinced that, while Imperial sentiment is regarded as an admirable digestive after dinner, it does not count for very much when you get down to the actual brass tacks of an international business deal'*¹

These were the reflections of Robert Menzies in 1938 when, as Federal Attorney General, he led an Australian delegation to London for a round of trade negotiations with United Kingdom ministers. As his comments clearly show, Menzies was shocked and appalled at the businesslike and self-interested manner of his British counterparts in their refusal to allow greater concessions for imports of Australian primary produce. Menzies detected what he saw as a quite shameful discrepancy between the 'brass tacks' of economic interest on the one hand, and the 'admirable digestive' of imperial sentiment on the other. Some twenty-three years later, as Australian Prime Minister, Menzies was to be confronted with much the same dilemma when the United Kingdom Government of Harold Macmillan applied for membership of the European Economic Community (EEC). As in 1938, Menzies was both dismayed and bewildered by the United Kingdom's apparent disregard for the traditional precepts and practices of the Anglo-Australian relationship - a feeling that was widely shared in the Government, the Parliament, and Australian editorial opinion. The prospect of British entry into the EEC underlined the discordance of 'sentiment' and 'self-interest' long inherent in Australia's ties to the Mother Country, and thereby undermined the sense of mutual identification and organic unity that had traditionally characterised Anglo-Australian relations.

In order to appreciate the full significance of Britain's first attempt to join the European Community, it is necessary to consider the notion of Australian 'nationality' as it had evolved up to the early 1960s. It is generally acknowledged that for much of this century, Australian

¹ Robert Menzies, private correspondence with his family; quoted in A.W. Martin, *Robert Menzies: A Life, Vol. 1, 1894-1943* (Melbourne: Melbourne University Press, 1993) 228.

political culture was characterised by an Anglo-centric outlook on the world. London formed the centre of an imperial imagination in which Australia was firmly cast as a loyal outpost of British culture and British civilisation. Within this framework, deeply inscribed assumptions about Anglo-Australian community of identity had a profound influence on Australia's political evolution in virtually every sphere of policy development: from immigration to education, the arts, law, trade and commerce, Australian policy was influenced by a particular view of Australia's place in the British world. This underlying belief in a world-wide racial community of British peoples had no clearer expression than in the realm of defence and foreign policy. Prior to the Second World War at least, the idea of 'Britain' and 'Britishness' formed a primary and fundamental constant in the Australian national imagination, which was projected onto Australia's dealings with the outside world. Australia's distinctive regional interests, although viewed in terms of Australia's particular geo-political circumstances, were formally pressed through the nexus of the British Foreign Office. Australian defence strategies were premised on the strength of the British navy. In the realm of trade and commerce, Britain was viewed as Australia's 'natural' market for the bulk of its primary products, and the obvious source of investment capital and manufactured goods.

Even the most casual glance at the major foreign policy slogans of successive Australian ^{leaders} ~~Government~~ this century reveals the depth of the imperial ideal. Andrew Fisher's pledge to support the Mother Country 'to the last man and the last shilling' in 1914, Stanley Melbourne Bruce's appeal to Britain for 'men, money and markets' in the 1920s, and Robert Menzies' (in)famous 'British to the bootstraps', were all expressions of what was commonly known as 'British race patriotism' - the idea that all British peoples, despite their particular regional problems and perspectives, ultimately comprised a single indissoluble community through the ties of blood, language, history and culture. Although it is well established that a growing attachment to a more localised, national sentiment in Australia began to emerge from around the 1880s onwards, it was membership of the British Empire that seemed to confer on Australians a role and significance in the world which they could not otherwise hope to attain. It was primarily

for this reason that Keith Hancock, writing in the 1920s, observed that ‘Among the Australians pride of race counted for more than love of country’.² Or as Donald Horne more cynically put it some thirty years later, ‘It was easier to feel self important as an imperialist than as a nationalist’.³

Few would dispute the importance of British race patriotism as a defining influence in the evolution of Australian political culture, and indeed of the ideological conception of Australian nationality. Yet it is equally clear that ideas about Anglo-Australian community of identity no longer carry any immediate relevance in the political, economic or cultural definition of the national community today. Where confusion and uncertainty prevail, however, is in the question of how, when, and even why the ideas and assumptions of British race patriotism slowly ceased to carry any practical significance or influence in Australian political and cultural life. The problem has become inseparable from wider debates about Australian nationalism and Australian ‘independence’, where much of the difficulty lies in the fact that no precise date or event can be identified to symbolise adequately Australia’s emergence from the imperial shadow. As former High Court Chief Justice, Garfield Barwick observed, ‘the historical movement of Australia to the status of a fully independent nation has been both gradual and, to a degree, imperceptible...the precise day of the acquisition of national independence may not be identifiable’.⁴

But although the search for a precise moment marking the birth of Australian independence is arguably futile, the same need not be said of the demise of British race patriotism in Australian political culture. It is the object of this study to show that the ideological implosion of ‘Britishness’ as a defining element of Australian nationality can be identified with a remarkable degree of precision in the early 1960s. Although Australia’s steady drift from imperial moorings was in many respects just as ‘gradual’ and ‘imperceptible’ as the evolution of Australian independence, at the level of Australian political culture the shifts in outlook and

² Keith Hancock, *Australia* (London: Benn, 1930) 56-57.

³ Donald Horne, *The Lucky Country: Australia in the Sixties* (Ringwood: Penguin, 1964) 99.

⁴ Quoted in W.J. Hudson & M.P. Sharp, *Australian Independence: Colony to Reluctant Kingdom* (Melbourne: Melbourne University Press, 1988) 2.

assumptions occurred surprisingly rapidly, and converged largely around a single core event; namely, the first British application for membership of the European Community. The Macmillan Government's painful choice between the discordant communities of 'Europe' and the 'British race' provoked a crisis of British race patriotism in Australia, and prompted long overdue reflection, discussion and debate about the changing determinants of Australian nationhood in the post-war world.

II

It is now more than half a century since Hans Kohn wrote that 'nationalism is a state of mind'.⁵ Kohn's early theoretical enquiry into the construction of national identities opened the field for a host of scholars who have largely echoed Ernest Gellner's view that 'nations as a natural, God-given way of classifying men, as an inherent though long-delayed political destiny, are a myth'.⁶ In Benedict Anderson's oft-quoted phrase (which was essentially a reformulation of Kohn), nations are now widely referred to as 'imagined communities' which operate to subordinate the myriad of inequalities, conflicts and contradictions within any given nation-state to the overriding 'national interest'.⁷ Anderson also reminds us that all nations, in order to be imagined as 'limited sovereign communities', must first become somehow 'imaginable'.⁸ For Anderson, Gellner, Anthony Smith and other theorists, 'it is nationalism which engenders nations, not the other way round' as is often supposed.⁹ Thus, Eric Hobsbawm warns that 'agnosticism is the best initial posture' for the study of nationalism, and that 'no serious historian of nations and nationalism can be a committed political nationalist'.¹⁰

This all seems fairly straightforward, but in an Australian setting these ideas have often

⁵ Hans Kohn, *The Idea of Nationalism: A Study in its Origin and Background* (New York: Macmillan, 1944) 18.

⁶ Ernest Gellner, *Nations and Nationalism* (Oxford: Blackwell, 1983) 48-9.

⁷ Benedict Anderson, *Imagined Communities* (London: Verso, 1991).

⁸ *Ibid.*, 6-7. Anderson's argument concerning the origins, or perhaps more correctly, the 'imaginability' of national communities in Europe is succinctly stated on pp. 42-43: 'What, in a positive sense, made the new communities imaginable was a half-fortuitous, but explosive, interaction between a system of production and productive relations (capitalism), a technology of communications (print), and the fatality of human linguistic diversity'.

⁹ Gellner, *Nations and Nationalism*, 55. See also Anthony D. Smith, *Theories of Nationalism* (New York: Holmes & Meier, 1983)

¹⁰ Eric Hobsbawm, *Nations and Nationalism Since 1780: Programme, Myth, Reality* (Cambridge: Cambridge University Press, 1992) 8, 12.

been overlooked in favour of a more essentialist view of Australian nationhood. Douglas Cole observed in 1971 that historians of nationalism in all the former British settlement colonies 'have usually been believers in the nationalist legend'.¹¹ Rather than consider the fundamental question of how an Australian nation became 'imaginable', scholars working within the 'radical nationalist' tradition in Australia¹² have tended to look for easily recognizable patterns of national behaviour, constructing an innate, self-sufficient Australian nationalism as the primary force underlying Australia's ambiguous progression towards independent nationhood. From the early 1950s there evolved an increasing tendency to identify Australia's path to nationhood with the more subversive, revolutionary upheavals in the United States, India and other 'model' colonial societies, based on a view of Australian nationalism and British race patriotism as diametrically opposed forces. In this scheme of things, Australia's evolution towards national independence is presented as a struggle between 'The Old Dead Tree and the Young Tree Green', and the core dynamic of British-Australian relations is one of antagonism.¹³

This interpretation, however, has run into consistent difficulties by virtue of the obvious fact that Australian nationalists at no stage pressed their supposedly inherent antagonism towards the Mother Country to the point of open repudiation of the imperial relationship. On the contrary, even the most awkward moments of Anglo-Australian discord generally culminated in compromise, reconciliation, and a reaffirmation of kinship ties. But rather than treat this as evidence of the idiosyncratic nature of Australian nationalism, radical nationalists have preferred

¹¹ As a consequence, noted Cole, 'the study of the ideology has been infected by the ideology'. See Douglas Cole, 'The Problem of "Nationalism" and "Imperialism" in British Settlement Colonies', *Journal of British Studies*, Vol. 10, no.2, May 1971, 161.

¹² The 'radical nationalist' tradition in Australian historiography has its roots in the 1940s and 1950s in the work of historians such as Brian Fitzpatrick, Russel Ward, Robin Gollan and Ian Turner among others. Their counterparts in the field of literary criticism included Vance Palmer and A.A. Phillips. Since the 1960s, however, with the growing diversity and complexity in historical writing, it is no longer so simple to distinguish or identify particular scholars or groups of scholars as 'radical nationalists'. Today, it is more useful to treat 'radical nationalism' as essentially an idea or perspective, characterised by a linear determinism in its insistence on Australian nationhood as an innate, though long-delayed political and cultural destiny, which continues to assert itself in all kinds of political, cultural and historical debates.

¹³ Manning Clark takes this line from a Henry Lawson poem to encapsulate the Australian national experience in Volume Six of his *A History of Australia, Vol VI: 'The Old Dead Tree and the Young Tree Green', 1916-1935* (Melbourne: Melbourne University Press, 1987). The idea of an inherent antagonism between Australian nationality and British imperialism has its historiographical origins in Brian Fitzpatrick, *The British Empire in Australia: An Economic History, 1834-1939* (Melbourne: Melbourne University Press, 1941).

to view the problem within the framework of what has been termed 'thwarted nationalism'.¹⁴ Here, the element of antagonism in Anglo-Australian relations remains paramount, as the pernicious influence of British race patriotism raises its head to thwart Australian nationalists at every point where they might otherwise have grasped the nettle of independence. This idea is a classic illustration of what Gellner has termed 'sleeping beauty nations',¹⁵ only in this case the imperial power and its slavish Australian adherents conspire to prevent the nation from awakening to its true national destiny. The idea has become so deeply entrenched that there remain many who insist that Australia is yet to secure the full trappings of independent nationhood. In this view, Australians, by their failure to realise fully the inherent antagonism and make a clean break with the Mother Country, have only managed to achieve a conditional, or 'compromised' form of independence.¹⁶

The radical nationalist paradigm of British race patriotism 'thwarting' the natural growth of Australian nationhood has had a powerful influence, not only on the conclusions drawn from the study of Australian history, but also on the kinds of historical questions that are posed. Successive generations of historians have set out to identify the earliest sprouting of youthful, assertive, nationalist behaviour, and, having done so, to explain why these signs of early promise failed to achieve the full bloom of national independence. An analytical framework has become firmly established in which independence is equated with defiance, self-assertion with divergence, autonomy with antagonism. And conversely, those Australian political or cultural figures who are deemed to have identified too closely with the British connection are looked

¹⁴ The term was coined by Gareth Evans & Bruce Grant, *Australia's Foreign Relations in the World of the 1990s* (Melbourne: Melbourne University Press, 1991) 17. The idea itself, however, runs through a host of historical works such as Stephen Alomes', *A Nation at Last?: The Changing Character of Australian Nationalism* (Sydney: Angus and Robertson, 1988); Noel McLachlan's, *Waiting for the Revolution: A History of Australian Nationalism* (Ringwood: Penguin, 1989); Russel Ward's, *Concise History of Australia* (St. Lucia: University of Queensland Press, 1992) particularly 115-123, 187-223, 262-264.

¹⁵ Gellner, *Nations and Nationalism*, 48-49.

¹⁶ This idea finds constant expression in the Australian Republican debate. See for example Al Grassby, *The Australian Republic* (Sydney: Pluto Press, 1993); John Hirst, *A Republican Manifesto* (Melbourne: Oxford University Press, 1994). Hirst opens his account on p. 1 with the words: 'Australia was born in chains and is not yet fully free. We are an old dependency of the British crown which has not stirred itself to claim complete independence'; David Day has argued in a slightly different context that Australian independence 'remains only partially achieved'. See David Day, *Reluctant Nation: Australia and the Allied Defeat of Japan, 1942-45* (Melbourne: Oxford University Press, 1992) 315; Note, however, that not all Republicans subscribe to this view. See for example Malcolm Turnbull, *The Reluctant Republic* (Melbourne: Heinemann, 1993) 3.

upon as a national disgrace.

This tendency has been particularly evident in the study of Australian foreign policy where historians have inevitably looked for an assertion of nationalist sentiment during times of conflict with Great Britain. The First World War, for example, has become a popular contender as the symbol of the first of many open breaches between imperial and nationalist sentiments in Australia. In contrast to earlier versions of the Anzac legend which stressed Australia's 'birth of nationhood' within the framework of imperial kinship and community, Bill Gammage argued in the mid-1970s that 'Bloody war and bitter experience weakened the affections of Empire. Australians met the English during the struggle, and the acquaintance lifted the veils of distance and ignorance, and qualified their old enthusiasms'.¹⁷ More recently E.M. Andrews has elaborated on this theme, suggesting that the experience of Anglo-Australian conflict on the battlefields of World War One 'led many soldiers to see Australia with new eyes and consider her apart from Britain'.¹⁸ In both of these accounts, it was the experience of discord and dispute with the British High Command, rather than the experience of the war itself which served to awaken an innate sense of Australian national identity.¹⁹ Moreover, there are suggestions of a deep division in Australian society between 'the British Australians and the Australian nationalists' as a result of the war, once again highlighting the inherent contradictions between imperialist and nationalist sentiments.²⁰

¹⁷ Bill Gammage, *The Broken Years: Australian Soldiers in the Great War* (Ringwood: Penguin, 1975); Writing around the same time, Gavin Souter made similar claims in his *Lion and Kangaroo: The Initiation of Australia*, 2nd ed. (Sydney: Pan Macmillan, 1992) (1st ed., 1976).

¹⁸ E.M. Andrews, *The Anzac Illusion: Anglo-Australian Relations During World War I* (Cambridge: Cambridge University Press, 1993) 217

¹⁹ This interpretation found popular expression in the early 1980s in Australian war films such as *Breaker Morant* (1980) and *Gallipoli* (1981) where Australian nationalism was constructed as a reaction against an exploitative imperial master. These kinds of representations of Australia's past have had a profound impact on popular understandings of Australia's role in the British imperial enterprise. One recent study of the career of film maker Peter Weir outlined the now popular conception of the meaning of Anzac in Australian history: 'Gallipoli represents several things to Australians: a sense of pride in the courage of the troops who died in the carnage, the forging of a sense of Australian-ness in the face of British imperialist attitudes and hence a focus of resentment at British duplicity and exploitation...The colonial nation rounded on Britain and made a statement of its independence'. Don Shiach, *The Films of Peter Weir* (London: Charles Letts, 1993) 83.

²⁰ Andrews, *Anzac Illusion*, 218. Gavin Souter claimed that by 1919 there had emerged 'two types of Australians...There were the British Australians, unchanged in their imperial loyalty, predominantly middle class, Protestant and politically conservative; and there were those who in varying degrees had rejected, outgrown, forgotten or simply never known the British inheritance...[who] might be called the indigenous Australians', Souter, *Lion and Kangaroo*, 281.

Others have looked to political developments during the closing stages of the First World War for signs of an early assertion of Australian nationalism. Billy Hughes has been a key figure in this regard by virtue of his truculent assertion of Australia's right to representation at the Paris Peace Conference and his constant vigilance against British disregard for Australian interests. But despite Hughes' colourful outbursts over the terms of the peace settlement, and his public brawling with his British counterpart, David Lloyd George, he ultimately proves a disappointment among radical nationalists for his failure to support Canada and South Africa in their demands for a formal declaration of Dominion autonomy in the early 1920s. This 'fundamental inconsistency' in Hughes' nationalism led Manning Clark, among others, to the sullen conclusion that Hughes and his contemporaries 'were not advocates of the young tree green'.²¹ Moreover, Hughes has been bitterly criticised for allegedly diverting the radical potential of Australian nationalism towards militarism and imperial subservience. But as David Lowe has indicated, this tone of disillusionment only makes sense if one takes Hughes' spectacular emergence on the international scene as a sign of burgeoning nationalism.²² In reality, however, Hughes' style evinced an underlying sentimental attachment to the British race patriot conception of Empire. His emotional tantrums, so often misinterpreted as a brash outburst of national assertiveness, derived essentially from an angry conviction that Lloyd George's indifference to Australia's needs was morally reprehensible, and somehow 'un-British'.

An even more popular contender for the role of nationalist hero is John Curtin, who locked horns with Winston Churchill on the eve of Britain's 'inexcusable betrayal' at the fall of Singapore. Curtin's celebrated 'cable battle' with Churchill over the diversion of Australian troops to Burma has become a mainstay of radical nationalist folklore.²³ Gregory Pemberton

²¹ C.M.H. Clark, *History of Australia, Vol VI*, 111-112.

²² David Lowe, 'Australia in the World', in Joan Beaumont (ed.) *Australia's War, 1914-1918* (Sydney: Allen & Unwin, 1995) 125-148.

²³ Norman E. Lee offers a standard radical nationalist account in his biography of Curtin: 'By June 1942, Australians everywhere were coming to realise that in John Curtin they had a Prime Minister who could wield the big stick over his fellow trade unionists, over his Cabinet, even over the great Winston Churchill, when Churchill was prepared to sell Australia down the river to indulge his own obsession with the vainglory of empire'. Norman E. Lee, *John Curtin: Saviour of Australia* (Melbourne: Longman, 1983) 114. Lee's account received the ALP stamp of approval in the Foreword written by none other than Australian Labor Prime Minister, R.J. Hawke.

encapsulated the radical nationalist interpretation of these events when he suggested that 'the fall of Singapore, and not the blood-soaked battlefields of Gallipoli, may well mark the birth of Australian independence'.²⁴ Curtin's oft-quoted New Year's message of December 1941 is central to this view. 'Without any inhibitions of any kind', he declared, 'I make it quite clear that Australia looks to America, free of any pangs as to our traditional links or kinship with the United Kingdom'. This statement has been widely interpreted as the proclamation of an ardent Australian nationalist repudiating the British connection.²⁵ But like Hughes, Curtin has been the subject of considerable disillusionment for his failure to draw the 'logical' conclusions from his own pronouncements. In particular, by 'holding to the assumption that the Imperial relationship could be resuscitated'²⁶ in the post-war years, and adhering to 'the bankrupt system of imperial defence'²⁷ in 1944, Curtin somehow falls short of radical nationalist expectations.

Beyond Curtin, Herbert Vere Evatt has often been dubbed 'the father of an independent Australian foreign policy',²⁸ not only because of his liberal internationalist belief in the United Nations as a new basis for the maintenance of peace, but more importantly because of his ability to stand up to the major powers, particularly Great Britain. Once again, 'independence' has been measured by a propensity to engage in controversy and dispute, and in this regard Evatt undeniably scored highly. The most recent advocate of this view is Christopher Waters, who argues that the 1940s, and the Chifley-Evatt era in particular, marks a 'decisive break' in Australia's relations with the Mother Country, and the key period for understanding what he

²⁴ Gregory Pemberton, 'Towards a new-found Australian Sovereignty', in David Horner (ed.) *The Battles that Shaped Australia* (Sydney: Allen & Unwin, 1994) 84.

²⁵ See for example Noel McLachlan, *Waiting for the Revolution: A History of Australian Nationalism* (Ringwood: Penguin, 1989) 239-267. McLachlan reflects a popular view when he claims that by 'stubbornly resisting Churchill's bullying', Curtin put 'Australian nationhood beyond doubt', 247. More moderately, Gareth Evans and Bruce Grant explicitly link Curtin's management of the 1942 crisis with a burgeoning national sentiment, claiming that 'the Australian nationalism of the 1890s' found its expression 'in the Australian nation-state when war brought home to all Australians how precarious our dependence on British power had become'. Evans & Grant, *Australia's Foreign Relations*, 21.

²⁶ David Day, *The Great Betrayal: Britain, Australia and the Onset of the Pacific war, 1939-42* (Melbourne: Oxford University Press, 1988) 358

²⁷ David Day, *Reluctant Nation*, 314-316. Here, Day draws additional authority for his conclusions in a foreword by Prime Minister Paul Keating, who concurs that 'the pity is we did not carry the lesson into the peace', iv.

²⁸ McLachlan, *Waiting for the Revolution*, 269-270; Gareth Evans argues that 'the creation of an Australian foreign policy, and the identifiable beginnings of a distinctive Labor tradition in foreign policy, came only with Evatt'. See Gareth Evans, 'The Labor Tradition: A View From the 1990s', in David Lee & Christopher Waters (eds.) *Evatt to Evans: The Labor Tradition in Australian Foreign Policy* (Sydney: Allen & Unwin, 1997) 12.

terms 'Australia's decolonisation experience'.²⁹ Although Waters promises 'complexity and depth' in his analysis of the shifting bases of the Anglo-Australian relationship, he ultimately falls back on a standard radical nationalist dichotomy in which the 'Anglo-Australian conservative elite' is swept aside by a new 'nationalist coalition' personified by Chifley and Evatt and pursuing an entirely new, independent (inter)nationalist agenda. Waters explicitly underlines the antagonism between the imperial and national sentiments, arguing that 'radical nationalism was the most powerful oppositional way of life to that of the conservative Anglo-Australian elite'.³⁰ Without going into the details of Waters' argument, or detracting from the undeniable merits of his study, it is sufficient to point out the ongoing durability of the radical nationalist paradigm of an innate, self-contained, nationalist 'way of life', locked in a linear struggle against the suffocating imposition of British race patriotism.³¹

Unlike Hughes and Curtin, Evatt's forceful independence is seen to have been 'thwarted', not by any failure of will on his part, but by his replacement in office by the conservative Liberal-Country Party Government of Robert Gordon Menzies in 1949. Menzies is commonly seen to have ushered in the era of 'torpor and neglect', blindly following Britain and the United States into a series of foreign military adventures. Modern day criticisms of the Menzies era provide perhaps the clearest insight into the ongoing influence of radical nationalist interpretations of Australia's past. Of particular significance in this regard were the frequent contributions to the Menzies debate of former Prime Minister, Paul Keating, during his term in office from 1991 to 1996. Among his many criticisms of the Menzies years, Keating frequently claimed that Menzies 'put Australia to sleep' (again, recalling Gellner's sleeping beauty analogy) and on one occasion he remarked bitterly that Menzies and his ilk 'were not

²⁹ Christopher Waters, *The Empire Fractures: Anglo-Australian Conflict in the 1940s* (Melbourne: Australian Scholarly Publishing, 1995) 2. Waters' argument appears in condensed form in 'Conflict with Britain in the 1940s', in David Lowe (ed.) *Australia and the End of Empires: The Impact of Decolonisation in Australia's Near North* (Geelong: Deakin University Press, 1996)

³⁰ Waters, *Empire Fractures*, 9.

³¹ Waters' approach is enthusiastically endorsed by Gregory Pemberton, who castigates 'conservative historians' for their 'striking ignorance' of Waters' apparently unanswerable arguments. See Gregory Pemberton 'An Imperial Imagination: Explaining the Post-1945 Foreign Policy of Robert Gordon Menzies', in Frank Cain (ed.) *Menzies in War and Peace* (Sydney: Allen & Unwin, 1997) 157.

aggressively Australian'.³² Here we see the classic radical nationalist paradigm at work in the construction of an innate, authentic, 'aggressive' Australian nationalism which is, by implication, inherently antagonistic towards Great Britain. It was Menzies' failure to take up a defiant stance in relation to the Mother Country that underlined his 'compromised nationalism'.³³

These few examples illustrate the power and resilience of the radical nationalist preoccupation with 'conflicting sentiments' as the core dynamic of Australia's 'struggle' for independence. This manifests itself in a tendency, not only to view Australian nationalism as an innate, self-sufficient and exclusive 'community of culture', but also to view the interaction between Australian nationalism and British imperialism in orthodox colonial terms: namely a struggle of self-assertion against a wholly alien imperial ideology. Of particular relevance is the increasingly recurrent use of the term 'decolonisation' to describe the changes in Australia's post-war relations with Great Britain. In so far as the term is used to describe the steadily waning 'colonial mentality' in Australian political culture since the Second World War, the idea of 'decolonisation' may have some metaphorical value in an Australian context. But when it is applied literally to describe the changing political and economic relations in the post-war era it becomes thoroughly misleading. David Lowe, for example, implicitly criticises John Darwin for 'omitting the role of old Dominions such as Australia' in his story of decolonisation.³⁴ Lowe justifies the inclusion of Australia under the 'decolonisation' rubric on the grounds that the 'big picture' of decolonisation is 'messy and complex, and differently paced, and one quick lesson we learn is that formal and legal signposts to the end of empires do not tell the whole story'.³⁵ That may be so, but there are more compelling arguments for treating the Australian experience under a distinct and separate category. Darwin's work has quite rightly focussed on the dismantling of direct and indirect structures of British administration of the internal affairs of

³² Keating, *Commonwealth Parliamentary Debates*, (hereafter *CPD*) H.of R., 27.2.1992, 372-373.

³³ See also Keating's article in *The Sydney Morning Herald*, 'How Menzies Failed Australia', 28.10.1994; Keating's references to Menzies' 'compromised nationalism' were uttered in a television interview with Paul Murphy, *Dateline* (SBS Australia: Broadcast on 1.10.1994)

³⁴ Lowe was referring to Darwin's *The End of the British Empire: The Historical Debate* (Oxford: Basil Blackwell, 1991).

³⁵ David Lowe, 'Australia at the United Nations in the 1950s: The Paradox of Empire', *Australian Journal of International Affairs*, Vol.51, no.2, 1997, 179-180.

subject peoples. To include Australia within this paradigm not only muddies the waters of decolonisation even further, but leads to all kinds of misrepresentations of Australia's imperial experience. In its most blatant form, it implies a direct correlation between the decolonisation experience in Asia and Africa, and the contemporaneous changes in British-Dominion relations in the 1940s and 1950s. Christopher Waters, for example, goes so far as to suggest that 'the Chifley Government, as a nationalist movement engaged in its own decolonisation experience, was prepared to break with its own imperial power and support the Indonesian Republic in its fight for independence against the Dutch'.³⁶ Although Chifley and Evatt had an undeniably different outlook on the Indonesian problem to that of their British counterparts, there is no evidence to suggest that this derived from a sense of empathy and common cause with their Indonesian neighbours. By deliberately blurring the distinction between the dismantling of British rule in the Afro-Asian colonies on the one hand, and the self-governing, self-consciously 'British' Dominions on the other, Waters merely complicates further the problem of the changing determinants of Australian nationhood in the post-war era.³⁷

It is not suggested here that Australian historians have been misguided in their focus on Anglo-Australian conflict as a yard stick of the shifting bases of the relationship. Rather, it is the framework within which these conflicts have been analysed and interpreted that has created problems. In particular, it is this apparent readiness to identify an ever-burgeoning Australian national sentiment at the heart of each and every instance of imperial discord that leads almost inevitably to the 'thwarted nationalism' thesis. By ascribing separatist motives to successive Australian leaders in times of dispute with Great Britain when no such motives necessarily

³⁶ Waters, *Empire Fractures*, 174-175.

³⁷ David Lowe has hesitantly endorsed the alternative rubric of 'dedominionisation', first coined by Jim Davidson in the late 1970s and more recently revived by Kosmas Tsokhas. Although the term serves the useful function of highlighting the distinctive features of the Dominion 'end of empire' experience, it too has its problems. First of all, it presupposes a process of 'Dominionisation' which, although perhaps identifiable, has hardly been adequately theorised. But more importantly, its emphasis on the dry constitutional form of Anglo-Dominion relations renders the term scarcely adequate to describe what was, in fact, the implosion of a deeply ingrained world view pervading all levels of Australian, New Zealand, and Canadian society and culture. Lowe, 'Australia at the United Nations', 181; *Australia and the End of Empires*, Introduction, 4. See also Jim Davidson, 'The De-Dominionisation of Australia', in John Arnold, Peter Spearritt, & David Walker (eds.) *Out of Empire: The British Dominion of Australia* (Melbourne: Mandarin, 1993); Kosmas Tsokhas, 'Dedominionisation: the Anglo-Australian Experience, 1939-1945', *Historical Journal*, Vol. 37, no. 4, 1994.

existed, radical historians have interpreted the subsequent resolution of these conflicts as a failure of will on the part of Australian nationalists, or alternatively, as further evidence of manipulation and exploitation on the part of the 'Anglo-Australian elite'.

The point is often overlooked that conflict was easily accommodated by contemporary conceptions of the imperial relationship. The occasional disputes between the particular interests of Australia and Great Britain, far from undermining their sentimental attachments, were in fact an integral feature of the sense of mutual identification and understanding. Imperial conferences, for example, were generally characterised by an easy familiarity on points of agreement, and a more rough familiarity in times of disharmony and dispute, but above all there remained a shared sense that whatever their particular differences, the British family of nations was ultimately united under a common racial destiny. Moreover, there prevailed a deeply entrenched belief in the superior power of British pragmatism to resolve any kind of particular dispute to the broad satisfaction of all. This idea of settling one's differences in a gentlemanly fashion was an important mechanism for containing inevitable conflicts within the framework of the imagined imperial community. John Curtin, for example, claimed that the 'pre-eminent characteristic of the British Commonwealth is its diversity within the framework of its unity'.³⁸ This conception remained in fashion right up to the time of Robert Menzies who, in the early 1960s, continued to refer to the appropriate form of Commonwealth discussions as a 'British tradition...our common interests never forgotten, but our particular interests zealously expounded and upheld'.³⁹

Conflict, then, was part and parcel of the myth of Anglo-Australian community of identity. The underlying belief that a solution existed for every problem was a vital means of insulating the myth from the occasional shocks of Anglo-Australian discord. Moreover, as Neville Meaney has observed, it tended to preclude the evolution of a sense of precedent as a guide to future policy. Meaney argues that since the problems marking each period of conflict or anxiety have generally been resolved satisfactorily, 'the web of culture has closed over each

³⁸ Curtin, Address to the House of Representatives, 17.7.1944, quoted in Neville Meaney, *Australia and the World: A Documentary History from the 1870s to the 1970s* (Melbourne: Longman Cheshire, 1985) 504

³⁹ Menzies, CPD, H.of R., Vol. 32, 134-141, ^{16. 8. 1961.}

episode and in retrospect each incident has been seen as an aberration'. Australians, he argues, 'have allowed sentiment to dictate the lessons drawn from experience'.⁴⁰ It is this peculiar feature of the Anglo-Australian myth that has so irked historians like Manning Clark, when he lamented that Billy Hughes was 'not an advocate of the young tree green', or David Day, when he condemned the Curtin Government for 'rushing back to the Mother country' in 1944.⁴¹ It was the curious capacity of Australian politicians to rationalise past conflicts within a wider sense of a common Anglo-Australian destiny that provided the impulse for, and lent a certain plausibility to the 'thwarted nationalism' thesis.

But radical nationalism has by no means been the only paradigm for understanding the interlocking problems of Australian nationalism, Australian independence, and the waning ties to the Mother Country. In the late 1960s and early 1970s, an alternative view of the Australian national experience emerged which not only challenged the idea of an inherent antagonism between Australian nationalism and the sentimental attachments to Empire, but also questioned the significance, or indeed the relevance of 'sentiment' as a driving impulse in the evolution of Australian nationhood. In a pioneering theoretical study of 'Ethnic Ideas in Australia, 1870-1914', Douglas Cole argued against any rigid distinction between Australian national sentiment, British race patriotism, or for that matter, the even wider sense of identification with the 'white race' as embodied in the White Australia policy. Rather, Cole argued that all three were merely alternative expressions of a fundamental 'ethnocentrism' that characterised the Australian outlook on the world. Although Cole acknowledged that local nationalist sentiments occasionally stood in conflict with imperial loyalties, more often than not they 'blended easily and emphasis flowed from one to another because they expressed facets of a more or less consistent ethnocentric ideology'. Cole argued that it was the 'varying functional nature' of the different levels of ethnic identification that determined which would be emphasised at any particular time and by whom. Local Australian sentiment was useful for promoting particular Australian interests against the occasional encroachments of the Mother country, but it 'could never become

⁴⁰ Neville Meaney, *Australia and the World*, 29.

⁴¹ Day, *Reluctant Nation*, 315

full-blown Australian nationalism, monolithic in its loyalty to an Australian ethnic community, because it was so vitally dependent upon Anglo-Saxonism and Caucasian racialism'. Cole effectively denied the subversive potential of Australian nationalism, and explicitly dismissed the notion of an innate 'antagonism' between local and imperial sentiments.⁴²

Writing around the same time as Cole, new left historian Humphrey McQueen scoffed at the orthodox view that nineteenth century Australian nationalism had its roots in radical socialism and anti-imperialism.⁴³ He argued that anti-British feeling was not the mainstay of Australian nationalism, nor was such feeling widespread. To the extent that anti-British sentiment arose in late nineteenth and early twentieth century Australia, it was more often out of suspicion of the genuineness of Britain's commitment to the imperial idea. For McQueen, Australian nationalism was 'the chauvinism of British imperialism, intensified by its geographic proximity to Asia'. Moreover, he bemoaned the complete absence of any evolving theoretical tradition for understanding and explaining Australia's fraying ties to Great Britain, noting the tendency among scholars to fall back on a superficial analogy 'in which Britain is the mother country and Australia is the child who reaches maturity, flexes its muscles and engages in several other pleasing metaphors'.⁴⁴

McQueen's ideas were drawn to some extent from the work of Neville Meaney, who

⁴² Douglas Cole, 'The Crimson Thread of Kinship: Ethnic Ideas in Australia, 1870-1914', *Historical Studies*, Vol 14, No.56, April 1971, 511-525; Cole argued elsewhere that Australians could be 'independent Australian Britons' because, in an adaptation of Hancock's phrase, 'pride of race did not conflict with love of country'. He also suggested that the categories of 'imperialist' and 'nationalist' are, in themselves, misleading, and made a persuasive case for replacing these with the terms 'Brittanic nationalism' and 'Australian patriotism'. He argued that 'one is an ethnic conception [nationalism]; the other a political and geographic one [patriotism]' and maintained that Australians had never sought to establish a sense of nationalism in terms of an exclusive Australian ethnocentricity. Thus, the loyalty and sentiment among Australians for their homeland (*patrie*) is essentially of the order of 'patriotism', while the wider sense of identification with the British race was a more genuine expression of 'nationalist' sentiment. Yet so entrenched is the discourse of 'Australian nationalism' and to a lesser extent, 'British race patriotism', that Cole himself resorted to these terms on a number of occasions. Therefore, while recognising the usefulness of Cole's distinction, the more established terminology will be preferred here. See Douglas Cole, 'The Problem of "Nationalism" and "Imperialism"', 177. Maurice French criticised Cole's approach to some extent in 'The Ambiguity of Empire Day in New South Wales 1901-21: Imperial Consensus or National Division', *Australian Journal of Politics and History*, Vol. 24, no.1, April 1978, 61-74. French's conclusions, however, would seem broadly compatible with Cole's ideas about the 'functional nature' of the various levels of ethnic identification in Australia.

⁴³ Humphrey McQueen, *A New Britannia: An Argument Concerning the Social Origins of Australian Radicalism and Nationalism* (Ringwood: Penguin, 1970).

⁴⁴ *Ibid.*, 21.

proposed an alternative framework for understanding the problem of Australian nationalism and Australian independence.⁴⁵ Meaney broadly shared Cole's view of the essentially complementary relationship between Australian national sentiment and British race patriotism - a relationship which he characterised as a 'nationalism within a nationalism'. Drawing on the work of American historian David Potter,⁴⁶ Meaney argued that much of the prevailing confusion derived from the fact that the leading scholars of nationalism, writing within the European tradition established by Hans Kohn, had tended to give the greatest weight to 'cultural self-consciousness', in delineating the key determinants of national identities.⁴⁷ This 'extremely strong disposition to equate nationality and culture'⁴⁸ had been inherited by Australian historians; hence the radical nationalist predilection for exaggerating the importance of 'culture and sentiment' in explaining the Australian experience of nationalism. Meaney claimed that this dominance of the cultural perspective had led historians to overlook the 'other prime root of nationalism' - namely a consciousness of 'community of interest'. He put forward the extremely novel idea that, since Federation, Australia's national behaviour:

has been based not on a distinctive culture or ideology but rather on an instinctive sense of shared interests and experience, and it has expressed itself not in songs and symbols but in politics and policies...It is only by an examination of the policies fashioned by successive Commonwealth governments in defence of the national interest that the enigma of Australian nationalism can be unravelled.⁴⁹

In Meaney's view, the 'greatest incongruity' of Australian nationalism was that while British race patriotism retained a stronger emotional hold on Australian loyalties, Australians persistently and unwaveringly insisted on maintaining exclusive control over their own affairs. He took the example of the imperial federation movement at the turn of the century to illustrate his point, noting that despite the widespread sentimental enthusiasm for the imperial connection,

⁴⁵ Neville Meaney, 'Australian Foreign Policy: History or Myth', *Australian Outlook*, Vol. 23, August 1969, 173-180. Meaney's ideas were elaborated in greater detail in *The Search for Security in the Pacific, 1901-14* (Sydney: Sydney University Press, 1976).

⁴⁶ David M. Potter, 'The Historians' Use of Nationalism and Vice Versa', *American Historical Review*, Vol. 67, July 1962, 924-50.

⁴⁷ This idea was based largely on a reading of Hans Kohn's pioneering work, *The Idea of Nationalism*, but it has been borne out further in the more recent works of Gellner, Hobsbawm and Anderson.

⁴⁸ Potter, quoted in Meaney, *Search for Security*, 6.

⁴⁹ Meaney, *Search for Security*, viii.

Australians fervently opposed the idea of throwing their political lot into an imperial parliament.⁵⁰ According to Meaney, this insistence on Australian sovereignty was primarily 'the result of an Australian perception of a conflict of interest, of an instinctive Australian sense that the colonies' economic, political and strategic interests were so different from those of the Mother country that union was impossible'.⁵¹ For Meaney, it is a deeply inscribed awareness of a 'conflict of interests', rather than an innate consciousness of 'conflicting sentiments', that holds the 'answer to the riddle of Australian nationalism'.⁵²

None of this was to suggest that Australia's 'national interests' represented a universal constant, applying equally to the many and varied interests of diverse groupings in Australian society, any more than Australian national sentiment carried a single inherent meaning encompassing the ideals and aspirations of all. The point is that successive Australian political leaders consistently behaved as though this were the case, whether in immigration, defence, foreign policy or even commercial policies. Meaney's primary purpose in elaborating these ideas was to dispense with what he saw as 'the central myth' about Australian foreign policy - the idea that Australia had no foreign policy of its own prior to the Second World War, and had acquiesced happily in the policies and priorities of the British Foreign Office.⁵³ His central thesis is that although Australia's defence and foreign policies were articulated in an 'indirect, almost clandestine manner' for much of this century, successive Australian Governments remained 'aware of their peculiar geo-political circumstances and within the formal framework of the British Empire they evolved consistent, cohesive and comprehensive defence and external

⁵⁰ See also C.S. Blackton, 'Australian Nationality and Nationalism: The Imperial Federationist Interlude, 1885-1901', *Historical Studies*, Vol. 9, November 1955, 1-16.

⁵¹ Meaney, *Search for Security*, 6.

⁵² Ibid. Douglas Cole made a similar point in relation to late nineteenth century Canadian nationalism, where he identified 'a recognition of a distinction of interest between the Canadian state and the United Kingdom, and a feeling that colonial status is humiliating, but not a feeling that Canadians constitute a new ethnic group'. See Cole, 'The Problem of "Imperialism" and "Nationalism"', 166.

⁵³ Meaney shows how this idea ran through the work of a host of Australian historians, from R.M Crawford to Manning Clark to Gordon Greenwood, finding its most explicit expression in the work of T.B. Millar. See Meaney, 'History and Myth', 173; *Search for Security*, 1. Millar, for example, wrote in 1968 that 'there were 113 years from the First Fleet to the federation of the Australian colonies, and nearly forty more years before an Australian government took an independent action in foreign affairs'. T.B. Millar, *Australia's Foreign Policy* (Sydney: Angus & Robertson, 1968), 7. In 1978, Millar reiterated his view that, prior to the Second World War, Australia had 'few distinctive national policies in foreign affairs and almost no independent voice, other than in trade'. T.B. Millar, *Australia in Peace and War: External Relations 1788-1977* (Canberra: ANU Press, 1978) 21.

policies to provide for the security of their own country'.⁵⁴ To the extent that Australians continued to follow Britain's lead in a range of defence and foreign policy issues, this, according to Meaney, was 'dependence by choice - and only those who are independent have choice'.⁵⁵

At the time, this was a highly unorthodox argument, and Meaney came in for a good deal of criticism for his apparent failure 'to distinguish between preoccupations and policies, between pretensions and power'.⁵⁶ T.B. Millar protested vehemently that Meaney's conclusions were simply irreconcilable with the incontestable fact of Australia's overwhelming dependence on the British connection in all facets of defence and foreign policy, at least until the Second World War.⁵⁷ More recently, W.J. Hudson and M.P. Sharp explored these issues and found Meaney's approach unconvincing. Although eschewing the radical nationalist tendency to look for Australian independence in an act of defiance of the Mother Country, Hudson and Sharp nonetheless shied away from Meaney's interpretation on the basis of their reading of the founding intentions of Australia's 'federation fathers' at the turn of the century. They provide ample evidence to suggest that 'independence' was the furthest thing from anyone's mind in 1901.⁵⁸ The common thread in these criticisms is a sense of a fundamental inconsistency between Australia's alleged independent status and the ongoing sentimental and practical ties to Great Britain. As one more moderate critic has noted, Meaney's thesis 'cannot be easily equated with traditional notions of nationalism'.⁵⁹

⁵⁴ Meaney, *Search for Security*, ix, 1-2.

⁵⁵ Neville Meaney, review of W.J. Hudson and M.P. Sharp, *Australian Independence: Colony to Reluctant Kingdom*, in *The Journal of Imperial and Commonwealth History*, Vol.18, no.3, October 1990, 386-387.

⁵⁶ T.B. Millar, 'A Rejoinder', *Australian Outlook*, 23, August 1969, 184.

⁵⁷ Millar asserted that if Meaney's conclusions were basically sound, 'why did the Commonwealth send eight battalions to South Africa during the Boer War, and over 300 000 troops to Europe and the Middle East in World War I? Why was the RAN placed under the command of the RN six days after the start of World War I? Why did Menzies declare Australia to be *automatically* at war with Germany on September 3, 1939? Why did we train 41 000 airmen under the Empire Air Training Scheme for service with the RAF? Why did the 6th, 7th and 9th Divisions go to the Middle East? Why did we help with the Berlin Blockade in 1948-49? And in the League of Nations, although our rationale may have had different emphases, our policies were often the same as, and usually very similar to those of Britain on most major issues'. *Ibid*, 182-183.

⁵⁸ Hudson and Sharp draw on three key figures of Australian federation; Alfred Deakin, who declared that 'there is no pretence of claiming the power of peace or war, or of exercising power outside our territories'; Samuel Griffith, who announced that 'we do not take anything away from the Parliament of Great Britain'; and John Forrest, who objected to the proposed title, the Commonwealth of Australia, on the grounds that 'if we were founding an independent nation...it might be a very appropriate term...That, however, is not the case'. See Hudson & Sharp, *Australian Independence*, 27.

⁵⁹ David Lowe, 'Australia in the World' (1995) 128.

Yet ironically, this is precisely Meaney's point. In asserting that Australia acquired 'a nationality without a nationalism'⁶⁰, Meaney points to the unique aspect of the Australian national experience, and provides an important means of shaking off the linear determinism of the 'thwarted nationalism' thesis. At the very least, his work has shown that to examine Australia's fading ties to Great Britain in terms of a two-dimensional dependence:independence equation is highly problematic. The remarkable durability of British race patriotism in Australian political culture cannot be simplistically understood as the external imposition of alien elites, frustrating Australia's natural growth to independent nationhood. Rather, the widespread sentimental ties to British kith and kin were a core element in defining the outer limits of the cultural community, and played a vital role in constructing an imagined 'community of interest' among the British peoples of the world. These ideas also had an important psychological function in insulating Australians from the frightening implications of their vulnerable proximity to the Asian land mass. If Australia belonged to a wider community of British nations, binding them organically to the imperial centre, life on the periphery could seem less painfully isolated.

Thus if Meaney has 'strayed towards exaggeration' as David Lowe suggests,⁶¹ it is only in so far as his emphasis on 'an Australian perception of a conflict of interest' with the Mother Country has been interpreted as a complete dismissal of the ongoing relevance of British race patriotism in delineating Australia's wider perspective and ordering Australian priorities.⁶² It therefore needs to be made clear that above and beyond this instinctive awareness of the potential conflict between British and Australian interests, there remained a powerful sentimental assumption that the interests of Australia and the British world *ought* ultimately to coincide - that beyond particular, regional differences in outlook, Australia's long term destiny was inextricably entwined in that of the British race as a whole. When it came down to the

⁶⁰ Meaney, *Search for Security*, x.

⁶¹ David Lowe, 'Australia in the World' (1995) 128.

⁶² This was clearly not Meaney's purpose, as borne out by his later work. See for example his 'Australia and the World', in Neville Meaney (ed.) *Under New Heavens: Cultural Transmission and the Making of Australia* (Melbourne: Heinemann, 1989) 380-449, where he clearly indicates, not only the ongoing propensity of Australian policy makers to view the world in terms of their own distinctive interests, but also the pervading influence of British race patriotism in working out Australian policies and priorities, right up to the 1960s.

survival of the British race, and Australia's national survival in particular, it was axiomatic that Australia and the Mother Country were mutually bound by blood and sentiment to join each other's interests as their very own.

It is this core assumption that runs through a host of otherwise inexplicable 'independent' Australian policies and practices. It explains, for example, the unilateral extension of imperial preference to imports from Great Britain in 1908.⁶³ Similarly, it accounts for the otherwise foolhardy Trade Diversion policy of the 1930s in which the Lyons Government imperilled Australia's trade relations with Japan (and to a lesser extent, the United States) for the sake of benefits accruing solely to British textile manufacturers.⁶⁴ Robert Menzies' announcement, in September 1939, that Australia was at war with Germany 'as a result' of the United Kingdom Government's formal declaration of war, can only be comprehended in terms of the wider assumptions about British racial unity.⁶⁵ And in the post-war years, these ongoing assumptions go some way towards explaining Chifley's generosity in negotiating long-term arrangements for bulk purchasing of Australian primary products to assist post-war reconstruction in the United

⁶³ In 1909, the Australian Minister for Trade and Customs, Sir Robert Best, defended the extension of unilateral preference in terms which illustrated the role of sentiment in constructing a wider appreciation of Australian interests: 'Apart altogether from sentimental considerations of kinship, strong and sincere as they may be, we consider that every pound sterling diverted from the Empire's own trade is so much potential energy absolutely lost and wasted...we prefer our own race, we value the family ties'. Quoted in Sandra Tweedie, *Trading Partners: Australia and Asia, 1790-1993* (Sydney: University of NSW Press, 1994) 57.

⁶⁴ The Trade Diversion policy was described by the NSW Graziers' association (who faced Japanese retaliatory action against Australian wool) as 'an act of madness', while in the British Parliament it was lauded as 'a generous and free gift'. See D.C.S. Sissons, 'Manchester v. Japan: The Imperial Background of the Australian Trade Diversion Dispute with Japan, 1936', *Australian Outlook*, Vol. 30, no.3, December 1976, 480-502. Although it transpired that Australia received some minor reciprocal benefits in the form of British restrictions on Argentine beef imports, it is clear, not only that the Lyons Government did not link the two issues at the time of the Trade Diversion legislation, but also that the British meat concessions were hardly sufficient justification for risking Japanese retaliation against Australian wool. As a result of the trade diversion episode, Australian wool exports fell from A£14.6 million in 1935/36 to A£4.04 million in 1937/1938, and for the first time Australia's trade balance with Japan slid into deficit (Tweedie, *Trading Partners*, 146). The Americans, for their part, withdrew most-favoured-nation treatment from Australia in August 1936. John O'Brien explains that the failure of the Lyons Government to 'square a deal' with the British beforehand was due to an 'assumption that Britain shared Australia's view of Empire and would reciprocate'. They were, however, to be bitterly disappointed. John O'Brien, 'Empire v. National Interests in Australian British Relations During the 1930s', *Historical Studies*, Vol. 22, No.89, October 1987, 582.

⁶⁵ A.W. Martin notes that Menzies choice of words went unchallenged at the time, and that 'the latter-day idea that Australia was fighting "other peoples wars" did not occur to anyone'. Nor was there any dissent from Menzies' assertion that 'we are all Australians and British citizens'. Martin, *R.G. Menzies*, 285-286.

Kingdom,⁶⁶ as well as his insistence that the newly styled 'Commonwealth of Nations' of 1949 should retain the title 'British' in Australian usage.⁶⁷ And considerations of sentiment were the decisive factor in Robert Menzies' 'blind loyalty' to the Eden Government at the time of the Suez crisis in 1956.⁶⁸ In all of these instances, Australian policy can only be fully appreciated within the framework of an imagined 'community of interest' with the Mother Country.

Similarly, sentimental assumptions about race, culture, and British identity were most glaringly apparent on those occasions when Australia and Britain did not see eye to eye. Australian political leaders from Deakin to Evatt were prone to emotional outbursts, or alternatively, sullen remonstrations whenever the Mother Country failed to identify with Australia's perspective.⁶⁹ Billy Hughes' fiery display in London and Paris has already been mentioned in this regard. The same impulse was evident in S.M. Bruce's profound anxiety at Canadian and South African demands for a formal declaration of Dominion autonomy in the 1920s. Bruce's reservations were based, not on any deep-seated objections to the idea of Dominion autonomy, but on his instinctive sense that any formal declaration of the fact would be 'hopelessly irreconcilable' with the organic unity of the 'British nation'.⁷⁰ These feelings of bewilderment were equally present among members of the Australian Trade delegation to London in 1938, led by R.G. Menzies, who were shocked and dismayed to find that 'The British Ministers went into the talks in the spirit of sheer hard bargaining', with no 'all-one-Empire-family' spirit whatsoever.⁷¹ And H.V. Evatt's famous retort to Winston Churchill in early 1942

⁶⁶ See Sandra Tweedie *Trading Partners*, 94; J.G. Crawford, *Australian Trade Policy, 1942-1966: A Documentary History* (Canberra: ANU Press, 1968) 211; David Lee, *Search for Security: The Political Economy of Australia's Postwar Foreign and Defence Policy* (Sydney: Allen & Unwin, 1995).

⁶⁷ L.F. Crisp, *Ben Chifley: A Political Biography* (Sydney: Angus & Robertson, 1961) 282.

⁶⁸ See W.J. Hudson, *Blind Loyalty: Australia and the Suez Crisis, 1956* (Melbourne: Melbourne University Press, 1989); A.W. Martin, 'R.G. Menzies and the Suez Crisis', *Australian Historical Studies*, Vol. 23, no.92, April 1989, 163-185.

⁶⁹ Deakin's dissatisfaction with what he saw as Britain's indifference to Australia's needs was often conveyed in his anonymous column in the London *Morning Post*. On the question of British annexation of the New Hebrides in 1906, for example, he complained of 'the supineness of the British Government and the wilful indifference of "Downing Street" to all Australian affairs'. Quoted in Meaney, *Search for Security*, 104.

⁷⁰ Bruce, *CPD*, 1926 Session, 3.8.1926. Extract in Meaney, *Australia and the World*, 356-361.

⁷¹ This was how one anonymous member of the Australian delegation described the discussions in a leak to the London *Daily Express*, 25.7.1938. Given the broadly similar remarks in Menzies' correspondence with his family at this time (see p.1) there would seem little doubt that he was the source of the leak. See the full *Daily Express* quotation in John O'Brien, 'Empire v. National Interests', 586.

that a British evacuation of Singapore would be ‘an inexcusable betrayal’,⁷² so often presented as a symbol of radical nationalist defiance, was essentially an extension of his belief in Britain’s moral obligation, not only to protect Australia’s vital interests, but fundamentally to identify with them. Behind all of these reactions lay a sense that beyond the more narrow, immediate, but quite legitimate national interests of the individual members of the British Empire, there reigned the supreme principle of the inviolable unity of the British peoples. The fact that this principle was frequently violated in practice gave rise to a peculiarly emotional response among Australians, which betrayed a deep reluctance to face up to the daunting challenges and responsibilities of a nationhood they had never actively sought.

III

Thus, from the earliest stirrings of the federation fathers, Australian political leaders have been possessed of a distinctive outlook on the world, a keen sense of Australia’s particular priorities and interests, and a determination to preserve Australia’s freedom to pursue its own national aspirations. But it is equally clear that these aspirations were viewed through the sentimental prism of British race patriotism which promoted a sense that Australia’s long term interests, and ultimate survival as a nation, were organically tied to the fortunes of the British Empire. It is the fate of this core assumption – that the interests of Australia and Great Britain ought ultimately to be reconciled – that holds the key to understanding the demise of British race patriotism in Australian political culture. It is not the purpose of this study to show that this traditional assumption was somehow flawed, or that it hindered Australians from realising their ‘true’ independent destiny. Following Benedict Anderson it is now widely recognised that all constructions of identity are essentially ‘imagined’, and there is no reason to suggest that the wider sense of British community that prevailed during the first half of this century was any more or any less appropriate to Australian circumstances than the emerging ‘community of

⁷² The quotation appeared in a telegram to Churchill from Prime Minister Curtin, but it is widely recognised that this particular amendment was Evatt’s own contribution. See Pemberton, ‘Towards a New-Found Australian Sovereignty’, 88.

nation' of more recent years is relevant to the Australian outlook on the world today. There was nothing inevitable about Australia's steady drift away from the old, Anglo-centric conception of Australia's place in the world, and still less is there anything fundamental, innate or essential about the more nationalist conception of the Australian community that has emerged from the fraying imperial ties. But the fact remains that in the years since the Second World War, a marked shift has occurred in the Australian conception of nationhood which has profoundly altered the nature, if not the fact, of Australian 'independence'. It is the broad object of this study to investigate the nature of these changing assumptions and to offer some explanations as to how and why the Anglo-Australian relationship evolved in the way it has.

More specifically, it is my intention to illustrate the pivotal role of the United Kingdom's search for an accommodation with the European Community, particularly in the years 1956-63, in undermining the persisting assumptions about organic Anglo-Australian unity. The dramatic story of the Macmillan Government's application for membership of the European Community in 1961-63 has produced a torrent of theses, monographs, articles and edited volumes in recent years,⁷³ but it has received surprisingly little attention among scholars working on the evolution of the Anglo-Australian relationship. Apart from H.G. Gelber's highly accomplished *Australia, Britain and the EEC, 1961-63*, (Oxford, 1966), written on the basis of the public record and with a predominantly contemporary focus, there has been no thoroughgoing treatment of the often bitter clash in Anglo-Australian relations which emerged during the course of the EEC negotiations.⁷⁴ Indeed, the entire question of the demise of imperialism as a social and political

⁷³ The following is just a sample of the works published in recent years; Sean Greenwood (ed.) *Britain and European Integration Since the Second World War* (Manchester: Manchester University Press, 1996); Richard T. Griffiths and Stuart Ward (eds.) *Courting the Common Market: The First Attempt to Enlarge the European Community* (London: Lothian, 1996); Wolfram Kaiser, *Using Europe, Abusing the Europeans: Britain and European Integration, 1945-63* (London: Macmillan, 1996); Richard Lamb, *The Macmillan Years: The Emerging Truth, 1957-63* (London: John Murray, 1995); N. Piers Ludlow, *Dealing with Britain: The Six and the First UK Application to the EEC* (Cambridge: Cambridge University Press, 1997); Jacqueline Tratt, *The Macmillan Government and Europe: A Study in the Process of Policy Development* (London: Macmillan, 1996); George Wilkes (ed.) *Britain's Failure to Enter the European Community, 1961-63: The Enlargement Negotiations and Crises in European, Atlantic and Commonwealth Relations* (London: Frank Cass, 1997); Oliver Bange, *Europe at a Crossroads: Adenauer, de Gaulle, Macmillan and Kennedy* (London: Macmillan, 1998); James Ellison, *Britain's Failed Alternative to EEC Membership* (forthcoming: Macmillan 1998)

⁷⁴ More recently a number of shorter articles have begun to appear based on the archival record, most notably David Goldsworthy, 'Menzies, Macmillan and Europe', *Australian Journal of International Affairs*, Vol.51, No.2, 1997, 157-169; John O'Brien, 'The British Commonwealth and the EEC, 1960-63: The Australian and Canadian

ideology in post-war Australia has largely evaded close scholarly attention, until recent work by David Lowe and David Goldsworthy in particular began to redress this imbalance.⁷⁵ As far as the EEC issue is concerned, the silence can be partly explained by the fact that Britain's first membership negotiations ended in disaster for the Macmillan Government on account of General de Gaulle's spectacular veto in January 1963. Historians do not normally concern themselves with 'might-have-beens', and ostensibly the first British membership bid seems not to have mattered all that much to Australia. By the time the Government of Edward Heath finally succeeded in joining the EEC some ten years later, most of the problems affecting Anglo-Australian relations had become of little relevance. For this reason, British entry into the European Community normally registers little more than a passing reference in most major works examining the changing bases of Australian foreign policy, and the changing ideological determinants of Australian nationality.⁷⁶

Another possible explanation lies in the fact that Macmillan's dealings with the EEC from 1956-63 corresponded to the middle years of the Menzies era, a period often discounted by historians seeking to identify changes in Australia's outlook on the British connection. It is often assumed, either that the core beliefs in a wider British community were essentially broken during the 1940s, most symbolically at the fall of Singapore, or alternatively, that Menzies 'put Australia to sleep' through 17 years of fawning obsequiousness, not only to his beloved Britain, but also to a new 'great and powerful friend' in the United States.⁷⁷ But this work sets out to

Experience', *The Round Table*, no.340, October 1996, 479-494; Stuart Ward, 'Anglo-Commonwealth Relations and EEC Membership; The Problem of the Old Dominions', in Wilkes *Britain's Failure*, 93-107.

⁷⁵ David Lowe (ed.) *Australia and the End of Empires: The Impact of Decolonisation in Australia's Near North, 1945-1965* (Geelong: Deakin University Press, 1996); David Goldsworthy, 'The British Colonial Order, 1948-1960', in *ibid.*; Goldsworthy, 'Menzies, Britain and the Commonwealth: The Old Order Changeth', in Frank Cain (ed.) *Menzies in War and Peace* (Sydney: Allen & Unwin, 1997); See also Lowe, 'Australia at the UN'.

⁷⁶ In *A Nation at Last?*, for example, Stephen Alomes devotes an entire chapter to the 'The Beginnings of Conflict' between 'British loyalism' and Australia's so-called 'new nationalism', yet he makes no mention whatsoever of Britain's first attempt to join the EEC. More recently, David Day's *Claiming a Continent* (Sydney: Angus and Robertson, 1996) despite its grand theme of race and the changing determinants of Australian nationhood, makes only the barest mention of the Britain and Europe question.

⁷⁷ This latter view has become an integral feature of Labor Party mythology, but is most scathingly presented by Humphrey McQueen: 'The essence of Menzies' political career was simply this: he devoted his great skills to the service of the rich and powerful and employed his wondrous talents on behalf of the foreign masters of the country of his birth...He switched from British sycophant to American lickspittle, and back again, with such an easy conscience that his followers discovered in his lack of principle a species of gracefulness...He clung to office

show, not only that the many assumptions about Australia's fundamental 'Britishness' survived, and even flourished in the era of Curtin, Chifley and Evatt, but more importantly, that it was the events of the Menzies era which most vividly brought home the nature and the extent of the profound changes which were taking place in Australia's world. Specifically, it will be argued that the Common Market crisis of the early 1960s provoked a thoroughgoing reassessment of the major precepts of the Anglo-Australian relationship. Many of these changes had been signalled in earlier policy developments, and it is not suggested that Macmillan's EEC membership bid was the fundamental cause of the fraying of imperial ties. Rather it provided a primary catalyst for long overdue discussion and debate, not only about the fading ties to the Mother country, but also about Australia's political and economic future as an isolated, thinly populated white community on the fringes of a turbulent Asia.

The discussion proceeds primarily on the basis of the wealth of newly released archival resources. The passing of the thirty year rule for confidential government documents relating to the early 1960s has made it possible to draw on primary material from the Australian Archives (Canberra), the Public Record Office (London), the National Archives and Records Administration (Washington DC), the John F. Kennedy Library (Boston), and the Historical Archives of the European Community (Florence). Some use has also been made of materials gathered for an earlier project in the Archives of the European Free Trade Association (Geneva). In addition to these official archival sources, this study draws on a number of collections of private papers in Australia, the United Kingdom and Europe, as well as a range of official published sources. Extensive use has also been made of British, Australian, American and European newspapers in order to gain a sense of the wider public appreciation of these issues.

The broad outline of the thesis is as follows. In Chapter 1 it is argued that despite the many fundamental changes that occurred in the Anglo-Australian relationship in the 1940s and 1950s, the gradual and piecemeal nature of these changes meant that their impact on the Australian public imagination and Australian political culture was somewhat muted. Disputes

because he clung to the real masters of Australia'. Humphrey McQueen, *Gallipoli to Petrov: Arguing With Australian History* (Sydney: Allen & Unwin, 1984) 174-175; See also Keating, 'How Menzies Failed Australia'.

over Anglo-Australian defence planning, decolonisation in South East Asia, divergent assessments of the Soviet threat, and disagreements over the trade and financial coordination of the Sterling Area, were generally confined to the realm of confidential inter-governmental discussions, and even at this level they had only a limited impact on the official Australian mind. In circumstances where Anglo-Australian differences did receive a more public airing, such as Britain's exclusion from the ANZUS Alliance, the underlying fissures in the relationship were invariably papered over by loud, ostentatious affirmations of the British blood ties. More searching reflections, discussion or debate were extremely rare. The ongoing sense of an organic, Anglo-Australian cultural community, embodied in the endless round of Ashes cricket tests, Royal tours, Royal titles, Oxbridge scholarships and the like, tended to obscure the nature of the changes taking place. Because they allowed 'sentiment to dictate the lessons drawn from experience', Australians were remarkably slow to appreciate fully the steadily narrowing horizons of the Mother Country, and to reorient their own outlook on the world accordingly. There was no episode of sufficient magnitude to activate the press, the parliament, and public opinion in such a way as to reshape the core assumptions of Australian political culture.

The British decision to seek membership of the European Economic Community, however, provided a key focal point around which many of these issues converged. Chapter 2 explores the origins of the British Government's EEC membership application, emphasising that Macmillan's decision was merely a symptom, and not the cause of the United Kingdom's steady disengagement from imperial and Commonwealth commitments. But it nonetheless assumed particular importance in that it signalled a conflict of interest between Great Britain and Commonwealth countries of an entirely different kind to those which had periodically disrupted Commonwealth harmony in previous years. The Macmillan Government's decision to join in the economic obligations of a European common tariff, and to face the long-term political implications of European unity, involved far more than a mere transitory conflict of interest with old and familiar partners like Australia. Rather it involved the fundamental question of how future 'British' interests would be conceived, delineated, and pursued. It seemed to imply a

fundamental and *permanent* reorientation of the British conception of 'community', away from the former imperial conception of Britain's world role and towards a new basis for great power status as a leading player in an economically dynamic, and politically united Europe.

Given the wide-ranging repercussions of these issues, it is little wonder that the Australian response was almost universally one of anxiety and trepidation (Chapter 3). Macmillan's EEC membership announcement of July 1961 revealed the depth of the British race patriot mind-set in the Australian outlook, and illustrated the capacity of the Common Market problem to provoke wider reflection and debate about the future of the Anglo-Australian connection. The economic implications of British entry were particularly alarming from an Australian point of view. Not only did Australia face the dismantling of imperial preferences affecting up to one fifth of total export income, there was also the added complication of Britain's adoption of the EEC common tariff which would establish 'reverse preferences' in favour of European primary producers. The establishment of the European Common Agricultural Policy (CAP) in early 1962 threatened to exclude Australian primary produce from British and European markets altogether. In addition, there were the serious political implications of British participation in the drive towards European unity. For instance, how could British membership of a European economic and political union be reconciled with Commonwealth leadership? What would be the impact on British undertakings for the defence of the South East Asian region? These problems were assessed against a background of perennial balance of payments difficulties, and a climate of growing political unrest in the South East Asian region. These factors alone were enough to ensure an unwelcome Australian response to Britain's European overtures, but over and above these practical difficulties there prevailed a typical emotional reaction which reflected a widespread feeling that Britain's actions were morally wrong. A deeply inscribed sense that the Macmillan Government had broken some imagined code of British conduct was to inform the Australian response at all levels: in official, ministerial, parliamentary, and public debate.

But the agonising course of Britain's eighteen month long membership negotiations in

Brussels brought about a steady revision of Australia's stance. In the initial stages, Macmillan sought to reassure his Commonwealth partners that Britain would only enter the Community if satisfactory terms could be negotiated to take care of vital Commonwealth interests. This assurance was regarded with the utmost scepticism by the Deputy Prime Minister and Minister for Trade, John McEwen who, together with his team of Trade Department officials, adopted a strategy of stubborn and vigorous advocacy of Australian interests (Chapter 4). Behind McEwen's approach lurked a brooding suspicion that Australia's interests would simply be brushed aside in the Brussels negotiations, a danger which, in McEwen's view, could only be averted by loud and forthright protest. This approach, however, would quickly earn Australia a thoroughly unwanted reputation as the ring leader of Commonwealth dissent, which served to open up serious divisions, not only between McEwen and his British counterparts, but also among the various Australian government departments involved (Chapter 5). At this juncture, Prime Minister Menzies took an increasingly active role in steering Australia's policy towards a more moderate stance. Despite Menzies' deep reservations about what he saw as the breaking up of the British 'family', he was anxious to avoid offending Australia's 'great and powerful friends' at a time when the need for military assistance against an increasingly belligerent Indonesia seemed a very real possibility. He therefore toned down McEwen's aggressive carping at the British Government, adopting a more gentle advocacy calculated to arouse British sentiment and sympathy (Chapter 6).

But neither McEwen's heavy handedness, nor Menzies' appeal to British sensibilities had any significant impact on the course of the EEC membership negotiations. The six founding member states of the European Community, particularly France, were determined to ensure that British entry to the fledgling Community would not be to the detriment of European farmers. Despite long and arduous negotiations, by mid-1962 it had become painfully clear that Britain would essentially be forced to join the Community on France's terms. Faced with little chance of improving the terms of entry for Australian exporters, and the danger of pressing Australian objections to the point of rupturing vital political relationships in London and Washington, the

Menzies Government executed an ignominious policy retreat (Chapter 7). This occurred in conjunction with a marked shift in public and parliamentary discussion about the meaning and significance of Britain's reorientation towards Europe. There emerged a more sober assessment of the impact of British entry on Australia, and more optimistic reflections about Australia's changing geo-strategic predicament. Most importantly, as British membership of the EEC increasingly seemed a foregone conclusion, there emerged a resigned acceptance of the fact that Britain's best interests did not necessarily lie in an eternal embrace with Commonwealth countries. This, in turn, led to the kind of general discussion and debate about the changing bases of Australian nationhood which was arguably long overdue (Chapter 8). John Crawford's reflection that 'we may have to do the running more for ourselves than we have perhaps been accustomed', was typical of a widespread acknowledgement that Australia's interests were *ultimately* distinct and separate from those of the Mother country.⁷⁸ Australians could no longer entertain the fantasy that their vital interests would 'naturally' accord with those of Great Britain in times of national hardship or crisis. On the contrary, 'the message for Australians', as McEwen saw it, was that all nations, in a sufficiently serious situation, 'take the course judged to be right for their own people'.⁷⁹

Chapter 9 makes the final important point that the breakdown of the Brussels negotiations in January 1963 in no way signalled a return to the comfortable precepts of British race patriotism. On the contrary, all parties proceeded on the assumption that Britain would, sooner or later, join the EEC, and that Commonwealth interests would not be allowed to stand in the way. In Australia, De Gaulle's veto was looked upon as a 'temporary respite' allowing precious time for the Australian economy to adjust to the inevitable changes that lay ahead. This Chapter also looks at the wider impact of the EEC episode on Australia political culture, and provides a few examples of how the Menzies Government carried these lessons into future policy. The shock of Macmillan's EEC membership bid jolted Australian politicians into a more

⁷⁸ J.G. Crawford, Address to Convocation, University of Sydney, 31.8.1962. Text in the National Library of Australia (hereafter NLA) Crawford Papers, MS4514, Box 196, Folder 17.

⁷⁹ McEwen, CPD, H.of R, 19.10.1962.

immediate awareness of the changes which had been slowly undermining the traditional conception of Anglo-Australian relations since the Second World War. It is worth repeating that the European Community crisis was not the fundamental cause of the parting of the ways, but a prime catalyst in redefining Australian national assumptions, and resetting Australian national priorities. More specifically, it marked a point of *explicit* recognition that the sentimental assumptions of British race patriotism were no longer tenable in a world dominated by political and economic interest.

Finally, this study represents one more nail in the coffin of the radical nationalist view of the changing dynamics of the Anglo-Australian relationship. The declining relevance of British race patriotism in the ideological definition of Australian nationhood was not the result of a steadily maturing assertion of Australian national sentiment, cutting 'the apron strings' and defiantly repudiating the stifling imposition of an alien British ideology. The changes brought about by the post-war world were generally unwelcome to Australians, and when it came to the dismantling of the old familiar ties to the Mother Country, Australia was pulled along reluctantly in the wake of changing British policies and priorities. In the case of Britain's EEC membership application, it is particularly significant that the revision of sentimental attachments, and the more optimistic appraisals of Australia's national future, occurred *after* it had become painfully self-evident that the United Kingdom was determined to pursue national interests and a national destiny that could not be reconciled with the traditional conception of an organic Anglo-Australian community. Although it is hardly possible to identify the precise moment when this inescapable fact finally dawned on the many individuals, interest groups, and organs of opinion that comprised Australian political culture in the early 1960s, it will be shown that during the course of the United Kingdom's EEC membership application from 1961-63, a sea change occurred in the Australian perspective on the future of the Anglo-Australian relationship, and on the meaning of Australian nationhood. These changes arose, not from some instinctive dawning of an independent cultural identity, but from the unwelcome but unavoidable logic of Australia's distinct, separate, and ultimately, exclusive national interests.

Chapter 1

Sentiment and Self-interest: Anglo-Australian Relations in the 1950s

Writing in 1955, British High Commissioner in Australia, Sir Stephen Holmes pointed to what he termed a 'curious paradox' in Australia's outlook on the world. 'Australians', he claimed, 'combine a determined claim to "independence", an insistence on being allowed to think and act for themselves, with a sense of need to be assured of the continuance of an almost paternal relationship between the United Kingdom and Australia, which may seem much more appropriate to the days before Dominion status'.¹ Holmes' comments point to a major dilemma that has confronted historians studying the question of Australia's fraying ties to Britain in the decades after the Second World War. On the one hand it is hardly disputed that, from the fall of Singapore in February 1942 through to the Australian commitment of ground troops to Vietnam in 1965, Australia's traditional ties to the Mother Country came under enormous strain, revision, and ultimately, reorientation towards the American alliance. But beyond this vague consensus there has been enormous scope for differences of emphasis, analysis, and explanation. Popular interpretations have often been influenced by a tendency to view Australia's changing relations with Great Britain in terms of the inevitable march of national progress. In this framework, familial metaphors about the young nation growing up, reaching maturity, and attaining its majority have often posed as a poor substitute for more critical historical enquiry.

One feature that has been common to virtually all historical studies dealing with post-war Australian foreign policy has been a penchant for identifying 'turning points' in the Australian outlook on the world. The Japanese advance of 1941-42, the San Francisco Conference of 1945, and the signature of the ANZUS Alliance in 1951 have all gained popular currency as prime symbols of Australia's emergence from the imperial shadow. More recently, the mid-1950s have

¹ Public Record Office (hereafter PRO) DO35/6109, Sir Stephen Holmes to Lord Home (British Secretary of State for Commonwealth Relations) 21.12.1955.

been described as 'a far more significant turning point in Australian foreign policy than Curtin's call to America in 1941',² while elsewhere Percy Spender's forthright diplomacy at the United Nations has been said to hold 'some threads of a decolonisation story'.³ Another strong contender is the Suez crisis of 1956, which is said to have radically altered Australian policies and priorities in the post-war era.⁴ Alternatively, it has been suggested that 'Britain cut and ran from Australian trade and Australian defence in the 1960s. They left us; we didn't leave them'.⁵ It is not always clear what these 'turning points' are precisely intended to mean. In some cases the term clearly implies an abandonment of Australia's traditional reliance on British protection, and a decisive turn towards a more self-reliant future. In other accounts, it is a turn 'from one protector to another' in the United States - or 'a half-turn' as Evans and Grant have termed it.⁶ But whatever the particular emphasis, the common thread in all of these 'turning points' is a sense of the dismantling of the British imperial outlook in Australian political culture. And with only a few exceptions, Australian historians have sought to identify this nationally symbolic moment by producing evidence of 'independent' Australian policies and priorities.

But as the above comments of Sir Stephen Holmes indicate, it is not sufficient to identify an Australian assertion of 'independence' as the sole indicator of the demise of British race patriotism in Australia. Indeed, no sooner do we detect signs of independent, self-interested Australian priorities than sentiment appears, yet again, to influence some other feature of Australian foreign policy. The interaction of sentiment and self-interest in Australian political culture was far more complex than radical nationalist models have allowed. Far from representing diametrically opposed forces, sentiment and self-interest were often mutually reinforcing, and it remained quite consistent to insist on Australian independence without

² David Lee, *Search for Security: The Political Economy of Australia's Postwar Foreign and Defence Policy* (Sydney: Allen & Unwin, 1995) 133. Lee referred specifically to the defence reviews which culminated in the adoption of American standardisation of Australian military hardware in 1957, as well as the renegotiation of the Ottawa trade agreement with the United Kingdom in 1956.

³ David Lowe, 'Australia at the United Nations in the 1950s: The Paradox of Empire', *Australian Journal of International Affairs*, Vol.51, no.2, 1997, 179.

⁴ Peter Phelps, 'Australia, International Diplomacy, and the West New Guinea Dispute, 1949-1962', Ph.D Thesis, University of Sydney, 1996, 240.

⁵ Carl Bridge, 'Look to America, Look to the Myth', *The Australian Special Edition*, 7.12.1991.

⁶ Gareth Evans & Bruce Grant, *Australia's Foreign Relations in the World of the 1990s* (Melbourne: Melbourne University Press, 1991), 22.

necessarily departing from the emotional attachment to a wider British community. This chapter sets out to show how the influence of British race patriotism survived countless 'turning points' in the post war era, and continued to function as a core element in the Australian outlook on the world right up to the early 1960s. The imperial imagination survived, not merely in the hearts and minds of blue ribbon royalists like Sir Robert Menzies, but found expression on all sides of politics in a wide range of policies and practices. The 1940s and 1950s represented an era in which the insistent logic of the national policies of successive Australian governments led to an ever widening gap between British imperial priorities and the evolving conception of Australian national interests. But it will be shown that the shift in the underlying assumptions of Australian political culture was far less profound.

British race patriotism and Australia's post-war aspirations

Writing on 50th Anniversary of Pearl Harbour in December 1991, Carl Bridge set out to debunk what he termed the 'moral tale' about Britain's abandonment of Australia at Singapore in February 1942. The Japanese southward advance of 1941-42 revealed the flimsiness of British defence guarantees, and exposed Australia to the nightmare of invasion from the north. According to the popular nationalist myth, wrote Bridge, Australia's sycophantic, anglophilic political leaders were ousted 'in the nick of time', and replaced by a new, nationalist hero in Prime Minister John Curtin. Curtin promptly faced up to the new realities and let go the apron strings of Mother England, 'free of any pangs as to our traditional links or kinship' in Curtin's now famous phrase. Curtin defiantly opposed the will of Winston Churchill, demanded the return of Australian troops from the Middle East, and forged a new special relationship with the United States. 'So', runs the myth, 'ended the British Empire in Australia'.⁷

Carl Bridge is not alone in asserting that the Fall of Singapore has been enormously

⁷ Carl Bridge, 'Look to America, Look to the Myth'. Bridge's thoughts were elaborated further in his 'Poland to Pearl Harbor', in Carl Bridge (ed.) *Munich to Vietnam: Australia's Relations with Britain and the United States Since the 1930s* (Melbourne: Melbourne University Press, 1991) 38-51. As Bridge also notes, the myth was expressed particularly potently in the 1984 television mini-series, *The Last Bastion*. See Geoff Mayer, 'The Last Bastion: History or Drama?', *Cinema Papers*, February-March, 1985, 38-41.

overrated as a symbol of the dismantling of the British imperial ideology in Australian political culture. Historians from a range of ideological and political perspectives have made valuable contributions towards a new understanding of the wider impact of the Second World War on Anglo-Australian relations.⁸ Even David Day, who arguably made the most fundamental contribution to the revival of the Singapore myth in the 1980s, supports the contention that Curtin did not cut the apron strings when he made his famous 'looking to America' statement in December 1941.⁹ Gregory Pemberton reflects the emerging new consensus in his assertion that, for the initial post-1945 period at least, 'Australia's external relations remained overwhelmingly oriented towards Britain'¹⁰

This was particularly evident in Australia's post-war reconstruction strategy, founded on the dual principles of economic growth and full employment. One of the primary objectives of the Curtin and Chifley Governments was to implement economic and social policies which would alleviate Australia's highly vulnerable strategic situation, which had been so frighteningly exposed in the 'dark days' of 1942. In the post-war period, Australians were more conscious

⁸ The initial challenge to popular myths about World War Two came in the 1970s, primarily from Roger Bell, *Unequal Allies: Australian-American Relations and the Pacific War* (Melbourne: Melbourne University Press, 1977) and Peter Edwards, 'R.G. Menzies's Appeal to the United States', *Australian Outlook*, Vol.28, no.1, April 1974, 64-70; '1941: A Turning Point in Foreign Policy', *Teaching History*, vol.9, 1975, 18-26. More recently, the following works have each made a contribution to the dismantling of the Singapore myth, and/or advanced the idea that Australia's attachment to the imperial relationship extended into the post-war era; Joan Beaumont, 'Australia's War: Asia and the Pacific', in J. Beaumont (ed.) *Australia's War, 1939-45* (Sydney: Allen & Unwin, 1996); Philip and Roger Bell, *Implicated: The United States in Australia* (Melbourne: Oxford University Press, 1994); Peter Edwards (with Gregory Pemberton) *Crises and Commitments: The Politics and Diplomacy of Australia's Involvement in Southeast Asian Conflicts, 1948-1965* (Sydney: Allen & Unwin, 1992); David Lee, *Search for Security*; David Lowe, 'Australia in the World', in Beaumont (ed.) *Australia's War* (1996) 162-186; John McCarthy, 'The "Great Betrayal" Reconsidered: An Australian Perspective', *Australian Journal of International Affairs*, Vol.48, no.1, May 1994, 59-66; Neville Meaney, 'Australia, the Great Powers and the Coming of the Cold War', *The Australian Journal of Politics and History*, Vol.38, no.3, 1992, 316-333; Gregory Pemberton, *All the Way: Australia's Road to Vietnam* (Sydney: Allen & Unwin, 1987); Christopher Waters, *The Empire Fractures: Anglo-Australian Conflict in the 1940s* (Melbourne: Australian Scholarly Publishing, 1995). Against all this, however, Kosmas Tsokhas has argued that the economic and financial problems arising during the Second World War, rather than the military problems associated with the fall of Singapore, did ultimately have the effect of drawing Australia 'out of the imperial orbit'. See Kosmas Tsokhas, 'Dedominionization: The Anglo-Australian Experience, 1939-1945', *The Historical Journal*, Vol. 37, no. 4, 1994, 861-883.

⁹ In *The Great Betrayal: Britain, Australia, and the Onset of the Pacific War, 1939-42* (Melbourne: Oxford University Press, 1992) 358-359, Day concludes that Australia 'refused to acknowledge the fact of her abandonment by the mother country, preferring to believe that Britain had had the will but not the immediate means to provide protection against the Japanese'. Similarly in his *Reluctant Nation: Australia and the Allied Defeat of Japan, 1942-45* (Melbourne: Oxford University Press, 1992) 314-316, he concludes that the importance of Curtin's 'look to America' statement of December 1941 had been 'overrated' and that 'the experience of war did not propel Australia from the protective British bosom into the arms of America'.

¹⁰ Pemberton, *All the Way*, 1.

than ever of their predicament as a thinly populated, under-industrialised white nation on the fringes of Asia. It was considered essential to Australia's long term security interests to populate Australia's vast northern reaches, and to generate a large scale industrial economy in order to enhance Australia's defence capability. This objective by no means implied a long term strategy of political, economic, or military self-sufficiency. Nor did it represent any form of disengagement from imperial defence planning or Commonwealth economic cooperation. On the contrary, the experience of war and near invasion in 1942, far from alerting Australians to the obsolescence of the imperial connection, had underlined the pressing need to bolster it.

This was to be achieved by insisting on greater Australian involvement in imperial defence and economic planning, thereby ensuring that Australia's problems and perspective would not so easily be brushed aside. In the early post-war period, the importance of maintaining close economic and political links with the United Kingdom was seen as fully compatible with Australia's post-war aspirations. Prime Minister Curtin's belief that 'it is as an integral part of the British Commonwealth that Australia can most influentially express itself in the world organization', went hand in hand with the Government's industrial development strategy.¹¹ In order to achieve rapid industrial development, Australia needed to harness its labour resources to operate at maximum capacity. Only with full employment, combined with a large scale immigration programme, could Australia achieve the levels of growth necessary to fulfil its national economic and strategic objectives.

Australia's post-war aspirations were predicated on continued Anglo-Australian cooperation in the fields of defence, finance, commerce, and immigration. The Department of Defence, particularly Departmental Secretary Frederick Shedden, was insistent on the need to enmesh Australia's contingency planning into the wider framework of imperial defence. These ideas were the basis of Curtin's proposal at the 1944 Commonwealth Prime Ministers Conference for the establishment of an Imperial Secretariat to allow for 'full and continuous

¹¹ Speech by Prime Minister Curtin in the House of Representatives, 17.7.1944, text in Neville Meaney, *Australia and the World: A Documentary History from the 1870s to the 1970s* (Melbourne: Longman, 1985) 505.

consultation' among Commonwealth countries and to strengthen 'the noble ties that unite us'.¹² Although his ideas attracted little support in London, Curtin repeatedly asserted his view that Australia's voice in the world was 'more impressive as a member of a family than it could ever be...as a separate and distinct entity'.¹³ His External Affairs Minister, H.V. Evatt, although lacking any personal rapport with his British counterparts,¹⁴ was similarly preoccupied with establishing Australia as a 'trustee of British civilisation in the Pacific', and thereby enhancing Australia's role in the region.¹⁵ Specifically, the signature of the ANZAC pact with New Zealand in January 1944 formed part of a wider strategy of establishing Australia as the leading spokesman for the Commonwealth on matters pertaining to the eastern hemisphere.¹⁶

In the realm of trade and finance, David Lee has recently shown how participation in the Sterling Area in the post-1945 Chifley era profoundly influenced Australia's foreign policy outlook.¹⁷ Far from turning to the United States after the Second World War, the Chifley Government moved closer to the United Kingdom in trade and financial cooperation. Lee argues that policies such as Australia's extension of post-war financial aid to Great Britain, the negotiation of long-term bulk-purchasing contracts for Australian primary produce, and Australian financial restraint in dollar expenditure were essentially based on a keen sense of Australia's own vital interests in avoiding a complete collapse of the British economy.¹⁸ This seems incontestable, but others have detected a complex link between 'economic and emotional factors' in Australia's actions, particularly in Chifley's offer to sell the bulk of Australia's wheat, meat and dairy produce at prices considerably lower than those obtainable on the world

¹² Curtin, Address to the House of Representatives, 17.7.1944, text in Meaney, *Australia and the World*, 505.

¹³ See Curtin's speech of 28.2.1945, quoted in Day, *Reluctant Nation*, 310.

¹⁴ See discussion of Evatt's personal antipathy towards the British in Paul Hasluck, *Diplomatic Witness: Australian Foreign Affairs, 1941-47* (Melbourne: Melbourne University Press, 1980) 42-44.

¹⁵ Neville Meaney, 'Australia, the Great Powers...', 323.

¹⁶ See *ibid.*, 320; David Lowe, 'Australia in the World' (1996) 174-176; Frank Poyas, 'Australia-New Zealand Accord: Attempting to Fashion a Coordinated Foreign Policy, 1943-1945', Ph.D Thesis, University of Sydney, 1995.

¹⁷ Lee, *Search for Security*.

¹⁸ *Ibid.*, see in particular Ch. 2. Lee's ideas also appear in his 'Protecting the Sterling Area: The Chifley Government's response to Multilateralism, 1945-49', *Australian Journal of Political Science*, Vol.25, 1990, 178-195.

market.¹⁹ John Crawford, for example, acknowledged that the circumstances of post-war reconstruction and 'a strong sympathy for the plight of the British people' made it difficult for Australia to behave like a monopoly seller confronting a weak buyer.²⁰ It is also significant that Chifley defended his policies in the classic British race patriot tradition:

We desire to extend to the United Kingdom all possible assistance, while striking a fair balance in order to ensure that our own people do not make undue sacrifices...Are we to ignore the plight of the United Kingdom because some temporary customer requires these goods and is prepared to pay dollars for them? Are we to deprive our greatest customer, friend, and ally, of these goods?²¹

A similar blend of sentiment and self-interest was evident in Australian post-war immigration policies. In August 1945, the Chifley Government embarked on a massive immigration programme with the idea of populating Australia's vulnerable extremities, and thereby reinforcing the national defence capacity. Perhaps more importantly, a massive influx of immigrants would provide manpower and increased consumption capacity for Australia's post-war economic growth strategy. The Australian Minister for Immigration, Arthur Calwell, hoped that for every 'foreign' migrant he could ensure the arrival of ten newcomers from the British Isles, and the idea of 'keeping Australia British' remained a primary and fundamental objective of the Australian immigration programme.²² A Gallup Poll of 1947 recorded that 65 per cent of Australians wished to retain their official British nationality, rather than establish a separate Australian nationality.²³

None of this is to suggest that the post war years represented an era of undisturbed harmony and mutual identification in Anglo-Australian relations. On the contrary, as the work of

¹⁹ See Sandra Tweedie *Trading Partners: Australia and Asia, 1790-1993* (Sydney: University of NSW Press, 1994) 94. It should be noted that Lee also makes some allowance for 'sentiment' in Australian policy, but he is clearly more concerned with the realm of political economy. See *Search for Security*, 34.

²⁰ J.G. Crawford, *Australian Trade Policy, 1942-1966: A Documentary History* (Canberra: ANU Press, 1968) 211.

²¹ Chifley, Address to the House of Representatives, 4.12.1947, quoted in Lee, 35. The Government had come under strong criticism from Opposition Trade Spokesman, John McEwen, who claimed that Chifley had sold Australian producers down the river. Interestingly, however, McEwen did not dispute the principle of assisting the Mother Country in a time of crisis, but rather maintained that 'national generosity should not be practiced at the cost of any one section' of the Australian economy. See McEwen's speeches in the House of Representatives on 11.3.1948 & 2.6.1948, texts in Crawford, *Australian Trade Policy*, 231-232 & 236-238.

²² Calwell, Address to the House of Representatives, 22.11.1946, text in Meaney, *Australia and the World*, 547-549. See also Meaney, 'The End of White Australia' and *Australia's Changing Perceptions of Asia, 1945-1990*.

²³ *Ibid.*, 549. *AUSTRALIAN JOURNAL OF INTERNATIONAL AFFAIRS*, 479 (November, 1995) 177.

David Lee and Christopher Waters²⁴ has recently illustrated, the 1940s were a time of recurring rifts and often bitter discord between the Chifley and Atlee Governments over a range of controversial issues. In particular, divergent assessments of the Soviet threat in the immediate post-war years, together with conflicting priorities and perspectives on the problem of decolonisation gave rise to frequent scuffles between Evatt and his British counterparts. Similarly, there were fundamental disagreements within the Australian Government, most notably between Evatt's Department of External Affairs and Shedden's Defence Department, over the question of Australian defence planning. The Defence Department insisted on gearing Australian defence planning, at least in part, towards the contingency of a threat to imperial interests in the Middle East, whilst Evatt and the Council of Defence urged the necessity of confining Australia's strategic planning to the Pacific region. The dispute was ultimately resolved in favour of the Defence Department, but only after several long years of terse struggle between Evatt and Shedden.²⁵ The work of Waters in particular has shown that the Chifley-Evatt era brought considerable strain to British-Australian relations, and opened up significant cracks in the facade of the imagined community of the British race.

Having said that, however, it is difficult to share Waters' conclusion that, under the pressure of conflict between the Atlee and Chifley governments, 'the ideological cement of empire had crumbled into dust'.²⁶ Waters bases this conclusion on the assumption that the Chifley Government viewed its more 'independent', liberal internationalist approach to foreign policy as part of an 'emancipatory ideology' which allowed Australia to break free from the 'British imperial state'. Thus, in Waters' reasoning, the mere fact of conflict is sufficient to establish the 'fracturing' of the traditional sense of Anglo-Australian community. The problem with this is that the foreign policies of the Chifley Government did not derive from an 'emancipatory ideology' at all. Rather, they were based on a far more orthodox Australian preoccupation - a search for security in the Pacific. Whether one looks at Australia's divergent

²⁴ David Lee, 'Britain and Australia's Defence Policy, 1945-49', *War and Society*, Vol.13, no.1, May 1995, 61-80; Christopher Waters, *The Empire Fractures*, 1995.

²⁵ See David Lee, 'Britain and Australia's Defence'.

²⁶ Waters, *Empire Fractures*, 20.

assessment of the Soviet threat, the problems of decolonisation, or internal discord over imperial defence coordination, in each instance the overriding concern of the Chifley Government was to ensure that the combined resources of Australia, the British Commonwealth, and the 'west' as a whole were marshalled in such a way as to ensure maximum security for Australia against possible threats emerging in the Asia-Pacific region.²⁷

The prevailing tensions in Anglo-Australian relations in the 1940s were not due to the pressures of a new, nationalist 'way of life' taking over the reigns in Canberra, as Waters asserts. Rather, they derived more from the steadily widening gap between British and Australian priorities which underpinned increasingly divergent conceptions of wider 'British' interests. Nor is it particularly helpful to view the differences between External Affairs and the Defence Department as a clash between two wholly distinct sets of priorities - the one 'dependent' and the other 'independent'. Both points of view derived from a shared appreciation of Australian strategic interests, and a shared sense of Australian vulnerability. At no stage did Evatt and Shedden debate the efficacy of imperial defence cooperation as such. Rather, the disputes invariably revolved around the best means of gearing imperial defence towards Australia's needs. There is scant evidence to suggest that the problems in Anglo-Australian cooperation in the 1940s prompted any searching reexamination of the precepts of British race patriotism in Australian political culture. The vigorous debates of the 1940s were ultimately contained within ongoing assumptions about wider Anglo-Australian unity.²⁸

²⁷ See Neville Meaney, 'Australia, the Great Powers...', 316-333.

²⁸ David Lowe has attempted to 'divine' a Labor-inspired rupture of the 'organic ideal' of Anglo-Australian unity in the Chifley-Evatt era by focusing on the major lines of criticism of the conservative Opposition during these years. He argues that Opposition members habitually poured scorn on the Government for its failure to pay due regard to the organic unity of the British race in the conduct of Australia's external affairs. These Opposition accusations, he concludes, 'cumulatively built up a picture of a Labor-led revolution in Australian foreign policy'. There are a number of problems with this, however. Quite apart from the question of whether accusations of 'disloyalty' were a particularly new phenomenon in Australian politics in the Chifley years, Lowe shies away from the vital issue of how the Government responded to these criticisms. He in fact concedes that 'Labor members hardly put forward diametric oppositions to organic ways of thought', and that 'they rarely diverged from conservatives in repeating the common metaphor of family to describe the Commonwealth'. It is difficult, therefore, to see how any kind of rupture of the Anglo-Australian organic ideal can be 'divined' from Lowe's evidence. What he does show is that British race patriotism was a founding ideological pillar of Australian political culture in the 1940s, and a key reference point in Australian political debates throughout that era. See David Lowe, 'Divining a Labor Line: Conservative Constructions of Labor's Foreign Policy, 1944-49', in Lee & Waters, *Evatt to Evans: The Labor Tradition in Australian Foreign Policy* (Sydney: Allen & Unwin, 1997) 71-74.

The Menzies Government and Relations with Great Britain

At the December 1949 election, the Chifley Government was replaced by the new Liberal-Country Party Coalition led by Robert Gordon Menzies. Menzies' name has become so intimately associated with Empire, the Crown, and the ideals of a 'British Australia' that his resumption of power is commonly associated with a return to the imperial fold. There can be little doubt that Menzies was the exemplar of the British race patriot. Often dubbed 'the last of the Queen's men',²⁹ it was Menzies who wrote in 1948 of the 'stimulating truth' that 'the boundaries of Great Britain are not on the Kentish coast but at Cape York and Invercargill'.³⁰ He frequently elaborated his thoughts on the inner meaning of the Empire and Commonwealth, reflecting from time to time on 'a common and all-powerful human emotion',³¹ 'a fusion of the heart and the mind',³² 'a warm and inarticulate instinct',³³ and 'a living, breathing and everlasting unity'.³⁴ These sentiments underlined Menzies' sense of the innate, organic and inviolable nature of the bonds uniting the British world. Judith Brett has commented on how the image of society as a 'centered unity' informed the way in which Menzies imagined the relationship between Australia and Britain.³⁵ For Menzies, the core element in the world-wide community of British peoples was the symbol of the Crown, which embodied the 'unity in diversity' of the British family of nations.³⁶

There is no doubt that Menzies' view of the British connection was a broadly representative, if somewhat extravagant impression of the instincts and outlook of Australian society in the 1950s. The notion that Menzies was an eccentric throwback to the nineteenth century, imposing imperial loyalty on an unwilling or indifferent Australian community has

²⁹ Most notably in the title of Kevin Perkins' biography, *Menzies: Last of the Queen's Men* (Adelaide: Rigby, 1968)

³⁰ Quoted in Judith Brett, *Robert Menzies' Forgotten People* (Sydney: Macmillan, 1992) 146

³¹ Quoted in *ibid.*

³² Menzies, 'Address to the Constitutional Association of New South Wales', 9.10.1953, compact disc recording attached to Gerard Henderson, *Menzies' Child: The Liberal Party of Australia, 1944-1994* (Sydney: Allen & Unwin, 1994)

³³ Quoted in Brett, *Menzies' Forgotten People*, 146.

³⁴ Quoted in *ibid.*

³⁵ *Ibid.*, 148.

³⁶ Quoted in *ibid.*, 147.

been widely discredited in recent historical research.³⁷ Certainly Menzies' attachment to the 'home country' had an unusually effusive, even romantic edge to it, but there seems little reason to assume that his leading colleagues such as Richard Casey, Percy Spender, Eric Harrison, Howard Beale, Alexander Downer, Athol Townley, Arthur Fadden, John McEwen, or for that matter, political opponents such as H.V. Evatt, Arthur Calwell, and Ben Chifley, differed fundamentally from Menzies in their broad conception of Australia's place in the British world. Differences of style and emphasis there most certainly were, but the idea that Australia had unique and intimate ties to Great Britain, involving special mutual obligations and responsibilities, was a fundamental orthodoxy of Australian political culture in the 1950s. The generation that had grown up in the late Victorian and Edwardian climax of British racial fervour were, as W.J. Hudson has suggested, 'creatures of their time'.³⁸

But Menzies' profound belief in an organic Anglo-Australian community in no way precluded him from identifying distinctive Australian priorities, or adopting 'independent' Australian policy initiatives. On the contrary, a sense of Australia's particular problems and perspective was an integral feature of the British race patriot view of the world, and Menzies proved no different from his predecessors in this regard. Recent research has shown that the Menzies Governments of the 1950s, far from slavishly adhering to the will of the Mother Country, had a clearly defined sense of Australia's own national aspirations, and adopted policies in furtherance of these aspirations which were to place enormous stress on the fabric of the imagined imperial community.

David Lee, for example, has shown how Menzies' promise to abandon petrol rationing at the 1949 election placed him on a collision course with the economic objectives of the Sterling

³⁷ The work of Jane Connors on the royal tour of 1954 convincingly debunks the idea that Menzies in any way 'orchestrated' the phenomenal outpouring of enthusiasm for the visiting monarch. See Jane Connors, 'The 1954 Royal Tour of Australia', *Australian Historical Studies*, Vol. 25, no. 100, April 1993, 371-82; See also Ewan Morris, 'Forty Years On: Australia and the Queen in 1954', *Journal of Australian Studies*, no.40, 1994, 1-13; Bill Hudson makes a good case that Menzies was basically in step with his Parliamentary colleagues, and in tune with public sentiment. See W.J. Hudson, *Blind Loyalty: Australia and the Suez Crisis, 1956* (Melbourne: Melbourne University Press, 1989) 7-15. Malcolm Turnbull also concedes that Menzies could never have achieved his unprecedented run of election victories had his attitudes been totally out of kilter with the people who voted for him. See Turnbull, *The Reluctant Republic* (Melbourne: Heinemann, 1993) 61.

³⁸ Hudson, *Blind Loyalty*, 140-143.

Area. Whereas the Chifley Government had adhered to the principle of dollar rationing as the only means of protecting the Sterling Area from total economic collapse, the Menzies Government was swept into office on a platform of 'free enterprise', and a pledge to remove Governmental restraints on Australia's growth prospects. At that time, petrol and oil products represented the largest single consumption of dollars in the Sterling Area, and thus petrol rationing was virtually synonymous with Sterling Area cooperation in managing the post-war dollar shortage. Not surprisingly, therefore, the abolition of petrol rationing in January 1950 aroused the immediate ire of the [↑]Atlee Government in Great Britain, which accused Menzies of breaking a 'gentleman's agreement'.³⁹ Disagreement over Sterling Area cooperation arose again some months later when the Menzies Government turned to the United States for a massive dollar loan. The purpose of the loan was to provide rapid access to scarce American capital goods such as tractors, heavy machinery, mining equipment, and essential materials for the building industry, thus removing one of the major constraints on post-war development in Australia. But the British protested vehemently on the grounds that they themselves were approaching the United States for dollar assistance on behalf of the Commonwealth as a whole. To no avail they applied considerable pressure in Canberra and Washington, arguing that the Australian dollar loan would cut directly across a balanced approach to Sterling Area cooperation.⁴⁰

Further controversy ensued in March 1952 when the Menzies Government introduced across the board import restrictions, under the weight of critical balance of payments difficulties in the wake of the Korean War wool boom. The collapse in wool prices saw Australia's healthy current account surplus of \$A250 million plummet to a chronic trade deficit of more than \$A 1 billion, and within the space of a year Australia's sterling reserves were depleted by more than 50 percent.⁴¹ The imposition of import licensing controls was a drastic measure under highly pressing circumstances, and did not augur well for Australia's foreign commercial relations. The

³⁹ See the confidential remarks of [↑]Atlee and his Minister for Fuel and Power, Hugh Gaitskell, in Lee, *Search for Security*, 141-142.

⁴⁰ Lee, *Search for Security*, 141-145. See also Pemberton, *All the Way*, 20-21.

⁴¹ Crawford, *Australian Trade Policy*, 570.

restrictions fell with particular severity on UK manufacturers, as Australia's leading supplier of imported goods. Once again, therefore, official British displeasure was communicated in trenchant terms.⁴² The British Government of Winston Churchill was particularly affronted by the fact that, in contrast to the dollar restrictions of the 1940s, the 1952 controls were applied on a non-discriminatory basis. But at a time when full-employment and economic growth remained an almost sacred object of Australian economic policy, non-discriminatory import controls seemed the only means of combatting the balance of payments problem without incurring serious political damage domestically. Import restrictions merely addressed a symptom of the fundamental problem of balancing the relationship between full employment and external viability. A more permanent solution clearly lay in a rapid expansion of Australian export earnings, which was hardly consistent with the existence of import controls. Thus for the remainder of the decade, Australia's foreign commercial policies were dominated by the dual objectives of removing import restrictions and expanding Australia's export opportunities.

The issue of import restrictions was a prime of example of how the Menzies Government's preoccupation with Australia's own national development programme resulted, quite unwittingly, in serious difficulties in their relations with Great Britain. Menzies was clearly torn between his responsibility for Australia's national priorities on the one hand, and his instinctive sense that a 'loss of goodwill' with the Mother Country would be ultimately to Australia's grave detriment. At one point during discussions with British ministers in London in 1952, Menzies cabled Cabinet for approval to ease the burden on British imports for items where the 'shoe pinches sharply'. He reasoned that Britain had suffered most from Australia's actions, and therefore 'a gesture now would pay dividends in goodwill and in maintaining Australia's good name out of all proportion to the money involved thereby'.⁴³ His colleagues in Canberra refused to relent, however, taking the view that 'any public statement which might be effective in winning goodwill in the United Kingdom would most certainly be effective in alienating

⁴² Lee, *Search for Security*, 149.

⁴³ Australian Archives (hereafter AA) A4940/1 C766, Menzies to Fadden, quoted in Cabinet submission no.282 (Fadden) *Import Restrictions: Prime Minister's Discussions in London*, 11.6.1952.

goodwill in Australia'. Having informed the Australian electorate of the supreme importance of import restrictions, any new concessions to the British 'may very well be misinterpreted here as a yielding by the Australian Government and by the Prime Minister himself to pressure from the United Kingdom Government'.⁴⁴ Not that the Cabinet was indifferent to the plight of British exporters. Nor was the value of a 'goodwill gesture' disputed by Menzies' colleagues. Foreign Minister Richard G. Casey, for example, was particularly aghast at the suggestion that 'we've got to horse trade with the UK', and enquired of his colleagues whether 'we were dealing with an enemy or a friend'.⁴⁵ But given the gravity of Australia's balance of payments difficulties and the mounting accusations of economic mismanagement, there seemed to be no choice but to adhere to the decision on import controls, regardless of the hardship to the British economy.

Precisely the same kind of difficulty arose in the political sphere in the dispute over Britain's exclusion from the ANZUS Alliance of 1951. By the early 1950s the Australian Government had come to view an American defence guarantee as vital to Australian security in the light of the obvious decline in British power in the region in the post-war years. But this by no means implied that Britain had become obsolete in Australian defence considerations, and it seems clear that the Menzies Government would have happily welcomed the United Kingdom as a full member of ANZUS.⁴⁶ The exclusion of Britain from ANZUS was essentially due to American concerns that the pact might be regarded by Asian countries as a 'white man's club', designed to underwrite Britain's colonial possessions. Initially, the ^EAtlee Government took no great exception to the signature of ANZUS, although it was strongly intimated that Britain would have welcomed an invitation to join the pact. But when the Conservatives resumed office under Churchill in October 1951 the position altered dramatically. Churchill regarded the entire matter as a 'slap in the face' to British prestige, and he angrily accused the United States of

⁴⁴ AA, A4940/1 C766, Cabinet Minute, Decision no.454, 11.6.1952.

⁴⁵ Casey, diary entry 13.3.1952, quoted in Lee, *Search for Security*, 149.

⁴⁶ See John Williams, 'ANZUS: A Blow to Britain's Self-Esteem', *Review of International Studies*, Vol. 13, 1987, 243-263. It also clear from the diary entries of Australian Foreign Minister Casey that he would have ideally preferred some form of British participation in ANZUS. See T.B. Millar (ed.) *Australian Foreign Minister: The Diaries of R.G. Casey, 1951-60* (London: Collins, 1972) particularly diary entries of 17.7.1951, 14.7.1952, 3.8.1952,

seeking 'to usurp our special position in relation to Australia and New Zealand'. He impressed upon Menzies that 'it would be a serious event in history if Australia and New Zealand were to adopt a policy of considering the defence of the Pacific with the United States alone and excluding Great Britain from all part of the discussions'. To all three ANZUS signatories he made clear his determination to secure some form of British participation, and that he was not prepared 'to let the matter drop'.⁴⁷ But once again, the Menzies Government's preoccupation with Australian national priorities precluded any genuine attempt to accommodate Churchill. Despite Casey's efforts to placate British anxieties, he was not prepared to allow British objections to jeopardise a vital plank of Australian security policy.⁴⁸

This catalogue of dispute and discord might well leave the impression that the first five years of the Menzies Government was an era of profound upheaval, revision and reorientation in Australia's outlook on the British connection. Yet this somehow fails to ring true to the popular memory of the early Menzies years, and it is difficult to believe that the early 1950s were experienced, on any level, as a time of irresistible strain on the traditional ties to the Mother country. On the contrary, the dominant images that survive from these years are those of the 1953 Coronation and the 1954 Royal Tour, where Australian politicians of all political shades jostled for a place in the regal limelight, and strove to outdo one another in expressions of imperial loyalty.⁴⁹ The spectacularly successful visit of the young Queen Elizabeth II represented the greatest public expression of British race patriotism since Queen Victoria's Diamond Jubilee in 1898. As *The Sydney Morning Herald* proudly declared upon the arrival of the new Monarch, 'Australia is still and always will be a British nation whose greatest strength lies in the tradition she has inherited from England'. The Queen symbolised 'the supreme achievement of the British

⁴⁷ Churchill, quoted in Williams, 'A Blow to Britain's Self-Esteem', 255.

⁴⁸ Casey recorded his frustration in his diary in October 1952: 'What the UK people fail to understand is that the ANZUS Treaty is of great *political* importance to us'. The following month he bluntly warned British Foreign Secretary, Anthony Eden that 'if the United Kingdom persisted in its present actions the consequences would be either that the treaty would become a dead letter or that the United States would withdraw from it altogether'. Australia, he insisted, could 'not afford to allow either of these contingencies to arise'. Quoted in Williams, 'A Blow to Britain's Self-Esteem', 256.

⁴⁹ Even the supposedly arch-radical nationalist, H.V. Evatt, affirmed prior to Elizabeth's arrival that Australia's organic ties to Britain and the British Commonwealth 'would be confirmed and strengthened by the Royal visit'. See Peter Crockett, *Evatt: A Life* (Melbourne: Oxford University Press, 1993) 239.

race'.⁵⁰

Viewed in this light, it is difficult to identify any meaningful reflection or debate about the shifting determinants of the Anglo-Australian relationship in the early 1950s. On the contrary, amid the prevailing public atmosphere of enthusiasm and celebration of the British connection, the impact of Anglo-Australian discord on Australian political culture was extraordinarily limited. The nuts and bolts of trade, finance, and Sterling Area cooperation, significant though they were, were allowed to pass without much comment or critical enquiry, as though these issues were an irrelevant sideshow to the broad affirmations of organic cultural community. The broad outlook of Australia's policy making elite was conveyed in Casey's repeated requests to the United Kingdom Government for a greater share of knighthoods for Australian diplomatic staff.⁵¹ Despite the numerous fundamental breaches in Anglo-Australian relations, no single issue was of sufficient magnitude to call into question the basic belief in a wider British community of nations.

Such incidents as might conceivably have captured wider critical attention, like the dispute over ANZUS, were invariably accompanied by tortuous affirmations of the old kinship ties. The Australian architect of ANZUS, Percy Spender, went to great lengths to dispel any suggestion that the new alliance with the United States detracted in any way from Australia's identification with Britain and the Commonwealth. In typical British race patriot fashion he suggested that Australian membership of ANZUS 'would strengthen British Commonwealth interests in the Pacific including those of the United Kingdom'.⁵² These ideas were constantly reiterated in Australian editorial opinion. *The Age*, for example, declared in October, 1952:

Mr Menzies expresses the general view of this country when he dismisses as unfounded the suggestion that the [ANZUS] Treaty entails a drawing away from Great Britain...Britain's continued interest in the security of Australia and New Zealand is of enormous importance, and nothing should be allowed to lessen it, or to weaken the bonds

⁵⁰ Quoted in Neville Meaney, 'Australia and the World', in Meaney (ed.) *Under New Heavens: Cultural Transmission and the Making of Australia* (Melbourne: Heinemann, 1989) 425; See also Ewan Morris, 'Australia and the Queen'; Jane Connors, 'The 1954 Royal Tour'; Peter Spearritt, 'The Queen and Her Australian Subjects', in John Arnold, Peter Spearritt & David Walker (eds.) *Out of Empire: The British Dominion of Australia* (Melbourne: Mandarin, 1993)

⁵¹ See Casey, diary entry 12.9.1957, in T.B. Millar (ed.) *Australian Foreign Minister*, 275.

⁵² Spender, quoted in Williams 'A Blow to Britain's Self-Esteem', 248.

of sentiment, kinship, history, and trade...Unity of the English-speaking world for large purposes remains of transcendent importance.⁵³

Casey placed similar emphasis on the British connection, informing his partners at the 1954 ANZUS Council Meeting that 'our relationship with Britain was such that it was inconceivable that we should be belligerent in any trouble whilst the United Kingdom was not'.⁵⁴ On one occasion, when confronted by British High Commissioner Stephen Holmes about Australia's increasing tendency to treat relations with the United States on an even footing with Great Britain, Casey replied that there was no need to remind Australians of the pre-eminence of the British Commonwealth ties: 'The essential difference was deeply and sub-consciously, if not consciously felt the whole time'.⁵⁵ Clearly, the signature of the ANZUS Alliance had only a minor impact on official, as well as wider public perceptions of Australia's ties to the Mother Country. As David McLean has commented, 'despite Spender and Casey's talk of the importance of Asia to Australia...the problem of how Australia might adjust to the region in the absence of British or American hegemony was merely postponed'.⁵⁶

From his vantage point in Canberra, Sir Stephen Holmes was acutely aware of the core function of British race patriotism in preserving a sense of Anglo-Australian community of interest. He saw it as a primary objective of United Kingdom policy to 'help Australia to remain British and resist the pull of the United States', and denied that any fundamental 'change in loyalties' had occurred in Australia's external attachments. He suggested that the recurrent difficulties in Anglo-Australian relations was primarily due to mutual misunderstanding:

When they say that we take them too much for granted...often they mean that we lack the imagination to see that our own vital interest in the development of Australia as a strong British bastion in the Pacific demands a much more conscious and positive contribution from the United Kingdom than has been forthcoming since Dominion status was

⁵³ *The Age*, 16.10.1952; Precisely the same sentiments appeared in *The Sydney Morning Herald* the day before on 15 October: 'Nowhere in the British Commonwealth is greater store put upon the closest possible collaboration and coordination of policy with the Mother Country than here. Nowhere in the Queen's realms is there a stronger desire to preserve intact and inviolate what used to be called the "ties of Empire". Any suggestion that Australia would willingly loosen those ties or, what is worse, replace them by others, is fantastic'.

⁵⁴ Casey, diary entry, 30.6.1954, in T.B. Millar (ed.) *Australian Foreign Minister*, 168.

⁵⁵ PRO, DO35/5788, Holmes to Sir Gilbert Laithwaite (Permanent Secretary, Commonwealth Relations Office) 2.2.1956.

⁵⁶ David McLean, 'Anzus Origins: A Reassessment', *Australian Historical Studies*, vol. 24, no. 94, April 1990, 81.

achieved.

Holmes' comments represent a valuable commentary on the underlying assumptions permeating Australian political culture in the 1950s. As discussed earlier in the chapter, he clearly identified the 'curious paradox' of British race patriotism - a determined claim to national independence, combined with an insistence on the wider mutual identification of the British family. Moreover, he astutely judged that the frequent charges of British 'indifference' to Australia's needs, far from representing a symptom of changing loyalties, were 'really a manifestation of their attachment to the idea of being British'.⁵⁷

But by far the clearest illustration of the ongoing influence of British race patriotism in Australian political life was the Suez crisis of 1956. Egyptian President Gamal Abdel Nasser's decision of July 1956 to nationalise the Suez Canal sparked a series of events which culminated in Anglo-French military intervention in the canal zone on 1 November 1956.⁵⁸ The world-wide condemnation of British and French actions, and in particular the open hostility of the United States, confronted the Menzies Government with a painful choice between its two 'great and powerful friends'. Contrary to the expectations of the British Foreign Office,⁵⁹ Menzies, with the support of the overwhelming majority of Cabinet, stuck by British Prime Minister Anthony Eden throughout the crisis. Australia cast its vote with a conspicuous minority of five in opposing the November resolution of the United Nations General Assembly calling for the immediate withdrawal of British and French forces.⁶⁰ For Menzies, the matter was a simple question of defending British power and British prestige:

It is apparently not fashionable to speak of prestige. Yet the fact remains that world peace and the efficacy of the United Nations Charter alike require that the British Commonwealth and, in particular, its greatest and most experienced member, the United Kingdom, should retain power, prestige, and moral influence.⁶¹

⁵⁷ PRO, DO35/6109, Sir Stephen Holmes to Lord Home, *Australia: Relationship with the United Kingdom and the United States*, 21.12.1955.

⁵⁸ For the background to the events leading up to the Suez crisis, see Keith Kyle, *Suez* (London: Weidenfeld & Nicolson, 1991); David Carlton, *Britain and the Suez Crisis* (Oxford: Basil Blackwell, 1988).

⁵⁹ See A.W Martin, 'R.G. Menzies and the Suez Crisis', *Australian Historical Studies*, Vol.23, no.92, April 1989, 165.

⁶⁰ The five dissenting voices were Australia, New Zealand, Britain, France and Israel.

⁶¹ Quoted in Evans & Grant, *Australia's Foreign Relations*, 24.

Despite Menzies' overt display of Australia's 'British' colours, historians have pointed out the pivotal role of the Suez crisis in reorienting Australia's international outlook away from the traditional identification with Great Britain, and towards a more close-knit alliance with the United States. David Lee argues that 'the Suez crisis revealed to Australia, more than any other event, that the endemic economic weakness of Great Britain and the sterling area rendered Great Britain incapable of acting any longer as a world power in both the economic and politico-strategic sense'.⁶² Similarly, Peter Phelps has referred to the Suez crisis as '*the pivotal point*' in Australia's post-war foreign relations, which served to cast doubt, not only on the international standing of the Mother Country, but also on the reliability of the United States in conflicts not involving communist aggression. Phelps draws a direct link between the events of Suez and the decision of the Australian Defence Committee in September 1956 to integrate Australian military equipment with American, rather than British standards.⁶³ W.J. Hudson, although emphasising the 'blind loyalty' of Australia's pro-British stance at Suez, also shows how certain members of the Australian foreign policy establishment tended to view the crisis in a more critical light. This was particularly true of Casey and External Affairs officials who were wary of alienating opinion among Asian countries, particularly those in the South East Asian region.⁶⁴

The capitulation of the British at Suez was of fundamental importance in demonstrating the weakness of British power in the post-war world, and ultimately, in reorienting the national defence priorities of the Menzies Government. But one should be careful not to overemphasise the extent or the immediacy of the shift in the Australian outlook. As Hudson has stressed, the instinctive Australian response to the Suez crisis was overwhelmingly based on British racial sentiment, and this reaction was not erased overnight.⁶⁵ Even dissenters within the Cabinet such as Casey tended to frame their arguments in terms of Australia's interest in the preservation of British prestige. As Casey saw it, 'It was inevitable that Britain would lose face over the Suez

⁶² David Lee, *Search for Security*, 158-159.

⁶³ Peter Phelps, *West New Guinea*.

⁶⁴ Quoted in Hudson, *Blind Loyalty*, 45.

⁶⁵ Hudson, *Blind Loyalty*, 58.

affair. My concern was that she should lose as little face as possible'.⁶⁶ For Casey, as much as Menzies, the link between British prestige and Australian national interests was axiomatic. Thus, despite differences about the wisdom of Britain's use of force against Nasser, it seems unlikely that Casey, or any other member of Cabinet, would have demurred from Menzies' assurance to Eden: 'You must never entertain any doubts about the British quality of this country'.⁶⁷

The Department of Trade and the assault on imperial preference.

Another major development during these years that has recently attracted the attention of historians as a symbol of Australia's dwindling ties to the Mother Country is the renegotiation of the Ottawa Trade Agreement in 1956. The impetus behind the renegotiation of Ottawa stemmed more or less directly from the constraints of Australia's ongoing balance of payments problems, and the political imperative of finding some means of dismantling import restrictions without endangering the Australian economy. Australia's poor export performance in the early 1950s was mainly due to a marked downturn in the terms of trade, but whatever the cause, the only way out was a rapid expansion of export income. To this end, in January 1956 the Government

⁶⁶ Casey, diary entry, 24.9.1956, in Millar (ed.) *Australian Foreign Minister*, 246.

⁶⁷ Menzies to Eden, 1.11.1956, quoted in Hudson, *Blind Loyalty*, xii; In reply, Eden confided to Menzies, 'You are a true friend and I can never forget it', PRO, PREM11/1096, 6.11.1956. David Lowe has recently argued in his 'Australia at the UN in the 1950s' that Australia's response to the Suez crisis was a 'major exception' to the broad sweep of 'Australia's decolonisation story' in the 1940s and early 1950s. In particular, he claims that Suez 'broke the pattern of Australia's manoeuvrings' at the United Nations towards breaking free of the British 'institutional apparatus' which had hitherto encumbered the development of an independent Australian foreign policy. According to Lowe, the aberration of Suez 'demonstrated only too clearly what happened when ministers got involved' in the foreign policy process (p.179). But this is surely an inadequate explanation. Lowe's own evidence supports a quite different conclusion - that the vast array of disputes between Australia and Great Britain in the early 1950s were completely ineffectual in dislodging British race patriotism from its deep roots in Australian political culture. Lowe makes the common error of reading Anglo-Australian conflict as synonymous with a fundamental and fatal breach in the organic ideal of Anglo-Australian unity. But the mere fact of conflict, in itself, is insufficient to demonstrate the implosion of Empire as a social and political ideology in Australia, particularly when these conflicts could so easily be reconciled within the wider prism of British racial community. This is precisely what happened in Lowe's UN story. Spender's errant diplomacy was ultimately reigned in by Casey and 'a crisis in Commonwealth solidarity was averted, but only narrowly' (p.177). In typical British race patriot fashion, the Australian delegation at the UN routinely demanded 'bigger' and 'longer meetings' of Commonwealth delegates, and 'more often' (p.176). And as David Goldsworthy has shown (and whom Lowe himself cites) Anglo-Australian coordination on colonial matters in the UN was largely restored at the end of the decade. See Goldsworthy, 'The British Colonial Order, 1948-1960', in Lowe (ed.) *Australia and the End of Empires*, 152-153.

established a new Department of Trade for the explicit purpose of stimulating export earnings.⁶⁸ The Deputy-Leader of the Country Party, John McEwen, was sworn in as Minister, while the former Secretary of the Department of Commerce and Agriculture, Sir John Crawford, was appointed permanent head of the new Department. McEwen and Crawford quickly established a formidable partnership in tackling the problem of Australia's external viability.

McEwen had a vastly different background from many of his wealthier, better educated Liberal counterparts. Orphaned at the age of seven and raised by his grandmother in what he described as 'pretty frugal circumstances',⁶⁹ McEwen was forced to carve out his own livelihood as a soldier settler, farming the Stanhope district of Northern Victoria in the 1920s. From here he became active in rural politics, joining the Country Party in 1932 and winning the rural seat of Echuca in 1934. In his maiden speech in the House of Representatives, McEwen addressed issues which would absorb his energies for the remainder of his long career - the need to secure fair returns to rural producers, and the importance of stimulating export income as the key to solving Australia's adverse trade balance.⁷⁰ Perhaps as a result of his experiences on the land, McEwen was a hard working, dour individual who, according to his biographer Peter Golding, earned the political sobriquet 'Black Jack' on account of 'the darkness of [his] visage and, not infrequently, his mood'.⁷¹ But as Minister for Commerce and Agriculture and then Minister for Trade in the Menzies Government, he gradually built up a reputation as a staunch advocate of Australian economic interests, initially as a spokesman for the rural sector, but later as the 'arch-protectionist' of Australian manufacturers.

His dogged, persistent style also earned him a reputation as a tough negotiator in the many rounds of overseas trade talks he engaged in during the 1950s and 1960s. His approach to dealing with United Kingdom ministers and officials could not have been more different from

⁶⁸ Speech by Prime Minister Menzies announcing the creation of the Department of Trade, 12.1.1956, text in Crawford, *Australian Trade Policy*, 533-534.

⁶⁹ John McEwen, *His Story*, privately published, 1974.

⁷⁰ See Peter Golding, *Black Jack McEwen: Political Gladiator* (Melbourne: Melbourne University Press, 1996); McEwen, *His Story*, 12.

⁷¹ The precise origins of the 'Black Jack' epithet remain somewhat obscure, but it is clear that the nickname was bestowed on McEwen at some time by Robert Menzies, probably on account of McEwen's temperament. See Golding, *Black Jack McEwen*, 24.

the familiar, 'old boy' intimacy of Menzies and Casey. McEwen fundamentally distrusted the British, regarding them as 'smooth operators' who, through a combination of guile and sheer hard bargaining, sought to ensure the best possible deal for their own self-interest.⁷² Unlike Menzies, for example, McEwen tended to avoid official entertainments in London where possible, preferring to spend his evenings preparing his brief for the following day.⁷³ Crawford described McEwen as a 'rather tense and sometimes diffident man',⁷⁴ and there is little evidence that he cultivated any life-long personal friendships through his extensive overseas contacts, with the possible exception of Japanese Prime Minister Eisaku Sato.⁷⁵ But despite McEwen's lack of personal affinity with the British, he still shared many of the assumptions of the day about Australia's place in the British world. He once wrote that he considered Australia's trade with Britain 'a natural one',⁷⁶ and although he was referring specifically to the complementary nature of the Australian and British pattern of production, he was undoubtedly influenced by the prevailing ideas about race, kinship and cultural ties. Indeed, his profound scepticism towards British motives and objectives derived primarily from an underlying suspicion that British ministers might not necessarily share his conception of the 'natural' trading world.

John Crawford was the intellectual impulse behind McEwen's activities during his first five years as Minister for Trade, and he continued to wield considerable influence after his retirement as Departmental Secretary in 1960. McEwen freely acknowledged Crawford's influential role, conceding that 'I could not think of calling him my lieutenant, for this would make him seem a secondary person'.⁷⁷ Ten years McEwen's junior, Crawford was an innovator in Trade policy, unshackled by conventional orthodoxies and open to alternative approaches to Australia's structural economic problems. From an early stage in his career he was highly

⁷² McEwen, *His Story*, 62.

⁷³ This may also have been a reflection of McEwen's earlier years working the land as a soldier settler. McEwen wrote in his autobiography that, during his early farming years, he 'was never distracted by...going to amusements. I would never go to a race meeting or even a sports meeting for fun. I worked seven days a week and I worked while it was daylight'. McEwen, *His Story*, 6.

⁷⁴ John Crawford, foreword to John McEwen, *His Story*, i.

⁷⁵ Golding, *Black Jack McEwen*, 198-199.

⁷⁶ McEwen, *His Story*, 51.

⁷⁷ McEwen, *His Story*, 65.

sceptical of the idea that Australia's economic and military security should be heavily focused on Great Britain. As a young economics graduate in 1938 he presented a paper to the Australian Institute of Political Science arguing that the future for Australian exports lay essentially with Japan and other Asian countries, and warned prophetically of the dangers of relying too heavily, both economically and militarily, on 'strong friends'⁷⁸. As Head of the Department of Commerce and Agriculture, Crawford identified the narrow base of Australian trade and commodity policies as the heart of the problem of Australian external viability, and already in the early 1950s he began to assess critically the value of the Ottawa Agreement. The establishment of the new Department of Trade cemented the alliance of McEwen and Crawford, and together they set out to secure a greater Australian share of existing markets, but more importantly, a more diversified export programme incorporating new markets and a broader commodity base. They took as their starting point the foundation stone of Australian trade policy - the imperial preference system.

Prior to the creation of the Department of Trade, the system of mutual trade preferences between Australia and the United Kingdom had remained more or less in the form of the original Ottawa Agreement of 1932. But although the form of the original agreement remained largely intact, there had been important changes in substance by 1956 which, in Crawford's view, had tipped the balance of the agreement greatly in Britain's favour.⁷⁹ The very first Cabinet Submission of the Department of Trade was highly critical of the operation of the Ottawa agreement. Australia's traditional focus on the British market, it was argued, lay at the core of

⁷⁸ Crawford argued further that Australian economic and security policies were 'uncertain' because 'in a crisis, our "friends" may leave us'. Quoted in Golding, *Black Jack McEwen*, 172; See also discussion in Scrutator, 'The Economic Nexus' in J.D.B. Miller (ed.) *Australians and British* (London: Methuen 1987) 134.

⁷⁹ Crawford and McEwen claimed that although the original agreement had been mutually balancing, by 1956 this balance had been seriously altered for a number of reasons. For instance, the rapid expansion of the Australian market had led to an eight-fold expansion in imports from Britain since pre-war levels. This had only been matched by a four-fold expansion in the British market for Australian produce. Secondly, nearly half of Australia's preferences were fixed value margins (rather than percentage margins) which had declined in real terms with the rise in prices since the 1930s, and in some cases had become virtually useless. Moreover, Australia's preferences in the UK market provided no protection against heavily subsidised produce from the United States and France. The Department of Trade calculated that by 1956, the Ottawa Agreement had 'moved to a position in which the UK gets from two to three times the advantage that we get out of Ottawa, although the Agreement was originally designed to be one of equality'. AA, A4940/1 C1547, Cabinet Submission no. 116 (McEwen) *Ottawa Agreement*, 16.4.1956.

the balance of payments problem, and the Ottawa agreement thus represented a major inhibiting factor in the attainment of Australia's national economic objectives. The sluggish growth rate of the British economy relative to other European countries had become a permanent feature of the post-war international economic scene, and it was abundantly clear that, preferences or no preferences, the British market could not provide the level of growth required to meet Australia's needs. Yet the obligations under Ottawa to give tariff preferences for virtually the full range of British imports meant that Australia had limited scope to open up new markets in Europe, the Americas, and Asia. So long as Australia discriminated against imports from these countries, it was unlikely that any mutually beneficial trading arrangements could be negotiated. In addition to this, the high preference margins had an inflationary effect on the cost structure of Australian primary industries, thus diminishing Australia's competitiveness abroad. Although McEwen and Crawford were confident that solutions to Australia's problems of import controls and export expansion could be found, they were convinced that 'the requirements of Ottawa, and certain practices associated with it, hamper - if they do not entirely frustrate - the achievement of these objectives.'⁸⁰

In May 1956, McEwen took the radical step of recommending a termination of the Ottawa agreement with the United Kingdom, and replacing it with an entirely new trade agreement.⁸¹ McEwen stressed the urgency of the problem and called for immediate negotiations with two prime objectives: to obtain a larger and more assured share of the British market to counteract the declining growth rate in Australian sales, and more significantly, to obtain greater 'elbow room' to negotiate tariff concessions with third countries by a marked reduction in UK contractual preferences in the Australian market. By gaining greater freedom of action in tariff policy, McEwen hoped to expand Australia's market opportunities, and thereby obviate the need for import restrictions. The Cabinet fully endorsed McEwen's recommendations on 10 May,⁸²

⁸⁰ Ibid.

⁸¹ AA, A4940/1 C1567 Pt. 1, Cabinet Submission no. 138 (McEwen) *Proposals Concerning the United Kingdom and Australia Trade Agreement*, 7.5.1956.

⁸² AA, A4940/1 C1567 Pt. 1, Cabinet Minute 10.5.1956, Decision no. 174; Cabinet Secretary Allen Brown was particularly struck by the casual nature of the Cabinet discussion on what, to him, appeared to be a fundamental issue; AA, A4940/1 C1567 Pt.2, Brown to Menzies, 15.7.1956.

and shortly afterwards British Prime Minister Eden was informed of the Australian Government's desire to initiate formal talks 'covering the whole field of our trade and commercial relations, and aimed at a completely new United Kingdom/Australia Trade Agreement'. Menzies impressed upon Eden that:

The overseas trade problem which Australia is facing at the present time makes the question of United Kingdom/Australia trade relations an issue of first class importance here, including politically. I stress my hope that you do not underestimate the importance we attach to these talks, which we believe should be regarded as the most serious discussions in the field of trade and related economic matters which have taken place between us since the 1932 agreement was concluded.⁸³

Recent studies have stressed the significance of this decision, portraying it as the effective dismantling of the traditional Anglo-Australian economic nexus. Sandra Tweedie, for example, treats the 1956 negotiations for a new trade agreement as a final 'weaning from the imperial connection', and the attainment of 'maturity at last'.⁸⁴ David Lee views the Ottawa renegotiation in similar terms, stating that 'the essence of [McEwen's] proposal was to bring to an end the system of contractual preferences which, under the Ottawa Agreements, Australia accorded to British exports'.⁸⁵ Both of these views exaggerate the position in 1956. McEwen was not seeking to dismantle the entire system of imperial preference. On the contrary, he sought to bolster Australia's preferential position in the British market, while at the same time obtaining the right to reduce, but not eliminate, preferences for British industrial goods in Australia. In his May 1956 Cabinet submission, he underlined that it would be the object of the renegotiation 'to perpetuate the principle of British preferences', and 'to sustain the British as the principal suppliers of traditional items of trade'.⁸⁶

An even more important factor qualifying the wider significance of the Ottawa

⁸³ PRO, PREM11/1659, Menzies to Eden, 21.5.1956.

⁸⁴ Tweedie, *Trading Partners*, 97, 91. Tweedie's position is somewhat ambiguous as she later acknowledges that the outcome of the negotiations 'was anachronistic even at the time of its signing', and that the process of 'weaning' was perhaps somewhat longer and more painful than indicated by the title of her chapter (p. 105). She fails to pursue these points, however, effectively terminating her Anglo-Australian story in 1957.

⁸⁵ Lee, *Search for Security*, 156.

⁸⁶ AA, A4940/1 C1567 Pt.1, Cabinet Submission no. 138 (McEwen) *Proposals Concerning the United Kingdom and Australia Trade Agreement*, 7.5.1956, 2-3.

renegotiation was the tough opposition McEwen encountered from other government departments. Although McEwen claimed that he was 'not unmindful' that a decision to terminate the Ottawa Agreement might 'impinge on wider issues of high policy',⁸⁷ the reaction of External Affairs and Prime Ministers' Department officials betrayed an underlying suspicion that McEwen was bent on disrupting the entire fabric of Anglo-Australian relations. The Secretary of the Department of External Affairs, Arthur Tange, immediately contacted Crawford upon receiving Trade's proposals:

Looking at the situation from the broad international point of view, we should, in the opinion of this Department, avoid as far as practicable any step which does international harm to the diplomatic influence of the United Kingdom. This is particularly necessary when account is taken of the succession of evident setbacks which the United Kingdom has encountered since the end of the war...It is therefore in Australia's interest to seek her commercial advantages in ways which do not derogate from the strength of British influence in Asia and the apparent strength of the Commonwealth association between the United Kingdom and Australia.

Tange couched his arguments in terms of cold war politics and the dangers of colonial nationalism, suggesting that any further setbacks to the United Kingdom would be 'observed with satisfaction by the Communists and with some indifference by the nationalist movements which prevail throughout Asia and the Middle East'. He therefore enquired whether McEwen's proposed tactic of terminating the Ottawa agreement in advance of formal negotiations might not be 'held in reserve'.⁸⁸

Meanwhile, the Prime Minister's Department prepared a stinging criticism of McEwen's Cabinet Submission, asserting that 'the *real issues* which Ministers must face up to have *not been put* before them as *clearly* as they might have been'.⁸⁹ The Permanent Secretary of the Department, Allen Brown, warned Menzies on the eve of the 10 May Cabinet discussion:

...perhaps the most important thing for the Government to direct its attention to is whether it is prepared to face up to the question that any trade negotiation with the United Kingdom implies...unless in negotiations the Government is merely to bluff and run the chance of having its bluff called, then it must be prepared to take action which

⁸⁷ Ibid., 1.

⁸⁸ NLA, Crawford Papers, MS4514, Series 8, Box 29, Tange to Crawford, 8.5.1956.

⁸⁹ AA, A4940/1 C1567 Pt.1, Notes on Cabinet Submission no.138 (Durie) 7-10.5.1956. Original emphasis.

will injure the United Kingdom trade and to take action with the deliberate intention of injuring it.

Brown urged the Prime Minister to consider this central issue carefully, so that the Government would be 'quite clear in its mind not only as to how it might undertake these proposed negotiations, but whether it is prepared to undertake them at all'.⁹⁰ These reservations were based on a keen awareness that McEwen's proposal would have the deliberate effect of causing injury to the United Kingdom. But more importantly, the recommendations of the Prime Minister's Department and External Affairs were founded on an instinctive sense that injury to the United Kingdom would automatically incur harm to Australia. Neither Tange nor Brown fully reasoned out the basis for this assumption, beyond vague and somewhat implausible references to the Communists. Despite the cogently argued and fully documented appraisal of the Trade Department illustrating the impediments Ottawa placed on Australia's growth prospects, there prevailed a powerful note of hesitancy based, ultimately, on persisting assumptions about Anglo-Australian community of interest.

It is also worth noting that McEwen himself showed signs of reluctance to face up to the wider implications of an assault on the imperial preference arrangements. The reasoning and recommendations of the Trade Department pointed to the glaring conclusion that British preferences were fundamentally incompatible with Australia's wider economic aspirations. Yet on a number of occasions McEwen flatly denied that any such conflict of interest had arisen, and instead presented his arguments to the Cabinet in terms of the *mutual* benefits which Australia and Britain would derive from a new Trade Agreement. For example, he suggested that the rapid growth of the Australian economy meant that any reduction in UK preferences 'would almost certainly not result in any loss of volume of trade'.⁹¹ Later, in negotiation with his exasperated British counterparts, both he and Menzies repeatedly asserted that British acceptance of Australia's terms would lead, ultimately, to the removal of import quotas in Australia. And this,

⁹⁰ AA, A4940/1 C1567 Pt.1, Brown to Menzies, 10.5.1956.

⁹¹ AA, A4940/1 C1567 Pt.1, Cabinet Submission no. 138 (McEwen) *Proposals Concerning the United Kingdom and Australia Trade Agreement*, 7.5.1956, 4.

it was argued, would be of enormous benefit to United Kingdom exporters.⁹² Moreover, there is every indication that McEwen's Cabinet colleagues blithely accepted these assurances that British interests would not be damaged by the proposed preference reductions. According to Allen Brown, who was present at the May 10 meeting, the Cabinet discreetly side-stepped these 'unpleasant things'. In a scathing criticism of the Cabinet, he bemoaned the 'rosy haze around the discussion which suggested that nobody would be hurt and all would be for the best'.⁹³

Brown's comments clearly show that the reappraisal of the Ottawa Trade Agreement did not, in any fundamental sense, provoke a wider examination of the steadily widening gap between British interests and Australian national aspirations. Given the prevailing climate of hesitancy and dubious reasoning, it is difficult to see how the May 10 Cabinet decision to renegotiate the Ottawa Agreement can be viewed as a 'turning point', a 'new maturity', or indeed any kind of searching assessment of Australian ties to the Mother Country. Rather, it would seem that the decision was fully consistent with the long-standing Australian habit of identifying and pursuing distinctive national priorities and objectives, while seeking to contain these within the imagined prism of Anglo-Australian community. Nor is there any evidence that the Ottawa renegotiation caught the public imagination in such a way as to stimulate wider debate and reflection about the declining relevance of the old imperial ties. Although most press discussion supported McEwen's efforts to secure a better deal for Australia, far greater emphasis was placed on the imbalance in the existing preferential arrangements than on the contradictions inherent in the system itself.⁹⁴ The editorial in *The Age* on 26 January 1956 typically observed: 'It is true that public sentiment would be against making things harder for our kinsmen', but this

⁹² PRO, PREM11/1659, *United Kingdom/Australia Trade Discussions*, Note of a Meeting held at No.10 Downing Street, 13.7.1956. Menzies declared to British ministers: 'The Australian Government had no wish to add to the United Kingdom's embarrassments. They were simply concerned to remove the need for import restrictions by expanding trade with other countries and the United Kingdom would benefit by this more than anyone else'. McEwen put this same proposition to Cabinet in May; AA, A4940/1 C1567 Pt. 1, Cabinet Submission no. 138 (McEwen) *Proposals Concerning the United Kingdom and Australia Trade Agreement*, 7.5.1956. Menzies gave a similar version to the press in July, see *The Age*, 10.7.1956.

⁹³ AA, A4940/1 C1567 Pt. 2, Brown to Menzies, 15.7.1956.

⁹⁴ An exception to this general line was W.R. Carney, who, in an article entitled 'The Ottawa Agreement Now', tended more towards the radical judgement that Ottawa had outlived its usefulness. See review of editorial commentary in Tweedie, *Trading Partners*, 98-100.

had to be weighed against the need to secure a more balanced trade deal.⁹⁵

Even more telling is the way in which McEwen's proposals were gradually watered down in actual negotiation with the United Kingdom. Australia's demands were always bound to be unwelcome in Britain, not only because they involved hardship for British exporters but also because of the complete lack of reciprocity in the Australian position. McEwen was essentially asking the United Kingdom for a larger and more assured portion of the British market for Australian produce, while at the same time demanding that the UK accept a smaller and less assured portion of the Australian market. McEwen would offer absolutely nothing in return for these concessions, but remained convinced that the existing imbalance in the Ottawa Agreement was sufficient grounds for renegotiation on Australia's terms. Crawford reasoned that, since the United Kingdom had more to lose from a complete abrogation of imperial preferences, the British would have little choice but to meet Australia's demands.⁹⁶ But in this, Crawford was uncharacteristically naive. As one Prime Minister's Department official later reflected, 'an atmosphere was created in which it was readily assumed that we had the United Kingdom in a very tight corner and could virtually dictate our own terms.'⁹⁷

Not surprisingly, the British failed to view the situation in McEwen's terms. Although Menzies' formal request for trade talks did not come as a total surprise to Eden and his ministers, they were quite taken aback by Australia's demand for a full scale renegotiation of Ottawa. At that time, the United Kingdom was experiencing payments problems of its own which were even more critical than Australia's given Britain's wide ranging sterling commitments. In these circumstances they were hardly impressed by the idea of a reduction in preferences in the Australian market. They were also wary of taking any steps which could lead to a flood of requests from Commonwealth countries for the renegotiation of the entire imperial

⁹⁵ Ibid., 100.

⁹⁶ NLA, Crawford Papers, MS4514, Series 8, Box 29, Crawford to McEwen, 6.6.1956.

⁹⁷ AA, A4940/1 C1567 Pt. 2, Prime Minister's Department memorandum, *Note on United Kingdom Trade Negotiations* (Durie) 8.11.1956; There is an interesting comparison here with the tactics of S.M. Bruce when negotiating the original Ottawa Agreement in 1932. The British Dominions Office complained at the time that Bruce had acted as if he was 'dictating terms to a beaten enemy'. See John O'Brien, 'Trade Diplomacy From Ottawa to the European Community', in Bridge, *Munich to Vietnam*, 160.

preference system. In these circumstances, the British decided to dig their heels in and try to reach a purely short-term understanding with the Australians, rather than a general renegotiation of the Ottawa Agreement.⁹⁸ The President of the Board of Trade, Peter Thorneycroft, drew encouragement from the fact that 'on past experience, Mr. McEwen's opening claims are apt to be very different from the final settlement which he is prepared to accept'. Moreover, he strongly urged that Menzies be invited to participate in the trade discussions, 'since he is likely to exercise a statesmanlike and moderating influence on Mr. McEwen'.⁹⁹

The trade talks between Australian and British Ministers commenced in London on 28 June 1956 and resulted immediately in deadlock. Thorneycroft bluntly informed McEwen and Menzies 'that an arrangement which involved *both* the loss of our contractual rights in Australia *and* the assumption of new commitments in relation to Australian exports would be quite unacceptable here'. Consequently, their proposals offered 'no basis for negotiation'.¹⁰⁰

McEwen's own account is borne out by the official record:

The British were...very reluctant to renegotiate the treaty and for some time Crawford and I met nothing but intransigence. For five weeks we tried to get useful talks started but were bluntly told that our proposals left no scope for negotiation. Finally I said with equal bluntness that before I had left Australia Cabinet had decided that we would sooner have no trade treaty at all than have one as unbalanced as the existing arrangements. There was no reply to this. The British Ministers simply picked up one of my main points and started to negotiate.¹⁰¹

The talks continued over two long rounds throughout July, and again in September-October 1956. The diametrically opposed views of the two main protagonists, McEwen and Thorneycroft, ensured that the negotiations were, as Crawford put it, 'sticky and even rugged at

⁹⁸ PRO, PREM11/1659, Cabinet Discussion, *Trade Talks with Australia and the Question of a European Common Market*, 22.6.1956.

⁹⁹ PRO, PREM11/1659, Thorneycroft to Eden, 6.6.1956; Eden received precisely the same advice from the Commonwealth Relations Office, *ibid.*, Commonwealth Relations Office to Eden, 24.5.1956.

¹⁰⁰ PRO, PREM11/1659, Board of Trade memorandum to Eden, *United Kingdom/Australia Trade Discussions*, 12.7.1956.

¹⁰¹ John McEwen, *His Story*, 52-53. The British 'picked up' the issue of Australian wheat exports to the United Kingdom and held intensive discussions with British millers to try and find some means of meeting the Australian demands for a greater market share. In fact, the British began considering possible concessions on wheat early on in the negotiations, but did not begin to reveal their hand until late July. PRO, PREM11/1659, Thorneycroft to Eden, 15.6.1956.

times!’¹⁰² Similar assessments were made by the British, who described the talks at various stages as ‘tough going’, ‘dangerous’, and liable to ‘shock the public’ if the contents of the discussions were to leak.¹⁰³ But McEwen had the added problem of holding his Prime Minister firm to the Australian line. Although McEwen regarded Menzies as an effective negotiator in stating Australia’s case, he was concerned by his tendency to take an overly favourable view of the progress of the talks, and an unduly optimistic assessment of British intentions.¹⁰⁴ It would seem that Menzies’ main priority was to avoid a breakdown in negotiations which might result in McEwen carrying out his threat to unilaterally terminate the Ottawa agreement. In order to make his intentions clear, therefore, McEwen placed before the Australian Prime Minister a memorandum in London stating that ‘nothing will induce me on my return to Australia to misrepresent the result of my work here, nor to suppress failure, if failure has been the result...I will not pretend that we have achieved something if in fact I believe that we have not’.¹⁰⁵

At the commencement of the second round of talks in September, the British were still unable to offer any firm solutions that would protect Australian wheat from American and French export subsidies or ensure a minimum level of tonnage. And on the question of preference margins, the British were understandably reluctant to yield much ground. By November, McEwen had privately reached the grim conclusion that ‘all of this has been a process of me whittling down almost every day something from our aspirations’.¹⁰⁶ Moreover, there is evidence that at some point around this time, Menzies intervened to restrain McEwen from pressing his original demands to the point of open rupture. The details are unclear, but it is significant that when Crawford finally accepted Britain’s modest counter-offer at the end of October he announced that the softening of Australia’s position was based, not on a fresh

¹⁰² Crawford, *Australian Trade Policy*, 319-325.

¹⁰³ See PRO, PREM11/1659, Thorneycroft to Eden, 6.7.1956; Norman Brook (Secretary to Cabinet) to Eden, 17.7.1956.

¹⁰⁴ NLA, Crawford Papers, MS4514, Series 8, Box 29, McEwen to Crawford (undated, but drafted immediately after meeting with UK Ministers on 13.7.56); Menzies received staunch support in resisting McEwen’s gloomy prognoses from his departmental head, Allen Brown. See for example AA, A4940/1 C1567 Pt.2, Brown to Menzies, 15.7.1956.

¹⁰⁵ NLA, Crawford Papers, MS4514, Series 8, Box 29, McEwen to Menzies, 13.7.1956.

¹⁰⁶ NLA, Crawford Papers, MS4514, Series 8, Box 29, notes by McEwen, 1.11.1956.

appraisal of the value of the British offer, but on a decision 'taken for broad political reasons in order not to cause any avoidable rift in Commonwealth relations'.¹⁰⁷ Some twenty years later, Crawford conceded that 'were it not for the intervention of Prime Minister Menzies, the terms of the new Trade Agreement with the United Kingdom...would (and quite fairly) have been tougher for the United Kingdom than in fact they were'.¹⁰⁸

The final outcome was a revised version of the Ottawa Agreement which granted substantial concessions to the Australian position, but which fell well short of McEwen's original expectations. The new agreement, signed in Canberra on 9 November 1956, had three basic elements: firstly, it reaffirmed the principle of mutual preference for UK-Australia trade; secondly, it included a 'best endeavours' clause to secure an annual volume of 750 000 tonnes of Australian wheat sales in the British market;¹⁰⁹ finally, it provided scope for an across the board reduction in UK tariff preferences in the Australian market, but not to the extent that the Australians wanted.¹¹⁰ This third feature was an important concession to the Australian desire for greater 'elbow room' to carry out trade negotiations with third countries. But for reasons that will be taken up in the next chapter, McEwen was unable to use this bargaining room effectively to expand Australia's trade opportunities elsewhere.¹¹¹ Although McEwen had privately expressed his disappointment at the emerging outcome, he nonetheless put a positive gloss on things in his report to Cabinet.¹¹² In keeping with his earlier position, McEwen publicly dismissed the possibility of damage to British trading interests, and welcomed the new agreement 'as a valuable step towards maintaining traditional trade and commercial ties with the

¹⁰⁷ NLA, Crawford Papers, MS4514, Series 8, Box 29, 'Statement by Mr. J.G. Crawford', London, 23.10.1956.

¹⁰⁸ Crawford, Foreword to John McEwen, *His Story*. Crawford noted specifically that the margins of preference for British imports into Australia would have been considerably less than those finally accepted by McEwen.

¹⁰⁹ The clause was not contractual and therefore offered no real guarantee at all. Given McEwen's original objective for 'a larger and more assured share of the United Kingdom market for Australian produce', this was a disappointing result. Despite Britain's 'best endeavours', Australian wheat exports to the United Kingdom consistently fell short of the 750 000 tonne target throughout the operation of the agreement.

¹¹⁰ The contractual margins of UK preference were reduced from the 12.5, 15, and 17.5 per cent of the previous agreement to 7.5 or 10 per cent.

¹¹¹ He did, however, immediately reduce British preference margins on capital goods in order to ease the pressure on Australia's cost structure.

¹¹² AA, A4940/1, C1567 Pt.2, Cabinet Submission 462 (McEwen, submitted by Acting Trade Minister William McMahon) *United Kingdom Trade Talks*, 8.11.1956. Although McEwen conceded points where he had failed to secure his objectives, he concluded that 'we have more than met our objectives and will have successfully met the great public pressures for review of Ottawa while preserving all its advantages'.

United Kingdom'.¹¹³

Thus in the final analysis, McEwen's renegotiation of Ottawa was a far more modest affair than he had originally envisaged. The logic behind the Australian backdown was never fully articulated, beyond Crawford's references to 'broad political reasons' and a desire to avoid a 'rift in Commonwealth relations'. But it would be fair to conclude that the considerations underlying the hesitancy of the Menzies Government essentially boiled down to sentiment. The pervasive influence of British race patriotism had again played a decisive role in defining Australia's wider priorities and objectives, and in the end result the prevailing assumptions about the Anglo-Australian relationship were reaffirmed. This is not to suggest that the experience of the Ottawa renegotiation was of little relevance in the broad sweep of change affecting the Anglo-Australian relationship in the post-war years. On the contrary, the influence of John Crawford in particular was of major importance in provoking a fresh outlook on Australia's trading interests, not only in relation to Great Britain but to the full gamut of Australian trade policy. But Crawford was working in the dry realm of preference margins, wheat subsidies, and Australia's cost structure, and was unable to capture the imagination of Australian ministers (with the notable exception of McEwen) about the wider implications of the redundancy of Ottawa. The fact that Crawford felt constrained to present his ideas within the familiar framework of 'mutual' Anglo-Australian interests indicates the ongoing hold of British race patriot assumptions in the outlook of the Menzies Government at this time. The Trade Department's 1956 recommendations about the constricting nature of the imperial preference arrangements were a key development in the evolution of Australian trade policy, but the final outcome of the trade negotiations with the United Kingdom hardly represented a 'fundamental turning point' in Anglo-Australian relations.

It is sometimes misleadingly implied that the freedom to reduce British preference margins arising from the 1956 trade negotiations was a direct precursor to the Australia-Japan Commerce Agreement of July 1957. Peter Golding, for example, incorrectly asserts that 'before

¹¹³ Press statement, 27.2.1957, quoted in O'Brien, 'Trade Diplomacy', 162.

Australia could seriously enter into trade discussions with Japan...it had to persuade Britain to agree to an overhaul of the Ottawa Agreement'.¹¹⁴ Sandra Tweedie also suggests that 'the finalisation of the UK-Australia Trade Agreement had been a precursor to the trade treaty with Japan', but fails to point out precisely how, beyond vague circumstantial references to the 'timeliness' of the two treaties.¹¹⁵ It is true that McEwen hoped to use his new Ottawa bargaining freedom to secure trade concessions in new markets, but his thinking extended primarily to Western Europe and South East Asia and definitely not Japan. The 1957 trade negotiations with Japan were concerned almost exclusively with extending most-favoured-nation (m-f-n) treatment to the Japanese, thus placing Japan on an equal footing with other GATT signatories. The average m-f-n rates emerging from these talks were well above those which Australia could have offered under the terms of the new UK-Australia agreement, and were in no way dependent on the outcome of the London negotiations. Any suggestion that Australia had taken from Britain with one hand and given to Japan with the other would have posed a domestic political nightmare for the Australian Government, and it was therefore important that the UK-Australia Trade Agreement was seen to have no direct effect on the discussions with Japan. Tweedie herself in fact shows how Australia's preoccupation with preserving Britain's share of the Australian market persisted throughout the Japanese negotiations. In fact, she argues, 'greater concerns were held for UK trade' than for Australian manufacturers.¹¹⁶ At a time when public hostility and even hatred towards Japan remained a key consideration in Australian commercial policy, it was essential to present the 1957 Trade Agreement with the Japanese in modest, even defensive terms. Under intense pressure from manufacturing interests and the trenchant opposition of the Labor Party, the Menzies Government sought to convince the Australian Parliament, the press, the public, and even themselves that the fundamental changes taking place in Australia's world were only of the most minor significance.¹¹⁷

¹¹⁴ Golding, *Black Jack McEwen*, 175.

¹¹⁵ Tweedie, *Trading Partners*, 169-170.

¹¹⁶ *Ibid.*, 164-165.

¹¹⁷ See Alan Rix, *Coming to Terms: The Politics of Australia's Trade with Japan, 1945-57* (Sydney: Allen & Unwin, 1986) 196-198.

Without doubt, the events of the 1950s brought about a marked shift in the political and economic determinants of the Anglo-Australian relationship. Taken as a whole, the differences between Australia and the United Kingdom in the realms of trade, finance and defence amounted to a major divergence between the Australian objectives of full employment, economic growth, and regional security on the one hand, and the British priority of retaining world wide power and influence on the other. But examined individually, the problems arising in the 1950s failed to raise the kind of broad questions about Australia's changing strategic and economic environment that might have produced a more thoroughgoing revision of the underlying sentimental attachments to the British connection. As Philip and Roger Bell have noted, 'royal visits, royal honours, and celebrations of Empire remained linchpins of public life in the Menzies years',¹¹⁸ and it would seem that the ongoing sense of 'community of culture' in Anglo-Australian relations effectively obscured the wider implications of the piecemeal, and often imperceptible changes which occurred. Thus by the end of the 1950s, the traditional Australian attachment to an imagined British community continued to thrive. The events of the 1940s and 1950s were of enormous significance in distinguishing and defining Australia's post-war national priorities, but they were not, in themselves, sufficient to erase the instinctive beliefs and sentimental attachments of British race patriotism.

This was no more clearly illustrated than on the occasion of Prime Minister Menzies' welcome at the Australia Club in London, during his 1959 official visit to the United Kingdom. The customary Australia Club Dinner, held on 22 June, was attended by all four surviving ex-Prime Ministers of Australia and the United Kingdom,¹¹⁹ and brought forth a torrent of mutual Anglo-Australian admiration and affection. Both Macmillan and Menzies addressed the theme of the organic unity of the peoples of Australia and Great Britain. Macmillan proudly boasted that Australians and Britons 'came from the same stock, share the same loyalties, and many of the common interests'. As if to provide a practical illustration of his point, Macmillan made no less

¹¹⁸ Philip Bell & Roger Bell, *Implicated*, 138.

¹¹⁹ Namely Winston Churchill, Clement A. Alee and Anthony Eden from Great Britain, and Stanley Melbourne Bruce of Australia.

than eleven separate references to test cricket (mainly in the form of witty asides), much to the delight of his audience.¹²⁰ Menzies responded enthusiastically to Macmillan's theme, and somewhat pompously debunked the idea that Britain had become 'a second-class power':

...nothing will ever persuade me that this country with all her Sister Dominions about her...is not one of the great powers in the world because she is. It is nonsense, it is defeatism to get away from that profoundly important idea, because, after all, the greatness of a country...is not to be cast out merely in terms of numbers of people, or tons of steel. Its greatness depends upon the quality of its contribution to the thought, the moral dignity, the moral leadership of the world (applause). Therefore, sir, I belong to those millions of people who like to feel that when we think of our own country, Australia, we think of the British world; we think of the ancient homes of our race.¹²¹

But no amount of reassuring cricket anecdotes could alter the profound changes which had affected Britain's place in the world since the Second World War, or the distinct cleavages which had opened up between British and Australian national priorities. As J.D.B. Miller has commented on Anglo-Australian relations at this time, 'the situation presented an appearance familiar in politics, that of two associates who continue to protest that their interests are ultimately the same, but whose actions show that those interests are markedly different'.¹²²

It is also worth noting the extremely one-sided notion of imperial obligations which manifested itself in Australia's dealings with Great Britain during these years. There was nothing particularly new in this. Australian Governments from the time of Federation had habitually made extravagant demands on the Mother Country while at the same time staunchly resisting any British intrusion in Australian affairs. This 'curious paradox' as Stephen Holmes termed it, survived well into the 1950s and early 1960s. While the Menzies Government continued to insist on Britain's stake in Australia's welfare, Australian ministers proved more than capable of

¹²⁰ To give just a small sample of these, Macmillan referred to Menzies' 'not-out innings' as Australian Prime Minister and suggested that he had 'scored a lot of runs'; He commenced another section of his speech with the words 'Thirty three years ago - I will take that year because it was one of the years in which England won the Ashes'; and again 'At the moment we have an abundant supply, almost more than an abundant supply of coal. We lack ashes of course (laughter) but you seem strangely unwilling to export these'. Later, upon lamenting that 'there are some countries and one's heart bleeds for them, who do not play cricket', Macmillan suggested that 'The Speaker's Wig and Mace and the Umpire's white coat may perhaps be said to be legacies to the world of which England can be justly proud, for, after all, they both embody the same general idea'. Macmillan, welcome address at the Australia Club, London, 22.6.1959, text in AA, A1838/2 67/1/3 Pt.2.

¹²¹ Menzies, Address to the Australia Club, London, 22.6.1959, text in *ibid*.

¹²² J.D.B. Miller, *The EEC and Australia* (Melbourne: Nelson, 1976) 75.

disregarding imperial interests when it came to issues such as dollar expenditure, import restrictions, membership of ANZUS, and imperial preferences. But in each instance of Anglo-Australian discord, the Menzies Government sought to reconcile the obvious differences which had emerged within the traditional framework of imperial unity. Or to use Neville Meaney's analogy, 'the web of culture' closed over each episode so that in retrospect each incident was seen as an 'aberration'.¹²³ But even as McEwen resolved yet another of these aberrant disputes with the signing of the new Trade Agreement with Britain in November 1956, a new problem loomed on the European horizon which threatened a breach in Anglo-Australian relations of an entirely different order.

¹²³ Meaney, *Australia and the World*, 29.

Chapter 2

'Not Just Another European Country': The United Kingdom and 'the Six', 1950-1961

The recurring difficulties between Australia and the United Kingdom during the 1950s were merely a small facet of the wider problem of declining British power. The emergence of cold war rivalries in the post-war era transformed the dynamic of international affairs, and increasingly relegated the United Kingdom to second-rank status behind the new 'superpowers'. The British economy had experienced extreme difficulty in recovering from the debilitating effects of the war and the austerity of post-war reconstruction. As a result, throughout the 1950s successive British governments were faced with the dual problem of retaining international prestige and influence by holding on to 'world-wide commitments', while at the same time maintaining the necessary economic base to sustain this role. By the time of the Suez crisis of 1956, it was becoming painfully clear that Britain possessed neither the material strength, nor the political influence to uphold its claim to great power status. In the meantime, the continent of Europe was undergoing radical changes in its economic and political organisation which would confront the United Kingdom with further awkward adjustments.

The essence of Britain's post-war economic difficulties was twofold: ^{Firstly} ~~on the one hand~~, post-war British governments were handicapped by a greatly reduced resource base to meet their global commitments. In May 1952, the Chancellor of the Exchequer of the new Conservative Government, 'Rab' Butler, estimated that Britain's prewar standing as a net creditor of £3500 million had been completely reversed to that of a net debtor to the tune of £2500 million. Britain's gold reserves had been greatly depleted, and a deterioration in Britain's terms of trade had added £1000 million onto the annual financial burden. ^{And secondly} ~~But~~ despite this marked downturn in available resources, Britain had undertaken far greater commitments than ever before. In 1952, the number of British service personnel stationed overseas was almost equivalent to the entire

British armed forces in the mid-1930s. The bulk of these were committed to the defence of West Germany,¹ but substantial British forces were also stationed in the Mediterranean, the Middle East, Korea and South East Asia. Defence spending in the early 1950s amounted to 10 per cent of the gross national product, compared to 5 per cent even in the late 1930s. Beyond the realm of defence there were enormous dollar liabilities for repayment of wartime loans, as well as massive liabilities arising from the role of Sterling as a reserve trading currency. On the domestic front, post-war social policies had led to an explosion in government expenditure on better schools, better health services and better housing facilities. As Butler summed up the situation in 1952: 'We are now the biggest debtor in the world instead of the biggest creditor in the world, yet we are carrying loads far greater than we ever carried before'.² Throughout the 1950s the message was the same: 'We must now cut our coat according to our cloth. There is not much cloth'.³

Thus the British economy lurched from one crisis to the next, never quite meeting the full extent of the nation's vast commitments, but somehow narrowly averting complete economic disaster. Periodic reviews of government expenditure repeatedly stressed the need to reduce British liabilities, and the imperative of stimulating domestic production to boost sales abroad. But this was easier said than done. British industry was notoriously sluggish in the post-war years, and consistently lagged behind growth rates in other Western European countries, particularly West Germany. And the regular Cabinet reviews of defence expenditure invariably resulted in the same conclusion: 'Wherever we decide to reduce, the result would be a greater or less diminution of our influence as a world power'. And this, in the eyes of all post-war British governments, was not negotiable. As British Foreign Secretary, Anthony Eden put it in June

¹ The cost of maintaining the British Army of the Rhine represented an unprecedented British financial commitment to the ongoing defence of the European continent in peacetime. Hubert Zimmermann has shown how the troop cost problem in West Germany contributed to the enormous strain on Sterling in the 1950s, and became a constant thorn in the side of Anglo-German relations. See Hubert Zimmermann, 'Dollars, Pounds, and Transatlantic Security: Conventional Troops and Monetary Policy in Germany's Relations to the United States and the United Kingdom, 1955-1967', Ph.D Thesis, European University Institute, January 1997.

² 'Economic Policy': Cabinet Memorandum by Mr. Butler, 17.5.1952; 'The Balance of Payments Outlook': Cabinet Memorandum by Mr. Butler, 23.5.1952, in David Goldsworthy (ed.) *The Conservative Government and the End of Empire, 1951-57* (London: HMSO, 1994) Docs. 367 & 368.

³ 'Assumptions for future planning': note by Sir A. Eden for Cabinet Policy Review Committee, 15.6.1956, in Goldsworthy, (ed.) *The Conservative Government*, Doc.25.

1952:

It is impossible to assess in concrete terms the consequences to ourselves and the Commonwealth of our drastically and unilaterally reducing our responsibilities; the effects of a failure of will and relaxation of grip in our overseas commitments are incalculable. But once the prestige of a country has started to slide there is no knowing where it will stop.⁴

It was against this background of the struggle to retain power, prestige and international influence in the face of crippling financial burdens that British governments from [†]Atlee to _ΛMacmillan viewed the emerging phenomenon of European integration. The same automatic assumptions about Britain's 'world role' informed the earliest British response to the idea of European unity. In the early 1950s, British Foreign Secretary, Ernest Bevin, set the tone of Britain's stance when he declared that Britain was 'not just another European country'.⁵ In a similar vein, Winston Churchill insisted that if Britain was ever faced with a choice between the 'narrow seas' and the 'open sea', the latter would always prevail.⁶ These statements typified an ongoing attachment to a more grandiose conception of Britain's place in the world - a conception that was deeply etched into Britain's history as seafaring, mercantile, and imperialist nation. This role, it seemed, could be sustained only by maintaining those world-wide responsibilities and obligations which had made Britain great, and certainly not by joining some ambitious European conglomeration.

Yet despite these instinctive convictions, by 1961 the British Government of Harold Macmillan had resolved to seek full EEC membership. This decision amounted to a dramatic volte face, revoking more than a decade of firmly stated British policy on the European question. But Macmillan's bid for EEC membership in no way represented a sudden conversion to a new, European faith, nor did it imply a voluntary reduction in Britain's world role. Like his predecessors, Macmillan's primary concern was to arrest the steady decline in British power and

⁴ 'British Overseas Obligations': Cabinet memorandum by Mr. Eden, 18.6.1952, in Goldsworthy (ed.) *The Conservative Government*, Doc. 3.

⁵ Quoted in Alan Milward, *The European Rescue of the Nation State* (London: Routledge, 1992) 354.

⁶ Quoted in J.D.B. Miller, *Survey of Commonwealth Affairs; Problems of Expansion and Attrition, 1953-1969* (London: Oxford University Press, 1974) 308.

influence in the world. By assuming a leading voice in a unified Europe, Macmillan hoped to establish a new means of securing the long-standing British objective of maintaining international prestige and influence at an affordable cost. Nonetheless his decision was to have a profound impact on the traditional understanding of Britain's place in the world, and raised particularly difficult questions about Britain's responsibilities as leader of the Commonwealth. Despite his insistence that Britain could continue to wield influence in both European and Commonwealth counsels, Macmillan's European aspirations signalled a clear reordering of British priorities, and a major reappraisal of Britain's primary political and economic interests.

Early British attitudes towards European integration.

The idea of European economic integration first gained currency in European politics in the immediate post-war years, but it was not until 1950 that the United Kingdom Government was called upon to formulate a clear policy. The official announcement of the 'Schuman Plan'⁷ for the creation of a European Coal and Steel Community (ECSC) in May 1950 received a cool response from the Labour Government of Clement ^tAtlee. Although the proposal to place the whole of Franco-German coal and steel production under a common High Authority seemed, on the face of it, fairly innocuous, there were important political connotations which were unwelcome to the British. In particular, the 'Schuman Declaration' of 9 May 1950 referred explicitly to the long-term political objectives of the ECSC: 'the setting up of common bases for economic development as a first step in the federation of Europe, which is indispensable to the maintenance of peace.'⁸ References to European federation were unlikely to appeal to British sensitivities, nor was there any great enthusiasm for the idea of pooling British sovereignty into a 'supranational' European authority. The very idea seemed, from a British point of view, rather 'grotesque and absurd'.⁹ This was the main reason for Britain's polite refusal to join in the creation of the ECSC,

⁷ Named after one of the leading French architects of the plan, French Foreign Minister, Robert Schuman.

⁸ Quoted in R. Mayne, *The Recovery of Europe* (New York: Harper & Row, 1970) 177.

⁹ These were the recollections of Sir Con O'Neill who was to have increasing involvement with European affairs during his career in the Foreign Office. See Michael Charlton, *The Price of Victory* (London: BBC, 1983) 106. Another leading Foreign Office Official, Sir Roderick Barclay, explained that the idea of supranationalism was 'alien to our way of thought'. *Ibid.*, 90.

alongside Belgium, France, Germany, Italy, Luxembourg and the Netherlands, who became known collectively as 'the Six'.

A similar state of affairs arose in 1952 when the Six proposed to broaden the scope of their cooperation by setting up a European Political Community (EPC), and more importantly, a military equivalent in the form of a European Defence Community (EDC). The new Conservative Government of Winston Churchill was equally wary of supranational institutions, and once again Britain declined to participate. The British Foreign Office held serious doubts about the economic and political stability of the nations of Western Europe, who at the time seemed much more likely to be a liability than an asset to Britain.¹⁰ Churchill's refusal came as something of a surprise to some European observers, who had been greatly encouraged by his widely publicised 'Zurich speech' of September 1946 in which he had appealed for the creation of a 'United States of Europe'. But upon his return to office in 1951, Churchill clearly outlined his views on the matter to Cabinet:

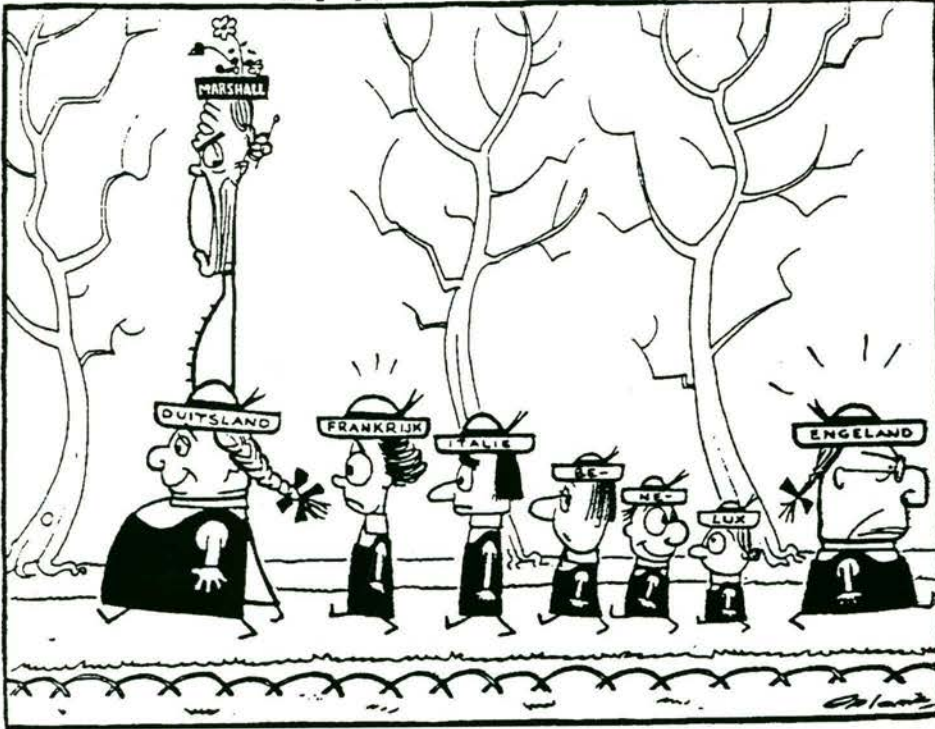
I am not opposed to a European Federation...But I never thought that Britain or the British Commonwealth should, either individually or collectively, become an integral part of a European federation, and have never given the slightest support to the idea...We help, we dedicate, we play a part, but we are not merged and do not forfeit our insular or Commonwealth-wide character.¹¹

Churchill's comments reflect the instinctive nature of British distrust of European entanglements - a feeling which was fully shared by his Foreign Secretary, Anthony Eden. In a widely publicised speech at Columbia University in 1952, Eden remarked typically that British participation in the integration of Europe was 'something which we know, in our bones, we cannot do'.¹²

¹⁰ In a meeting of senior Whitehall officials in January 1949 it was agreed that 'there is no attraction for us in long term economic cooperation with Europe. At best it will be a drain on our resources. At worst it can seriously damage our economy', quoted in John Darwin, *Britain and Decolonisation: The Retreat From Empire in the Post-War World* (London: Macmillan, 1988) 129; Anthony Nutting, who at the time was Parliamentary Undersecretary of State at the Foreign Office, recalled that the Foreign Office had a 'considerable prejudice...against the idea of hitching our waggon to these struggling countries that were bankrupt and had been completely destroyed in the war. There was a fear that, to change the metaphor, if we tried to save the Europeans from drowning and went in with them, we would be dragged under ourselves', quoted in Charlton, *Price of Victory*, 140.

¹¹ Cabinet note by Churchill, 'United Europe', 29.11.1951, in Goldsworthy (ed.) *The Conservative Government*, Doc. no. 2.

¹² Eden, Speech at Columbia University, 11.1.1952, quoted in J.D.B. Miller, *Survey of Commonwealth Affairs*, 308.



A typical contemporary view of Britain's early reluctance to join in the integration of Europe by Dutch cartoonist Opland at the time of the creation of the ECSC. US Secretary of State, George C. Marshall, is the schoolmistress and the caption reads, 'Prep-school Europe: No looking back children!'

The European Defence Community was ultimately rejected by the French National Assembly in 1954, thus bringing a temporary halt to the momentum of the Six. At this point the British could have been forgiven for believing that the European unity movement lay dead and buried. But the following year it gained fresh impetus from a Dutch-Belgian proposal for the creation of a European customs union. The customs union idea came under detailed scrutiny at a meeting of the Foreign Ministers of the Six at Messina, in which they undertook to 'make a fresh advance towards the building of Europe'.¹³ The 'Messina Resolution' declared the intention of

¹³ This declaration promoted the widespread myth that the Messina Conference represented the 'relaunch' of the ailing European integration project. Wendy Asbeek Brusse, however, has shown that the customs union proposal had its origins in West European tariff plans from late 1940s, and should not be simply regarded as a 'relaunch' of the European project following the collapse of the EDC. See Wendy Asbeek Brusse, *Tariffs, Trade, and European Integration, 1947-57* (London: Macmillan, 1997).

the Six to 'work for the establishment of a united Europe by the development of common institutions, the progressive fusion of national economies, the creation of a common market, and the progressive harmonisation of their social policies.'¹⁴ The Six issued a formal invitation to British Foreign Secretary, Harold Macmillan, to take full part in the European Customs Union Study Group, which would explore the possibilities for economic integration in Europe and draft a formal treaty.

The Eden Government's formal response to the Messina initiative was decidedly cautious. Undeniably, there were clear economic benefits to be gained from the proposed customs union, especially for British industry. The Six accounted for 13 per cent of British industrial exports in 1955, and this could be expected to increase with the progressive dismantling of tariffs. An expanding market of Britain and the Six might also prove a strong attraction for much needed foreign investment. But these putative benefits were completely outweighed by the enormous economic and political disadvantages inherent in the central feature of a customs union: the common external tariff. Not only did the common tariff imply a major curtailment of Britain's sovereign rights to set its own tariff levels, it would also involve a major disruption of Britain's traditional trading relationships. The primary concern in this regard was Commonwealth trade, which had long received preferential treatment in the British market in a broad range of commodities, particularly foodstuffs. Moreover, Britain received important reciprocal preferences for its industrial goods in Commonwealth markets which would be unlikely to continue if Britain joined the customs union. On top of this, Britain had traditionally maintained low food prices through duty free imports of Commonwealth agricultural produce. Thus, British participation in a European common market might even lead to sudden increases in the cost of food and raw materials, which would possibly counteract the trading benefits to British industry.

It is important not to underestimate the significance of the Commonwealth as a barrier to British participation in the European Common Market. The enormous weight of British history

¹⁴ The 'Messina Resolution', quoted in *The Times*, 8.6.1955.

and tradition seemed to impose a moral obligation on the British Government to consider the interests of Commonwealth countries as a natural extension of British interests. The intricate system of preferential trading arrangements, established primarily under the Ottawa Agreements of 1932, were widely considered to be the binding element in the political cohesion of the Commonwealth. This created a highly awkward political problem for any British government that sought to alter the traditional pattern of Commonwealth trade. The Commonwealth was the object of genuine public sentiment in Great Britain, and the thought of abandoning preferential arrangements with the 'British' Dominions and former colonies and replacing these with 'reverse preferences' in favour of 'foreigners' on the European continent seemed nothing short of preposterous. Moreover, the Commonwealth was still considered a source of substantial economic and political benefits. Commonwealth countries remained Britain's largest single source of export income in 1956, and formed a major pillar of Britain's claim to world power status. Any weakening of this connection seemed, to many, quite unthinkable.

Moreover, it should not be assumed that Britain's claim to a 'world role' was entirely illusory at this particular time. As David Goldsworthy has indicated, Britain's total industrial capacity in the early 1950s, despite sluggish growth rates, still greatly exceeded that of France and Germany, and Britain remained the only European country with a nuclear capacity.¹⁵ The 'special relationship' with the United States, the Commonwealth connection, and Britain's position as the leading power among the Western European states, all seemed to support Churchill's vision of the 'three circles' of British power and influence in the post-war world. It has also been suggested that the media obsession with a 'Second Elizabethan Age' around the time of Queen Elizabeth's coronation in 1953 contributed further to the idea of Britain's post-war supremacy.¹⁶ Certainly prior to the Suez debacle of 1956, there were few who advocated a reorientation of British foreign policy towards a more modest role as part of a united Europe.

The British Government therefore gave little consideration to the possibility of participating in the European customs union. Whitehall's recommendation was that Britain

¹⁵ David Goldsworthy, *The Conservative Government*, Introduction, xxv.

¹⁶ David Carlton, *Britain and the Suez Crisis* (Oxford: Basil Blackwell, 1988) 1-7.

should do nothing to encourage the creation of a European common market. Moreover it was deemed highly unlikely that the Six would succeed in such an ambitious plan, particularly if the United Kingdom refused to join. Indeed by November 1955, the dominant view in the Foreign Office and Treasury was that there was 'not the slightest possibility of the Messina "common market" coming into existence, and the only troublesome point [is] whether we should strive to kill it or let it collapse of its own weight'.¹⁷ Thus, the United Kingdom formally withdrew from the common market discussions on the grounds that the problems of British participation 'still seemed to be real and did not appear to be diminishing.'¹⁸ The announcement was accompanied by numerous public statements emphasising the sheer incompatibility between the European Common Market and the all-important Commonwealth preference system.

Although in retrospect this decision has often been regarded as the decisive blunder in post-war British foreign policy, in which the British Government surrendered the opportunity to take the lead role in steering the course of European unity,¹⁹ at the time it seemed of little consequence. Eden had no taste for the dry detail of trade policy, and according to Rab Butler he was quite 'bored with the Common Market' in 1956.²⁰ Moreover, the Common Market received extremely scant press coverage at the time, and where it did appear it was implicitly assumed that it had little relevance for Britain. As a result, the public remained largely ignorant of the matter.²¹ In Whitehall it was quietly assumed that Britain's withdrawal would bring an end to talk of a European Common Market. As late as August 1956, British officials were adhering to the view that 'the odds are heavily against [the Six] succeeding by themselves in forming the customs

¹⁷ Quoted in Richard T. Griffiths & Stuart Ward, 'The End of a Thousand Years of History', in Griffiths and Ward (eds.) *Courting the Common Market: The First Attempt to Enlarge the European Communities* (London: Lothian, 1996) 10.

¹⁸ British negotiator Russell Bretherton, quoted in Miriam Camps, *Britain and the European Community, 1955-1963* (London: Oxford University Press, 1964) 43

¹⁹ A recent proponent of the idea that Britain 'missed the bus' in 1956 is Richard Lamb, *The Macmillan Years, 1957-63: The Emerging Truth* (London: John Murray, 1995); The 'missed bus' theory is examined critically in John Young, *Britain and European Unity, 1945-1992* (London: Macmillan, 1993); Wolfram Kaiser, *Using Europe, Abusing the Europeans: Britain and European Integration, 1945-63* (London: Macmillan, 1996).

²⁰ Quoted in Charlton, *Price of Victory*, 195.

²¹ Jeremy Moon, *European Integration in British Politics, 1950-63: A Study of Issue Change* (Aldershot: Gower, 1985) 153.

union they have planned'.²² But amid the general mood of complacency there remained a faint note of hesitancy:

...if the six countries went forward with a common market on their own, it might have unfavourable effects on United Kingdom industry after a few years, and we might then be forced to join them on their terms.²³

At this stage, however, these minor misgivings held little sway in the formation of British policy. Eden was adamant that there was no place for Britain in a united Europe.

The Eden Government's withdrawal from the deliberations of the Six by no means represented the end of British interest in the Common Market. On the contrary, the rapid progress of the Six in drafting a formal treaty alerted the British to the possibility that the Common Market might become a practical reality after all. In response to this, the President of the Board of Trade, Peter Thorneycroft, and Harold Macmillan (now Chancellor of the Exchequer) began to look for a new policy that would channel the efforts of the Six in directions that could accommodate British interests. The Common Market could no longer be treated as a passing curiosity, as Thorneycroft impressed upon Eden: 'No fine words would disguise the reality of a discriminatory trading bloc, in the heart of industrial Europe, promoting its own internal trade at the expense of trade with the other countries in the free world.'²⁴

Macmillan and Thorneycroft soon focused their attention on the possibility of creating an industrial free trade area (FTA) comprising the seventeen nations of the Organisation for European Economic Cooperation (OEEC). A free trade area seemed to be the perfect means of gaining free access to European markets, while at the same time preserving existing trade arrangements with the Commonwealth. The essential difference between the FTA and the customs union proposal was that the FTA plan did not feature a common external tariff. This meant that although trade barriers would be dismantled between members of the FTA, each member would retain the right to conduct its own tariff policy towards third countries. For

²² Sir Hugh Ellis-Rees (Head of the British OEEC Delegation) to the Foreign Office, 11.8.1956, quoted in Alan Milward, *European Rescue*, 431.

²³ 'Draft Preliminary Report to Ministers', quoted in Richard T. Griffiths, 'A Slow One Hundred and Eighty Degree Turn: British Policy Towards the Common Market, 1955-1960', in George Wilkes (ed.) *Britain's Failure to Enter the European Community, 1961-63* (London: Frank Cass, 1997) 35.

²⁴ Thorneycroft to Eden, 20.1.1956, quoted in Griffiths & Ward, 'The End of a Thousand Years of History', 11.

Britain, a free trade area would preserve duty-free access for Commonwealth imports, albeit on equal terms with European producers, but the problem of discriminating against traditional trading links would be avoided. But in the case of agricultural imports, the British were not merely satisfied with guaranteeing equal access for Commonwealth and European suppliers. Rather, they hoped to preserve the preferential arrangements for Commonwealth farmers, and it was therefore decided that all foodstuffs should be excluded from the FTA proposal. After many long months of careful drafting, the plan was finally endorsed by Parliament in November 1956.

The FTA proposal was greeted with mixed responses among European countries. It was particularly well received by the 'low tariff' nations, such as the Benelux and Nordic countries, and by 'free traders' in the German Government who sought an ever-expanding market for German industry. However, the FTA came in for a great deal of criticism from the larger agricultural producers, particularly the French. From the outset, they warned that it would be difficult to accept a scheme which would grant free access to European markets for British industry, but allow no reciprocal advantages for European agriculture in Britain.²⁵ French officials complained loudly that the FTA would present the United Kingdom with 'the winning hand at two tables'.²⁶ In addition to these practical objections, the FTA was beset from the very beginning by presentational problems, due to Britain's well known scepticism about the idea of European unity. There prevailed deep suspicions among the Six that the real purpose of the FTA plan was to 'sideline' the common market and ultimately to 'smother it'.²⁷ The Six were understandably anxious that the FTA should not undermine their plans for a European common market, and they therefore resolved to press ahead with their own objectives. Thus in March 1957, in a suitably solemn ceremony, they signed the Treaty of Rome establishing the European Economic Community (EEC).²⁸

²⁵ Griffiths, 'A Slow One Hundred and Eighty Degree Turn', 38.

²⁶ Quoted in Camps, *Britain and the European Community*, 131.

²⁷ UK Board of Trade Memorandum, 23.7.1956, quoted in Griffiths, 'A Slow One Hundred and Eighty Degree Turn', 38.

²⁸ The EEC was established as a separate entity from the European Coal and Steel Community. At the same time, a European atomic energy community was established, known as EURATOM. Thus, there existed three distinct 'Communities', but it was the EEC which attracted greatest attention, and played the most important role in the early progress of European integration.

Macmillan, Europe and the Commonwealth

In the meantime, an unexpected turn of events led to a change of Government in Britain, with Harold Macmillan replacing Eden as Prime Minister in January 1957. This occurred under the weight of the Suez crisis of 1956, which had become a source of unprecedented humiliation for Eden and for Britain. The widespread condemnation of the Anglo-French military intervention in the canal zone dealt a serious blow to Britain's international prestige. Indeed the Suez affair is said to have 'cruelly punctured most of the country's remaining pretensions to being a power in the first rank'.²⁹ More importantly, the unexpectedly hostile reaction of the United States and leading Commonwealth countries such as Canada and India raised serious questions about the traditional bases of British power and influence in the world. It is often noted that Suez marked the first time that 'the traditional assumption that the Commonwealth was an asset came in for questioning'.³⁰ Similarly, the bitter animosity of the United States aroused grave doubts about the reliability and durability of the Anglo-American 'special relationship', thus raising more general questions about Britain's world role. Nicholas Mansergh suggests a link 'between the traumatic experiences of 1956 and the manner of the British application for membership of the Common Market six years later'.³¹ Although it is difficult to determine the precise consequences of Suez, it is clear that the crisis marked the beginning of a distinct reorientation in British priorities.

The accession of Macmillan was to have a profound impact on the future course of British European policy. Although of broadly similar background to Eden, Macmillan had never really seen eye to eye with his predecessor on a range of issues.³² In particular, Macmillan claimed in his memoirs that he had been 'much distressed' by Eden's short-sighted views on European integration.³³ Macmillan recalled his differences with Eden during the EDC episode:

I felt that I could not make him understand the depth and scope of my anxieties...My eyes, rightly or wrongly, were fixed upon a more distant future - the organisation of Europe in

²⁹ Carlton, *Britain and the Suez Crisis*, 3.

³⁰ Nicholas Mansergh, *The Commonwealth Experience* (London: Macmillan, 1969) 348

³¹ *Ibid.*

³² On the differences between Eden and Macmillan see Alistair Horne, *Macmillan, 1894-1956: Volume 1 of the Official Biography* (London: Macmillan, 1988) 217-219, 382-384, 387-389.

³³ Harold Macmillan, *Tides of Fortune, 1945-55* (London: Macmillan, 1969) 468-9.

the second half of the century, and the place which Britain and the Commonwealth should hold in a great design.³⁴

It is difficult to pinpoint precisely Macmillan's early views on European integration. Certainly there is evidence to suggest that he was not always the far-sighted 'European' as depicted in his memoirs.³⁵ On the other hand it seems clear that he was closely associated with a small group of Conservatives who took a more positive view of the European question in the early to mid-1950s.³⁶ But Macmillan's early enthusiasm for British involvement in the integration efforts of the Six in no way implied a process of disengagement from the Commonwealth. On the contrary, his main preoccupation was finding some means of reinforcing Britain's declining power and prestige, and his ideas tended more towards bringing the economies of Europe into the Commonwealth trading system. He outlined his thoughts in a memorandum to a small number of similarly-minded Cabinet colleagues in 1952: 'By associating the economies of the Commonwealth and the Continent it might stimulate the increase in production which we must have if we are to avert bankruptcy and continue as a world power'. Macmillan was particularly fearful that a German dominated Continental Union might displace Britain's economic and political influence in the world. 'Instead of playing merely second fiddle to the United States', he warned, 'we might have to descend to third fiddle, while the 150 million Continentals took the second place'.³⁷ Two years later he put forward similar ideas, this time suggesting that Europe might prove the ideal vehicle for the revival of British power and influence: "Federation" of Europe means "Germanisation" of Europe. "Confederation" (if we play our cards properly)

³⁴ Ibid., 480-1.

³⁵ For example, Harold Wilson recalls Macmillan at the time of the Schuman Plan insisting that 'he was not having anyone in Europe telling him which pits to close down'. See Interview in Charlton, *Price of Victory*, 109. Similarly, Churchill's private secretary, Sir John Colville, clearly remembers Macmillan in the early 1950s arguing that the only way to arrest Britain's post-war decline was 'the development of the *Empire* into an economic unit as powerful as the USA and the USSR', original emphasis, *ibid.*, 130. David Dutton similarly argues that the differences between Eden and Macmillan on the European question were not so great as the latter's memoirs suggested. Eden in fact complained bitterly about Macmillan's account at the time of publication in 1969, and demanded to know where Macmillan and other alleged 'Europeanists' in the Cabinet had been hiding in the early 1950s. David Dutton, *Anthony Eden: A Life and Reputation* (London: Arnold, 1994) 279-313.

³⁶ Others who are normally identified in this group were David Maxwell-Fyfe, Duncan Sandys, David Eccles and Peter Thorneycroft.

³⁷ Churchill Archives Centre (hereafter CAC) Duncan Sandys Papers, DSND 9/3/22, *European Integration*, Note by Macmillan, 16.1.1952; Macmillan to Sandys, 29.1.1952.

should be British leadership of Europe'.³⁸ In the early 1950s, however, Macmillan's influence over British foreign policy was marginal (he was Minister for Housing and Local Government from 1951-1954). But later as Chancellor of the Exchequer he was instrumental in the development of the FTA scheme, and as Prime Minister the necessity of coming to terms with the question of 'Europe' would receive far greater attention. Macmillan would assume the enormous task of steering Britain in search of an accommodation between the conflicting priorities of the EEC, FTA and the Commonwealth.

One factor that seems particularly to have influenced Macmillan's thinking at this time was the Australian demand to renegotiate the Ottawa Trade Agreement in May 1956. The Australian initiative came at 'an awkward time' for Britain, when Macmillan and Thorneycroft were fully immersed in the problem of working out a viable trading relationship with the emerging EEC. This was among the main reasons why the British Government had been so hesitant to undertake any obligations with the Australians which might be incompatible with any final trade settlement with the Europeans.³⁹ In his comments to the Cabinet on this issue in July 1956, Macmillan recognised the growing divergence between British and Australian interests, and seemed to be tentatively reassessing the relative merits of the Commonwealth and European trading systems:

Australia's changed attitude to the preference system reflected the fact that the United Kingdom was no longer able to fulfill her traditional role of providing the capital needed for the industrial development of the Commonwealth...The preferences were still of great value to us and it was important that we should retain what preferences we could. It would now be necessary, however, to re-examine, in the light of the Australian attitude, the relative importance and future prospects of our trade with Australia and the Commonwealth, and with Europe and other overseas markets.⁴⁰

Some weeks prior to this meeting, Macmillan ^{asked} ~~instructed~~ Commonwealth Secretary, Lord Home, to have his Department prepare a comprehensive study of the state of the modern Commonwealth, and its likely direction for the future. Although Home regarded the report as

³⁸ Quoted in Goldsworthy, *The Conservative Government*, xxx.

³⁹ PRO, PREM11/1659, Thorneycroft to Eden, 6.6.1956

⁴⁰ PRO, CAB128, Cabinet Minute (56) 49th Conclusions, 12.7.1956.

little more than an exercise in 'crystal gazing',⁴¹ the comments pertaining to Australia were nonetheless indicative of a growing British awareness of the steadily shifting terms of the Commonwealth relationship. The report suggested that Australia would remain a 'predominantly British' country, but officials warned that 'consideration of where Australia's material interests lie is likely to grow each year'. This carried important implications for the future of the Anglo-Australian relationship:

The strong Commonwealth sentiment that is characteristic of Australia will not withstand American pressures, or the assessment of where her interests, commercial, agricultural, and defence lie, unless we exert ourselves to keep the link close, and show ourselves anxious, even at some cost to ourselves, to meet Australian demands even if on occasion they are unreasonable.⁴²

Clearly, Commonwealth Relations Office (CRO) officials had a firm grasp of the shortcomings of 'culture' or 'sentiment' as a means of fostering a sense of mutual identification in the absence of a tangible sense of mutual self-interest. Yet it is equally clear that the CRO tended to view Commonwealth cohesion as an end in itself to be pursued in its own right, even to the occasional detriment of British interests.⁴³ Nonetheless, the mere fact that Macmillan should have requested such a report at this time indicates that he was somewhat more open than his CRO advisers to the idea of revising Commonwealth trading arrangements in order to accommodate the new EEC. Although at this stage he was merely ruminating over Britain's options for the future, the direction of his thinking was already becoming apparent.

Australia and the EEC-FTA problem

In Australia at this time, there was no inkling whatsoever of Macmillan's musings over the

⁴¹ PRO, CO1032/51, Home (Commonwealth Secretary) to Macmillan (Chancellor of the Exchequer) 20.6.1956.

⁴² PRO, CO1032/51, CRO Paper, *The probable development of the Commonwealth over the next ten or fifteen years and the general political and economic world pattern into which the Commonwealth would most satisfactorily fit*, June 1956.

⁴³ It is no coincidence that within days of the submission of this report, *The Times* ran a series of feature articles on 'The Changed Commonwealth' in which it was suggested that the old harmony and homogeneity of the Commonwealth had not endured, and that the Commonwealth had become 'divided on the two main issues which trouble the free world today, that of attitude towards the Communist bloc and race'. *The Times*, 23.6.1956 & 26.6.1956.

'relative importance' of European and Commonwealth trade. On the contrary, when the Menzies Government first heard of the proposal for the creation of a European common market in 1955 there seemed little reason to fear that Britain might become involved in the scheme. Prime Minister Eden had made it perfectly clear that the United Kingdom had important interests and obligations which precluded any discussion of Common Market membership. From the outset in December 1955, he reassured the Australian Prime Minister:

The United Kingdom Government have decided that in the present circumstances their participation in a European common market of the kind suggested would substantially weaken the Commonwealth relationship, both economically and politically. It would also be inconsistent with the UK's existing policies of freeing trade and payments. These are among the main reasons why the United Kingdom Government are not prepared to join in such a project.⁴⁴

These assurances were reiterated constantly throughout the period 1956-1960, and went a long way towards satisfying the Australian Government that the EEC posed no serious threat to the traditional Anglo-Australian connection.

The Common Market itself, however, brought several unwelcome implications for the Australian economy. From the point of view of the Department of Trade, the advent of the European Economic Community represented a monumental new discriminatory trading bloc with potentially harmful effects for Australian exports. It was quickly recognised that the aspirations of the Six clashed head on with Australia's wider economic objectives, particularly in relation to the hard-won gains of the 1957 UK-Australia Trade Agreement. It will be recalled from the previous chapter that the most important aspect of the new agreement had been the increased scope for bargaining trade advantages in new markets, as a means towards alleviating the perennial balance of payments problem. In early 1957 McEwen had informed the Cabinet that 'we must move promptly to assess the practical possibilities of exploiting our newly won tariff freedom in the interests of our export trade'. Trade Department officials had identified two groups of countries where Australian exports could benefit greatly from trade negotiations: Western Europe and South East Asia. Western Europe was thought to hold out the best prospects

⁴⁴ Quoted in AA, A4940/1 C3368 Pt. 1, Cabinet Submission no. 1174, *The United Kingdom and Europe*, 22.6.1961.

because of higher consumption levels and purchasing power, combined with the fact that these countries would be more likely to benefit from a reduction in British preference margins in Australia. West Germany became the focus of Australian attention, although France, Italy, Belgium and Sweden were also targeted for trade negotiations, with a view towards a rapid expansion in Australia's export earnings. But despite McEwen's enthusiasm for commencing trade negotiations in Western Europe, he remained mindful of the potential difficulties implicit in the emergent Common Market:

The main European countries are heavily engaged in their negotiations for a European Customs Union...and others (e.g. Sweden) are involved for the proposals for a European Free Trade Area. These circumstances will complicate any requests by us on those countries for trade negotiations, and may indeed greatly impede our plans.⁴⁵

Given the importance of the Common Market and the Free Trade Area to Australia's wider economic objectives, it was essential that the Australian Government should keep a close eye on European developments. McEwen and Trade officials grew increasingly suspicious of the Six on account of the long tradition of agricultural protectionism in Continental Europe. The Treaty of Rome was actually quite vague on the question of agricultural policy. It established the broad objective of 'increasing the individual earnings of the people engaged in agriculture', but said little on how this was to be achieved. But it was nonetheless clear that the Treaty envisaged some form of pan-European agricultural protectionism, which could only inhibit Australia's plans to increase agricultural sales to European countries. The precise details of the form and function of the European Common Agricultural Policy (CAP) had been left aside for future negotiation, but this did not allay Australian anxieties. As Trade Department Secretary, John Crawford, cautiously observed, 'It may be that what is left out has far more significance for us than what is written in the Treaty'.⁴⁶

In these circumstances, McEwen advocated a policy of 'persistent although constructive probing', in order to ensure that the Common Market did not lead to any intensification of

⁴⁵ AA, A4940/1 C1567 Pt. 1, Cabinet Submission no. 539 (McEwen) *Trade Negotiations: 1957*, 21.2.1957.

⁴⁶ NLA, Crawford Papers, MS4514, Box 14, Crawford to Wyndham White (Executive Secretary of GATT) 12.4.1957.

agricultural protectionism in Europe.⁴⁷ These misgivings were plainly communicated in a 'Formal Note' to the Governments of the Six in February 1957, outlining Australia's anxieties and putting forward potential solutions to the 'grave problems for Australia as a non-member exporter of agricultural products'.⁴⁸ McEwen impressed the urgency of the Common Market problem on the Cabinet:

Failure to adhere to our established policy at this stage could only reduce the gains we have made in the immediate past. Our policy must continue to be directed not only towards safeguarding existing trade but very importantly also towards opening up additional trade opportunities and generally broadening our export outlets. If by passivity we allowed the Common Market situation to develop in a way which, at best, gives us only the status quo in our trade with Europe, we would find a major objective of the re-negotiation of the Ottawa Agreement frustrated. We would then be unable to receive through trade negotiations the hoped-for development of increased outlets in these countries, especially in Germany.⁴⁹

In contrast to his highly critical standpoint on the Common Market, McEwen adopted a far more relaxed posture in response to the United Kingdom plan for a European Free Trade Area. From the outset, the British assured the Australian Government that it would be an 'unqualified condition' that agricultural produce should be excluded from the scope of the FTA plan. Harold Macmillan was typically reassuring: 'It goes without saying that our first purpose will be to maintain our association with the Commonwealth'.⁵⁰ In these circumstances there seemed little for Australia to be concerned about. Not only would agriculture be excluded from the area, but the United Kingdom would also remain free to set its own tariff levels towards third countries, thus allowing the continuation of duty-free entry for Australia's modest trade in manufactures. The Menzies Government therefore recognised the indirect benefits which the FTA would bring by strengthening the economies of Britain and Western Europe, and welcomed Britain's assurances that agriculture would be exempt from the scheme. In addition, McEwen noted that 'we would probably have a more effective influence on the shape of the Customs

⁴⁷ AA, A4940/1 C1689, Cabinet Submission no. 577 (McEwen) *European Common Market*, 21.3.1957.

⁴⁸ AA, A4940/1 C1689, *Formal Note to Governments of the Messina Group*, February 1957.

⁴⁹ AA, A4940/1 C1689, Cabinet Submission no. 577 (McEwen) *European Common Market*, 21.3.1957.

⁵⁰ NLA, Crawford Papers, MS4514, Box 14, Macmillan to Arthur Fadden (Australian Treasurer) 15.9.1956.

Union if the United Kingdom was associated with the Messina countries'.⁵¹ Thus the FTA received broad Australian endorsement, both as a means of expanding world trade and as a potential restraining influence on the Common Market.

But McEwen's outlook on the EEC-FTA question was not universally shared in the Australian Government. Officials in the Prime Minister's Department, for example, were concerned by what they saw as the narrow economic focus of Australian policy. They suggested that McEwen had failed to provide Cabinet with a full and balanced account of the political and economic implications of the Common Market, and had shown little, if any real appreciation of the political and strategic imperatives behind the creation of the EEC. The United States, it was argued, had given its full support to the Six, notwithstanding certain commercial disadvantages, because of the potential contribution of an economically and politically strengthened Europe to western security as a whole. Australia had an equally vital stake in strengthening western solidarity against potential incursions from the Soviet bloc, and Australian interests would therefore be better served by a more helpful attitude towards the integration efforts of the Six. The approach of the Department of Trade was harshly criticised for focusing 'myopically' on the problem of agricultural protectionism:

[The Department of Trade] is almost wholly preoccupied with fears that the Common Market will mean a continuation and possibly an intensification of protection for agriculture. It invites the Government to convey...a deep and bristling suspicion that the Common Market will be perverted to this end.⁵²

The Secretary of the Prime Minister's Department, Sir Allen Brown, complained directly to Crawford about the lack of Cabinet consultation in the formulation of government policy, and argued that Australia should be 'prepared to overlook some possible short term losses in markets in the interests of contributing to the development of a strong and stable European Community'. He further admonished Crawford for presenting an essentially 'selfish' Australian position to the Six. 'It is not very helpful', he argued, to express 'encouragement and sympathy in general

⁵¹ AA, A4940/1 C1689, Cabinet Submission no. 444, *European Free Trade Area* (McEwen) 29.10.1956.

⁵² AA, A4940/1 C1689, Prime Minister's Department memorandum (Lawler) *Note on Cabinet Submission 577*, 26.3.1957.

terms and yet to be posing obstacles to every particular proposal which emerges'.⁵³ Moreover, Prime Minister's Department officials challenged Trade's assessment of the economic dangers of the Common Market, arguing that any short term losses for Australian agriculture would be offset by the economic expansion of the European market. In an analysis which betrayed a fundamental lack of grasp of the complex economic issues involved, the Prime Minister's Department estimated that it was 'unlikely that Australia would suffer much if any net loss although a few marginal items might get hit'.⁵⁴ Although Brown acknowledged that Australia's economic interests should not be neglected, he warned Crawford that the tactics of 'full scale confrontation' could see Australia 'acting alone and getting nowhere'.⁵⁵

Crawford, in reply, politely refuted Brown's 'misconception' of the attitude of his Department. He fully acknowledged the broad political benefits of European unity, but added: 'I am bound to say that I do not find it inconsistent to have the Department watch Australia's trade interest as closely as possible'. Crawford underlined the fact that there was 'no one really representing our viewpoint', and it would therefore be insufficient to leave critical enquiry to others. Rather, he urged that Australia must strive, without defeating the objectives of the United Kingdom and the European countries, to restrain the development of potentially harmful protectionist practices in Europe. Of particular significance was Crawford's assessment of British assurances to protect Commonwealth interests. He reminded Brown that the British had perfectly good reasons of their own for taking this stand, and cynically remarked that Britain's 'apparent altruism on behalf of the agricultural interests of the Commonwealth hardly conceals an understandable anxiety to retain as much of the preferential structure as possible in Commonwealth markets for UK goods'. Thus, he argued, Australia should avoid placing too much trust in the goodwill of others, and should instead seek to ensure that 'all our trade interests

⁵³ AA, A4940/1 C1689, Brown to Crawford, 5.2.1957.

⁵⁴ AA, A4940/1 C1689, Prime Minister's Department memorandum (Lawler) *Note on Submission 577*, 26.3.1957. Here it was blithely asserted that the rise in demand for wool and other commodities would ultimately compensate for any decline in agricultural exports. This assessment not only overlooked the fact that Australia was already far too dependent on wool exports for external viability, it also ignored the problem that the Australian economy was desperately in need of an expansion in export opportunities.

⁵⁵ AA, A4940/1 C1689, Brown to Crawford, 5.2.1957.

do not get swamped by default of action on our part'.⁵⁶

Brown's attitude derived from the traditional assumption that Australia's interests were best served by maintaining a sense of common cause with old and familiar partners like Britain and the United States. Given Australia's perceived 'remoteness' from the centres of economic and political power in the world, he considered it the height of folly to adopt an abrasive, confrontational stance on an issue of such global importance. Brown's explicit warning that Australia might find itself 'acting alone and getting nowhere' betrayed an instinctive sense that Australia was unable to achieve anything useful on its own initiative, still less by setting up obstacles to the political objectives of the Western allies. Of particular significance was his concern that Crawford had 'conveyed the impression that we were inclined to take a selfish viewpoint wherever our interests were concerned'.⁵⁷ Clearly, in Brown's view, any suggestion that Australia was pursuing its own distinctive 'selfish' interests could jeopardise the sense of 'community of interest' with the western powers, on which Australia depended for its national survival. In many respects, Brown's attitude derived from British race patriot assumptions which tended to deny that Australia was ultimately responsible for its own affairs, preferring a more hazy conception of Australian interests which were, ultimately, inseparable from those of the Anglo-Saxon race as a whole.

Crawford, by contrast, represented a newly emerging outlook on Australia's national obligations and responsibilities which was largely a response to the growing divergence of interest in Anglo-Australian relations in the post-war years. Crawford had already demonstrated a sense of the clear distinction between British and Australian national priorities during the renegotiation of the Ottawa Agreement in 1956, but on that occasion he had been decisively overruled by the orthodox view represented by Menzies, Brown and the overwhelming majority of the Cabinet. What distinguished Crawford from his counterparts in the Prime Minister's Department was that he had plainly come to recognise the uncomplicated fact that there was 'no

⁵⁶ NLA, Crawford Papers, MS4514, Box 14, Crawford to Brown, 25.6.1957; Crawford to McCarthy (Australian High Commissioner, London) 25.6.1957.

⁵⁷ AA, A4940/1 C1689, Brown to Crawford, 5.2.1957.

one really representing our viewpoint'. This called for a far more active policy on Australia's part, rather than allowing Australian interests to be 'swamped' in an eternal embrace with great and powerful friends. But it was clear that Crawford was considerably ahead of his time in this regard, and although highly respected, he was regarded with a certain amount of suspicion in other departments.

The collapse of the FTA

In the meantime, the British stepped up their efforts to persuade the Six to merge the common market into a wider European free trade area. But from the outset they encountered enormous difficulties convincing the Europeans of Britain's superior wisdom in solving the problems of economic integration. Early French hostility to the FTA concept intensified during the course of negotiations in Paris throughout 1957 and 1958. But the entire complexion of the FTA negotiations was altered decisively by the return to power in France of General Charles de Gaulle on 1 June 1958. For many years, de Gaulle had been a fierce opponent of the integration efforts of the Six, and he was not expected to favour either the EEC or the FTA. He viewed France's accession to the Treaty of Rome as the foolish indulgence of a government 'more concerned with pleasing others'.⁵⁸ It therefore came as something of a surprise when the new French President quickly announced his endorsement of the Rome Treaty, declaring that 'France has recognized the necessity of this Western Europe which in former times was the dream of the wise and the ambition of the powerful'.⁵⁹ De Gaulle's sudden conversion to the EEC has been the subject of much discussion, but it seems clear that he quickly realised the potential of a united Europe for the revival of French influence, and the assertion of French national ambitions. His biographer, Jean Lacouture, offers an even simpler explanation, arguing that British efforts to 'drown the European Community' in the FTA 'did much to reconcile de Gaulle with the Europe of the Common Market: if his British neighbours were so very much alarmed by it, it must be of benefit

⁵⁸ Charles de Gaulle, *Memoirs of Hope: Renewal, 1958-62* (London: Weidenfeld & Nicolson, 1971) 10.

⁵⁹ Quoted in Edward A. Kolodziej, *French International Policy under de Gaulle and Pompidou: The Politics of Grandeur* (New York: Cornell University Press, 1974) 241.

to the Continent'.⁶⁰

It is, however, unlikely that de Gaulle took any genuine interest in the FTA question - according to one senior adviser, the General 'knew nothing of economics and was not very interested in the subject'.⁶¹ His attitude to European economic questions was strongly influenced by political considerations, in particular his firm conviction that the 'Anglo-Saxons' were bent on dominating the states of continental Europe. This belief was reinforced when Eisenhower and Macmillan rejected de Gaulle's proposal for the establishment of a 'tripartite directorate' of NATO in October 1958. This action was rightly taken as a rebuff by de Gaulle, who subsequently hardened his determination to rid Europe of Anglo-American influence.⁶² It was amid this political controversy that on 14 November, the French Minister for Information Jacques Soustelle announced that France saw no point in continuing further with the FTA negotiations. The decision was primarily based on France's long-standing objections to the FTA concept, but it also served to clarify where Britain stood in de Gaulle's conception of Europe. The abrupt dissolution of the negotiations was resented by the British, who suddenly found themselves without any coherent strategy towards the EEC.

In the absence of an alternative policy, the British quickly called a series of meetings in December 1958 of the so-called 'non-Six' members of the OEEC: Austria, Britain, Denmark, Norway, Sweden and Switzerland. The primary object of these meetings was to maintain a united front in the aftermath of the FTA breakdown, and it was quickly agreed to keep the FTA concept alive by forming a smaller free trade area among themselves. They were later joined by Portugal to form the European Free Trade Association (EFTA), otherwise known as the 'Seven', in 1959. The Seven were in many respects a motley crew, united by little more than 'ties of common funk' as Whitehall officials later conceded.⁶³ But although they shared considerable resentment about the French rejection of the FTA plan, they did not intend any retaliatory action

⁶⁰ Jean Lacouture, *De Gaulle: The Ruler, 1945-1970* (London: Harvill, 1992) 213.

⁶¹ Jean Chauvel (French Ambassador to the United Kingdom) quoted in Jacqueline Tratt, *The Macmillan Government and Europe: A Study in the Process of Policy Development* (London: Macmillan, 1996) 23.

⁶² See generally John Newhouse, *De Gaulle and the Anglo-Saxons* (London: Andre Deutsch, 1970).

⁶³ PRO, CAB134/1819, *The Six and the Seven: Long term Arrangements*. Note by the Secretaries, EQ(60)27, 25.5.1960.

against the EEC. On the contrary, EFTA was conceived as a means of reconciliation with the Six, and from the very beginning the Seven agreed that they should not take any steps which would make an eventual agreement more difficult.⁶⁴ The objectives of EFTA were encapsulated in the concept of 'bridge-building', whereby the two trading blocs in Europe would gradually merge into a wider economic association. In reality, this strategy was merely an alternative route to the objectives of the original FTA plan; namely, to join in the economic benefits of the Treaty of Rome, without accepting the political commitment to a united Europe.⁶⁵

For Australia, the breakdown of the FTA negotiations merely added to the general state of confusion. The economic division of Europe into the 'Six' and the 'Seven' confronted the Menzies Government, not with one major trading bloc in Europe but two. McEwen had been unable to rally support from Britain and the United States for an open challenge to the EEC in the GATT. The British, although broadly sympathetic to Australia's concerns, were reluctant to give any impression of hostility towards the EEC while the FTA proposal was under negotiation. And the US State Department was prepared to turn a blind eye to the discriminatory trade practices of the Six on account of what they saw as the political value of the EEC in providing a check on the resurgence of German militarism, and a vital means of resisting communist infiltration in Western Europe.⁶⁶ In these circumstances, Australia was unable to wield any significant influence over the early development of the European Community. The GATT was the only legitimate forum in which the Australians could voice their concerns, but in the absence of British and American support, this avenue became quite useless. By early 1959, the Australian Government had come to accept that 'we cannot, on the evidence to date, be confident of our prospects of protecting our present and potential trade with Europe by relying upon pressure in GATT'.⁶⁷

⁶⁴ Griffiths, 'A Slow One Hundred and Eighty Degree Turn', 42-43.

⁶⁵ On the shortcomings of 'bridge-building' see Stuart Ward, 'United House or Abandoned Ship? EFTA and the EEC Membership Crisis, 1960-63', in Griffiths & Ward (eds.) *Courting the Common Market*.

⁶⁶ These reasons were explicitly spelt out in a State Department savingram of August 1959, but they were already implicit in US policies in the GATT from 1957. See State Department savingram 384 of 8.7.1959, quoted in NLA, Crawford Papers, MS4514, Box 15, Prime Minister's Department Memorandum, *European Integration: Australian Policy*, 6.8.1959. See also *ibid.*, Box 14, Eric Wyndham White (Executive Secretary of GATT) to Crawford, 12.4.1957. See generally Ynze Alkema, 'Regionalisation in a Multilateral Framework. The EEC, the United States and the GATT. Confronting Trade Policies, 1957-1962', Ph.D Thesis, European University Institute, 1997.

⁶⁷ AA, A4940/1 C1689, Cabinet Submission no. 219 (McEwen) *European Trade Arrangements*, 8.6.1959.

Throughout this period of instability, uncertainty, and rapid change, Australian ministers and officials became infuriated by what they saw as the inadequate flow of information from the United Kingdom. Despite repeated British promises of advance consultation, Australia was forced to make policy on the run, by virtue of sudden changes and new developments which came to their attention often at the very last minute. Crawford complained to the British High Commissioner in Canberra about the assumption of 'concurrence without consultation' on the part of the British, particularly in relation to the new EFTA.⁶⁸ Crawford was at pains to emphasise that Australia 'started with a clean slate' following the FTA debacle, and that it should not be assumed that the Government's earlier endorsement of an OEEC-wide FTA would automatically extend to the smaller group.⁶⁹ In fact, the Australian Trade Department was highly critical of the EFTA, and sceptical about the prospects of 'bridge building' between the Six and the Seven.⁷⁰ McEwen warned his Cabinet colleagues that 'the consequence might well be the creation of two hostile and highly protectionist trading blocs'.⁷¹ For this reason, the Cabinet decided to avoid giving any general blessing to the latest developments in Europe, until the full implications for Australian interests became apparent.⁷²

The Australian Government was once again sharply divided along departmental lines on the question of how to deal with this new set of circumstances. The Trade Department typically advocated an active policy, in which Australia should seek to become directly involved in any 'bridge-building' efforts between the Six and the Seven. Crawford was convinced that the problems of reconciling the interests of Britain and the Six could only be achieved by casting Commonwealth preferences into the negotiating ring. He reckoned that the Six might be induced to agree to special access arrangements for British and Commonwealth trade, in return for a

⁶⁸ One senior Foreign Office official, Sir Paul Gore-Booth, remarked acridly that 'what Crawford says is a compound of Australian geographical isolation and the disappointing inability of the Australian Government to make proper use of their diplomatic service'. PRO, DO35/8382, Gore-Booth to Sir Henry Lintott (Deputy Undersecretary, CRO) 3.6.1958.

⁶⁹ PRO, DO35/8384, *Note by the Acting UK High Commissioner of a Meeting with Sir John Crawford*, Canberra, 27.7.1959.

⁷⁰ Crawford communicated these doubts forcefully to his counterpart in the UK Board of Trade, Sir Frank Lee. PRO, DO35/8384 *Note of a Meeting Between Sir John Crawford and Sir Frank Lee*, 9.6.1959.

⁷¹ AA, A4940/1 C1689, Cabinet Submission no. 219 (McEwen) *European Trade Arrangements*, 8.6.1959.

⁷² AA, A4940/1 C1689, Cabinet Minute, 9.6.1959, Decision no. 263.

negotiated slice of British preferential margins in Commonwealth countries. In this way, Crawford hoped to secure by indirect means one of the primary objectives of the 1956 UK Trade Agreement negotiations; namely, an increase in Australia's export earnings in Western Europe. To this end, McEwen and Crawford joined together with their New Zealand counterparts to prepare a proposal for a 'concerted approach' among Commonwealth countries towards the European trade dilemma. He communicated his proposal to the United Kingdom in June 1959:

The view seems to be held in Europe - falsely so far as Australia is concerned - that the Commonwealth is necessarily opposed to any effort to bring preferences into negotiations for a wider FTA...What is now contemplated is a positive and lively examination...to explore the possibilities of discussions and negotiations between Commonwealth and European countries designed to safeguard the interests of Commonwealth trade with Europe.⁷³

The Prime Minister's Department, however, was once again highly sceptical of Crawford's approach. As in 1956, Prime Minister's officials expressed concern about the broader implications of a full-scale renegotiation of the Commonwealth preference system. They were adamant that 'a starting point for any consideration of Australia's interests in Europe must of course be our traditional trade and payments relationships with the UK'. Britain was still Australia's most important single market, particularly for certain 'difficult' commodities such as wheat and processed foodstuffs. Thus, any attempt to bargain Australia's preferential trading arrangements with the United Kingdom for a potentially greater share of European markets would involve 'elements of both opportunity and risk'. In these circumstances, the Prime Minister's Department recommended that Australia's interests would be best served by 'maintaining a watching brief', or in other words, doing nothing. Although they acknowledged that such an approach might hold 'too many hostages to fortune', it had merit in the fact that 'at least it should not make any enemies'.⁷⁴ Here again, Australia's interest in preserving a sense of cooperation and mutual identification with Great Britain was deemed of paramount importance.

⁷³ PRO, DO35/8384, Memorandum from Australia House, *European Trade Arrangements*, 19.6.59. See also *ibid.*, Note of a Meeting Between Sir John Crawford and Sir Frank Lee, 9.6.1959; *ibid.*, *Record of Conversation Between Sir John Crawford and Sir Roger Makins* (Permanent Secretary, UK Treasury) undated but probably June 1959.

⁷⁴ NLA, Crawford Papers, MS4514, Box 15, Prime Minister's Department Memorandum, *European Integration: Australian Policy*, 6.8.1959.

Prime Minister's officials were also strongly influenced by the fact that the British themselves were fundamentally opposed to the 'concerted approach' proposal, partly because they wished to avoid complicating matters further, but more importantly because at this stage they still hoped to reach a favourable deal with the Six without giving up their preferential position in Commonwealth markets. As one Whitehall briefing paper put it:

...there will be many future occasions for [Australia and New Zealand] to want to negotiate with Europe and the rest of the world, and we do not want to encourage them to use bargaining power wantonly or unnecessarily; let us continue to enjoy these preferences, even if we have no right to them, as long as we can.

British officials were keenly aware that 'what we want in Europe is a Free Trade Area which is in a different category from what the Commonwealth want out of Europe'.⁷⁵ In other words, it would be highly disadvantageous to bargain away British preferences in Commonwealth countries in return for Commonwealth gains in Europe. Thus with their own legitimate interests very much in mind, the British stifled any further consideration of Crawford's 'concerted approach' to the problem of European and Commonwealth trade.

Britain changes course

The turn of the decade ushered in one of the most difficult phases of upheaval and adjustment in the history of the Commonwealth. Macmillan had coined the phrase 'the winds of change', to describe the transformation of the modern Commonwealth from a small, white man's club into a multiracial association. The constant stream of new members from the former colonial territories of Africa and Asia, beginning with Ghana in 1957 and followed soon after by Malaya (1957), Nigeria (1960), Tanzania and Sierra Leone (1961) brought an ever greater divergence of viewpoint, interest, and outlook on the meaning and purpose of the Commonwealth.⁷⁶ By the early 1960s it was possible to identify an 'Afro-Asian bloc' within the Commonwealth, which was becoming increasingly vocal on a range of issues in terms which did not always conform to

⁷⁵ PRO, DO35/8384, *Ministerial brief for Meeting with Mr. Menzies*, 19.6.59.

⁷⁶ See generally John Darwin, *Britain and Decolonisation*.

the habits and instincts of Britain and the 'old Dominions'. But it was the problem of race relations in South Africa, particularly following the Sharpeville massacre of March 1960, that most seriously aggravated the underlying tensions within the Commonwealth. The acrimonious Prime Ministers' conferences of May 1960 and March 1961 culminated in South Africa's forced withdrawal from the Association, much to the displeasure of the Macmillan Government. This raised wider questions about Britain's ongoing influence in Commonwealth counsels, and compelled even die-hard imperial unionists like *The Round Table* group to embrace the new 'multi-racial character' of the Association. As the September 1960 edition of *The Round Table* journal frankly conceded, 'The dream of all imperialism...that somehow a larger patriotism, perhaps symbolised by allegiance to a crowned personage, might transcend national rivalries - that exalted vision has perished for our time'.⁷⁷

Equally, the late 1950s and early 1960s represented an important phase in the economic development of the Commonwealth. During these years, the declining share of Commonwealth trade with Great Britain became increasingly apparent, thus raising questions about the ongoing viability of the preferential trading system. During the brief period from 1957 to 1961, for example, the proportion of British exports to the Commonwealth decreased from 42.6 per cent to 37.1 per cent. Imports followed a similar trend, declining from 37.4 per cent to 33.4 per cent.⁷⁸ Although Commonwealth trade remained a vital source of UK income, it was becoming clear that the prospects for growth in these markets were rather limited. This was partly due to the weak purchasing power of the 'new' Commonwealth countries, but also because 'old' Commonwealth countries such as Australia and Canada were building up their own manufacturing industries behind high protective tariff barriers. In these circumstances, calls for a reappraisal of the relative merits of a closer association with the EEC became more prevalent. In June 1960, for example, the Chairman of the United Kingdom Council of the 'European Movement', Sir Edward Beddington Behrens, called on Macmillan to launch a 'bold initiative'

⁷⁷ Quoted in Alex May, 'The Round Table and the Post-War Commonwealth, 1945-1966', *The Round Table* no. 341, 1997, 95.

⁷⁸ H.G. Gelber, *Australia, Britain and the EEC, 1961-63* (Melbourne: Oxford University Press, 1966) 31.

towards EEC membership. His comments reflected a growing sense of disillusionment with the Commonwealth relationship:

In the Commonwealth our benefits under Imperial Preferences are gradually being whittled down. Local industries are being built up under the protection of new tariffs... We are continually having to agree to reduce our preferential advantages to enable a Commonwealth country to negotiate new trade agreements with third parties.⁷⁹

While these new developments were sweeping through the Commonwealth, the complexion of the EEC-EFTA problem was also changing dramatically. By the autumn of 1959, the British Government had begun to receive clear warning signs that the 'bridge building' objectives of EFTA were thoroughly unrealistic as a means of establishing an accommodation with the European Community. In the aftermath of the FTA breakdown, the Six had resolved to abandon any attempts to revive the plan, and instead turned their attention to forging a separate identity for the EEC. These intentions were communicated firmly to the British in a report prepared by EEC Commission President, Walter Hallstein, in September 1959. The Hallstein Report asserted that economic integration could only be achieved through the careful coordination of economic policies, and in particular, the adoption of a common external tariff to ensure a broad parity of production costs among member countries.⁸⁰ Thus the Six flatly condemned both the original free trade plan and the new EFTA. As Labour MP, Roy Jenkins, declared to the House of Commons in December 1959, 'I do not believe that in the last resort the Six rejected the Free Trade Area because they thought it would not work. They rejected it because, whether it worked or not, it was not what they wanted'.⁸¹

At the same time, the British came under even stronger pressure from the Eisenhower Administration in the United States to abandon the 'bridge-building' solution. The Americans had strongly supported the creation of the Common Market primarily as a bulwark against

⁷⁹ CAC, Duncan Sandys Papers, DSND15/9, Sir Edward Beddington Behrens to Sandys and Macmillan, 20.6.1960. Similarly, the Conservative journal *Crossbow* (Spring 1960) frankly acknowledged in early 1960: 'there is obviously a much greater growth potential in the EEC than in the Commonwealth and therefore the higher proportion of our exports which go to the EEC the more rapid will be our own growth rate'.

⁸⁰ See Beloff, *The General Says No: Britain's Exclusion From Europe* (London: Harmondsworth, 1963) 85; Ludlow, *Dealing with Britain: The Six and the First UK Application to the EEC* (Cambridge: Cambridge University Press, 1997)

⁸¹ Quoted in Camps, *Britain and the European Community*, 229-230.

communist infiltration in Western Europe, but were far less enthusiastic about looser forms of economic integration which lacked any firm political commitment to western unity. For this reason, the US State Department made a clear distinction between the positive political attributes of the EEC and the more economically motivated EFTA.⁸² In October 1959, US Undersecretary of State Douglas Dillon prepared a memorandum for the British Government, clarifying the American position. He bluntly warned the British that there would be no sympathy for new regional trade blocs without a clear political content.⁸³

In these circumstances, it seemed difficult to avoid the conclusion that 'bridge building' was a non-starter, but even more alarming to the Macmillan Government was the growing unity of purpose between the United States and the EEC. As the Community continued to consolidate itself, concern mounted that the Six would develop an independent line on political and defence matters. The prospect of a strong European political voice, favoured by the United States, might pose a direct challenge to British influence in the wider world, and threaten the Anglo-American 'special relationship'. These considerations led to an important reallocation of departmental duties in Whitehall. Previously, the matter had been handled primarily by the Board of Trade, reflecting the British view of the Treaty of Rome as essentially an economic instrument, with some unsavoury but nonetheless incidental political implications. However, in the light of the growing importance of political considerations, the Foreign Office stepped in. The Foreign Office Planning Section outlined the political dangers in autumn 1959:

Emotionally the United States is attracted by the concept of a United States of Europe, rationally, she wishes to see a strong one: if faced with the choice between a failing United Kingdom which they suspect of opposing or, at the best, remaining aloof from this ideal of unity and a resurgent Western Europe which is eagerly embracing it they will no longer regard us as their principal ally in Europe. At the best we should remain a minor power in an alliance dominated by the United States and the countries of the EEC; at the worst we should sit helplessly in the middle while the two power blocs drifted gradually apart.⁸⁴

⁸² Circular Airgram from Secretary of State to certain Diplomatic Missions, 13.7.1956,
⁸² *Foreign Relations of the United States* (hereafter *FRUS*) 1955-1957, Vol. IV (Washington DC: Department of State) 450-453.

⁸³ Griffiths, 'A Slow One Hundred and Eighty Degree Turn', 45.

⁸⁴ Foreign Office memorandum, quoted in Kaiser, *Using Europe*, 124.

In the meantime, calls for a reappraisal of Britain's relationship with the Six became more frequent, particularly in the British press. This reflected a growing awareness that Britain was rapidly losing its place as a first rate world power, and was relegating itself to the weaker of the two European groupings. *The Economist* and *The Financial Times* became particularly outspoken in advocating closer ties with Europe. In April 1960, *The Financial Times* editorial observed: 'A Britain which aimed less at the old kind of prestige but which was more willing to get into the European complex - right in, if necessary - would be more viable and ironically enough, would end up with greater prestige.'⁸⁴ Similar sentiments were voiced in *The Guardian* on 27 May: 'The choice is exceedingly difficult; once the initial shift towards Europe is made, radical changes in defence and foreign policy must follow. But the choice is between swimming in the main stream and vegetating in a backwater'.⁸⁵

The Government responded in November 1959 by establishing a new interdepartmental steering committee 'to consider all the questions relating to the establishment of closer economic association between the United Kingdom and other European countries'.⁸⁶ The new committee carried out a major policy re-evaluation in the spring of 1960, under the chairmanship of Joint-Permanent Secretary to the Treasury, Sir Frank Lee. The findings of the Lee Committee, handed down in May 1960, pointed irresistibly towards the need for drastic reform of Britain's European policies. In particular, the committee was profoundly sceptical about the prospects of 'bridge-building' between the EEC and EFTA:

We find it impossible to think of circumstances in which the Six would ever agree to joining a free trade area of the pattern we attempted in 1956-58...If the Seven remain firm and united, the Six may in a few years be prepared to enter into some association with them. But it would be very risky to gamble on this.

The report emphasised the political dangers of an economic division of Europe, and expressed grave concern for the future stability of the continent. General de Gaulle at this time

⁸⁴ *The Financial Times*, quoted in Camps, *Britain and the European Community*, 287.

⁸⁵ *The Guardian*, quoted in *ibid.*, 288.

⁸⁶ PRO, CAB 134/1818, Cabinet European Economic Association Committee, *Terms of Reference and Composition. Note by the Secretary of the Cabinet*, EQ(59)1, 26.10.1959.

was under constant threat of assassination over the Algerian crisis, and there had been strong rumours that German Chancellor Adenauer would soon resign from the Chancellorship to take up the titular post of President of the Federal Republic. The prospect of the sudden departure of these two political giants raised questions about the future of the Franco-German axis which had become essential to the economic and political stability of the continent. On the economic side, British industrialists were beginning to express 'uneasiness' and even 'dismay' at the prospect of finding themselves 'yoked indefinitely with the Seven and "cut off" by a tariff barrier from the markets of the Six'. The conclusion therefore seemed 'inescapable' - it could not be in Britain's political or economic interest 'to let the situation drift on indefinitely on the basis of a divided Europe, with the United Kingdom linked to the weaker group'.

Given the abject failure of Britain's efforts to secure a purely economic association with the Six, the Lee Committee tentatively began to consider a change in course. If Britain were to 'join the EEC' the report speculated:

We should form a part - and an influential and important part - of an economic grouping of great and growing strength. If we were truly competitive we should dominate and lead the group.⁸⁸

But despite Lee's own personal preference for a drastic change in policy,⁸⁹ the Committee stopped short of recommending full EEC membership. The Commonwealth Relations Office and the Department of Agriculture were highly wary of the political complications inherent in such a radical change of course, and a compromise solution was therefore deemed necessary. The Lee Committee agreed on a policy of 'near identification' with the European Community, which would involve implementing many of the economic regulations of the Common Market without formally joining as a full member.⁹⁰ Upon reading the Lee Committee's findings, Macmillan immediately queried whether it would not be better to 'go the whole way' and secure the full advantages of EEC membership. This, he suggested, 'would at least be a positive and an

⁸⁸ PRO, CAB134/1819, *The Six and the Seven: Long Term Arrangements*, EQ(60)27, 25.5.1960.

⁸⁹ See for example Lee's cover note to PRO, CAB129/102/Pt.1, *The Six and the Seven: The Long Term Objective*, May 1960.

⁹⁰ PRO, CAB134/1819, *The Six and the Seven: Long Term Arrangements*, EQ(60)27, 25.5.1960.

imaginative approach which might assist the government to overcome the manifest political and domestic difficulties'.⁹¹

In July 1960, therefore, Macmillan made a number of important changes to the Cabinet in order to obtain a more 'European' balance. He deliberately chose two 'keen Europeans',⁹² Duncan Sandys and Christopher Soames, to take up the key posts of Commonwealth Secretary and Minister for Agriculture respectively. Another strong pro-European, Peter Thorneycroft, was brought back into the Cabinet as Minister for Aviation. All three were renowned advocates of a closer relationship with the European Community, although, like Macmillan, their convictions were based more on an assessment of the declining bases of British power rather than any commitment to the ideals of European unity. In this sense, the 'Europeanism' of the younger Conservatives was essentially an extension of their British patriotism, and their determination that Britain should retain its leading world role.

The appointment of Sandys as Commonwealth Secretary was particularly significant. Sandys had been one of the founding members and President of the European Movement in the late 1940s, and throughout the 1950s he had been one of the leading British advocates of a closer association with Europe. In ordinary circumstances he would have been an unlikely candidate to run the Commonwealth Relations Office. But in mid-1960, it was the CRO that was widely thought to be dragging the chain on the EEC question, with all but one member of the senior CRO ranks staunchly opposed to British entry.⁹³ Thus Sandys came to his new portfolio with a clear political brief from the Prime Minister:

I am very glad you have taken on what I believe to be one of the most important jobs in the Government...I know how keen you are on the European Movement, as I have always been. I am not satisfied that there is not a way to be found to harmonize getting over the Commonwealth difficulty. If you could put your acute and active mind to the study of this you would be doing a great service. It is perhaps the most urgent problem in the Free

⁹¹ PRO, CAB 134/1819, Meeting of Cabinet European Economic Association Committee, 27.5.1960.

⁹² Harold Macmillan, *At the End of the Day, 1961-63* (London: Macmillan, 1973) 28

⁹³ The exception was Sir Henry Lintott, who had had previous experience in European Affairs during his eight years as Deputy Secretary-General of the OEEC in Paris. See the account of former Permanent Under-Secretary of the CRO, Joe Garner, *Commonwealth Office: 1925-68* (London: Heinemann, 1978) 397-401.

World today.⁹⁴

One final new Cabinet appointee in the July reshuffle was Edward Heath, who was assigned to the Foreign Office as 'Lord Privy Seal' with special responsibility for European Affairs. Heath's 'European' credentials were somewhat more obscure, and it seems that his selection was based more on his record as Chief Whip, in the hope that he might keep the Conservative Party united around a contentious policy. Nonetheless it was Heath who would spearhead Britain's bid for EEC membership with a single-minded dedication. As Heath's biographer, John Campbell put it, 'It was the job that consolidated his European faith rather than his faith that recommended him for the job'.⁹⁵

By the end of 1960, Macmillan was moving steadily closer towards a decision to seek entry into the EEC. Over a period of roughly twelve months, the British Government had undergone a thorough reappraisal of the 'Sixes and Sevens' problem, and was now clearly moving towards a major alteration in its traditional relationship with the continent. During the Christmas break, Macmillan compiled a memorandum for his cabinet colleagues in which he reiterated his belief that 'Sixes and Sevens...is now not primarily an economic but a political problem and should be dealt with as such.'⁹⁶ Although he remained open to the possibility of some looser economic association with the Six, he was becoming more and more convinced that such arrangements were not negotiable. With his options narrowing rapidly, Macmillan began to set his sights on EEC membership.

From this point onwards, Macmillan was primarily concerned with ways and means of carrying out such a drastic reversal of British policy. The question of timing would be crucial to the success of Britain's new European initiative. Before any announcement of a British application to join the EEC could be made, Macmillan would first have to convince members of

⁹⁴ CAC, Duncan Sandys Papers, DSND 15/5, Macmillan to Sandys, 1.8.1960; Macmillan reiterated this theme in a letter to Sandys some two weeks later: 'I rely on you to put your excellent brain to the task of working out how the Commonwealth's interests can be reconciled with some association between the seven and the six, or even their amalgamation', *ibid.*, 17.8.1960.

⁹⁵ John Campbell, *Edward Heath: A Biography* (London: Jonathan Cape, 1993) 114.

⁹⁶ PRO, PREM11/3325, *Memorandum by the Prime Minister*, 29.12.1960 - 3.1.1961, 9.

the Conservative Party and a sufficient proportion of the British press and public, while at the same time allaying the fears of Britain's EFTA partners. More importantly, he would have to contend with increasing pressure from Commonwealth countries, together with the loud and frequent protests of the powerful British agricultural lobby. Both of these groups stood to lose should Britain accede unconditionally to the Treaty of Rome, and both had to be reassured that their interests would be protected. Finally, there was the problem of convincing the French that British membership of the EEC had become both desirable and necessary. So long as General de Gaulle remained in power, any negotiation between Britain and the Six would be extremely problematic.

Interestingly, however, Macmillan did not view de Gaulle's tenure in office as an entirely negative factor in Britain's prospects for EEC membership. His remarks to the Cabinet in January 1961 reveal certain other considerations weighing upon him at the time. He seems to have been impressed by de Gaulle's views on the *type* of political unity to be achieved in Europe, particularly his conception of a '*Europe des patries*' as opposed to full scale federation. Far from waiting for the General's departure from office, Macmillan was anxious to take advantage of the opportunity presented by de Gaulle's presidency. This important factor was clearly spelt out to the Cabinet: 'There are powerful influences in favour of the development of a close political federation in Europe, which would be unwelcome to us, and, as President de Gaulle was himself opposed to such a development, it might be to our advantage to reach a settlement in Europe while he was still in power in France'.⁹⁷ Macmillan's approach, however, does not seem remarkable for its logic. De Gaulle may well have favoured a more nationalist conception of European unity, but the conspicuous absence of Britain in de Gaulle's design should have been glaringly obvious to the British Prime Minister.⁹⁸

The prospect of an accord with France grew increasingly gloomy during the course of

⁹⁷ PRO, CAB128/35 Pt.1, Minutes of Cabinet, 31.1.1961.

⁹⁸ De Gaulle had already made his position crystal clear in discussion with British Ambassador, Sir Pierson Dixon, in October 1960. In de Gaulle's view of things, 'Britain had her Commonwealth and France had her Community'. It was therefore 'obvious', he declared, 'that Great Britain, which was an island with connexions through the Commonwealth over the world could not come into Europe'. Memorandum by Sir Pierson Dixon, 19.10.1960, quoted in Tratt, *The Macmillan Government*, 153.

'exploratory talks' between British and French officials in February 1961. The talks revealed little, if any common ground between Britain and France on the question of possible derogations for Commonwealth trading interests and British agricultural subsidies. Neither side wished to compromise any future negotiating position by stating possible concessions in advance, and thus all that emerged from the talks was 'the greatest mutual admiration for each other's skill in concealing their hands'.⁹⁹ One of the most fierce opponents of British entry in the CRO, Deputy Undersecretary 'Algie' Rumbold, observed: 'In no part of the French administration is there now to be found any desire to hasten our entry into the counsels of the Six for quite a long time to come'.¹⁰⁰ UK Treasury officials were also forced to conclude in March: 'We have not found the makings of a solution or a basis on which formal negotiations could be undertaken with any prospect of success'.¹⁰¹

But by this stage it had become increasingly apparent that informal diplomatic procedures were unlikely to bring forth any substantial concessions from the Six. For this reason, the British Cabinet met on 20 April 1961 to discuss the possibility of a qualified decision to apply for Community membership. The Prime Minister took the opportunity at this meeting to assess the broad interests of the United Kingdom and the Commonwealth in relation to the European Community. He suggested that although difficult economic adjustments would have to be made, 'it was arguable that both we and the other Commonwealth countries would in the long run gain greater economic advantage from access to a wider market in Europe'. Here Macmillan misleadingly implied that British and Commonwealth interests were identical on the question of EEC entry. But in reality there was no suggestion whatsoever of Commonwealth countries 'gaining access to a wider market in Europe'. Any economic benefits of British entry would

⁹⁹ This was the assessment of one senior Quai d'Orsay official, Alexandre Kojève, when describing the proceedings to the Australian Trade Consul in Geneva. AA, A1838/2 727/4 Pt.6, Phillips (Australian Trade Consul, Geneva) to Department of Trade, *Discussions Between Phillips, Westerman, Clappier and Kojève*, 30.6.1961.

¹⁰⁰ Quoted in Tratt, *The Macmillan Government*, 154. Joe Garner attests to Rumbold's strong opposition to EEC membership, *Commonwealth Office*, 400.

¹⁰¹ PRO, CAB134/1854 (E.S.(E)(61)1) *The Six-Seven Problem: Appreciation of the Present Situation and of Possible Courses for Future Action*, Note by the Treasury, 7.3.1961; Similar conclusions were drawn by Quai d'Orsay officials in Paris, see Historical Archives of the European Communities (hereafter HAEC) MAEF48/OW Microform 321, *Compte-Rendu des conversations économiques franco-britanniques, tenues au Foreign Office*, 2-3.5.1961; Wormser to Bonn Embassy, 19.4.1961.

accrue solely to the United Kingdom, but Macmillan would nonetheless deploy this argument repeatedly in Common Market debates. Nor was the Commonwealth Secretary inclined to query Macmillan's dubious logic, proposing instead that Britain should announce a decision in principle to join the EEC and leave the precise terms for subsequent negotiation. Sandys felt that it would be 'a mistake' to let Commonwealth governments in on British thinking before such a decision in principle had been taken.¹⁰²

Cabinet met again on 26 April, and Macmillan resumed his arguments in favour of an early commencement of negotiations for British entry into the EEC. The Prime Minister concentrated overwhelmingly on the political aspects of the problem, emphasising that Britain, outside of the Six, stood to lose in terms of relative power:

The countries of the Common Market, if left to develop alone under French leadership, would grow into a separate political force in Europe. Initially this would tend to have a disruptive effect in the Western Alliance. Eventually it might mean that the Six would come to exercise greater influence than the United Kingdom, both with the United States and possibly with some of the independent countries of the Commonwealth. This development was therefore a threat to the political position of the United Kingdom as a world Power. It would therefore be consistent with our traditional policy to seek to prevent the concentration of undue strength in a single political unit on the continent of Europe.¹⁰³

The primacy of preserving Britain's international role was clearly evident throughout Macmillan's case for British entry, particularly in his comments about the mounting pressures on the cohesion of the Atlantic Alliance. He suggested that the experience of post-war reconstruction and economic recovery had led the Europeans, particularly the French, to question the need for American aid and Anglo-Saxon leadership. In this new situation:

Different means must now be found for binding Europe within the wider Atlantic Community. The United Kingdom, as the bridge between Europe and North America, has the opportunity to take an initiative in this.¹⁰⁴

¹⁰² Cabinet minute 20.4.61, quoted in Tratt, *The Macmillan Government*, 180-182.

¹⁰³ PRO, CAB128/35 Pt.1 Minutes of Cabinet, 26.4.1961.

¹⁰⁴ Ibid. Jacqueline Tratt argues forcefully in *The Macmillan Government and Europe* that practically the entirety of Macmillan's wide-ranging argument about the strategic imperatives of British entry was essentially pap to calm the nerves of a hesitant Cabinet and Conservative Party. In Tratt's interpretation, Macmillan deliberately chose to conceal his 'real concern for Britain's industrial future' behind the veil of the strategic imperative (pp. 183-187). There is certainly something to be said for Tratt's point that economic considerations played a much greater part in the deliberations of Macmillan and his key ministers than actually appeared in the Cabinet briefs, but one gets the

This, then, was the new world role that Macmillan envisaged for Britain's future - a vital 'bridge' between Europe and North America. It is also interesting to note how far Macmillan's aims differed from the aspirations of President de Gaulle, who at that time was enthusiastically pursuing a policies designed to diminish European dependence on the Atlantic Alliance. Macmillan's conception of Britain forming 'a bridge between Europe and North America' would hardly be welcomed by de Gaulle, who had long held deep suspicions about the pervasive influence of the Anglo-American 'special relationship' in Europe. In the words of one senior Quai d'Orsay official, Alexandre Kojève: 'In its simplest form, any intervention by the UK within the Six would weaken the leadership of France of the Six...[and] seriously weaken France's international influence.'¹⁰⁵ Clearly then, the objectives of Britain and France were thoroughly at odds with one another.

Macmillan was fully aware of de Gaulle's views, and the Cabinet acknowledged that France was the main obstacle to a closer relationship with the Six. But the Prime Minister sincerely believed that the General's attitude 'might be changed if he could be brought to see that the West as a whole could not prevail against the Communists unless its leading countries worked together towards a wider unity in the free world as a whole.'¹⁰⁶ This kind of reasoning was typical of the strong current of wishful thinking that had affected British policy towards the Common Market from the very beginning. The stubborn persistence of ideas rooted in Britain's imperial past prevented the Cabinet from making a truly fresh appraisal of the EEC problem. This led to an unrealistic assessment of the kinds of terms that could be negotiated with the EEC, based on the implicit assumption that British membership was indispensable to the future of

feeling that she exaggerates her case in concluding: 'The whole European issue, as far as the British Administration was concerned, boiled down to one of trade' (p.191). Quite apart from the fact that strategic arguments were the vital tool in persuading the Cabinet to join, and must therefore be considered a key explanatory factor in the British decision, there is also the problem that political and economic issues cannot be so easily separated on this issue. Macmillan's concern for the future of British industry did not derive primarily from a concern for British economic prosperity per se, so much as from a keen sense of the relationship between economic prosperity and international power and prestige. Moreover, even the most cursory reading of Macmillan's speeches, writings and diary entries from as early as 1952 indicates that, at some level, Macmillan himself took the strategic arguments seriously. Tratt is right to point out, however, that they were not necessarily the all-consuming factor.

¹⁰⁵ Archives of the European Free Trade Association (hereafter EFTA) Arch 20/00, Sir Frank Figgures to Arnold France (Deputy Undersecretary, UK Treasury) 6.3.1961.

¹⁰⁶ Ibid.

European unity and the Atlantic Alliance. In reality, however, the chances of General de Gaulle agreeing to UK membership on terms acceptable to Britain were slim at best. As John Newhouse observes, Macmillan 'uncharacteristically chose to believe what he wanted to believe about de Gaulle's intentions, a lapse for which he later paid dearly.'¹⁰⁷

In the meantime, Whitehall officials were instructed to examine carefully the likely impact on Commonwealth countries of a British decision to join the EEC. This time they showed a greater willingness to face up to the full implications of a move towards European unity:

A decision by the United Kingdom to join the Six would clearly have major political implications for the Commonwealth. We should be entering a relationship with Europe different from, and in some respects closer than, that which we have had with Commonwealth countries since they became independent. It would appear to public opinion in other Commonwealth countries to mark a turning away from them...the possibility of strain between the UK and other members must not be overlooked. Although the Commonwealth is a flexible concept, we would find it harder to take their interests into account where these conflict with those of our European partners, and hence more difficult to secure their support for our policies.¹⁰⁸

Here, British officials pin-pointed the key issue at stake for the future of the Commonwealth relationship. Despite their use of typically evasive language in suggesting that a move towards Europe would 'appear' to mark a turn away from the Commonwealth, it remained nonetheless clear that a fundamental and permanent shift in the demarcation of British interest and influence was being contemplated. Membership of the European Community would tend progressively to bind the hands of the British Government whenever European interests clashed with those of the Commonwealth. And this, in turn, would fatally undermine the notion of a world-wide community of interest organically binding the British family of nations. Although Britain would strive to negotiate as many concessions for Commonwealth trading interests as possible, it was clear that Commonwealth free entry would have to be abandoned, and replaced by 'reverse preferences' in favour of European suppliers. Realistically, the Government could only hope to gain concessions on items which were 'really vital' to the Commonwealth, which would

¹⁰⁷ John Newhouse, 'De Gaulle and the Anglo-Saxons', paper at the conference, *Kennedy and Europe*, European University Institute, Florence, 8-10 October, 1992, 3.

¹⁰⁸ PRO, CAB134/1821 EQ(61)4, European Economic Association Committee, *Implications of Signing the Treaty of Rome*, 26.4.1961, 5.

'serve to mitigate the damage which some Commonwealth countries, notably Australia, New Zealand and Canada, are bound to suffer'.¹⁰⁹ But in the final analysis, officials were highly pessimistic about the chances of obtaining the kind of safeguards which would be regarded as adequate by Commonwealth countries.¹¹⁰

Any remaining doubts about the meagre chances of obtaining adequate Commonwealth safeguards were firmly dispelled in June by a memorandum from the Director of Economic and Financial Affairs at the Quai d'Orsay, Olivier Wormser. Wormser's note emphasised that any renewed attempt by the British to reach an accommodation with the Six would have to respect the established rules and regulations of the Rome Treaty. In a clear reference to Commonwealth trade, he underlined that the EEC Common External Tariff could only function effectively if it were applied 'to *all* imports' from non-member countries, including 'both *industrial* and *agricultural* products'. Moreover, he maintained that the differences between the continental and British systems of agricultural protection were so vast as to render it 'impossible to draw up a common agricultural system and a common agricultural policy.' Thus any British proposals seeking exemptions for the Commonwealth, EFTA, or British agriculture would 'not provide a useful basis for discussion'. From this, Wormser concluded that UK accession to the EEC would be incompatible with the Commonwealth relationship, and EFTA membership.¹¹¹

Thus on 18 June, Duncan Sandys frankly informed his Cabinet colleagues that the best he could hope to secure for Commonwealth countries in negotiations with the Six would be a progressive elimination of Commonwealth preferences over a transitional period in order to cushion the blow of British entry, perhaps combined with an undertaking on the part of the Six to 'review' special cases of Commonwealth hardship beyond the transitional phase. He acknowledged that Commonwealth countries would be unlikely to accept such a solution, but

¹⁰⁹ PRO, CAB134/1821 EQ(61)18, European Economic Association Committee, *The Implications of Signing the Treaty of Rome: Commonwealth Free Entry*, 12.6.1961.

¹¹⁰ CAC, Duncan Sandys Papers, DSND 8/18, Meeting in the Commonwealth Secretary's room, *Europe and the Commonwealth*, 12.6.1961.

¹¹¹ HAEC, MAEF/OW, Microfilm 321, Wormser to Barclay (Foreign Office) 30.5.1961, original emphasis; Alternatively see PRO, PREM11/3556, Heath to Macmillan, *Translation of M. Wormser's Note on Six-Seven Problem*, 14.6.1961.

suggested that 'they might be brought to do so at the end of a long negotiation in which they had seen that we had done our utmost to secure the best possible terms for them'. In other words, Sandys proposed that Britain should put forward exaggerated demands on behalf of the Commonwealth, knowing full well that these would be rejected by the Six, in the hope that a purely tactical display of loyalty to Commonwealth countries might help to secure their ultimate acquiescence in British entry. He emphasised that 'if we tried to get the Commonwealth to agree to accept what we now thought might eventually be negotiated, we should risk doing serious damage to Commonwealth relations while there was still no assurance that we might negotiate satisfactory arrangements with the Six'.¹¹¹ This was an ingenious, if somewhat disingenuous strategy, and illustrated the extent to which the Macmillan Government had discarded sentimental notions about Britain's wider duties and obligations to the Commonwealth.¹¹² The discordance of sentiment and self-interest in Anglo-Commonwealth relations had clearly begun to unravel, as the British strove to disentangle their own distinctive interests from the emotional, historical, and cultural ties to the wider British family.

Clearly then, by the spring of 1961 the Macmillan Government had arrived at a radically altered appreciation of Britain's primary economic and political interests in Europe, and was poised to apply for full EEC membership. But in order to understand fully the profound shift in outlook of the British Government on the EEC question from 1955 to 1961, it is important to keep in mind the important changes in the international economic and political climate which guided Macmillan towards an alternative assessment of British interests in Europe compared to that of his predecessor, Anthony Eden, who had relied solely on his outdated 'instincts'. Firstly, the EEC became a concrete reality in March 1957, much to the surprise of British ministers who

¹¹¹ PRO, CAB134/1821, Minutes of Cabinet Meeting at Chequers, *Europe and the Commonwealth*, 18.6.1961.

¹¹² Indeed in the light of this evidence, together with further signs of deliberate British duplicity during the negotiations themselves (see for example Ch.4, pp. 176-177) it is difficult to support John O'Brien's arguments about the 'genuineness of British intentions' in relation to the Commonwealth. Although the British did set out with the intention of securing as much as they could for Commonwealth countries, they did so in the clear understanding that their chances of success were slim at best - a fact which they deliberately concealed from Commonwealth countries from the outset. See John O'Brien, 'The British Commonwealth and the European Economic Community: The Australian and the Canadian Experiences', *The Round Table*, no.340, 1996, 481.

until that time had been banking on a breakdown in the common market negotiations. This, together with the failure of the FTA and the ineffectiveness of the 'bridge building' strategy, completely altered the basis of the UK-EEC relationship, and placed the British in a far weaker position. Similarly, the accession to power of General de Gaulle in 1958 created a whole new situation for Macmillan in his dealings with France. De Gaulle's determination to hold onto the reins of the Six and to keep the United Kingdom at arms length created a far more complex political situation than had existed previously. This was compounded by the increasing weight of United States opinion in favour of the Six, and the State Department's refusal to contemplate a Six-Seven settlement along purely economic lines. Moreover, the declining utility of the Commonwealth, in both economic and political terms, compelled the Government to rethink seriously the relative merits of the imperial preference system in the light of the potential economic benefits of the Common Market. Although Macmillan constantly harped on the dangers of the 'economic division of Europe', it seems clear that his concerns about the rapidly changing international environment were primarily related to the steady decline in British power and prestige. Having identified EEC membership as the best means of reversing Britain's fortunes, Macmillan was prepared to go to almost any lengths to reach a settlement. In short, by the turn of the decade Britain was confronted with an international situation, quite unlike that which had existed in 1955. Whereas Eden had faced a seemingly vast range of possibilities in relation to the Six, Macmillan saw his options gradually reduced to the point where he felt he had little choice but to go into Europe.

But before Macmillan could launch his EEC membership bid, it was politically vital that he should engage in formal consultations with Commonwealth countries. For Macmillan, however, it was not so important that Commonwealth leaders should accept British entry, but rather that they should 'be *made* to accept' it.¹¹⁴ Thus he tended to view these problems in terms of political tactics, rather than sentimental notions of British duty towards kith and kin. Macmillan genuinely believed he had a responsibility to 'lead the country away from its

¹¹⁴ PRO, PREM11/3325, *Memorandum by the Prime Minister*, 29.12.1960 - 3.1.1961, 25. original emphasis.

traditional approach' to European and Commonwealth affairs, and received occasional reminders from Heath about the need to 're-educate the British people'.¹¹⁵ Similarly, Duncan Sandys was bent on inculcating his CRO staff with a new, more exclusively 'national' conception of British interests. But on the other hand it is equally clear that the Macmillan Government was deeply reluctant to face up to the full implications of their obvious downgrading of Commonwealth priorities. This manifested itself in an overly optimistic assessment of the prospects of gaining entry to the EEC on terms favourable to Britain, as well as a tendency to assume blithely that the benefits arising from EEC membership would flow more or less directly on to Commonwealth countries. In other words, British ministers continued to believe that the upgrading of European priorities would essentially supplement, rather than supplant the role of the Commonwealth as the primary pillar of Britain's world role. But despite repeated British assurances that special safeguards would be negotiated to protect vital Commonwealth interests, it was becoming increasingly obvious that British aspirations and priorities were drifting away from the traditional emphasis on the organic unity of the Commonwealth family, and heading decisively towards integration into a united Europe.

¹¹⁵ See Heath to Macmillan, 7.2.1961, quoted in Kaiser, *Using Europe* 150; See also Macmillan's remarks on his responsibility to 'lead the country away from its traditional approach' during his talks with President Kennedy in April 1962 in *FRUS*, 1961-63, Vol.XIII (Washington DC: Department of State) 85.

Chapter 3

'We are Both British and Commonwealth': The Australian Response to the EEC Crisis

Throughout the 1950s, Australia's European policies had been predicated on repeated British assurances that Commonwealth interests would never be sacrificed in a trade deal with the Six. From the outset of the FTA plan, for example, Macmillan had stressed that there was no question of Britain making a 'choice' between Europe and the Commonwealth. If such a choice ever presented itself, he declared, 'we could not hesitate. We must choose the Commonwealth'.¹ He reiterated these sentiments during a visit to Australia in January 1958. The following year, Chancellor of the Exchequer, Derick Heathcoat Amory, assured a gathering of Commonwealth Finance Ministers that British policy would be formulated in the closest possible cooperation with the Commonwealth. 'The essential point', he declared, 'was for the Commonwealth to be informed of each development as it appeared over the horizon'.² As late as September 1960, Reginald Maudling assured another meeting of Finance Ministers that in any future discussions between the United Kingdom and the Six, 'our first objective would be to retain full Commonwealth entry'.³ The Australian Government, Parliament, and editorial opinion generally took these assurances at face value, and consequently the EEC issue had played only a minor role in Australian political debates.

But during the long course of Britain's EEC policy reappraisal from 1960 to 1961, the Australian Government grew increasingly exasperated by the deafening silence emanating from London. Despite repeated demands for information, the British were unwilling to disclose the direction of their thinking until a more secure arrangement had been reached with the Six. In July

¹ Macmillan, speech to Commonwealth Finance Ministers' meeting, September 1956, quoted in Glen St.J. Barclay, *Commonwealth or Europe* (St.Lucia: University of Queensland Press, 1970) 84.

² Quoted in AA, A3917/1 Vol.2, McEwen to Menzies, 6.3.1961.

³ Quoted in Jacqueline Tratt, *The Macmillan Government and Europe: A Study in the Process of Policy Development* (London: Macmillan, 1996) 156.

1960, John Crawford opted for early retirement from his post as Secretary of the Department of Trade, to be replaced by his Deputy, Dr. Alan Westerman. Crawford's parting words to Sir Frank Lee conveyed his impatience with Britain's ongoing reticence: 'There is a general view that a major re-appraisal is going on. To confirm this with Canberra would not only be good policy but, in our view, consistent with [your] repeated assurances'.⁴ It was also around this time that the Australian press began to take an interest in the Common Market issue. In July 1960 the *Sydney Morning Herald* complained of 'how little the public in this country - or in any other country of the Commonwealth - is being told by its rulers about the historic developments which are transforming the trade relations of European nations, both between themselves and the outside world'.⁵ Even the staff of the British High Commission in Canberra urged Whitehall to be more forthcoming with the Australians. Trade Commissioner Hunt virtually begged his superiors in London for authority to give Australia 'some indication of our thinking' in order to alleviate the embarrassment of his staff in Canberra.⁶

The prospect of British entry into the EEC completely altered the basis of the Australian approach to the European problem. McEwen's activities had hitherto been wholly concerned with finding ways of *expanding* Australia's trade opportunities in Western Europe. There had been little consideration of the possibility of a reduction in Australia's export earnings, and the idea of a complete reversal of Australia's 'natural' preferential rights in the British market seemed inconceivable. Thus, as the United Kingdom edged closer towards a decision on EEC membership, the Menzies Government was confronted with an entirely new challenge to the stubborn, persistent hold of British race patriotism.

Australian anxieties

By early 1961, growing speculation and rumours about an impending reversal of British policy led to a sharply renewed interest in European economic issues in the Australian Government. In

⁴ NLA, Crawford Papers, MS4514, Crawford to Lee, 8.8.1960; see also a similar message from McEwen to Reginald Maudling (President of the Board of Trade) 9.8.1960 in PRO, DO35/8383.

⁵ *The Sydney Morning Herald*, 5.7.1960.

⁶ PRO, DO35/8383, Hunt to Commonwealth Relations Office, 16.8.1960. Original emphasis.

February, McEwen informed the Cabinet that although the general picture remained unclear, it seemed as though the United Kingdom was moving closer and closer towards 'something more like full membership'.⁷ This assessment was essentially a hunch, based on McEwen's instinctive suspicion of Britain's long silence on the EEC question, but his forecast was broadly endorsed by other government departments. The Treasury, for example, urged the Government to snap out of its complacency, noting that the activities of the Trade Department to date had only been concerned with avoiding serious losses in European markets. Although Trade had been prepared to consider a reduction of preferences in the British market in return for gains in Europe, no consideration had been given to the possible erection of new trade barriers in the United Kingdom, with 'reverse preferences' in favour of European producers. But in the light of a possible change in British policy, this was perhaps the gravest danger of all. Treasury officials also emphasised that:

...the United Kingdom move would not be a temporary one which could readily be reversed. It would mark a *permanent* change in economic relations both between the United Kingdom and the other countries in the Common market...and also between the United Kingdom and the rest of the Commonwealth'.⁸

As far as the Treasury was concerned, the British rumblings couldn't have come at a worse time. The Australian economy was under renewed strain following the controversial decision of February 1960 to lift all import restrictions.⁹ The free availability of imported goods had fuelled an economic boom, once again throwing Australia's external payments dangerously out of balance. In a climate of surging private wealth and affluence, it was becoming increasingly difficult to reconcile the imperatives of economic growth with the requirements of a healthy trade balance. As a partial remedy to the problem, the Government formally announced a new 'export drive' in November 1960 as a means of generating a sharp increase in Australia's foreign earnings. But this objective was hardly compatible with the prospect of a reversal of trade

⁷ AA, A3917/1 Vol.9, Cabinet Submission no. 996 (McEwen) *The Possible Association of the United Kingdom with the European Economic Community*, 9.2.1961.

⁸ AA, A4940/1 C3368 Pt. 1, Treasury Note, *Possible Accession of UK with the EEC*, 13.2.1961. Original emphasis.

⁹ On the problem of import restrictions, see Ch. 1, pp. 42-44.

preferences in Australia's leading market.

In the early months of 1961, McEwen became increasingly agitated by Britain's reticence, and called on Menzies to 'remind them in quite sharp terms of the need for fullest, frankest, and earliest advice if the Australian Cabinet are to have due opportunity to comment at an effective time and if the scene is not to be marked by misunderstandings and hard feelings'.¹⁰ Menzies duly took the opportunity at the Commonwealth Prime Ministers' Conference of March 1961 to raise this problem with British ministers, informing them that 'trouble would be caused if [Australian] Ministers were confronted unexpectedly with something that had been worked up and found that they were going against the stream'. He told the British that he wished to be 'a party to their minds' and stressed that he would be very unhappy if Australia was brought in at such a late stage that it would appear that they were pressing Britain to withdraw a pre-established commitment to join the EEC. In other words, Menzies echoed the demands of a long line of Australian Prime Ministers by insisting on Australia's right to a direct influence in the formation of British foreign policy. The British, for their part, were extremely evasive, and assured Menzies that the views of the Government had in no way 'crystallised'. And in an echo of *their* predecessors they promised not to 'confront the Commonwealth with a position to which the United Kingdom had already committed itself'.¹¹

Finally in April 1961, almost an entire year after the findings of the Lee Committee, Macmillan began to reveal his intentions to Commonwealth countries. In a letter to Menzies of 15 April reporting on his recent state visit to Washington, Macmillan announced that he and President Kennedy had agreed that 'it would be better if the United Kingdom were to join the political associations of the Six' in order to 'provide an element of stability' on the continent. Although Britain had not yet found a basis for negotiation with the Six, Macmillan gave a clear signal of the likely direction of British policy. He assured Menzies that in any future negotiation with the Europeans 'we shall certainly not overlook the interests of other Commonwealth

¹⁰ AA, A3917/1 Vol.2, McEwen to Menzies, 6.3.1961.

¹¹ AA, A3917/1 Vol.2 Record of a meeting between Menzies and senior British ministers and officials: Edward Heath (FO), Christopher Soames (Agriculture), Sir Frank Lee (Treasury), Sir Algernon Rumbold (CRO) and Sir Roderick Barclay (FO) in London, *European Integration - United Kingdom Position*, 17.3.1961.

countries and I hope that the Six will recognise the need to make special provision in favour of Commonwealth trade'. But he frankly conceded:

There is no doubt that some economic disadvantages both for the United Kingdom itself and for other Commonwealth countries would be unavoidable but I am sure that you will agree with me that they would have to be weighed against the great political advantage of avoiding a further division of Europe. In any case on economic grounds alone we have to recognise that the real choice may be between maintaining a system of Commonwealth preference with a United Kingdom of declining economic strength and surrendering some of the advantages of the preferential system in return for a stronger United Kingdom and a wider European market.¹²

Macmillan played up to the prevailing ideas about organic Anglo-Australian community by attempting to establish a broad concurrence between Australian and British interests in Europe. He presented the issue to Menzies as a common problem, suggesting that certain economic sacrifices might have to be made for the benefit of all. But it was difficult to see how the surrendering of Australia's preferential advantages and the entry of Great Britain into a discriminatory European trading system would bring any genuine 'advantages' to Australia. Not surprisingly, therefore, the Menzies Government took a far more sceptical view of these developments.

Macmillan's message jolted the Government into the preparation of a series of departmental position papers, assessing the implications for Australia of a British move towards full EEC membership. The Trade Department was the first off the mark, with a Cabinet submission that was virtually ready-made in advance of Macmillan's letter. The paper was typically concerned with the economic aspects of the problem, and the potentially 'disastrous' consequences of the EEC tariff which would 'seriously impair our existing trade and virtually eliminate the prospects of future growth'. The inclusion of British agricultural trade within the scope of the Common Market would raise particularly acute difficulties by virtue of the fact that Australia's most important industries were in direct competition with European producers. For example, French wheat, Dutch and Danish dairy produce, and Italian processed fruits could

¹² AA, A1838/275 727/4/2 Pt. 1, Macmillan to Menzies, 15.4.1961.

easily displace Australia's leading export industries in the British market. All in all, Trade concluded, 'a policy decision by the United Kingdom to 'join the EEC' in a way which would lead to such drastic consequences for us...would call for a complete re-orientation of all our trade policies'.¹³

McEwen made it clear from the outset that he was not prepared to take Britain's assurances at face value. Officials at the Australian Embassy in Paris had received numerous reports that the French had no intention of offering special derogations for Commonwealth trade in the event of a British application to the EEC.¹⁴ For this reason, McEwen was highly suspicious of British intentions, and took a sober view of British assurances:

...whatever assurances the UK may have been able to give us with respect to their initial position, they have said repeatedly that after the 1958 [FTA] breakdown they could not afford a second failure. It therefore seems clear that once they have embarked on formal negotiations, whatever their initial position might have been, it could be subject to most substantial changes if they judged such changes necessary to finally get agreement.¹⁵

McEwen advised the Cabinet that 'we must face the contingency of the extreme', and that Australia's position should be prepared accordingly.¹⁶

McEwen's economic assessment was soon followed up by an examination of the political aspects of the problem, prepared by the Department of External Affairs in May 1961. For a number of years, External Affairs had remained very much on the sidelines of Australian policy towards the Common Market, commenting periodically on the political developments in Europe as though they were something of a side-show to the main economic issues. This was very much a reflection of the division of responsibility in Whitehall, where the Foreign Office had left much of the running to the Board of Trade on European economic questions in the period 1956-60. But the prospect of British membership of the EEC opened up important political questions

¹³ AA, A3917/1 Vol.9, Cabinet Submission no. 1108 (McEwen) *Possible Association of the United Kingdom with the European Economic Community*, 5.5.1961.

¹⁴ AA, A1838/2 727/4 Pt. 5, Fleming (Australian Commercial Counsellor, Paris) to Westerman, 31.5.1961. See also AA, A1838/283 724/4 Pt. 3, Phillips (Australian Consul, Geneva) to External Affairs, 18.5.1961.

¹⁵ AA, A3917/1 Vol.2, McEwen to Menzies, 6.3.1961.

¹⁶ A3917/1, Vol.9, Cabinet Submission no. 1108 (McEwen) *Possible Association of the United Kingdom with the European Economic Community*, 5.5.1961.

which needed to be addressed. External Affairs officials noted that although the economic implications of a British decision to join the Six were widely appreciated, 'there has been little examination of the implications for our foreign policy. In the long run, these may turn out to be the most important'.

The central question in evaluating the possible political impact of British entry would be the extent and nature of Britain's political commitment to the Six. Officials examined the origins of the trend towards European integration, and noted the presence of powerful forces in favour of a federal European union. The Preamble to the Treaty of Rome made it clear that the establishment of a European Common Market was but a step towards political integration. Although short term concessions might be negotiated to take account of the economic interests of Commonwealth countries, in the long run the United Kingdom could not escape the political implications of European integration. Once inside the EEC, the requirements of membership would come to exercise a profound hold over Britain's freedom to act independently in commercial, social, and foreign policies. This would be particularly important in relation to Britain's position as the head of the Commonwealth. The binding thread of the Commonwealth had always been the bilateral relationships between Britain and the individual members, and therefore without British leadership 'the Commonwealth would atrophy and in time cease to exist'. Thus it was concluded: 'To the extent that the United Kingdom loses her identity as a sovereign power by her participation in a supra-national organisation then clearly the basis of the Commonwealth and of our bilateral relationship with the United Kingdom must undergo a radical change'.

The prospect of Britain's disengagement from the Commonwealth in favour of Europe also raised serious questions about Australian defence interests. Although Australia's traditional military dependence on the British navy had been largely transferred to the United States in the post-war years, this by no means precluded the need for ongoing British support. On the contrary, External Affairs' assessment was pervaded by an instinctive sense of the limitations of the American Alliance. The underlying fear that the US might not automatically come to Australia's

military aid in all circumstances implied that British defence guarantees were somehow more reliable, organic, and inviolable. It could not, for example, be assumed that a closer association with the United States would be 'adequate compensation' for the loss of close consultation and coordination with Great Britain. The possibility that EEC membership might seriously impair Britain's freedom to give effective military aid was therefore a cause for serious concern:

This would seem to be of great significance with respect to Australia's involvement in disputes with neighbours which do not form part of the struggle between the Communist Bloc and the West. Conceivably, for example, an aggressive non-Communist (even anti-Communist) Indonesia could threaten Australia in circumstances in which we might now hope to receive the military support of the United Kingdom.¹⁷

The Indonesian problem became a key reference point in all External Affairs assessments of the EEC problem. Throughout the 1950s, President Sukarno had periodically demanded the transfer of Dutch West New Guinea (WNG) to full Indonesian sovereignty. From the late 1950s and early 1960s, however, these demands became increasingly forceful and belligerent. Australian policy had long been staunchly opposed to granting Indonesia a foothold on New Guinea, and the possibility of war with Indonesia had not been ruled out - a position that was firmly reiterated by the Cabinet on the eve of Britain's EEC membership application in April 1961.¹⁸ But given the extreme ~~reticence~~ ^{reluctance} of the United States about becoming involved in military actions which did not form part of the Cold War ideological struggle, the imperative of an ongoing British presence in South East Asia seemed all the more paramount. External Affairs officials opined that 'in a sea of speculation, the prudent estimate for Australia to make is that the European community will resist giving this area a high priority', and that this in turn would have a restraining influence on the United Kingdom.¹⁹ On the other hand, they noted that the dangers of British disengagement from Australia's region had to be weighed against the benefit to Australia's 'general security' of a strong, stable Western Europe capable of withstanding Soviet

¹⁷ AA, A1838/283 727/4/2 Pt. 1, External Affairs paper, *The Implications for Australian Foreign Policy of United Kingdom Participation in the European Common Market*, May 1961.

¹⁸ See generally Peter Phelps, 'Australia, International Diplomacy, and the West New Guinea Dispute, 1949-1962', Ph.D Thesis, University of Sydney, 1996.

¹⁹ AA, A1838/283 727/4/2 Pt. 1, Cabinet Submission no. 1183 (External Affairs) *The Political Implications for Australia of United Kingdom entry into the European Economic Community*, 26.6.1961.

pressure to a maximum degree. Nonetheless it was clear that on overall balance 'the probable losses seem significant and clearly distinguishable; the possible gains are more uncertain both in real terms and in likelihood of realisation'.

External Affairs officials saw no reason why the traditional ties of language, culture, history, kinship, and the crown should be altered, but they noted the serious limitations of these factors in the absence of concrete shared interests:

If the sentimental ties of the Commonwealth were the crux of the relationship and could stand on their own, one would not expect the United Kingdom membership of the EEC to have adverse effects. The significance of these ties should not, however, be overstated. The countries which stand to be hardest hit economically if the United Kingdom joins the EEC are those which have traditionally placed most emphasis on their sentimental attachments with the United Kingdom.²⁰

But External Affairs went beyond the immediate question of the impact of British EEC membership, and acknowledged that 'these matters cannot be assessed realistically without considering what the position might be if the United Kingdom did *not* join the European Community'. Thus in June 1961, officials launched into the most thoroughgoing review of the impact of post-war changes on the 'present realities' and 'future prospects' of the Anglo-Australian relationship. First and foremost it was recognised that 'the very decision with which the United Kingdom is now confronted is evidence of the decline in its independent power'. Although since the Second World War the British had, by determination and skilful diplomacy, succeeded in maintaining significant prestige and influence in the world, they clearly no longer possessed the basic resources to sustain their former position. Regardless of whether Britain joined the Community, therefore, the future prospect was one of a further decline in British political and economic strength relative to that of other major powers. As far as Britain's relations with Australia were concerned, although Australia still had every reason to seek to maintain a United Kingdom interest in South East Asia, it was clear that 'the present trend of United Kingdom capabilities and policies is in many ways already unfavourable to us'. It had

²⁰ AA, A1838/283 727/4/2 Pt. 1, External Affairs paper, *The Implications for Australian Foreign Policy of United Kingdom Participation in the European Common Market*, May 1961.

become 'axiomatic' that Britain's contribution to the defence of the region was no longer the key to Australia's security, and that this responsibility had been largely transferred to the United States. The United Kingdom was in the course of planning army reductions in the Far East, and there were clear signs of a 'dwindling assertiveness' in British diplomacy in the area. There was no longer any valid concept of imperial defence, and the British had begun to advance the conception that other Commonwealth countries should assume a greater share of defence and other burdens in their own parts of the world. In short, External Affairs concluded: 'We must recognise that [the United Kingdom's] material interests in Asia and the Pacific are limited'.

This assessment offers a valuable insight into the declining relevance of British race patriotism in Australian political culture in the 1960s. 'Hitherto', officials commented, 'Australia's relationship with the United Kingdom has been based on a tacit assumption of mutual assistance, like that extended in the two World Wars, as well as on much practical cooperation'. This 'tacit assumption' was merely another expression of the British race patriot ideal - that come what may, the British family of nations was united by common interests, and a common destiny. But External Affairs officials confronted the undeniable fact that 'the post-war period has revealed the practical limitations upon this mutual assistance'. These 'practical limitations' derived essentially from the growing divergence between British and Australian assessments of their respective national interests in the post-war era. Or to be more precise, the conflict of interest which had always been implicit in British and Australian assessments of their respective strategic and economic priorities could no longer be contained within the ideological prism of organic Anglo-Australian community. External Affairs were remarkably quick to recognise the discordance of sentiment and self-interest inherent in Britain's EEC aspirations, and to adjust their outlook accordingly. It is significant that their assessment of the situation, in contrast to all other departments, in no way evinced the same sense of bitterness, recrimination, and moral grievance towards the Mother Country which had characterised virtually every previous instance of Anglo-Australian discord. Nor was there any note of celebration of Australia's emergence from the imperial shadow. On the contrary, External Affairs officials

sincerely hoped that the traditional ties of 'language, culture and kinship' would continue. But their cool, detached assessment that it was those countries 'who placed most emphasis on their sentimental attachments' that stood to suffer most from British entry, served as a clear signal of the declining relevance of sentiment in delineating Australia's primary obligations and priorities.²¹

One might have thought that this powerful appraisal of the immediate impact and wider relevance of British entry into the European Community would have had a decisive influence on Australia's response to the Common Market problem. But for a number of reasons, the reflections of External Affairs had only a limited impact at this early stage. First of all there were jurisdictional problems. Bilateral relations between Australia and the Mother Country were the traditional preserve of the Prime Minister's Department, while the commercial aspects of the EEC problem clearly resided within the competency of the Department of Trade. As the Secretary of External Affairs, Arthur Tange recalls, it was primarily for this reason that 'External Affairs did not play a major role in attitudes to Britain's decision to join the Common Market...External Affairs' priorities were elsewhere and our concern with Britain's policies lay in that context'.²² It would be more than a year before the input of External Affairs began to be incorporated into Australia's official stance.

The influence of External Affairs was further nullified by the fact that at this time, Prime Minister Menzies had taken on the External Affairs portfolio himself and thus received advice from two different departments on the EEC problem. Menzies was clearly predisposed to follow the line of his tried and trusted Prime Minister's officials, particularly on an issue which clearly fell within their traditional ambit. Moreover, it seems clear that the advice of Prime Minister's officials was far better attuned to Menzies' British race patriot sensibilities than the rather detached, unsentimental appraisal of External Affairs. For example, on one occasion Prime Minister's officials advised Menzies that 'the relationship with the Crown' was the best

²¹ AA, A1838/283 727/4/2 Pt.1, External Affairs paper, *The Political Implications for Australia of United Kingdom Entry into the European Community*, 26.6.1961.

²² Arthur Tange, letter to the author, 19.6.1996.

guarantee of an ongoing British interest in Australian defence because 'a Queen of Australia is most unlikely to acquiesce in say an Indonesian attack on Australia. If anything, United Kingdom movement to the Common Market should emphasise the wisdom of recent years in establishing the Queen's presence in Australia'.²³ The instinctive response of the Prime Minister's Department, and of Menzies himself, was not to face up to the dwindling British interest in Australia's economic and strategic security, but to ensure that Britain's EEC ambitions should not impair the traditional sense of mutual identification and understanding.

These were the kinds of concerns Menzies conveyed in his very first reflections on the EEC problem to Macmillan in May 1961:

Your European partners would require obligations of you in respect of world political and strategic problems and in respect of United Kingdom decisions on these matters. What, in these circumstances, will be the United Kingdom outlook towards Australia, towards Canada, towards the Commonwealth collectively? I need hardly say that we, like you, must examine the prospect of our future associations in the strategic and economic context in which Australia is placed. The depth of Australia's relationship with the United Kingdom in the face of threat or danger to either has never been susceptible to explanation merely in terms of institutions. We would, of course, want to sustain this relationship. But it may not be possible to do that.²⁴

Menzies reminded Macmillan of the special quality of Australia's attachment to Britain, and the mutual obligations imposed by the ties of history, language and culture. At this stage however, Menzies could not conceive that Britain would take any steps which might fundamentally alter the basis of the relationship, and he therefore welcomed Macmillan's assurance that no formal approach to the Six would be made until satisfactory arrangements to protect Commonwealth interests had been found. Moreover, he underlined the importance of the closest cooperation and consultation on this question, in the proper Commonwealth manner.

Macmillan, for his part, was moving ever closer to the conviction that Britain's survival as a world power hinged on the European question. But for political reasons, he recognised the absolute necessity of holding consultations with Commonwealth countries prior to any formal

²³ AA, A4940/1 C3368 Pt. 1, Prime Minister's Department memorandum, *Note on Cabinet Submission no. 1183*, 30.6.1961.

²⁴ AA, A1838/275 727/4/2 Pt. 1, Menzies to Macmillan, 30.5.1961.

EEC membership application. At the end of May 1961, therefore, Macmillan decided to despatch a small handful of British ministers to the far reaches of the Commonwealth for formal talks. He assigned the task of winning the favour of Canada, Australia and New Zealand to his Commonwealth Secretary, Duncan Sandys. It was arranged that Sandys should visit the Dominion capitals in July, with the objective of bringing the senior Commonwealth partners to 'accept' that Britain should enter into negotiations with the Six.²⁵ In discussion with senior officials, Sandys emphasised that it would be important from a tactical point of view 'to get away from the idea...that the UK might be buying advantages for the UK at the expense of the Commonwealth. We should try and emphasise the political advantages that the move would have for the free world as a whole'.²⁶ Moreover, the Cabinet was broadly of the opinion that dishonesty was the only viable policy in dealing with the inevitable protests of Commonwealth countries. It was therefore agreed that in 'consulting' Commonwealth governments, 'Ministers would have to say that the United Kingdom Government had not been able to make an assessment of what might be secured from the EEC'. In other words, by feigning ignorance of the kinds of concessions that might be obtained on behalf of the Commonwealth, Ministers would try to persuade Commonwealth countries that such an assessment 'could only be ascertained by entering into negotiations with the Six'.²⁷

Macmillan proposed the Sandys mission to Menzies in a letter of 31 May, in which he emphasised the growing urgency of the situation:

There seems to be at the moment a more favourable climate of opinion on the Continent on this issue than there has been for some time. But this can easily change. We feel therefore that if we are to enter into negotiations there is advantage in doing so sooner rather than later.

He explained that the purpose of the Sandys mission would be to discuss 'the advantages and disadvantages of our associating ourselves closer with Europe and the possible terms on

²⁵ PRO, CAB129/105, C.(61)87, Note by the Prime Minister, *The Commonwealth and Europe*, 26.6.1961.

²⁶ CAC, Duncan Sandys Papers, DSND 8/18, *Memorandum of Conversation with Sir Dennis Rickett and Sir Arnold France*, 24.5.1961.

²⁷ PRO, CAB134/1821, Minutes of ad.hoc. Cabinet Meeting at Chequers, *Europe and the Commonwealth*, 18.6.1961.

which this might be acceptable to us and to other members of the Commonwealth'.²⁸ But despite Macmillan's insistence that Australia was to be 'consulted' in advance of any decision on the Common Market, it is clear that Sandys' brief was to sell a decision that had already been taken.²⁹ Nor was there any substance in Macmillan's suggestion that 'a more favourable climate of opinion' had appeared on the Continent. On the contrary, Macmillan's sense of urgency was essentially based on a realisation that he was dealing with a steadily deteriorating European situation.

In Canberra, Macmillan's up-beat assessment of the climate of opinion in Europe was not widely shared. All incoming information from Australian Embassies continued to emphasise that the Six had no intention of agreeing to 'special arrangements' to protect the Commonwealth.³⁰ The Secretary of the Prime Minister's Department, John Bunting, saw straight through the British dissembling and concluded: 'What we know, the United Kingdom must know':

This suggests that there is a great deal of pretence on the part of the United Kingdom - pretence that there are prospects for substantial derogations; pretence that it is reasonable for us to indicate...that it is safe for us to acquiesce in the United Kingdom entering negotiations; pretence that the United Kingdom can easily withdraw; and pretence that once having allowed (even if only by default) the United Kingdom to begin negotiations we can, at a later date, start protesting'.³¹

The Sandys mission, July 1961

In preparation for Sandys' visit, the Menzies Government took steps to define Australia's position. An interdepartmental committee was established, comprising representatives from the Departments of Trade, External Affairs, Primary Industry, Treasury, National Development and the Prime Minister's Department. The committee's first report succinctly encapsulated Australia's fears about British membership of the EEC:

²⁸ AA, A1838/275 727/4/2 Pt. 1, Macmillan to Menzies, 31.5.1961.

²⁹ Sandys spelt this out to the officials who were to accompany him on the trip. 'Our aim', he stated flatly, 'should be to get them to agree to our starting negotiations'. CAC, Duncan Sandys Papers, DSND 8/18, Meeting in the Commonwealth Secretary's room, *Europe and the Commonwealth*, 12.6.1961.

³⁰ The Australian Ambassador to Paris, E. Ronald Walker, speculated that French warnings about the economic implications for the Commonwealth may have been 'designed to make the Commonwealth's flesh creep, to the point of our trying hard to keep the UK outside'. AA, A1838/283 727/4 Pt. 7, E.R. Walker to Arthur Tange, 4.7.1961.

³¹ AA, A4940/1 C3368 Pt. 2, Bunting to Menzies, 7.7.1961.

The purpose of the Community would be to develop Europe as a world political force. Australia (and New Zealand) being where they are - out of Europe, out of the Atlantic, and out of Asia - seem to stand to lose most in terms of its [sic] own place and influence in the United Kingdom.

This was really the core psychological element in Australia's response to Britain's EEC membership bid. It not only reflected long-standing fears about Australia's vulnerable proximity to an unfamiliar and potentially hostile Asia, but raised new anxieties in a world that seemed to be steadily breaking up into regional groupings. These concerns had already been signalled by Australia's exclusion from NATO and the OECD in the 1940s and 1950s, but Britain's overtures towards the EEC implied a far more decisive step towards regionalism. It had long been an article of faith that Australia belonged to the British family of nations, but this idea could hardly be sustained in the light of these new geo-political developments. Australia's primary fear, therefore, was ultimately a fear of exclusion. It was the prospect that Australia might be left to fend for itself in lonely isolation, 'out of Europe, out of the Atlantic and out of Asia' that informed the Australian response at all levels of discussion, debate, and policy formulation.

It was extremely difficult, however, to ascertain precisely how Australia might avert this terrible fate. In absence of any alternative geographic grouping that might act as new vehicle for Australian interests, the Government resolved to use whatever influence it had at its disposal to ensure that British entry into the EEC should not result in a drastic transformation of Australia's traditional economic and political ties to Great Britain. It was recognised, however, that 'Australia's political bargaining power is generally weak and it may be necessary to rely on a broad appeal to the United Kingdom which boils down to sentiment'.³² The External Affairs Department reached the similar conclusion that Australia's 'self-interest' lay in 'exploiting now all the arguments of sentiment and mutual interest available to us to obtain - for what it is worth - public recognition from the United Kingdom that she will have continuing concern with the

³² AA, A4940/1 C3368 Pt. 1, Minutes of interdepartmental meeting, *United Kingdom and European Economic Community: Visit by Mr. Duncan Sandys to Australia*, 20.6.1961.

security of Australia and New Zealand'.³³

In furtherance of this strategy, the Secretary of the External Affairs Department, Arthur Tange, prepared a series of questions for Menzies to put to Sandys upon his arrival in Canberra. One typical example illustrates the barely disguised appeal to British race patriotism:

Is Australia going to have to pool our information, and discuss our anxieties, with the Americans and to consult with them about the motives and intentions of the Six and the UK? This is foreign to the idea and practice of the present old Commonwealth relationship. It is no use pretending it may not happen.³⁴

In the Prime Minister's Department, Bunting recommended a similar line of argument which, he thought, might well pay dividends:

All our international arrangements have been entered into on the basis of a particular relationship with the United Kingdom - whether they are commercial or political. This arrangement will no longer exist. Our whole fabric of international ties and relationships will need re-thinking.³⁵

In putting their position to Sandys, however, ministers would have to balance these sentimental claims against the problem of whether Australia was prepared to play an openly obstructionist role. If the United Kingdom, with the support of the United States, were prepared to join the EEC on terms harmful to Commonwealth interests, Australia would be confronted with a highly awkward situation. This problem weighed particularly heavily with the Department of External Affairs, which had to consider the wider repercussions for Australia's political and strategic relationships. The Australian Ambassador to Paris, E. Ronald Walker, pressed the point strongly on Arthur Tange:

Quite apart from the bitterness that would be engendered if the UK decided to go ahead in the face of strong opposition from us there is the question whether we, and the other Commonwealth countries, are prepared to accept responsibility for the consequences to the UK if she is persuaded against her own judgement to stay outside the Common

³³ AA, A1838/283 727/4/2 Pt. 1, Cabinet Submission no. 1183 (External Affairs) *The Political Implications for Australia of United Kingdom Entry into the European Economic Community*, 26.6.1961.

³⁴ AA, A1838/283 727/4 Pt. 7, Tange to Menzies, 6.7.1961. Tange noted that the issues in this memorandum were intended as a 'prompt' list, which Menzies might draw upon in discussions with Sandys.

³⁵ AA, A4940/1 C3368 Pt.2, Bunting to Menzies, 7.7.1961; Bunting advised Menzies that this position represented 'an extreme view', but one which 'might with advantage be put' to Sandys.

Market in the interests of Commonwealth solidarity.³⁶

This was to become an increasingly sticky problem throughout the course of Britain's EEC membership application. The Government was faced with a situation in which Australia's material economic and political interests were threatened by the 'higher political objectives' of Britain and the United States. On the one hand, the Australians could see no reason why they should suffer material loss for the 'greater good' of the Western Alliance, while Great Britain received all of the benefits. On the other hand, if Australia were seen to take an exceedingly selfish stance on this issue, this could cause resentment and disillusionment on the part of its allies which could also be seriously detrimental in the long term. Australian officials clearly had in mind the climate of growing unrest in South East Asia, where the possibility of Australian involvement in conflicts in Laos, Vietnam, or West New Guinea seemed a distinct possibility.³⁷

The problem of balancing these competing objectives resulted in a subtle difference of emphasis between departments. McEwen, for example, was flatly opposed to giving Sandys the slightest hint of Australian approval of, or even acquiescence in, the opening of negotiations with the EEC.³⁸ He expressed his determination to play a strong hand in defence of Australia's interests, and paid little more than lip service to the broad political benefits of European unity. The Prime Minister's Department and External Affairs, on the other hand, although quite conscious of McEwen's concerns, were nevertheless highly wary of pressing Australia's concerns too strongly out of fear of rupturing vital political relationships in London and Washington. There was therefore considerable scope for disagreement as Australian policy evolved over the ensuing months. As one senior Prime Minister's official viewed the situation in June 1961: 'One thing is now becoming clear and that is that there is a distinct cleavage of approach to this whole problem between Departments here and that this may well be carried to the Cabinet level. Indeed it could - I am not saying it will - become a point of division between

³⁶ AA, A1838/283 727/4 Pt. 7, Walker (Paris) to Tange, 4.7.1961.

³⁷ See generally Peter Edwards, *Crises and Commitments: The Politics and Diplomacy of Australia's Involvement in Southeast Asian Conflicts, 1948-1965* (Sydney: Allen & Unwin, 1992)

³⁸ AA, A3917/1 Vol.9, Cabinet Submission no. 1188 (McEwen) *United Kingdom and the European Economic Community: Implications for Australia's Trade*, 1.7.1961.

the Coalition parties'.³⁹

The Cabinet met at the end of June 1961 to reach an agreed position in advance of Sandys' visit. The meeting was characterised by many bitter references to the failure of the United Kingdom, after the many assurances and promises of full consultation, to provide adequate information prior to Sandys' arrival. The Cabinet reached broad agreement that Australia 'should not seek to discourage the United Kingdom entering the Common Market if the British were to demonstrate that the cost of this action by them would not be heavy'. But in an important concession to McEwen's position it was agreed that 'our approach to the forthcoming discussions of the economic implications should be based on our own assessment of our self-interest'. It was generally accepted that Australia should be 'prepared to accept some cost, but it must be bearable'. But it would be essential for Australia to take part directly in the negotiations between Britain and the Six on matters directly affecting Australian interests.⁴⁰

Sandys set out from London in early July for consultations with the three Dominion Governments, arriving firstly in Auckland to meet with the New Zealand Government of Keith Holyoake. The Australian Cabinet deplored the New Zealand tactics of submitting a list of questions to Sandys in advance of the meetings, and they were even more dismayed by the final outcome of the New Zealand talks. Sandys himself was surprised at the willingness of the New Zealanders to accept British assurances that their vital interests would be protected. Although he found them 'jumpy and on the defensive' about the prospect of having their entire livelihood swept away, he was gratified that they chose to place their trust in the British Government rather than voice their objections.⁴¹ The Holyoake Government was well aware that New Zealand's trading future was ultimately dependant on British goodwill, and it was therefore felt that any overt hostility to British entry would be counter-productive. The final communique from the discussions therefore recognised that New Zealand would 'understand it' if Britain opened

³⁹ AA, A4940/1 C3368 Pt.1, J.F. Nimmo (Deputy Secretary to Cabinet) to Bunting, 23.6.1961.

⁴⁰ AA, A3917/1 Vol.9, Cabinet Minute (Decision no. 1430) 27.6.1961. The Cabinet proceedings were described in greater detail in AA, A4940/1 C3368 Pt. 1, J.F. Nimmo to Sir Roland Wilson (Permanent Secretary of the Treasury) 30.6.1961.

⁴¹ PRO, PREM11/3558, Sandys to Macmillan, 5.7.1961.

negotiations with the Six.⁴²

Sandys experienced a much rougher ride in Australia however. The meetings with the Australian Cabinet were marked by constant disagreement, arising in part from a serious personality clash between Sandys and a number of Australian ministers, particularly McEwen. Sandys had a reputation for being 'abrasive by nature'⁴³, and H.G. Gelber recalled that he 'managed to irritate almost every Australian in sight'.⁴⁴ But the real problem lay in the fundamental divergence between the British and Australian assessments of the consequences of a British decision to seek membership of the European Community. Sandys opened the discussions on 8 July, 1961, with a detailed explanation of the British position to the Australian Cabinet. His exposition ranged over the political and the economic, the broad and the particular, but his central thrust was that the British Government had arrived at 'one of the most momentous decisions in our history, and one of the most difficult'; namely whether to seek full membership of the European Community. He raised many of the factors which had led the United Kingdom to this position: the failed attempts to reach a looser agreement with the Six (FTA & 'bridge building'); the benefits of a wider European market for British exports; the need to sharpen the competitive edge of British industry; the danger of the Six becoming a powerful political influence in the world to the detriment of the UK; the need for Western solidarity against incursions from the Soviet bloc; and the potential for enhancing Britain's international status as a leading voice in the Community. Much of his time was dedicated to the likely impact on the Commonwealth, and in particular, on Anglo-Australian relations. Above all else, he emphasised that for Britain, 'a new association with Europe would in no way be incompatible with our old association with the Commonwealth'.

In his exposition of the Commonwealth aspects of the Common Market problem, Sandys combined frank and forthright realism, with a decidedly deceptive twist. For example, on the one hand he was fully prepared to recognise the declining utility of the Commonwealth as a vehicle

⁴² UK-New Zealand Joint Communiqué, 6.7.1961, text in *The Age*, 7.7.1961.

⁴³ J.D.B. Miller, *The EEC and Australia* (Melbourne: Nelson, 1976) 87.

⁴⁴ H.G. Gelber, *Australia, Britain and the EEC, 1961-63* (Melbourne: Oxford University Press, 1966) 81.

for British influence in the world, noting that the numerous members of the Commonwealth 'have varied problems and interests and hold strongly differing views on many major international issues'. Similarly, the declining economic value of the Commonwealth meant that it could 'in no way compensate for the loss of the opportunities which membership of a European customs union would open to us'. Having said this however, Sandys went on to offer a highly dubious interpretation of Commonwealth 'interests':

...we believe it to be a positive advantage that Members of the Commonwealth should belong to different groupings of nations among whom they exercise influence. For in this way the influence of the Commonwealth as a whole far from being impaired is extended.

From here, it was only a small conceptual leap to the proposition that British membership of the EEC 'would surely be a valuable new asset to the Commonwealth as a whole'. The same reasoning was applied to bilateral relations between Britain and Australia: British membership of the EEC 'would bring Australia and New Zealand into closer relations with Europe as a whole, and this could only be to everyone's advantage'.⁴⁵ Although these comments undoubtedly reflected a strong element of disingenuousness on Sandys' part, his conviction that everything would work out in the end was also typical of British reluctance to face the more unsavoury implications of EEC membership. Although Sandys was quite right in arguing that a declining Britain could offer fewer and fewer benefits to Australia, it did not automatically follow that a strengthened Britain inside the EEC would be to Australia's advantage, particularly if this were achieved at a serious cost to Australian economic interests.

In reply, Prime Minister Menzies subjected Sandys to a vigorous cross-examination, highlighting what he saw as the fundamental inconsistencies in British forecasts about the likely political development of the Community. On the one hand, the British feared that the EEC would develop into a single political unit, and thereby grow to exert a powerful influence on world affairs at Britain's expense. On the other hand, Sandys maintained that 'the formal obligations of the Treaty of Rome are confined to the economic field and...there is therefore no question of our

⁴⁵ AA, A1838/283 727/4/2 Pt. 1, *Statement by Mr. Sandys to Australian Government*, 8.7.1961.

signing away our freedom to formulate our own policy on foreign affairs and defence'. Assuming that the United Kingdom did not intend to sabotage the progress of European integration, how was Sandys to explain his clear distinction 'between the way in which the European Community might develop with the United Kingdom outside it and what might be expected if the United Kingdom were to join?' Sandys responded that the European Community would be unlikely to become a federal system if the United Kingdom were a member, and that this would only occur in the unlikely event that the United Kingdom was favourably disposed towards the idea. In any case, he argued, it should not be assumed 'that EEC interests would necessarily be opposed to those of the Commonwealth'. Menzies acknowledged this, but insisted that 'the possibility of divergence of interest remained'. Moreover he pointed out that the United Kingdom's influence in the Community need not be dominant. He felt that the British were:

...under-estimating the effect which a regime of common tariffs, common agricultural policy, and uniform labour and social conditions would have on the political development of Europe. Once these arrangements are established and experienced, Europe would be half-way along the road to a federation.⁴⁶

Menzies' terse questioning highlighted the depth of Australia's anxieties. The problem of Britain and Europe, far from posing a mere transitory 'conflict of interest' between Australia and Britain, had raised the question of how future British interests would be defined and pursued. Menzies' comment that British membership of the EEC raised 'the possibility of divergence of interest', was really the crux of the problem. The EEC threatened to draw Britain into a pattern of relations with European countries which would be impossible to reconcile with the traditional precepts and practices of the Anglo-Australian relationship. It was the prospect that Britain might identify its long term interests elsewhere, leaving Australia to fend for itself in a remote and seemingly dangerous part of the world, that aroused Menzies' deepest disquiet.

Turning to the economic aspects, Sandys acknowledged that if Britain were to join the Common Market it would not be possible to preserve the imperial preference system completely

⁴⁶ AA, A1838/283 727/4/2 Pt. 1, *United Kingdom and European Economic Community Consultations*, Minutes of the first meeting with Duncan Sandys held in the Cabinet Room, Parliament House Canberra, 8.7.1961.

intact. However, the United Kingdom was endeavouring to negotiate on the basis of a 'comparable outlets' formula, whereby Commonwealth countries would be granted special access in the wider European market to compensate for any loss suffered in exports to Great Britain. McEwen severely criticised this proposition on the grounds that it would freeze the volume of Australian exports to Britain and Western Europe, thereby frustrating Australia's urgent requirements for export growth in these vital markets. McEwen insisted that an 'unpredictable' arrangement of this kind would not adequately protect Australian interests, and announced pointedly that he would have to be regarded as 'an opponent of any proposal that the United Kingdom should negotiate with the Community'.⁴⁷

The discussions continued in this vein over the course of three days, during which the wide ranging economic and political issues were examined and re-examined in excruciating detail. At the final meeting, Menzies turned up the heat by declaring that the United Kingdom was faced with 'the very difficult choice between the Commonwealth and Europe'. The outcome, either way, would be 'momentous'. Sandys, who by this stage had become somewhat exasperated, repeated his argument that there was no thought of Britain forming part of a 'super state' and he could not see the reasons for Australia's apprehensions. Again he repeated that 'if it was a matter of choice between the Commonwealth and Europe, the United Kingdom could not choose Europe'. But as far as Britain was concerned, he pleaded, the problem had never presented itself as a matter of choice. On the contrary the Macmillan Government believed that British entry into Europe would bring new strength to the Commonwealth.⁴⁸

The discussion later turned to the problem of drafting a joint press communique. This proved to be an extremely difficult task, with each party seeking to emphasise its own particular viewpoint.⁴⁹ The Australians were determined to include certain paragraphs which were

⁴⁷ AA, A1838/283 727/4/2 Pt. 1, *The United Kingdom and European Economic Community Consultations*, Minutes of the second meeting with Duncan Sandys held in the Cabinet Room, Parliament House Canberra, 8.7.1961.

⁴⁸ AA, A1838/283 727/4/2 Pt. 1, *United Kingdom and European Economic Community Consultations*, Minutes of the fourth, fifth and sixth meetings with Duncan Sandys held in the Cabinet Room, Parliament House Canberra, 10-11.7.1961.

⁴⁹ In drafting the communique, Australian ministers expressed their annoyance 'that although Mr. Sandys had indicated that he would work from the Australian draft, he had in fact discarded the Australian approach and reverted

particularly difficult for Sandys to stomach. For example, they wished to indicate their own interpretation of the political issues at stake:

Australian Ministers...emphasized that although avoidance of a divided Western Europe was a desirable objective it should not be accomplished at the cost of division within the Commonwealth or elsewhere in the free world. Australian Ministers expressed their concern at the weakening effect they believed this development would have on the Commonwealth relationship.

Although the Australian Government conceded that a decision to negotiate with the Six would be 'for Britain alone to decide', they underlined the 'serious adverse consequences for Australian producers and for the Australian balance of payments' if Britain failed to protect Australia's vital interests. Further, the Australians insisted on the inclusion of the following contentious statement:

Australian Ministers did not feel entitled to object to the opening of negotiations by the British Government...But they made it clear that the absence of objection should in the circumstances not be interpreted as implying approval.⁵⁰

After several long hours of debate, Sandys regretfully cabled Macmillan informing him of his failure to convince the Australians to rephrase these 'offensive passages'. He nonetheless reflected that a communique expressing 'sullen acquiescence' on the part of Australia was better 'than having no communique at all with the Australian Ministers free to express their hostility to the whole idea of the Common Market without restraint.'⁵¹

The final communique read more like a catalogue of differences than a joint declaration. Despite the Cabinet's resolution prior to Sandys' arrival that they 'should not seek to discourage the United Kingdom entering the Common Market', it was clear that they had exceeded their own brief. The world press immediately picked up on this, and Australia quickly gained a thoroughly unwanted reputation as the leader of Commonwealth opposition to British entry - a reputation which would become exceedingly difficult to shake off. The headline of the London

to an approach of his own, resembling the form of the New Zealand communique'. AA, A4940/1 C3369 Pt. 1, Cabinet Minute, 10.7.1961.

⁵⁰ UK-Australia Joint Communique, *United Kingdom and the EEC*, 11.7.1961, text in John Crawford (ed.) *Australian Trade Policy: A Documentary History* (Canberra: ANU Press, 1968) 290.

⁵¹ PRO, PREM11/3558, Sandys to Macmillan, 10.7.1961.

Daily Express gave a particularly colourful interpretation of the meetings: 'Menzies hits out...You'll split Empire'.⁵² The London *Financial Times*, by contrast, was more cynical: 'Is Britain the only country in the Commonwealth which cannot decide its own destiny?'⁵³



* "ER - WE'RE JUST GOOD FRIENDS!" *

Macmillan's double dealing with Europe and the Commonwealth was beautifully rendered in this cartoon by Vicky in the New Statesman on 21 July, 1961. The sense that Macmillan's overtures towards Europe were somehow 'dishonourable' is clearly conveyed in the shocked expressions of Menzies, Diefenbaker and Nehru.

Sandys tended to play down the extent of Australian anxieties, commenting privately to British High Commissioner in Canberra, Sir William Oliver, that he had expected 'more heat' in his discussions with the Menzies Cabinet. He was also gratified that the Australians did not 'take the line, which they might well have done, that it was our duty to stay out of the Common Market unless we could find ways of fully protecting Australia's trade'. He added that the Australians had 'recognised that their interests, though important, were incomparably less important than those which were at stake for us'.⁵⁴ But Sandys' private reflections bear little resemblance to the

⁵² The *Johannesburg Star* saw the UK-Australia Communique as 'a turning point of immense importance in relations between Britain and Australia', 12.7.1961; *Le Monde* spoke of the 'hostility of the Commonwealth' and referred to the 'very hard blow' delivered to Macmillan by Menzies, 12.7.1961.

⁵³ Quoted in the *Australian Financial Review*, 13.7.1961, 53.

⁵⁴ CAC, Duncan Sandys Papers, DSND 8/10, Sandys to Oliver, 13.7.1961.

official record, and it would therefore seem that he was merely trying to make the best of a bad job. Although the Australians had not explicitly asserted that it was Britain's 'duty' to safeguard Australia's interests before joining the EEC, this line of reasoning was implicit in virtually everything they had said. It is inconceivable that this point could have eluded Sandys' attention. The Australians, by contrast, were more ready to acknowledge the underlying acrimony in their exchange with Sandys,⁵⁵ but here again there was a tendency to minimise the extent of the conflict of interest, with Menzies in particular attributing much of the difficulty to Sandys' character: 'Duncan always seems to me to have had so much of his own way that, when he comes up against some opposition and is finally compelled to bow to it, he is surprised and disappointed'.⁵⁶ Thus, at the close of this first encounter between the British and Australian Governments on the question of British EEC membership, both sides sought to some extent to reconcile the problem within the familiar prism of organic Anglo-Australian community.

Sandys returned to Britain, via some equally terse exchanges with the Canadian Government in Ottawa,⁵⁷ and informed his Cabinet colleagues of the wide-ranging fears of the Dominion Governments. He once again sought to explain away the problems that had been raised by pointing to the fact that Canada and Australia were each due for a General Election in the near future. In these circumstances, he claimed, they 'thought it politically necessary to make it clear that they had stood up firmly for their countries' interests'. But after his harrowing time in Canberra, Sandys must have been aware that Australia's objections ran much deeper than this. Sandys also placed great emphasis on the fact that all three governments had conceded that the ultimate decision rested with Britain alone. In the final analysis he concluded that 'so far as New Zealand, Australia and Canada are concerned, there is nothing to prevent us, if we so wish, from opening negotiations with the European Economic Community. The three Governments expect

⁵⁵ See for example AA, A4940/1 C3369 Pt.1, Cabinet Minute, 10.7.1961.

⁵⁶ Menzies to Sir Eric Harrison (Australian High Commissioner, London) quoted in David Goldsworthy, 'Menzies, Macmillan and Europe', *Australian Journal of International Affairs*, Vol.51, no.2, 1997, 160.

⁵⁷ As in Australia, Ministers in the Diefenbaker Government insisted on indicating publicly that their 'assessment of the situation is different to that put forward by Mr. Sandys'. See Stuart Ward, 'Anglo-Commonwealth Relations and EEC Membership: The Problem of the Old Dominions', in George Wilkes (ed.) *Britain's failure...*, 97.

us to do so and will be quite surprised if we do not'.⁵⁸

Macmillan's EEC announcement and the Australian reaction

Thus on 19 July, Macmillan informed the Cabinet that a decision could not be postponed any longer. 'No-one', he said, 'wanted the uncertainty to continue', and public opinion in the United Kingdom, the Commonwealth, and EFTA 'now expected us to enter into negotiations with the Community'.⁵⁹ Macmillan chose the eve of the summer parliamentary recess on 31 July 1961 to inform the House of Commons of his Government's decision. Throughout his speech, however, he stressed that Britain was not making a firm and final commitment to accede to the Treaty of Rome unconditionally, but rather had decided to enter into negotiations with the Six to see if satisfactory terms could be obtained. It would be a condition of British entry that adequate safeguards be found to protect the interests of British agriculture, the European Free Trade Association, and of course, the Commonwealth. Macmillan tried to dispel any suggestion that Britain was faced with a choice between 'Europe and the Commonwealth'. He maintained that the Commonwealth had 'real life and unity' which transcended day to day matters of politics and economics. It remained 'something precious and unique', and would ultimately be strengthened by British membership of the European Community:

Britain in isolation [from Europe] would be of little value to our Commonwealth partners, and I think that the Commonwealth understand it. It would, therefore, be wrong in my view to regard our Commonwealth and our European interests as conflicting. Basically they must be complimentary.⁶⁰

Much the same view was voiced by Australia's newly installed Governor-General, Viscount De L'Isle, who claimed that the ties between Britain and Australia were not dependent on commercial relations so much as on 'common sentiments'. He drew on the most obvious symbol of these sentiments to illustrate his point: 'I don't see why the relationship should

⁵⁸ PRO, CAB129/106 C.(61)111, Memorandum by the Secretary of State for Commonwealth Relations, *Europe - Talks with the New Zealand, Australian and Canadian Governments*, 21.7.1961.

⁵⁹ PRO, CAB134/1821 EQ(61)5th Meeting of Cabinet European Economic Association Committee, 19.7.1961.

⁶⁰ Quoted in Macmillan, *At the End of the Day, 1961-63* (London: Macmillan, 1973) 21.

change. Cricket will help. When people in England talk of Test matches, they mean Test matches against Australia'.⁶¹ But it was precisely this habit of automatically equating Anglo-Australian community of culture with an ongoing sense of common interests that was at issue in Britain's EEC membership application. Macmillan's insistence on the inner durability of the Commonwealth association was essentially an attempt to divert attention away from this fundamental problem. But as much as he might try to convince the Commonwealth, the Conservative Party, the House of Commons, the British public, and perhaps even himself that there was no question of a 'choice' between Europe and the Commonwealth, it was clear at the very least that a 'preference' would have to be given one way or the other.

Macmillan's EEC announcement brought forth a wide range of reactions in Australia. The *Sydney Morning Herald* captured the general sense of occasion, proclaiming that the British decision 'must be numbered among the historic pronouncements of the century'.⁶² Australia's leading spokesmen were Prime Minister Menzies and his Deputy, McEwen, each of whom emphasised their own particular ministerial and sentimental preoccupations. Menzies' British race patriotism was ever present in his public reflections on the implications of British EEC membership. Commenting to the press immediately following Macmillan's announcement, Menzies described the forthcoming negotiations as 'the most important in time of peace in my life time. They will demand of us both wisdom, patience, and our constant vigilance'.⁶³ Some days later he publicly elaborated his fears for the future of the Commonwealth:

If the Old Country goes into the European Common Market...then I believe that she will increasingly become absorbed into the international politics, the international views, the significance in the world of this new agglomeration in Europe of which she would form part...It may be a good thing that she should be but don't ask me to believe that the Commonwealth will remain the same.⁶⁴

On this point he stated repeatedly: 'I hope that I may be wrong, but so it seems to me'.⁶⁵

⁶¹ Quoted in *The Age*, 5.8.1961, 1.

⁶² *The Sydney Morning Herald*, 2.8.1961, 2.

⁶³ *The Sydney Morning Herald*, 1.8.1961, 1.

⁶⁴ *The Sydney Morning Herald*, 9.8.1961, 8.

⁶⁵ *The Sydney Morning Herald*, 1.8.1961, 1.

By comparison, McEwen was far less sentimental in his public comments, but he too made claims which derived essentially from the British race patriot conception of Australia's place in the world. For example, he argued that Britain's 'apparent wish to join the Common Market seems to carry the possibility of a tearing down of much of the Commonwealth's trade structure which has held the Commonwealth together since the days when the Ottawa Agreements were first negotiated'.⁶⁶ In other words, the prospect of British EEC membership was not merely a national problem, but threatened the organic economic unity of the British family of nations. Similarly, McEwen's references to the Commonwealth's 'historic system of trade' built up since 'the early times of British colonisation' served to underline the ancient and inviolable ties of the Commonwealth relationship, and the imperative that these should not be disrupted.⁶⁷ Most tellingly of all, McEwen's frequent assertion that it would be 'unthinkable' for Australians to contemplate that 'foreigners' should obtain a preferred position in the UK market,⁶⁸ illustrates precisely how the pervading sense of Australia's community of culture with Britain underpinned an ongoing attachment to the idea of Anglo-Australian community of interest.

Press reactions revealed similar preoccupations, without necessarily drawing similar conclusions. The most common response to Macmillan's EEC announcement was one of profound apprehension at the prospect of a major reorientation of Australia's trade relations. The *Australian Financial Review* viewed the problem in the wider context of Australia's intractable balance of payments problem, and the more immediate burden of the 1961 recession. The prospect of Britain joining the Common Market 'added gloom' to the economic forecast, and it was difficult to foresee 'anything but harm' to the future of Australia's export trade.⁶⁹ *The Age* ran a similar line, and conceded that 'our arguments for retaining the old order have not carried enough weight'. In these circumstances, Australians would have to 'face the possibility - indeed the probability - that the whole pattern of our economic existence is likely to be changed'. In the

⁶⁶ NLA, McEwen Papers, MS4654, Box 122, *Review of Trade Problems by the Rt. Hon. J. McEwen*, 5.8.1961

⁶⁷ NLA, McEwen Papers, MS4654, Box 122, *Extract of Speech by the Minister for Trade and Federal Leader of the Australian Country Party, Mr. J. McEwen, at the Official Opening of the NSW Country Party Annual Conference*, Lismore, 21.6.1961; See also *The Australian Financial Review*, 22.6.1961, 3.

⁶⁸ *Ibid.*

⁶⁹ *The Australian Financial Review*, 3.8.1961, 1.

meantime, *The Age* called on the Government to launch a 'salvage operation' in the Brussels negotiations, to press Britain and the Six for the best possible terms for Australian producers.⁷⁰

Much the same view was reflected in the comments of Australian industry representatives. The Associated Chambers of Manufacturers warned that Australia could face 'a complete review of its international trading arrangements'. Similar concerns were voiced by the Australian Primary Producers Union, who also feared that Australia might be 'forced into avenues of trade with the Communist bloc'. The general sense of urgency was echoed by the NSW Graziers' Association: 'We cannot sit back and see what measure of protection Britain may be able to salvage for us'.⁷¹ Rather, industry leaders called on the Australian Government to participate directly in the negotiations, in order to ensure that Australia's sacrifices were kept to a minimum. Unless the Treaty of Rome could be modified to accommodate Britain's trade with the Commonwealth, warned the chairman of the Australian Dairy Board, the outcome for Australia would be 'disastrous'.⁷²

These apprehensions were not universally shared however. The *Sydney Morning Herald*, for example, saw no reason to doubt British assurances, claiming that 'it would be churlish to believe that the British Government will not try hard and persistently to win from the present members of the Common Market those special arrangements without which Commonwealth trade would be gravely disrupted, and old links of friendship subjected to strain'. Australia should acknowledge Britain's 'dire necessity' and applaud Macmillan's commitment to European unity 'without pernicky reservations'.⁷³ Former Australian Foreign Minister, Richard Casey (now elevated to the House of Lords) made similar remarks about the wider Commonwealth benefits of a politically and economically strengthened Britain, and expressed his faith that 'Britain will not enter this Common Market unless she can get conditions which very largely protect the trade of her Commonwealth countries'.⁷⁴ This profound reluctance to

⁷⁰ *The Age*, 3.8.1961, 2.

⁷¹ *The Sydney Morning Herald*, 2.8.1961, 4.

⁷² *The Age*, 2.8.1961, 1.

⁷³ *The Sydney Morning Herald*, 2.8.1961, 2.

⁷⁴ Quoted in *The Age*, 2.8.1961, 5.

conceive that Britain might abandon Australian interests was, in a sense, the other side of the coin of the pervasive British race patriotism in Australia's response to the Common Market crisis. Regardless of whether one considered British entry an unmitigated disaster or took a more complacent view, the prospect of a major rupture of Anglo-Australian ties was widely thought to be 'unthinkable'.

The House of Representatives debate from 16-22 August became the prime focus of political debate on the Common Market problem. Opening the debate, Prime Minister Menzies reiterated his view that the decision facing the United Kingdom - whether to join the EEC on negotiated terms or to stay out - would be 'the most momentous peace-time decision in living memory. Upon its wisdom and success probably the future of the free world and most certainly the future of our own family of nations will turn'. He spoke with his customary sentiment and reverence for the Commonwealth, and reiterated his hopes that he may be 'proven wrong' about the dire consequences of British entry. He was particularly sceptical about the British argument that the Commonwealth would actually be strengthened if Britain were to go into Europe, and cautioned against too readily confusing British interests with those of the Commonwealth as a whole. In a thinly veiled attack on the wishful thinking of the Macmillan Government, he warned that 'it would be a mistake to pretend that there was no change when in fact there had been a great one'.

Yet Menzies' own remarks betrayed precisely the same confusion in distinguishing Australian interests from those of Britain and the Commonwealth. On the one hand, he was extremely clear in his mind about the likely consequences of British entry for Australian industries, and went into considerable detail about the potential damage to Australia's trade in wheat, meat, dairy products, metals, sugar, fruits, and processed foodstuffs. Moreover he underlined that the potential damage would fall with particular severity on particular communities, especially those involved in developing and populating the remote areas of Western Australia, the Northern Territory, and North Queensland. These areas were wholly dependant on the prosperity of single industries, such as minerals, beef cattle, and sugar.

Similarly, the intensive soldier settlement and investment in the irrigated area of the Murray and Murrumbidgee regions had been founded on the production of dried and canned fruits and fat lambs. These communities could not be sustained at their existing levels without the continuation of the current large scale of exports. Thus the impact of Britain's membership of the EEC would not be spread evenly across the Australian economy as a whole, but would be concentrated and therefore, in Menzies' view, more damaging.

Having expounded Australia's economic interests in such vivid detail, however, Menzies went on to consider the broader interests of 'British prosperity'. Whatever the outcome of the EEC negotiations, he declared, it was vital that Great Britain should be strengthened 'for her own sake, for our sake, and for the sake of the world'. Menzies tried to reconcile the inescapable conflict that had emerged between Australian and British interests in the following terms:

...we are both British and Commonwealth. But our first duty is to protect what we believe to be the proper interests of Australia, whose future development will be a considerable factor in Commonwealth strength, and will in particular produce economic advantages for Great Britain herself. We do not doubt that this is understood and accepted by Great Britain. There is therefore much common ground on which to stand.

This curious logical sequence reads as a classic formulation of the British race patriot outlook on Australia's relations with the Mother Country. In Menzies' view of things, Australian interests naturally assumed first priority. But a prosperous Australia provided important markets for British industry and contributed to the vitality of the Commonwealth, which in turn bolstered Britain's international political prestige and influence. Therefore Australian interests, 'properly conceived', were ultimately indistinguishable from the interests of the British world, and it was naturally to be expected that the United Kingdom would come to identify with Australia's problems in the final analysis. Menzies' assertion that 'we are both British and Commonwealth' conveyed precisely the ideology of the 'independent Australian Briton' that Alfred Deakin, Billy Hughes and later H.V. Evatt had carried into their dealings with Britain, and it remained by far the dominant factor in Australia's early response to the Common Market problem.

But by adhering to these traditional assumptions, Menzies failed to grasp the essence of

Britain's shift towards Europe. The Macmillan Government's decision to seek entry into the EEC was essentially a tacit acknowledgement of the declining economic and political utility of the Commonwealth as a vehicle for British interests. It came as a direct challenge to the fundamental notion of 'mutuality of interest' which had for so long permeated the conduct of Commonwealth relations. But rather than confront this new set of circumstances, Menzies insisted that the problems associated with the Common Market could be dealt with 'on a proper Commonwealth level; our common interests never forgotten, but our particular interests zealously expounded and upheld'. For Menzies, the solution was essentially a matter of sticking to the tried and true method. Although there would inevitably be 'intense arguments' and 'conflicts of opinion', these need not be feared because 'such matters are in the British tradition'. Interestingly, Menzies went to great lengths to emphasise that 'the problems will not be solved by saying that we have common objectives'.⁷⁵ Yet this seems to have been precisely his state of mind. He could not conceive, given the long tradition of cooperation and compromise in Empire relations, that a solution ultimately satisfactory to all parties would not be found. Although it is perhaps tempting to put this down to Menzies' own idiosyncratic attachment to the Mother Country, it is striking that his dubious logic went virtually unchallenged during the entire week-long House of Representatives debate.⁷⁶ Although this fact does not, of course, indicate that his ideas held universal appeal, at the very least it shows that Menzies' British race patriot response to the Common Market problem lay well within the bounds of Australian political culture in the early 1960s.

Menzies' speech was later followed by Trade Minister McEwen, who approached the EEC problem in rather different terms. McEwen's primary, and perhaps all-consuming concern was the future of Australia's trade prospects in the enlarged Europe, and it was here he placed his overwhelming emphasis. But although he displayed a sharper appreciation of the degree and urgency of Australia's conflict of interest with Great Britain, he fundamentally shared Menzies'

⁷⁵ Menzies, *CPD*, H. of R., Vol. 32, 134-41.

⁷⁶ But see the lone criticism of Menzies' 'complacent assumptions' by ALP backbencher, Allan Fraser, discussed below pp. 145-147.

instinctive belief that Australia ought not to be abandoned. The main difference was that for McEwen, finding a satisfactory solution was essentially a question of loud and forthright protest. The British would have to be compelled to see the seriousness of Australia's plight, and this could only be achieved if Australia's voice was clearly, even painfully heard. McEwen informed the House that he 'could see nothing but havoc for many industries of Australia and New Zealand' if the United Kingdom should join the Common Market without adequate safeguards. He elaborated on this theme in graphic detail, highlighting every major industry which would be seriously injured by a reversal of British preferences. He saw no reason why countries such as Australia and New Zealand should be grievously damaged as part of the price to secure greater political and economic cohesion in Europe, and went so far as to condemn the entire European Community project:

The concept of some 300 million people in Europe establishing for the first time in modern history free trading between themselves, with a towering tariff surrounding them to keep the rest of the trading world outside, represents through Australian eyes a picture of the most gigantic obstacle to international trading in world history, and certainly a massive new preference area.

Such pronouncements were hardly likely to arouse European sympathy for Australia's problems. But for McEwen, Australia's grievances could not be stated too baldly. He saw the forthcoming negotiations for British membership of the EEC as 'a fight...a fight for stakes which for us are very, very high'.⁷⁷ This attitude would come to characterise, and ultimately stigmatise McEwen's acrimonious dealings with the British over the ensuing months.

The response of the Labor Opposition in the Parliamentary debate revealed much the same confusion about the nature of the interests and issues at hand. For example, ALP leader Arthur Calwell described the situation facing Australia as an 'almost desperate...national danger which transcends party politics' while on the other hand he declared that 'the formation of the Common Market is basically a good thing and it will be a good thing if Britain can enter it also'.⁷⁸ Similarly, while some Opposition members berated Menzies and McEwen for failing to

⁷⁷ McEwen, *CPD*, H.of R., Vol.32, 17.8.1961, 257-263.

⁷⁸ Calwell, *CPD*, H.of R., Vol.32, 16.8.1961, 141-45.

take action at an earlier date to diversify Australia's export trade,⁷⁹ others criticised the Government for expanding trade with Asian countries and swamping Australia with 'luxurious rubbish from Japan'.⁸⁰ Calwell further attacked the Government for 'being prepared to back the Macmillan Government in this matter', but in almost the same breath mocked Menzies for his patronising attitude in 'refraining from giving approval' to the British Government's actions. In an almost embarrassing display of deference to the Mother Country Calwell declared:

It is not for this Government to patronize the British Government by giving or refusing approval. After all, the British Government has some rights of self-government left, even at the hands of the Menzies Government.⁸¹

Although Calwell moved a motion censuring Menzies for his failure 'to appreciate the real issues which are involved', he showed no sign of having clearly perceived them himself. Nor were his Labor colleagues inclined to distinguish between sentiment and self-interest in their evaluation of the Common Market problem. The senior ALP spokesman on EEC matters, R.T. Pollard, delivered a particularly emotional appeal:

As with other members of Her Majesty's Opposition, who spring from British stock, I have very great pride in the quality of the goods that the United Kingdom has poured into Australia over many years. We hope that the people of the United Kingdom hold the same sentiments about the goods that we in turn have poured into Britain.⁸²

In Pollard's view, Australia's trade relations were not merely a question of balancing the national current account, but involved questions of loyalty to British standards and 'British stock' which went far beyond bald considerations of economic advantage. Eddie Ward echoed this view, claiming that the very reason that the Britain was now faced with the unpalatable decision of joining the EEC was because the Menzies Government had allowed Japanese goods to force

⁷⁹ See Calwell, *ibid.* & Whitlam, *ibid.*, 17.8.1961, 263-70.

⁸⁰ Interjection by R.T. Pollard, *ibid.*, 16.8.1961, 146; See also Eddie Ward, *ibid.*, 22.8.1961, 323.

⁸¹ Calwell, *ibid.*, 141-145. Calwell's argument was later contradicted by his own Party members who claimed that the Government had not gone far enough in condemning Macmillan's EEC ambitions. Pollard's remarks were typical: 'Certainly there has been a refraining of approving of the opening of negotiations, but why was there no strong protest about the end result of opening those negotiations? There has been no protest whatever. On the contrary there has been an acceptance of the situation', *ibid.*, 17.8.1961, 257.

⁸² Pollard, *ibid.*, 17.8.1961, 255.

the British out of the Australian market.⁸³ Ward seemed to imply that Australia was being punished for disloyalty to the ideal of British racial unity. At the other extreme, Leslie Haylen suggested that it was the British who were fundamentally disloyal in their callous disregard for Australia's welfare, asserting that Menzies had 'descended from cloud cuckoo land and found that Britannia in reality is a bunch of bank directors, cartel directors and a lot of other people, and that the bonds of empire are the 6 per cent negotiable ones'.⁸⁴ But despite his bitter complaint that Britain 'will not take any notice of our people', Haylen went on to devote a large portion of his speech to his fear for the plight of 'the British working man' in an enlarged European market, without any indication of the relevance or otherwise of such questions to Australia's interests in the Common Market negotiations.⁸⁵ Thus Haylen's apparent anti-British hostility derived more from a sense of moral outrage at the self-interested actions of a shamefully un-British 'bunch of bank directors', than from a repudiation of the fundamental idea of Anglo-Australian community.

In summarising the House of Representatives debate, Labor member Clyde Cameron commented that 'we have heard remarks from both sides of the House which, if uttered five years ago, would have branded the speakers as unpatriotic, un-British and not fit to be in Parliament'.⁸⁶ This was no doubt true, but Cameron seemed unaware of the fact that the kind of 'un-British' sentiment expressed in the House was not by way of a critique of the core precepts and practices of British race patriotism in Australian political culture but quite the opposite. Of the no less than twenty-four Government and Opposition ~~speeches~~^{speakers} in the House of Representatives debate, only one ALP backbencher, Allan Fraser, seemed prepared to step outside of the British race patriot paradigm and take a fresh view of Australian interests in the light of Britain's EEC membership application. He argued that it was 'entirely beside the point' to talk of loyalty to Britain or loyalty to the cause of a united Europe on an issue of such vital national importance. Nor could Australia accept the Prime Minister's complacent assumption that some reasonable compromise would

⁸³ Ward, *ibid.*, 22.8.1961, 323.

⁸⁴ Haylen, *ibid.*, 17.8.1961, 235.

⁸⁵ *Ibid.*, 236-237.

⁸⁶ Cameron, *ibid.*, 17.8.1961, 280. It is also worth noting that a number of Liberal members, notably Jim Killen and Malcolm Fraser, vehemently interjected to repudiate Cameron's claim that there 'was any syllable, let alone one word' in their speeches that could be construed as anti-British. *Ibid.*, 283.

inevitably be reached, for the simple reason that Britain could never 'place loyalty to Commonwealth countries above the necessity of her own national survival'. But in contrast to Haylen, he evinced none of the emotional bitterness about Britain's abandonment of Australia, adding that 'she could not, she will not and we could not expect her' to behave otherwise. In Fraser's view, the lesson for Australia seemed patently obvious:

We should be exactly as self-minded in this matter and as concerned with our own preservation as is Britain. Britain will act according to her own national interests. So must we, and we must not be influenced against doing so by any other consideration whatever.

He appealed to the Government to make the clearest possible distinction between the interests of Australia and Great Britain and to act accordingly. This required two key adjustments in Australia's outlook on the Common Market problem. As far as the impending Brussels negotiations were concerned, Fraser urged that 'we should stop playing ladies and gentlemen and get in now and fight as roughly and as toughly as we are able'. But beyond the immediate problem of British entry, it was also urgently necessary that 'we in Australia face the position that we are not in Europe but in Asia, that we are on our own and that without compunction for the severance of past associations we must look for friends and allies and trading opportunities wherever we can find them'.⁸⁷

It is tempting to draw a parallel between Fraser's 'without compunction for the severance of past associations' with John Curtin's celebrated 'free of any pangs as to our traditional links or kinship' on the eve of the fall of Singapore in 1942.⁸⁸ But there are a number of important differences. Firstly Fraser, unlike Curtin before him, seemed clearly to understand that Australia was faced with a permanent reorientation of its external ties, rather than the temporary exigencies of an imperial crisis. Secondly, Fraser explicitly declined to draw on the language of the 'inexcusable betrayal' which had characterised the Curtin Government's response to the failure of British defence guarantees in 1942. Unlike so many of his political contemporaries, Fraser

⁸⁷ Fraser, *ibid.*, 22.8.1961, 314-317.

⁸⁸ Fraser seems consciously to have drawn inspiration from Curtin's phrasing. Earlier in his speech he used the phrase 'without compunction of any kind' which was surely a deliberate echo of Curtin's 'without any inhibitions of any kind'.

evinced a ready appreciation of Britain's sovereign rights to pursue its own self-interest, and the pressing need for Australia to do the same. Finally, it is important to bear in mind that Curtin's statement was an address to the nation by the Prime Minister of Australia. Fraser's comments, by contrast, were the isolated, and at the time rather unorthodox opinions of an opposition backbencher. His ideas did not figure in the arguments of Calwell or ALP Deputy Leader Whitlam, and on the whole the Opposition proved to be just as entangled in the Anglo-Australian 'web of culture' as the most avid anglophiles in the Menzies Government.

The immediate response of Australian Government officials to Macmillan's EEC membership announcement reflected much the same outlook as their political masters. The first action of the interdepartmental Common Market Committee was to send out an *aide memoire* to the capitals of the Six at the end of August, giving advance notice of Australia's attitude in the forthcoming Brussels negotiations. Apart from outlining Australia's broad interests in the Common Market discussions, the memorandum made a strong case for Australia's 'European' credentials: 'We have long supported moves towards a strong Western Europe. We are, despite our geographical location, a Western European country not only by origin but also in our traditions and our culture'. References were made to the level of European immigration in Australia, and Australia's value to Europe in terms of trade and capital investment. The memorandum went even further to emphasise Australia's integral role as part of 'the common Western cause':

Australia is an important outpost of the Western World. In the area east of Suez, it has a marked strategic significance. As a strong, dynamic, self reliant country, as a member of SEATO and of ANZUS, we are a source of strength to the Western World, particularly in a 'soft' area containing many small and neutralist countries which are a prime target of communist ambitions and offer no strong resistance to communist penetration...we have made common cause with the Western World and have the right to be considered as an integral part of it.⁸⁹

In other words, the Europeans needed to recognise that they, like the British, held a fundamental stake in Australia's future, and should identify with Australia's interests as their

⁸⁹ AA, A1838/283 727/4/2 Pt.1, *Aide Memoire to the Six*, 22.8.1961.

very own. Australia, it was argued, should be rightly viewed as an 'outpost' or 'extension' of the European world, and certainly not as a distinct and limited sovereign community. There could hardly be a better illustration of the consummate ease with which Australians habitually veered from one 'kinship group' to the next, from Australian nationalists, to British race patriots, white 'European' racialists, non-Communist 'westerners' and back again. As Douglas Cole has pointed out, the 'varying functional value' of these disparate points of identification 'determined which would be emphasised at any particular time and by whom'.⁹⁰ Thus when faced with the dangers of exclusion from the economic and political benefits of European unity, the Menzies Government had little difficulty in emphasising Australia's fundamental 'community' with Western Europe, over and above the more narrow parameters of Australian identity. The problem with this, however, was the fact that all conceptions of 'community' need to resonate mutually in order to function effectively. Therefore, the ongoing relevance of these ideas in Australian political culture would come to rest entirely on the extent to which Britain, the Six, and indeed 'the West' as a whole were prepared to recognise Australia's demand for 'inclusion' in the newly emerging concept of 'European Community'.

For Australia, Britain's long search for a satisfactory accommodation with the new European enterprise had been a period of uncertainty and confusion, as British policy progressed rapidly through a variety of flawed solutions. Britain's initial rejection of the Six in 1955 had formed the basis of Australia's assessment of the likely implications of European integration for Australian interests. Due to a combination of repeated British assurances, lack of information, and a general assumption that Australia's interests were ultimately tied to Britain, the Australian Government was unable to respond effectively to the subtle shift in British priorities throughout the late 1950s and early 1960s. Moreover, the pronounced interdepartmental differences about how Australia's interests should be defined and safeguarded, tended to work against any coordinated government response to the mounting Common Market crisis. Thus, the British decision of July 1961 to

⁹⁰ Douglas Cole, 'The Crimson Thread of Kinship: Ethnic Ideas in Australia, 1870-1914', *Historical Studies*, Vol 14, No.56, April 1971, 522.

apply for EEC membership, although several years in the making and despite ample warning signs, came as something of a shock to the Menzies Government. The prospect that Britain might take steps which could permanently harm Australia became the source of deep disquiet within the Australian Government and the community at large.

The immediate Australian response to the British decision to apply for EEC membership provides two important insights into Australian political culture in the early 1960s. Firstly, it clearly shows how the underlying assumptions of British race patriotism continued to inform the Australian outlook, despite the many fundamental conflicts in Anglo-Australian relations since the Second World War. With the notable exception of the External Affairs Department, the instinctive Australian reaction to the Common Market crisis betrayed an unmistakable note of moral grievance on the one hand, and a determination to ensure, by a combination of loud protest and an appeal to British sentiment, that Australia's cries should ultimately be heeded. In other words, Australia's response was founded on the British race patriot ideal; that there ought to be some means of reconciling the interests of Australia and the Mother Country.

And secondly, the events leading up to Macmillan's EEC membership announcement of July 1961 had already demonstrated the capacity of the Common Market issue to provoke more searching reflections about Australia's place in a changing world. This was most notably apparent in the sweeping analysis of the External Affairs Department in June 1961, in which the effects of the fundamental changes brought by the post-war world were frankly and unsentimentally assessed. More importantly, officials acknowledged that the 'tacit assumption of mutual assistance' that had hitherto characterised Australia's relations with the Mother Country was no longer relevant in the world of the 1960s. The undeniable fact of diverging conceptions of British and Australian interests compelled External Affairs explicitly to discount British race sentiment as a valid basis for Australia's view of itself, and the world. But at this early stage in Britain's bid for EEC membership, External Affairs officials lacked a strong political base from which to impress their ideas onto the wider policy process. But their views would gain wider currency in Australia as the determination of the British to join the Six became increasingly

obvious, and as their indifference to Australia's grievances became more glaringly apparent. In the meantime, the Menzies Government prepared to exploit 'all the arguments of sentiment' at their disposal to ensure that British entry into the EEC should not be achieved at the expense of Anglo-Australian unity.

Chapter 4

'A Real and Fundamental Clash of Interests': The Early Phase of the Brussels Negotiations

The negotiations for British accession to the EEC formally commenced on 10 October 1961 with an opening address by the leader of the British negotiating team, Edward Heath. Heath laid particular stress on Britain's newfound political commitment to European unity, solemnly declaring Britain's desire 'to become full, wholehearted and active members of the European Community in its widest sense'. He assured the Six that Britain's application represented a genuine conversion to the ideal of European unity, and in that sense marked 'a momentous decision' and 'a turning point in our history'. Although he did not underestimate the difficulty in reconciling British membership of the EEC with membership of the Commonwealth, he expressed confidence that solutions could and would be found. He reminded the Six that 'the Commonwealth makes an essential contribution to the strength and stability of the world', and underlined the importance of 'sound economic foundations' in cementing Commonwealth unity and vitality. He therefore emphasised that it was 'in the interests of all of us around this table that nothing should be done which would be likely to damage the essential interests of its Member Countries'.¹

But herein lay the core problem of which Heath was well aware - all parties to the negotiations in Brussels had quite different interests in relation to the Commonwealth, and it was most unlikely that the Six would be prepared to sacrifice their own material economic interests in return for the vague political benefits of Commonwealth unity and prosperity. This was to become increasingly apparent during the early phase of the negotiations, as the Six grew steadily more adamant in their refusal to grant meaningful concessions. The problem of conducting effective negotiations with the Six, while at the same time engaging in the agonising process of

¹ British White Paper, *The United Kingdom and the European Economic Community*, Cmnd. 1565, HMSO, November 1961.

Commonwealth 'consultation', placed an enormous burden on Heath and his negotiating team, which, in turn, provoked a growing feeling of resentment and frustration at the self-interested behaviour of Commonwealth countries. Meanwhile in Canberra, the task of disentangling Australia's interests from deeply ingrained assumptions about wider British community prompted early signs of an entirely new approach to the conflicting priorities of sentiment and self-interest in Anglo-Australian relations.

Distinguishing Australian interests

The first signs of an open Commonwealth rupture on the issue of Britain's EEC aspirations appeared even prior to the commencement of the UK-EEC negotiations at a meeting of Commonwealth Finance Ministers in Accra in September 1961. This was the first meeting of Commonwealth ministers since Macmillan's EEC announcement, and British Chancellor of the Exchequer, Selwyn Lloyd, had been given the unenviable task of smoothing the ruffled feathers of the Commonwealth. The Australian Treasurer, Harold Holt, set the tone of the conference by raising his Government's fears for the future of the Commonwealth. But it was the Canadian Finance Minister, Donald Fleming, who provoked the greatest uproar. He not only expressed his 'disappointment' and 'grave apprehension' about the British decision, but also poured cold water on the idea that the UK would gain any benefit from membership of the Six. In British eyes, Fleming's hour long performance was 'a tirade as much as a speech', and served to provoke other Commonwealth members into airing their grievances.² The drafting of a communique at the close of the Conference was particularly problematic, with the Canadians seeking to 'foist an outrageous draft' amounting to a vote of censure on the British Government.³ Lloyd apologised profusely to Macmillan for his failure to keep the lid on Commonwealth dissent, and reported the 'rather sad feeling' among Commonwealth ministers 'that we had made up our minds and although we would try to solve what we could, we were in effect jettisoning the Commonwealth

² PRO, PREM11/3211, *Summary Record of Discussion at Accra*, 15.9.1961.

³ PRO, PREM11/3211, Lloyd to Macmillan, 15.9.1961.

as it had developed up to now'.⁴ Macmillan himself was somewhat more philosophical about the Accra episode, and was inclined to see a positive side. He reminded Lloyd that a degree of 'Commonwealth difficulty and worry' could provide a useful lever to compel the Six to agree to more favourable terms in the negotiations. As Macmillan saw it, 'the more worried the Commonwealth gets the more pressure we may be able to put on the Europeans'.⁵

Meanwhile in London, talks between British and Australian officials revealed further disagreement on the question of how, and how far Australian interests should be safeguarded. The new Secretary of the Australian Trade Department, Alan Westerman, was concerned to find that the British had formulated no specific ideas as to how Commonwealth trade interests might be safeguarded in practice, and that they envisaged little more than a process of 'horse-trading' with the Six. Westerman also encountered considerable disagreement on how Australia's 'vital' interests should be defined. The British viewed this question in terms of the Australian economy as a whole, whereas the Australians insisted on the vital interests of particular industries and communities. Westerman returned to Australia with the distinct impression that the British regarded certain items of Australia's trade as expendable, and would not be seeking safeguards across the board.⁶ His London visit was reported in the *Financial Review* as having 'raised doubts in some official minds of the extent of Britain's real concern for Australia's welfare - indeed for that of the Commonwealth as a whole'. Moreover, there were signs of a growing awareness that 'where self-interest dominates a situation so forcefully as it does in the whole matter of Britain, the Commonwealth and Europe, it seems hardly likely that such esoteric considerations as emotional ties should play too significant a part'.⁷

In the light of Westerman's grim forecast, Australian officials gave more careful consideration to the conflict of interest that had arisen. By mid-October 1961 the Prime Minister's Department was asking the all-important question:

⁴ PRO, PREM11/3211, Lloyd to Macmillan, 14.9.1961.

⁵ PRO, PREM11/3211, Macmillan to Lloyd, 16.9.1961.

⁶ AA, A1838/275 727/4/2 Pt.1, *Common Market - London Consultations, Note for Ministers* (Westerman) 4.10.1961.

⁷ *The Australian Financial Review*, 21.9.1961, 3.

How far is it really possible to reconcile the interests of the Six, the United Kingdom and Australia? Can we assume that there is a basis for a mutually acceptable reconciliation of interests?⁸

This problem was examined in detail by officials, who weighed up Australia's interests against those of the United Kingdom:

The rationale of our position on trade is: why should we bear any costs at all occasioned by the UK's entry into Europe when the UK will be obtaining the benefits. The UK attitude is: why should some disruption to Commonwealth trade stand in the way of us making a major decision which we believe to be in our best interests.

Officials considered both the British and Australian position to be 'quite reasonable, or at least understandable'. The conclusion therefore was inescapable: 'Given that each country's first duty is to itself...there is a real and fundamental clash of interests'. One might easily dismiss this assessment as little more than a statement of the obvious. But in the context of the prevailing British race patriot assumptions which informed Australia's early response to the Common Market crisis, this kind of reasoning assumes a striking significance. The fact that the seemingly straightforward notion that 'each country's first duty is to itself' required explication in departmental briefing papers clearly shows that this idea was not so well entrenched in Australian political culture at this time. It is inconceivable, for example, that such a statement might have appeared in a British, French or American official document. But in Australia, where the foreign policy process had long been characterised by ideas about Australia's wider community of interest with the Anglo-Saxon race, this kind of analysis had an almost novel ring to it. Similarly, the simple fact that there had emerged 'a real and fundamental clash of interests' carried a far deeper resonance for a country where conflict with the Mother Country had generally been reconciled within the traditional British race patriot paradigm. Far from representing a mere transitory difference of opinion or an expression of 'particular' interests, the EEC issue challenged core ideological assumptions about the organic unity of the British world.

The Prime Minister's Department reached two important conclusions from this

⁸ AA, A4940/1 C3368, Pt.3, P.M.'s Department memorandum to Menzies, *Common Market* (Salter & Foxcroft) 18.10.1961.

assessment. Firstly, it had to be recognised that the final outcome of the Brussels negotiations would be a compromise between conflicting interests, and would therefore fall well short of Australia's requirements. Secondly, Australia should henceforth be 'wary of the blandishments of the British to induce us into an unduly cooperative frame of mind'. It was essential that 'we should not fall into thinking that there is no real clash of interests and that given cooperation everything will work out to the mutual benefit of all of us. This is a way of thinking that the UK has encouraged'.⁹ It also happened to be a way of thinking that had pervaded Australian policy throughout countless previous instances of disharmony and discord with Great Britain. By advising caution against the idea that 'everything will work out to the mutual benefit of all', Prime Minister's officials were in effect undermining the cornerstone of the myth of the British 'genius for compromise' which had provided such an indispensable mechanism for reconciling Anglo-Australian conflict since the earliest days of the Commonwealth.

Australian Treasury and Trade officials were reaching similar conclusions at this time. The Treasury representative at Australia House in London, R.J. Whitelaw, advised his departmental head in October 1961:

I am afraid the United Kingdom is not going to be able to keep both the Commonwealth and the Common Market happy. The one really lively ambition the UK have at the present time is to get inside the Common Market and outsmart the French...In the end, I think it will not be the French but the Commonwealth that is outsmarted.¹⁰

In Canberra, Treasury officials were forced to the conclusion that 'what is good for the Community is unlikely to be always good for the Commonwealth', and that 'once inside the Community, Britain would almost certainly tend more and more to identify her own interests with those of the Community as a whole'.¹¹ The Trade Department likewise acknowledged that any solutions to Australia's problems were 'bound to cut across the interests of someone in the Common Market, or the United Kingdom herself'.¹² In the light of this assessment, Australian

⁹ AA, A4940/1 C3368, Pt.3, P.M.'s Department memorandum to Menzies (Salter) 24.10.1961.

¹⁰ AA, A571/161 61/1966 Pt.1, R.J. Whitelaw (Australia House) to R.J. Randall (Acting Secretary, Treasury) 9.10.1961.

¹¹ AA, A571/161 61/1966 Pt.2, Treasury paper, *British Influence in Europe*, 30.5.1962.

¹² AA, A3917/1 Vol.9, Cabinet Submission no.1327, *United Kingdom and the EEC: Attitude in London Consultations*, 28.8.1961, 3.

officials emphasised the need for greater precision in identifying Australia's 'vital interests'. This was particularly true on the political side, where the Government did 'not appear to have formulated any precise objectives, beyond the vague (and perhaps unrealistic) one of maintaining the present type of relationships between the Commonwealth and the UK'. It was clearly no longer sufficient simply to insist that 'all' Australian interests be protected. Nor should ministers allow themselves to be confounded by notions of shared 'British' interests. Henceforth, Australia's vital interests would have to be concisely and carefully defined. There would need to be a clear idea of Australia's minimum requirements, and fall back positions should be prepared accordingly.¹³

This growing awareness of the discrepancy between British and Australian interests also underlined the need for direct Australian participation in the Brussels negotiations whenever matters directly affecting Australia were under discussion. The question of Australian participation had first been raised in the talks with Duncan Sandys in July, when it had been agreed in principle that Australia should be allowed direct representation in the forthcoming negotiations, if not as a principal, then in working parties and committees dealing with matters affecting Australian interests. Sandys had assured McEwen that Britain would do its utmost to facilitate Australian participation on this basis, but pointed out that this was not a matter that Britain alone could decide. The issue was raised again during Westerman's London discussions in September, where the British agreed to support Australia's request for direct participation in the capacity of 'experts', but with 'full Australian identity'.¹⁴ Here again, the implication that Australians might conceivably participate in the negotiations with anything other than 'full Australian identity' clearly reflects the prevailing confusion about the precise parameters of Australian nationality, and the growing awareness of the need for greater precision in defining Australia's national obligations and priorities.

In order to cement Australia's claim to a right of direct participation in the Brussels negotiations, the Australian Government sent a further *aide memoire* to the Six in January 1962:

¹³ AA, A4940/1 C3368, Pt.3, P.M.'s Department memorandum to Menzies (Salter) 24.10.1961.

¹⁴ AA, A3917/1 Vol.9, *Common Market - London Consultations*, Note for Ministers (Westerman) 4.10.1961.

The Australian Government has no wish or desire to intrude upon those negotiations or discussions between the United Kingdom and the EEC Governments which relate to matters which are not Australia's business, and does not assert a claim to be a principal in those negotiations. On the other hand, the Australian Government would regard it as anomalous and indeed inequitable if Australia, with its traditional trade ties with one of the parties to the negotiations, should be denied any part in the discussions and be absent from them even when matters profoundly affecting its economic future are being decided.¹⁵

These demands clearly betrayed the Government's mounting anxiety about being 'denied any part' in the kind of political and economic forum which had hitherto been considered a legitimate extension of Australia's natural sphere of interest. These anxieties were exacerbated by a pervading sense that Australia had nowhere else to turn. As Prime Ministers' officials reflected, the most 'alarming prospect is a weakening of Commonwealth ties that are unreplaced by other ties, so leaving Australia and New Zealand without many friends as European outposts in S.E. Asia'.¹⁶ But at the same time, the Australian *aide memoire* also represented a tacit acknowledgement that Britain could no longer be relied upon to represent Australia's interests, for the simple reason that British and Australian interests were at loggerheads on the EEC question. It could not be assumed that Britain and Australia were working towards common objectives, nor could it be certain that Britain would press for the best possible deal for Australian exporters. On the contrary, the British clearly had their own priorities and it would therefore be necessary to send Australian representatives to Brussels to forcefully argue the case for Australia's own, exclusive interests.

Defending Australian interests

How then did the Menzies Government assess Australia's 'essential interests' in the EEC membership negotiations? There were two basic elements to the Australian trade problem.

¹⁵ AA, A1838/275 727/4/2 Pt.2, *Aide Memoire*, January 1962. The EEC Commission noted the advice of Australian Ambassador, Edwin McCarthy, that no formal response to the *Aide Memoire* was anticipated by the Australian Government, and therefore no response was forthcoming. HAEC, BAC24/1967 E35, Communication de M. Rey (Vice President of the EEC Commission) *Aide-memoire du Gouvernement Australien*, 12.1.1962.

¹⁶ AA, A4940/1 C3368, Pt.3, P.M.'s Department memorandum to Menzies, 24.10.1961.

Firstly there was the overall picture of the total volume of Australian exports which stood to be affected. On the Trade Department's calculations, Britain took some 30 per cent of Australia's exports in the financial year ending mid-1961. A considerable portion of this trade would remain unaffected on account of negligible EEC tariffs, such as wool for example. But it was estimated that more than 60 per cent of Australia's exports to the United Kingdom (amounting to nearly 20 per cent of total export income) were in serious danger, should Britain accede to the EEC Common External Tariff unconditionally.¹⁷ Although Australia's dependence on the British market had declined from an early 1950s average of around 35 per cent, the prospect of losing up to one fifth of all export income remained extremely serious, particularly at a time when Australia was struggling to balance its external payments situation.

The other important element of the trade problem was at the level of individual products and industries. Britain not only purchased a substantial proportion of Australia's total exports, it was an even more vital market for particular sectors of the Australian economy. For example, Britain purchased 88 per cent of Australian canned fruit exports, 75 per cent of Australian butter, 70 per cent of canned meat, and 68 per cent of apples and pears. Moreover, these individual sectors were highly dependent on United Kingdom exports to sustain their existing levels of production, as Table 1 clearly illustrates.

Many of these industries had been geared specifically towards the British market, and remained dependent in varying degrees on the retention of British preferences. British entry into the Common Market threatened to reverse this preference in favour of European producers while Australia would be left to compete on an equal footing with powerful producers such as the United States.¹⁸ The problem was exacerbated by the fact that much of Australia's produce stood in direct competition with European farmers. For example, Australia's annual £A18 million of

¹⁷ AA, A3917/1 Vol.9, Cabinet Submission no.1188 (McEwen) *United Kingdom and the European Economic Community: Implications for Australia's Trade*, 1.7.1961.

¹⁸ In the most extreme cases, Australia's 20 percent preference margin on canned meats would be replaced by a European preference of 26 percent. Tinned fruits faced a similar prospect, with a 12 percent Commonwealth preference to be dismantled in favour of a projected European margin of 23-27 percent. In the case of sugar, the £4 per ton protection under the Commonwealth sugar agreement would be supplanted by an unassailable European tariff wall of 80 percent.

Table 1

Exports of Australian Primary Produce to the United Kingdom, 1960/61
(in '000 tons)

	Total Production	Total Exports	Exports to UK	% UK of Total Exports	% UK of Total Production
Cheese	44.6	18.5	14.8	80	33.1
Butter	197.5	78.6	59.4	75.5	30
Beef & Veal	767.4	265.7	114.3	43	15
Canned Meat	64.2	50.1	35.3	70.4	55
Raw Sugar	1270.6	752.2	365.5	48.6	28.7
Canned Fruits	153	89.6	78.9	88	51.5
Dried Fruits	87.3	66.2	25.7	38.8	29.4
Barley	681.6	403.3	105	26	15
Wheat* (millions of bushells)	273.7	183.5	27.4	15	10

Source: Australian Department of Trade, *Supplement to Overseas Trading* (Melbourne, 1961)

*Wheat figures from Australian Industries Development Association, *The Implications for Australia of the United Kingdom becoming a Member of the European Economic Community*, February, 1962.

wheat exports represented a mere two per cent of total EEC production, and would therefore easily be swallowed up by a reversal of preference.¹⁹ A similar picture presented itself for Australia's £A25 million per annum of beef, veal and lamb, which would also lose its preference against outside producers such as Argentina. Sugar (£A18 million p.a.), butter (£A16 million p.a.), and tinned fruit (£A9 million p.a.) all faced a similar predicament.²⁰ In the case of minerals and base metals, the problem was compounded by the enormous investment that was taking place in the Australian smelting and refining industries in the early 1960s. Australia was looking to expand production to become a leading world supplier of lead, zinc, and aluminium, and heavy capital expenditure had been undertaken for this purpose.²¹ The EEC policy however, was

¹⁹ H.G. Gelber, *Australia, Britain and the EEC, 1961-63* (Melbourne: Oxford University Press, 1966) 120.

²⁰ Australian Department of Trade, *Supplement to Overseas Trading* (Melbourne: Dept. Of Trade, 1961) 7.

²¹ For example, Alcoa of Australia's bauxite operations in the Darling Ranges, Kwinana, and Geelong projected a total investment of A\$44 million, and an expansion of production to 200 000 tons of Alumina, and 40 000 tons of aluminium per year. Comalco had also entered into massive commitments in Weipa and Bell Bay, with total investment reaching the order of \$A45 million. Although this expansion was not focused exclusively on British and European markets, they were based 'to some extent' on the expectation of continued duty free access to Britain. AA, A4940/1 C3368 Pt.3, Background Paper by the Department of National Development, *Britain's*

to place high tariffs on refined metals, but to allow relatively free entry for raw minerals, thereby stimulating the smelting and refining capacity in Europe. These policies threatened to reduce Australia to the position of supplier of the less profitable ores and concentrates.

The Department of Trade lost no time in devising possible safeguards to protect Australia's trading interests. In working out potential solutions to Australia's problem, department officials were confronted with what seemed an almost insoluble dilemma. On the one hand they were bound by the principle that no Australian trading interests could be regarded as expendable. This was a political as much as an economic issue, as the Government could not afford any sign of weakness with a Federal election in the offing. On the other hand, there was a tacit acknowledgement that the Six would strongly resist any major rewriting of the Treaty of Rome to accommodate Britain's Commonwealth partners. Therefore, any special arrangements to protect Australian interests would have to be broadly compatible with the principles of the Rome Treaty. It was difficult to see how Britain's accession to the Common External Tariff (CET) of the European Community could be brought into line with the system of Commonwealth tariff preferences, and it was clear that some degree of flexibility on both sides would be essential to a successful outcome. What concerned the Australians was that no such flexibility seemed to be forthcoming on the part of the Six, who insisted that any requests for special derogations from the principles of the Rome Treaty would have to be kept to a minimum.²²

But rather than submit a list of Australia's 'minimum' requirements, Trade officials sought instead to establish certain broad principles which could be applied to Australia's trading problem as a whole. Westerman took up this problem with British officials during his London visit in September 1961. Although the discussions revealed differing views about what might reasonably be achieved in negotiations with the Six, there was nonetheless broad agreement that the overriding objective was the maintenance of 'comparable outlets' for Australian products in

Negotiations with the European Economic Community - Possible Arrangements to Safeguard Australia's Mineral Exports, 7.2.1962.

²² AA, A3917/1 Vol.9, Cabinet Submission no.1327 (McEwen) *United Kingdom and the EEC: Attitude in London Consultations*, 28.8.61, 14.

the enlarged European Community. This key principle would become the subject of ongoing debate between Britain and the Six during the early months of the Brussels negotiations. It implied that Australia was not seeking any new trade advantages vis-a-vis the Europeans, but was merely concerned to preserve the existing level of Australian exports, plus a small margin to allow for future growth. It also implied that Australia would not necessarily insist on the principle of imperial preference, but would be prepared to look at other ways of preserving Australian access to British and European markets. For example, in the case of certain items where it was felt that Australia could compete on an even footing, such as minerals and base metals, it was agreed that Britain should seek to negotiate a reduction of the European CET to zero. This would preserve Australia's market access without necessitating special exemptions from the principles of the Rome Treaty. A more important method of applying the 'comparable outlets' principle was the idea of setting duty free quotas for Australian goods in the enlarged Common Market at levels corresponding to the established pattern of Australian trade. Any Australian products entering the Common Market beyond these quota levels would be subject to the normal application of the CET. In this way, the rules of the Common Market would be infringed only to the extent necessary to ensure a 'comparable outlet' for a fixed amount of Australian trade. In order to avoid administrative complications, the Australians were prepared to group many of their smaller items of trade, particularly manufactures, into so-called 'basket quotas', whereby a single quota level would be set for all items grouped into a particular basket category. In this way, the Australian Government could claim to have found safeguards for all Australian trading interests, no matter how small.

It was clear, however, that under such a system, Australia would only retain preferences against third country suppliers, most notably the United States. This was of vital importance to the canned and dried fruit industry for example, where the United States was a fierce competitor. But the setting of special market access quotas would not entail the continuation of preferences against the Europeans, who would gain free entry to the British market together with the Australians. Australian trade officials considered this to be on the whole a tolerable position,

given the fact that the dismantling of intra-Community tariffs would occur only gradually, over a ten year period. However, in the case of certain temperate agricultural items in which the Europeans were major competitors it was felt that some degree of protection vis-a-vis the Six would need to be preserved. Of particular concern to Australia was the prospect of competing on an even footing in the British market with French wheat (much of which was subsidised), Italian processed fruits, and Dutch and Danish dairy produce. It was these items of trade that would cause the greatest amount of difficulty in the Brussels negotiations.²³

But before the Brussels discussions on Commonwealth trade problems could get underway, it was necessary for the Six to reach agreement among themselves on the future outline of their agricultural policies. When the Treaty of Rome was established in 1957, the Six had included agriculture as one of the 'Foundations of the Community', and resolved to establish a Common Agricultural Policy (CAP) to bring the organisation of European agriculture under a single regime. Moreover the Six agreed that one of the prime objectives of the CAP would be to ensure 'a fair standard of living for the agricultural population, especially by the increasing of the individual earnings of the people engaged in agriculture'.²⁴ This was not only an economic but also an important political problem in Europe, where the proportion of the population employed in agriculture averaged around 26 per cent in the mid-1950s.²⁵ But the Treaty of Rome merely established the Common Agricultural Policy in principle, leaving the complex details to be worked out in future discussions. The issue remained to be settled at the time of the Macmillan Government's EEC membership application in August 1961, and one of the immediate effects of the British application was to accelerate progress among the Six in their agricultural deliberations. This was primarily because the large agricultural producers, particularly France and Italy, wished to see the outlines of the CAP well established before the

²³ AA, A3917/1 Vol.9, Cabinet Submission no.1327 (McEwen) *United Kingdom and the EEC: Attitude in London Consultations*, 28.8.61, paragraphs 29-84; AA, A3917/1, Vol.9, *Common Market Consultations: Note for Ministers* (Westerman) 4.10.1961, see 'Commodity Annex'.

²⁴ Article 39, Treaty of Rome.

²⁵ In France and Italy the figures were even higher at 28 percent and 40 percent respectively. Gelber, *Australia, Britain, and the EEC*, 97.

more liberal-minded British had the chance to influence the discussions.²⁶ Thus in December 1961 the Six convened for six weeks of intensive negotiations, culminating in agreement on the outlines of a Common Agricultural Policy in mid-January 1962.

For Australia, the CAP announcement was of key importance in providing a clearer picture of precisely what kind of European Community Britain would be joining. The Australian Government was deeply suspicious about the future shape of Europe's agricultural policies, given the long tradition of agricultural protectionism in the national policies of the Six. It was all very well to talk about the need for uniformity in the organisation of European agricultural markets, but Australia was all too aware of the pervasive political influence of European agricultural lobby groups who would campaign intensively for a highly protectionist CAP. The announcement of the outlines of the new European CAP did little to allay Australia's fears. On the contrary, the extremely novel and complex system of agricultural protection which emerged from the CAP negotiations exceeded Australia's worst expectations.

The precise details of the scheme varied across different agricultural sectors, but the essence of the policy was agricultural support based on uniform target prices. The idea was to control the market by controlling a key group of products, particularly cereals and milk. Each year, target prices would be set for these products over and above the world price to ensure a guaranteed return for farmers and to stabilise the market as a whole. Because of the regulatory effects of these products on other agricultural sectors (e.g. the relationship between feed grain prices and the meat and poultry industry, and the impact of milk prices on the dairy industry) this would ensure a degree of uniformity and stability across the broad spectrum of agricultural production. The inflated target prices would be propped up by intervention buying by the EEC Commission whenever the market price dropped more than five percent below the target price. Externally, the target price would be supported by a threshold price for imports into the Community. This system was basically consistent with the traditional European approach to

²⁶ The Six had, in fact, formally agreed on the eve of Britain's membership application that 'The Community's development should not be retarded as a result of the opening of negotiations with the UK'. HAEC, MAEF48/OW Microform 321, *Decisions Taken by the Rey Committee on Six-Seven Relations*, Brussels, 16.5.1961.

agricultural protectionism, whereby the cost of agricultural support schemes had generally fallen on the consumer.

For Australia, the most disturbing aspect of the CAP was the method proposed for insulating European agricultural markets from foreign competitors. The Six had no objection in principle to agricultural imports from third countries, but it was clear that tight controls would be necessary to keep cheap foreign suppliers from depressing the CAP target prices. To this end, a system of variable import levies was devised to ensure that European farmers could not be undersold by foreign producers, no matter how efficient. The levy would be set at such a level as to make up the difference between the price offered by the most efficient supplier, and the CAP target price, and could be adjusted according to any changes in the international price. This system differed from an ordinary fixed tariff in that a tariff left open the possibility for efficient foreign competitors to undercut local producers, despite the added burden of the tariff. The variable levy however, by sliding along a scale fixed firmly to the internal target price, excluded this possibility altogether. This development was particularly disturbing for Australia as it threatened to downgrade Australian farmers to the status of residual suppliers to the British and European market. This outcome would be extremely likely if the CAP target prices were set at such high levels as to stimulate European production. In practice, the CAP could operate to exclude Australia (and other third countries) from the European market in cereals, meats and dairy products until practically all EEC production had been disposed of. Given the enormous scope for expansion in European agriculture, this held out the prospect of an ever contracting market for Australian temperate agricultural produce in Britain and Europe. Westerman was outraged by the obvious implications of the variable levy, describing the system to his colleagues as 'a frightening form of protection when all is said and done - a protection that every time that one fellow offers something a pound cheaper, everyone gets their duty put up one pound. It's not protection, it's prohibition'.²⁷

²⁷ AA, A1838/275 727/4/1/4 Pt.1, *Washington Talks of 23-25 July, 1962*, Verbatim Report by Dr. W.A. Westerman to the Inter-Departmental Committee on the Common Market held on 30.7.1962 in the Department of Trade Conference Room.

The Australians were even more disturbed by French ideas on how to make use of the revenue raised by the CAP levies. Rather than allow the levies to be paid into the national treasuries of the importing countries, the French wanted the levies to be transferred to the EEC Commission where they could be used, among other things,²⁸ to subsidise Common Market agricultural exports. Such a system would be particularly advantageous to the French, who had the greatest scope for expanding exports in agricultural items. Australian Trade officials found this proposal so outrageous that they initially had difficulty taking it seriously. In effect, the French were demanding not only that Commonwealth countries should suffer what was to them the 'indignity' of paying a levy for their exports to Britain, but also that these levies should then be used to subsidise French wheat exports to compete with Australia in other markets. The sense of Australian astonishment was publicly conveyed by McEwen in typically forthright terms:

Australian agricultural exporters would find it almost incredible if the United Kingdom accepted, as part of its entry into the EEC, a system of variable levies on Australian agricultural products which could result in even lower prices for Australian producers than they now receive. They would find it even more incredible if, while European producers of the same products received from Britain much higher prices, the benefit of lower returns from Australian producers went, not to the UK consumer, but to the British or European treasuries. The very last straw would be added, if taxes collected by the British Treasury on our food exports should ultimately be spent in paying export subsidies on European surpluses of the same products competing with our exports in third markets. Yet regulations deriving from the Treaty of Rome contemplate exactly that.²⁹

But ironically, the very first useful suggestions for a broad solution to this problem came, not from the British but from the French. Even before the outlines of the CAP had been agreed upon, the French Minister of Finance and Economic Affairs, Wilfred Baumgartner, put forward a far reaching proposal in the GATT in December 1961 to deal with the full gamut of problems arising from world trade in temperate agriculture. The so-called 'Baumgartner Plan' sought to

²⁸ Primarily the levies were to be used for intervention buying to support the CAP target prices, as well as for structural agrarian reform. Any remaining funds could be used for export subsidy, which was the most offensive element as far as Australia was concerned. Nevertheless, the use of levies for intervention buying was also objectionable from an Australian point of view because it meant that a significant proportion of the price paid by European consumers for Australian produce (i.e. the levy) would be paid directly into the pockets of European farmers.

²⁹ McEwen, *Address to the Australia Club*, London, 17.4.1962, text in AA, A1838/275 727/4/2 Pt.2.

replace the existing pattern of international agricultural trade with fixed world-wide commodity agreements, beginning with the all-important problem of wheat and coarse grains. In substance, the French proposed raising world grain prices to a level approximate to the CAP price, adopting an EEC-style levy system for this purpose. This would be accompanied by precise supply and access agreements between the major producing countries of any given item (in the case of wheat, for example, this would include the United States, Canada, Australia, Argentina and the EEC producers). These countries would effectively form a cartel for the disposal of world exports, thereby providing more stable and profitable markets for all producers. The problem of world surpluses would be dealt with by setting up an international body to purchase all unsold produce to be disposed of either as food aid to desperate third world countries, or at concessional rates to developing countries. The cost of such a programme would be funded by a proportion of the extra income generated by higher food prices, and would therefore fall on western consumers. In private discussions with the Australians in October 1961, the French described the plan as a 'common agricultural policy for the free world', and stressed that it held out the only prospect of reconciling the problem of British accession to the European Community with the needs of agricultural exporters in the Commonwealth and the Americas.³⁰

The Australian response to the Baumgartner Plan was immediately enthusiastic. Throughout the 1950s, Australia had suffered a stark decline in its terms of trade due to the relative fall in international prices for agricultural commodities. McEwen had for many years decried the poor returns to Australian farmers, and had himself strongly advocated a more active role for the GATT in raising agricultural prices. These cries had generally fallen on deaf ears in the GATT which, in McEwen's view, was more concerned with raising the living standards of industrial countries. Thus, when the Baumgartner proposal was put forward in the GATT in an attempt to deal, not only with the lingering problem of price, but also the more immediate problem of market access to the enlarged European Community, McEwen was favourably impressed. He warmly conveyed to the French that he was 'completely in accord' with the

³⁰ AA, A1838/283 727/4 Pt.15, Fleming (Australian Commercial Counsellor, Paris) to Westerman, 28.10.1961.

Baumgartner thesis, and cheekily added that he viewed the French initiative as 'broadly and substantially representing French recognition' of the views he himself had expressed so often.³¹ The plan clearly held out the best prospects for protecting the interests of Australian farmers, and might even improve their position. Although the plan inevitably implied an end to the imperial preference system, any consequent decline in the volume of Australia's exports would be handsomely compensated by an increase in world prices.

McEwen's apparently unbridled enthusiasm for the Baumgartner plan was tempered by one important consideration which he pressed firmly upon the French: Australia would not be silenced in the Brussels negotiations by a mere promise to negotiate world-wide agreements at some future date. Neither McEwen nor Westerman had any illusions about the extremely complex practical problems involved in setting up such an ambitious plan, and it remained vital in the meantime that Australia's position in the British market should be protected.³² The French, for their part, had quite different ideas. They explicitly regarded the Baumgartner plan as the only practicable means of safeguarding the interests of Commonwealth temperate agriculture in the Brussels negotiations. Moreover, they hoped to establish an 'accord with the old white Dominions' as a means of isolating the British, thereby forcing the Macmillan Government either to break off the Brussels negotiations, or to accept a solution along lines highly favourable to agricultural exporters.³³ These ideas were clearly at odds with McEwen's objective of securing specific safeguards for Australia's trade with Britain as a necessary precondition to setting up wider commodity agreements. But despite these underlying differences, it was significant that from such an early stage in proceedings Australia had made common cause with the supposed arch-enemy, France. Moreover, the British were kept completely in the dark about the French-Australian agricultural discussions. As Westerman assured his French counterparts: 'we shall

³¹ AA, A1838/283 727/4 Pt.15, Westerman to Fleming, 1.11.1961; Australian support for the plan was officially given in *ibid.*, Cabinet Minute Decision No.11 (HOC) 1962; See also McEwen's public endorsement of the Baumgartner Plan in *The Australian Financial Review*, 20.2.1962.

³² AA, A4940/1 C3368 Pt.3, *Britain's Negotiations with the European Economic Community*, Fourth Report by Inter-Departmental Committee, 15.1.1962, 6.

³³ HAEC, MAEF48/OW Microform 321, *Note remise au Général de Gaulle en vue de son entretien avec M. Macmillan* (Wormser) 20.11.1961.

gladly respect any confidential information or tentative thinking that [you] impart'.³⁴

The British, by contrast, in no way shared Australia's enthusiasm for the Baumgartner proposals. As the world's largest importer of agricultural foodstuffs, they stood to lose most from a world-wide increase in food prices. At a time when Britain was grappling with severe balance of payments difficulties, any substantial increase in the cost of food imports would impose an intolerable added burden. Thus when the GATT Cereals Committee met in February 1962 to examine the proposal, the British flatly refused to countenance any solutions based on an artificial rise in world grain prices. In effect, this objection amounted to a veto against any further consideration of the Baumgartner Plan, and it was therefore decided to adjourn the conference in order to allow time to examine the 'divergent views' that had emerged. The British had been unable to generate any real support for their stance, and thus found themselves painfully isolated in the GATT on this issue. This left them open to the charge that they were placing their own selfish interests in depressed food prices above the wider problem of stabilising world agricultural markets, not to mention the needs of the starving millions in the third world. This was somewhat unfair, however, as the British could quite rightly demand to know why they should be called on to pay the enormous costs of such a system when the large agricultural exporters (like France, Australia, and the United States) would receive all the benefits. Nonetheless, the general reaction to Britain's stand was overwhelmingly negative, particularly in Australia where it was seen as further evidence of duplicity in Britain's promise to protect Australia's interests in the Brussels negotiations. The *Australian Financial Review* was particularly critical of British 'intractability' and 'plain dishonesty', and went so far as to suggest that:

France may become Australia's greatest supporter instead of her antagonist while Britain may be her greatest opponent in a fair deal for Australian wheat. This underlines the importance of Australia getting a voice in the Brussels negotiations since it is obvious that Britain would not be the best of advocates for Australia's protection in a cause she opposes herself.³⁵

³⁴ AA, A1838/283 727/4 Pt.15, Instructions to Fleming (Paris) from Westerman, 1.11.1961.

³⁵ *The Australian Financial Review*, 22.2.1962; similar views appeared in the *Sydney Morning Herald*, 2.3.1962.

McEwen himself also severely criticised the British following the adjournment of the GATT conference, claiming that: 'The major stumbling block appears to be the reluctance of Britain to face up to paying prices for her food imports more realistically related to the prices at which most of the world's production is sold'. Moreover he castigated the British for their policy of providing profitable returns to British farmers through government subsidies, in order to maintain the 'commercial contrivance' of cheap food imports from the Commonwealth at depressed prices. 'Britain', he complained, 'apparently believes that producers in Australia, New Zealand and other food-exporting countries are entitled only to the quite artificial and unprofitable returns determined by the dumping on the so-called world market of the small proportion of the world's production of wheat, butter and other commodities which enter world trade'.³⁶ Such pronouncements were hardly intended to warm the hearts of the British, who were incensed that McEwen should state his grievances so publicly and in such bald terms. And in a revealing inversion of the age-old problem of Commonwealth 'consultation', British officials were affronted by the fact that Australia had obviously discussed the Baumgartner proposals in advance with the French 'without our knowledge', and had failed to disclose the substance of the talks.³⁷

The experience of the ill-fated Baumgartner Plan merely aggravated the growing rift between Britain and Australia in the lead up to the discussion of Commonwealth problems in the Brussels negotiations. Although press reports of a 'new alliance' between Australia and France proved to be grossly overstated, they nonetheless underlined that Australia's interests might lie more in common with rival agricultural exporters than with Great Britain. McEwen's readiness to replace the imperial preference system with a French-inspired 'CAP for the free world' shows how his purported attachment to the 'Commonwealth structure' could easily be tempered by considerations of national economic self-interest. Similarly, Britain's flat refusal to participate in a scheme that would offer precisely the kind of safeguards demanded by Commonwealth countries highlighted the fundamentally self-interested nature of Macmillan's EEC membership

³⁶ *The Australian Financial Review*, 20.2.1962.

³⁷ PRO, DO159/57, *Common Market Negotiations: The Attitude of Australia* 14.3.1962.

bid. The Baumgartner episode exposed the stark conflict of interest that had arisen between Britain and Australia, and left a thick residue of mutual suspicion which would hinder the prospects of a common approach to the Commonwealth problem in Brussels.

Problems of cooperation and consultation

In the early months of 1962, the British delegation in Brussels set out to find solutions for Commonwealth trading problems in discussions with the Six. Heath's approach was to avoid detailed commodity discussions until the general principle of 'comparable outlets' had been accepted by the Six as a useful basis for negotiation. But from the outset, he encountered enormous difficulties in convincing the Europeans of the merits of this concept. Although the Six freely acknowledged the importance of maintaining the Commonwealth as an important element of strength and stability in the non-Communist world, they remained apprehensive about the large number of exceptions to the Treaty of Rome which would be necessary in order to meet the interests of all Commonwealth countries. As the leader of the French negotiating team, Olivier Wormser commented: 'We definitely don't want the rules of the Common Market to become the exception, and the exceptions to become the rule'.³⁸ Or as General de Gaulle more bluntly put it: 'The EEC does not want the Commonwealth in Europe'.³⁹

The Europeans were in fact quite openly perplexed about the nature and function of the modern Commonwealth, and sceptical about the importance of trade preferences as a binding element in Commonwealth unity. The President of the EEC Commission, Walter Hallstein commented to *The Observer* that 'it is difficult for those of us who are used to Continental ideas of orderly and rational structures to understand the Commonwealth'.⁴⁰ A similar sense of bewilderment was evident among French officials in the London Embassy, who in early 1962 prepared a major appraisal of the Commonwealth as a guide to French policy in the Brussels

³⁸ HAEC, MAEF48/OW Microform 321, *Note remise au Général de Gaulle en vue de son entretien avec M. Macmillan* (Wormser) 20.11.1961.

³⁹ National Archives and Records Administration, Washington DC (hereafter NARA), RG59, 375.800/2-2062, James Gavin (American Ambassador, Paris) to Rusk, 21.2.1962.

⁴⁰ *The Observer*, Interview by Samuel Brittan, 4.3.1962. I am grateful to Piers Ludlow for providing this reference.

negotiations. They reached the conclusion that although the Commonwealth remained an 'imposing edifice' on paper, the reality had become somewhat different. They observed that the dramatic upheavals of the late 1950s had forced British leaders to rethink the entire notion of the Commonwealth, and to promote the idea of the 'moral unity' of the Commonwealth in the absence of any genuine political unity. Yet even this, it seemed, had become a tenuous link. The French were at a loss to understand 'what common ideology unites men of such different nature as Mr. Nkrumah, Archbishop Makarios, and Mr. Menzies', and were inclined to the view that the Commonwealth had lost any semblance of political, or indeed moral unity. They astutely judged that the British Government had become caught in a political bind. On the one hand, Macmillan felt 'obliged to cultivate the notion of the Commonwealth', but on the other hand he was 'not disposed to sacrifice, in the name of the Commonwealth, the fundamental interests of Great Britain in the face of the dual peril of political isolation and economic stagnation'. In these circumstances, the French were less inclined to take seriously Heath's arguments about preserving the cohesion of the Commonwealth. On the contrary, they felt that much of the 'nostalgia' that underpinned these arguments amounted to little more than '*une certaine sympathie amusée*'.⁴¹

Thus, from an early stage, the Six indicated a strong preference for transitional rather than permanent arrangements to protect Commonwealth trading interests.⁴² The general feeling in the EEC Commission was that the erosion of Commonwealth preferences would in all likelihood continue regardless of whether Britain joined the EEC, and it was far more important that Britain's accession negotiations should not upset the 'equilibrium' established in the original Treaty of Rome. Thus any derogations from the Treaty should be 'temporary, restrained, and kept to the utmost minimum'.⁴³ Moreover, the Six were more concerned about the plight of the

⁴¹ HAEC, MAEF48/OW Microform 321, Jean Chauvel (French Ambassador, London) to Maurice Couve de Murville (French Foreign Minister) *La Grande Bretagne et le Commonwealth*, 26.2.1962.

⁴² See Ludlow, *Dealing With Britain: The Six and the First UK Application to the EEC* (Cambridge: Cambridge University Press, 1997) 80-81; AA, A4940/1 C3368 Pt.3, *Britain's Negotiations with the European Economic Community*, Fourth Report by the Inter-Departmental Committee, 15.1.1962.

⁴³ HAEC, BAC24/1967 E13, *Rapport fait au nom de la Commission du commerce extérieur sur les aspects commerciaux et économiques de la demande d'adhésion du Royaume-Uni à la CEE*, 16.1.1962.

newly independent Commonwealth states of Asia and Africa, who remained almost wholly dependent in economic terms on the United Kingdom, and showed little sympathy for the problems of the more developed Commonwealth countries, particularly Australia and Canada.⁴⁴ Although well aware of the '*valeur sentimentale*' of the bonds between Britain and the old Dominions, the Six saw no reason why they should be called on to resolve the economic problems of these relatively well-off countries.⁴⁵ The New Zealanders were widely thought to be a special case requiring special solutions on account of their huge reliance on the British market, but even here it was pointed out that New Zealand farmers were 'millionaires compared with the peasants of Calabria'.⁴⁶

Given this attitude, the British were faced with an onerous task in satisfying Commonwealth demands that their vital interests be protected. Furthermore, the insistence of Commonwealth countries on full and frequent consultations served to hinder the development of a smooth and logical flow in the talks between Britain and the Six. The British felt constrained to withhold their comments on proposals submitted by the Six until they had the chance to talk them through with Commonwealth countries beforehand. It soon became apparent, therefore, that the discussions on Commonwealth problems in Brussels would be drawn out, complicated, and extremely tedious.

By February 1962 it seemed obvious to the British negotiators that the time had come to offer some concessions to the views of the Six. In particular, it was clear that the case for protection of Commonwealth manufactures was not nearly as strong as the case for agriculture, and it would therefore be necessary to meet the Six on their demand for a phasing out, or '*décalage*' of Commonwealth preferences by 1970. Whitehall officials were instructed to prepare a series of documents dealing with the broad range of manufactured items under discussion for

⁴⁴ PRO, CAB134/1512 CMN (62) 4, *Lord Privy Seal's Account of the Ministerial Session of the Negotiations on 22-23 February*, 5.3.1962.

⁴⁵ HAEC, BAC24/1967 E13, *Rapport fait au nom de la Commission du commerce extérieur sur les aspects commerciaux et économiques de la demande d'adhésion du Royaume-Uni à la CEE*, 16.1.1962.

⁴⁶ Quoted in Ludlow, *Dealing With Britain*, 85.

distribution among Commonwealth countries for comment.⁴⁷ Heath was acutely aware that:

These proposals would be the first occasion on which we should be making it clear to the Commonwealth countries concerned that there was no possibility of achieving their objectives in full...The Commonwealth Governments could be expected to react strongly against these proposals and might complain that no real effort had been made to obtain permanent preferences for their manufactures.⁴⁸

Heath's apprehensions proved well founded. The New Zealand Deputy Prime Minister, John Marshall, protested about the 'undue consideration for the position of the Six and insufficient regard for what is needed in order to protect our vital trade interests'.⁴⁹ Canadian Prime Minister Diefenbaker sent a fiery reply complaining of the lack of ministerial consultation on this issue.⁵⁰ The strongest reaction of all came from McEwen, who saw the British proposals as 'a sudden and fundamental change in their approach to the negotiations' which amounted to 'a decision on the part of the British to relinquish any real attempt to obtain satisfactory safeguards'.⁵¹ McEwen acknowledged Britain's obvious difficulties in pressing for permanent and unlimited duty free access for Commonwealth manufactures, but complained that to retreat 'in one swoop' to a position which would concede the complete abolition of preferences 'would seem to be not only somewhat defeatist but would not augur well for the kind of step-by-step battle which we had expected you would be waging'. He therefore strongly urged the British to submit a far stronger set of proposals to the Six aimed at the kind of 'basket quota' solution which had been canvassed by Australian and British officials in London the previous September. Moreover, he expressed Australia's 'strong feeling' that the Brussels negotiations were being used as 'a pretext to secure the elimination of Commonwealth preferences where it is far from clear that this is required by the Treaty of Rome itself and where in our view it is certainly not

⁴⁷ These papers can be found in AA, A4940/1 C3368 Pt.3, N.E. Costar (Acting British High Commissioner, Canberra) to Prime Minister's Department, 19.3.1962 & 20.3.1962.

⁴⁸ PRO, CAB134/1512 CMN (62) 4, *Lord Privy Seal's Account of the Ministerial Session of the Negotiations on 22-23 February*, 5.3.1962.

⁴⁹ PRO, PREM11/4016, Marshall to Sandys, 30.3.1962.

⁵⁰ PRO, CAB134/1512, CMN (62) 5, 14.3.1962.

⁵¹ AA, A4940/1 C3368 Pt.3, *Britain's Negotiations With the European Economic Community*, Sixth Report of the Inter-Departmental Committee, 27.3.1962.

forced upon either Britain or Australia by the provisions of GATT'.⁵² McEwen's pessimism was echoed by *The Australian Financial Review* that same week:

It becomes daily clearer that Britain's negotiating position with the Common Market is weak, that she is much more concerned about saving her own economic skin than worrying unduly about the peculiar difficulties of Australia and that she herself is moving into the Common Market on a blind tide of faith rather than on the evidence of any cold calculation of the enormous cost involved.⁵³

Precisely the same feelings of mutual suspicion emerged on the question of Australian participation in the negotiations. The reaction of the Six to the Australian request was generally unfavourable, partly because they felt that direct Australian participation would bring added procedural complications, but more importantly because they feared establishing a precedent for the participation of other Commonwealth countries.⁵⁴ The surprising exception on this point was the French delegation, who were far more sympathetic to the idea of opening the door to Australian participation. The French saw certain advantages in having the Australians state their case in Brussels, bearing in mind that on the question of world trade in agricultural commodities, McEwen was 'closer to the French conception than to the British way of thinking'. They therefore saw no harm at all in an Australian hearing, in the firm belief that 'the solution to the Australian problem lies in an international framework, along the lines of the Baumgartner Plan'.⁵⁵

But the enthusiasm of the French for Australian participation was, in all probability, offset by the extreme reluctance of the British delegation to be joined by Australian representatives at the negotiating table. As Heath impressed upon Macmillan:

It has become abundantly clear in the course of the negotiations that any acceptance by the Six of Australian participation will be fraught with danger for the negotiations as a

⁵² AA, A4940/1 C3368 Pt.3, *Britain's Negotiations With the European Economic Community*, Sixth Report of the Inter-Departmental Committee, 'Attachment B', 27.3.1962.

⁵³ *The Australian Financial Review*, 22.3.1962.

⁵⁴ AA, A1838/275 727/4/2 Pt.2, External Affairs Memorandum to Tange, *British - European Economic Community Negotiations: Australian Participation*, 1.3.1962; PRO, CAB134/1512 CMN (62) 4, *Lord Privy Seal's Account of the Ministerial Session of the Negotiations on 22-23 February*, 5.3.1962. See also Ludlow, *Dealing With Britain*, 64.

⁵⁵ HAEC, MAEF48/OW Microform 321, Note by M. Wormser, *L'Australie et les problèmes économiques internationaux*, 22.3.1962.

whole and for ourselves in particular...I view the possibility of participation with the greatest foreboding.

Heath cited the obvious difficulties of procedure and precedent which Australian participation would entail, and the danger that the entire Brussels Conference might degenerate into a forum for Commonwealth protest. But in addition to this, Heath was quite justifiably suspicious that the French might encourage the Australians to put forward 'quite unacceptable' proposals along the lines of the Baumgartner plan, and thereby establish 'a means of ganging up the Commonwealth with the Community against the United Kingdom'. Heath was therefore of the opinion that any Australian contribution to the Brussels negotiations should not be regarded as 'a foot in the door', but rather as a one-off opportunity to state Australia's case.⁵⁶

Given this attitude, it is unlikely that the Six felt particularly pressed to agree to the Australian request. When the matter was finally raised at the negotiating table, the Six hardened in their determination to prevent any substantial role for the Australians. The most they would accept was for the Australians to make a comprehensive statement of their interests at a meeting of Deputies in Brussels in April, on the understanding that the British and European delegations would act as 'listeners', and that there would be no substantive debate of the issues raised.⁵⁷ The Australian Cabinet objected to the suggestion that this should be a 'once-for-all' statement,⁵⁸ but nonetheless decided to seize the chance to present Australia's case in Brussels, on condition that this would in no way prejudice the possibility of further participation at a later date.⁵⁹ In some respects this represented an important achievement for Australia, allowing officials a direct opportunity to ensure that Australian concerns were at least being taken into consideration. McEwen and Westerman could quite justifiably claim that their tenacious advocacy of Australian interests was paying dividends at last, and that after several long months of rugged

⁵⁶ PRO, DO159/57, Heath to Macmillan, 19.3.1962.

⁵⁷ HAEC, BAC24/1967 E35, *14ème réunion suppléants des 28/29 mars 1962: Sommaire des conclusions adoptées.*

⁵⁸ AA, A1838/275 727/4/2 Pt.2, Aide Memoire to the Heads of Government of the Six from the Australian Prime Minister, 13.3.1962.

⁵⁹ AA, A4940/1 C3368 Pt.3, Cabinet Minute (Decision 141) 27.3.1962.

lobbying someone was finally taking notice.⁶⁰ Moreover, an Australian appearance in Brussels would have the added political value of demonstrating the Government's fighting qualities to the Australian electorate.

But there was also a clear downside to these early developments in the negotiations. The problems of Commonwealth consultation and cooperation had placed the British in an almost impossible position in their dealings with the Six, and acted as a serious drain on British sympathy and support for Commonwealth interests. The general feeling among the British Delegation was that they were negotiating with one hand tied behind their backs. By mid-March, Heath was at his wits' end in trying to find some basis for compromise between the almost irreconcilable views of the Commonwealth and the Six. The slow, grinding pace of the negotiations was largely due to the fact that the British negotiators were required constantly to establish a consensus with Commonwealth countries. This in turn had contributed to a general atmosphere of impatience with the slow rate of progress, which in itself posed a major threat to a successful outcome. Heath was convinced that time was of the essence in negotiating British entry, as any signs of delay or deadlock could easily be exploited by opponents of Britain's entry at home and abroad. It had therefore become essential to find some means of containing Commonwealth discord and dissent, in order to allow greater momentum and optimism to gather pace in Brussels.

Macmillan raised this problem in a special meeting at Admiralty House on 23 March with the two key Ministers concerned, Heath and Duncan Sandys. All agreed that there were no easy solutions. Any attempt to simply dictate terms to the Commonwealth on a 'take it or leave it' basis would have a disastrous impact on British public opinion. Both Heath and Sandys acknowledged the serious damage which Commonwealth ministers could cause in front of British television cameras, and it was therefore essential that the Commonwealth should be seen to be regularly and properly consulted. The problem seemed so intractable that Heath even considered whether 'it would be possible to come to some arrangement with the other ministerial

⁶⁰ See for example, *Statement by the Deputy Prime Minister and Minister for Trade, the Rt. Hon. John McEwen*, 26.4.1962, text in AA, A4940/1 C3368 Pt.3.

members of the Six that would lead to the United Kingdom appearing to be asking for a position in advance on what they were eventually prepared to accept in the hope of being able to demonstrate to the Commonwealth that we had gone some way to meet their representations'. He wisely concluded that 'a fudged arrangement of this sort would be certain to leak', but the fact that such a ludicrous idea was even considered reveals the desperate state of mind of British Ministers at this time.⁶¹ Moreover, it is significant that the only objection raised to a 'fudged arrangement' was the danger of leaks, rather than any notion that the idea was inherently distasteful or inappropriate to relations among the British family of nations.

Clearly, the imperative of EEC membership had fundamentally altered the Macmillan Government's ordering of British priorities, which in turn had seriously shaken any genuine sense of obligation to the Commonwealth. In these circumstances, the Commonwealth was bound to be regarded as a hindrance by the British. It is equally clear that Macmillan and his key Ministers were only concerned for the Commonwealth to the extent that Commonwealth ministers might conceivably create domestic political problems for the Government. Large sections of the British Parliament, press and public opinion remained wedded to the traditional conception of a world-wide British community and ongoing imperial attachments. Lord Beaverbrook's *Daily Express* had been particularly outspoken on the threat posed by the EEC to the traditional sense of British identity and purpose, and was quick to exploit the slightest tremor of Commonwealth dissent. An opinion poll conducted in March 1962 showed that Canada, Australia and New Zealand were the Commonwealth countries who mattered most to the British public, particularly among Conservative voters.⁶² On the other hand, it has recently been suggested that the British public had become largely indifferent to the plight of the Commonwealth by the early 1960s, and that the issue was not the political hot potato it was widely thought to be.⁶³ But although it is difficult to measure precisely the extent of British public affection for the 'old Dominions', it remains undeniable that the Macmillan Government

⁶¹ PRO, PREM11/4016, *Record of a Meeting in Admiralty House*, 23.3.1962.

⁶² Ludlow, *Dealing With Britain*, 85.

⁶³ George Wilkes, 'The Commonwealth and British Public Opinion in Britain's Turn to Europe', paper at the Conference, *The Commonwealth and Europe*, Southbank University, 23 April 1998.

saw this as a potentially fatal obstacle to EEC membership, which required the utmost diplomatic skill and sensitivity.

Although the Admiralty House meeting failed to produce any concrete suggestions for managing the Commonwealth problem, Heath soon received far greater encouragement during a visit to Canada at the end of March. He was surprised to find Canadian Ministers and officials genuinely anxious to establish warmer relations, in order to make amends for the Canadian-inspired uproar at the Commonwealth Finance Ministers meeting in Accra the previous September.⁶⁴ The Diefenbaker Government had suffered sustained criticism from both the press and the parliamentary opposition over its attitude towards Britain's EEC application, and Heath noted that this seemed to have 'genuinely shaken' the Canadians.⁶⁵ Therefore, despite Diefenbaker's angry conviction that the British Government were willing to 'write off' the Commonwealth, he was nonetheless at pains to distance himself from the 'Accra attitude' of his Ministers. The opposition Liberal Party had strongly supported Britain's case for EEC membership, and went even further to argue that Canada should somehow become associated with the enlarged EEC. They were therefore anxious to exploit any further government statements on the EEC issue in the forthcoming election campaign in June.⁶⁶

Given these domestic political problems, the Canadian Finance Minister, Donald Fleming, and the Minister for Trade and Commerce, George Hees, were remarkably frank in their discussions with Heath. In particular, they expressed their extreme reluctance to commit themselves to any firm policies or objectives in the Brussels negotiations. Although they were anxious to be as cooperative as possible, they were unable to consent to any proposals which would leave them open to the accusation of 'selling particular interests down the river'.⁶⁷ On the

⁶⁴ See pp. 152-153, this chapter.

⁶⁵ There had already been clear signs of a thaw in relations with the Canadians in an earlier visit by Heath in January, but it was during his March visit that a clearer understanding was achieved. See PRO, PREM11/4016, Heath to Commonwealth Relations Office, 4.1.1962.

⁶⁶ PRO, PREM11/4016 Amory (British High Commissioner, Ottawa) to Macmillan, 23.3.1962; The Leader of the Liberal Opposition, Lester Pearson, was vehemently opposed to any 'ganging up' against Britain. His attitude was clearly espoused in numerous public statements in which he affirmed: 'there should be no doubt about our sympathy with the aims of Britain in seeking to join the Common Market'. *The Times*, 13.9.1962.

⁶⁷ PRO, PREM11/4016, *Record of Meeting between the Lord Privy Seal, the High Commissioner, Mr. Fleming, Mr. Hees, and Mr. Hamilton in Ottawa*, 26.3.1962.

other hand, they emphasised that there were 'very many people in Canada who felt so warmly towards the British that everything the British did must be right and they would support it'. Thus it was vital from an electoral point of view that Canadian Ministers should not appear to obstruct British objectives.⁶⁸ However, Fleming took this position even further by making the astonishing request that Britain refrain from asking the Canadian Government for any *confidential* written judgements on the Brussels negotiations. He explained that all senior Canadian officials had been trained by the Liberal Party during its twenty-two years of power, and all of them still had the closest connections with the Liberal leaders. Therefore any written views on the merits of particular British proposals, even at the most confidential level, would be brought to the notice of their political opponents 'within a matter of minutes'.⁶⁹

Thus in an astonishing display of political expediency, the Canadians offered to keep their mouths shut, in return for British cooperation in making the Common Market a non-issue in the forthcoming election. Heath could hardly believe his good fortune, and quickly accepted the offer on the condition that the Canadian Government would not attempt to veto any decisions agreed in Brussels, nor claim at any future date that they had not been properly consulted. The outcome of this extraordinary deal was a subtle, but nonetheless significant change in the tone and frequency of Canadian statements on the EEC issue. Rather than openly criticise the British Government, Canadian Ministers preferred to emphasise Canada's reliance on British assurances, and deferred judgement on specific points until a more complete package of terms had emerged.⁷⁰

This was almost precisely the line that New Zealand had taken from the very beginning, although for entirely different reasons. The New Zealanders felt that their best chances for economic survival lay in establishing New Zealand as a 'special case', given their overwhelming economic dependence on the United Kingdom market. This could best be achieved through a

⁶⁸ PRO, PREM11/4016, *Record of a Meeting between the Lord Privy Seal, the High Commissioner, Mr. Fleming and Mr. Hees in Ottawa*, 27.3.1962.

⁶⁹ PRO, PREM11/4016, *Record of Meeting Between the Lord Privy Seal, the High Commissioner, Mr. Fleming, Mr. Hees, and Mr. Hamilton*, 26.3.1962

⁷⁰ PRO PREM11/4016, Amory to Macmillan, 23.3.1962. Amory described Diefenbaker's tactics as 'a convenient electoral stand as he can't really lose'.

policy of helpless 'reliance' on British assurances, which would serve to accentuate the dire nature of their predicament in the eyes of the Six. This did not preclude them from occasionally criticising Britain's approach in strict confidence (Heath commented to US Ambassador David Bruce that the New Zealanders were 'polite in public and rude in private'⁷¹) but their attitude was, on the whole, far more cooperative.⁷² Therefore both the Holyoake and Diefenbaker Governments, for quite different reasons, became far more moderate and measured than the Australians in their public and private statements on the EEC issue.

This fact was not lost on Heath, who implored Macmillan to try and coax the Australians, particularly McEwen, into a more cooperative frame of mind. Ideally, Heath would have liked to establish an understanding with the Australians similar to that reached with the Canadians, but he acknowledged that it was 'more likely that they will not be willing to give us such a free hand'.⁷³ Whitehall had harboured hopes that the Australian position might soften after the December 1961 election, but Menzies' narrow one-seat victory merely added to the pressure on the Australian Government. The British High Commission in Canberra forlornly reported that Australia was likely to become 'even more difficult than hitherto', and that any hopes for 'a more statesmanlike and less finicky attitude to our negotiations after the election have been dashed'.⁷⁴ Of equal importance was the undisputed political dominance on this issue of McEwen, whose 'natural ebullience and belligerence' as well as his reputation as a 'tough fighter' was bound to make him a more difficult customer than his Canadian counterparts.⁷⁵ Heath therefore felt that the very best that could be achieved with McEwen would be to 'win at least his

⁷¹ NARA, RG59, 375.800/5-2562, Bruce (London) to Department of State, 28.5.1962; see also for example PRO, PREM11/4016, Marshall to Sandys, 30.3.1962.

⁷² See Stuart Ward, 'The Problem of the Old Dominions', in Wilkes, *Britain's Failure Failure to Enter the European Community, 1961-63: The Enlargement Negotiations and Crises in European, Atlantic and Commonwealth Relations* (London: Frank Cass, 1997); Rita Ricketts, 'Old Friends, New Friends; Cooperation or Competition', in M. McKinnon (ed.) *New Zealand in World Affairs, Vol.2, 1957-1972* (Wellington: NZ Institute of International Affairs, 1991); Bruce Brown, 'Foreign Policy is Trade, Trade is Foreign Policy: Some Principal New Zealand Trade Policy Problems since the Second World War', in Anne Trotter (ed.) *Fifty Years of New Zealand Foreign Policy Making* (Dunedin: University of Otago Press, 1993) 62-65.

⁷³ PRO, DO159/58, Heath to Macmillan, 11.4.1962.

⁷⁴ PRO, DO159/56, Deputy British High Commissioner (Canberra) to Commonwealth Relations Office, 10.1.1962.

⁷⁵ This was a constant theme in British High Commission communications from Canberra, but see for example PRO, DO159/56, N.E.Costar (Acting High Commissioner, Canberra) to Sandys, 18.1.1962; PRO, DO159/59, Costar to Sir Saville Garner (Permanent Undersecretary, CRO) 9.5.1962.

tolerance for the various positions which we shall have to develop in Brussels'. However, Heath insisted that the Australians 'must agree that we should conduct the Brussels negotiations as we think best, and that they should not cause delays during the intensive negotiating phase now beginning'.⁷⁶

Clearly, then, the early months of negotiation in Brussels did little to curb the initial anxiety and tension which had accompanied Britain's decision to seek EEC membership. Despite the overwhelming British race patriot response to Macmillan's EEC announcement in the Australian press, Parliament and official briefing papers, it had quickly become apparent that this approach was far from adequate. On the contrary, by early 1962 any hope that a mutually acceptable solution might be thrashed out in the old Commonwealth tradition had been frustrated, for the simple reason that no basis for a workable solution existed. The Australians could not accept any outcome which would seriously jeopardise their trading interests, while the British, for their part, had staked enormous political and economic capital on the success of their EEC venture, and could not afford a breakdown in the negotiations. Given Britain's relatively weak negotiating position in the face of a strong, united Six, it was inevitable that important Commonwealth trading interests would have to be sacrificed. Heath and his team of officials had been set an extremely complex and delicate task, with little room for manoeuvre and precious little time to work with. In these circumstances, they could well have been forgiven for wishing that the Commonwealth, and the Australians in particular, would simply disappear. The general feeling of mutual ill-will had become so palpable that by early March, Macmillan found it necessary to reassure Menzies:

Dear Bob...I quite understand your anxieties. You know I hope how deeply we feel the need to safeguard the Commonwealth in all this. If, therefore, our two Governments should have some differences on the tactics of the negotiations I know that you will not think this is because we are being intentionally unhelpful.⁷⁷

⁷⁶ PRO, DO159/58. Heath to Macmillan, 11.4.1962.

⁷⁷ PRO, DO159/57, *Extract from personal message from Mr. Macmillan to Mr. Menzies conveyed by CRO telegram no.419 to Canberra.* Extract is undated but the context places it clearly in early March 1962. See original in PRO, PREM 11/3657, Macmillan to Menzies, 17.3.62.

By this stage however, such sentiments had taken on a distinctly hollow ring. Although there is no reason to believe that the British were being wilfully unhelpful, the fact remains that they found themselves unable to meet the Australians' needs in a number of fundamental respects. Macmillan's apparent inability to state this fact to the Australians in cold, clear terms derived partly from political expediency, but perhaps also from a deep emotional reluctance to face up to the unsavoury Commonwealth repercussions of his EEC initiative. The apologetic, almost conscience-stricken tone of his correspondence with Menzies illustrates the powerful hold of old fashioned myths about Britain's world-wide obligations, which continued to influence the British approach to the Commonwealth problem just as much as they shaped the Australian response.

For Australian Ministers and officials, the agonising process of adjustment to these unavoidable new realities was still far from complete. Although McEwen and his Trade officials had reached a thoroughly realistic appraisal of Britain's half-hearted commitment to defending Commonwealth interests, there remained a firmly entrenched feeling that Britain's actions were somehow immoral, and their aversion to straight-talking downright dishonest. Thus, despite his more hard-headed approach to the practical matter of protecting Australian interests, McEwen continued to judge the propriety of Britain's treatment of Australia in British race patriot terms, with little regard for Britain's sovereign right as an independent country to pursue its own legitimate interests. This underlying sense of moral grievance ensured that McEwen, far from curbing his criticisms, would continue to voice Australia's objections in typically abrasive fashion. This colourful feature of his economic diplomacy would receive world-wide attention in March 1962, when he set out on a vital six week tour of Britain, Europe, and the United States, in order to take up Australia's cause directly with the key figures involved. McEwen's simple, straightforward approach to the problem was clearly evoked by his parting words: 'I never feel pessimistic, and I never allow myself to feel unduly optimistic...I just think I have a jolly hard job ahead of me'.⁷⁸

⁷⁸ *The Australian Financial Review*, 13.3.1962.

Chapter 5

'Without a Friend in the World': McEwen Abroad, March-April 1962

On 4 March 1962, McEwen set out on his world tour amid widespread press speculation about his chances of achieving greater international recognition of Australia's problems. Although he stuck to the official line that Britain would not join the Common Market without substantial concessions to protect Australian interests, this feeling was not widely shared. Press comment noted that his discussions would be taking place against the 'depressing background' of the Baumgartner discussions in the GATT, which had been 'met by a walkout by the British'. Indeed it was generally acknowledged that McEwen was faced with an extraordinary task, which would 'not be helped by the atmosphere of suspicion and fear now surrounding the relations between Britain and Australia'.¹ The very nature of McEwen's talks was described dramatically as marking the 'end of an era', and the 'abandonment of Australia'. On a more rational level, it was recognised that 'nothing Mr. McEwen does on his present do-or-die mission can alter the fact that British membership of the European Economic Community is going to mean the ultimate end of the Commonwealth preference system'.² This was a fact which McEwen himself clearly understood, and he had no intention of arguing for the maintenance of the old system completely intact. Rather he sought to retain Australia's preferential rights only to the extent necessary to prevent any disruption to the existing pattern of Australian trade. But he would have an increasingly frustrating time trying to convince his hosts of the dire nature of Australia's predicament, as well as the practicability of his proposed solutions.

McEwen's first port of call was the United States, where he was to engage in a series of important meetings with the leading American figures on the Common Market issue. Right from the beginning of Britain's bid for EEC membership, McEwen had been acutely aware of the need

¹ *The Australian Financial Review*, 8.3.1962; 13.3.1962; 22.3.1962.

² *The Australian Financial Review*, 13.3.1962.

to gain United States support for Australia's case. He hoped that the political value of Australia and New Zealand as a source of strength to the free world in the South Pacific might have a persuasive impact on the Kennedy Administration in its approach to the EEC-Commonwealth problem. Thus he announced upon his departure for Washington: 'I believe that there are considerations going beyond our direct trade interests and touching the total strength and cohesion of the Western world which should lead to the exercise of the undoubtedly great influence of the United States in ways that can assist Australia to maintain her vital trade interests in the United Kingdom market'.³ Despite such optimistic pronouncements, however, McEwen had good reason to fear that his American counterparts would look even less favourably on Australia's plight than the British or even the Europeans.

Acrimony in America

In order to understand the enormous difficulties which McEwen was to encounter in the United States, it is necessary to bear in mind the longstanding American hostility to the Commonwealth trading system. Ever since the establishment of Commonwealth preferences under the Ottawa Agreements of 1932, the United States had made repeated attempts to secure the abolition of what they regarded as an unfair and unnecessary impediment to American trade interests. In the immediate post-war years, the Americans managed to strike a deal with the British to freeze Commonwealth preferences at their existing levels and ensure they would not be extended further. This was incorporated into the 'no new preference' rule in the GATT, which formally recognised all existing preferences. Throughout the 1950s, however, the United States continued its harsh criticism of discriminatory trade practices among Commonwealth countries, and repeatedly called on the British to liberalise the system. Thus when the British finally came to contemplate membership of the European Common Market, there remained enormous scope for disagreement with the Americans about the future of Commonwealth preferences. In many respects, Washington was the very last place where McEwen might have hoped to receive a

³ Press Statement by McEwen at Sydney Airport prior to his departure for North America and Europe, 4.3.1962, text in AA, A4940/1 C3368 Pt.3.

favourable audience. Nonetheless, he remained hopeful that the political and strategic importance of a strong, economically prosperous Australia would encourage the Americans to take a more sympathetic attitude.

Another major obstacle for McEwen was the strong United States support for British membership of the EEC. The position of the Kennedy Administration had been clearly set out by former Secretary of State, Dean Acheson, in a 'Review of North Atlantic Problems for the Future' in March 1961. Acheson emphasized the importance of a strengthened Europe to meet the growth of Soviet power, and recommended that the United States should warmly support any British move to join the European Community. Moreover, he suggested that the British should not be encouraged to remain apart from the Six on account of the so-called 'special relationship' with the United States. As he explained to Kennedy:

Over time, the UK might become convinced that its position apart from the continent did not constitute a promising base of power, particularly if the US was dealing ever more closely with growing strength on the continent. The US should look with favor on any trend in British thinking which contemplates eventual full membership in the six.⁴

But by far the most enthusiastic American advocate of British EEC membership was Under-Secretary of State, George Ball. Ball's reasoning was much the same as that of Acheson, but his ideas carried an added flavour of idealism which flowed largely from his long-time friendship with one of the 'founding fathers' of the European Community, Jean Monnet. So enthusiastic was Ball for Monnet's vision of a 'United States of Europe' that he tended to underestimate the obstacles to British membership, particularly with regard to Commonwealth trading problems. His advice to President Kennedy was always clear and consistent: 'I feel strongly that we should make it easy for Britain to take the hard decision of casting her lot with Europe'.⁵ He stated his views with equal clarity to British ministers and officials. For example, in mid-March 1961, he aggressively urged British Ambassador Harold Caccia, to 'reverse the trend

⁴ John F. Kennedy Library (hereafter JFKL) NSF/Box 220, The Acheson Report, *A Review of North Atlantic Problems for the Future*, March 1961, 25.

⁵ NARA, RG59, 611.41/4-161, Memorandum for the President (from Ball) *Relationship of the United Kingdom to the European Common Market*, 1.4.1961.

which had set in when [Britain] was driven out of Calais 250 years ago, that within five years she would be a full member of the European Community, and that, if she were to become a member, she would without difficulty become the dominant influence in the political and economic development of Europe.⁶

But although Ball was generally enthusiastic about Macmillan's EEC aspirations, he held strong reservations about the qualified nature of the British membership bid. In particular, he was deeply concerned about Macmillan's apparently unconditional promises to protect the interests of the Commonwealth, and duly warned Kennedy that the British were attempting 'to slide sideways into the Common Market'. By stressing the need to satisfy all of Britain's numerous external obligations, Macmillan had 'raised problems that will almost certainly assure a protracted and complex negotiation'. Ball was adamant that the United States could not support any merger between the Commonwealth preferential trading system and the European Common Market. To permit Commonwealth countries to have either free or preferential access to the Common Market would be extremely damaging to US temperate agriculture, as well as a serious distortion of the whole concept of European integration.⁷ He therefore alerted US embassies in Britain and Europe to the need for the 'ultimate elimination of preferential arrangements as an objective of the UK-EEC negotiations'.⁸

It is therefore ironic that, at this very time, McEwen was impressing upon his colleagues the urgent necessity of gaining American support for Australia's trading difficulties. In McEwen's view, the powerful influence of the United States in Western Europe was in many ways the key to Australia's chances of obtaining a sympathetic hearing in the Brussels negotiations. He therefore announced in Cabinet that it would be necessary 'to consider an approach to the United States, as a considerable instigator of the Common Market and of the United Kingdom's current exercise, to assist in the resulting trade and commodity problems

⁶ PRO, FO371/158161, Harold Caccia (British Ambassador to Washington) to Patrick Reilly (Foreign Office) 16.3.1961.

⁷ JFKL, NSF/Box 170, Ball to Kennedy, 7.8.1961; see also *ibid.*, Memorandum for the President (from Ball) *UK Adherence to the Common Market*, 23.8.1961.

⁸ *FRUS*, 1961-63 Vol. XIII, Ball to Bruce (London) 17.10.61, 42; These concerns were soon communicated to the British themselves, see PRO, FO371/158166, Lee to France, 14.9.1961.

which Australia, Canada and others would have'.⁹ But it is unlikely that McEwen was particularly optimistic about gaining American support. Given his long experience of commercial wrangling with the United States over such issues as Australian access to the American market in wool, sugar and dairy produce, McEwen had no reason, on a purely economic reading of the situation, to expect any American assistance. His hopes were based essentially on political considerations, and the idea that the United States, 'as a considerable instigator' of these problems, was somehow obliged to come to Australia's aid.

Within weeks of Macmillan's EEC membership announcement, therefore, McEwen despatched a formal *aide memoire* to the United States Government outlining Australia's position. The document was drafted along similar lines to the one distributed among the Six that same month,¹⁰ and referred again to Australia as an 'outpost of the western world' and one of the few western countries in a position to 'assist in filling the gap' left by the process of decolonisation in the Far East. Australia's past record as a loyal ally was outlined in some detail, serving as a reminder to the United States of the mutual obligations and community of interest binding the 'western nations'. Indeed, the expectation that America should identify directly with Australian interests was explicitly spelt out: 'We hope that in all relevant discussions and negotiations the United States will take a direct interest in the problems likely to be created for us and view these with sympathy and understanding'.¹¹

Australian Embassy staff made it clear that they did not require a formal reply, but the Americans did so anyway on 28 December in a memorandum which was almost brutally precise in its statement of American interests:

The United States fully appreciates the great importance of the role of the Commonwealth in world affairs, and the special problems to be overcome in accommodating past relationships to future realities. We do not, however, assess the strength of the Commonwealth essentially on the basis of the continuation or extension of existing preferential arrangements. As we have already made clear, we would not look with favour on arrangements arising out of these negotiations which contemplated the validation on

⁹ AA, A3917/1 Vol.9, Cabinet Minute (Decision no.1443) 10.7.1961.

¹⁰ See Ch.3, pp. 147-148.

¹¹ AA, 1209/125 1961/1203 Pt.1, External Affairs to Beale (Australian Ambassador to Washington) *Aide Memoire to the United States*, 25.9.1961 (hand delivered to Ball on 29.9.1961).

some new basis of existing preferences, or which gave new impetus to a preferential trading system. Rather, we believe these arrangements should ultimately provide for access to the enlarged Common Market of the manufactures and produce of all non-member countries on a basis which does not discriminate among them.¹²

Although the Americans were prepared to consider 'transitional measures' in certain cases, they remained adamant that all Commonwealth preferential treatment would ultimately have to be phased out. For McEwen, given the enormous influence of the United States in the counsels of the Six, this was disturbing news. Far from assisting Australia's cause, it seemed that the Kennedy Administration would use its influence to oppose any measures specifically designed to protect Australian interests other than a phasing out mechanism. As far as the United States was concerned, Australia would have to join the throng of interested outsiders, competing for a share of the enlarged Common Market.

This 'solution' was so far removed from McEwen's 'preference quota' proposals that there seemed little chance of establishing any real common ground with the Americans. The Australian Ambassador in Washington, Howard Beale, warned McEwen prior to his departure that 'everybody to whom I have spoken is firm in their opposition to the permanent retention of the Commonwealth preference system'. Beale did not believe the Americans wished Australia any harm. Rather he felt that Australia tended to run a 'bad fourth' in American priorities to Europe, South America and Japan. As Beale saw it: 'We are stable, prosperous, friendly, and not unusually troublesome, and it is therefore easy for the United States to overlook us unless we draw attention to ourselves'.¹³ It is significant that Beale viewed US indifference to Australia's problems, not as evidence of any fundamental incongruity in Australia's anticipation of American assistance, but as a failure on the part of the Americans to grasp the special nature of Australia's difficulties. In a line of reasoning reminiscent of Billy Hughes at Versailles in 1919, or H.V. Evatt in London in 1942, Beale thought that the task of establishing a sense of mutual identification and assistance with the United States was essentially a matter of 'drawing attention

¹² PRO, DO159/56, *Aide-Memoire: US Department of State*, handed to the Australian Ambassador on 28.12.1961.

¹³ AA, A1209/125 61/1203 Pt.1, Beale to Menzies, McEwen and Barwick, 28.2.1962.

to ourselves'. Thus McEwen set out for Washington in March 1962 determined to 'bring home to the Government of the United States' a more immediate awareness of Australia's dire predicament.¹⁴ Like Hughes and Evatt before him, he was in an aggressive frame of mind.

It is difficult to imagine a meeting of two more single-minded individuals than George Ball and John McEwen. Ball, with his almost religious belief in the ideals and aspirations of European unity and his vigorous advocacy of British membership, was hardly likely to see eye to eye with McEwen, who undoubtedly had a more dour view of the European Common Market. Not surprisingly, therefore, the two locked horns immediately on the key issue of Commonwealth preferences. Ball flatly reaffirmed the US Administration's opposition to the perpetuation of preferences, and their commitment to phasing out the entire system. In contrast to the more discursive style of the British, Ball was implacably precise in asserting that preferences were wrong in principle and discriminatory in practice, and that any notion that America would condone the perpetuation of preferences would misrepresent his position. McEwen received no more encouragement in a meeting with President Kennedy, who tended to defer to Ball on EEC matters.¹⁵ Indeed McEwen gained the distinct impression that the policy line of Ball had permeated throughout the Kennedy Administration at all levels, and he strongly suspected that the same might have occurred in the capitals of the Six.¹⁶

Unperturbed by this firm espousal of the American position, McEwen persevered in trying to persuade Ball of the merits of his case. In discussions on 12 and 14 March, he described vividly the dependence of Australian primary industries on British preferences. When this failed to impress, he changed tack by pointing to certain weaknesses in the American stance. For example, in response to Ball's insistence that there should be no 'validation of preferences' in the Common Market, McEwen argued that all Commonwealth preferences were recognised in GATT, and indeed no 'British country' would have joined the GATT had this been otherwise. Therefore any discussion about the elimination of preferences should only take place in the

¹⁴ AA, A4940/1 C3368 Pt.3, Press Statement by McEwen at Sydney Airport on his Departure for North America and Europe, 4.3.1962, text in AA, A4940/1 C3368 Pt.3.

¹⁵ JFKL, NSF/Box 8, Memorandum of Conversation (Kennedy and McEwen) *Common Market*, 14.3.1962.

¹⁶ AA, A1838/275 727/4/1/4 Pt.1, McEwen to Menzies, 16.3.1962.

GATT where Australia would have a voice to defend them, and if necessary, claim compensation for their removal. Similarly, in response to the American conviction that preferences should not be 'extended into the Common Market', McEwen emphasised that Australia was not seeking any extension of preferences, either in coverage or in depth. Rather, Australia was merely seeking to protect the existing levels of Australian trade, together with a small margin to allow for future growth. He then put it to Ball that America's 'purist attitude' on preferences would have the convenient commercial result of leaving the United States much better off and Australia much worse off. Indeed, in many cases Australian losses would result in direct gains to the Americans. He maintained that for Australian producers, preferences were often vital, whereas the problems for American producers related only to a marginal proportion of production for which they had the benefit of an enormous home market. Moreover, McEwen stressed the explicit nature of Britain's assurances to Commonwealth countries, and the importance of these assurances in the eyes of the British public. Any strong resistance to preferences on the part of the United States could have the end result of forcing Britain to stay out of Europe. Finally, he accused the United States of encouraging an 'intransigent attitude' on the part of the Six, and called on Ball 'not to seize the UK-EEC negotiations' as an opportunity to work towards the termination of the preference system.

But despite McEwen's forceful advocacy, Ball remained unmoved. He calmly reiterated that any attempt to incorporate the Commonwealth preference system into the EEC 'would not be a useful arrangement and would conflict with our interests'. Although he regarded the Commonwealth as a force for strength in the free world, he did not believe the vitality of the Commonwealth derived from commercial arrangements. In Ball's assessment, the Six would in all probability insist on the phasing out of Commonwealth preferences, and he could see no reason for McEwen to suspect an American hand in this. The United States had long opposed the Commonwealth preference system, and any recent Government statements were merely a reiteration of well known US policy. But perhaps most infuriating from McEwen's point of view was Ball's response to his argument that Commonwealth preferences were recognised in GATT.

In what could only be regarded as supreme arrogance, Ball asserted that 'we [do] not consider the GATT to be a perfect unit, and because something qualified under it did not mean that we necessarily approved of it'.¹⁷

Thus, after several long hours of vigorous argument and counter-argument, McEwen cabled Menzies with the news that he had not succeeded in moving Ball 'one inch' from his declared policy position. The very best he could squeeze out of the Americans was an assurance that the United States would not seize the opportunity of the Common Market negotiations to support or incite the dismantling of preferences. But even this was strongly qualified, and perhaps even nullified by Ball's insistence that the United States Government would remain bound to voice its opinion on the matter, if asked.¹⁸ In the final analysis, the only point of agreement between McEwen and Ball was the fact that no basis could be found for any public expression of mutual accord. As McEwen wrote to Ball upon his departure: 'there are some points on which there is a real difference of view between your Government and mine...and my conclusion is that it would serve no useful purpose to gloss over these differences'.¹⁹

McEwen's Washington visit was a painful reminder of the clear limitations of the American relationship. The United States' vital strategic role as guarantor of Australia's military security in no way implied any special American concern with Australian economic interests. On the contrary, in the economic sphere Australia was one of America's toughest competitors, particularly in temperate agricultural products. McEwen's warning that these differences should not be 'glossed over' indicated a growing awareness of Australia's isolation in the face of divergent political and economic interests. Nor was McEwen inclined to gloss over these differences in his public statements. He announced pointedly that: 'There is a ready willingness in the United States to express admiration for Australia, but when it comes down to brass tacks on the critical necessity of maintaining preferred entry into the United Kingdom, (their) prejudice

¹⁷ NARA, RG59, 375.800/3-1262, Memorandum of Conversation (Ball & McEwen) *EEC Matters*, 12.3.1962; RG59, 375.800/3-1462, Memorandum of Conversation (Ball & McEwen) *US-Australian Exchange of Views Regarding UK-EEC negotiations*, 14.3.1962; AA, A1838/275 727/4/1/4 Pt.1, McEwen to Menzies, 16.3.1962.

¹⁸ AA, A1838/275 727/4/1/4 Pt.1, McEwen to Menzies, 16.3.1962.

¹⁹ AA, A1838/275 727/4/1/4 Pt.1, McEwen to Ball, 16.3.1962, attached as an annex to a cable from McEwen to Menzies, 16.3.1962.

against preferences is very hard to overcome'. He also pointed to the glaring inconsistency in the Americans' 'high principles' on Commonwealth preferences on the one hand, and their wholesale support of the Common Market which was, after all, a new preferential trading area.²⁰

Despite Ball's lukewarm assurance that he would not incite the dismantling of preferences 'unless asked', within a few weeks of McEwen's visit he issued a press release which explicitly underlined the United States' opposition to the preservation of Commonwealth preferences in the enlarged EEC. McEwen understandably felt deliberately provoked, and promptly released a statement of his own castigating the Americans for bringing their pervasive and self-serving influence to bear over the Brussels negotiations. He complained that 'an acute awareness of the US phobia against the system of British preferences has been implanted in Europe'. Indeed the American view had been so absorbed by the Europeans that it inhibited their readiness to study Australia's problems. 'Australia', he declared, 'would take the strongest view indeed against any influence being exercised from America to take advantage of the Brussels negotiations as an opportunity to kill a system that the US had accepted in GATT'. With equal bitterness he said that the United States had shown 'a completely inadequate understanding, and even an unwillingness to understand' Australia's problems in the negotiations.²¹ In a more general attack on US trade policies, he noted angrily that he had heard more lectures about the necessity for freer world trade from the US than from the rest of the world put together. And yet the American domestic market for primary products was virtually impregnable as far Australian producers were concerned. In a much quoted outburst, he declared: 'The United States just won't plain trade with us'.²²

But McEwen's disgust with the United States would have reached even greater heights had he known the full extent of American influence in the counsels of the Six. Within days of his contentious press statement, Ball engaged in talks with the French in Paris where he declared,

²⁰ *The Australian Financial Review*, 22.3.1962.

²¹ NLA, McEwen Papers, MS4654, Box 122, *Statement issued by Mr. McEwen for release in London*, 4.4.1962.

²² Among the restrictive trade practices in the United States, he mentioned the heavy tariff on wool, discriminatory purchasing of sugar, and the heavy quota restrictions on Australian butter and lead. See press reports on McEwen's anti-American tirade in *The Australian Financial Review*, 10.4.1962; 12.4.1962; *The Sydney Morning Herald*, 7.4.1962.

among other things, that British entry into the EEC would serve to 'accelerate the decomposition of the Commonwealth'. Moreover, he indicated that the United States 'was in a position to take up the torch' from Great Britain as far as relations with the old white dominions were concerned. The French were unclear precisely what he meant by this, but assumed he was referring to new military and strategic arrangements such as the ANZUS Alliance.²³ Ball was possibly trying to convince the French that they need not take heed of the desperate cries of Commonwealth countries as the United States would ensure that these countries remained firmly in the western camp. But whatever his intentions, the French had gained the distinct impression that the Americans wished to see the complete dismantling of Commonwealth trading arrangements, so that they themselves could recoup 'a certain morsel' from the negotiations.²⁴

Blunt exchanges with the British

McEwen carried his anger and frustration across the Atlantic and into the Commonwealth Relations Office. His series of talks with senior British ministers including Heath, Sandys, Butler and Soames was characterised by the shrill note of Australian grievance on the one hand, and British evasiveness on the other. The British had always anticipated a difficult time with McEwen, but even they were perhaps somewhat shocked by the initial force of his angry protest. On a number of occasions in the course of the discussions, the mounting frustrations of the previous months erupted into open controversy. Indeed, in a number of important respects, relations between the Menzies Government and Great Britain sank to an all-time low during the course of McEwen's visit.

The talks commenced on 21 March, and from the outset McEwen launched a broadside against his British counterparts on two fronts: Britain's lacklustre advocacy of Australian interests in Brussels; and the inadequacy of Commonwealth consultation. With regard to the first problem, McEwen freely aired his displeasure at the British proposal for 'décalage' of Australian

²³ HAEC, MAEF49/OW Microform 322, Wormser to French Embassy, London, 2.4.1962.

²⁴ This impression had, in fact, already become firmly established even before Ball's activities in Paris. HAEC, MAEF48/OW Microform 321, *Note remise au Général de Gaulle en vue de son entretien avec M. Macmillan* (Wormser) 20.11.1961.

industrial preferences, as well as Britain's clumsy handling of the 'comparable outlets' formula for Commonwealth agriculture. McEwen reiterated his earlier dissatisfaction with the idea of phasing out preferences for manufactured goods, and referred repeatedly to the 'basket quota' proposals which had emerged from the September discussions between Australian and British officials. He demanded to know why basket quotas, or any other form of preference quota for that matter, had not been 'given a run' by the British in Brussels. It seemed that the British had retreated 'in one jump' from an original (and unrealistic) request for unrestricted duty free entry, all the way to an acceptance of the full application of the CET, without even hinting at a range of agreed fall-back positions along the way.

McEwen was also highly critical of the lack of precision and the apparent absence of any clear objectives in Britain's proposals for 'comparable outlets' for agricultural trade. The vague wording of the proposals were open to varying interpretations which 'might mean something satisfactory or something very frightening'. He demanded to know the 'real British intention'. What did they mean by 'comparable outlets' or 'comparable opportunities'? Was it to be separate country quotas or did Australia 'just have to face a cut-throat price war with other outside suppliers?' He took the example of Australian wheat, which stood to suffer grave damage at the hands of French producers in the British market, and yet he was unable to obtain any real indication from British Ministers as to their target in the Brussels negotiations, either as to quantity or price. He was at a loss to understand why he could not be told what the British really thought about this. He referred acrimoniously to the longstanding difficulties between Australia and Britain on the wheat problem, stemming back to the 1956 Trade Agreement negotiations and the subsequent British failure to satisfy the 'best endeavours' clause to purchase a set quantity from Australia; and more recently the GATT discussions of the Baumgartner Plan where the British had 'kicked the bucket over' and thereby thwarted a genuine attempt to come to grips with the overall problem. McEwen emphasised that he could not go back to Australia and say everything was fine because it was not.²⁵

²⁵ PRO, DO159/57, *Record of a Meeting in the Lord Privy Seal's Room*, 21.3.1962.

In short, McEwen felt that the British were not taking Australia into their confidence. Consultation thus far, he asserted, had been inadequate and had tended to take place at the last minute, allowing little time for Australian officials properly to examine British proposals. He was most disturbed that British officials had not kept the Australians in touch with their decision-making in the formative stages. There had been consultations in September and then nothing further. Moreover, the Australian officials stationed in Brussels were disgruntled by the fact that they only received the same general reports on the state of the negotiations as had been distributed indiscriminately among all Commonwealth governments. McEwen apparently regarded this state of affairs as woefully inadequate and inappropriate for relations among fellow British countries, and he therefore urged that 'special arrangements' be made for briefing Canada, Australia and New Zealand so that there could be a 'franker (sic) exchange of views'.²⁶ McEwen dramatically declared that he would like to feel that Britain trusted Australia. There should be no doubt that the Australian Government could be relied upon to safeguard British confidences. McEwen naturally wanted to protect Australia's interests but he 'would not play tricks' with Britain. The clear implication of this remark, of course, was that he felt the British were, in fact, playing tricks with Australia - the kind of tricks that presumably had no place in relations among the British family.

In reply to McEwen's onslaught, Heath adopted a cool, defensive posture, calmly addressing each particular problem as it arose. As to McEwen's general assessment of the British performance in the negotiations, Heath asserted that Britain could not have fought harder in defence of Commonwealth interests. But the experience of actual negotiation with the Six had illustrated the futility of pursuing solutions which were clearly unacceptable to the Six. For example, the reason Heath had not formally submitted a proposal along the lines of Westerman's 'basket quota' solution was because the Six had already shown a 'marked aversion' to the idea. Nonetheless, he agreed to pursue the matter further. Similarly, the Six had shown little sympathy for the Australian request to safeguard their trade in industrial manufactures and had pointed to

²⁶ PRO, DO159/58, Record of a Discussion in the Commonwealth Relations Office, *Britain, Australia and the Common Market*, 12.4.1962.

the higher standard of living in Australia, Canada and New Zealand as a powerful justification for their position. The Six were therefore 'fundamentally opposed' to preference quotas for these items, and were only prepared to tolerate them for a transitional period. For this reason, the British had drafted their own formula for tariff *décalage*, in the hope of obtaining more favourable transitional arrangements than the Six themselves were contemplating. If the British were to run through a series of unacceptable fall back positions, as the Australians demanded, there was a real danger that the attitude of the Six would harden into that of the lowest common denominator. Thus it was in Australia's interest for Britain to take the initiative in submitting more realistic proposals, in the hope of obtaining better terms than would otherwise be achievable.

In addition to the question of negotiating tactics, Heath reminded McEwen that the negotiations could not be allowed to drag on indefinitely. Here, Heath's frustration with what he saw as Australian protraction and obstruction was barely concealed. On the more general question of Britain's 'real objectives' in the negotiations, Heath emphasised that the British themselves had not yet reached firm targets for individual items of Commonwealth trade. They were still at the stage of seeking the Six's agreement to the principle of lasting safeguards for Commonwealth agriculture, rather than mere transitional arrangements. There was therefore no question that the British were withholding their ideas. Although they were working at high speed and under intense pressure, they made sure that as soon as their ideas were formulated, the Australians were immediately informed.

McEwen acknowledged the difficult constraints of time, but he insisted that particular Australian proposals should be argued further in Brussels before being dropped. Heath replied, quite disingenuously, that no proposals had been dropped. Although this claim was technically quite valid in the sense that no issues in the negotiations had been settled finally, it was nonetheless obvious that many avenues had been sealed off in the early months of the Brussels talks. Indeed, this remark seems to have particularly irritated the Australians as it provoked a further volley of protest about British duplicity. Westerman remarked impatiently that Australia

could only help devise compromise solutions if the British would work frankly with them. McEwen chimed in along similar lines, and commented angrily that if it were Britain's wish 'to treat the Australian Government as opponents, well and good; but [we] would like to know'. Heath naturally replied that this was certainly not the case, and maintained that relations between British and Australian officials in London and Brussels had been excellent. In the circumstances, however, Heath's efforts to paint a rosy picture of Anglo-Australian relations in the Brussels context were far from convincing.²⁷

McEwen was profoundly unimpressed by his first encounter with the British and remained unmoved by Heath's arguments. As he confided to Menzies: 'As of the moment, I think all I achieved was an embarrassed Heath and a torrent of fluency. I still have not any answers but have left him in no doubt that I shall press them to reveal to me what it is they are trying to get for us'.²⁸ Although virtually everything Heath had said was basically quite honest and forthright as far as it went, there is no doubt that he was not completely forthcoming with McEwen. In particular, his skilful portrayal of the Six as the 'common enemy' tended to obscure the extent of the differences between Britain and Australia about how far Australia's interests could and should be pursued in the negotiations. Similarly, his insistence that Whitehall had not yet reached a firm 'target' for precise Commonwealth safeguards was in fact quite true. But this, in itself, was a reflection of the underlying pessimism in Whitehall about achieving anything other than phasing out arrangements, and Heath's reluctance to share this with McEwen was hardly conducive to a constructive and cooperative atmosphere. Indeed, so convinced was McEwen that the wool had been pulled over his eyes that he conveyed a sharply worded letter to Heath reiterating his demands for greater precision in determining Britain's objectives, and greater frankness in sharing these objectives with Australia.²⁹ This prompted a reply from Heath which had an undeniably ironic touch:

²⁷ PRO, DO159/57, *Record of a Meeting in the Lord Privy Seal's Room*, 21.3.1962; PRO, DO159/58, *Record of a Discussion in the Commonwealth Relations Office, Britain, Australia and the Common Market*, McE(62)1st Mtg., 12.4.1962; PRO, DO159/58, *Record of a Discussion at the Commonwealth Relations Office, Britain, Australia and the European Economic Community*, McE(62)2nd Mtg., 13.4.1962.

²⁸ AA, A3917/1 Vol.7, McEwen to Menzies, 23.3.1962.

²⁹ PRO, DO159/58, McEwen to Heath, 23.3.1962.

You can only assume that we have been keeping our thoughts from you if you believe that we have worked out our own proposals in greater detail than we have disclosed to you. This is not the case, for reasons which have been explained and, I thought, understood...I hope that you will fully understand from this letter not only that we have been frank with you in the past, but that it is our firm intention to be frank in the future as well, whether or not the issues are issues on which we are likely to agree. This, it seems to me, is the only possible relationship for countries in the Commonwealth.³⁰

McEwen might well have choked on this concluding remark. By invoking the 'proper relationship' between Commonwealth countries in this way, Heath struck at the very core of McEwen's complaint. The Australians were convinced that they were not being treated in the manner to which they were accustomed, and to which they claimed a natural right as a 'British' country. McEwen was appalled by the very idea that the British could no longer take Australia into their confidence. He rightly viewed the British bid for EEC membership as a major reorientation of British priorities, and consequently, a sharp downgrading of the Australian relationship. Although McEwen displayed a greater willingness than his British counterparts to confront openly the growing divide between Britain and Australia, he found it difficult to separate his pragmatic appraisal of the situation from his emotional response. This was most clearly evident in his indignation at being treated as an 'opponent' by the British. In particular, his sullen declaration that such treatment was 'well and good', betrayed a deep undercurrent of resentment and a fundamental sense of betrayal and abandonment. McEwen vented these feelings publicly in his customary abrasive manner. Although he publicly adhered to the view that Britain would stand by its assurance of adequate safeguards for Australia, he complained loudly that 'exactly what would be regarded by the British Government as adequate safeguards has not been made clear to me'.³¹

McEwen was to spend much of his time in London bogged down in commodity discussions with the British in order to determine precisely how specific products and industries could be safeguarded in the Brussels negotiations. Much as the British had feared, these

³⁰ PRO, DO159/58, Heath to McEwen, 6.4.1962.

³¹ McEwen, Press Statement, London, 22 March 1962, quoted in *The Australian Financial Review*, 27.3.1962.

discussions became deadlocked on the question of how far Australia's interests should be protected. The greatest sticking point was wheat, where the Australians accused the British of forsaking any real attempt to obtain adequate safeguards, and the British, for their part, accused the Australians of trying to use the Common Market negotiations to force the United Kingdom into unacceptable solutions along the lines of the Baumgartner Plan.³² There was also disagreement on the meaning of 'comparable outlets'. The Australians sought special arrangements which would, in practice, guarantee their existing flow of trade, whereas on the British side it was argued that the British Government had merely undertaken to provide a comparable opportunity of outlets. Whether the proposed safeguards actually achieved that end was another matter altogether, and was not Britain's concern.

Throughout these difficult discussions, the British repeatedly invoked the 'intransigence of the Six' as the major stumbling block to achieving the 'common objective'. This was a convenient stance for the British, and they used it repeatedly to deflect the heat from McEwen's onslaught. For example, at one particularly sticky point where McEwen demanded to know whether British assurances 'meant nothing', Sandys reminded him: 'Australia and Britain [are] on the same side in this. The problem [is] to convince the Six'. But by this stage of his exhausting world tour, McEwen was hardly impressed by such blatant evasiveness. Rather, he urged the British to acknowledge the wide differences of view which, despite long hours of discussion and debate, remained unreconciled:

It [is] better to face the fact that on some issues Britain and Australia would not have identical interests. In these cases it would be better in the long run to have differences of view thrashed out and to understand each other's point of view, than to imagine that an agreement had been reached which meant different things on either side.³³

Moreover, although McEwen assured British ministers that he would not speak publicly

³² During the course of the discussions, the British Agriculture Minister, Christopher Soames, wrote to Sandys: 'We must face the fact that what the Australians are really doing is taking advantage of the difficulties we find ourselves in over the negotiations with the Six to build an assurance of price into our trade in wheat with Australia, which their activities in Geneva recently have proved that they want to see anyway. And this we cannot tolerate'. PRO, DO159/58, Soames to Sandys, 13.4.1962.

³³ PRO, DO159/58, Record of a Meeting Held in the Commonwealth Relations Office, *Britain, Australia and the European Economic Community*, McE(62)3rd Mtg., 16.4.1962; McE(62)4th Mtg., 18.4.1962; AA, A3917/1 Vol.7, *London Discussions*, 18.4.1962.

'in any mischievous manner', he emphasised that he would not feel free to suppress any differences that existed. In the Australian Parliament he would not get away with vague assurances that the British understood Australia's position. Nor would it be possible to 'muzzle' Dr. Westerman in his formal presentation of Australia's case in Brussels, scheduled for the following month. If he himself had more confidence, 'that would be different', but he remained troubled by the fact that after several long months of negotiations, with the whole British Government machine to consider the matter, British ministers were still saying that they did not have a solution to Australia's problems. At this point, Sandys and Butler admonished McEwen for behaving 'quite unreasonably', and advised him to consider carefully whether it was in Australia's best interests to reveal publicly the extent of Anglo-Australian differences.³⁴ The Australians deeply resented these attempts to restrain McEwen from speaking openly about Anglo-Australian difficulties, in much the same way as they had resented Sandys' attempts to suppress Australian grievances in drafting the communique from his Canberra visit the previous year. As Australian High Commissioner, Sir Eric Harrison, commented privately to Menzies, 'I don't know how really low you can get but, as I say, that's typically Sandys'.³⁵

In summing up at his fifth and final encounter with the British, McEwen stated bluntly that he was not satisfied with the overall position, and he was particularly dissatisfied with Britain's objectives in the negotiations, as far as these had been shared with him. He acknowledged that the British could not promise absolutely to secure Australia's interests in the Common Market, but they could at least 'promise to try'. He said he had not been given such a promise in unequivocal terms. Sandys replied that of course Britain would try to find a solution for Australia, and called on McEwen to show 'a little more confidence'.³⁶ Yet here lay the very crux of the problem. As far as McEwen was concerned, all remaining reserves of mutual trust and understanding had been exhausted by the events of the Brussels negotiations. McEwen had,

³⁴ PRO, DO159/58, Record of a Discussion at the CRO, *Britain, Australia, and the European Economic Community*, McE(62)5th Mtg., 18.4.1962.

³⁵ NLA, Menzies Papers, MS4936 Series 1, Box 14, Harrison to Menzies, 30.4.1962.

³⁶ PRO, DO159/58, Record of a Discussion at the CRO, *Britain, Australia, and the European Economic Community*, McE(62)5th Mtg., 18.4.1962; AA, A3917/1, Vol.7, *London Discussions*, 5th Meeting, 18.4.1962.

of course, been suspicious of British intentions from the outset, but he had always entertained hopes that a clear, forthright, even aggressive face-to-face exposition of Australia's problems would bring the British into a more accommodating frame of mind. His experiences in London, however, finally laid these hopes to rest. Although British ministers offered the appropriate expressions of gratitude for McEwen's clear elucidation of Australia's position,³⁷ it was obvious that the discussions had brought little encouragement for either side.

McEwen fired his final shot in London in a carefully prepared speech at the Australia Club on 17 April. Here McEwen emphasised the human aspects of the Common Market problem, and stressed Australia's economic loyalty to Britain in the past:

Our relationship with this country is still so close that, of every pound we earn from selling our diverse range of goods to Japan, to Europe, to Asia, to Africa, and the Americas, we immediately come along and spend nine shillings of that pound in Britain - no matter where it has been earned. In total, our buying from the United Kingdom over the last forty years has been greater than her sales to any other country.

McEwen outlined the enormous investment, much of it British, which had been undertaken over the years to establish primary industries in Australia to supply the British market. Australia had 'cleared jungles, drained swamps, brought out immigrants' and developed 'vast irrigation schemes to take scarce waters hundreds of miles to dry areas'. At times he gave the impression that this herculean effort had been undertaken solely for the benefit of Great Britain. Indeed he asserted that the industrial greatness of the United Kingdom in the nineteenth and twentieth centuries had been based on many factors, not least the supply of cheap food and raw materials from countries like Australia. McEwen's clear insinuation was that the past contribution of hard-working Australians in the service of 'British' interests, as well as their fine record of economic loyalty to Britain, placed them in a special position of trust with the Mother Country which no British Government could lightly dismiss. He warned that if Britain's adherence to the EEC should transform the position of the Australian producer from the long

³⁷ Heath, for example, remarked to Eric Harrison: 'I am greatly beholden to McEwen. I suppose we can now say that we understand Australia's case far better than we have up to the moment'. Rab Butler more accurately depicted the atmosphere of the talks in his comments to Harrison: 'This is some boy you have out there, he kept four of our Ministers busy all the time'. Quoted in David Goldsworthy, 'Menzie's, Macmillan and Europe', 162.

tradition of reciprocal preferences to that of a 'grievously hurt inferior supplier', then there would inevitably be a strong reaction in Australia. Indeed in some industries 'a feeling, almost of being abandoned, could easily be aroused'.

McEwen also took the opportunity in his Australia Club address to raise briefly some of the political questions involved for Britain and Australia - a subject which had generally been left aside throughout his ministerial discussions:

I have said nothing about the political aspects of our relations. I have not brought in the flag. I have not mentioned our common origins, nor that in times of trouble we have stood together. Nevertheless, in real life, trade relations and political relations do go hand in hand. A weakening in one cannot but help weaken the other...Serious trade damage, and the sense of disillusionment that would inevitably go with it, would impair the very foundations upon which our Commonwealth association rests.

By 'bringing in the flag' in this way, McEwen pointed directly to the discordance of sentiment and self-interest in Anglo-Australian relations which the EEC problem had so sharply brought into focus. His brief allusion to the problem served to illustrate the wide range of unthinkable consequences, both political and economic, which could be occasioned by British entry into the EEC on unsatisfactory terms. McEwen's broad impression of his discussions in London was that many fundamental questions, running to the very core of the British race patriot world view, were simply being overlooked by the Macmillan Government in a rash of unbridled Common Market enthusiasm. He therefore urged his audience: 'Let there be no wishful thinking. Solutions *must* be found for serious problems'.

Perhaps of greatest significance was McEwen's remark: 'Overall our partnership has been so close that no-one ever thought to question its continuance until the United Kingdom commenced her negotiations with the Common Market countries'.³⁸ This was really the essence of the problem. Australia's relations with Britain had in fact altered markedly in the post-war era, in both political and economic terms. Yet these important changes had taken place almost imperceptibly, and had passed largely without discussion or debate. Certainly there had been no single episode to provoke a fundamental reassessment of the assumptions and beliefs about the

³⁸ McEwen, *Address to the Australia Club*, London, 17.4.1962, text in AA, A1838/275 727/4/2 Pt.2.

immutability of the Anglo-Australian partnership. Thus the British application for EEC membership, although in many ways long overdue and certainly consistent with the declining bases of British power, carried a psychological ring of suddenness for Australia. Previously, any strains and tensions within the relationship had been reconciled within the framework of common interests and common destiny. But the Common Market debate called into question the core myth of the imagined 'British' community, and the answers for the Menzies Government were not particularly heart warming.

Meandering among the Six

During the course of his London talks, McEwen took time out to conduct a winding tour of continental Europe, visiting Paris, Brussels, the Hague, Bonn and Rome. In each country he saw a number of ministers and in some instances held brief discussions with the Head of State, including General de Gaulle and Chancellor Adenauer. McEwen's primary objective was to 'make an impact on the European mind' about the urgency of Australia's special difficulties in the Brussels negotiations.³⁹ He tried to secure a greater recognition of the diversity of items in which Australia was interested, and of the human dimension of some items of trade which might not have seemed of major significance in terms of Australia's exports as a whole. In particular he emphasised the large fruit growing communities in the Murray region which had been settled predominantly by returned soldiers. Here was an issue that McEwen was careful not to play on directly, but which nonetheless came through in the presentation of his case: Australia's contribution in the two world wars. Many of the Europeans he encountered, particularly de Gaulle, spoke admiringly and benevolently about Australia's war effort, although as McEwen later admitted, 'these sentiments were never accompanied by promises of action'.⁴⁰

McEwen's overriding message to the Europeans was that Australia would not be 'tranquillised' by mere transitional arrangements to safeguard Australia's trading interests. Any

³⁹ PRO, DO159/58, Record of a Discussion in the Commonwealth Relations Office, *Britain, Australia and the European Community*, McE(62)1st Mtg., 12.4.1962.

⁴⁰ John McEwen, *His Story*, (Privately published, 1983) 61; See also AA, A3917/1 Vol.7, McEwen to Menzies, 7.4.1962; McEwen to Menzies, 28.3.1962.

kind of 'phasing out' operation would be inadequate compensation for the termination of the Ottawa Agreement with Britain. He outlined Australian thinking on how to solve the problem, such as preference quotas, basket quotas, zero tariffs and the like. He was particularly concerned that some of Australia's proposals, particularly the basket quota solution, had not been taken up by the British in Brussels.⁴¹ Moreover, those ideas which the British had in fact introduced into the negotiations, such as the 'comparable outlets' formula, remained incomprehensible to the Six due to the reluctance of the British to 'spell it out'.⁴² McEwen met varying degrees of acknowledgement for his proposals, but nothing that could be interpreted as outright support. On the political side, he found surprisingly unanimous agreement on the need to preserve the political strength of the Commonwealth. The Europeans commonly said they did not really understand it, but they recognised its value. However, McEwen encountered considerable scepticism about the extent to which the political cohesion of the Commonwealth was dependent on trade and other economic ties. In addition, the Six never wavered in their determination to defend the integrity of the Treaty of Rome.⁴³

Throughout his European tour, McEwen's 'theme song' was the fact that 'Australia was isolated, that we did not fit naturally into any regional trade grouping and so were in danger of not belonging to a trade bloc anywhere'. This was a thoroughly unpalatable predicament for a country that had grown accustomed to the assumption that its interests would be joined by others in times of hardship or crisis. McEwen's appeal, however, seems to have had little impact on the Europeans, who viewed Australia's problems and prospects for the future in a less gloomy light. As McEwen himself acknowledged, 'we were never able to shake off the image of a rich country that was able to look after itself'.⁴⁴ Moreover, the Europeans were puzzled by the fact that Australia's existing rights to special treatment in the British market were embodied in fixed trade

⁴¹ Prior to his arrival in Paris, McEwen publicly expressed his 'considerable disquiet' at the failure of the British negotiators to present 'a variety of constructive suggestions' he had put forward for safeguarding Australia's trade. *The Australian Financial Review*, 27.3.1962.

⁴² PRO, DO159/58, Record of a Discussion in the Commonwealth Relations Office, *Britain, Australia and the European Community*, McE(62)1st Mtg., 12.4.1962.

⁴³ *Ibid.*

⁴⁴ McEwen, *His Story*, 61-62.

agreements with specific expiry dates. Thus by insisting on permanent guarantees to safeguard Australian interests in the British market, the Australians seemed to be asking for even greater assurances than they had ever had in their bilateral dealings with the British. The Six maintained that it was 'neither their intention nor their expectation' that any serious harm should befall third countries, and that if such damage should indeed arise, they would gladly seek remedies in consultation with their trading partners.⁴⁵

These were powerful arguments, but they also illustrate how differently the Six viewed the Anglo-Australian relationship, and Commonwealth relationships in general. As far as the Six were concerned, relations between Australia and Britain were no different from the relations between any two independent, sovereign states, and the rights and obligations between the two ought to be assessed accordingly. But the Australians viewed the matter in quite different terms. The complex web of economic and political relationships with Great Britain had been built up over many years on the basis of custom and a special understanding, rather than fixed, perpetual treaties. As Westerman argued during the London talks, it was mutually understood 'in our Anglo-Saxon way' that the Ottawa agreements would have continued in practice were it not for British entry into the EEC.⁴⁶ It would hardly be sufficient to replace this special understanding with a vague promise from the Six to redress any harm which might result from the abandonment of British preferences. In Sandy's opinion, the 'crux of the matter' was that there was 'a certain measure of confidence between Commonwealth countries which lent both sides a degree of security as to further policy. This confidence did not yet exist between Commonwealth countries and the Six.'⁴⁷ Ironically, however, McEwen was compelled to base his arguments with the Six on the intrinsic trust and understanding between Britain and Australia, at a time when this special characteristic was most glaringly absent.

Although McEwen argued his case vigorously and persistently, he approached his

⁴⁵ Walter Hallstein (President of the EEC Commission) *United Europe: Challenge and Opportunity* (London: Oxford University Press, 1962) 71-72.

⁴⁶ PRO, DO159/58, Record of a Discussion in the Commonwealth Relations Office, *Britain, Australia and the European Economic Community*, McE(62)1st Mtg., 12.4.1962.

⁴⁷ PRO, DO159/58, *Britain, Australia and the European Economic Community*, Record of a Discussion in the Commonwealth Relations Office, McE(62)2nd Mtg., 13.4.1962.

European discussions in a far more even tempered way than he had in Washington and London. This was partly due to the fact that the Europeans were not inclined to enter into debate with McEwen, but remained content simply to hear him out. But more significantly, it illustrates the fundamental difference in Australia's attitude and approach towards the Europeans. In contrast to his dealings with Britain and the United States, McEwen had no grounds to assert any kind of special claim against European loyalty and good will. Although he freely expressed his deep reservations about some of the methods they adopted to achieve European unity, he in no way implied that the Europeans were in breach of some pre-existing obligation towards Australia. Thus, whereas Britain and America were perceived to have seriously let Australia down, the Europeans, by contrast, were merely pursuing their own legitimate self-interest. None of the steps the Six had taken in devising their CET and CAP had surprised McEwen. On the contrary, they had merely confirmed his worst expectations. For this reason his dealing with the Europeans, although often marked by disagreement, lacked the sense of bitter disillusionment which had characterised his struggles with the Americans and the British.

The culmination of McEwen's arduous overseas campaign was the formal presentation of the Australian case by Dr. Westerman to the Committee of Deputies in Brussels on 26 April, 1962. The Australian presentation had been prepared in close consultation with the British in order to iron out some of the more glaring differences in the British and Australian positions.⁴⁸ Thus, Westerman refrained from discussing broader commodity solutions along the lines of the Baumgartner Plan, and confined himself to a discussion of the quota-style solutions, and how these could be applied to particular commodities. By this stage, none of Australia's suggestions were particularly new, but Westerman's presentation certainly represented the first occasion in which the Six had received a logical and comprehensive exposition of the Australian position.

Of special significance was Westerman's portrayal of Australia as 'a country as European

⁴⁸ Sandys was adamant that it was 'very important, if we are to avoid argument between Australia and the United Kingdom in Brussels, that Dr. Westerman should not in his presentation or in the subsequent discussion embrace the Baumgartner proposals'. PRO, DO159/58, Memorandum by Sandys, *Points to make with Mr. McEwen*, 18.4.1962. Westerman agreed that little value could be gained out of an Anglo-Australian brawl in Brussels, and he therefore worked closely with British officials to achieve a mutually acceptable draft. PRO, DO159/58, Memorandum by Arnold France, *Australian Discussions*, 24.4.1962.

as Europe in many ways, but at the other end of the world from Europe'. He depicted an Australian people who were, by origin and culture, unmistakably aligned with Europe and the Western world, and unreconciled to the realities of their geography. As Westerman explained:

Australia is a remote and, geographically, a lonely country set on the fringe of a turbulent Asia. The Government feels a deep responsibility to secure the future of our European population by developing our country to its full potential - which we think is very great - as quickly as this can be done. This imposes a heavy responsibility on a people of less than eleven millions, occupying a continent four times as big as the whole of the Common Market.

However, he maintained that this responsibility was 'not a concern of ours alone. Nor is it a concern of Britain alone'. On the contrary, Westerman argued that a strong, prosperous Australia should be an important concern of all the Western Powers with which Australia was aligned.⁴⁹ This kind of argument seems somewhat incongruous today (and undoubtedly seemed so at the time to certain elements among the Six) but in Australia in the early 1960s it seemed perfectly natural to assume that Australia's interests would ultimately be taken care of, either by the British, the Americans or 'the West' as a whole. This was indicative of a profound reluctance to face the full implications Australia's 'lonely' isolation 'on the fringe of a turbulent Asia'. The prospect that Australia might assume sole responsibility for its own interests was not only novel, but in the circumstances of Australia's geo-political situation, deeply disturbing.

There was no substantial discussion of Westerman's proposals, and opinions differed on the impact of his presentation. Westerman himself felt that he could not have asked for a 'better or more friendly reception' from the Six, who seemed impressed that he had offered solutions and not merely 'belly-ached'.⁵⁰ He reported to McEwen that the Six had learned more about Australia's problem in a single afternoon than 'after eight or nine months talking' with the British.⁵¹ The British, on the other hand, felt that the Australian hearing had not made the

⁴⁹ AA, A1838/275 727/4/2 Pt.4A, *Statement on Behalf of Australia to the Committee of Deputies of the United Kingdom-EEC Conference*, 26.4.1962.

⁵⁰ NARA, RG59, 375.800/5-262, Memorandum of Conversation (Westerman, McCarthy, Butterworth) 27.4.1962; see also the favourable Australian press comment on Westerman's presentation in *The Australian Financial Review*, 1.5.1962.

⁵¹ Westerman to McEwen, 28.4.1962, quoted in O'Brien, 'The British Commonwealth and the European Economic Community, 1960-63: The Australian and the Canadian Experiences', *The Round Table*, no.340, 1996, 488.

slightest impact on the negotiations. By trying to squeeze too much detail into his speech, Westerman had been forced to read at tremendous speed and, according to British sources, 'the excessive length bored the audience'.⁵² But whatever the case, both the British and the Europeans demonstrated their scant regard for Australia's proposals less than two weeks after Westerman's presentation, when they agreed on a program of tariff décalage for Commonwealth manufactured imports.⁵³ The agreement completely ignored Westerman's detailed proposal for 'basket quotas' for these items, and painfully illustrated the limits of Australia's powers of persuasion. Indeed, by the time of McEwen's return to Australia at the end of April, it was becoming increasingly clear that his tough stand, although a useful means of ruffling feathers, was yielding little in the way of concrete results. This unavoidable fact was to have a number of important consequences for the development of Australian policy over the ensuing months.

McEwen made it immediately clear upon his return to Australia that he was 'not to be interpreted as optimistic' about the prospects of achieving adequate safeguards in the Brussels negotiations.⁵⁴ He summed up the position for Australia in the following terms:

I am sure that we can get assurances for a transitional period. I am *not* sure that we can get assurances beyond a transitional period. I am *positively sure* that assurances that don't go beyond a transitional period are dangerous for Australia. That's really the battleground.⁵⁵

McEwen was adamant that he could not accept what he termed the 'precipice solution', whereby Australia would lose all preferential rights in Britain after a phasing out period. On the whole, he informed journalists that he felt 'as acutely anxious as when he went away'.⁵⁶ Although he had certainly made an impression at every port of call, it seemed unlikely that Australia's cries would be heeded. Indeed, for McEwen, the most painful aspect of his trip was the cold fact of Australia's isolation. As he explained some years later:

⁵² PRO, FO371/171442, *Draft Report on the Brussels Negotiations: EEC*, 26.2.1963, section 9.

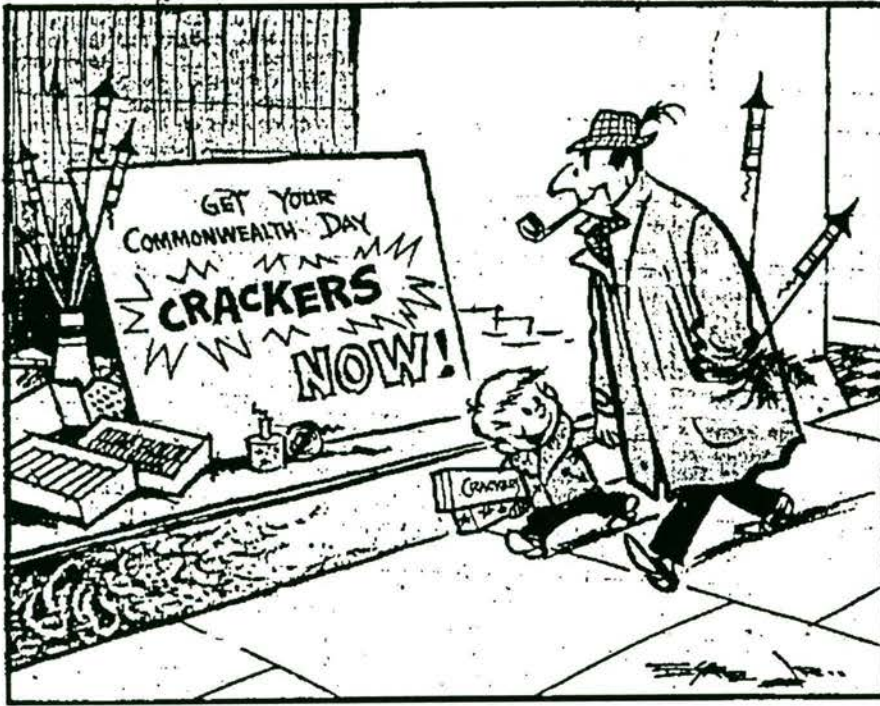
⁵³ PRO, FO371/164785, *Ministerial Meeting of the United Kingdom and the Six*, 30-31.5.1962.

⁵⁴ *Statement by the Deputy Prime Minister and Minister for Trade, the Rt. Hon. John McEwen*, 26.4.1962, text in AA, A4940/1 C3368 Pt.3.

⁵⁵ Quoted in *The Australian Financial Review*, 1.5.1962. Original emphasis.

⁵⁶ PRO, DO159/59, *Australian and New Zealand Weekly*, British High Commission Release, 5.5.1962.

It became increasingly clear that the existing members of the Common Market were determined to prevent Australia getting special treatment if Britain should succeed in joining the Market. I also came to realise that the British were having so much trouble looking after their own interests in the negotiations that they were not going to complicate things further by trying very hard to defend Australia's position. In addition, the Americans were anxious to strengthen the Common Market by getting Britain into it...[and] were unconcerned about any incidental damage to Australian trade that might result. So we were left without a friend in the world.⁵⁷



"I'll bet the crummy ol' Common Market doesn't have a cracker night, eh, Dad?"

'Eyre Jr. captured the prevailing mood in the Sydney Morning Herald on 19 May 1962. Britain's eagerness to join the 'crummy ol' Common Market' was difficult to reconcile with the wider cultural links of the British family, as embodied in ritualised occasions such as 'cracker night' (which had formerly been known as 'Empire Day').

This same sense of isolated bewilderment was reflected in press comment, together with a fair dose of resentment towards Britain and America. This was particularly true of the *Australian Financial Review*, which remarked acridly: 'Despite her fine sounding assurances, Britain

⁵⁷ John McEwen, *His Story*, 61.

appears prepared to dump Australia (but not the politically dangerous, newer, underdeveloped black Commonwealth countries) if that is the price finally demanded by the Common Market'.⁵⁸ Britain and America, it was argued, had complacently accepted that 'if anyone is going to get it in the neck over Britain's proposed entry into the Common Market, it might as well be Australia'.⁵⁹ And even more to the point: 'It seems clear that those Mr. Menzies has called "our powerful friends" have decided, for the time being, they can get along very well without us'.⁶⁰ These cries of unrequited loyalty were very much an echo of McEwen's own approach to his dealings with the British and the Americans. But it was also becoming apparent that 'loyalty' was very much a part of Australia's problem. As one Trade Department official was quoted: 'The trouble about Australia is that she isn't underdeveloped, she isn't neutralist, she isn't a manufacturing exporter, she isn't going to go Communist. She's just good old reliable Australia and she's getting nowhere'.⁶¹

However, beneath the clamour of recrimination and cries of foul play was a growing awareness that Australia must look for alternatives to the traditional economic reliance on Great Britain and Europe. This viewpoint gained increasing currency in the aftermath of McEwen's overseas tour, most notably in a series of addresses in May and June by the former Secretary of the Department of Trade, Sir John Crawford. Both Crawford and McEwen had long argued the pressing need to diversify Australia's export trade, both in terms of markets and range of commodities. But they had always assumed that new markets and new export industries would largely supplement the traditional bases of Australian external viability, thereby enhancing Australia's potential for sustained economic growth. But the Common Market crisis led Crawford to examine the possibility of a far more radical transformation of Australia's external economic relations. In the immediate aftermath of McEwen's discouraging overseas tour, Crawford declared: 'If the prospects in Europe and Asia mean anything, they mean one thing above all else. We are in for a complete overhaul of our economic policies, especially as they

⁵⁸ *The Australian Financial Review*, 19.4.1962; *The Sydney Morning Herald*, 19.4.1962.

⁵⁹ *The Australian Financial Review*, 1.5.1962.

⁶⁰ *The Australian Financial Review*, 19.4.1962.

⁶¹ *The Australian Financial Review*, 30.11.1961.

affect our trading relations with the rest of the world'. Australia, he maintained, was under pressure from two 'complementary forces': a push away from traditional markets and a pull towards new ones. Although he recognised the need to continue fighting for the best possible terms in Brussels, Crawford nonetheless reviewed the markets of Asia and found a source of real hope for Australia's future as a trading nation. It would be vital, he argued, to promote economic development in these countries in order to help realise the potential demand for Australian products. This could be achieved through Western aid programs, as well as measures to assist Asian countries to expand their exports. Above all, he emphasised that Australia's economic predicament underlined the need to strengthen political relationships in Asia as a fundamental corollary to the expansion of trade relations.⁶²

Similarly, the Australian Industries Development Association (AIDA) released a report on the Common Market in March, prepared by a number of prominent Australian businessmen. Although they stressed the need to minimise the damage to the Australian economy, the AIDA focused more on lines of action to counter the adverse effects of British entry. The report envisaged a political future in which ties with Britain would be weaker, associations with the United States closer, and in which there would be a need for Australia to concentrate on developing economic links with the non-communist countries of Asia, Africa and South America. They recommended the immediate establishment of an export bank, a Department of Secondary Industry, and an Economic Planning Council in order to prepare Australia for the task ahead. Although it would be some time before the effects of British entry would be felt, the report stressed repeatedly that 'Australia must work *now* towards establishing new export markets'. The Committee concluded that it was 'useless' for Australia to take a negative line and to try to restrain Britain from joining the EEC. Rather, they considered that 'the extra impetus towards self-reliance which will be given by the United Kingdom joining the EEC must cause

⁶² See John Crawford, 'Address at the opening of the NSW Agricultural Bureau Conference', Hawkesbury College, May 1962; 'Address to the Australian Insurance Institute Conference', Canberra, June 1962. Both texts in NLA, Crawford Papers, MS4514, Box 196; These speeches received favourable attention in the *Australian Financial Review*, 10.5.1962 & 12.6.1962.

Australia to gain further maturity and independent strength'.⁶³ Although this kind of optimistic, pragmatic thinking was generally cast in the background of the Common Market debate at this stage, it became an increasingly important aspect of the Australian response as Australia's prospects in Brussels continued to weaken. This fact was not lost on the British, who noted the relevance of 'the growing body of opinion led by Sir John Crawford, that Australia's trading future lies in Asia and especially Japan'.⁶⁴

But the most obvious and immediate domestic consequence of McEwen's overseas tour was a dramatic increase in McEwen's own public standing and esteem. The overwhelming majority of press and public opinion strongly supported McEwen's belief in resolute action to protect Australia's interests.⁶⁵ Therefore McEwen was widely applauded for his forthright stand, and his reputation as a tough, uncompromising advocate of Australian interests was greatly enhanced. So much so, in fact, that his potential as 'prime ministerial material' became the frequent subject of press speculation. It was noted that only a few years previously, there had been little to be gained from 'talking back strongly' to the British and Americans. But in the context of this new 'vital phase of our history', Australia needed leadership capable of 'getting tough' with the United States and the United Kingdom. As one correspondent saw it, 'we are being edged firmly from the imperial nest and national sentiment is tending more and more to the conviction that it is about time we did some vociferous squawking and flapping'. McEwen had clearly shown himself to be a natural for this role, and might even be the 'new man of the times' with a legitimate claim to Menzies' succession.⁶⁶ However, the suggestion that the Leader of the Country Party might accede to the Prime Ministership was nothing short of preposterous to Menzies and the Liberal Party. The idea was downright anathema to the Treasurer, Harold Holt,

⁶³ AIDA, Committee on the European Economic Community, *The Implications for Australia of the United Kingdom Becoming a Member of the European Economic Community*, February 1962, original emphasis. The AIDA Committee included representatives from Australian banking, manufacturing, and to a lesser extent, primary producing interests; see also Brian Fletcher, 'Australian Opinion on the Common Market', in Coral Bell (ed.) *Europe Without Britain* (Melbourne: F.W. Cheshire, 1963) 81.

⁶⁴ PRO, DO159/59, Woodruff (UK Trade Commissioner, Canberra) to the Board of Trade, 11.5.1962.

⁶⁵ Brian Fletcher, 'Australian Opinion on the Common Market', 81; H.G. Gelber, *Australia, Britain and the EEC, 1961-63* (Melbourne: Oxford University Press, 1966) 139.

⁶⁶ *The Australian Financial Review*, 26.4.1962; *The Age*, 7.5.1962; *The Advertiser*, 5.4.62; *The Sydney Morning Herald*, 1.5.1962.

who, as Menzies' deputy, had every reason to expect that he would in fact assume the leadership upon Menzies' retirement. Thus the Common Market issue, and particularly McEwen's heightened stature, contained the seeds of a bitter rift in the Federal Coalition which would play an increasingly important role in the evolution of Australian policy.

The ANZUS Council meeting, May 1962.

The loud, unambiguous, and provocative nature of McEwen's public and private discussions with the British and Americans was indicative of Australian anxieties about the getting their message across from such a small and geographically isolated base. The Australian public generally supported McEwen in his use of blunt, aggressive language because this was the kind of language that could not be misunderstood. Moreover, the overriding sense of profound moral grievance in his comments was thoroughly in keeping with a widespread emotional response among Australians to what was seen as the unconscionable actions of fair-weather friends. McEwen's bombast was based on the assumption that Australia was owed special treatment; that Britain and the United States were ethically bound to embrace Australia's problems, and to ensure that Australia's interests were protected.

It should be remembered, however, that the Australian feelings of disappointment and disillusionment towards Britain and the United States were not necessarily of the same kind. The British were considered guilty of a fundamental breach of organic trust - something far more dishonourable and reprehensible. The Americans, on the other hand, were simply not behaving as a fellow 'Anglo-Saxon' should. Their actions ran counter to a deeply ingrained belief that the white, English speaking nations should look out for each other's interests. But the real source of Australian disgust with the Americans was the perception that they were butting into something that was not, in fact, any of their business. This profound sense of exasperation was clearly conveyed by McEwen in yet another widely publicised anti-American diatribe, in which he demanded: 'if the United States can't help us, then let her keep out of our hair'.⁶⁷ As British High

⁶⁷ *The Australian Financial Review*, 12.6.1962.

Commission officials in Canberra observed, no doubt with some sense of relief, the general picture of America as the 'real nigger in the woodpile' was quickly gaining ground.⁶⁸

It was amid this atmosphere that United States Secretary of State, Dean Rusk, paid a visit to Australia in early May 1962 for a meeting of the ANZUS Council. This was the first meeting of the Council ever to be held outside of the United States, and the Australian Government placed great store on the discussions in the light of the growing political storm in West New Guinea and Vietnam. The primary objective of External Affairs Minister, Garfield Barwick, was to gain more intimate access to American thinking on political and defence strategy in South-East Asia.⁶⁹ Moreover, there were important psychological reasons for a public display of ANZUS solidarity, particularly at a time when events to the 'near north' seemed to be bringing the Cold War onto Australia's doorstep for the very first time. As the British High Commissioner somewhat cynically noted, ANZUS had 'something of the value of a talisman in Australian eyes, and they regard it as important that it should from time to time be taken out of its covers and publicly paraded as an encouragement to themselves and their friends and as a deterrent to their potential enemies'.⁷⁰ The External Affairs Department, for political and strategic reasons, was anxious that the meeting should be characterised by expressions of mutual goodwill and harmony, rather than the acrimony and recriminations of McEwen's trade diplomacy. They therefore warned Trade officials that 'we could not have Sir Garfield Barwick speaking to Rusk in one room about Australia as an ally, and Mr. McEwen doing it in another'.⁷¹

It was thus something of a dilemma for Australia when the Americans included in their entourage Mr. J. Robert Schaetzel, special assistant to George Ball. The inclusion of Schaetzel seemed a clear indication that the Americans wished to discuss Britain's EEC membership application. As one Australian official commented, Schaetzel had 'nothing to do with ANZUS or

⁶⁸ PRO, DO159/59, British High Commission (Canberra) to Commonwealth Relations Office, 26.4.1962.

⁶⁹ AA, A5819/2 Vol.5/Agendum 164, Cabinet Submission no.164 (Barwick) *ANZUS Council Meeting*, 26.4.1962; Cabinet Minute (Decision no. 204) 1.5.1962.

⁷⁰ PRO, DO159/60, Costar (Acting British High Commissioner) to Sandys, *Australia: ANZUS Council Meeting, 8th-9th May 1962*, 17.5.1962.

⁷¹ AA, A1838/283 726/1, Harry to Tange, 23.3.1962.

the Far East, but he does have everything to do with the Common Market'.⁷² What the Australians did not know was that Ball had explicitly suggested to the British that the Rusk visit 'might be helpful to us' in terms of coaxing the Australians into a more cooperative frame of mind on the EEC question.⁷³ But although McEwen would undoubtedly have relished yet another opportunity to vent his anger at US trade policies, the Department of External Affairs was loathe to drag the Common Market animosities into the ANZUS Council. Foreign Minister Garfield Barwick had taken only a limited interest in the EEC question, and had tended to leave the political aspects of the problem to the Prime Minister. Indeed, Barwick was overwhelmingly more concerned with the problems of West New Guinea and South-East Asia generally, and could ill afford any open breach with Rusk in Canberra. His staff therefore issued press guidance to the effect that the problem of Britain and Europe would only be raised if the Americans wished to discuss it, and Barwick himself stated publicly that 'it won't be turned upside down into an EEC Conference'.⁷⁴ Moreover, it was agreed with the Trade Department that any discussions on the Common Market should take place in private, well away from the ANZUS forum.

Despite his success in keeping the Common Market out of the ANZUS Council, Barwick made only limited gains with Rusk. Although the discussions were marked by a generally friendly and intimate atmosphere, Barwick failed to obtain the answers he sought from the Americans on Vietnam and West New Guinea. Rusk declined to give a firm commitment to risk full scale war over South Vietnam, and refused to condemn openly what Barwick described as Indonesia's 'sabre rattling tactics' in WNG. Barwick's persistent cross-examination merely drew criticism from Rusk about the level of Australian assistance in South Vietnam. Rusk commented wryly that when Australia's commitment matched that of the United States, it might then be

⁷² *The Australian Financial Review*, 1.5.1962.

⁷³ The suggestion was made at a luncheon with Heath on 4 April, 1962. The British were in fact somewhat uneasy about the idea, and felt that it would be 'unfortunate if the Australians were to get the impression that we had put Rusk up to speak along these lines'. Indeed, the British hoped that Menzies might be able to convince the Americans to soften their doctrinal opposition to preferences, which had severely complicated Britain's task in Brussels. PRO, DO159/59, Jackling (Foreign Office) to Heath, undated but probably April 1962.

⁷⁴ *The Australian Financial Review*, 8.5.1962; 'ANZUS Background Briefing Conference', Parliament House, Canberra, 1.5.1962, text in AA, A1838/283 726/1.

worth reviewing the level of American assistance.⁷⁵ Clearly, the Americans were not so enamoured with the role of regional protector, and were determined that the Australians should assume a share of the burden of their own defence.

Moreover, Barwick was unable to stifle press and public interest in the EEC discussions which took place outside the formal ANZUS meeting on the morning of 9 May. Both McEwen and New Zealand Prime Minister Holyoake had vigorous and extremely blunt exchanges with Rusk and Schaezel about the unhelpful American attitude to Britain's EEC negotiations. Rusk, who was himself little concerned with the Common Market and was merely the cipher of Ball's policy, gave the impression of being even more uncompromising than Ball himself. The Australians and New Zealanders also reacted strongly to a suggestion from Rusk that they should link themselves more closely in the economic field with Japan, perhaps in some form of Pacific Economic Community (*not* including the United States). Rusk's prime concern in this regard was that Australia and New Zealand should share the US burden in supporting the Japanese economy by taking a greater share of Japanese exports.

But given America's doctrinaire aversion to any special deal between Australia and the European Community, talk of a Pacific Community could only have infuriated the Australians even further. Similarly, Rusk's criticism of Australian wheat sales to Communist China was hardly welcome at a time when Australia was struggling against fierce US opposition to retain a preferential slice of the British wheat market.⁷⁶ But McEwen and Holyoake were particularly angered by a number of provocative public statements by Rusk, in which he underlined America's opposition to the continuation of preferences. At a Canberra press conference on 8 May, for example, he announced that any extension of the preference system into the Common Market would seriously prejudice US trading interests. Australia and New Zealand, therefore, would have to be content with wider solutions, in cooperation with all interested third countries including the United States. In an abrupt rejoinder to McEwen, he declared that 'any suggestion

⁷⁵ NARA, Conference Files 2105, *Memorandum of Conversation*, Department of State; AA, A1838/269 TS686/2/3, *Meeting of ANZUS Council*, 8-9.5.1962.

⁷⁶ PRO, DO159/60, Costar to Sandys, *Australia: ANZUS Council Meeting, 8th-9th May 1962*, 17.5.1962.

that we are indifferent to the problems of other countries or that we seek to use the UK-EEC negotiations to achieve a special advantage for ourselves is utterly unfounded'. On the contrary, he offered the vague and rather glib assurance: 'If you have a problem, we have a problem. This is because the United States have a great stake in your prosperity'. The real difficulty, according to Rusk, lay in the fact that America viewed the problems of the Commonwealth in a different light:

The United States fully appreciates the great importance of the Commonwealth in world affairs. However, we do not believe that the strength of the Commonwealth springs mainly from the existing preferential trade relationships. Rather, we believe that the sinew of the system is its proven capacity to adjust and in the great tradition of political freedom which it represents...We have full confidence that the Commonwealth will continue its constructive role in world affairs.⁷⁷

Rusk made a statement prior to his departure in which he awkwardly and somewhat condescendingly referred to the Australians as 'good mates'. In the light of his unhelpful attitude towards the Common Market, these words could only have irritated his hosts. McEwen, for one, was no doubt straining at the leash to publicly rebut Rusk's statements, but he purposely withheld his comments in deference to Barwick's desire to avoid a major ANZUS brawl.⁷⁸ Nonetheless, the press made up for McEwen's silence, describing Rusk's performance as 'little short of a studied insult to Australia'. Particular indignation was expressed over Rusk's presumption in delivering his 'little lecture on the meaning of the Commonwealth'. *The Australian Financial Review* colourfully concluded that the 'main impression' left by Rusk's visit was 'the impression of his feet as he walked across the faces of the members of Cabinet present'.⁷⁹ One group of Labor parliamentarians threatened to boycott a state dinner for Rusk in

⁷⁷ *Statement by United States Secretary of State, Dean Rusk, in the Course of a Press Conference in Canberra, 8.5.1962*, text in AA, A1838/275 727/4/2 Pt.2; *Text of Speech by Dean Rusk at State Dinner, Wellington, 10.5.1962*, text in AA, A1838/275 727/4/1/4 Pt.1.

⁷⁸ Specifically, McEwen's office informed the press that the Minister's reticence was intended to satisfy those among his Cabinet colleagues who were opposed to allowing the Common Market to overshadow the ANZUS talks. But see McEwen's subsequent statements following Rusk's departure in which he criticised Rusk for his misrepresentations of the Australian position. *The Australian Financial Review*, 15.5.1962; 12.6.1962.

⁷⁹ *The Australian Financial Review*, 15.5.1962. Other excerpts from the *AFR* editorial are worth quoting: 'The brutal fact is, when it is all said, that Mr. Rusk has thumbed his nose at Australia'; 'Mr. Rusk as good as said, "Get out of the way Australia. Stop meddling in things which don't, or anyway shouldn't, concern you. We in the United States are playing for big stakes. Kindly step aside"'.

protest against the American attitude to Britain's EEC membership application.⁸⁰ The *Sydney Morning Herald* drew the conclusion that the Government's failure to convince Rusk of their viewpoint on the Common Market and the West New Guinea dispute highlighted the urgent necessity for Australians to realise that in both the economic and strategic fields they must rely increasingly on their own resources. Henceforth, Australia could expect no help and little sympathy from the United States in the Brussels negotiations.⁸¹

The Acting British High Commissioner in Canberra, N.E. Costar, keenly observed the mounting public disillusionment with the United States, and reported a 'growing realisation here that on matters which are of importance to America (and on some which can only be of marginal importance) she will always put her own interests first'. Costar astutely summed up the significance of Rusk's visit for Australia:

Whatever faint hopes...may have been nourished by the Australians and New Zealanders about their powers to persuade the Americans, in the interests of ANZUS solidarity, to take a more helpful attitude with the Europeans have now been firmly, even rudely, dashed to the ground. This may well have been the most important, if the least comforting, conclusion forced upon the Australians as a result of the Council meeting.

The British were in no way displeased with this state of affairs. On the contrary, Costar emphasised that the prevailing public mood 'may well be helpful to us in our current negotiations with the Australian about the terms of our entry to the Common Market if it appears as Mr. Rusk has certainly seemed to make it appear that our own efforts on behalf of our Commonwealth partners are being thwarted by American pressures on the Six'. Indeed the British pondered whether the Australians might be forced to the conclusion that they should 'see whether there is something more they can do to help themselves'.⁸² Clearly the British, having identified new aspirations and objectives as part of a united Europe, were anxious that countries like Australia

⁸⁰ They changed their minds when they learned that New Zealand Prime Minister Holyoake would also be in attendance. *The Daily Telegraph*, 2.5.1962.

⁸¹ *The Sydney Morning Herald*, 11.5.1962; 15.5.1962. *The Age* drew similar conclusions to the *AFR* and the *Herald*, but with an added hint of optimism: 'Mr. Rusk has made it clear that the USA will not act as a Godmother and will not approve any sentimental treatment from London. For this bluntness he deserves our thanks', 9.5.1962; see also *ibid.*, 14.5.1962.

⁸² PRO, DO159/60, Costar to Sandys, *Australia: ANZUS Council Meeting, 8th-9th May 1962*, 17.5.1962.

should be finally cut adrift from their burdensome psychological attachments to the Mother Country. And if the blame for the emotional upheaval that went with this process could be laid at the feet of the Americans, more the better.

American Embassy staff in Australia also noted the feelings of 'bitterness' and 'self-pity' that characterised the Australian response to the Common Market problem. As the US Consul General in Melbourne, F.S. Hopkins remarked:

Australians feel hurt and bewildered. They feel that Britain is letting them down, and that the United States is failing to appreciate their plight. They are being shaken out of their past complacency, but they are not psychologically ready to meet so many new challenges all at once. Their first impulse is to try to preserve the world as they now know it, by insisting that Britain, the United States and the nations of Western Europe must preserve their present markets intact. They feel strongly that they deserve to be looked out for by other nations of European stock, and at least one element in this attitude is their feeling that they are "flying the flag" for white civilization in an area of the world dominated by colored races.

In other words, Hopkins astutely observed that the 'race patriotism' inherent in the Australian outlook had been seriously shaken by Britain's EEC membership application. In the eyes of the Americans the conclusion was obvious: Australians were 'operating on a system of assumptions and sentiments' which were 'no longer realistic'.⁸³ But it was equally clear that the ANZUS Council meeting had gone a long way towards challenging those assumptions, and had prompted signs of a new awareness of Australia's primary national responsibilities. Moreover, Rusk's visit brought into focus the delicate problem of maintaining a balance between political and economic interests in the conduct of Australia's foreign relations. This problem was particularly acute in Australia at a time when trade and foreign policies were formulated in separate government departments. It was for this reason that McEwen had been able to pursue his aggressive foreign trade agenda, with little regard for the wider political impact of his rugged diplomatic style. It was not until the ANZUS Council meeting that the implicit conflict between Trade and External Affairs came out into the light of day. For the External Affairs Department, the ANZUS meeting was a clear illustration of the potentially deleterious effect of McEwen's

⁸³ JFKL, NSF/Box 8, Hopkins to Department of State, *Australian Character, Psychology and Attitudes: A Personal Interpretation*, 13.6.1962.

trade diplomacy on Australia's wider policy objectives, particularly in relation to regional security. For this reason, External Affairs, together with the Treasury and the Prime Minister's Department, began to take a more active involvement in framing Australia's approach to the Common Market issue. In this sense, the ANZUS Council meeting was to mark the end of McEwen's untethered ascendancy in pursuit of Australia's commercial and economic interests in the Brussels negotiations, and the beginning of a more composite approach.

The most striking feature of McEwen's highly energetic campaign throughout Britain, Europe and the United States, was his failure to achieve any mutually satisfactory understanding with any of the parties involved. To use McEwen's own words, Australia was 'left without a friend in the world'. This in itself was a difficult notion for Australia to swallow, and McEwen remained convinced that Australia's dire predicament had been brought about by the callous self-interest of an indifferent parent, and the sinister machinations of an unfaithful ally. As he reflected some years later: 'The attitude I encountered was that it was just too bad if a country as well off as Australia were left to fend for itself'.⁸⁴ In reality however, McEwen came home empty handed for the simple reason that he was unable to offer anything in return for British and US support. Australia's precarious balance of payments situation precluded any suggestion of increasing imports from the countries in question. Nor could there be any threat of transferring political loyalties to the Communist camp, or even neutralism, as in the case of some of the former colonies in Asia and Africa. In short, Australia's bargaining position was painfully weak, and McEwen was thus forced to base his arguments largely on vague notions of implicit obligations which ultimately boiled down to sentiment. Thus the most important lesson for Australia was that sentiment counted for very little in the world of political and economic self-interest.

An important flow-on effect from this was the emergence of a more pragmatic outlook, reflecting a growing realisation that Australia had to stand on its own. Crawford's examination of Australia's Asian prospects, and the report of the Australian Industries Development Association

⁸⁴ McEwen, *His Story*, 61-62.

were clear examples of this subtle shift in the terms of public discussion and debate. Howard Beale made the revealing comment in a private talk with George Ball:

Although Australia had traditionally seen itself in a European rather than an Asian context, this viewpoint was increasingly being challenged by the course of events. In particular, the prospective entry of the United Kingdom into the European Common Market had created a ferment in Australian thinking and a search to identify the country's future role.⁸⁵

At this early stage, however, the more common response was a feeling of resentment and disillusionment towards Britain and the United States. This was accompanied by an outpouring of enthusiasm and support for McEwen's 'no nonsense' approach, and his determination that Australia should not be pushed around. But McEwen's cultivation of public support for his Common Market stand was to incite the extreme displeasure of the Liberal Party, which in turn would provide greater momentum for the forces advocating a more moderate Australian approach.

Finally, McEwen's activities highlighted the fundamental difficulty in separating the political and economic aspects of foreign policy. The experience of the ANZUS Council meeting illustrated the impracticality of conducting trade diplomacy in isolation from broader considerations. Any serious fraying of relations on the trade front was bound to have wider repercussions which might not necessarily be in Australia's best interests, particularly for a country which continued to rely on 'great and powerful friends' and 'forward defence' for its regional security. Moreover, the relative reticence of other leading Commonwealth countries, particularly Canada and New Zealand, meant that Australia was likely to be seen 'leading the charge' in opposition to British entry. Once again, such an impression carried important political implications which needed to be considered. And perhaps most importantly of all, the Common Market negotiations themselves raised questions of enormous political importance, particularly in relation to Australia's relations with Britain and the future of the Commonwealth of Nations, which could hardly be addressed adequately within the existing framework. All of these factors,

⁸⁵ NARA, RG59, 643.00/7-2860, Memorandum of Conversation (Beale & Ball) 8.3.1962.

particularly the growing preoccupation with the political side of the equation, would give way to a subtle, but nonetheless fundamental reappraisal of Australia's approach to the Common Market problem, and to Australia's place in a changing world.

Chapter 6

'On the Horns of a Dilemma' Menzies and the Political Conundrum

Throughout McEwen's discordant dealings with the British over the trade and economic details of the Brussels negotiations, Prime Minister Menzies remained deeply concerned about the political implications of British EEC membership. The entire matter caused him genuine sadness and even bitterness, which he conveyed periodically in both his public comments as well as his private correspondence with Harold Macmillan. Menzies was convinced that the Common Market problem had presented Britain with a 'dilemma the like of which was never seen before in peaceful history': the dilemma of choosing between Europe and the Commonwealth. Britain, he claimed, was faced with 'a terrible choice, an historic choice, a disastrous choice', which threatened to ruin the age-old fabric of Commonwealth unity, kinship, and cooperation. Although he recognised the serious nature of Australia's economic problems in the Brussels negotiations, he was convinced that the political repercussions would prove to be of far greater importance in the long term. He frequently used the example of Australian Federation to illustrate the centripetal forces inherent in a common customs tariff, and presented a powerful image of British submersion into a European federation. Although this outcome might lie many years into the future, Menzies was nonetheless adamant that membership of the European Community would become increasingly inconsistent with the traditional obligations and commitments to the Commonwealth.¹

Menzies' assessment of the broad political repercussions of British entry was inevitably influenced by his deep sentimental attachment to the British Empire and Commonwealth. The British decision came as a great emotional shock to Menzies and many among his generation. For those who had grown up at a time when the British Empire had been the definitive element

¹ *The Sydney Morning Herald*, 9.8.1961; see also Menzies, *CPD*, H. of R., Vol.32, 134-41, 16.8.1961.

in the Australian outlook on the world, Macmillan's bid for EEC membership seemed nothing short of an outright abdication of Britain's natural role as leader of the British family of nations. This strong emotional element was to have a profound impact on Menzies' approach to the political aspects of the EEC problem. In particular, his deeply ingrained belief in the integral ties of kith and kinship linking all 'British' countries, underpinned a conception of Australian interests that was ultimately indistinguishable from the those of the Commonwealth as a whole. Moreover, his emotional attachment to the old Commonwealth method of 'cooperation and compromise', as the most appropriate means of resolving disputes with the Mother Country, was to put him increasingly at odds with McEwen's more confrontational stand.

But even more significantly, Menzies became increasingly concerned about the wider political repercussions of McEwen's rugged trade diplomacy. In this, he was supported by the External Affairs Department, as well his own Prime Ministers' Department officials, who felt that the Trade Department approach was seriously jeopardising Australia's vital strategic and political interest in maintaining friendly relations with the United Kingdom, and more importantly, the United States. From the time of the ANZUS Council meeting in May 1962 there is evidence of a growing preoccupation in the Government with striking a 'balance' in Australia's response to the EEC problem, and to present a less abrasive defence of Australia's interests. Thus, towards the end of May 1962, Menzies began to play a far more active role in presenting Australia's case, and in so doing brought about subtle, but nonetheless important modifications in Australian policy.

Menzies and Macmillan

Menzies' grave concerns about British membership of the EEC were, in many respects, an extension of his growing reservations about the deteriorating state of Commonwealth relations in the early 1960s. Throughout the 1950s, Menzies had invested considerable time and energy in ensuring that the Commonwealth retained a degree of its instinctive familial and spiritual appeal to counteract what he saw as the fatal decision of April 1949 to allow India to remain in the

Commonwealth as a Republic. This central preoccupation inevitably led to a strong emphasis on the importance of nurturing links between the old Commonwealth countries. For example, in the mid-1950s, Menzies spoke of the Commonwealth as a two-tiered grouping, with the inner 'Crown Commonwealth' representing the common instincts, values and assumptions which had typified the virtues of the old association.² He was ambivalent towards what Macmillan had termed the 'winds of change' in the Commonwealth. Although at times he proclaimed the virtues of a multi-racial association forming a 'bridge between East and West, between the New and the Old'³, he became increasingly alarmed by the growing self-confidence and assertiveness of the new nations. In particular, he felt that many of the new members brought divergent beliefs and aspirations, which tended to weaken the sense of familial trust and understanding which was so integral to his conception of the Commonwealth. By the end of the decade he had come privately to view these 'modern developments' in the Commonwealth 'not so much as an advance produced by a genius for compromise as a retreat produced by a feeling that diminished resources require a cutting down of responsibility'.⁴

But it was the acrimonious Commonwealth Prime Ministers' Conference of March 1961 which aroused Menzies' greatest concern. Here, Menzies played a key role in defence of South Africa's right to remain in the Commonwealth, on the grounds that it was contrary to the spirit and established practice of the Commonwealth to discuss the internal policies of members countries. His arguments went unheeded, however, and the South Africans were ultimately forced to withdraw their membership - an outcome which Menzies publicly decried as a 'very unhappy development'.⁵ Menzies was appalled to find himself arguing the minority view in a

² In a series of articles in *The Times*, on 11 and 12 July 1956, Menzies argued that the 'New Commonwealth' bore only a superficial resemblance to the old one, and that it was 'more accurate to say that we now have a crown Commonwealth within a total Commonwealth'. In order to illustrate this point, he drew attention to 'the fact that there is a world of difference between Australia's relationship to the Throne and that of India'. Text available in Menzies, *Speech is of Time: Speeches and Selected Writings* (London: Cassell, 1958); see also Gordon Greenwood, *Australia in World Affairs, 1956-1960* (Melbourne: F.W. Cheshire, 1963) 44-45; Alan Watt, *The Evolution of Australian Foreign Policy, 1938-1965* (Cambridge: Cambridge University Press, 1967) 275-280.

³ Quoted in Watt, *Australian Foreign Policy*, 277.

⁴ NLA, Menzies Papers, MS4936 Series 1, Box 21, Menzies to McEwen, 10.6.1959.

⁵ Quoted in Watt, *Australian Foreign Policy*, 283. In expounding his views, Menzies made no secret of the fact that he wished to avoid a precedent which might lead to some future examination of Australian immigration policies in the Commonwealth forum.

Commonwealth where 'the balance of power has changed so much and in which my own views have become so relatively unimportant'.⁶ He was particularly disappointed in Macmillan for allowing the Afro-Asian bloc to get the upper hand. David Goldsworthy has documented Menzies' bewilderment and bitterness when Macmillan, having been temporarily called away from the Prime Ministers' meeting, chose Jawaharlal Nehru to take his place in the Conference chair. Macmillan's reasons for choosing Nehru over Menzies remain obscure, but there is no doubt that the episode was a sobering experience for the Australian Prime Minister. As Australian High Commissioner, Sir Eric Harrison, later protested to Duncan Sandys, Menzies had been 'much put out by Mr. Macmillan's apparent preference for a brown face', and had reached the conclusion that, compared with the new Commonwealth countries, Australia 'did not count for a row of beans'.⁷ In the aftermath of the Conference Menzies reflected sullenly: 'I have a feeling that the "Winds of Change" are blowing a little too strongly'.⁸

Thus by the time of the United Kingdom EEC membership application in July 1961, Menzies had already grown somewhat disillusioned and depressed over developments in the Commonwealth. But although these changes aroused his indignation, they do not seem to have in any way reordered his British race patriot view of the world. Rather he tended to lay blame at the feet of wayward members, whom he felt had needlessly introduced antagonism and acrimony into the ranks of the family. This in itself shows how Menzies regarded the Commonwealth as an end in itself. It was, as he so often described it, an 'ancient landmark', which was deeply ingrained into the cultural identity of an entire generation. Thus he tended to emphasise the need to preserve the intimate form of Commonwealth meetings, over and above any consideration of the substance of Commonwealth relations. His firm conviction that there was 'a species of immortality about good things'⁹ would characterise his approach to the Commonwealth aspects

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⁶ NLA, Menzies Papers, MS4936 Series 1, Box 14, Menzies to Harrison, 30.5.1961.

⁷ Quoted in David Goldsworthy, 'Menzies, Britain and the Commonwealth: The Old Order Changeth', in Frank Cain (ed.) *Menzies in War and Peace*, (Sydney: Allen & Unwin, 1997) 99-100. Harrison's account of his exchange with Sandys is borne out fully by Sandys' own record of their meeting. See CAC, Duncan Sandys Papers, DSND 8/18, *Memorandum of Conversation with Sir Eric Harrison*, 24.5.1961.

⁸ NLA, Menzies Papers, MS4936 Series 1, Box 14, Menzies to Harrison, 30.5.1961.

⁹ Quoted in John Bunting, *R.G. Menzies: A Portrait* (Sydney: Allen & Unwin, 1988) 200.

of the Common Market problem.

Menzies' outlook stood in stark contrast to that of Macmillan, whose conception of the Commonwealth was far more influenced by the higher imperative of British power and prestige. His decision to enter the European Community represented a clear acknowledgement that the Commonwealth alone was insufficient as a means of preserving Britain's 'world role'. Although many of his political colleagues continued to view the Commonwealth as synonymous with Empire and past glory, Macmillan was far more swayed by the political realities of the post-war world. In this regard he was first and foremost a political tactician, with a keen sense that the underlying rationale of the Commonwealth had altered dramatically from a tight knit organic community of predominantly British countries to a new multi-racial tool in the overriding Cold War struggle.¹⁰ This explains his unsentimental, pragmatic approach to the 'Winds of Change' in the African colonies, as well as his enthusiastic pursuit of a new basis for British power and influence as part of a united Europe. Of course, Macmillan remained hopeful that Britain would somehow continue to play a dual role, exercising influence over both European and Commonwealth affairs. Nonetheless he was resigned to the need to disengage from Commonwealth encumbrances insofar as these hindered Britain's wider political objectives. In this regard, he held a far clearer conception of the ultimate meaning and purpose of the Commonwealth than Menzies, whose judgement was seriously impaired by his emotional commitment to the 'immortal quality' of the 'British family'. This fundamental difference of outlook and perspective brought them into sharp conflict as they grappled with the interlocking problems of Europe and the Commonwealth.

It is indicative of Menzies' approach to the Common Market problem that his very first private reflections on the matter were sent, not to Macmillan, but to the ageing Winston Churchill. Menzies saw Churchill as a fellow 'Empire Man', in whom he would undoubtedly find a sympathetic audience for his concerns:

My dear Winston...you must feel just as puzzled as I am about some of the modern

¹⁰ See John Darwin, *Britain and Decolonisation: The Retreat From Empire in the Post-War World* (London: Macmillan, 1988) 226-228.

developments in the Commonwealth. Perhaps we are paying too great a price for the doubtful advantage of retaining some countries as nominal members of what used to be a splendid crown Commonwealth...The fact that I am terribly concerned about the strange products of the new Commonwealth relationship is one of the many reasons why I look forward to seeing you, who have always been able to concentrate on the essentials without being distracted by the form.¹¹

Churchill himself was somewhat ambivalent about the entire EEC question. Although he recognised that Britain might play a 'great part' in the integration of Europe, he emphasised that 'we have another role which we cannot abdicate: that of leader of the British Commonwealth'. Nonetheless he felt bound to support Macmillan's argument that negotiations with the Six were the only way of finding out if satisfactory terms could be obtained.¹² Moreover he recognised that Menzies' troubled state of mind might be of concern to the British Government, and so he duly forwarded Menzies' letter to Macmillan. Macmillan's reply to Churchill was indicative of the stark divergence between his own hard-headed approach to the problems of the Commonwealth and the more sullen, sentimental reflections of Menzies:

Many thanks for letting me see the letter of Bob Menzies. Of course the die was cast - for good or ill - when India was allowed to stay in the Commonwealth on becoming a republic. It seems to me that we must now concentrate on the opportunities rather than regret the changes which the New Commonwealth has made inevitable.¹³

Here, Macmillan conveyed the impression of being almost dismissive of the kind of problems which were weighing on Menzies' mind. This, however, is not to say that the British Prime Minister was unconcerned about the negative trend in Menzies' general outlook. On the contrary, Menzies was widely thought to be the key to the problem of securing Commonwealth acceptance of the terms of British EEC entry. His undeniable stature as an 'Old Commonwealth statesman' meant that his views would carry considerable weight with other Commonwealth

¹¹ PRO, PREM11/3331, Menzies to Winston Churchill, 21.10.1961.

¹² PRO, PREM11/3785, Churchill to the Chairman of his Constituent Assembly, 14.8.1961. This was a general statement of Churchill's Common Market views in order to respond to the flood of letters from those who felt that Macmillan was taking Britain down the wrong path. Churchill was evidently a logical figure to turn to for those, like Menzies, who held serious reservations about British EEC membership.

¹³ PRO, PREM11/3331, Macmillan to Churchill, 1.11.1961.

countries, and more importantly, with the British public.¹⁴ Menzies had enjoyed a long association with the British people, stretching back to the early days of the Second World War, with his enormously popular speeches and writings. In a sense, Menzies was a reminder of Britain's past glory, and his views about the future of the Commonwealth were therefore bound to have a powerful influence on British voters. The permanent head of the CRO, Joe Garner, considered Menzies the 'key to everything' on the EEC question, and advised Sandys that if Menzies could be persuaded to 'go along with us over Europe' he would have a decisive influence over the Conservative Party and the Commonwealth as a whole.¹⁵

Macmillan's fears about the direction of Menzies' thinking were confirmed in a strongly worded personal letter from the Australian Prime Minister of 15 January. Menzies flatly informed Macmillan of his view that British entry into the European Community would bring about a drastic change in the Commonwealth relationship. Although he acknowledged the 'great weight' of the political advantages of a United Europe in the context of the East-West struggle, he implored Macmillan: 'I beg of you to realise that there is great uneasiness in my own country, which may lead to some weakening of our historic and invaluable ties'. He expressed concern that the general debate thus far had tended to concentrate exclusively on the economic aspects which, although vitally important, held out ample room for effective cooperation. Rather it was the political side of the coin which raised the more difficult questions, and he therefore called on Macmillan to deliver a 'considered speech' on the Commonwealth political aspects of the European Common Market.

Menzies' anxieties about Britain's EEC membership application were symptomatic of his wider concerns about the state of the Commonwealth generally. He impressed upon Macmillan his 'great anxiety' about the Commonwealth and the 'disappearance of so many of its old characteristics':

¹⁴ Menzies' decisive influence over British public opinion on the Common Market issue was a constant theme in Whitehall correspondence at this time. Indeed, the British were often puzzled by the fact that Menzies had 'never quite enjoyed within Australia the prestige that he has elsewhere'. PRO, PREM11/3646, Costar to Sandys, *Australia: The Political Situation*, 18.6.1962.

¹⁵ Quoted in David Goldsworthy, 'Menzies, Britain and the Commonwealth', 105-106.

The plain English of it is that the new Commonwealth has nothing like the appeal for us that the old one had. It appears to have no instinct for either seeking or obtaining unity. The votes in the United Nations indicate that there are completely different approaches to world problems. The divisions have only to be carried into the Prime Ministers' Conference room in London, with the new lining up against the old, to bring the whole structure down. I know that we have prided ourselves on having a genius for compromise and on pursuing pragmatic policies. But we can of course follow these lines too far, and by extending the form of the Commonwealth ultimately deprive it of substance.¹⁶

Here, Menzies clearly elucidated his ideas about the fundamental interrelationship between the 'form' and 'substance' of the Commonwealth. For Menzies, the changes in the form of Commonwealth relations had undermined what he once termed the 'old high instincts' and 'special intimacy' which to his mind were the real substance of the relationship.¹⁷ Any material policy issues were merely transient distractions, which were easily dealt with by the traditional 'genius for compromise', and the pursuit of 'pragmatic policies'. But it was the breaking down of a common sense of 'family', that truly threatened the innate value of the Commonwealth.

This explains Menzies' views on the appropriate solutions to arrest these unfavourable trends. Rather than confront the painful question of the growing irrelevance of the Commonwealth in world affairs, Menzies viewed the problem in terms of sorting out the bad eggs: 'When I ask myself what benefit we of the Crown Commonwealth derive from having a somewhat tenuous association with a cluster of Republics some of which like Ghana are more spiritually akin to Moscow than to London, I begin to despair'. For Menzies, the bad eggs were easily identifiable by the dreadful stain of republicanism, which, in his view created a fundamental divergence of outlook and allegiance. This had been clearly illustrated by the 'disastrous action' in relation to South Africa, and Menzies warned that the final blow would be struck 'if it turns out that we in Australia are to be told how to manage our [immigration] affairs'.¹⁸

Macmillan and his senior advisers were genuinely disturbed by the direction of Menzies'

¹⁶ PRO, PREM11/3644, Menzies to Macmillan, 15.1.1962.

¹⁷ See R.G. Menzies, Roy Milne Memorial Lecture, *The British Commonwealth of Nations in International Affairs*, Adelaide, 26.6.1960 (Melbourne: Australian Institute of International Affairs, 1950)

¹⁸ PRO, PREM11/3644, Menzies to Macmillan, 15.1.1962.

thinking.¹⁹ The Australian Prime Minister seemed to be growing increasingly 'upset and bitter' in the light of Britain's EEC membership bid, and it was therefore essential to find some means of allaying his fears.²⁰ It was generally agreed that Macmillan should look for a suitable opportunity to send 'a really personal letter' to Menzies.²¹ If the impression could be created that Menzies was being taken into the special confidence of the British Prime Minister, this might go some way to placating his anxieties. Thus in early February, Macmillan personally drafted an eighteen page *tour d'horizon* to Menzies, outlining his broad impressions of the great historical trends of the twentieth century, and addressing some of the problems confronting the modern Commonwealth.

Macmillan's letter to Menzies had two basic objectives. Firstly, he sought to convey a special warmth and confidence, and he took every opportunity to assure Menzies of the special personal quality of their relationship. Indeed the tone of the letter was very much set by his opening remark: 'I know you will let me just ramble on a little as if we were talking in a room together. How I wish we could!' And ramble on he most certainly did, exploring a range of issues from the Commonwealth problem to the Cold War, his personal relations with President Kennedy, the problem of 'Europe', the political fortunes of General de Gaulle, the inherent barbarism of the German peoples, the shortcomings of the modern system of government, and the rise of colonial nationalism (or as Macmillan baldly termed it, 'the revolt of the yellows and blacks from the automatic leadership and control of the whites'). But all along he constantly reminded Menzies that 'I obviously send quite different messages to you and to the Prime Ministers of Canada and New Zealand than I send to those of other territories'. Menzies was left in no doubt that Macmillan still had the utmost regard and feeling for the 'special quality' of the old Commonwealth ties.

¹⁹ PRO, PREM11/3331, Norman Brook (British Cabinet Secretary) to Philip de Zulueta (Private Secretary to Macmillan) 20.11.1961.

²⁰ This was the impression of officials at the British High Commission in Canberra, who conveyed their views to Macmillan through former High Commissioner and First Lord of the Admiralty, Lord Carrington. PRO, PREM11/3665, Carrington to Tim Blich (Cabinet Office) 9.2.62.

²¹ The original suggestion came from the Secretary to Cabinet, Sir Norman Brook. PRO, PREM11/3331, Brook to de Zulueta, 20.11.1961.

In cultivating this special confidence and intimacy, Macmillan sought to establish a sense of mutual identification between himself and Menzies, particularly in regard to the changes that had occurred in the Empire and Commonwealth:

You and I were born into a very different world which seems, as one now recalls it, almost as long ago as the age of George III or Queen Elizabeth I. Queen Victoria, the Jubilee, Kipling, Universal pride and confidence in the successful transformation of territories won haphazardly...into an orderly Empire...And now here we are, my dear Bob, two old gentlemen, Prime Ministers of our respective countries, sixty years later, rubbing our eyes and wondering what has happened.

Macmillan sought to convince Menzies, not only that he understood his present anxieties, but that he fundamentally identified with them. Menzies ought not to feel alone in holding deep reservations about the drastic changes which had taken place in the Empire and Commonwealth. On the contrary, Macmillan and he stood side by side, 'rubbing their eyes' with a shared past and shared feelings about the current malaise. Macmillan's letter conveyed the clear impression that Australia and Britain were grappling with a common problem, from a common perspective and with common objectives and aspirations for the future. This was particularly evident in his reflections on the current state of the Commonwealth:

...what are we to do about the Commonwealth? Of course it is not the same. How can it be? They who all felt that they belonged to the same intimate family might quarrel, as families do, but they *were* the family. They had the King or Queen as the object of their personal loyalty, and the conferences were agreeable as well as valuable. There was no dispute; there was interesting discussion, an opportunity of meeting old friends, the charm of the Royal presence, and all on a scale that was like a small and pleasant house party. Now it is becoming a sort of miniature United Nations, with various groups; the Afro-Asian strength strongly organised, and the older members not quite knowing how to handle it.²²

These comments, of course, were specifically attuned to Menzies' sensibilities. Macmillan had astutely identified those aspects of the Commonwealth which Menzies valued most: old friends, the Royal presence, and a congenial club-like atmosphere. By couching his comments in these terms, Macmillan struck at the very heart of Menzies' fears about the long term political implications of British entry into the European Community. It was the prospect

²² PRO, PREM11/3665, Macmillan to Menzies, 8.2.1962.

that this unique atmosphere might be lost - that Britain might no longer identify with Australia's perspective - that underpinned Menzies' deepest disquiet. Macmillan was fully aware of this, and he therefore deliberately geared his comments towards what Menzies wanted to hear.

There is no doubt that Macmillan was more than a little disingenuous in casting himself in the Menzies mould. One need only compare these comments with his earlier remarks to Churchill²³ for example, to see that Macmillan was, in fact, quite a different creature from Menzies. He shared little of Menzies' emotional attachment to the glory days of Empire and was far more resigned to the inevitable changes that had taken place in the Commonwealth. But he understood precisely the kind of warm, intimate relationship that Menzies so dearly longed to recapture, and he had no qualms about obliging the Australian Prime Minister if this would help facilitate the passage of his EEC membership application. In short, Macmillan played up to Menzies' conception of the appropriate form of Commonwealth relations, in the hope that this might convince him of the enduring substance of the Anglo-Australian relationship.

Macmillan's second main objective in his letter to Menzies, was to convince the Australian Prime Minister of the wisdom of his approach to the interlocking problems of Europe and the Commonwealth. Here Macmillan was on firmer ground, although he continued to frame his arguments in language which might appeal to Menzies. Macmillan addressed the central question, 'What are we to do about the Commonwealth?', in a way that was both sympathetic to Menzies' misgivings, but at the same time firm in his assessment of the realistic possibilities:

So the first question really is, is it worth it? Would we be better to chuck it and regroup around the Crown; Canada, Australia and New Zealand and the United Kingdom? I do not believe we could do this even if we tried. Our Canadian friends would not agree. They are very much given to talking about the New Commonwealth and its responsibilities and opportunities. It would be bitterly opposed by the Opposition here, and by quite a lot of the younger Conservatives.

Once again Macmillan sought to convey the impression that he and Menzies were broadly of the one mind in their assessment of the Commonwealth problem. The real difficulties were caused by other factors over which neither he nor Menzies had control. Macmillan then

²³ See pp. 228, this chapter.

went on to consider other ways of establishing closer links between the 'monarchical nations' without destroying the fabric as the Commonwealth as a whole. Here again, however, he identified enormous practical difficulties. The new Commonwealth countries would undoubtedly resent any special exclusive meetings of the Crown Commonwealth countries. Indeed, the only practicable solution to this aspect of the problem was to pay special attention to the bilateral relations between Britain and the Crown countries - particularly the special personal relations between Commonwealth Prime Ministers. In this way, Menzies could be assured that Britain had no intention of drifting away from Australia, or the Commonwealth as a whole. Macmillan concluded his reflections with a more optimistic evaluation of the future of the Commonwealth:

I think the real reason for keeping the Commonwealth together is that I believe we *can* influence it, slowly and gradually, but effectively...And as the years pass I think it is possible with patience and putting up with a lot of trouble and insults from them that it will be worth doing. I think it is certainly worth doing while the Communist/Free World division really holds the front of the stage. Indeed in this situation we are forced to try.

Here lay the most fundamental difference in Macmillan's outlook compared to that of Menzies. For Macmillan, the rationale of the Commonwealth was no longer a question of amiable tea parties, but had become yet another dimension of the all important ideological struggle between East and West. The New Commonwealth remained a vital means of keeping the vulnerable, newly independent nations of Asia and Africa from straying into the Communist camp. In this context, it was the height of folly to consider regrouping the Commonwealth around the Crown countries.

Macmillan applied the very same rationale to the question of Europe, where he remained convinced that new means must be found to bind the nation states of Western Europe firmly into the ranks of the 'Free World'. The United Kingdom had a vital role to play in Europe, in order to provide a stable counterweight to the volatile Germans and the politically turbulent France. 'It is for this reason', urged Macmillan, 'that I have come very slowly to the conclusion that we ought, indeed we must, try to have a political influence in Europe'. Thus despite the warm, and rather woolly nature of Macmillan's message, Menzies was left in no doubt about the British

Prime Minister's outlook on the future role of the Commonwealth, and the closely related question of European unity.²⁴

Macmillan received warm congratulations from his staff and ministerial colleagues for his skilful drafting of the Menzies letter. Norman Brook summed up the general feeling: 'I am sure that this is the right medicine for [Menzies'] present malaise'.²⁵ Former British High Commissioner in Canberra, Lord Carrington, noted that Macmillan's letter to Menzies was 'so reasoned, friendly and convincing and he has obviously gone to so much trouble that one must hope that Bob will relent'.²⁶ These comments reflected the central purpose of Macmillan's letter; namely, to coax Menzies into a more cooperative frame of mind. Macmillan was in no way influenced by some innate sense of responsibility, either to Menzies personally or to the Australian people as a whole. Rather, he recognised the potential damage which a disenchanted Menzies could bring to the entire EEC campaign. As Commonwealth Secretary Duncan Sandys constantly reminded him, Menzies was likely to be the key Commonwealth figure, not only at the Prime Ministers' Conference in September, but also in relation to British public opinion.²⁷ This central concern would remain at the forefront of Macmillan's mind in his dealings with Menzies on the EEC problem.

It is difficult to assess Menzies' immediate reaction to Macmillan's overtures. One might assume, however, that his natural predisposition for this kind of intimate exchange with the British Prime Minister was tempered by the unsavoury nature of the issues at hand. Certainly Menzies was uncharacteristically slow in responding to Macmillan, allowing more than two months to pass before sending a reply. This in itself would seem to indicate that Menzies was far from impressed by Macmillan's optimistic assessment of the future direction of the Commonwealth. In his reply to Macmillan of 18 April, Menzies clearly voiced his overriding pessimism about the Commonwealth-Common Market situation. In particular, he expressed his

²⁴ PRO, PREM11/3665, Macmillan to Menzies, 8.2.1962.

²⁵ PRO, PREM11/3664, Norman Brook to Macmillan, 12.2.1962.

²⁶ PRO, PREM11/3664, Carrington to Bligh, 9.2.62. Heath responded along similar lines, and noted enthusiastically 'I think Bob will like it'. Ibid., Heath to Macmillan, 19.2.1962.

²⁷ PRO, PREM11/3664, F.Mills (Sandys' Private Secretary) to Bligh, 30.3.1962.

strong personal reservations about the forthcoming Commonwealth Prime Ministers' Conference scheduled for September to discuss the terms of British entry into the EEC. He frankly admitted: 'I am completely sceptical about a meeting of fourteen Prime Ministers, few of whom have trade problems in common, achieving concerted views upon such complex matters'.

Menzies explained that the events of the previous Prime Ministers' Conference, culminating in the expulsion of South Africa, had left him feeling 'sad and depressed'. Indeed, despite Macmillan's encouraging outlook on the future benefits of maintaining the association, Menzies felt bound to express his waning enthusiasm for the New Commonwealth. 'People like me' he confessed, 'are too deeply royalist at heart to live comfortably in a nest of republics'. Interestingly, Menzies made a clear distinction between the 'new' Commonwealth republics, and an 'old republic like the United States':

Some of my American friends seem to be Monarchists *manques*. They love titles, such as those of 'Ambassador', or 'Governor', or 'Colonel', which, by social practice, endure. They have their own hierarchical ideas. But the new republics seem to thrive on antagonism. In the depths of our being, we have little or nothing in common with them.

Clearly, Menzies' conception of the 'British community' could be extended, on occasion, to embrace his Anglo-Saxon cousins in the United States, but could not accommodate the malevolent 'nest' of new republics. Menzies' strong language illustrated the extent of his displeasure with the modern developments in the Commonwealth. So much so, in fact that he cast doubt on whether he would be able to take part personally in the September Prime Ministers' Conference. This was a particularly strong statement coming from Menzies, for whom the Commonwealth Conferences had always been a highlight on his political (and social) calendar. But on a matter of such vital importance as the Common Market problem, Menzies admitted that he would 'attach much greater practical value to a week spent by me in London in which, without benefit of Ghana or Ceylon, but with all the benefit of old and tried comradeship, we could speak together as men do, having "tired the sun with talking, and sent him down the sky"'.

Here again, Menzies expressed his deeply ingrained attachment to the intrinsic intimacy

of the 'Old Commonwealth' relationship, in preference to the divisions and antagonisms of the new association. Nonetheless, he would not go so far as to recommend the dissolution of the Commonwealth, in favour of a strengthening of bilateral ties. Rather, he turned his mind to the problem of retaining the distinctive harmony and cohesion of the old Commonwealth, without disrupting the structure of the new grouping. In this regard, he differed from Macmillan in a number of important respects. Although he conceded Macmillan's point that, 'we cannot have a first eleven and a second eleven', Menzies suggested that 'all members of the Commonwealth are equal, even though, as in the first law of physics, they are sometimes "equal and opposite"'. Therefore the key to preserving the future vitality and utility of the modern Commonwealth, in the light of changing international circumstances, was to seek ways and means of 'holding the old brigade together'. This, in Menzies' view, was a 'serious and urgent task', which could be achieved in a number of ways:

We cannot perform it by holding special conferences limited to the Crown countries. But we could try to do two things. The first is that, during the currency of a full Conference, a few of us should arrange to meet privately over dinner; cutting out for this purpose one or two rather tiresome formal receptions. The second is that we should have more frequent bilateral talks; not necessarily to discuss specific issues which are engaging our attention, but to keep our friendships in repair.²⁸

Once again, Menzies explicitly emphasised the overriding importance of the form of Commonwealth relations, over and above any particular matter of substance. For Menzies, the imperative of 'keeping our friendships in repair' was the very essence of the problem of preserving the old Commonwealth relationship. The prospect of British entry into the European Community posed a fundamental challenge to Menzies' deeply rooted assumptions about the common interests, common destiny, and common identity of all 'British countries'. And his automatic response to this challenge was to look for ways of preserving the cohesion of the 'old brigade'. For Menzies, this was not so much a question of policy substance, as any differences in this regard could always be overcome by the tried and true method of 'cooperation and compromise'. Rather, it was paramount to retain the familiar form of meetings, dinners, and

²⁸ PRO, PREM11/3665, Menzies to Macmillan, 18.4.1962.

fireside intimacy, as the essential ingredient to the preservation of a sense of 'family'. This, ultimately, was the central element in Menzies' belief in the inherent, organic community of interest between Great Britain and Australia.

Clearly then, despite the warm and personal nature of Menzies' reply, he felt unable to adopt the more resigned approach to the 'Commonwealth and Europe' problem that Macmillan had advocated. Although he could 'clearly perceive the benefits' of British participation in the integration of Europe, he remained adamant that the 'problems, deep in history, are yet to emerge'. For the British, these signs of a deterioration in Menzies' attitude merely highlighted the need for further action to allay his fears. In particular, Macmillan's advisers recommended that he find some opportunity to meet privately with Menzies, in order to reassure him personally of Britain's ongoing commitment to the Commonwealth. As Carrington remarked, 'It is very easy to grumble when you are 12000 miles away and grievances and apprehensions multiply. Face to face its much more difficult and Bob's a gregarious friendly person'.²⁹ Sandys was especially keen on this idea, and strongly advised Macmillan to invite Menzies to London for a short visit, 'perhaps combining business with pleasure at the tests with Pakistan'.³⁰ Macmillan fully concurred with Sandys' view, and immediately sent Menzies a particularly warm open invitation to join him in London for some 'intimate talk'.³¹ Interestingly, two earlier drafts of Macmillan's invitation contained variously worded enticements to 'some good cricket when the Pakistan team is here'. But this means of arousing Menzies' sense of organic community with Britain was presumably deemed too blatant, and was deleted from the final text.³²

The above comments of Sandys, Carrington, Brook and others reflected a particular view of Menzies' character which was widely held in British Government circles. Comparisons were often made between the abrasive diplomatic style of McEwen and the more sensitive, moderate approach of Menzies, who was generally thought to be more sympathetic to British needs. The

²⁹ PRO, PREM11/3664, Lord Carrington to Tim Bligh (Cabinet Office) 9.2.62.

³⁰ PRO, PREM11/3664, F.Mills (Sandys' Private Secretary) to Tim Bligh (Cabinet Office) 30.3.1962.

³¹ PRO, PREM11/3664, Macmillan to Menzies, 31.3.1962.

³² See PRO, DO164/94.

imperative of bringing Menzies 'face to face' with British Ministers, particularly the Prime Minister, implied that Menzies might be more susceptible to direct British persuasion. This view was not without justification. There had indeed been times when Menzies had found it necessary to restrain McEwen, most notably at the time of the UK-Australia Trade agreement negotiations in 1956.³³ Menzies adopted a similarly pro-British position at the time of the Suez crisis, despite dissenting views in his Cabinet about the potential damage to Australia's international reputation.³⁴ The Macmillan Government therefore had some reason to hope that Menzies might ultimately come to exercise a 'more statesmanlike' influence over McEwen on the question of Britain's entry into the European Community.³⁵

The term 'statesmanlike', in Whitehall parlance was, of course, merely a euphemism for 'compliant', and there was indeed a prevailing optimism that Menzies could somehow be brought into line. Despite these hopes, however, the acting British High Commissioner in Canberra, N.E. Costar, constantly reminded his Whitehall colleagues of the precarious nature of Menzies' political position, particularly after the close Australian election result the previous December. In addition there was the problem of McEwen, who had pitched Australia's demands at such a high level that it was unlikely that Menzies would feel able to speak out in more moderate terms. Costar concluded that Menzies 'will not in my view find it politically possible even if he wishes to take a different line in public, whatever we may get him to say in private'.³⁶ It was typical of the official British view of Menzies that they attributed his attitude primarily to his 'political difficulties', which restricted his natural inclination to be more cooperative, rather than any sense that his primary responsibility lay with Australia.

It is, however, difficult to assess the precise extent of Menzies' 'compliance' in the face of British pressure. Throughout his career he was plagued by accusations that in foreign policy matters, he was 'more British than Australian'. His supporters, on the other hand, have fiercely

³³ See Chapter 1, pp. 61-62.

³⁴ See generally W.J. Hudson, *Blind Loyalty: Australia and the Suez Crisis* (Melbourne: Melbourne University Press, 1989).

³⁵ PRO, DO159/59, Costar to Garner (CRO) 9.5.1962.

³⁶ *Ibid.*

denied these suggestions, claiming that Menzies' undoubted affection for the Mother Country in no way compromised his 'identity as an Australian'.³⁷ Although suggestions that Menzies was little more than a British 'stooge' should be treated with caution, the fact that the British Government somehow saw Menzies as 'their man' in Canberra, must carry some weight. On the other hand, it ought not to be assumed that the British had Menzies' measure in every respect. For example, the British at times tended to overlook the fact that Menzies had good reasons of his own, quite apart from his political difficulties, for withholding his consent to British entry into the EEC. Here again, however, it was not always clear whether Menzies' reservations were primarily related to Australian interests, or to the wider 'British' problem of Commonwealth unity.

But the key to understanding Menzies' 'compromised nationalism', as Paul Keating has termed it, lies in his belief in the organic community of interest between Australia and Britain. Menzies' nationalism, like that of so many of his contemporaries, was ultimately inseparable from his British race patriotism. His outlook was characterised by a dual loyalty, which was no better illustrated than in his passion for cricket. As a keen cricket spectator, Menzies was unambiguously Australian, particularly when his country lined up against the 'old foe', England.³⁸ But the game itself represented the intrinsic unity of the British world, embodying those all-embracing 'British' values of justice, fair play and gentlemanly camaraderie. Menzies' fondness for cricket metaphors in his exchanges with his British counterparts served as a constant reminder of the special, familial understanding that existed between Britain and Australia. On more than one occasion, he lamented the fact that cricket was not widely known in the United States. This, he claimed, had 'operated to limit that full mutual understanding between the United States and the other English-speaking countries which is so vital in this difficult and dangerous world'.³⁹

³⁷ Paul Hasluck, *Daniel Mannix Lecture* (Melbourne: Melbourne University Press: 1980); see also Bunting, *R.G. Menzies*, 199-201.

³⁸ Lord Carrington used this example of Menzies' Australianness as an obvious counter to the charge that Menzies was 'too pro-British'. In Carrington's words, 'To attend a Test match with the Prime Minister would leave no one in doubt as to his loyalties'. Foreword to John Bunting, *R.G. Menzies*, vi-vii.

³⁹ R.G. Menzies, *Afternoon Light: Some Memories of Men and Events* (Melbourne: Cassell, 1967) 341.

This same duality was evident in Menzies political dealings with the British Government. Although he held no qualms about pursuing particular Australian interests, often vigorously, in a whole range of spheres, he tended to become more reticent when these interests threatened a fundamental breach in the relationship. Unlike McEwen for example, Menzies believed that no particular Australian interest should be pursued to breaking point, because a major rupture of this kind could only be to Australia's detriment. Rather, he believed in the spirit of 'cooperation and compromise' in Commonwealth relations, whereby all differences of view were thrashed out to the mutual satisfaction of all. Thus, when asked by journalists whether Australia was looking after its own interests in the Brussels negotiations, Menzies replied: 'We identify our own interests with the interests of the Commonwealth. I decline to believe that they are different'.⁴⁰

This point of view, however, was bound to be suspect at a time when McEwen was discovering the hard realities of the wide divergence of economic interest between Britain and Australia on the EEC question. Nor was it particularly helpful at a time when the British Government was consciously seeking to coax the Australian Prime Minister into adopting a more compliant stance. Thus when Menzies finally decided to pay a personal visit to London at the end of May 1962, there was every indication that his visit might imply a modification of McEwen's stand. Although Menzies expressed his 'admiration and gratitude' for McEwen's valiant efforts, he felt that the time had come to assert a degree of Prime Ministerial authority over proceedings. This would be particularly important in the vital forthcoming phase in the Brussels negotiations, in which agreement would be sought on the problems of Commonwealth temperate agriculture. Menzies' presence in London during this time would presumably help raise the profile of Australia's vital interest in the discussions, and thereby help secure a more favourable outcome for Australian producers. Thus at the end of May, Menzies set out for London amid press speculation that he might 'prove very much more vulnerable to British persuasion' than McEwen.⁴¹

⁴⁰ *Radio and Television Conference by the Prime Minister, the Rt. Hon. R.G. Menzies*, Canberra, 24.6.1962, text in AA, A1838/275 727/4/2 Pt.2.

⁴¹ *The Australian Financial Review*, 17.5.1962. Not all press comment viewed Menzies overseas tour in this light. *The Sydney Morning Herald*, for example, ran a standard British race patriot line, stating that Menzies 'must

Menzies on tour

From the outset, it was clear that Menzies' visit to Britain and the United States would be a rather different affair from the rough and tumble of the McEwen tour. Quite apart from the obvious differences of personal style, Menzies had clear reasons to adopt a distinct change in focus and emphasis. Firstly, the growing preoccupation of the External Affairs and Prime Minister's Departments with the wider political repercussions of McEwen's aggressive approach implied that Menzies might have to engage in a certain amount of fence-mending, particularly in Washington. Secondly, the abject failure of McEwen's efforts to obtain greater recognition of Australia's trade interests in the Brussels negotiations in itself suggested the need for a change of tack. Therefore, Menzies advised Macmillan that he 'would not be proposing just to duplicate what Mr. McEwen has done so closely on the trade and commodity aspects of the Common Market, but there will be much of a political and economic character...for us to consider'.⁴² There are also signs that he wished to distance himself from the acrimony of McEwen's tour. As he commented to Eric Harrison, 'Jack has his own methods and I have mine', and he would therefore endeavour to establish an 'all round case' rather than follow the line of controversy and dispute established by the Deputy Prime Minister.⁴³ Nonetheless, Menzies was all too aware of press criticisms of his allegedly pro-British sympathies, and he therefore made it clear upon his arrival on 30 May that his presence in London should not be interpreted as a softening of Australia's position.⁴⁴

The British, for their part, held mixed feelings about Menzies' visit. Although Macmillan was naturally pleased that Menzies had finally taken up his invitation to come over for some 'intimate talk', he nonetheless held certain reservations about the timing of Menzies' visit. First of all, Menzies' arrival coincided with an important Ministerial session of the Brussels

preserve a balance between our claims on Britain's concern for our trading future and our concern for the welfare of the great "mother" country whose tremendous sacrifices, for the cause of civilisation, in two world wars have left free people everywhere in debt to her', 6.6.1962.

⁴² PRO, PREM11/3644, Menzies to Macmillan, 11.5.1962. Immediately prior to his departure, Menzies publicly reiterated that his visit would not be primarily concerned with trade and commodity problems 'as if I were giving an imitation of Mr. McEwen', but instead would focus on the political fate of the Commonwealth.

⁴³ Quoted in David Goldsworthy, 'Menzies, Macmillan and Europe', *Australian Journal of International Affairs*, Vol.51, No.2, 1997, 164.

⁴⁴ *The Times*, 31.5.1962.

negotiations in which concessions would have to be made which might not be to Australia's liking. More importantly however, Macmillan was scheduled to pay an all-important visit to the Chateau de Champs, to discuss the state of Britain's application with General de Gaulle. The meeting would take place within days of Menzies' arrival in London, and was bound to involve discussion of Britain's political commitment to European unity. In the preceding weeks, Macmillan had received a number of disturbing reports from the British Ambassador in Paris, Sir Pierson Dixon, to the effect that de Gaulle had hardened his attitude on British membership of the Six. Indeed, Dixon had formed the view that it was 'only safe to assume that General de Gaulle would like to see the negotiations fail'.⁴⁵ Macmillan's encounter with de Gaulle would therefore be an extremely delicate affair. Above all, it would be essential to somehow convince the General that Britain was ready for the political obligations of full EEC membership.

It is unlikely, however, that de Gaulle had made up his mind fully about how to deal with Macmillan's European aspirations. His advisers reminded him constantly of the dangers of opposing British entry outright, and argued that French interests would be best served by 'leaving Mr. Macmillan in doubt' about their ultimate intentions. As Olivier Wormser minuted on the eve of Macmillan's visit, if the British formed the impression that de Gaulle was irrevocably opposed to British EEC membership, this might provoke a 'premature' crisis in the Community to the detriment of France. If, on the other hand, Macmillan became convinced that France would not obstruct British entry he would undoubtedly announce this publicly, and thereby encourage France's EEC partners 'who fear our opposition and therefore, up until now, have tended to rally around our position', to put forward compromise solutions to Great Britain's advantage. Wormser therefore advised de Gaulle: 'In these circumstances, it is in our interests to play for time, and to cloak our true intentions in a shroud of *incertitude inquiétante*'.⁴⁶

Given this highly precarious political balance, the timing of Menzies' arrival in London

⁴⁵ PRO, PREM11/4019, *General de Gaulle's Attitude Towards British Entry into the Common Market* (Dixon) 16.5.1962.

⁴⁶ HAEC, MAEF49/OW Microform 322, *Entrée éventuelle de l'Angleterre dans le Marché Commun* (Wormser) 1.6.1962.

was far from perfect from a British point of view. Although Macmillan was keen to take Menzies aside to reassure him about the future of the Commonwealth, he did not relish the prospect of discussing the full gamut of Common Market problems with the Australian Prime Minister. Indeed he expressly informed his staff: 'I do not want to talk about *details* of Common Market...alone with Mr. Menzies'.⁴⁷ Rather, Macmillan preferred to postpone the main discussions until after the de Gaulle visit, when Heath, Sandys and other key Ministers would have returned from the Ministerial meetings with the Six in Brussels. In the meantime it would be necessary to entertain Menzies, and to allow just enough time for 'intimate' discussions to satisfy Menzies' hankering for 'a real heart to heart talk'.⁴⁸ In short, Macmillan wished to establish an intimate rapport with Menzies, but avoid any major questions of substance until he had the support of his senior ministers.⁴⁹

Despite Macmillan's careful planning, his private discussions with Menzies began on an uneasy footing. On the day of Menzies' arrival in London, the British delegation in Brussels had reached an agreement with the Six on the phasing out of preferences for manufactured goods from Canada, Australia and New Zealand by 1970.⁵⁰ The Six had never viewed the case for Commonwealth industrial goods to be as compelling as the agricultural problems, and Australia had been consulted about the so-called 'décalage' solution several months previously.⁵¹ Nonetheless, Australia had never consented to the phasing out of these preferences, and Menzies

⁴⁷ PRO, PREM11/3664, Macmillan to Norman Brook, 17.5.1962.

⁴⁸ Menzies had explicitly requested, via his staff, that talks between himself and British ministers should be conducted in a more informal, relaxed atmosphere, in order to provide 'an opportunity for a real heart to heart talk'. PRO, PREM11/3644, *Visit by Mr. Menzies*, Memorandum by Saville Garner, 29.5.1962.

⁴⁹ For example, on the evening of Menzies arrival, the two Prime Ministers met privately for pre-dinner drinks, before joining a larger group over dinner. This was deliberately arranged to avoid any complicated discussion of the political implications of British EEC membership. Macmillan's staff were keenly aware that 'it would be a mistake to have Mr. Menzies alone [with Macmillan] for the entire evening, although...an hour alone before dinner, as arranged, is essential'. PRO, PREM11/3664, De Zulueta to Macmillan, 18.5.1962.

⁵⁰ The decision was taken at the Ministerial Meeting between Britain and the Six on 30 May, 1962. The precise phasing out arrangements were as follows:

- i) The United Kingdom would take the first step (30%) towards the application of the common customs tariff to imports of these products on the date of its accession to the Community;
- ii) The United Kingdom would take a second step (30%) towards applying the common customs tariff on 1 January, 1967;
- iii) The United Kingdom would apply the full common customs tariff to all the products concerned on 1 January, 1970.

see PRO, FO371/164785, Minutes of Ministerial Meeting of Britain and the Six, 30-31.5.1962.

⁵¹ See Ch. 4, pp. 172-173.

was confronted with the announcement on his arrival in London without prior warning. He therefore felt bound to express his disappointment in forthright terms. Following a brief discussion with the New Zealand Deputy Prime Minister, John Marshall, who was also in London at the time, a joint Australia-New Zealand statement was issued, strongly condemning the décalage arrangements. Menzies and Marshall denounced the UK-Six agreement as a 'disturbing development', which 'fell far short of providing adequate safeguards' in the products concerned. Although industrial exports were not the most vital items at stake in the Brussels negotiations for Australia and New Zealand, they voiced their concern that a similar formula might be applied to the all-important temperate agricultural sector. They therefore insisted that the agreements in Brussels 'must not in any circumstances be taken as a pattern for the type of settlement which might be reached in other products of even greater concern to Australia and New Zealand'.⁵²

The Menzies-Marshall statement caused a considerable stir in the London press, coinciding as it did with the Australian Prime Minister's arrival in Britain. *The Sunday Times* suggested that 'the great Commonwealth-v-Common Market debate, which is beginning to overshadow all other political issues in Britain, is likely to be a much more embittered affair than even the most pessimistic have predicted'.⁵³ But Menzies did not pursue his stand quite so strongly in his private talks with the British Prime Minister. On the contrary, Macmillan noted in his diary:

I thought Bob seemed rather ashamed today, and he pretended that he had no idea [his statement] would have such publicity. This is, of course, absurd, since Bob is an old

⁵² *The Times*, 2.6.1962; *The Age*, 4.6.1962; 5.6.1962. The Canadians, in keeping with the deal struck with Heath in April, uttered not one word about the décalage arrangements, despite the fact that of all Commonwealth countries, Canada had the greatest volume of trade in manufactures with the UK. The behaviour of the Canadians was a complete mystery to the Australian Government. Menzies, for example, remarked in a cable to McEwen: 'How Canada can sit silent under the "agreement" puzzles me. I have not read that it has yet stirred either Diefenbaker or Pearson to comment'. AA, A3917/1 Vol.3, Menzies to McEwen, 2.6.1962. On Heath's 'understanding' with the Canadians see Ch.4, pp. 178-179.

⁵³ *The Sunday Times*, 3.6.1962; The anti-Common Market *Daily Express* fervently declared that Menzies had 'changed from the suave Empire politician to a hot-tempered Australian on the warpath', 31.5.1962. More moderately, *The Guardian* described Menzies as 'the burly embodiment of the reasonable man...His whole manner made a fascinating contrast to the blustering technique some Canadian Ministers have resorted to', 31.5.1962.

hand.⁵⁴

Menzies' surprise at the press reaction to his statement may in fact have been quite genuine⁵⁵, but whatever the case, the fact that Macmillan gained such an impression is indicative of the vast difference in Menzies' approach compared to that of McEwen. Unfortunately, no records were kept of Menzies and Macmillan's 'heart to heart' talks, and we can only infer what might have gone on. However, Menzies had made it clear in advance that he wished to take up the issue which had dominated their personal correspondence; namely, the future of the Commonwealth. In particular, although he felt that 'the pass had been sold' as far as the growing membership of the association was concerned, he remained anxious to examine ways of preserving the intimacy of the old Commonwealth members.⁵⁶ No doubt there would have been considerable earnest discussion on this point, but it is equally likely that no concrete suggestions emerged, beyond talk of strengthening bilateral ties. But the cosy setting of the discussion itself would have given Menzies perhaps some comfort. Macmillan privately expressed satisfaction with his two hour chat with Menzies, noting that he found the Australian Prime Minister 'impressed by my arguments but not persuaded'.⁵⁷

For Macmillan, however, it was the problem of France, or more specifically, General de Gaulle, which weighed most heavily on his mind at this time. Whereas Menzies represented a potential stumbling bloc to British entry into Europe, de Gaulle, by contrast, stood as an outright barrier, and Macmillan therefore set out the following morning for his all-important discussions with the General at the Chateau de Champs. The talks commenced on the afternoon of 2 June, and Macmillan lost no time trying to persuade de Gaulle that his Government had undergone a genuine change in its attitude to the European Community, and had come to accept the full implications, both political and economic, of EEC membership. De Gaulle, for his part, remained unconvinced. Although he understood that Britain was slowly moving towards a closer

⁵⁴ Diary entry of 1.6.1962 in Macmillan, *At the End of the Day, 1961-1963* (London: Macmillan, 1973) 119.

⁵⁵ For instance, he expressed much the same surprise in his correspondence with McEwen. AA, A3917/1 Vol.3, Menzies to McEwen, 2.6.1962.

⁵⁶ PRO, PREM11/3664, *Visit by Mr. Menzies* (Garner) 29.5.1962.

⁵⁷ Diary entry, 1.6.1962 in Macmillan, *At the End of the Day*, 119.

association with the continent, he frankly questioned whether 'Britain was yet ready for this step'. In particular, he alluded to the Commonwealth as the clearest indication of Britain's 'outside attachments'.

Macmillan's response to this is particularly illuminating. Although he acknowledged that the Commonwealth posed the most difficult problem, he assured de Gaulle that he would ultimately 'prove to the Old Commonwealth that their interests lay in a solid Europe with British participation'. He would tell them to go to France and see the cemeteries filled with their dead as a powerful justification for this view. As far as Britain's attachment to these countries was concerned, Macmillan conceded that the 'older generation' would have difficulty accepting a move towards closer relations with Europe. But he stressed that 'the young were no longer attracted by the ideals of Empire which had thrilled the generation brought up on Kipling and they were looking for a new vision'. 'This', he said, 'they would find in the European idea'. Thus Macmillan presented an image of Britain becoming increasingly engaged in the affairs of Europe, at the expense of the fading ties of Empire and Commonwealth.⁵⁸

This vision of Britain's future was a far cry from the more conventional version which Macmillan had been impressing upon Menzies for several months. Macmillan held no qualms about tailoring his views to suit his audience, and this is clearly reflected in his contrasting remarks to Menzies and de Gaulle. But Macmillan's apparent duplicity in elaborating his views on Britain's future political role in Europe was also typical of the prevailing ambiguity about the precise scope and nature of the so-called 'political' obligations of European unity. No clearly defined political objectives of the EEC had been ever been firmly established, yet virtually all were agreed that the Treaty of Rome had important political objectives. At one extreme were the advocates of European federalism, who held the somewhat idealistic vision of building a kind of 'United States of Europe'.⁵⁹ The other extreme was represented by the Gaullists in France, who preferred to speak in terms of a *confédération des états*, a much looser conception aimed more

⁵⁸ PRO, PREM11/4019, *Record of a Meeting at the Chateau de Champs*, 3.6.1962; See also *ibid.*, *Record of a Meeting at the Chateau de Champs*, 2.6.1962.

⁵⁹ See generally Pascaline Winand, *Eisenhower, Kennedy, and the United States of Europe* (New York: St. Martin's, 1993)

towards inter-governmental cooperation and consultation. Between these two extremes there were as many different conceptions of 'Europe' as there were national interests at stake, hence Macmillan's rather imprecise declaration of Britain's newfound commitment to the 'European idea'.⁶⁰

For Menzies, however, it was this fundamental ambiguity that aroused his greatest concern. He therefore took every opportunity during his London visit to confront the British public with the question:

What do we mean by "going into Europe"? Are we talking about a federal Europe, a confederacy of European nations? Are we talking about something perhaps more practical, a little more elementary...?⁶¹

Menzies left no doubt about his own view that 'United Kingdom membership of an actual European federation involving...great change in the Commonwealth...would be a mistake'.⁶² Moreover, he skillfully contrasted the ambiguity and imprecision inherent in the ideal of 'European unity' with the tried and true loyalties of the Old Commonwealth.

I happen to be here as the Prime Minister of a country which is British to the boot heels, which is a monarchist country; which...is within the allegiance to the Crown - no ambiguities, no formulae needed about our position.⁶³

Menzies portrayed Australia's attachment to Britain as something more genuine, and certainly more honourable, than the political and economic horse trading which underpinned relations among the EEC countries. At times, he seemed to be going over Macmillan's head and appealing directly to the British public. In one BBC television appearance he succinctly conveyed his views on the vital role of Australia in the wider Commonwealth structure:

To me the great Commonwealth question is the relations between Great Britain and Australia. This is it. I know there are relations with other members of the Commonwealth

⁶⁰ See Richard T. Griffiths & Stuart Ward (eds.) *Courting the Common Market: The First Attempt to Enlarge the European Communities* (London: Lothian, 1996) Introduction.

⁶¹ *Speech by the Rt.Hon. R.G. Menzies, Prime Minister of Australia, Australia Club Dinner, London, 12.6.1962, text in AA, A1838/275 727/4/2 Pt.2.*

⁶² Quoted in H.G. Gelber, *Australia, Britain and the EEC, 1961-63* (Melbourne: Oxford University Press, 1966) 142.

⁶³ *Speech by the Rt.Hon. R.G. Menzies, Prime Minister of Australia, Australia Club Dinner, London, 12.6.1962, text in AA, A1838/275 727/4/2 Pt.2.*

too - I don't underestimate them, but when it comes down to brass tacks, to me, the continuance of the Commonwealth is vitally associated with the avoidance of misunderstandings between Great Britain and Australia and their working together - economically and politically.⁶⁴

Although Menzies remained anxious not to become associated with the extreme anti-Common Market element in Britain championed by Lord Beaverbrook and Field Marshall Montgomery,⁶⁵ it was inevitable that he would receive warm applause from the many opponents to EEC membership. Former Prime Minister Anthony Eden, for example, warmly congratulated Menzies for reminding not only the British people, but the wider world of the inviolable bonds of the British family. 'Foreigners', as Eden termed all non-British peoples, 'be they Europeans or Americans always have difficulty in understanding the nature and spirit of our Commonwealth even when they try...and it is healthy for them to learn of vigorous feelings among other partners'.⁶⁶

Upon Macmillan's return from his talks with de Gaulle on 4 June, Menzies engaged in more detailed discussions with the British Government on the EEC problem. Here he firmly reiterated McEwen's demand for duty-free quotas as the best means of securing 'comparable outlets' for Australian agriculture, and insisted that these arrangements should be 'ongoing' rather than merely transitional. Australia, he said, could not accept purely transitional solutions which would lead them 'over the precipice' after 1970.⁶⁷ But in addition to these concerns,

⁶⁴ BBC interview by Robin Day, 5.6.1962, text in AA, A3917/1 Vol.7.

⁶⁵ During the course of Menzies' visit, Montgomery ran a full page anti-Common Market advertisement in all leading London dailies, paid for by Lord Beaverbrook. It is interesting to note the British race sentiment in Montgomery's argument: 'If the time should ever come when a third World War is fought between East and West, which God forbid, there is only one race under Heaven which could stand between the Western World and utter destruction in such a crisis [sic]. That is the race to which we belong - the British people - united by close ties of blood, speech and religion the world over...Let the Mother of Nations gather her children about her in obedience to the call of common kindred; do not let her cast away the affections of her offspring'. Field Marshall Montgomery, 'I Say We Must Not Join Europe', *The Times*, 4.6.1962. Australia House officials were well aware that Menzies did not wish to provide encouragement for these extreme views. AA, A571/161/791 Pt.38, O'Donnell to Wilson, 12.6.1962.

⁶⁶ NLA, Menzies Papers, MS4936 Series 1, Box 2, Eden to Menzies, 7.6.1962.

⁶⁷ In order to ensure no misunderstanding, Menzies reiterated these points in a letter to Heath some days later. Heath had intimated that it might be possible to reach a vague agreement with the Six on transitional arrangements on Commonwealth agriculture with a provision for 'review' at the end of the transitional period. In this way, Heath reasoned, a decision on 'ongoing' quota arrangements would be postponed until the end of the decade when Britain would be in a much stronger position as a full member of the EEC. Menzies, however, could not agree to such an approach, as it would leave Australian trade interests 'at the risk of wind and weather'. AA, A3917/1 Vol.3, Menzies to Heath, 8.6.1962.

Menzies raised a number of points which betrayed his own preoccupation with the public relations side of the problem, as opposed to the substance of the issues at hand. For example, he implored Macmillan, Heath and Sandys that any decisions reached in the Brussels negotiations should not be presented to the press as firm and final agreements. Rather, it should be made clear that all issues remained open for final decision when the 'package' could be considered as a whole. In this way, Menzies hoped to avoid the kind of public row which had been prompted by the Brussels agreement on Commonwealth manufactures. Secondly, Menzies made the curious comment that 'it would be useful' if Australia could be given some indication of the economic advantages which Britain hoped to secure by joining the Common Market. It is unclear whether Menzies raised this as a polite way of casting his own doubts on the supposed economic advantages of British membership, or if he had some more practical ideas about the potential uses of this kind of information. Certainly his comments were framed in terms of the need to build up a more persuasive argument in favour of British entry. Although he did not explicitly say that this information would enable him to take a more cooperative line, he did say that it 'would influence other Commonwealth Governments and help them to put the problem into better perspective'. This would seem to indicate Menzies' broad sympathy with Britain's difficulties, and a readiness to establish some kind of common ground. Moreover, he emphasised the importance that 'in the coming months before the Meeting of Commonwealth Prime Ministers in September, we should not get into unavoidable difficulties in Commonwealth relations'. Yet surely any 'difficulties' in this regard could only have been to Britain's detriment, in so far as they would stiffen Commonwealth resistance to their terms of entry.⁶⁸ In a further follow-up letter to Heath some days later, Menzies reiterated: 'I do not want the next two or three months filled with public arguments between our two governments'.⁶⁹

Menzies' emphasis on the public relations side of the problem was indicative of his concerns about Australia playing too strong a hand. Both from the point of view of Australia's relations with Britain, as well as the wider problem of relations with the United States and 'the

⁶⁸ PRO, CAB130/186, *Record of a Meeting at Admiralty House*, 4.6.1962.

⁶⁹ AA, A571/161 1961/791 Pt.37, Menzies to Heath, 6.6.1962.

West' as a whole, it was essential that Australia should not be seen as the major obstacle to Britain's entry into the EEC. Therefore, any assistance that the British could offer, either in the public presentation of their agreements with the Six or in the provision of more compelling economic data indicating the broad benefits of EEC membership, would help prevent the kind of public brawling which had characterised McEwen's overseas tour. Menzies was all too aware that he could not publicly back away from McEwen's well known views, but he hoped that matters could be handled in such a way that he would not be forced to reiterate them further. Hence his anxiety to stay out of 'unavoidable difficulties' which might compel the Australian Government to speak out once again in defence of Australia's interests. This by no means implied that Menzies privately consented to Britain's EEC aspirations. But it is clear that he was prepared to soften Australia's opposition, to the extent that this might be seen as a major barrier to British entry.

Menzies made his greatest impact in London, not in his personal dealings with British Ministers, but in his address to the Australia Club on 12 June. Macmillan rearranged his holiday plans in order to attend, as he saw the occasion as a much needed public display of Anglo-Australian solidarity.⁷⁰ He took the opportunity in his introductory toast to the Australian Prime Minister to survey the many areas in which 'Australia and Britain are joined in the daily task - the common round'. He went on:

At a far deeper level we are bound by our ties of blood, tradition and loyalty to the Crown. I know that there are some who wonder what all these links really mean in the modern world. Will they, for instance, remain strong and vigorous if we in this country join the European Economic Community...I know there are those who fear that Britain in Europe would tend to drift away from the Commonwealth politically, and almost, I might say, sentimentally.

Macmillan assured his audience that he did not share these hesitations. What mattered most to Australia, and to all Commonwealth countries was 'a strong resilient and powerful Britain'. Moreover, the experience of two world wars had painfully illustrated the need for Britain to play a full part in maintaining the peace and stability of the European continent. This,

⁷⁰ PRO, PREM11/3644, De Zulueta to Macmillan, 23.5.1962.

he claimed, was in the true interests, not only of Britain, but of Australia and the whole Commonwealth. But all these arguments aside, Macmillan proudly declared that 'come what may, nothing can weaken the real links that bind us - for these sometimes are all the stronger because they are not just something in our heads - they lie deep in our hearts'.⁷¹

Menzies' reply was a calculated blend of conciliation and confrontation, as he continued to tread a fine line between voicing his reservations about the Common Market, while at the same time proclaiming the 'unity of purpose' of Britain and Australia. On the one hand, Macmillan's warm words seemed to have had a palliative effect on Menzies, as he expressed his satisfaction that he would be able to go back to Australia 'with the certain knowledge that between us all, we have got to understand our problems much better'. Menzies maintained that the problems of British entry were best dealt with by 'remembering a few things'. First and foremost, it should not be forgotten that 'between Great Britain and Australia the structure is clear. The interests, properly considered, are, I believe, in common'. Menzies refused to acknowledge that the Common Market problem had created any real difference of substance between Australian and British interests. Rather, he insisted that the issue was one on which 'we may sit down together and talk about as friends - and if necessary disagree, on detail, as friends'. Thus, his speech was littered with references to 'common interests' and the 'common ground'; there was 'no point of difference'. He insisted that 'You mustn't think for one moment, as between the United Kingdom Government and the Australian Government, that there is some deep-rooted disagreement'. Rather it was a question of getting together in the old Commonwealth tradition, and working out ways and means of preserving the mutual interests of Australia, Britain, and all Commonwealth countries in the enlarged Common Market. In Menzies' words:

It is because my approach to this matter is exactly the same as yours, Harold, that I know that we must not cry 'disaster' too quickly, that we must not be dogmatic too soon, that we must understand, that believing the same things, loving the same things, remembering the same things, we are going to do the best to help each other and at the same time help

⁷¹ Harold Macmillan, *Introductory toast at the Australia Club Dinner*, London, 12.6.1962, text in AA, A1838/275 727/4/2 Pt.2.

the continent of Europe, help the whole free world.

These comments came dangerously close to an outright repudiation of McEwen's stand. For if anyone had cried 'disaster', or presented a more 'dogmatic' view of Australia's interests, it was the Australian Minister for Trade. But Menzies' conciliatory tone contained a more subtle form of leverage, which he skillfully used to apply pressure to the British. His emphasis on the inviolable unity of the British and Australian people was primarily intended to arouse a feeling of public outrage at the thought that Britain might abandon the Commonwealth, and in so doing raise the political stakes for the British Government. He thus issued a stern warning:

Those in Europe, or those in America, who press too hard what I believe to be the doctrinaire view that preferences must disappear without substitute in 1970, accept a great responsibility before history...because they will in effect, if they are right, if they succeed, if all this happens, be presenting the Government of this country with a dilemma the like of which was never seen before in peaceful history, the dilemma of choosing between Europe on those terms and the Commonwealth.

It is significant that Menzies identified 'those in Europe and America' as the root cause of these difficulties. As far as the British themselves were concerned, Menzies did 'not believe for one moment' that they would choose against the Commonwealth. Here again, Menzies deliberately avoided any direct assault on the British, but he nonetheless found his target. He drove his point home by assuring his listeners that if Britain were to agree to the termination of Commonwealth agricultural preferences by 1970, then 'the noises that will come from the Commonwealth countries will be such as to exhaust even the vocabulary of the *Daily Express*'.⁷²

There are a number of reasons for the stark difference between Menzies and McEwen in their dealings with the British. Firstly, in terms of personal style, Menzies had long regarded his visits to London as one of the more agreeable duties of a Prime Minister, and he was therefore loathe to engage in acrimonious discussion with his British counterparts. Moreover, he genuinely believed in the common allegiance and unity of purpose of Britain and Australia, and was therefore highly averse to adopting a standpoint which acknowledged any fundamental breach in

⁷² *Speech by the Rt.Hon. R.G. Menzies, Prime Minister of Australia, Australia Club Dinner, London, 12.6.1962, text in AA, A1838/275 727/4/2 Pt.2.*

the relationship. It was this aspect of McEwen's earlier visit that Menzies was at pains to distance himself from.

On a more practical level, however, Menzies evidently felt, with good reason, that McEwen's public and private harassment of the British was getting Australia nowhere, and had merely served to dampen Britain's enthusiasm for advocating Australia's case. He therefore adopted a more conciliatory approach which emphasised Australia's 'British' loyalties, and his complete faith that Britain would stand by Australia. In this way, Menzies appealed specifically to British sensibilities, in the hope that he might achieve a greater public recognition of both Australia's specific problems in the negotiations, as well as the wider political implications for the Commonwealth. It is significant that his Australia Club address, and his public appearances generally, were widely reported as a forthright and vigorous defence of the Commonwealth. Moreover, Menzies attracted far greater press coverage for his visit than McEwen, who had ruefully admitted that his own London visit earlier in the year had not been given as much space as 'one horse race' in the British press.⁷³ Although this was partly due to Menzies' stature as Prime Minister of Australia and a senior Commonwealth statesman, there is no doubt that his arguments were framed in terms which were better geared to arouse the sympathies of the British public, as well as the more Commonwealth minded members of the Conservative Party. On the whole, Menzies was applauded in Britain and Australia for his firm, but fair stand.⁷⁴

For the Macmillan Government, the added pressure of the Menzies' visit came on top of recent press speculation, particularly in the aftermath of the Macmillan-de Gaulle talks, that Britain was poised to join the Common Market at almost any cost.⁷⁵ Thus, during the course of Menzies' visit, British Ministers were compelled to restate their commitment to Commonwealth countries in terms which would only make final agreement with the Six more difficult. Duncan Sandys' statement in the House of Commons was typical:

We have promised our partners in the Commonwealth that we shall not join the

⁷³ Quoted in Gelber, *Australia, Britain and the EEC*, 139.

⁷⁴ In Australia see *The Australian Financial Review*, 7.6.1962; 12.6.1962.

⁷⁵ Gelber notes how these kinds of reports appeared in *The Times*, *The New York Times*, and *Die Zeit* in early June 1962. *Australia, Britain and the EEC*, 145.

European Economic Community unless we can make arrangements to safeguard their vital trading interests. We made this promise; we stand by that promise; it remains as it was, unqualified and unaltered...Britain would study the Commonwealth countries' interests with the same critical care and sense of responsibility as if they were our own.⁷⁶

This was precisely the kind of response which Menzies had sought, referring explicitly to the sense of 'community of interest' that was so fundamental to the British race patriot world view. Not surprisingly, therefore, press reports noted 'a feeling of quiet satisfaction in the Menzies camp' at the progress made during his brief visit.⁷⁷ Menzies could point to the statements of British Ministers as clear evidence of his success in securing a greater awareness and understanding of Australia's problems.⁷⁸

The reality however, was somewhat different. The only mutual understanding Menzies had achieved with his British counterparts was that extra care should be taken to avoid getting into further 'Commonwealth difficulties' in the months leading up to the September Prime Ministers' Conference. Menzies remained privately unimpressed by British arguments that the benefit of a strong, prosperous Britain as part of a united Europe was in the best interest of all Commonwealth countries.⁷⁹ The British, for their part, although appreciative of Menzies' more amenable disposition, remained frustrated that the Australian Prime Minister continued to withhold his consent to Britain's EEC aspirations. Heath was becoming particularly agitated on this point, and commented angrily on the tactics of the Australians:

They can hold out against us and put pressure on us because we usually want agreement with a Commonwealth country. This is not the case with the Six, and it is not likely to be the case with the Commonwealth much longer if our negotiations in Brussels are unsuccessful.⁸⁰

These frustrations spilled over into the public domain in early July, when the British Minister for Labour, John Hare, accused Commonwealth countries of 'behaving in some

⁷⁶ *Hansard*, House of Commons, 7.6.62, vol.661, cols 695-706. More specifically, both Sandys and Heath reassured the House that they had no intention of allowing the *décalage* solution for Commonwealth industrial imports to be applied to agricultural products.

⁷⁷ *The Australian Financial Review*, 7.6.1962.

⁷⁸ *The Australian Financial Review*, 7.6.1962; 12.6.1962.

⁷⁹ PRO, DO159/60, N.E. Costar to CRO, 28.6.1962.

⁸⁰ Heath's private comments quoted in PRO, DO159/60, C.D. Wiggin (FO) to Bottomley (CRO) 11.7.1962.

respects like children.’⁸¹ He caustically asserted that Commonwealth countries were quite happy when they were getting their own way, but became aggrieved when ‘mother’ decided to do what she thought was right. Hare was supported by the London *Financial Times*, which claimed that he was using the ‘wrong words’ to express a fundamental truth: ‘Britain, like all other Commonwealth countries, is independent, too, and must take her decisions in the light of what is best for Britain’.⁸² Hare’s comments naturally did not go down well in Australia, particularly coming so soon after Menzies’ visit. Although Macmillan sternly reprimanded Hare for complicating the task of his senior Ministers, it was generally recognised that Hare’s comments had ‘let some Cabinet cats out of the bag’. As one Australian editorial asked: ‘Does this mean, as many people have already suspected, that Mr. Macmillan’s soothing words to Mr. Menzies were mere diplomatic patter, that Britain will go ahead and join the European Common Market regardless of Commonwealth opinion?’⁸³

Stop-over in Washington

Prior to his return to Australia, Menzies paid a brief visit to Washington for discussions with President Kennedy and George Ball. Although the meetings were intended as a follow-up to the McEwen discussions in March, Menzies was clearly anxious to smooth over the points of friction which had emerged from McEwen’s public row with Ball in Washington, and Dean Rusk in Canberra. Menzies’ task in this respect was made all the more difficult by an angry public outburst by McEwen in Sydney, only days before his arrival in Washington, in an address to the American Chamber of Commerce. McEwen delivered a diatribe on the restrictive and discriminatory trade practices of the United States, frankly informing his audience of American businessmen and Embassy staff: ‘I believe that you are all grown up enough, as I feel I am grown up enough, to feel that as friends we can have an argument’. His most bitter remarks were

⁸¹ *The Financial Times*, 2.7.1962.

⁸² *The Financial Times*, 4.7.1962; The editorial in the *Daily Express*, by contrast, castigated Hare and demanded to know whether Gallipoli, Vimy Ridge and the Channel invasion were also childish. Quoted in Jeremy Moon, *European Integration in British Politics 1950-63: A Study of Issue Change* (London: Gower, 1985) 201.

⁸³ *The Adelaide News*, 2.7.1962; see also *The Courier Mail*, 3.7.1962.

addressed to the Common Market problem:

Now if I have a complaint against the United States, it is on this one single ground, the other things I can argue about. This one I am angry about, and it is that the United States should intervene - as I believe her influence is apparent today - to kill the system of British preferences upon which we so much depend.⁸⁴

The timing of McEwen's comments is particularly revealing. By delivering a major speech on the US-Australia-EEC problem immediately prior to Menzies' arrival in Washington, McEwen was surely endeavouring to remind Menzies of the Government's well established policy line. Whatever the case, McEwen's remarks caused a minor political storm, which was hardly conducive to a warm, congenial atmosphere in Menzies' Washington talks. The *New York Times* noted that Australia had been 'much the most vociferous' of Commonwealth nations in expressing alarm over Britain's efforts to join the Common Market. Australia's 'loud complaints' were attributed primarily to the Australian Government's political difficulties, combined with 'the well-known fact that Australians did not carry the British habit of understatement across the Pacific with them'.⁸⁵ President Kennedy informed Menzies on his arrival that he had read McEwen's speech 'in toto' and that he did not think he had given an accurate interpretation of the US position.⁸⁶

This was precisely the kind of reception the Australian Prime Minister had hoped to avoid, but it was not only Menzies who sought a more amicable basis for discussion. During the course of his visit to the United Kingdom, the US State Department had become increasingly aware of Menzies' standing in the British electorate, and had come to recognise the powerful appeal of Commonwealth sentiment as a potential barrier to British EEC entry. State Department officials had formed the somewhat exaggerated view that Menzies had 'begun a major campaign in the United Kingdom to meet the British head on on the question of preferences', which was

⁸⁴ McEwen, *Address to the American Chamber of Commerce*, Sydney, 11.6.1962, text in AA, A1838/275 727/4/2 Pt.2, Cablegram, External Affairs Department to Menzies (Washington) 13.6.1962.

⁸⁵ *The New York Times*, 24.6.1962; *The Washington Post*, cast similar doubts on the accuracy of Australia's claims, concluding that 'the bottom will not fall out down under if Great Britain joins the Common Market', 25.6.1962.

⁸⁶ NARA, RG59, 611.43/8-162, *Memorandum of Conversation Between the President and Prime Minister Menzies of Australia*, 17.6.1962.

bound to create acute political problems for the Macmillan Government at the Commonwealth Prime Ministers' Conference. Given the overriding priority of securing British membership, it had become essential 'for us now to be as forthcoming as is consonant with our basic position on preferences in order to meet the Australian problem and to try to lead the Australians away from such a head-on collision'.⁸⁷ Similar warnings were received from the American Ambassador in London, David Bruce, who urged that the Commonwealth problem remained the 'crucial point' in Britain's EEC negotiations, and that 'the back of the problem could be broken if Menzies could be brought around'.⁸⁸ This did not imply any substantial revision of the American position on preferences. Rather, the Americans, like the British, were thinking in terms of 'a direct appeal to Menzies' statesmanship'.⁸⁹

Thus a remarkably congenial atmosphere prevailed when Menzies arrived at the White House on 17 June. Menzies and George Ball agreed from the outset that neither party wished to become caught up in 'doctrinaire debates' about preferences. What was required, Menzies suggested, was 'not conflict in theory but union in practice'. Ball agreed entirely with this, stating that it was not the United States' intention to engage in 'dogmatic disputes', or to carry on discussion behind 'doctrinaire barriers'. In other words, both sides agreed to cast aside the fierce wrangling over Commonwealth preferences which had characterised McEwen's earlier encounter with Ball, and to adopt instead a 'pragmatic approach'. As Kennedy remarked: 'You and we, being both outside the European Common Market, want to preserve and extend our trade with the market. We therefore have great interests in common and should sit down and try to devise practical means of ensuring our joint objective'.

But Menzies' offer to adopt a more 'pragmatic approach' was in fact a partial concession to the American position. Right from the beginning of the Common Market dispute, Ball had urged McEwen to join with the United States and other third countries to seek access agreements

⁸⁷ JFKL, NSF/Box 8, Position Paper, Visit of Prime Minister Menzies, *Australian Attitude Towards UK-EEC Negotiations*, 16.6.1962; *Ibid.*, Scope Paper, Visit of Prime Minister Menzies, June 17-20 1962, 16.6.1962.

⁸⁸ JFKL, NSF/Box 170, Telephone conversation recorded by J. Robert Schaetzel, *UK-Six Negotiations*, 13.6.1962.

⁸⁹ JFKL, NSF/Box 8, Position Paper, Visit of Prime Minister Menzies, *Australian Attitude Towards UK-EEC Negotiations*, 16.6.1962.

with the enlarged EEC on a non-discriminatory basis. McEwen had flatly refused to do so, because such action would entail the surrender of Australia's preferential advantages in the British market. Therefore, by making a distinction between the so-called 'doctrinal disputes' about preferences on the one hand, and the 'pragmatic approach' on the other, Menzies overlooked the fact that the preference issue had important practical significance for Australia. Menzies' adoption of the 'pragmatic approach' implied an abandonment of McEwen's earlier approach, and came dangerously close to accepting almost everything the Americans had demanded from the beginning.⁹⁰

But Menzies insisted on one crucial condition; namely, that any 'pragmatic' solutions should take account of Australia's prior preferential advantages. Here, he pointed to the vital necessity of avoiding any impression that Britain was choosing between Europe and the Commonwealth, which would surely jeopardise the prospects of successful negotiations. If the United States and the Six were to resist everything that resembled a Commonwealth preference, and thereby compel the British to abandon Commonwealth trading arrangements by 1970, then they would 'impale the Government of the United Kingdom on the horns of a dilemma'. Ball and Kennedy agreed that if faced with a stark choice between Europe and the Commonwealth, Britain would probably choose the latter, and they therefore showed a remarkable willingness to recognise the need for satisfactory solutions to Commonwealth trade problems. Ball went so far as to suggest that although the United States would regard it as catastrophic if Britain did not join the EEC, they would regard it as equally catastrophic if the terms of British entry caused serious injury to the Commonwealth. He said that he would not rule out the possibility that in the event of a loss of preferences there might be some compensation owing to Australia, and stressed that it was not the United States' objective to acquire Australia's share of British

⁹⁰ It is interesting to note the similarity between Menzies' 'pragmatic' approach, and the speech by Dean Rusk in Canberra the previous month which had caused such an outcry in Australia. Rusk had argued on that occasion: 'It is neither necessary nor profitable for us to engage in theoretical debate or to lose ourselves in slogans. But what we must do is to sit down and find the practical answers to these problems'. *Text of Speech by Dean Rusk at State Dinner, Wellington*, 10.5.1962, text in AA, A1838/275 727/4/1/4 Pt.1. It is important to remember, however, that debates about Commonwealth preferences were only 'theoretical' in American eyes because the preferences themselves were antithetical to American trading interests. For Australia, the issue of preferences had far more than mere theoretical significance.

markets or to obtain an economic advantage against Australia. Kennedy agreed that it was essential to avoid harm to Commonwealth economies, and concluded that 'our practical business seems to be to find a way between the horns'.⁹¹

It was difficult however, to envisage any kind of joint solution which would avoid the 'doctrinal' issues of preference, yet at the same time protect the existing levels of Australian trade. Moreover, the fundamental self-interest behind Ball's distinction between the 'doctrinal' and 'pragmatic' approach was glaringly apparent in Ball's discussion with New Zealand Deputy Prime Minister, John Marshall, only days prior to Menzies' arrival in Washington. Ball freely endorsed Marshall's proposal for a 'preference quota' solution for New Zealand's exports to Great Britain - precisely the kind of solution that had created so many 'doctrinal difficulties' when raised by McEwen in March. The real difference between the Australian and New Zealand approach, as Ball conceded with disarming frankness, was that 'the US Government can readily take a benevolent attitude [towards New Zealand] because New Zealand products are not competitive with those of the United States'.⁹² Given this overriding American consideration, it was unlikely that the pragmatic approach would yield results beneficial to Australia. Nonetheless, Menzies, Kennedy and Ball agreed that officials should be put to work to try and find solutions on this basis.

In drafting the final communique from the meetings, Menzies sought an expression of sympathy and support from the United States for the maintenance of Australia's current levels of trade with the enlarged EEC. This was of the utmost importance, because it implied a recognition of Australia's prior preferential position, and would thereby lend real meaning to Menzies' 'pragmatic' approach. Ball confessed that he was unable to say anything publicly on this because of the risk of 'complications' with Argentina and other Latin American countries,

⁹¹ NARA, RG59, 611.43/8-162, *Memorandum of Conversation Between the President and Prime Minister Menzies of Australia*, 17.6.1962; NARA, RG59, 443.0041/6-1862, *Memorandum of Conversation, Australia's Trade Problems if UK Enters the Common Market*, 18.6.1962; AA, A1838/275 727/4/1/4 Pt.2, *Notes on Discussions with Mr. Ball*, 18.6.1962; Bunting to Westerman, 21.6.1962; *Ibid.* Pt 2, Menzies to McEwen, 19.6.1962; PRO, PREM11/4017 Menzies to Macmillan, 11.7.1962.

⁹² NARA, RG59, 375.800/6-1562, *Memorandum of Conversation, Visit of Deputy Prime Minister of New Zealand*, 15.6.1962.

for whom the Americans felt a special responsibility. Nonetheless, Ball was willing to express such sympathy in private, thus providing Menzies with something more concrete to present to his Cabinet colleagues. In particular, both Kennedy and Ball acknowledged that they did not view the 'décalage' arrangements for Commonwealth manufactures as an appropriate solution to be applied 'down the line'. Rather, it would be necessary to find ways and means of accommodating the most endangered items of Australian trade.⁹³ Although none of these assurances found their way into the press communique from the meetings, Kennedy did make a point of expressing his 'warm interest in Australia and his understanding of Australian needs in terms of development and growth'.⁹⁴

Menzies was particularly pleased with the outcome of his Washington talks. Not only had he avoided any unpleasant exchange with the Americans, he also secured a greater degree of recognition of Australia's problem, albeit on America's terms. In a message to Harold Macmillan he spoke enthusiastically of his Washington talks, concluding: 'I will be disappointed if there is not a reasonable flexibility in the American approach and in the undoubted influence they can exercise'.⁹⁵ It is also interesting that in his communications with McEwen, Menzies made no mention of his advocacy of the 'pragmatic approach', but rather emphasised Kennedy and Ball's important concessions to the Australian viewpoint. McEwen therefore agreed that Westerman should be sent to Washington to engage in follow-up discussions with American officials, in order to find practical solutions to Australia's trading problems.⁹⁶

Upon his return to Australia, Menzies publicly declared his satisfaction that Britain would not join the Common Market on terms which would involve the phasing out of all Commonwealth preferences by 1970. He felt he had secured a greater understanding of Australia's problems, particularly in the United States where President Kennedy had shown a 'lively interest in the Commonwealth'. When questioned about the high emotions and acrimony

⁹³ AA, A1838/275 727/4/1/4 Pt.2, Bunting to Westerman, 21.6.1962; *Ibid.*, Pt. 1, Menzies to McEwen, 19.6.1962; 20.6.1962.

⁹⁴ *Joint Communique between President John F. Kennedy and the Rt.Hon. Robert G. Menzies*, 21.6.1962, text in AA, A1209/125 61/1203 Pt.1.

⁹⁵ PRO, PREM11/4017, Menzies to Macmillan, 11.7.1962.

⁹⁶ AA, A1838/275 727/4/1/4 Pt.1, Menzies to McEwen, 19.6.1962; McEwen to Menzies, 21.6.1962.

of McEwen's earlier dealings with the Americans, Menzies replied: 'The greatest disservice you could do to Australia on this matter is to take this communique and try to tear it up by harking back to other arguments'.⁹⁷ Clearly, Menzies felt he had worked hard to achieve a public expression of agreement between Australia and the United States, and was anxious to bury any suggestion that US-Australia relations were in any kind of difficulty.

One newspaper noted the 'striking contrast' between the views of Menzies and McEwen, and accused the Prime Minister of repudiating McEwen's 'fighting stand'.⁹⁸ On the other hand, *The Sydney Morning Herald* congratulated Menzies on his 'forceful and skillfully conceived campaign' in London and Washington.⁹⁹ H.G. Gelber favoured the latter view, suggesting that Menzies' arguments were 'shrewdly judged and much better calculated to attract American attention than the cruder version of the Australian case put forward by Mr. McEwen'.¹⁰⁰ But at this stage it was difficult to assess the value of Menzies' overseas tour. It was clear that he had secured a marked increase in overseas press coverage of Australia's problems, together with certain assurances that Australian and Commonwealth interests would not be overlooked. But the ultimate success or failure of his mission would depend on the extent to which these assurances could lead to practical solutions. In the United Kingdom for example, it remained to be seen whether the assurances of Heath and Sandys that the 'precipice' solution would not apply to Australian agriculture would be negotiable with the Six. And in the United States, much would depend on the outcome of the 'pragmatic approach' in Westerman's discussions with US officials scheduled for the following month.

In the meantime it remained clear that Menzies had put forward a version of Australian policy which differed in fundamental respects from the hard line approach put forward earlier by McEwen and the Trade Department. Whereas McEwen had been anxious to have differences of

⁹⁷ *The Australian Financial Review*, 26.6.1962.

⁹⁸ *Ibid.*

⁹⁹ *The Sydney Morning Herald*, 25.6.1962; *The Age* was also supportive of Menzies' efforts, 22.6.1962.

¹⁰⁰ Gelber, *Australia, Britain and the EEC*, 147.

view 'thrashed out' rather than 'gloss over' them,¹⁰¹ Menzies, by contrast, explicitly sought to keep out of 'unavoidable difficulties' with the British and the Americans. One might easily be led to the conclusion that McEwen was far better equipped to represent Australia on a matter of such vital national importance. But the issue is not so simple. For instance, it should not be assumed that Menzies' more moderate behaviour in London and Washington was merely a case of obsequiousness in the face of 'great and powerful friends', although there was arguably an element of this. Rather, it is important to consider the major factors which prompted Menzies to intervene in this way.

Firstly, Menzies was strongly influenced by his genuine belief in the 'proper relationship' between Commonwealth countries. He remained convinced that the 'common interests', 'common allegiance' and 'common destiny' of Britain and Australia held out the prospect of finding mutually satisfactory solutions, without recourse to the distasteful wrangling of the McEwen approach. In this respect he was arguably, to use his own words, 'suffering from a retrospective mind'.¹⁰² The cold economic facts of Britain's EEC membership application had starkly revealed that the old tradition of 'cooperation and compromise' in the resolution of Commonwealth disputes could hardly be applied to an issue in which Australian and British interests were so fundamentally divergent. Menzies was distinctly unwilling to come to terms with this, and continued to harp on the 'common interest' theme.

But in addition to these emotional aspects, there was also an important tactical element in Menzies' emphasis on Australia's loyalty and trust in the Mother Country. This was clearly evident in his more or less direct appeal to the British public to take heed of Australia's difficulties. By adopting such an approach he hoped to ensure that Australia's interests would be safeguarded, not by directly berating the British Government, but through the more subtle influence of British public opinion. In this way he sought to steer Australia away from what he regarded as the more dangerous implications of McEwen's approach, particularly if the Brussels negotiations should end in failure. Moreover, there is clear evidence that these tactics galvanised

¹⁰¹ See Ch.5 pp. 191, 199.

¹⁰² PRO, PREM11/3644, Menzies to Macmillan, 15.1.1962.

the US State Department into paying greater attention to Australia's problems, although how much attention and how helpful this would prove to Australia remained to be seen.

Menzies' approach also derived from his concern about the wider political implications of Australia's Common Market protest. Here the influence of External Affairs' apprehensions about the negative political impact of McEwen's activities was clearly in evidence. Amid the mounting Cold War tensions in South East Asia, and signs of an increasingly belligerent Indonesia, there were many who felt that Australia could ill-afford an excessively parochial approach to international economic relations. This problem had become more immediately apparent at the time of the ANZUS Council meeting in May, and Menzies undoubtedly took these concerns on board during his overseas trip. In addition, Menzies was influenced by the fact that McEwen's efforts had achieved little for Australia apart from a certain notoriety as the leader of a disconsolate Commonwealth chorus. He therefore sought to establish a more congenial means of dealing with Britain and the United States, while at the same time avoiding any impression that he was sacrificing Australian interests. Menzies hoped that this change of tack would not only serve to repair any damage in relations with Australia's two senior alliance partners, but would also encourage a more helpful approach to Australia's specific economic problems.

It is somewhat remarkable that Menzies was able to achieve this change of approach without a single Cabinet review of Australian policy, and with absolutely no prior consultation with the Minister primarily responsible for the EEC question. Rather, Menzies' intervention had taken place at the level of personal diplomacy; his correspondence with Macmillan was conducted in private, and was seen only by his closest Departmental advisers. Similarly, his change of tack in Washington was instigated entirely at his own initiative, with little or no formal discussion in the Cabinet Committee which was supposedly formulating Australian policy. This is not to say that Menzies had no support for his actions. On the contrary, the External Affairs Department, together with a growing body of Liberal Party members were anxious to halt the steady deterioration in relations with Britain and the United States at the

hands of McEwen. But equally, Menzies was aware of McEwen's fierce opposition to any modification of Australia's official stance, and he therefore adopted more subtle means of implementing the change.

The reason Menzies was able to achieve this feat was primarily due to the fact that Australian policy had, from the outset, been beset by a number of inner contradictions. For example, it had always been considered essential to place Australia's interests over and above Britain's aspirations, but at the same time Cabinet agreed that they should avoid any appearance of obstructing the political objectives of Britain and the United States. Similarly, Australia should seek to prevent any further weakening of the Commonwealth of Nations, while recognising the broad political benefits of European unity. The Government should insist on the maintenance of the existing, preferential levels of Australian trade, but at the same time display a willingness to explore alternative means to achieve this end, and so on. Arguably, therefore, Menzies had not repudiated any major plank of Australian policy, but had merely emphasised those elements which had become obscured by McEwen's vigorous espousal of Australia's trading difficulties.

In this sense, Menzies' emphasis on 'cooperation' and 'pragmatism' was only a partial shift in Australia's stance. At no stage did he offer his full approval of British and American policy, regardless of the implications for Australia. On the contrary, he held firm on the question of any possible 'phasing out' of Australian agricultural preferences, and insisted that any joint approach with the United States should take account of Australia's existing competitive advantages. Moreover, he declined to give his public blessing to Macmillan's European ambitions, and continued to voice his grave concerns about the future of the Commonwealth. Nonetheless, his overriding emphasis on the political conundrum, and the need to steer a narrow course between defending Australian interests and offending powerful friends, would foreshadow a more dramatic revision of policy. This was to become glaringly evident as Australia's prospects in the Brussels negotiations continued to weaken, and British and American assurances became increasingly untenable.

Chapter 7

'A Challenge to Get Cracking': Australian Revision

Upon his return to Australia on 24 June 1962, Menzies immediately embarked on a subtle change of emphasis in his public comments on the Common Market problem. Although he continued to express his fears for the political future of the Commonwealth, he intimated in a television interview that he had 'perhaps over-estimated the losses and not emphasised enough the possible gains to this country'.¹ Menzies chose not elaborate on how Australia's losses had been 'over-estimated', or precisely how Australia stood to gain from British entry into the EEC. But it is clear that he was already tentatively pressing the parameters of the Common Market debate, and gauging the political climate for an eventual shift in Government policy. His comments passed virtually unnoticed on this occasion, thus enabling him to venture further towards a major revision in Australia's official stance.

In the meantime, Menzies reported to the Cabinet on his journey, recording his broad satisfaction with the outcome of his discussions in London and Washington, and reiterating his claim that he had secured a better understanding of Australia's problems. In particular, he emphasised his agreement with President Kennedy that Australia and the United States would have 'strong practical interests in common', should Britain join the EEC, and expressed his optimism for the forthcoming trade discussions between Australian and US officials. Remarkably, this rather dubious assessment of Australia's 'common cause' with the United States went unchallenged in the Cabinet Room. Nor was there any suggestion that Menzies' position marked a shift of emphasis in Government policy. Rather, Menzies' colleagues expressed quite different concerns. Far from pointing out the political and economic dangers of 'running soft' on the Common Market, the Cabinet was more concerned about the heightened

¹ Menzies, television interview in late June 1962, reported in *The Sydney Morning Herald*, 31.7.1962.

international press attention which the Prime Minister had attracted during the course of his trip. Unless care was taken, Australia might find itself regarded as the 'leader' of Commonwealth opposition to British entry into the EEC. It was agreed that 'Australia must be on guard not to be manoeuvred, in fact or even in appearance, into any such role'.² Although rarely referred to explicitly in Cabinet deliberations on the EEC problem, the prevailing instability in the South East Asian region cast an unmistakable shadow over Government policy. The overriding imperative of remaining in America's good books would increasingly affect Australia's handling of the Common Market issue over the ensuing months.

In particular, the looming Commonwealth Prime Ministers' Conference, scheduled in London from 10 to 19 September, fostered a growing preoccupation with the outward form of Australia's position. The Conference would be the major forum for discussing the Commonwealth implications of British EEC entry, and Australia's conduct, as a senior Commonwealth country, would undoubtedly come under close scrutiny. In order to avoid any suggestion of Australian 'obstruction' of Britain's European aspirations, it was considered necessary to repackage Australia's Common Market policy in more moderate terms. Officials from the Prime Minister's Department and External Affairs fully shared Menzies' outlook, and agreed that 'immediate action' was needed to correct any erroneous impressions of the Australian position.³ To this end, High Commissioners in all Commonwealth countries were immediately instructed to prepare the ground by 'gently' informing other Commonwealth Governments that Australia would not lead off on their behalf.⁴

These pressures soon prompted signs of a more resigned Australian approach to the EEC problem at official level. In the Department of External Affairs in particular, there was a growing feeling that the horse had already bolted as far as Australia trade interests were concerned, and the time had arrived to consider the alternatives. This view was most clearly

² AA, A4940/1 C3616, Cabinet Minute (Decision no. 275) 25.6.1962; Bunting to Tange, 2.7.1962.

³ AA, A4940/1 C3616, Bunting to Tange, 2.7.1962.

⁴ AA, A1838/275 727/4/1/4 Pt.1, Comment by R.L Harry (First Secretary, External Affairs) in verbatim minute of Interdepartmental Committee meeting on the Common Market held on 30.7.1962 in the Department of Trade Conference Room, 39.

articulated by the Australian Ambassador to Paris, E. Ronald Walker, in the immediate aftermath of Menzies' world tour:

While most of our efforts have to be concentrated at present upon the continued presentation of our case to the UK and the Six and the US...I feel that the time has already come when serious thought must be given to the adjustments that will be required, both in our national economic life and in our external relations with various other countries. Whatever the outcome of the Brussels negotiations, Australia is moving into a new phase of her history, requiring adaptation to entirely new conditions.⁵

Even more significantly, on 12 July the Prime Minister took the opportunity at an engagement with the Woollongong Chamber of Commerce and Industry to deliver a speech which marked the first clear signs of a fundamental revision of the Government's public stance. Here Menzies offered some quite radical views on the significance of British EEC membership for Australia's future:

The one thing that troubles me about all this is that I think that there might be exaggerated views, as if we were now facing some disaster. Now, I beg of you, don't get into that frame of mind...we are not to fall into a panic about this. What we have to do is to realise perhaps that the old and simple days may be coming to an end.

Although Menzies did not necessarily believe that the British Government would agree to the elimination of all Commonwealth preferences, he was prepared to acknowledge that 'the old, simple outline of it may have to be modified in the future'. In other words, Australia would find itself trading less and less with the United Kingdom, and looking for new markets elsewhere. He identified South East Asia as an obvious target for Australia's new export orientation, and an area for which new export commodities could be developed. Far from displaying his customary sentimentality in reflecting on these changes, Menzies was decidedly 'up-beat' in his assessment:

If Britain goes into the Common Market on any terms that are now comprehensible by me, we are going to be faced, not with disaster, dear me, no, but with a challenge to get cracking, to discover new ways in which we can build up our income abroad, and therefore, new ways in which we can increase our development at home.⁶

⁵ AA, A571/161 1961/791 Pt.37, E. Ronald Walker to Barwick, 27.6.1962.

⁶ *Speech by the Prime Minister, the Rt.Hon. R.G. Menzies, to the Greater Wollongong Chamber of Commerce and Industry, 12.7.1962, text in AA, A1838/275 727/4/2 Pt.5*

Menzies' speech was remarkable for a number of reasons. Firstly, his suggestion that 'there might be exaggerated views' could only have referred to his Deputy-Prime Minister, and as such was a subtle repudiation of McEwen's well known position. Secondly, it marked the first occasion where Menzies publicly conceded that the old Anglo-Australian relationship was in for some major restructuring, and that Australia would be increasingly drawn economically towards the Asia-Pacific region. Moreover, Menzies' insistence that these developments gave no cause for gloomy introspection was hardly in keeping with his own personal disposition. The Prime Minister had no enthusiasm for the changes that had taken place in the Empire and Commonwealth, and still less for the prospect of an Asian trading future. But far from representing a sudden conversion from his renowned anglophilia, Menzies' call to Australia to 'get cracking' was more a reflection of his concern to establish a new political footing for a more cooperative, (not to mention compliant) Australian stance on the Common Market issue.

Throughout this critical phase of Australia's policy reevaluation, the Department of Trade took an uncharacteristically low-key role. McEwen himself seems to have raised no objections to Menzies' shift in policy emphasis, either in Cabinet or in public. But this was largely a reflection of the uncertainty within the Trade Department itself about how to proceed. Many long months of bitter wrangling with the British and Americans had achieved absolutely nothing in the way of satisfactory safeguards for Australian interests - a fact which Westerman put down to sheer lack of bargaining coin.⁷ This in itself was enough to raise doubts about the efficacy of pursuing an uncompromising line, but the Trade Department had its own reasons for wishing to avoid gaining a reputation as the 'wrecker' of Britain's EEC aspirations. Of particular concern was the possibility that the British might demand further trade concessions in the Australian market as compensation should their EEC membership bid end in failure. At a time when the Australian Government was seeking to build up fledgling manufacturing industries

⁷ AA, A1838/275 727/4/1/4 Pt.1, *Washington Talks of 23-25 July, 1962*, Verbatim Report by Dr. W.A. Westerman to the Interdepartmental Committee on the Common Market held on 30.7.1962 in the Department of Trade Conference Room.

around high tariff barriers, any increase in British competition in the domestic market was unthinkable.⁸ McEwen therefore embraced Menzies' 'pragmatic approach' with a guarded optimism, and instructed Westerman to find out 'how far the United States are prepared to translate the goodwill they expressed during the Prime Minister's talks in Washington into finding ways and means of meeting trade problems presented to us'.⁹

It is also important to bear in mind that Australia was not alone in wishing to avoid taking the blame for any possible breakdown in the Brussels negotiations. Whitehall officials were equally concerned that any collapse in the negotiations should not be attributed to British 'selfishness', and in this regard the Commonwealth was seen as a more appropriate grounds for failure. As Arnold France from the Treasury put it:

If failure appears inevitable it should be our objective to see that it is related to the Commonwealth issue and not to a domestic issue such as safeguards for United Kingdom farmers. We should lose much international goodwill and understanding if we had allowed domestic United Kingdom interests to stand in the way of wider unity in Europe.¹⁰

Similarly, Quai d'Orsay officials in Paris regarded it as essential that the 'odour' of any rupture in the negotiations should not 'rebound on our shoulders'.¹¹ And in Washington, George Ball instructed Embassies in London, Paris and Brussels to use their influence to ensure that the Brussels negotiations continued to move 'along lines acceptable to us', while at the same time avoiding any suggestion of American 'interference'.¹² Thus, by mid-1962, all major parties in the Common Market negotiations were seeking ways of pursuing their own self-interest, but

⁸ This view was faithfully reflected in a speech by Sir John Crawford to the Australian Insurance Institute Conference in Canberra in mid-June. Reporting on Crawford's speech, *The Australian Financial Review* noted that 'if we do over-state our case and if Britain does not join we will have put ourselves in a position where Britain can virtually dictate future terms of trade with us', 12.6.1962.

⁹ AA, A1209/125 1961/1203 Pt.1, McEwen to Westerman, 28.6.1962; Westerman was also encouraged by the outcome of Menzies' Washington talks, particularly Ball's readiness to acknowledge the 'present competitive status' as the appropriate basis for future trade discussions. He therefore concluded that the atmosphere in Washington was 'better than it has ever been'. Ibid, Westerman to McEwen, 20.6.1962.

¹⁰ PRO, DO159/11, *If the Brussels Negotiations Fail*, memorandum by Arnold France, 24.7.1962.

¹¹ HAEC, MAEF48/OW, Microform 321, *Note remise au Général de Gaulle en vue de son entretien avec M. Macmillan* (Wormser) 20.11.1961; MAEF49/OW, Microform 322, *Entrée éventuelle de l'Angleterre dans le Marché Commun* (Wormser) 1.6.1962.

¹² JFKL, NSF/Box 170, Ball to Gavin (Paris); Bruce (London); and Butterworth (Brussels) 25.7.1962; see also *ibid.*, Butterworth to Ball, 26.7.1962; Bruce to Ball, 27.7.1962; Gavin to Ball, 27.7.1962.

without openly appearing to do so. But in the case of the Menzies Government, the problem was becoming increasingly one of appearing to pursue Australia's trade interests in the eyes of the Australian electorate, without offending the objectives of great and powerful friends.

Westerman in Washington

Immediately following Menzies' Washington talks, American and Australian trade officials engaged in detailed discussions to lend substance to the so-called 'pragmatic approach' which had emerged from Menzies' discussions with Kennedy and Ball. Dr. Westerman was thus assigned the task of clothing Menzies' 'common interest' rhetoric with concrete proposals. He arrived in Washington on 23 July, and was favourably impressed by what he saw as a change in attitude on the part of US officials. The Special Assistant to George Ball, J. Robert Schaetzel, informed Westerman from the outset that there had been 'a hell of a lot of "be kind to Australia week"' in Washington after Menzies' departure, and officials had been instructed to work on practical solutions to Australia's problems.¹³ In particular, Westerman found that the Americans were willing to acknowledge the Australian position on a number of significant points. Firstly, American officials recognised that the United States would derive direct benefit from the dismantling of Australian preferences in the British market. Although this point had long seemed blatantly obvious to the Australians, McEwen had been unable to extract such an admission in his earlier dealings with George Ball. More importantly, however, US officials conceded that these unrequited benefits amounted to 'valuable consideration' (in tariff negotiating parlance) for which the United States Government would be obliged to make some form of payment. And thirdly, the Americans again expressed a willingness to 'abandon doctrinal debates' about preferences, and to examine the problem at the level of individual commodities. Although this did not imply that the Kennedy Administration would abandon its opposition to the continuation of preferences, they would at least be prepared to turn a blind eye to preferential solutions to

¹³ AA, A1838/275 727/4/1/4 Pt.1, *Washington Talks of 23-25 July, 1962*, Verbatim Report by Dr. W.A. Westerman to the Interdepartmental Committee on the Common Market held on 30.7.1962 in the Department of Trade Conference Room.

Australian problems in commodities where American interests were not at stake.¹⁴

The Americans, for their part, noted an 'encouraging change' in the Australian attitude. Westerman had stated flatly that Australia did not wish to take the responsibility for the failure of Britain's EEC application, and accordingly had shown a willingness to examine the 'overall package', rather than 'sticking unreasonably' on individual products and preferences.¹⁵ The outcome of this apparently mutual flexibility was a series of agreements designed to mitigate the damage to Australian producers from the effects of British entry, and thereby enable the Australian Government to take a less obstructive role in the negotiations. The agreement was based on the United States' widely publicised 'Trade Expansion Act' (TEA) which the Kennedy Administration had been promoting as a vital tool in the liberalisation of trade between the United States and the enlarged EEC. If the TEA should meet the approval of Congress, it would allow the US Government unprecedented freedom to negotiate tariff reductions of up to fifty per cent in commodities where the United States and the European Community accounted for the bulk of world trade.¹⁶ For the Kennedy Administration, the TEA formed part of a broad strategy to alleviate mounting balance of payments difficulties, and addressed the increasingly vocal concerns of American agricultural interests about the protectionist tendencies of the EEC.¹⁷ For Australia, the significance of the TEA lay in the Americans' offer to use their increased bargaining power to secure reductions in the European Common External Tariff for Australian producers as compensation for the dismantling of Commonwealth preferences. In the case of tinned fruits, for example, the Americans estimated that they could secure reductions in the CET from 25 per cent down to 15 per cent, provided this could be represented as a means of 'fixing

¹⁴ AA, A1838/275 727/4/1/4 Pt.2, *Common Market Negotiations: Notes by Dr. Westerman on Washington Discussions, 23-25 July, 1962*, 27.7.1962.

¹⁵ NARA, RG59, 375.800/7-2662, Richard Vine (European Affairs, State Dept.) to William R. Tyler (Deputy Assistant Secretary of State, European Affairs) 26.7.1962.

¹⁶ In commodities where at least 80 per cent of world trade was conducted between the US and the EEC, the TEA contemplated tariff reductions down to zero. This clause illustrated the extent to which the TEA was predicated on British entry, as it would have had only limited application (i.e. to aircraft and margarine only) if Britain remained outside the Six.

¹⁷ See for example NARA, RG59, 375.800, Charles Murphy (Under Secretary, Agriculture) to Ball, 3.8.1962; *FRUS*, 1961-63, Vol. XIII, 41. On the Trade Expansion Act and its relationship to the EEC enlargement issue see generally Pascaline Winand, *Eisenhower, Kennedy, and the United States of Europe* (New York: St. Martin's, 1993).

up' a major Commonwealth problem and thereby removing one of the key impediments to British entry. A similar approach was proposed for CAP items, whereby the United States would seek to use its bargaining strength to ensure that the EEC target prices and variable levies were not set at such a level as to exclude external producers altogether. In this way, the blow to Australian producers arising from British accession, although still quite serious, might be reduced to some extent.¹⁸

It is important to note that this arrangement would only apply to items of Australian trade where the United States had a direct interest.¹⁹ For items where no American interest was at stake, US Officials were prepared to acquiesce in whatever solutions might emerge from the Brussels negotiations, regardless of whether an element of preferential access was retained.²⁰ This meant of course that the Americans were only offering to secure trade advantages for Australia which would accrue equally to themselves. Moreover, the most-favoured-nation rules of GATT held that any reductions in the European CET secured by the United States would apply automatically to Australian exports, regardless of whether the United States intended this or not. It is therefore difficult to see how the American offer could have amounted to 'valuable consideration' for the dismantling of Australia's preferences, given that they intended to use the TEA to negotiate CET reductions anyway. In reality, the Americans were merely drawing on the Commonwealth problem to provide themselves with greater bargaining power in their proposed tariff negotiations with the EEC.²¹ Westerman fully recognised this, but felt that by pooling Australia's limited bargaining power (which in his estimation amounted to little more than 'the emotive power of our mulishness') with the negotiating strength of the United States, the Six might be induced to agree to far more favourable conditions of British entry than might be

¹⁸ NARA, RG59, 375.800/7-2462, State Dept. to Brussels, 24.7.1962; AA, A1838/275 727/4/1/4 Pt.2, *Common Market Negotiations: Notes by Dr. Westerman on Washington Discussions, 23-25 July, 1962*, 27.7.1962.

¹⁹ i.e. Canned and dried fruits, leather, base metals and grains.

²⁰ e.g. fresh fruits, sugar, meats and dairy products.

²¹ Although Westerman felt that the American proposals represented a genuine effort to help Australia's cause, he acknowledged that they were 'very much proposals which, if achieved, would on balance promote their own self-interest and certainly not cut across their self-interest'. AA, A1838/275 727/4/1/4 Pt.1, *Washington Talks of 23-25 July, 1962*, Verbatim Report by Dr. W.A. Westerman to the Interdepartmental Committee on the Common Market held on 30.7.1962 in the Department of Trade Conference Room, 2.

achieved by either Australia or the United States working alone. He also acknowledged that Australia might be faced with little choice, commenting later to his interdepartmental colleagues that 'it will be a pretty lonely world if we haven't any entente with the Americans, and with Britain in the Six, the curtains are up for our trade'.²²

On the whole, Westerman expressed satisfaction with his Washington talks, and attributed much of the credit for the softening of the US position to the Prime Minister himself. According to Westerman, Menzies had made quite an impact in Washington, coming as 'a perfect sort of straight man' after the 'direct and hearty and rough stuff' of McEwen's visit in March.²³ One should be careful of this assessment, however. Firstly, Menzies was only able to establish a more congenial atmosphere with Kennedy and Ball after surrendering to the American position in a number of key respects. Secondly, as discussed in the previous chapter, the change in the American position arose, not as a direct result of Menzies' intervention in Washington, but in response to growing American concern about the Commonwealth impasse in the Brussels negotiations. Over the preceding months, the Americans had grown increasingly aware that the Commonwealth problem was a potential breaking point for the British in Brussels. Macmillan had underlined this point in discussions with President Kennedy in Washington in April, declaring that 'no British Government could stand' which tried to put forward an agreement which could be regarded as a betrayal of the 'old' Commonwealth countries.²⁴ Macmillan made a similar appeal to Dean Rusk in London on 24 June, urging that it 'must be absolutely understood' that the United Kingdom Government would never be allowed to 'abandon the Commonwealth'.²⁵ American Embassy staff in London were particularly attuned to this problem, and viewed the alleviation of Australia's difficulties as an extension of the Macmillan Government's political problem in guiding Britain into the EEC.²⁶ This outlook was shared by State Department officials, who hoped that the agreement with the Australians might

²² *Ibid.*, 20-21.

²³ *Ibid.*, 7-8

²⁴ *FRUS*, 1961-63, Vol. XIII, Summary of Discussion, Washington, 28.4.1962, 84.

²⁵ NARA, RG59, 611.41/6-2862, Rusk to State Department, 28.6.1962.

²⁶ NARA, RG59, 375.800/7-2062, Bruce to Secretary of State, 20.7.1962.

'take a good deal of the heat off the British' in Brussels.²⁷ The offer to negotiate reductions in the CET on Australia's behalf derived, not so much from a sense of duty to a loyal ally, but from the imperative of removing a key obstacle to success in the all-important EEC membership negotiations. It also had the added benefit of being thoroughly consistent with American interests.

It is also worth considering whether the American proposals offered any real concessions to Australia's position. From the outset of Britain's EEC application, the US State Department had insisted that any solutions to Commonwealth trading problems should be worked out on a non-discriminatory basis. In other words, Commonwealth countries should not be granted ongoing preferential rights over the United States after British accession to the Community. McEwen, by contrast, had always insisted that adequate safeguards would have to take account of Australia's prior preferential position over other third country suppliers, particularly the United States. Menzies himself had maintained this line in his Washington discussions, albeit in less trenchant terms. The irony of Westerman's Washington talks, then, was that although the Americans finally came to recognise the 'unrequited benefits' they would derive from the removal of Australia's preferences, they were not prepared to take this fact into account in drafting solutions. In reality, the so-called 'pragmatic approach' bore an uncanny resemblance to precisely the kind of 'non-discriminatory' solution which the United States had advocated all along. The only concession on the part of the Americans was their agreement to 'turn a blind eye' to preferential solutions in commodities where US interests were not involved. But even this could hardly be considered a genuine 'concession', given that it involved no American sacrifice, and offered no direct benefits to Australia. At best, it implied an undertaking on the part of the United States to refrain from interfering in the business of others.²⁸

²⁷ NARA, RG59, 375.800/7-2662, Richard Vine to William R. Tyler, 26.7.1962.

²⁸ The Americans themselves were fully aware that their proposals conceded little, if any ground to the Australian position. Both the London and Canberra Embassies had sent advice to the effect that further concessions would have to be made in order to answer the Australian charge of 'unrequited benefits'. Ambassador Bruce in London suggested that the State Department should offer a 'negotiating credit' to the Australians, which they might draw upon in subsequent negotiations to extract trade concessions in the American market for commodities such as wool. Ambassador Battle in Canberra fully supported this proposal as a means of preserving the improved atmosphere in Australian-American relations in the aftermath of Menzies' visit. It is indicative of the strength of

Clearly, then, the Australian Government's interest in the American proposals derived, not from any genuine hopes of obtaining a fair deal for Australian industries, but from the need to find a politically expedient means of 'backing off' on the Common Market issue. This is highlighted by the fact that at precisely this time, the Government began exploring the possibility of directly subsidising certain key industries, particularly the fruit industry, in the increasingly likely event that Britain acceded to the EEC on unfavourable terms.²⁹ Westerman raised the question of subsidies with US officials, asking whether the Kennedy Administration would voice any objections in GATT should Australia be forced to prop up certain industries adversely affected by British entry. The Americans reluctantly conceded that if Australian industries were rendered unviable by the loss of preferences, they would prefer that they be assisted by way of subsidies rather than by a continuation of preferential advantages.³⁰ Thus it was mutually understood that in all likelihood the burden of safeguarding Australian industries would fall, not on the British negotiators in Brussels, but on the Australian taxpayer.

Far from satisfying McEwen's original demands that Australia's 'vital interests' be protected, the 'pragmatic approach' amounted to little more than an emergency measure to reduce the size of the Common Market tariff wall, and a face-saving device for the Menzies Government. The American 'solution' offered no concession to Australia's prior preferential position whatsoever, and its only value to the Menzies Government was as a public relations tool to disguise the abject failure of Australia's efforts. An accord with the United States might be presented in such a way as to demonstrate that Australia had not, in fact, come away completely empty-handed. In his briefing of the interdepartmental committee in Canberra, Westerman explicitly outlined the Washington agreement in these terms, arguing that the American proposals provided a useful political basis from which Australia could adopt a more compliant

the American negotiating position that this idea was deemed unnecessary by the State Department, and the Australians therefore never heard about the proposal. NARA, RG59, 375.800/7-2062, Bruce to Secretary of State, 20.7.1962; RG59, 375.800/7-2362, Battle to Secretary of State, 22.7.1962.

²⁹ For example, the Government communicated to the fruit growing industry at this time that 'if worse came to worse' they would be offered financial support. NLA, McEwen Papers, MS4654, J.P. Cornish (Secretary of Australian Canning Fruitgrowers Association) to Menzies, 20.7.1962.

³⁰ AA, A1838/275 727/4/1/4 Pt.2, *Common Market Negotiations; Notes by Dr. Westerman on Washington Discussions, 23-25 July, 1962*, 27.7.1962, 5-6.

stance, rather than 'just strangely developing lamb-like qualities as though for no explainable reason'.³¹

But Westerman was also well aware that the American solution might be viewed as a voluntary sell-out of preferences on Australia's part, and he therefore regarded it as 'our bedrock fallback position'. In the meantime, Australia would have to continue to pursue a more favourable deal for Australian interests in the Brussels negotiations. He therefore impressed upon his colleagues that 'it is quite clear between us and the Americans that nothing we have discussed implies an alteration of our stand with the UK and hers with the Six on the kinds of safeguards she is seeking currently at Brussels'. This, however, created an untenable situation. The Australian Government had effectively conceded its 'bedrock fallback position' in discussions with the United States, whilst continuing to press for a better deal with Britain and the Six.³² Not surprisingly, the Americans immediately communicated to the Six that Australia could be placated by a mere reduction in the CET, a fact which could hardly have induced the Six to be more forthcoming.³³ Nor was this state of affairs particularly welcome to the British delegation in Brussels, who complained that they had been 'left in the ridiculous position of having made a proposal to the Six, which we told them was what the Australians wanted, while the Americans were exercising pressure on the Six in a contrary direction, which was again known to be the result of Australian intervention'.³⁴

Dwindling Fortunes in Brussels

But regardless of American intervention, it was clear that Australia's prospects in the Brussels

³¹ AA. A1838/275 727/4/1/4 Pt.1, *Washington Talks of 23-25 July, 1962*, Verbatim Report by Dr. W.A. Westerman to the Interdepartmental Committee on the Common Market held on 30.7.1962 in the Department of Trade Conference Room, 36.

³² AA. A1838/275 727/4/1/4 Pt.2, Westerman (Washington) to Department of Trade, 1.8.1962.

³³ See for example, NARA, RG59, 375.800/8-262, Ball to Horsey (American Ambassador in Rome) 1.8.1962. Ball forwarded the details of the Westerman discussions and requested of Horsey, 'Would you mobilise the Embassy to bring these points home as soon as possible to the Italians on both economic and political sides and at high or medium levels?' Moreover, Ball was well aware that knowledge of Australia's 'bedrock fallback position' might influence the course of the Brussels negotiations, and he therefore implored Horsey: 'I do not know whether it is possible in time to be effective in the course of present Ministerial talks in Brussels but you should nevertheless make a strong college try'.

³⁴ PRO, FO371/171442, *Draft Report on the Brussels Negotiations: EEC*, 26.2.1963, Section 31.

negotiations were diminishing rapidly. Throughout the summer of 1962, the British had strongly resisted Australian requests for ongoing participation in the negotiations.³⁵ The British delegation in Brussels felt that any further presentation of the Australian position would result in a serious waste of time and loss of momentum, and urged Whitehall to persuade the Australian Government to 'drop the idea'.³⁶ Heath promptly set out to discourage the Australians from pursuing their request, bluntly informing Menzies that Westerman's presentation to the negotiators in April had been entirely ineffective.³⁷ By early July, Westerman himself had come to the conclusion that informal dinners and lunches with Brussels delegates was a more effective means of conveying Australia's views, and consistent with the Government's growing concern about over-playing its hand, the question of formal Australian participation was quietly forgotten.³⁸

Even more serious from an Australian point of view were changing British assessments of what might reasonably be achieved for Commonwealth producers in the Brussels negotiations. By early June, Heath had become convinced that the Six would not be prepared to accept the principle of 'comparable outlets' for imports from Canada, Australia and New Zealand, and that this was probably a breaking point in the negotiations. The Six had argued that such a formula would provide the old Commonwealth countries with an even more secure share of British and European markets than they had held previously, and certainly more favourable conditions of access to the UK market than those enjoyed by member states of the Community.³⁹ Moreover they expressed concern that 'comparable outlets' would tend to create permanent discrimination in favour of the Commonwealth against third country suppliers. Instead, the Six insisted that any special arrangements for Commonwealth producers should be of a transitional

³⁵ In the aftermath of Westerman's presentation in Brussels in April, the Australians had continued to press for further participation in the negotiations at working party level. See for example AA, A3917/1 Vol.6, Menzies to Heath, 8.6.1962.

³⁶ PRO, DO159/60, Dixon (Brussels) to Foreign Office, 14.6.1962.

³⁷ AA, A3917/1, Vol.6, Heath to Menzies, 12.6.1962.

³⁸ AA, A3917/1 Vol.6, Westerman to Warwick Smith, 4.7.1962; Note by Dr. Westerman, *Discussions with Roll*, 14.7.1962.

³⁹ This argument was based on the fact that existing Commonwealth arrangements were either informal or else had clear terminating dates. The proposed comparable outlets formula, by contrast, would be a formal undertaking of a continuing and absolute character.

nature only, with all preferences to be phased out by 1970. For the period beyond 1970, the Six would be prepared to consider 'world-wide commodity agreements' to ensure that Commonwealth exports were not damaged too severely, but in an echo of the US State Department, they insisted that such agreements should be non-discriminatory.⁴⁰ Heath communicated these views to Macmillan, noting the 'considerable force in the arguments which the Six have advanced'.⁴¹

In reality, however, Heath was probably more impressed by the strength of conviction among the Six, rather than the logic of the arguments themselves.⁴² On 23 July he informed the Common Market negotiations Cabinet Committee that the Six would not budge on 'comparable outlets', and it was therefore time to address the matter on the basis of the Six's proposals.⁴³ This decision was immediately followed by a message from Duncan Sandys to the Australian Prime Minister, informing him of the change in the British approach. Sandys tried to present this fundamental shift in the most favourable light possible, arguing that it was Britain's intention to build 'on the formula now presented by the Six and to try and improve it so as to enable us to achieve in a different form the real substance of our original proposals'. Although Sandys was

⁴⁰ PRO, FO371/164785, Minutes of Ministerial Meeting of Britain and the Six, 30-31.5.1962. These points were reiterated in a report by the EEC *Commission de l'Agriculture* in June 1962, which emphasised that the comparable outlets formula was 'incompatible with the objectives of the Community'. And in a clear reference to the well known views of the Americans, the report added that comparable outlets would lead to 'permanent discrimination which would probably be inadmissible to third countries'. HAEC, BAC24/1967 E13, *Rapport interimaire sur les problèmes agricoles soulevés par les demandes d'adhésion à la CEE du Royaume-Uni et du Danemark*, 5.6.1962.

⁴¹ PRO, PREM11/4017, Heath to Macmillan, 8.6.1962.

⁴² This is evidenced by the fact that Heath himself had persuasively refuted the arguments of the Six during the previous ministerial session of the Brussels negotiations. For example, he correctly pointed out that the 'comparable outlets' formula would not provide a more secure position for the Commonwealth over Community suppliers. Community producers would have unlimited free access to the whole of the UK market at a fixed price, whereas Commonwealth producers would only enjoy freedom of access for a fixed quantity corresponding to that sold traditionally in the British market and the markets of the Six. Moreover, he argued that it was not a question of guaranteed sales but of guaranteed access - in other words, within the limits of the set quotas, Commonwealth countries would be free to compete on an even footing with Community producers. As far as discrimination over third country suppliers was concerned, Heath argued that the situation of Commonwealth countries was quite different in that these countries had developed their economies on the basis of the preferential access they enjoyed in the British market. Consequently, these countries stood to suffer greater damage from an alteration in this system, and therefore required special arrangements to avoid unduly damaging their traditional source of export income. These arguments failed to leave the faintest impression on the Six, however, a fact which compelled Heath to abandon the comparable outlets formula and adopt the continental approach. PRO, FO371/164785, Minutes of Ministerial Meeting of Britain and the Six, 30-31.5.1962.

⁴³ PRO, CAB134/1512 CMN(62)16, 23.7.1962.

typically vague on how the 'substance' of the comparable outlets formula might be extracted from the Six's proposals, he left Menzies in no doubt about the extent of the change that had occurred in British thinking:

...we have to recognise that it is the aim of the Community to be non-discriminatory as between third countries. We are being reluctantly forced to the conclusion that this means that there is virtually no prospect of retaining the existing Commonwealth preferences after the transitional period and that we shall probably have to accept that they should be phased out by 1970.⁴⁴

This amounted to the most clear admission to date on the part of the British that they would be unable to meet Australia's requirements in the Brussels negotiations. And by implication, it was clearly indicated that the British Government would not consider this sufficient reason to remain outside the European Community. Sandys' tactics accorded precisely with his original objective of bringing Commonwealth governments around gradually, after the experience of negotiation had demonstrated the futility of pressing for genuinely adequate safeguards.⁴⁵ Menzies was given clearly to understand that the Macmillan Government could ill afford to be deflected from what was seen as a primary national objective. Despite Sandys' attempt to put a favourable gloss on things, it was becoming painfully clear that where fundamental British interests collided with those of Commonwealth countries, the former would naturally prevail.

Given the relatively frank nature of Sandys' admission, the Menzies Government was faced with a delicate task in drafting a reply. On the one hand, it could not be ignored that the new British approach was completely at odds with the comparable outlets formula. Thus Menzies informed Sandys:

From the tone of your message I conclude that you see no real hope of securing an offer of terms which we would regard as necessary to protect Australian - or Commonwealth - trade interests, and that you feel forced to settle for something less if an agreement is to be made. It seems you are saying to us that the best the Six may agree to would be a phasing out operation for the preferences on temperate foodstuffs, and a promise to work

⁴⁴ PRO, DO159/60, Sandys to Menzies, 24.7.1962. Similar messages were sent to New Zealand Prime Minister Keith Holyoake, and Canadian Prime Minister John Diefenbaker.

⁴⁵ See Ch. 2, pp. 107-108.

towards world solutions for major commodity trade items in the longer period.

However, Menzies stopped short of registering any formal protest at this latest turn of events. Rather he gave a carefully qualified, and quite obviously reluctant approval of Sandys' proposed course of action. Provided Britain and the Six could agree on a 'sufficient and satisfactory elaboration of principles' in relation to both the transitional phase, and more importantly, the proposed 'world-wide agreements' on agricultural commodities, Menzies conceded that it was 'possible that the question of preferences could in itself become of less importance'. Here he indicated that Australia might be able to enlist the help of the United States as a possible basis for securing continued Australian access to British and European markets. However, Menzies impressed upon Sandys that Australia could only adopt a more resigned approach if it could be shown that the enlarged Community was committed to allowing fair terms of access for Australian producers. Australia needed a clear delineation of principles and objectives, rather than mere vague references to 'world-wide agreements'. He therefore warned Sandys: 'Given no such clear commitment to principles and objectives, any proposition of decalage could only be regarded as completely failing to protect our interests'.⁴⁶

In all probability, this final warning was included at the insistence of McEwen, who stood to lose considerable political face in the event of a wholly unsatisfactory outcome in Brussels. Not satisfied with a mere private expression of Australia's concern, McEwen issued a public statement on the very same day:

I could not regard the mere proposal of world-wide agreements as in any way a sufficient safeguard for our important trade interests for bulk foodstuffs. I really cannot believe that the British Government would regard such a promise as fulfilling the repeated assurances that have been given to protect vital Commonwealth interests.⁴⁷

By this stage, however, McEwen was fighting an increasingly lone stand. His relentless perseverance in keeping up the pressure on the British could scarcely conceal the fact that the Menzies Government was carrying out a major policy retreat on the Common Market issue. In

⁴⁶ AA, A1838/275 727/4/2 Pt.3, Menzies to Sandys, 28.7.1962.

⁴⁷ Press release by McEwen, 28.7.1962, text in AA, A4940/1 C3368 Pt.4.

response to growing concerns about the 'bad odour' which would inevitably linger with Australia should Britain fail to negotiate EEC entry, the Australian Government had confidentially granted qualified approval to an outline of agreement which fell embarrassingly short of its original demands. In its dealings with both Britain and the United States, Australia had agreed to the complete dismantling of the imperial preference system, albeit over a period of seven years, without gaining a single concession of any substance in return. It should be remembered, however, that this state of affairs was more a reflection of Australia's impotence in the face of the combined will of its 'great and powerful friends', rather than a case of incompetence on the part of Australian ministers and officials. It is unlikely that a more strident advocacy of Australia's distinctive trade interests would have resulted in more favourable terms, for the simple reason that Britain, the United States and the Six were not prepared to regard these interests as of any particular consequence.

The more immediate problem for the Menzies Government, however, lay in presenting Australia's revised stance on the Common Market issue to the Australian public. Over the preceding months, McEwen had gained widespread publicity and support for his forthright stand, and had persisted in pitching Australia's demands at such a level, and in such uncompromising terms, as to make it extremely difficult to present the emerging picture as in any way satisfying Australia's vital interests. But with little more than a month to go before the much-publicised Commonwealth Prime Ministers' Conference in London, it was clear that Australia's revised position would have to be made public sooner or later. Thus, as the Australian Government retreated ignominiously toward its 'bedrock fallback position', action was taken in certain quarters to ensure that the political fallout from Australia's retreat would be kept to a minimum.

The Bury Furore

Within two days of Sandys' clear abrogation of the imperial preference system, a minor political storm broke out in Australia over the Common Market issue. On the evening of 25 July, the

Minister Assisting the Treasurer, Leslie Bury, delivered a speech to the Australian Institute of Management in Sydney which blatantly repudiated McEwen's stand on the Common Market. Without mentioning any names, Bury argued that the likely impact on the Australian economy had been 'greatly exaggerated', and the cries of alarm which had been raised over the preceding months seemed, to him, 'very far fetched'. Far from presenting any kind of economic disaster, Bury claimed that Britain's entry would mean very little to Australia in the short term, and could bring great benefits in the long run. Although Britain's application had come 'as a severe emotional shock to the older generation', he did not believe that the 'overwhelming majority of Australians will notice any change or be materially affected'. Certain rural industries might well have to adjust any plans for future expansion, but these, he argued, were only a minor element in the total economic scene. For the business community at large to be worried about the effects on their future prospects would, in Bury's view, be 'absurd'. Rather, he suggested, Australia should acknowledge the higher imperative of British entry as part of the political reorganisation of the Western world, and recognise that 'any material fears we may have are relatively trivial'.⁴⁸

Bury's speech hit the headlines in the major capitals the following morning, which in itself would indicate that it was intended for a wider audience than the Australian Institute of Management.⁴⁹ And in order to ensure the widest possible impact, Bury repeated his views in almost identical terms in Melbourne the following day. There could be no mistake that Bury's speech was calculated to undermine well-established Government policy, and consequently it provoked a loud response. McEwen was characteristically furious, and launched an unrestrained broadside against Bury, declaring his 'shock' and 'dismay' that a ministerial colleague should so lightly brush off the threat to Australian industry, and so publicly under-cut Australia's negotiating position. McEwen complained that Bury had 'put a powerful weapon into the hands of those with whom we have to negotiate in defence of our interests', and that his views would 'inevitably be quoted against us.'⁵⁰ Menzies was more circumspect, calling for a copy of the full

⁴⁸ The full text of Bury's speech appeared in *The Sydney Morning Herald*, on 28.7.1962.

⁴⁹ See for example *The Sydney Morning Herald*, 26.7.1962; *The Age*, 26.7.1962.

⁵⁰ McEwen, Press Statement, 26.7.1962, text in AA, A1838/275 727/4/2 Pt.2.

text of Bury's speech before taking action. But after studying the speech, and following Bury's refusal to retract his views, Menzies asked for his resignation. The Prime Minister displayed none of the bitterness of McEwen's statement, expressing his 'unfeigned regret' in his letter to Bury, and acknowledging 'the integrity with which you hold your opinions'. But in the interests of Cabinet solidarity, which were 'supremely important' at a time when the Government was engaged in advocating the legitimate interests of Australia, he had no choice but to call on Bury to resign.⁵¹ Bury, for his part, was reportedly in good spirits after his sacking, and 'chuckled occasionally' as he parried questions from the press.⁵² Nor did he feel any compulsion to revise his views, which he continued to elaborate from the back benches of the House of Representatives.⁵³

Why, then, should a junior Minister in the Menzies Government have so cheerfully carried out such a suicidal act? Given that open breaches of Cabinet solidarity were virtually unheard of during the Menzies era, still less outright sackings of ministers, Bury's behaviour appears all the more extraordinary. An up and coming Liberal Minister aged forty-nine, Bury had been hand-picked by Menzies as a candidate for the blue-ribbon Liberal seat of Wentworth in 1956. With a career background in the Treasury, representing Australia on the World Bank and the IMF, Bury had been recruited to strengthen the appallingly weak economic expertise in the Liberal ranks.⁵⁴ He therefore had every expectation of further advancement within the Menzies Cabinet, perhaps even a senior ministerial post. So why the apparent recklessness of his Common Market outburst?

The press almost universally treated Bury's speech as a deliberate political ploy, reflecting on the one hand the deep rivalry between the Departments of Treasury and Trade for

⁵¹ Menzies to Bury, 27.7.62, published in *The Sydney Morning Herald*, 28.7.1962.

⁵² Ibid.

⁵³ Bury, *CPD*, H.of R., vol.36, 14.8.1962, 281-4. Here, Bury further elaborated his ideas about the higher political imperative of European integration, arguing that the future security of Australia was more important than the profitability of any industry. 'Our primary task', he asserted, 'is to make Australia secure in a dangerous world, without regard for the sentimental hangovers of history'.

⁵⁴ Gerard Henderson notes that this rare intrusion on Menzies' part in the preselection process was resented by the local branches, and Bury only just scraped through. See Gerard Henderson, *Menzies' Child: The Liberal Party of Australia* (Sydney: Allen & Unwin, 1994) 179.

control of Australian economic policy, and more importantly, the even deeper rivalry between McEwen and Treasurer Harold Holt for the Menzies succession. Ever since the creation of the Department of Trade in 1955, there had developed an uneasy relationship between Trade and the Treasury, particularly on matters affecting Australia's external viability where their competencies clearly overlapped. The main sticking point had been the resolution of Australia's recurrent balance of payments problem, which had culminated in a major brawl in 1960 when Holt overruled McEwen in his decision to abolish import restrictions. This decision resulted, more or less directly, in the 1961 recession, a fact which, in McEwen's view, had almost cost the Government the 1961 election.⁵⁵

Thus the emergence of the Common Market problem, involving once again the intersecting jurisdictions of Treasury and Trade, served to fuel the existing rivalries. At the outset, Treasury officials had acknowledged that the major problems of British entry fell within the ambit of Trade, and had therefore concerned themselves primarily with the less vital financial aspects of Britain's EEC application.⁵⁶ This division of responsibility did not, however, preclude Treasury from maintaining a close watch on the activities of McEwen and the Trade Department. The general view among Treasury officials was that 'we must never concede that matters like trade are no concern of ours', and there were occasional expressions of resentment towards 'people in some departments' who considered themselves 'omnicompetent'.⁵⁷ The rivalry between Treasury and Trade was occasionally remarked upon by the press, provoking

⁵⁵ On the constant rivalry between Treasury and Trade, see Peter Golding, *Black Jack McEwen: Political Gladiator* (Melbourne: Melbourne University Press, 1996) 229-230.

⁵⁶ The Treasury viewed the financial aspects of British entry as a potentially serious problem, particularly if British membership of the Community gave rise to discrimination against the Commonwealth in the London capital market, thereby restricting the flow of capital from Britain to Australia. But these issues never came to the fore of the Common Market problem, because the British themselves did not wish to discuss them. The British view was that financial matters were not as important as commercial ones, and argued that the best way to ensure that Sterling Area arrangements remained unaffected was simply to refrain from discussing the matter with the Six. Treasury officials were somewhat uneasy with this position, but could see some merit in the British approach. At any rate, Commonwealth financial issues were never substantively discussed in Brussels. AA, A571/161 61/1966 Pt.1, Treasury Paper, *Possible United Kingdom Entry into the European Economic Community: Implications for the Flow of Capital from the United Kingdom to Australia*, 6.7.1961; Treasury Paper, *Implications for Sterling Area Arrangements*, 6.6.1961; R.J. Whitelaw (Treasury Representative, Australia House London) to Maurice O'Donnell (First Assistant Secretary, Treasury) 10.10.1961.

⁵⁷ AA, A571/161 61/1966 Pt.1, O'Donnell to Whitelaw, 12.10.1961; see also AA, A571/161 1961/791 Pt.41, Daniel to Randall, 24.7.1962.

Menzies at one point in early 1962 to protest angrily: 'This little bit of underground propaganda that goes on to try to create some sort of war between the Department of Trade and the Treasury is just nonsense, utter nonsense'.⁵⁸

These difficulties seem to have become increasingly acute at the time of McEwen's world tour in April 1962, when he was being widely touted as 'Prime Ministerial material'.⁵⁹ Although McEwen himself claimed that he would never abandon the Country Party for 'personal promotion', he did nothing to discourage talk about his leadership qualities. Most notably, immediately prior to his departure on his Common Market mission he teasingly remarked to a *Meet the Press* audience in Melbourne that a precedent existed for the leader of the Country Party to become Prime Minister. Both Arthur Fadden and Earle Page had served as Australian Prime Minister, albeit under emergency circumstances, but 'of course', McEwen mused, 'we have emergencies once a week'.⁶⁰ At this point, the interdepartmental rivalries intersected with a growing rift in the Federal Coalition. Liberal MP's were reportedly aghast at the suggestion that the leader of the junior coalition partner might have a legitimate claim to Menzies' succession. The federal executive of the Liberal Party called an urgent meeting in Canberra to discuss what they saw as an open bid by McEwen for the Prime Ministership, and within a week of McEwen's departure, state divisions had been warned to close ranks against a non-Liberal assuming the leadership.⁶¹ It is hardly surprising, therefore, that it was around this very time that the first whispered accusations of 'exaggeration' were heard from the Liberal backbench.⁶²

It was also around this time that the Treasury developed a tendency to downplay the significance of British EEC membership for the Australian economy. Most notably, the Treasury's 32 page annual survey of the economy, issued in June 1962, made no mention of British entry whatsoever, despite the fact that it included several pages of discussion on the

⁵⁸ Menzies' comments were re-printed at the time of Bury's sacking, see *The Australian Financial Review*, 31.7.1962.

⁵⁹ See Ch. 5, pp. 212-213.

⁶⁰ *The Australian Financial Review*, 26.4.1962.

⁶¹ Peter Golding, *Black Jack McEwen*, 208.

⁶² *The Australian Financial Review*, 10.5.1962.

international outlook.⁶³ It is difficult to pinpoint precisely why the Treasury moved in this direction at this time. One popular explanation was that Treasury officials were fearful that McEwen's Common Market campaign was, in itself, a major obstacle to economic recovery from the 1961 recession. The *Sydney Morning Herald* noted that it was 'common knowledge in Canberra' that the Treasury was concerned about the impact of McEwen's dire predictions on business confidence in Australia.⁶⁴ Bury himself later asserted that 'fears about the Common Market are exercising a depressing influence on the minds of the business community at a time when restoration of confidence is the main ingredient required for a fuller economic recovery'. Holt made similar references to the problem of restoring business confidence in his budget speech in August.⁶⁵

It is unlikely, however, that the Treasury genuinely identified any real connection between McEwen's Common Market campaign and waning business confidence. Although Australia had experienced a sharp drop in foreign investment in the financial year 1961/62,⁶⁶ this was more likely a result of the 1961 recession, perhaps coupled with a general downturn in British overseas investment due to the deflationary 'July measures' introduced by the British Government in 1961.⁶⁷ It is particularly significant that the Treasury files provide no evidence of any perceived link between McEwen's activities and business confidence. And as McEwen was quick to point out, there was little sense in boosting business confidence by adopting a complacent stance on an issue of vital significance to Australian export industries.⁶⁸ McEwen's

⁶³ *The Australian Economy*, (Canberra: Department of the Treasury, 1962). *The Sydney Morning Herald* saw this as clear evidence of Treasury's 'indifference to, or outright disagreement over, the Common Market', 27.7.1962. See also H.G. Gelber, *Australia, Britain and the EEC, 1961-63* (Melbourne: Oxford University Press, 1966) 172-173.

⁶⁴ *The Sydney Morning Herald*, 31.7.1962.

⁶⁵ *The Sydney Morning Herald*, 28.7.1962; Holt, *CPD*, H.of R., vol.36, 7.8.1962.

⁶⁶ Gelber notes that the net annual inflow of foreign investment into Australia dropped sharply from \$A480.4 million in 1960/61 to \$A293.4 by the year ending June 1962, a startling decline of over \$A180 million. *Australia, Britain and the EEC*, 176.

⁶⁷ The so-called 'July measures' were introduced by Chancellor of the Exchequer, Selwyn Lloyd, to combat serious balance of payments problems, and involved a sharp increase in the purchase tax regulator and a hike in bank interest rates. At the same time Lloyd announced that the Government would review defence expenditure in Germany, cut overseas administrative expenditure, and restrict overseas investment by holders of sterling. See Charles Lamb, *The Macmillan Years: The Emerging Truth* (London: John Murray, 1995) Ch. 5; Alec Cairncross, *Managing the British Economy in the 1960s: A Treasury Perspective* (London: Macmillan, 1996).

⁶⁸ McEwen, press statement in *The Sydney Morning Herald*, 27.7.1962.

view was supported by a survey of businessmen carried out by the Associated Chambers of Manufacturers and the Bank of New South Wales, which found that business confidence had been dented primarily by the effects of the 1961 recession, and had little to do with McEwen's Common Market activities.⁶⁹ It would therefore seem that talk of 'business confidence' was merely a pretext to disguise the overriding tactical political considerations which inspired Bury's outburst. In this regard, the timing of his intervention is crucial, arising at a time when Government policy was being increasingly steered towards a more benign stance on the Common Market issue. The fact that it was delivered so soon after Sandys' formal abandonment of Commonwealth preferences would seem to underline this point. From a practical politics point of view, pouring cold water on McEwen's grim forecasts seemed the best way of dampening public expectations of the Brussels negotiations. And from a party politics point of view (not least that of Bury's boss, Harold Holt), it held the added attraction of applying a brake to McEwen's rising political fortunes.

But if Bury's speech was essentially a political hatchet job on McEwen, who was behind it? Certainly Holt was quick to deny any knowledge of Bury's intentions whatsoever, a claim that was almost universally greeted with scepticism.⁷⁰ It was difficult to believe that a junior minister of the Treasury would publicly express such politically volatile views, without at the very least discussing them with the Treasurer beforehand. Similarly, Menzies was at pains to point out that Bury was speaking solely for himself, and 'was not prompted by any other Minister, or for that matter, by any official'.⁷¹ But cries of 'treachery' were reported from anonymous Country Party sources, and it was generally assumed that the Bury furore reflected a 'deep breach between the Coalition partners'. *The Sydney Morning Herald* noted that Bury's speech had brought to a head 'the rather shabby war of the Canberra succession', while *The Australian Financial Review* suggested that it was 'more than coincidental that Mr. Holt had more to gain probably than anybody else in the Cabinet from Mr. Bury's gaffe'.⁷² Both papers

⁶⁹ See *The Australian Financial Review*, 2.8.1962.

⁷⁰ See for example, *The Australian Financial Review*, 31.7.1962; *The Sydney Morning Herald*, 27.7.1963.

⁷¹ Menzies to Bury, 27.7.1962, published in *The Sydney Morning Herald*, 28.7.1962.

⁷² *The Sydney Morning Herald*, 27.7.1962; *The Australian Financial Review*, 31.7.1962.

noted the striking similarity between Bury's speech, and the views put forward by the Prime Minister in Wollongong in July, where he expressed concern that 'there might be exaggerated views' and described the effects of British accession, not as a 'disaster' but as 'a challenge to get cracking'. Bury himself was presumably referring to this very speech when he rather cheekily denied that his views conflicted in any way with those of the Prime Minister.⁷³



"That picture we rejected seems to be creating a lot of interest!"

"Eyre JR" in the Sydney Morning Herald on 30.7.1962 conveyed the general mood of scepticism about Bury's claim that he was merely speaking in his private, rather than his ministerial capacity.

Ultimately, it is extremely difficult to ascertain precisely the extent of Menzies' and Holt's involvement in the Bury affair. If there was some kind of conspiracy, no trace of it has been left in the Treasury files. Indeed the Treasury papers are conspicuously silent on the matter, and it is difficult to find even a single reference either to Bury or his opinions. But it is significant that Bury received widespread approval from his Liberal Party colleagues, some of whom spoke openly in his support in the House of Representatives.⁷⁴ Menzies himself continued

⁷³ *The Sydney Morning Herald*, 27.7.1962.

⁷⁴ Among Bury's supporters in the House were W.C. Wentworth, A.J. Forbes, and Malcolm Fraser.

to be noticeably friendly towards the fallen Minister on the floor of Parliament, a fact which was taken to imply his unofficial endorsement of Bury's selfless service to the Party.⁷⁵ This view was shared by British High Commission officials in Canberra, who had been informed by 'usually reliable journalistic sources' that Bury had acted with Menzies' tacit approval.⁷⁶ His reinstatement of Bury to the Cabinet some sixteen months later would seem consistent with this interpretation.

It is also worth considering whether there was any substance in Bury's claim that the Australian case had been 'exaggerated'. Bury was not alone in his assessment, which was described by Professor of Economics, Heinz Arndt, as 'without doubt the soundest and most balanced analysis of the significance for Australia of British entry into the Common Market that has yet been presented to the Australian public'.⁷⁷ Writing in 1966, H.G. Gelber implicitly endorsed this view, referring to Bury's intervention as a 'blast of common sense'.⁷⁸ Gelber argued that McEwen's estimates of the probable loss to Australia represented the 'upper limit which few approached', and tended to overlook the fact that the proportion of Australian exports flowing to Great Britain had been in decline for a number of years and would continue to do so, regardless of the Common Market.⁷⁹ This may be so, but it should also be remembered that Bury's comments contained a number of wayward assertions, and tended to oversimplify the nature of the problem at hand. For example, his suggestion that the interests of 'certain rural industries' at stake were 'only a minor element in the total economic scene' almost defies rational argument.⁸⁰ Similarly, his claim that British preferences were of declining value, although in itself a valid point, overlooked the fact that the real danger to Australia was the erection of a Common Market tariff wall with reverse preferences of up to 25 per cent, and a

⁷⁵ Gelber, *Australia, Britain and the EEC*, 182.

⁷⁶ PRO, DO159/60, High Commission (Canberra) to Commonwealth Relations Office, 26.7.1962.

⁷⁷ Quoted in Gelber, *Australia, Britain and the EEC*, 183.

⁷⁸ *Ibid.*, 182.

⁷⁹ *Ibid.*, 173-183.

⁸⁰ Bury referred to the 20 per cent of Australia's export trade potentially at risk as a 'small fraction' of total exports. Given Australia's precarious balance of payments situation during these years, Bury's blithe dismissal of one fifth of all export income seems almost reprehensible. For full details of the threat to 'minor elements' in the Australian economy such as wheat, meat, sugar, fruit, and the dairy industry, see Ch. 4, pp. 157-160.

Common Agricultural Policy which had the potential of excluding Australian produce from British and European markets altogether. But above all, Bury's comments were suspect because it was simply not possible to ascertain the full extent of Australia's loss until the terms of British entry had been fully negotiated. On this point, McEwen's strongest supporter was John Crawford, who, in an appearance on ABC Television on 4 August, noted that opinion had become polarised between a simple 'all black' or 'all white' approach. The truth, according to Crawford, was 'a shade of grey', the precise nature of which would remain uncertain until the final terms were known. 'I do not know', he frankly admitted, 'nor can anyone else, whether we will lose £10 million or £100 million of our trade - although some loss seems inevitable. It may not be immediate but I think it could be substantial by 1970'. In these circumstances, Crawford maintained that the economic threat was 'of sufficient magnitude to justify fully the strenuous efforts of the Government' in London, Washington and Brussels.⁸¹

These arguments merely underline the fact that Bury's contribution to the Common Market debate was hardly intended as a studied exposition of Australia's economic interests. Rather, it was a set-piece of political manoeuvring, with a clear political target. Nor can there be any doubt that the Bury affair was a major political setback for McEwen. It was generally agreed that Bury had taken the wind out of McEwen's sails, and seriously damaged his claim to the Prime Ministership.⁸² From this point onwards, McEwen's ongoing protests about the consequences of British entry were to have an increasingly hollow ring. As Gelber observed, in terms of both party politics and public opinion, McEwen was clearly losing ground.⁸³

Perhaps even more significant was Bury's impact on the Common Market debate in Australia. By openly undermining McEwen's position, Bury shifted the focus of public attention on the problem in such a way as to facilitate an increasingly resigned approach on the part of the

⁸¹ Crawford, quoted in *The Australian Financial Review*, 7.8.1962. Crawford spoke out again in McEwen's favour in a speech of 31 August, where he attempted to lay out all the economic facts 'lest I, in my turn, be labelled an exaggerator'. He reiterated that the extent of Australia's losses would depend on the terms of British accession, and urged his audience: 'Let me make it clear that, if substantial loss occurs, it is not a minor problem'. *Address to Convocation*, University of Sydney, 31.8.1962, text in NLA, Crawford Papers MS 4514, Box 196, Folder 17.

⁸² See *The Sydney Morning Herald*, 31.7.1962; *The Australian Financial Review*, 31.7.1962; Gelber, *Australia, Britain and the EEC*, 184-187.

⁸³ Gelber, *Australia, Britain and the EEC*, 187.

Government. Following Bury's intervention, the Common Market debate became less a question of 'will Britain abandon us?' and increasingly one of 'will it matter?' This shift in emphasis was fundamental in that it implied a growing public awareness that Britain would enter the Common Market regardless of Australian interests, and that little useful purpose could be served by harping on the dire consequences. This, in turn, would provoke a wider debate about the kinds of measures necessary to alleviate any future hardship.

An Outline Agreement

It is equally clear that Bury's intervention had no impact on the course of the Brussels negotiations whatsoever. By the time of the summer recess in early August, Britain and the Six had thrashed out a rough outline agreement on Commonwealth trade which offered little comfort to Australia. The Asian and African Commonwealth countries were offered a quite reasonable series of 'Association Agreements' and other trade packages, which clearly reflected the conviction of the Six that the developing countries of the Commonwealth had a far stronger case for special treatment than the affluent Dominions.⁸⁴ For Canada and Australia, however, the outlook was predictably bleak. The best that could be obtained was a phasing out of preferences over a transitional period, coupled with a commitment to work towards world-wide commodity agreements as a longer term solution. In addition, the Six would undertake to follow a price policy that would 'offer reasonable opportunities in its markets for exports of temperate foodstuffs'.⁸⁵ No indications were given as to what might constitute 'reasonable opportunities', nor, for that matter, what was meant by the concept of 'world-wide commodity agreements'.

⁸⁴ The African and Caribbean Commonwealth countries, and most of the British dependencies were to be offered 'Association' with the EEC, which would place them on the same footing as the former colonies and overseas territories of France. The arrangements for India, Pakistan, and Ceylon comprised a reduction of the 18% CET tariff on tea to zero, together with special arrangements for imports of cotton textiles. In addition, it was agreed that the enlarged Community would seek to negotiate comprehensive trade agreements with the three countries by the end of 1966 at the latest. The objective of these agreements would be 'to develop trade and so to maintain and increase the foreign currency earnings of these countries and in general to facilitate the implementation of their development plans'. The only cases where no agreement had been reached at all were Hong Kong, which presented special difficulties that had been put aside for a later date, and the Federation of Rhodesia and Nyasaland which was similarly left to one side since the break up of the Federation appeared imminent. See Miriam Camps, *Britain and the European Community, 1955-1963* (Oxford: Oxford University Press 1964) 410-413.

⁸⁵ British White Paper, cmnd. 1805, August 1962.

Westerman privately expressed his dissatisfaction with these vague promises:

The precise meaning of [world-wide agreements] or how suitable or practicable such agreements might be for individual commodity problems are questions which do not seem to have been seriously considered between the United Kingdom and the Six. Indeed, the term 'World Wide Agreements' seems to have come to be regarded as a kind of universal panacea to all commodity ills ahead of any real diagnosis of these ills or considered judgement as to their suitability for this kind of treatment.⁸⁶

But perhaps even worse from an Australian point of view was the express willingness of the Six to treat New Zealand as a special case. On 5 August, the Italian Minister for Industry and Trade, Emilio Colombo, formally declared from the Chair of the Brussels Conference that: 'There is an awareness on the part of the Six of the problem of New Zealand and a willingness to reach a solution'.⁸⁷ Although this promise was similarly vague, it was clear that the Six contemplated special access arrangements which would apply to New Zealand produce only. As Jean Monnet put it to New Zealand Deputy Prime Minister Marshall: 'The door is open for New Zealand but it must be closed before anyone else gets in'.⁸⁸ Prime Minister Holyoake of New Zealand could therefore justifiably claim a considerable degree of success in defending his country's interests. Moreover, the Six's acknowledgement of New Zealand's heavy dependence on the British market merely served to highlight the ineffectiveness of Australia's efforts to secure more concrete safeguards.⁸⁹

The emerging deal in Brussels was greeted in Australia with the now customary note of

⁸⁶ AA, A1838/275 727/4/2 Pt.3, Westerman to Warwick Smith, 3.8.1962.

⁸⁷ PRO, FO371/164815, *Statement by Sig. Colombo in Brussels*, 5.8.1962.

⁸⁸ CAC, Duncan Sandys Papers, DSND 8/20, *Record of Discussions with Mr. Marshall, Deputy Prime Minister of New Zealand*, 3.10.1962.

⁸⁹ French Officials subsequently tried to play down their commitment to this pledge to New Zealand. When Prime Minister Holyoake raised the matter in a meeting with General de Gaulle in September, the French President reportedly gazed at the ceiling and said evasively: 'Ah - the statement of the Italian Minister of Commerce'. See Bruce Brown, 'Foreign Policy is Trade: Trade is Foreign Policy: Some Principal New Zealand Trade Policy Problems Since the Second World War', in Anne Totter (ed.) *Fifty Years of New Zealand Foreign Policy Making* (Dunedin: University of Otago Press, 1993) 67. On the other hand, the report of the EEC Commission following the breakdown of the Brussels negotiations in February 1963 made it fairly clear that New Zealand would have been taken care of, and noted the tendency among the Six to 'recognise the existence and importance of New Zealand's problems'. HAEC, BAC24/1967 E13, *Projet Rapport sur l'état des négociations avec le Royaume-Uni*, 22.2.1963; See generally Stuart Ward, 'Anglo-Commonwealth Relations and EEC Membership; The Problem of the Old Dominions', in George Wilkes (ed.) *Britain's Failure to Enter the European Community, 1961-63: The Enlargement Negotiations and Crises in European, Atlantic and Commonwealth Relations* (London: Frank Cass, 1997); Rita Ricketts, 'Old Friends, New Friends; Cooperation or Competition?', in M. McKinnon (ed.) *New Zealand in World Affairs, Vol.2, 1957-1972* (Wellington: NZ Institute of International Affairs, 1991)

indignation, but tempered by the growing mood of quiet resolve to 'make the best out of what is a thoroughly bad job'.⁹⁰ Most leading newspapers, for example, expressed sentiments of 'flat disappointment' and harshly criticised the Six for their 'stubborn refusal' to agree to adequate safeguards for Australia.⁹¹ But these headlines clearly lacked the sting of previous months, and there were signs of a shift of emphasis toward the question of how Australia might adjust to these new trading circumstances. *The Australian Financial Review* was particularly outspoken on this point, adopting a resigned, but resolute standpoint:

Now is the time for us to face up to the grim realities of the much more difficult trading situation we face in the enlarged Common Market...The time for complaining is past and the time for action is here.⁹²

This same tendency was evident in the House of Representatives debate in early August, where the Government came under fire, not for its failure to obtain adequate safeguards from Britain and the Six, but for its failure to take steps to ease the burden of British accession. Whitlam's line of attack was typical:

For too long the Government has been mesmerized by the Common Market negotiations. It has allowed Australia to get into a bad negotiating rut. Valuable time has been lost in preparing to meet the possible effects of Britain's entry into the Common Market...the Government has no plan and has produced no ideas to meet these difficulties. Its concern does not go beyond self-pity at the shabby way we are being treated in the negotiations. It gives no inkling of where we go from here.⁹³

But the most considered appraisal of Australia's trading future was put forward by John Crawford in an address to the Convocation of the University of Sydney on 31 August. Crawford frankly acknowledged that the terms that had emerged from the Brussels Conference fell hopelessly short of British assurances to safeguard Australia's vital trading interests. Moreover he regarded any British attempts to reiterate these assurances 'as more likely to cause trouble between friends than finally to resolve any issue'. Rather, it was necessary to face up to the economic and political issues which had become all the more pressing in the light of British

⁹⁰ *The Australian Financial Review*, 7.8.1962.

⁹¹ *The Sydney Morning Herald*, 7.8.1962; *The Australian Financial Review*, 7.8.1962; *The Age*, 6.8.1962.

⁹² *The Australian Financial Review*, 7.8.1962.

⁹³ Whitlam, *CPD*, H.of R., 9.8.1962, 250.

entry into the EEC:

Whether you regard the Common Market as the very Devil himself or merely as a *Deus ex Machina*, calculated to wake us up to the new facts of economic life, the result is the same. Australia faces a period in which many old policies call for revision if our national objectives of rapid population growth with full employment and rising living standards are to be realized. None of us can escape the total impact of the integration of Europe on our economic interests and policies.

At the very heart of the Common Market issue lay the question: 'Where will Australia's future trading affinities lie?' Crawford observed that 'Mr. McEwen and others have required no great imagination to picture three great blocs of nations: North America, the Communist bloc and the Common Market'. But where did Australia fit in? According to Crawford it was essential to bear in mind that Australia's future trading problems could not be resolved by seeking to join a similar kind of trading bloc, because 'there is no bloc that fits our needs'. It would be necessary to continue seeking markets wherever possible, but it seemed clear that Australia's best prospects lay in the Asia and Pacific region. And if the economic impact of European integration should strongly reinforce Australia's interest in Asia, it was highly probable that the political impact would lead to a similar result. Britain's gradual withdrawal into Europe might increase Australia's sense of isolation, which in turn might lead to an increase in expenditure on defence and foreign aid. But on the whole, Crawford viewed these developments in a positive light:

It will be a good thing if current European developments force us to do more serious thinking about this and other aspects of our foreign policy. Many of these matters, I remind you, are issues regardless of the Common Market. Nevertheless, because of the Common Market they have become more imminent and urgent. I suggest we will need to make the running more for ourselves than perhaps we have been accustomed.

Crawford's choice of words here is particularly illuminating, and says a great deal about the capacity of the Common Market issue to provoke long-overdue public discussion and reflection on Australia's changing strategic and economic environment. It is worth noting that Crawford did not speak in terms of the need for 'greater independence' in Australian foreign policy, but rather of an increasing tendency 'to make the running for ourselves'. It is unlikely

that Crawford saw any inadequacies in the way in which Australian foreign policy was traditionally formulated. Rather it was in the way Australian interests were conceived and pursued that Crawford predicted radical changes. It had long been readily assumed that Australia's interests would be looked upon with special favour by the Mother Country, by virtue of the deep-rooted sense of mutual identification that had traditionally characterised the colonial relationship. This habit could hardly emerge unscathed from the stresses and strains of the Common Market crisis. The Macmillan Government's EEC membership application had sharply demonstrated that the interests of the Mother Country were, in essence, distinct and separate from those of Australia. Although this fact had been slowly dawning on Australian governments since the Second World War, the Common Market issue brought it out into the cold light of day. The resultant discussion and debate would promote a more sharply defined conception of Australia's distinctive national interests, and a more rounded appreciation of Australia's independent, sovereign status.

None of this implied that Australian foreign policy would be formulated without regard to the views of 'great and powerful friends'. On the contrary, Crawford noted that 'recent events to the North of us' (presumably referring to Indonesia's formal takeover of West New Guinea two weeks previously) had underlined the need of shaping policies in such a way that 'we are not left without strong friends in our part of the world'. But the nature and orientation of those friendships were bound to change. In particular, Australia would have to 'pull its weight more' to supplement the efforts of its partners in the region, particularly the US, rather than relying on outdated conceptions of kinship and community of interest to cement its external ties. Moreover the declining significance of Britain and Europe in Australia's region would mean the forging and reinforcing of new relationships. Crawford concluded that it was 'our direct relations with Asian countries and with the United States that will call for most review and most strengthening'.⁹⁴

⁹⁴ NLA, Crawford Papers, MS4514, *Address to Convocation*, University of Sydney, 31.8.1962.

Clearly then, by the onset of the Commonwealth Prime Ministers' Conference, a profound conceptual leap in the Australian national outlook had begun to crystallise around the problem of British entry into the European Community. This was in no way inspired by some dawning awareness of Australia's distinctive cultural identity, but derived from more prosaic considerations. In the case of External Affairs, the Prime Ministers' Department and Menzies himself, the dominant factor was the growing fear that Australia might not only appear as the leader of Commonwealth opposition to Britain's application, but might ultimately receive the blame for an eventual breakdown in the negotiations. This, it was feared, might jeopardise Australia's relations not only with Britain, but with the United States, whose goodwill was considered of paramount importance at a time of unrest and instability in the South East Asian region. The mounting concern among Liberal members was most clearly articulated by Malcolm Fraser in the House of Representatives on 9 August:

...if moves to enlarge the Common Market fail, if the United Kingdom and Australia remain, to some degree heavy-footed in these great movements, and if Europe, France or Germany reverted to disorder, might not our great friends feel disillusioned that their efforts...have been rebuffed? Would it not be possible, perhaps, for them to turn their backs on their present philosophy and create a 'fortress America'?...The effects that this withdrawal by America would have on our own vital interests would be completely and absolutely overwhelming.⁹⁵

In the case of the Treasury and a growing majority within the Liberal Party, there was the added element of jealousy and intense rivalry with the Department of Trade, which was mirrored in the personal rivalry between McEwen and Holt for Menzies' succession. It was recognised that McEwen had gained enormous political capital out of his much publicised Common Market campaign, and an alternative approach was therefore deemed necessary in order to undermine his position, and in so doing, eliminate his claim to the Prime Ministership. Leslie Bury willingly took on the role of public executioner, with impressive results. Not only did Bury seriously damage McEwen's leadership credentials, his speech also paved the way for a relatively painless Australian backdown.

⁹⁵ Fraser, *CPD*, H.of R., 9.8.1962, 254.

And finally, the Department of Trade itself was slowly coming round to a revised standpoint, although this was primarily an acknowledgement of its failure to achieve the desired result by more determined means. With precious little in the way of bargaining coin, Trade officials had little choice but to accept whatever emerged from the Brussels negotiations, no matter how unsatisfactory. Moreover, there was the awkward question of how Australia might be called on to compensate the British, should they press their grievances to the point of forcing Britain to stay out of the EEC. Westerman's rather one-sided 'accord' with the United States was thought to provide at least some semblance of cooperation and assistance, in what would otherwise be a very lonely trading world. It should be remembered, however, that Trade differed fundamentally on the question of how to execute Australia's policy retreat. Whereas Menzies and other senior Liberal figures were anxious to announce Australia's softer line both in public and in private discussions with the British, McEwen and the Trade Department felt that pressure should be kept up on Britain and the Six until the final package of agreements had emerged. In particular, they insisted that more precise undertakings were necessary, beyond vague references to 'world-wide agreements', before Australia could acquiesce in British entry. Thus while Menzies and Bury spoke openly about 'exaggeration' and emphasised the potential benefits of British entry, McEwen continued to criticise the unsatisfactory deal emerging from Brussels.

These differences would create further tensions when Menzies and McEwen set out for the Prime Ministers' Conference in London in September. The object of the conference, as far as the Macmillan Government was concerned, was a display of 'consultation' with Commonwealth countries about the terms of British EEC entry. For Australia, the prime object was to find some middle course between what had now become two thoroughly incompatible objectives: to advocate for the defence of Australian trade interests on the one hand, but to avoid any appearance of obstruction or opposition to Britain's newfound national aspirations. As Crawford observed: 'We will have to decide where legitimate negotiating pressure ceases...and becomes a direct appeal to the British people to stay out. A delicate matter surely?'⁹⁶

⁹⁶ NLA, Crawford Papers, MS4514, Box 196, Folder 17, *Address to Convocation*, 31.8.1962.

Chapter 8

'One of the Facts of Life': Australian Resignation

By the time of the Commonwealth Prime Ministers' Conference in September 1962, the Brussels negotiations had fallen way behind schedule. Heath had originally hoped to reach a satisfactory conclusion by the summer recess, thus allowing several months to present the final 'package' to the Commonwealth Prime Ministers and the British Parliament, with a view to formal accession to the Treaty of Rome in January 1963. But during the spring of 1962 it became increasingly clear that this goal was unrealistic. The Commonwealth problem alone consumed the overwhelming bulk of precious negotiating time, and the growing feeling among the British team in Brussels was that too much time had been wasted pursuing the interests of others. In particular, there were suggestions that the 'comparable outlets' formula had been pursued for too long into the negotiations, well beyond the time when it had become clear that the Six would not accept it even as a basis for discussion. The need to placate Commonwealth countries provoked frequent complaints among the British delegation that they were forced to negotiate with one hand tied behind their backs.¹ This in turn led to the widespread view that the defence of Commonwealth trade was posing a direct hindrance to British interests.²

But despite the many outstanding issues to be negotiated,³ the Commonwealth problem

¹ See for example PRO, CAB128/36, Minutes of Cabinet, CC.56(62) 13.9.1962.

² Eyewitness testimony of Sir Christopher Audland, First Secretary to the Brussels Negotiations, at the Conference, 'The First Attempt to Enlarge the European Community', European University Institute, Florence, 18-19 February, 1994. The final report of the British delegation at the close of the Brussels talks complained that 'even minor changes proposed in the presentation of the proposals had to be "cleared" with the Commonwealth'. PRO, FO371/171442, *Draft Report on the Brussels Negotiations: EEC*, 26.2.1963, Section 31.

³ Among the outstanding issues to be negotiated, the most important was the problem of reconciling British agricultural interests with the emerging CAP of the Six. British agriculture had long been supported by a system of deficiency payments from the British Exchequer, whereas the CAP derived from the European tradition of passing the burden of agricultural protection onto the consumer. Thus the British negotiators were faced with the difficult task of negotiating a deal with the Six which would prove satisfactory to the National Farmers' Union, but without occasioning a sudden hike in British food prices. Yet this politically volatile problem had barely been canvassed by the time of the summer recess. In addition, there was the problem of Britain's partners in the European Free Trade Association, some of whom had also applied for EEC membership (Denmark and Norway) and others who had applied for 'associate' status (Austria, Sweden and Switzerland). Although the British

was still considered the key to success in Brussels. It was widely felt that a successful Prime Ministers' Conference would boost morale and provide fresh momentum to see the negotiations through. By the same token, it was generally recognised that an acrimonious Conference would raise acute political difficulties for the Macmillan Government, and possibly even rule out any chance of Britain joining the Community. The Commonwealth Prime Ministers' Conference therefore loomed as a major political and psychological stumbling block along the road to EEC membership. For Macmillan himself, the Commonwealth Conference represented a major hurdle in his Common Market campaign, and he later recorded his feeling of 'romance and drama' as he approached this decisive stage.⁴

Prelude to the Prime Ministers' meeting

In the lead-up to the Prime Ministers' Conference, British ministers and officials focused their attention on the problem of conference tactics. As far as the developing countries of the 'new Commonwealth' were concerned, the Government was broadly satisfied with the special arrangements for 'associate membership' and other measures which had been negotiated with the Six in Brussels, and felt confident that they had honoured their pledge to safeguard the interests of the Asian and African countries. In any case, as Macmillan frankly observed, the new Commonwealth countries carried little political weight among British voters, and were therefore unlikely to form a significant barrier to EEC membership. Rather, Macmillan speculated:

Sentiment towards the Commonwealth is really centered upon the old Commonwealth countries, especially Australia and New Zealand. Their Governments, if they wished,

Government remained formally bound by the 'London Declaration' of June 1961, where the EFTA states had agreed to remain united until each member had reached a satisfactory accord with the Six, by the autumn of 1962 there were few who genuinely believed that the British would allow their EFTA commitments to stand in the way of a successful deal with the Six. In addition to this, there was the ongoing dispute about Britain's financial contribution to the enlarged Community. The Six envisaged a scheme whereby all import levies collected under the CAP would flow directly to the EEC Commission. The British objected to this idea on the grounds that, as one of the major agricultural importers, they would be required to make a disproportionate contribution to financing the Community. The problem remained unresolved when, in August 1962, the French delegation in Brussels suddenly announced an across the board reservation on all agreements affecting Commonwealth trade, pending Britain's full acceptance of the CAP financial regulations.

⁴ Macmillan, *At the End of the Day, 1961-1963* (London: Macmillan, 1973) 128.

could make it impossible for a Conservative, or indeed any Government, to carry Britain into the Common Market...It follows, therefore, that our tactics must be somehow or other to get them acquiescent if not wholly satisfied.⁵

Macmillan clearly placed a high priority on the problems of Canada, Australia and New Zealand. But equally clearly, he viewed the problems of the Dominions, not in terms of old shibboleths of 'kith and kinship', but in terms of British electoral politics. His repeated assurances that Commonwealth interests would be protected were essentially a tactical ploy, designed to reassure British voters (as well as members of his own Party) about the consequences of EEC membership. For Macmillan, the important thing was not that Commonwealth interests should actually be protected, but rather that the Commonwealth Prime Ministers be politically manoeuvred into a position in which they would feel compelled to withhold their objections. British ministers held no illusions about the inadequacy of the temperate foodstuff arrangements which had been negotiated on behalf of the three Dominions. Heath's efforts to secure greater precision on the part of the Six in their definition of 'world-wide agreements' and 'reasonable access' for Commonwealth suppliers had been met by a wall of indifference in Brussels. Although Heath felt that he had achieved some improvements in the 'tone and presentation' of the Six's proposals, he recognised that the substance of the temperate foodstuffs agreements would be unacceptable to the old Commonwealth countries.⁶

With this in mind, Commonwealth Secretary Duncan Sandys frankly informed his ministerial colleagues on the eve of the Prime Ministers' Conference that the Government could not, as yet, justifiably claim to have honoured its repeated undertakings to protect the vital interests of Canada, Australia and New Zealand. He warned that 'no British government could survive' which attempted to take Britain into the Common Market without securing the interests of the old Dominions, and put forward various suggestions for overcoming this difficult

⁵ PRO, CAB133/262 PMM(UK)(62)4, Memorandum by the Prime Minister, *Commonwealth Conference*, 4.9.1962.

⁶ PRO, CAB134/1515 CMN(62)50, Note by the Lord Privy Seal, *Temperate Agricultural Products*, 9.8.1962. Heath noted the possible exception of New Zealand, should the Six's apparent willingness to treat New Zealand as a 'special case' lead to practical solutions.

obstacle.⁷ One of his more novel suggestions was to orchestrate some kind of 'unanimous declaration' of Commonwealth Prime Ministers, to be released to the press at the close of the conference, as a means of 'offsetting' the conflicting views which would inevitably be aired on the Common Market issue. Sandys' colleagues saw merit in this idea, but the difficulty lay in finding a suitable theme on which such a declaration could be unanimously secured. Whitehall officials considered, and ultimately rejected, a range of possibilities, from 'The United Nations' (unsuitable) to 'colonial policy' (inexpedient), 'disarmament' (did that last time), and 'Commonwealth principles' (impossible to secure unanimity). Officials were ultimately forced to the revealing conclusion that there was insufficient common ground among Commonwealth Prime Ministers to support any kind of 'unanimous declaration' whatsoever, and the idea was quietly scrapped.⁸

On the specific problem of handling the Dominion Prime Ministers, Sandys emphasised that any attempt to convince Menzies, Holyoake and Diefenbaker that Britain had fulfilled its promises might risk souring relations in such a way as to jeopardise any chance of securing Dominion acquiescence at the Prime Ministers' meeting. Rather, it would be more prudent to freely admit to the Government's disappointment that the Brussels proposals were couched in such vague terms, 'without', Sandys cautioned, 'waiting to have it dragged out of us'.⁹ Sandys had it in mind to promise 'further improvements' in the terms of entry, but was promptly overruled by Heath and Macmillan, who were in no mood to provide false hope to the Dominion Prime Ministers.¹⁰ As Cabinet Secretary Norman Brook strongly advised the Prime Minister, Sandys' proposed strategy of 'promising more than we can perform', although potentially useful from the point of view of the Commonwealth Prime Ministers' meeting, would 'land us in even greater difficulties later on'.¹¹ Macmillan himself had already taken steps to dampen

⁷ PRO, CAB133/262 PMM(UK)(62)3, Memorandum by the Commonwealth Secretary, *The Commonwealth and the Common Market*, 4.9.1962.

⁸ PRO, PREM11/3660, Norman Brook to Macmillan, 21.8.1962.

⁹ PRO, CAB133/262 PMM(UK)(62)3, Memorandum by the Commonwealth Secretary, *The Commonwealth and the Common Market*, 4.9.1962.

¹⁰ Ibid.

¹¹ PRO, PREM11/3660, Norman Brook to Macmillan, 5.9.1962.

Commonwealth expectations, informing Menzies one month prior to the Conference:

All the proposals which we shall be considering at the September meetings are provisional at this stage. But it is only realistic to recognise that when negotiations are resumed our room for manoeuvre will be limited. The Six will not be prepared to make radical changes in the existing proposals and we must not expect them to be more forthcoming on the matters that remain to be discussed with them than on those already negotiated.¹²

In other words, Menzies ought not to arrive in London armed with a series of 'unrealistic' counter-proposals for more favourable terms of entry. A similar impression was gained by Australian officials in London in the lead up to the Prime Ministers' meeting. The recently retired head of the UK Treasury, Sir Frank Lee, confided to Alan Westerman that there was nothing in the attitude of the Six to suggest that they might agree to improvements in the Commonwealth agreements. He frankly admitted that 'too many hostages had been given to fortune and the political stakes were so high' that it was 'absolutely inevitable' that Britain would join the EEC.¹³ It was therefore clear to the Australian Government from the outset that if the Macmillan Government could see its way safely through the Prime Ministers' meeting, there would be little likelihood of any improvements to the highly unfavourable terms agreed thus far.

Meanwhile in Canberra, Australian officials were also immersed in preparations for the Prime Ministers' meeting. By far the greatest problem was establishing an agreed position among the various departments concerned. The Trade Department was first to come forward with a position paper, submitting a detailed assessment of the likely damage to Australian trade interests on the basis of the terms emerging from Brussels. On Trade's calculations, British accession to the EEC was bound to leave Australian export industries in a precarious situation. The Brussels negotiations had resulted in a complete capitulation by the British to the will of the

¹² AA, A3917/1 Vol.3, Macmillan to Menzies, 11.8.1962.

¹³ AA, A1838/275 727/4/2 Pt.4A, Westerman to McEwen, 17.8.1962. Although Lee had formally retired from his post as Permanent Under-Secretary to the Treasury in July, he retained a keen interest in, and influence over, British policy towards the EEC. His services were retained by the British Government immediately prior to and during the Commonwealth Conference for the explicit purpose of entertaining senior Commonwealth officials in London. His reports of these encounters were an important source of information about Commonwealth intentions during the conference. PRO, DO159/61, Memorandum by Sir Frank Lee, *Note of a Talk with Dr. Westerman*, 17.8.1962.

Six, and Trade officials clearly resented the fact that not one of their many proposals had been incorporated into the emerging package. In some cases, Australia's suggestions had not even been tabled in Brussels. As the Trade Department saw it:

What commenced, from the British side, as a formula to provide 'comparable outlets' for Commonwealth producers has become a declaration of non-discrimination devoid of any precise assurance of access. All we have is a paper dealing with general principles.

Trade's submission surveyed the now familiar picture of the likely impact of the loss of British preferences, and the erection of reverse preferences in favour of the Six. Although it was difficult to put a precise figure on Australia's trade losses, the effect of a whole array of EEC protective devices could only be regarded as 'most serious'. Trade officials were inclined to see no salvation whatsoever in the 'fine words' of the Six about reasonable terms of access. Given the long history of agricultural protectionism in Europe (not to mention the unhelpful attitude of the Six in the Brussels negotiations themselves) this scepticism was probably well justified. As far as the proposed 'world-wide agreements' were concerned, Trade considered this a pathetically vague proposal, which, in any case, would be thoroughly impracticable for the majority of commodities under discussion.¹⁴ On other hand, Trade officials were in no mind to press indefinitely for solutions which were plainly non-negotiable, and it was clear that Australia would ultimately have to settle for something substantially less than adequate.¹⁵ But in the meantime, Trade argued that it was essential to keep up the pressure on the British Government

¹⁴ The two exceptions were wheat and sugar, where world production was concentrated among a relatively small number of countries, thus allowing for reasonably manageable price and disposal agreements. But in commodities such as barley, maize, oats, sorghum, meats and dairy products the pattern of production was far more diverse and complex. AA, A3917/1 Vol.9, Paper by Interdepartmental Committee, *Meeting of Commonwealth Prime Ministers; Britain's Common Market Negotiations*, 29.8.1962.

¹⁵ Westerman estimated that *if* the United States could gain firm assurances from the Six in respect of CET reductions for processed foodstuffs (particularly tinned fruits) and *if* Australia could enlist the active support of the US and UK in obtaining firm assurances from the Six regarding the operation of the CAP (particularly in relation to price levels and the setting of the CAP variable levies) and *if* a 'declaration of intent' could be extracted from Britain and the Six regarding ongoing access for Australian products at reasonable levels in the post-transitional period (i.e. post-1970) and *if* the UK and the US undertook to support the Australian Government in the GATT in the likely event that they were forced to introduce new subsidies to compensate Australian industries for the loss of preferences, then such a package, taken as a whole, would at least be 'tolerable'. As Westerman saw it: 'In some respects it would leave us in no worse position than before, in some respects it may improve our position (e.g. in respect of prices for some commodities) in others it would be immeasurably worse'. AA, A1838/275 727/4/2 Pt.3, Westerman to Warwick Smith, 3.8.1962.

at the Prime Ministers' Conference, as this represented the only way of ensuring that the British, in their turn, would exact the best possible terms from the Six in Brussels. Any relaxation of Australia's hard line would not only risk greater economic hardship to Australian producers, but might also create acute domestic political difficulties for a Government with the slimmest of majorities.¹⁶

But regardless of the economic outlook, it had become clear by this stage that Trade's voice would not be decisive in setting the tone of Australia's position at the Prime Ministers' Conference. Senior officials in the Prime Minister's Department viewed Trade's appraisal with suspicion, and warned Menzies that 'it may be an attempt by Trade to colour Ministers' views'.¹⁷ At a time when Government policy was moving steadily towards a more moderate stance, the last thing the Prime Minister's Department wanted to hear was a clear espousal of the likely trade losses in store for Australia. If there was any 'colouring of Ministers' views', therefore, it was the attempt by Prime Minister's officials to undermine Trade's economic estimates.

More importantly, however, the External Affairs Department began to take a more active role in the policy debate, having become increasingly concerned at Trade's dominance of the Common Market issue. In mid-August, the Acting Secretary of the Department, Ralph Harry, warned all departments that the vigorous pursuit of Australia's economic interests in the Brussels negotiations should not be pressed to the point of souring of relations in other spheres. Harry reminded his colleagues that External Affairs had the overall responsibility for foreign policy, and demanded that all communication and instructions to embassies and high commissions should be cleared through External Affairs beforehand.¹⁸ This message was obviously intended for Westerman and Trade, whose activities, it was feared, could be potentially harmful to Australia's external political relations.

From the point of view of External Affairs officials, the political aspects of the Common Market problem were paramount. On the one hand they acknowledged that the Treaty of Rome

¹⁶ AA, A1838/275 727/4/2 Pt.3, Westerman to Warwick Smith, 3.8.1962.

¹⁷ A4940/1 C3368 Pt.4, Nimmo to Bunting, 30.8.1962.

¹⁸ AA, A1838/275 727/4/2 Pt.3, Memorandum by R.L. Harry, *Coordination of Australian Relations with Western European Countries*, 14.8.1962.

had important political objectives, which would tend to draw the United Kingdom increasingly into the political affairs of the Continent. Although a fully integrated European Federation seemed unlikely, at least in the near future, it was nonetheless clear that membership of the EEC would become increasingly incompatible with Britain's role as leader of the Commonwealth. Above all it seemed certain that it would lead to a further retraction of British interest and influence in the South East Asian region. But far from sharing Menzies' widely publicised fears for the political future of the Commonwealth, the External Affairs Department called for a 'hard assessment' which 'must consider our Commonwealth relations in realistic terms'. It was argued that the growing size and diversity of the Commonwealth had already brought about fundamental changes in the association. In particular, the Commonwealth had lost any sense of sharing common political aims, thus seriously undermining the practical usefulness of the association to Australia. Moreover, the signs pointed towards further expansion and diversity, with the possibility of as many as thirty-five members by 1970. This trend could hardly be reversed by a British decision to stay out of the European Community. Similarly, the winding down of Britain's military presence east of Suez would not be a new development, but rather an acceleration of existing trends. Britain's progressive reduction in armed forces in the South East Asian region was bound to continue, regardless of the Common Market, and it was indeed unlikely that Britain could play an effective part in the future defence of Australia. On the contrary, it had become 'an accepted fact that Australia is essentially dependent for effective physical resistance to aggressive powers in Asia, and for national survival, not on Britain but on the goodwill, self-interest and strength of the United States'.¹⁹

It was this last point that carried greatest weight in determining the outlook of External Affairs. In contrast to the Trade Department, External Affairs were particularly exercised by the potentially negative political repercussions of Australian opposition to Britain's EEC ambitions. 'A heavy responsibility', it was argued 'rests with the Commonwealth Prime Ministers, who if

¹⁹ AA, A1838/275 727/4/2 Pt.4A, Cabinet Submission no. 380, *Meeting of Commonwealth Prime Ministers: Britain's Common Market Negotiations*, 29.8.1962; *The Strategic and Political Advantages and Disadvantages of British Membership of the EEC*, August, 1962; AA, A1838/275 727/4/2 Pt.3, R.L. Harry to Barwick, *Britain and the EEC - the Australian Attitude*, 17.8.1962.

they threw their full weight against British entry, or even expressed strong reservations about its wisdom, could possibly prevent it'.²⁰ This 'heavy responsibility' carried implications far wider than mere bilateral relations with Great Britain:

Perhaps the most important political consideration from Australia's point of view is that the present United States administration regards the development of an integrated Western Europe through Britain's entry into the EEC as essential for both its political and strategic objectives and as important for its more liberal trading policies. If Britain does not enter, these objectives may be frustrated.²¹

Should these objectives be frustrated, it was argued, Australia had to face the prospect of a souring of relations with its two senior alliance partners. This problem was examined further by the Parliamentary Foreign Affairs Committee, which had been instructed by Parliament to submit a report on Australia's political interests in the Common Market negotiations, under the direction of External Affairs.²² The Committee came to the conclusion that any Australian obstruction of the higher political objectives of Britain and the United States might lead to 'a re-appraisal of United States policy in terms of the assistance that the United States is prepared to give...to the defence of the free world'. Given that the United States had come to represent 'our major source of assistance if we get into trouble in South East Asia', any re-appraisal of US policy could only be to Australia's very grave detriment.²³ In these circumstances, both the External Affairs Committee and the Department of External Affairs were strongly inclined to warn against 'any initiative on our part which appeared to have the effect of blocking British entry'.²⁴

A number of points are worth mentioning here. Firstly, External Affairs' assessment was notably devoid of the kind of sentimental assumptions about Anglo-Australian racial community which had for so long pervaded the Australian outlook on the British connection. External

²⁰ AA, A1838/275 727/4/2 Pt.4A, *The Political Situation in the United Kingdom in Relation to British Entry into the EEC and the Effect on Australian Relations With Britain if Australia Should not Approve of British Entry*, August, 1962.

²¹ AA, A1838/275 727/4/2 Pt.4A, Cabinet Submission no. 380, *Meeting of Commonwealth Prime Ministers: Britain's Common Market Negotiations*, 29.8.1962.

²² The Committee was primarily made up of Liberal backbenchers, and was boycotted by the Opposition.

²³ AA, A1838/275 727/4/2 Pt.4A, Foreign Affairs Committee, *Report on European-Commonwealth Affairs on the Subject of the United Kingdom's Possible Entry into the European Economic Community*, 21.8.1962.

²⁴ AA, A1838/275 727/4/2 Pt.3, R.L. Harry to Barwick, *Britain and the EEC - the Australian Attitude*, 17.8.1962.

Affairs officials clearly recognised that the Macmillan Government's bid for EEC membership was essentially a symptom of Britain's steadily fraying imperial ties, rather than the cause of the prevailing malaise in Commonwealth relations. Moreover, they clearly evinced a willingness to face up to the changes brought about by the shifting bases of power in the post-war world, and to look afresh on Australia's political and strategic situation. This, however, did not imply any new freedom for manoeuvre in assessing Australia's policy options. On the contrary, External Affairs' freedom of action was greatly curtailed by a pervading fear of Sukarno's Indonesia. Although Sukarno was not mentioned specifically, it seems clear that the transfer of West New Guinea to Indonesia, formally agreed on the eve of the Prime Ministers' Conference on 15 August 1962, remained in the forefront of their thinking on the Common Market problem at this time. This was undoubtedly what the Foreign Affairs Committee had in mind when it warned of the danger of 'getting into trouble in South East Asia' without United States assistance. The pervading sense of Australian isolation amid brewing hostilities in the region brought an even greater reluctance to oppose the views of the United States, regardless of the economic interests at stake.

Thus there remained a considerable discrepancy between the economic and political assessment of Australian national interests on the eve of the Commonwealth Prime Ministers' Conference. On the one hand, the Trade Department had forcefully demonstrated that Australia could not afford to play a dead hand in London, not only because of the need to secure the best possible terms from the Brussels negotiations, but also because of the political imperative of proving the Government's fighting qualities in the eyes of the Australian electorate. On the other hand, the External Affairs Department had persuasively shown that there was far more at stake for Australia than sales of wheat and butter. At a time of simmering tensions and awkward adjustments in the South East Asian region, it is not surprising that External Affairs placed a higher priority on the maintenance of friendly relations with Australia's 'great and powerful friends'. The problem of reconciling these opposing viewpoints fell to the Interdepartmental

Common Market Cabinet Committee, which was reconvened in August for this purpose.²⁵ After careful consideration of the respective arguments, the following compromise was reached:

In view of all the above, it is necessary that Australia tread a very circumspect course between two extremes in the case she puts and the image she creates. On the one hand, Australia must avoid putting herself in the position of appearing obstructive and yet, for the sake of her own trade and political interests, she must make it quite clear whether or not Britain's entry into the Common Market under the terms likely to be agreed by the Six would, in fact, pose serious problems and not provide reasonable safeguards.

Thus the Australian Government would have to tread a very fine line indeed between asserting its own distinctive interests, without hindering the objectives of its key alliance partners. But the Committee made it clear where the primary emphasis should lie:

...it would seem to be particularly important that Britain makes - and appears to make - her own decision whether to enter. Neither the British people, nor the Six, nor the United States should be able to point to Australia alone (or principally) as the effective cause of a decision by Britain not to enter.²⁶

This recommendation came very close to suggesting that Australia should 'appear' to fight for its own interests, without 'appearing' to have any significant impact. Or in other words, the Government hoped to achieve the remarkable feat of presenting an unbending image before Australian voters, whilst appearing reasonable and flexible in the eyes of Britain and the United States.

Manipulating Menzies

But whatever Australia's official policy line, the decisive factor at the Prime Ministers' Conference would be the position of the Prime Minister himself. This fact was not lost on Macmillan and his leading officials, who invested considerable time and effort trying to anticipate Menzies' likely attitude. Macmillan recorded in his diary:

²⁵ The Committee had originally been formed at the outset of Britain's EEC membership application but had not met since the end of March 1962, primarily because Trade's mastery of the economic detail of the Brussels negotiations had rendered the Committee somewhat irrelevant.

²⁶ AA, A1838/275 727/4/2 Pt.4A, Cabinet Submission no. 380, *Meeting of Commonwealth Prime Ministers: Britain's Common Market Negotiations*, 29.8.1962.

Bob Menzies is really the key to the situation in my judgement - not Diefenbaker...Bob Menzies is a survivor of the great Imperial statesmen of the Second World War.²⁷

Macmillan recognised that Menzies was well placed to appeal directly to British sentiment, and perhaps even provoke a swing in British public opinion against EEC membership. But he also had good reason to be optimistic about Menzies' influence at the Prime Ministers' Conference. Reports from the British High Commissioner in Canberra, Sir William Oliver, indicated that Menzies was thoroughly disenchanted with the idea of 'sitting around a table discussing intimate problems with the newer Commonwealth countries'.²⁸ Menzies' private correspondence with Macmillan prior to the Conference confirmed this impression. Here, Menzies was primarily concerned about the political danger of becoming embroiled in a public Commonwealth brawl, and seemed scarcely preoccupied with the economic consequences of British entry at all. He warned Macmillan of the need to avoid 'strong disagreements' and 'politically irrevocable attitudes', both in the lead-up to the Conference and during the meeting itself. In order to help reduce the likelihood of open conflict, Menzies proposed that a smaller, private meeting be held some days prior to the full Conference, comprising himself, Macmillan and the Prime Ministers of Canada and New Zealand, in which 'really private discussions could occur'. This smaller grouping might succeed in establishing the outlines of an agreement, and then exercise their 'considerable influence' over the other Commonwealth Prime Ministers to ensure a less acrimonious meeting. 'For, after all', Menzies added typically, 'the relations between Great Britain, Canada, Australia and New Zealand are to me the most important things in the Commonwealth, and we must work hard to maintain them'.²⁹

Menzies' proposal indicates the extent of his desire to avoid any open controversy over Britain's EEC application. Moreover, by offering positively to assist Macmillan in ensuring a relatively smooth, trouble free Prime Ministers' meeting, Menzies plainly exceeded his Cabinet

²⁷ Macmillan, Diary entry 5.9.1962, *At the End of the Day*, 129.

²⁸ PRO, PREM11/4018, Norman Brook to Philip de Zulueta (Macmillan's Private Secretary) 21.8.1962.

²⁹ PRO, PREM11/4017, Menzies to Macmillan, 11.7.1962. Menzies attitude was subsequently reiterated by Cabinet Secretary, John Bunting, in communications with Whitehall in the lead-up to the conference. PRO, PREM11/3660, Norman Brook to Bligh, 27.7.1962.

brief. Far from merely seeking to avoid any appearance of obstruction on Australia's part, Menzies was openly willing to help the British Government in achieving objectives which were, in a number of fundamental respects, inimical to Australian economic interests. But once again this demonstrates Menzies' difficulty in distinguishing between the form and substance of Australia's ties to Britain. He saw it as Australia's primary interest to preserve the cosy, intimate form of Commonwealth relations, particularly among the 'old brigade' as he termed it, even at the expense of issues of substantial national interest. Having resigned himself to the tide of change in the new Commonwealth, Menzies remained anxious to salvage the inner core of the old Association which he valued most. In this sense, his 'old brigade' initiative represented a last desperate throw of the dice to preserve the crumbling edifice of British racial community.

In all this, Menzies was clearly affected by a deep-seated emotional commitment to the old certainties and familiarity of former times. Macmillan, on the other hand, was far better attuned to the political realities of the 'new Commonwealth', and was therefore wary of the idea of a pre-conference gathering of the old white-man's club. As he pointed out to Menzies: 'Our task at the conference would not be eased if the impression were created that the old Commonwealth were ganging up in advance'. But Macmillan was equally wary of offending the Australian Prime Minister at this critical juncture in his Common Market campaign, and he therefore welcomed the suggestion that Menzies should arrive in London a few days beforehand, for some private, but strictly bilateral discussions. Macmillan was typically cunning in his choice of words: 'I would enormously value the chance of talking privately with you, not only because of your long experience as Prime Minister, but because, if I may say so, your friendship and counsel mean so much to me'.³⁰ Once again Macmillan's language was tailored to the sensibilities of the Australian Prime Minister. He had judged, no doubt correctly, that the best means of obtaining Menzies' acquiescence in the terms of British entry, was to play upon his emotional fears about the breaking up of the old, familial relationship.

And in case Menzies was not fully aware of what was expected of him in London, he

³⁰ PRO, PREM11/4017, Macmillan to Menzies, 20.7.1962.

received a timely reminder from President Kennedy in a letter of 2 August 1962. Referring to their previous meeting in June, Kennedy recalled that he had been 'impressed by the way in which you joined a keen sense of the needs of Australia with a wide view of the interests of our common civilization'. Kennedy acknowledged that Britain's EEC membership application had raised issues of central concern to both Australia and the United States, and each had a responsibility to protect their own national interests. 'But', he continued, 'neither of our countries has attained its present influence in the English-speaking world by serving its own interests only'. Menzies was left in little doubt as to the purpose of Kennedy's message:

I suspect that the critical time for you may come at the meeting of the Prime Ministers in September. As I estimate Harold Macmillan's political problem, and your own prestige, I think your position may well be decisive in the United Kingdom. What you clearly support, the backbenchers are not likely to fight, and what you cannot honorably accept, England will have to reject. I think this great responsibility has fallen to the right man.³¹

One might have thought that an experienced politician of Menzies' calibre would have been quick to dismiss such a blatant attempt to manipulate Australian policy. But in private discussion with Sir William Oliver in Canberra, Menzies appeared quite flattered that the President of the United States should recognise his own influence and prestige in Great Britain, describing Kennedy's message as a 'wonderful letter'. Oliver reported back to his Government: 'It is not hard to guess with what object this letter was written but despite the transparency of its timing I formed the impression that it might not be without influence on Mr. Menzies' attitude'. He noted further, however, that Menzies' officials were 'more cynical about probable American motives'. Nonetheless, senior officials from the Prime Ministers' Department had reassured Oliver that Menzies hoped to avoid taking a leading part in the Prime Ministers' Conference, and did not wish to risk embarrassing the United Kingdom. Although he might feel inclined to say that the terms of entry established thus far fell short of Australia's expectations, he would

³¹ JFKL, POF/111, Folder 22, Kennedy to Menzies, 2.8.1962. Some days later, Menzies received a similar message from US Ambassador William C. Battle, expressing his 'respect for the skill and responsibility with which the Australian Government has been advancing its interests with the UK and the Six'. Battle resorted to faintly coercive language in stating: 'We trust that Australia's balanced approach and the statesmanlike position that the Australian Government is taking will set the tone for the important Prime Ministers' Meeting in September'. AA, A1209/125 1961/1203 Pt.1, Battle to Menzies, 6.8.1962.

not wish to present the United Kingdom with a choice between the Commonwealth or Europe. In sum, Oliver surmised that Menzies would 'go quietly', and could be expected to 'accept, without enthusiasm and probably with many personal misgivings, whatever we had convinced him was incapable of being improved upon'. But he implored British Ministers to remember one thing above all else: 'Menzies' regard for the Commonwealth is emotional'. It would therefore be necessary to demonstrate the United Kingdom's ongoing commitment to the survival of the Commonwealth as an important influence in the free world. If Menzies could be convinced of this, Oliver concluded, he 'would probably find it easier to swallow the economic consequences'.³²

Thus, by the time the Commonwealth Prime Ministers began to assemble in London in early September, the British Government was well briefed in terms of tactics and objectives. Menzies arrived a few days early, as previously arranged, and dined alone with the British Prime Minister on the evening of 5 September. Macmillan deliberately chose not to make any formal record of their discussion, but it is nonetheless possible, from his diary entries and brief memoranda to his colleagues, to piece together an outline of what took place. Macmillan bluntly told Menzies that he thought he had the power to prevent Britain joining Europe. But in an echo of President Kennedy he stressed that this would be 'a terrible responsibility before history'.³³ Menzies, for his part, was in no frame of mind to make a name for himself in the history books, and was more concerned to find some politically expedient means of soft-peddalling Australia's grievances. He informed Macmillan that he had been 'very much struck' by the report of his parliamentary Foreign Affairs Committee which had come down in favour of British entry on political grounds. This had evidently led him to revise his own political concerns about British entry, and he was now more concerned about taking a low-key role in the Conference. He gave Macmillan a clear idea of the direction of his thinking when he enquired whether the British Government would support Australia in the GATT if it became necessary to subsidise certain key industries as compensation for the loss of UK preferences. In other words, he fully conceded

³² PRO, DO159/61, William Oliver (British High Commissioner, Canberra) to Saville Garner (CRO) 24.8.1962.

³³ Macmillan, diary entry 5.9.1962, *At the End of the Day*, 129.

that Britain would enter the Community regardless of the terms for Australian trade, and that it would be up to the Australian Government to repair the damage to Australian industries.

Equally revealing was their discussion about the proposal for 'world-wide commodity agreements', as a means of safeguarding the trading interests of the old Commonwealth countries. Although Menzies was fully aware that his own Trade Department regarded the proposal as hopelessly vague and utterly impractical, he was nonetheless anxious to present the emerging package in the best possible light. He therefore discussed with Macmillan whether the proposal might be presented to the public as a major concession by the United Kingdom to Australia's position. Australia had long advocated the need to stabilise the world market in foodstuffs and had supported a number of schemes in the GATT, most recently the ill-fated Baumgartner Plan in February 1962.³⁴ The British, by contrast, had always been highly reluctant to enter into any kind of price fixing agreements because, as the world's largest importer of foodstuffs, they stood to lose most from a regulated market. Thus if Britain were to accept the Six's proposal for world-wide commodity agreements, this might be portrayed as a dramatic volte-face, and a fundamental concession to Commonwealth countries. For Menzies, this would be of considerable political value in that it would save him the embarrassment of returning to Australia empty handed, and provide some justification for a softening of Australia's position. Although it is difficult to ascertain precisely how far Menzies and Macmillan pressed this idea, it is significant that Macmillan immediately instructed Heath to try to phrase his address to the Commonwealth Prime Ministers in such a way as to meet some of Australia's political difficulties. This, he said, would allow Menzies 'to make a speech on lines helpful to a statesmanlike solution of our great problems'.³⁵ It is equally significant that Macmillan drew encouragement from Menzies' general attitude, which he regarded as 'reasonable' and, of course, 'statesmanlike'.³⁶ He recorded in his diary: 'I formed the impression that he is going to

³⁴ See Ch.4, pp. 165-170.

³⁵ PRO, PREM11/3663, Macmillan to Heath, 5.9.1962. Macmillan directly linked this to the problem of presenting the 'world-wide agreements' as a British concession to Australia: 'The fact that our Government has always been rather sceptical of world commodity agreements would make a change in our policy all the more dramatic and therefore of the greatest political value to us all'.

³⁶ PRO, PREM11/3663, Macmillan to Sandys, 5.9.1962.

try to take a constructive line - not break up the Conference or appeal to the British people over our heads'.³⁷

But despite Macmillan's optimism, Menzies' position was not nearly so simple as it might have seemed. For one, he would have his Deputy Prime Minister at his side throughout the conference, and it was unlikely that McEwen would be so willing to ease the pressure on the British. This emerged clearly from McEwen's first pre-conference encounter with British ministers on 7 September, when he opened discussions with the flat assertion that 'the explicit assurances Australia had hoped for have not materialised from the negotiations'.³⁸ Equally, Menzies would have to gauge the performance of other Commonwealth Prime Ministers during the Conference, and could ill afford to appear less forthright in defending Australia's interests than Canada and New Zealand in particular. Menzies' position was complicated further by the fact that, immediately prior to the Conference, British Labour leader Hugh Gaitskell convened a meeting of Commonwealth Labour leaders in London, who issued a joint-statement highly critical of the terms of British entry agreed thus far.³⁹ Gaitskell's intention seems to have been to stir up public sentiment for the Commonwealth, and thereby place the Government in a political straightjacket. Whatever the case, his tactics certainly had the effect of raising the political stakes at the Conference, with Commonwealth Prime Ministers anxious to outchampion their Labour counterparts. Thus the Australian Prime Minister, having reassured Macmillan of his peaceful intentions, was faced with a particularly delicate task in reconciling this with the rising temperature in London.

³⁷ Macmillan, diary entry, 5.9.1962, *At the End of the Day*, 129.

³⁸ McEwen also expressed his strong doubts about the practicability of 'world-wide commodity agreements' as a possible solution. In an attempt to secure a greater degree of certainty for Australian producers, McEwen proposed that the variable levies of the CAP should be 'binding' in the GATT sense, in much the same way as tariffs. In this way, the Six would only be permitted to alter the level of protection through negotiation and bargaining with their GATT partners. But this was not a particularly useful proposal, given that the very rationale of the levies was to provide the Six with a flexible means of preventing outside competitors from disrupting internal Community price levels. Or in other words, the idea of a 'variable levy' was that it should be 'variable', and any binding of the levies in the GATT would have defeated their purpose. Heath politely pressed this point to McEwen who could not, given his detailed grasp of the issues, really have taken the proposal seriously himself. In that sense it illustrates the extent to which McEwen and his officials were running out of ideas. AA, A3917/1 Vol.8, *Meeting of Commonwealth Prime Ministers: Limited Discussions*, 7.9.1962.

³⁹ The Australian Labor Party was represented by Mr. Crean, Mr. Pollard, and Senator McKenna.

The Prime Ministers in London

The Commonwealth Prime Ministers assembled at Marlborough House on the morning of 10 September for a full ten days of discussion and debate. The gathering was unprecedentedly large, attended by no less than 16 Commonwealth Prime Ministers⁴⁰, each accompanied by an entourage of ministers and officials. The atmosphere of the Conference was therefore more like that of a crowded Commonwealth convention, rather than the discreet, intimate atmosphere that had traditionally characterised Commonwealth meetings. Another significant break with tradition was the decision to release texts of the major conference speeches to the press, in order to satisfy the intense media curiosity and to minimise the danger of false press reports. Thus, little attempt was made to present any illusion of confidentiality in what was, in effect, a highly public meeting.

Prime Minister Macmillan opened proceedings with a speech which represented the strongest statement to date of the British Government's commitment to joining the European Community. Macmillan focused his arguments on the wider political imperative of unity and stability in the West, together with a studied appraisal of the shifting bases of power in the post-war world. His central theme was that Britain was not faced with a choice between Europe or the Commonwealth, for the simple reason that the EEC and the Commonwealth represented two entirely different types of organisation. He characterised the Commonwealth, on the one hand, in terms which clearly reflected its declining utility in the eyes of the British Government, and the corresponding downgrading of the Association in British priorities. 'Unlike the Europeans', Macmillan declared, 'we in the Commonwealth are not people whose history has been shared for the last two thousand years'. Rather the Commonwealth was made up of a vast array of peoples, with rich and varied historical backgrounds. Although he acknowledged that for 'some members' there were special ties of blood and allegiance to the Monarchy, the point remained that the Commonwealth was a diverse grouping, and by no means a political unity. Different members tended to take different, often conflicting standpoints on a range of international

⁴⁰ Only the Prime Minister of Malaya (Tunku Abdul Rahman) and the President of Ghana (Dr. Kwame Nkrumah) were unable to attend the conference, and sent representatives in their stead.

problems, and were prone to vote differently in the United Nations. Even in the economic sphere, where Macmillan acknowledged the existence of a 'more concrete link', it had to be remembered that the Commonwealth was not a single financial or economic unit. He characterised the Ottawa Imperial Preference Agreements of 1932, not as the expression of some kind of imperial economic order, but as a highly specific response to the unique problems and circumstances of the depression years. He argued that the Ottawa Agreements ran contrary to earlier trends in Commonwealth trade, and had become of steadily declining importance over the thirty years of their existence. Thus the idea that the Commonwealth formed an organic and indissoluble economic whole, or should be developed along such lines, was gently, but decisively dismissed.

Having disposed of these more romantic ideas about of the Commonwealth, Macmillan turned to the question of the present day meaning and function of the Association. He noted that it was once 'fashionable to refer to the Commonwealth as a family', but in the light of changing constitutional relations with many newly emerging sovereign states, this metaphor was no longer apt. Rather he preferred to think of the Commonwealth as a group of 'friends and relations who, with different problems in all the various parts of the world, nevertheless hold in common certain beliefs and traditions and retain a continuing interest in and practical concern for each other's welfare'. Macmillan's choice of words here is particularly revealing. He seems to have consciously avoided all reference to the once standard terms such as 'obligation', 'commitment', and 'responsibility' in his elaboration of Britain's relationship to the Commonwealth, and spoke instead of a far less onerous 'practical concern' and 'continuing interest'. Similarly, he suggested that the most important characteristic of the Commonwealth was its very diversity, providing 'each of us with the salutary lesson both of the differences in the world and also of the fundamental unity of the human race'. Yet despite this high-sounding rhetoric, Macmillan was again emphasising the essentially dislocated nature of the Commonwealth and, by implication, the rights of all members, including Britain, to choose their own national destiny.

Turning to Europe, Macmillan surveyed the miraculous political and economic recovery

of the Western European nations from the ravages of the Second World War, and the impressive drive towards European cooperation and integration over the previous decade. In contrast to his rather prosaic assessment of the role of the modern Commonwealth, Macmillan spoke of Europe's resurgence in glowing terms, referring elaborately to the 'release of the spirit which lifted Europe out of the medieval period into the Renaissance and the modern world'. Britain, he declared, could not afford to stand aside from these developments. As the European Community continued to grow in stature, particularly in the eyes of the United States, Britain would run the risk of losing political influence on the world stage. The only way Britain could have any influence on the formulation of Community policy, and thereby preserve the nation's standing, was on the inside as a full member. And in this way Britain would add a strong measure of stability to the development of the European Community and ensure that it developed outward looking tendencies, with due regard for the interests of Commonwealth countries. In all this, however, Macmillan stressed that 'there is no grandiose supra nationalistic or federalistic plan'. Rather, the approach of the Six was 'gradual and pragmatic', relying on all that was best in the existing national traditions. This approach would allow Britain to join in the task of building a greater political unity in Europe along lines which would not be 'incompatible with Britain's position in the Commonwealth'. But here again the choice of words is significant. Given that Britain's 'position in the Commonwealth' seemed to denote little more than a 'mutual respect' for other members and a 'practical concern' for their welfare, it is unlikely that Macmillan's words brought any real comfort to the Commonwealth Prime Ministers.

Finally, Macmillan turned to the economic aspects of British entry, employing the now familiar argument that a strengthening of the British economy inside the Common Market would bring direct economic benefits to Commonwealth countries. He emphasised that Britain's purchasing power, and capacity to provide investment capital for Commonwealth countries were already stretched to the limit, and a major boost to the British economy would be necessary to ease the situation. In Macmillan's view, this boost could best be provided by entry into the larger, unified market of the Six, which would provide the advantages of economies of scale and

stimulate greater production efficiency and competitiveness. In short, EEC membership would provide a much needed boost to Britain's wealth, which would have immediate flow on benefits to the Commonwealth. Naturally enough, Macmillan declined to note that any increase in British purchasing power would be matched by unprecedented new tariff barriers to Commonwealth imports, and that the prospective surge in British investment would, in all likelihood, be diverted towards the new opportunities in Europe. Once again, however, it is unlikely that this point was missed by the Commonwealth Prime Ministers.⁴¹

Macmillan was followed by Edward Heath, who provided a more detailed account of the Brussels negotiations and the various safeguards proposed for Commonwealth trade. Although he recognised that all agreements emerging from the negotiations were provisional at this stage, he was clearly in no mood to offer false hope about possible improvements in the terms. He noted that temperate agricultural imports from Canada, Australia and New Zealand had proven the most difficult problem of all, given that it involved an inevitable conflict of interest between European and Commonwealth farmers. He made it clear, however, that the 'comparable outlets' formula had been ruled out by the Six, and would not be reopened in future discussion. Rather he sought to promote the benefits of the Six's proposal for 'world-wide commodity agreements', which 'offered a great opportunity to deal on a broad and constructive front with the problem of world agricultural surpluses'. Here Heath intimated, along the lines suggested to him earlier by Macmillan, that world commodity agreements represented a major concession by the United Kingdom to the needs of Commonwealth producers, and made it clear that 'this opportunity would be missed if Britain did not join the Community'. Moreover, he warned that if Britain failed in its negotiations with the Six, it was in any case unlikely that the existing system of Commonwealth trade preferences could be allowed to continue much longer, and that 'in the result there might be a worsening of the Commonwealth's position'.⁴²

The combined approach of Macmillan and Heath represented a calculated balance of

⁴¹ AA, A3917/1 Vol 8., *Meeting of Commonwealth Prime Ministers, 1962*, PMM (62) 2nd Meeting, 10.9.1962; The full text of Macmillan's opening address appears in Appendix One of the final volume of his memoirs, *At the End of the Day*, 524-539.

⁴² AA, A3917/1 Vol 8., *Meeting of Commonwealth Prime Ministers, 1962*, PMM (62) 2nd Meeting, 10.9.1962.

carrot and stick, on the one hand seeking to coax Commonwealth Prime Ministers with the putative benefits, both political and economic, of British entry, while on the other, issuing a veiled threat that the Commonwealth would bear a heavy political and economic responsibility if Britain were forced to stay out. In general, however, the Commonwealth Prime Ministers were unimpressed by the carrot and unmoved by the stick. Canadian Prime Minister John G. Diefenbaker was first to respond in a speech highly unsympathetic to Macmillan's Common Market ambitions. He flatly dismissed Macmillan's suggestion that Britain would provide an essential element of stability to the European Community which, in his view, was 'already able to stand on its own feet'. Nor could he accept Macmillan's claim that Britain would assume a role of leadership in the Community, and steer it in a direction beneficial to Commonwealth interests. The founding members, he claimed, would simply not allow this to happen. Diefenbaker went on to challenge the very basis of the Macmillan Government's decision to seek EEC membership, and irritated Macmillan and Heath by quoting a series of earlier British ministerial statements in which EEC membership had been completely ruled out on account of Britain's obligations to the Commonwealth. Diefenbaker demanded to know what had happened in the intervening years to alter the British Government's view of these matters. He went even further to suggest that British membership might lead to a loosening of the Atlantic Alliance, with the United States possibly feeling less compelled to devote help and resources to Europe. But whatever the outcome, he was convinced that Britain's entry into Europe would divert British attention away from Commonwealth interests. As far as the terms of entry were concerned, these were inadequate as far they went, and insufficiently precise to allow for any final assessment by Canadian ministers. He therefore proposed that a further Commonwealth Prime Ministers' Conference be held when the Brussels negotiations were complete. He concluded by expressing his deep feelings for the Commonwealth, and called on his fellow Prime Ministers to consider the issues carefully before deciding on what would be a fundamental change of course.⁴³

⁴³ AA, A3917/Vol 8., *Meeting of Commonwealth Prime Ministers, 1962*, PMM (62) 3rd Meeting, 11.9.1962.

This of course was not the kind of start that British Ministers had been counting on, and although Diefenbaker proved to be the most vociferous in his complaints, the general tone of debate did not improve considerably. Both Jawaharlal Nehru of India, and President Ayub Khan of Pakistan were critical of the protectionist tendencies of the Six and expressed doubts about the proposed solutions for trade in Indian and Pakistani manufactures.⁴⁴ Nehru went even further to suggest that British entry into the Six, far from having a stabilising influence between east and west, might simply aggravate Cold War tensions. Keith Holyoake of New Zealand was more amenable in his general approach, although he too felt bound to record his concern about the vagueness of the safeguards agreed in Brussels, and underlined that New Zealand would be faced with nothing less than 'economic disaster' if adequate provisions were not made. To top this off, the Ghanaians stepped forward and rejected the offer of 'association' with the enlarged EEC, on the grounds that it represented an insidious form of neo-colonialism. Much to the astonishment of British Ministers, the Prime Ministers of Nigeria, Tanganyika (speaking on behalf of Kenya and Uganda as well) soon followed suit.⁴⁵

Thus by the time the Australian Prime Minister took the podium on the afternoon of the

Diefenbaker's speech came as a particular shock to British ministers as it ran counter to earlier Canadian tendencies to refrain from commenting on the Common Market issue (see Ch. 4, pp. 178-179). Prior to the Conference, British High Commissioner in Ottawa, Derick Heathcoat Amory had advised his Government that, in his view, Diefenbaker would 'not seek deliberately to raise hell or engage in battle with Britain', and that although his participation would not be positively helpful, it should not prove actively destructive. PRO, DO159/54, Amory to Sandys, 6.9.1962. Amory's only explanation for Diefenbaker's unpredictable behaviour was that he became 'intoxicated by the evidence he got on arrival in London about the strength of Commonwealth objections and as a result...resolved to outchampion the rest in the role of chief objector', PRO, DO159/55, Amory to Sandys, 2.10.1962.

⁴⁴ Indian and Pakistani complaints related to the proposed India-Pakistan-Ceylon trade agreements with the enlarged Community. The problem lay in the fact that the British had agreed to begin applying EEC tariffs to Asian imports *before* the negotiation of the proposed Trade Agreements, which was to take place by 1966. In these circumstances, Nehru and Ayub Khan felt they were being asked to surrender preferential access to the British market, in exchange for a mere promise to negotiate satisfactory trade terms at a later date. In much the same way as Australia's concerns about world-wide agreements, therefore, the problem for India and Pakistan was essentially a question of faith.

⁴⁵ Prior to the Conference, British Ministers had expected the least resistance from the African nations, for the simple reason that the terms of 'association' would offer precisely the same benefits as the existing associate members from the former French territories of Africa (i.e. preferential entry into the enlarged community with no obligations in return). Although Ghana's decision came as no surprise in the light of President Nkrumah's widely known views on neo-colonialism, the British were dismayed to see Nigeria, Tanganyika, Kenya and Uganda adopting the same hard-line approach. Macmillan recorded his frustration in his diary: '...the economic conditions of 'association' are almost too good to be true. But they shrink from the word. It is neo-colonialism to associate with a white man!', 17.9.1962, *At the End of the Day*, 134.

second day of the Conference, Macmillan might have been forgiven for counting on some relief from the bombardment. Menzies, however, was in no position to appear conspicuously soft on Britain, and delivered a speech which, although restrained in its criticism, fell well short of British expectations. He began in typical Menzies fashion, stating that never before had he attended a Commonwealth meeting where the issues at stake were so grave or so significant, and he thought it 'right to feel a proper, though controlled, emotion in facing these issues'. He spoke along familiar lines about the dangers for the political cohesion of the Commonwealth in the event that Britain became entangled in a European federation. Although he did not wish 'even to appear to interfere' in a decision that was for the United Kingdom Government to make, he felt 'entitled' to point out the heavy price that would be paid by Commonwealth countries. Australia, he argued, had vital trading interests at stake, and required firm assurances that British and European markets would remain open to Commonwealth products at fair prices and on fair competitive terms. Although he was no longer demanding that Australian interests should emerge unscathed, he was clearly anxious that Australia should not be sent away empty handed. Under any circumstances, he conceded, Britain's entry into the Community would cause some damage to Australian interests. There had to be compensating factors, and of these there was as yet little sign. Menzies revealed the frustration of his position when he posed the question:

What was Australia being asked to do? Was it being asked to give a blank cheque? No Government could do that and survive. Was it being asked to go back and report 'progress', thus adding to the damaging uncertainty which would affect confidence in investments and commodity values?⁴⁶

On the other hand, given the sense of historic purpose behind Britain's decision, he did not wish to record an objection in principle. In these circumstances, with so many of the conditions still vague and undecided, he felt constrained to reserve his judgement until a clearer picture had emerged. He strongly intimated, however, that a further Prime Ministers' Conference was not to his taste, suggesting that future consultations might proceed on a 'sectoral basis'. Here he barely masked his desire to bring the 'old brigade' of Canada, Australia, New

⁴⁶ Menzies, reported in *The Sydney Morning Herald*, 13.9.1962.

Zealand and the United Kingdom together to discuss their own, exclusive commodity problems.⁴⁷

Menzies' one significant concession to the British standpoint was his suggestion that the offer of world-wide commodity agreements 'provided a possible hopeful element', particularly considering the fact that United Kingdom 'had not always been keen on them'. This was precisely the line of reasoning he had canvassed in his private discussions with Macmillan, and there seems little doubt that he was tentatively seeking to present some semblance of reciprocity on the part of Great Britain. But on the whole, Macmillan's hopes that Menzies would deliver a speech 'on lines helpful to a statesmanlike solution of our great problems' were disappointed. Macmillan was somewhat dumbfounded by this, and could only put Menzies' performance down to him having been 'hard pressed by McEwen', and because of his precarious political position at home.⁴⁸

By the evening of the third day of the Conference, Macmillan, by his own admission, 'felt rather shaken' by the endless Commonwealth battering. The London press generally reported the Commonwealth protests along lines unhelpful to the Macmillan Government, with Beaverbrook's *Daily Express* taking the extreme position, heralding 'the biggest British political clash of the century'.⁴⁹ On the other hand there were signs of an alternative view, with the *Daily Mail*, for example accusing the Commonwealth of 'stand-still thinking', and *The Times* suggesting that the Commonwealth relationship ought to imply two-way obligations, and not merely British obligations towards the Commonwealth.⁵⁰ Across the Atlantic, the *Washington Post* was also highly critical of Commonwealth leaders, likening their protests to 'those of a child being weaned'.⁵¹ This kind of sentiment was also prevalent among British Cabinet

⁴⁷ When Diefenbaker proposed a further full Prime Ministers' Conference when the Brussels negotiations were complete, Menzies' reported response was: 'God forbid'. H.G. Gelber, *Australia, Britain and the EEC, 1961-63* (Melbourne: Oxford University Press, 1966) 201. For Menzies speech see AA, A3917/1 Vol.8, *Meeting of Commonwealth Prime Ministers, 1962*, PMM (62) 5th Meeting, 11.9.1962; *The Times*, 12.9.1962.

⁴⁸ Macmillan, diary entry, 17.9.1962, *At the End of the Day*, 134. Macmillan did also concede that Menzies had 'some grounds for anxiety' in relation to Australian trade interests, but he typically rated this factor as a minor influence on Menzies' behaviour compared to the more immediate problems of McEwen and party politics.

⁴⁹ *The Sunday Express*, 16.9.1962.

⁵⁰ *The Daily Mail*, 13.9.1962; *The Times*, 14.9.1962.

⁵¹ *The Washington Post*, 13.9.1962.

Ministers, who feared a steady swing in public opinion against Common Market entry on account of the views expressed by Commonwealth Prime Ministers. In a meeting held during the course of the Prime Ministers' Conference the Cabinet noted that 'the other Commonwealth Governments would bear a heavy responsibility if, by their public statements at this stage, they made it impossible for the United Kingdom to join the Community'.⁵² According to Macmillan, Heath was 'astounded by the ignorance, ill manners and conceit of the Commonwealth' compared to the 'courteous and well informed' Europeans to whom he was more accustomed.⁵³ The mounting resentment towards the Commonwealth was expressed, most revealingly, by the Prime Minister himself in a diary entry on the evening of 12 September:

It is ironical to hear countries which have abused us for years now beseeching us not to abandon them. The thought that UK might declare herself independent seems so novel as to be quite alarming.⁵⁴

Clearly then, the opening sessions of the Commonwealth Prime Ministers' Conference had caused a fraying of tempers on all sides. More importantly, any notion that the Commonwealth Prime Ministers were bound by a common purpose had been sorely tested and found wanting. Macmillan's wry comment about Britain 'declaring herself independent' betrayed his underlying awareness that Britain's future need not, after all, be so intimately enmeshed in the affairs of the Commonwealth. On the contrary, by this stage he had come to regard the Commonwealth as something of a pest, and an irritating impediment to the pursuit of perfectly legitimate British interests.

By the fourth day of the Conference, the British Cabinet was generally of the view that 'the prospects for an acceptable outcome of the meeting were not good'.⁵⁵ Macmillan took the opportunity at this time to hold a private talk with Menzies, no doubt to try to establish some means of lowering the temperature. According to Macmillan's diary, Menzies was 'obviously

⁵² PRO, CAB128/36, Minutes of Cabinet Meeting, CC.56(62) 13.9.1962.

⁵³ Macmillan, quoted in P.J. Marshall, 'Imperial Britain', in P.J. Marshall (ed.) *The Cambridge Illustrated History of the British Empire* (Cambridge: Cambridge University Press, 1996) 335.

⁵⁴ Macmillan, diary entry 12.9.1962, *At the End of the Day*, 132.

⁵⁵ PRO, CAB128/36, Minutes of Cabinet Meeting, CC.56(62) 13.9.1962.

rather distressed and seemed anxious to find a way out'.⁵⁶ Menzies presumably feared the possibility of an outright Commonwealth censure of British entry, with all the attendant blame and recrimination which would inevitably follow. It is for this reason that rumours began to circulate around London that Menzies was planning to come to Macmillan's aid. The London *Observer* noted shrewdly that Menzies was 'trying to find a way of fighting without hurting Britain', and that he would, if necessary, use his influence to alleviate the mounting pressure on the British Government.⁵⁷ Maxwell Newton, reporting in London as managing editor of *The Australian Financial Review*, observed that these rumours were also prevalent among 'certain members of the Australian delegation'⁵⁸, who feared that Menzies was poised to 'do a Suez'.⁵⁹

Yet these kinds of press reports in themselves must have deterred Menzies from adopting any radical change in approach. In his closing address to the Conference on 17 September, he mocked the 'highly imaginative accounts' in the London press which suggested that 'we were all in the course of changing our views'. He maintained that the Australian Government stood by its previously stated position, and reiterated his concerns about the likely effects of a European federal structure. Similarly, the Australian Government had a vital interest in the Common Market negotiations and remained anxious to know how they 'were going to come out'. But having silenced his critics, however, Menzies then went on to note the importance that 'the Prime Ministers' Meeting should not present the spectacle of breaking up in disorder'. One way of avoiding this would be 'to take decisions which would allow it to be said that some headway had been made and some common ground reached'. Menzies had in mind the final communique from the conference, which would undoubtedly become the yard-stick by which Commonwealth reactions were measured. For Menzies, it was imperative to avoid an overly contentious communique, or even worse, the embarrassing spectacle of no communique at all. He therefore suggested that the member states of the EEC had 'a great interest and responsibility' in the Commonwealth problems arising from British entry, and it would only be appropriate that the

⁵⁶ Macmillan, diary entry 13.9.1962, *At the End of the Day*, 133

⁵⁷ See also for example *The Sunday Telegraph*, 16.9.1962.

⁵⁸ Meaning, of course, McEwen and his Trade staff.

⁵⁹ *The Australian Financial Review*, 20.9.1962.

communiqué should 'remind them, with exquisite courtesy, of this fact'.⁶⁰ In this way, Menzies subtly shifted a strong portion of the blame for the Commonwealth's difficulties onto the Europeans, in the hope of preserving some semblance of 'common ground'.

The task of drafting a final communiqué had greatly exercised Macmillan and his senior officials. Macmillan proposed to the Conference that agreement should be recorded on four main points: the need to foster the harmonious development and steady expansion of world trading; the need to support a fresh approach to the negotiation of world-wide commodity agreements for primary foodstuffs; the need to promote trading opportunities for developing countries; and the need to regulate the disposal of any agricultural surpluses to meet the needs of those people in the world who were in want.⁶¹

Macmillan's proposal, however, was met with criticism for going too far in presenting an illusion of consensus, and there thus ensued a long and difficult process of redrafting. Menzies took an active role in this, instructing Bunting to apply his drafting skills towards securing a relatively mild text.⁶² The end result was a communiqué which drew greater attention to the Commonwealth Prime Ministers' particular concerns, but fell short of tying the British Government's hands. For example, it was recorded that the Commonwealth Prime Ministers had 'explained the economic points of special concern to their respective countries and the extent to which their interests had not so far been met in the Brussels negotiations', but did not demand that any particular items should be renegotiated. The communiqué also stated that 'only when the full terms were known would it be possible to form a final judgement', but did not go so far as to demand a second Prime Ministers' Conference when the negotiations were complete.

⁶⁰ AA, A3917/1 Vol.8, *Meeting of Commonwealth Prime Ministers, 1962*, PMM (62) Final Meeting, 17.9.1962.

⁶¹ AA, A3917/1 Vol.8, *Meeting of Commonwealth Prime Ministers, 1962*, PMM (62) Final Meeting, 17.9.1962; The full text of Macmillan's closing address appears in Appendix 2 of the final volume of his memoirs, *At the End of the Day*, 540-550.

⁶² The evidence for this is basically hearsay, deriving from a conversation between Menzies and Macmillan reported by the latter to Rab Butler at the close of the Conference. Although as evidence it should be regarded with a degree of caution, it nonetheless seems consistent with virtually all of Menzies' previous comments about the need to stay out of 'unavoidable difficulties' during the Prime Ministers' meeting. See PRO, PREM11/3663, Macmillan to Butler, 20.9.1962. John O'Brien takes an entirely different view of Menzies' role at the Prime Ministers' Conference, and implies that Menzies was in fact the major thorn in Britain's side in drafting the communiqué. I cannot find any evidence to support this assertion. Indeed, the evidence would seem to support the contrary conclusion. See John O'Brien, 'The British Commonwealth and the European Economic Community, 1960-1963: The Australian and the Canadian Experiences', *The Round Table*, no.340, 1996, 489.

Macmillan might even have drawn some positive encouragement from the passage in which the Commonwealth Prime Ministers 'freely acknowledged' the strenuous efforts of the British Government to ensure a full understanding on the part of the Six of the kinds of safeguards necessary to protect the vital interests of Commonwealth countries. But the Commonwealth Prime Ministers were careful to avoid any suggestion that these safeguards had been achieved, or anything else that might have implied approval of Britain's entry.⁶³

Although British Ministers had failed to secure the kind of 'acquiescence' they were hoping for, the outcome of the conference was nonetheless satisfactory from Macmillan's point of view. The Commonwealth Prime Ministers had once again recorded that the final decision was one for the British Government alone to take, and the London press were generally agreed that the Conference had allowed the British Government full freedom to resume negotiations with the Six.⁶⁴ *The Financial Times* concluded that the Government had achieved its two main objectives: 'It has avoided any new commitments which would tie the hands of Mr. Heath in Brussels', and 'It has for all practical purposes averted the possibility of a second Prime Ministers' conference once the final terms have been settled with the Six'.⁶⁵ Macmillan was naturally relieved by this outcome, and could quite justifiably claim success from the point of view of his EEC negotiations. Whitehall officials were greatly relieved that they had 'avoided the great danger' of being instructed by Commonwealth countries to 'go back and do better'.⁶⁶ The Cabinet also drew encouragement from the final outcome, as evidenced by their immediate decision to extend the scope of the limited publicity which had hitherto been given to the

⁶³ *Meeting of Commonwealth Prime Ministers - Final Communiqué, 19 September, 1962*, Cmnd.1836; Text also appears in *The Commonwealth at the Summit: Communiqués of Commonwealth Heads of Government Meetings, 1944-1986* (London: Commonwealth Secretariat, 1987)

⁶⁴ *The Times*, 20.9.1962. *The Daily Mail* described the communiqué as 'tremendous triumph' for Macmillan, and said that the Commonwealth had given a 'full-steam-ahead signal' to Britain's negotiations, 20.9.1962; *The Daily Telegraph* (20.9.1962) said that 'Britain can resume negotiations with the Six in Brussels without the incubus of open Commonwealth disapproval', while *The Guardian* (20.9.1962) said that although the British Government had failed to win the approval of the Commonwealth, it had avoided any precise commitment to reopen matters already covered in the Brussels negotiations. Only Beaverbrook's *Daily Express* (20.9.1962) remained critical, describing the attitude of Commonwealth Prime Ministers as 'ice-cold', and declaring that most of the leaders were leaving London 'as they arrived, hostile or disturbed'.

⁶⁵ *The Financial Times*, 20.9.1962.

⁶⁶ PRO, FO371/171441, *Negotiations with the European Economic Community: Whitehall History and Comment*, April 1963, 140.

Government's case for EEC entry. In other words, British Ministers felt that they had succeeded in throwing the Commonwealth off their backs, and were free to give full voice to their European ambitions.⁶⁷

For the Australian Prime Minister, the Commonwealth Conference had undoubtedly been a traumatic experience personally, and a highly troublesome exercise politically. Asked by reporters whether he was happy at the conclusion of the meeting, Menzies simply replied: 'I am still alive'.⁶⁸ Before leaving London, Menzies called on Macmillan for a brief farewell chat, in which he shared some private reflections on the meeting. According to Macmillan's minute, Menzies was 'clearly trying to be as pleasant as possible and excuse himself for not having taken a more constructive position throughout the Conference'. Menzies explained his conduct at the Conference by the weakness of his political position, and the fact that McEwen was 'at him' constantly to take a much stronger line and range himself alongside Diefenbaker. Menzies confided that he had resisted, greatly to McEwen's displeasure, joining in the demand for a further Prime Ministers' Conference. He had also taken some satisfaction from his helpful role in securing a relatively mild communique.⁶⁹ Macmillan was understandably gratified by this informal apology, and he apparently received further encouragement some days later in a personal letter from the Australian Prime Minister. According to Macmillan, Menzies fully recognised that the movement towards European unity was inevitable and that Britain's isolation could not, in the long run, benefit the Commonwealth.⁷⁰

Thus by the conclusion of the Prime Ministers' Conference, Menzies had become resigned to the realities of Britain's European ambitions, even to the point of subverting the

⁶⁷ At least to the extent that this did not weaken their negotiating position in Brussels. PRO, CAB128/36, Minutes of Cabinet Meeting, CC.57(62) 20.9.1962. Macmillan took the lead that very evening in a fifteen minute television appearance where he made an enthusiastic appeal to the British public to support his bid for EEC membership. See *The Times*, 21.9.1962.

⁶⁸ *The Sydney Morning Herald*, 20.9.1962.

⁶⁹ PRO, PREM11/3663, Macmillan to R.A. Butler, 20.9.1962.

⁷⁰ Macmillan, *At the End of the Day*, 138. Curiously, I have been unable to find any trace of this letter, either in the Public Record Office, the Australian Archives, or the Menzies Papers. Although it is hardly likely that Macmillan made it up (he was known to be meticulous in his use of documentation in preparing his memoirs) there is always the possibility that he put a more favourable slant on Menzies' words. Nonetheless, Macmillan's account is broadly consistent with the resigned mood of Menzies' House of Representatives address the following month. See below, p. 334.

authority of his own Deputy Prime Minister. It should be remembered, however, that McEwen had also come to recognise the inevitability of British entry on terms unfavourable to Australia. The essential difference between the two was the extent to which they were prepared to let the United Kingdom off the hook. McEwen preferred a tougher approach, not only to impress Australian voters, but also to keep up the pressure on the British and thereby exact the best possible terms for Australian primary exporters. Menzies, by contrast, placed greater weight on the need to avoid pushing Australia's case too far. In this he was primarily concerned about the political danger of offending British and American opinion. But Menzies' reluctance to place obstacles in the way of Britain's EEC aspirations was not merely another manifestation of his British race patriotism. On the contrary, when it came to the Common Market problem, Menzies' British race patriot instincts were far more in tune with Diefenbaker's broad condemnation of Macmillan's thoroughly 'un-British' enterprise. As the work of David Goldsworthy and John O'Brien has shown, Macmillan ultimately failed 'to detach [Menzies'] "higher" loyalty to Crown and Commonwealth from his "parochial" sense of Australian self-interest'.⁷¹ But it does need to be made clear, however, that Menzies did in fact use his influence in London, wherever practicable, to facilitate a relatively trouble-free Prime Ministers' Conference. But in this he was not the obedient servant of the Macmillan Government. Rather, his primary purpose was to secure what he saw as Australia's overriding interest in avoiding a major rupture with London and Washington. If Britain intended to join the Common Market regardless of Australian interests, Menzies reasoned, what purpose would be served by making enemies along the way? This imperative seemed all the more pressing at a time of instability and simmering tension in Australia's own region. In this sense, the London press reaction to the Commonwealth communique must have come as a great relief to Menzies and his senior advisers, given that it contained little or no suggestion that the Commonwealth Prime Ministers had held the British Government to ransom.

⁷¹ David Goldsworthy, 'Menzies, Macmillan and Europe', *Australian Journal of International Affairs*, Vol.51, No.2, 1997, 169. See also O'Brien, 'The British Commonwealth and the European Economic Community, 1961-1963', 489-490.

And back in Australia, Menzies had the best of both worlds with the leading dailies, not having been privy to his private dealings with Macmillan, reporting his performance in London as a solid defence of Australian interests. Even Maxwell Newton's *Financial Review*, not known for supporting the Government on economic matters, congratulated the Prime Minister for confining himself to a precise elucidation of Australian interests. Although the Australian press generally recognised that McEwen and Menzies were returning home with 'empty bags', this was seen as the result of a British Government hell bent on joining the European Community, even at the expense of engendering deep 'suspicion and dissatisfaction' among Commonwealth countries.⁷²

But it was equally clear that the feelings of 'suspicion and dissatisfaction' were entirely mutual. In the British Cabinet Room immediately after the Conference, there was some bitter discussion about the fact that the Commonwealth Prime Ministers had been 'actuated solely by considerations of self-interest'. This kind of comment was typical of an ongoing paternal outlook which assumed that Commonwealth countries should selflessly shoulder the burden of British entry, simply because of the benefits flowing to Great Britain. At the same time however, it was recognised that any notion of a common British weal did not really apply to the present situation, and indeed had never applied to Commonwealth discussions with a commercial content. It was pointed out that Commonwealth trade talks had 'always been difficult', and that the present Conference had in fact been less contentious than that which had led to the conclusion of the original Ottawa Agreements.⁷³ And by implication, it was recognised that the traditional conception of a 'community of interest' among Commonwealth countries was unlikely to apply in the future.

But despite the residual rancour, there is no doubt that the Macmillan Government achieved a remarkable political feat in clearing the Commonwealth hurdle at the September Conference. Despite the clamour of the earlier sessions and the hysterical cries of the Beaverbrook press, the dominant impression that remained was threefold: firstly, the British

⁷² *The Australian Financial Review*, 20.9.1962; *The Sydney Morning Herald*, 21.9.1962; *The Age*, 21.9.1962.

⁷³ PRO, CAB128/36, Minutes of Cabinet, CC.57(62) 20.9.1962.

Government was utterly determined to join the European Community, regardless of Commonwealth views; secondly, that Commonwealth countries, although thoroughly dissatisfied with the heavy cost they were expected to bear, were not prepared to press their complaints to the point of outright opposition; and perhaps most importantly, as Miriam Camps observed, there remained a palpable sense that 'the conference had marked a turning-point in Commonwealth affairs and that, even if the negotiations in Brussels failed, a phase in Commonwealth relations was over and a new and uncharted relationship was beginning'.⁷⁴

Australian Resignation

Menzies returned home via the United States, where he stopped briefly for discussions with President Kennedy and Undersecretary of State, George Ball. The content and general tone of these discussions reveal the extent to which Menzies had relinquished earlier arguments about protecting Australia's vital interests, and had yielded to the will of his 'great and powerful friends'. He informed Kennedy and Ball that the Commonwealth Prime Ministers' Conference had 'turned out rather better than had first been expected', and in keeping with his private talks with Macmillan, he pointed to the United Kingdom's commitment to enter into world-wide commodity agreements as the most encouraging development to emerge from the meeting. Menzies announced that the proposed commodity agreements, together with the United States' undertaking to use its negotiating strength to secure reductions in the tariffs of the Six, would 'remove a large portion of the difficulties facing the Commonwealth'. The Americans naturally agreed wholeheartedly with Menzies' assessment, and expressed their willingness to move rapidly towards a world agreement on wheat.⁷⁵

Menzies reported along similar lines to the Cabinet in Canberra, claiming that 'the commitment of Great Britain in relation to commodity agreements is to be counted as an advance from Australia's point of view'.⁷⁶ He made similar statements to the press, and laid

⁷⁴ Miriam Camps, *Britain and the European Community, 1955-1963* (Oxford: Oxford University Press 1964) 444.

⁷⁵ NARA, RG59, 611.43/9-2662, Memorandum of Conversation, 26.9.1962.

⁷⁶ AA, A3917/1 Vol.9, Cabinet Minute, 2.10.1962, Decision no. 476.

strong emphasis on the paragraph in the Commonwealth communique stating that British entry into the European Community ought not be allowed, as it developed, to weaken the cohesion of the Commonwealth. 'Now that', he said, 'is putting in the language of diplomacy the view that federation, as we understand the term, is not to be desired'.⁷⁷ But Menzies' attempts to show the bright side of the Commonwealth Conference lacked conviction, and remained unconvincing. It was embarrassingly obvious that the British Government's undertaking to enter into world commodity agreements, far from representing a concession to the Prime Ministers in London, was in fact a major capitulation to the demands of the Six in Brussels. Hugh Gaitskell made no bones about this when he described the commodity agreements as a 'meaningless phrase which is meant to disguise the fact - let us not beat around the bush - that we are selling the Commonwealth down the river'.⁷⁸ It was indeed extremely doubtful whether such agreements were a practicable, or indeed satisfactory way of safeguarding Australian trade interests. Officials from the Department of Trade remained highly sceptical, not least because of their many previous tussles with the British over the stabilisation of world agricultural prices. As McEwen declared glumly, 'the printing press hasn't been invented yet which could print a document to tie down the British on a commodity agreement'.⁷⁹

But whatever the prospects for world commodity agreements, the overwhelming consensus among the Cabinet, the Parliament, and the press was that Britain was poised to enter the European Community irrespective of Australian interests, and the time for recrimination and dispute had passed. Editorial comment throughout Australia revealed a mood of guarded resignation, and a lively discussion about Australia's future prospects in an increasingly lonely world. The *Melbourne Age* was typical in presenting the Commonwealth Conference as the end of an era:

What is clear...is that Australia must now accept the indications of a shift in history. As a nation we can grapple with the consequences without bitterness or fear. But as a member of the Commonwealth we cannot help feeling that an uneasy future lies ahead.⁸⁰

⁷⁷ Quoted in Camps, *Britain and the European Community*, 439.

⁷⁸ Gaitskell, Address to the House of Commons, 6.11.1962, quoted in *ibid.*, 449.

⁷⁹ Quoted in Gelber, *Australia, Britain and the EEC*, 234.

⁸⁰ *The Age*, 21.9.1962.

In Sydney, both *The Daily Telegraph* and *The Sydney Morning Herald* viewed the Commonwealth Conference as a pivotal moment in Australia's national development. The *Telegraph* concluded on a more optimistic note:

For the Commonwealth countries, and Australia in particular, the prospect of Britain's entry into the Market means a new self-appraisal. Philosophical speculations about the destiny of the Commonwealth are less important than our evaluation of our own destiny...we must also face the certainty that sentiment and tradition will play a diminishing part in our foreign policy and our search for markets. This is a step towards national self-reliance that we would have had to take sooner or later; in the long view it might not be wholly regrettable that it has been forced upon us now.⁸¹

Equally prevalent was press discussion about Australia's search for new markets, particularly in East Asia. The *Adelaide Advertiser* remarked that it was 'clearer than ever' that the impact of the Common Market 'will force Australia to rethink all her trading policies'.⁸² *The Australian Financial Review* ran strongly with this theme, claiming that the developing world situation posed 'considerable new challenges, great new problems':

The result of this London conference points inexorably to a time when Australia will be increasingly on her own...It will also mean that if we really do want to have our voice heard on matters that affect our business, we may have to take a much more serious interest in measuring up to our responsibilities in areas where we don't particularly care to move - in areas such as defence and foreign aid...We may have to stop thinking about Britain as 'Home' and start thinking urgently about getting to know very much more of our Asian neighbours needs.⁸³

Clearly, then, as British entry into the European Community increasingly seemed a foregone conclusion, many dated assumptions about the Anglo-Australian connection were finally submitted to detailed public scrutiny. The suggestion that it may no longer be appropriate to refer to Britain as 'Home', the likelihood of the declining relevance of sentiment and tradition in Australian foreign policy, and the notion that Australia, as a self-reliant nation, was essentially 'on her own', were not necessarily new ideas. But they were ideas which unmistakably

⁸¹ *The Daily Telegraph*, 21.9.1962.

⁸² *The Advertiser*, 21.9.1962.

⁸³ *The Australian Financial Review*, 25.9.1962.

converged under the impetus of Britain's EEC ambitions in such a way as to leave an indelible mark on Australian political culture. Although much of this discussion had been foreshadowed earlier in the comments of Sir John Crawford, Leslie Bury and others, it was not until Australia's efforts to defend the old order had been completely exhausted, that a wider, more tangible sense of a 'shift in history' emerged.

This rising swell of public acceptance of Britain's inexorable drift towards Europe was most notably apparent in the House of Representatives debate in October. Here, the Government presented a revised assessment of the Common Market problem, and a substantially altered view of the implications of British entry for Australia's future. From the outset, Menzies described the Commonwealth Prime Ministers' meeting as 'an historic event', and although he reflected nostalgically on 'the time when there were five Prime Ministers sitting around the table', it was clear that his experiences in London had fundamentally altered his outlook on British entry into the EEC:

I think that twenty years ago I might have become more impassioned about this matter, but the Commonwealth has changed a lot since then. Its association has become much looser. For most of its members, the association is, in a sense, functional and occasional. The old hopes of concerting common policies have gone. Under these circumstances, it may well prove to be the fact that even if federation should be achieved in Western Europe, the anomalous position of Great Britain in the Commonwealth which would then emerge would be regarded as no more anomalous than many other things which have been accepted, and with which we have learned to live.⁸⁴

This undoubtedly represented a profound change of heart from a Prime Minister who, only fourteen months earlier, had described Britain's Common Market negotiations as 'the most important in time of peace in my lifetime'.⁸⁵ Although Opposition cries that Menzies had 'given up the ghost' and that the Government had 'abdicated' amounted to little more than political point-scoring, it remained true that the general tenor of Menzies' speech was one of sullen resignation. Menzies had obviously undergone a searching reappraisal of his life-long commitment to the idea of a British family of nations, and was no doubt deeply disturbed by the

⁸⁴ Menzies, *CPD*, H.of R., 19.10.1962, 1553-1561.

⁸⁵ Menzies, quoted in *The Sydney Morning Herald*, 1.8.1961.

encroaching realities of the post-imperial world. His grudging acceptance of the modern day 'anomalies' of the Commonwealth was indicative of his feeling of powerlessness to hold back the steady advance of change, and his ongoing reluctance to see anything truly positive in Australia's evolving new predicament. Although Menzies had achieved his primary objective of avoiding a head-on collision with Australia's senior alliance partners, it is nonetheless clear that the Common Market episode was for him a sobering experience which continued to cause him considerable sadness.

Menzies was followed in the debate, not by his Deputy, McEwen, but by one of the leading Liberal back-bench supporters of British entry, Harry Turner. This in itself was a clear sign that the Government wished to distance itself from some of its earlier, uncompromising utterances, and to present a more positive face to the Australian public. Turner expressed his unbridled enthusiasm for the project of wider European unity, which had been 'the dream of the wise and the aim of the ambitious for centuries'. He dismissed Australia's trading problems with the glib comment that 'man does not live by bread alone', and proceeded to elaborate on the political advantages of British EEC membership. For Turner, the crux of the matter was the fact that 'the nexus of empire has really ceased to exist' and that Australia was bound, in any case, to have fewer political and cultural links with the Mother Country. Moreover, with the recent influx of new immigrants from all over the European continent, there would be an increasing tendency for Australians to look, not to Britain as their homeland, but the whole of Europe. Turner focused his main argument on the issue of Australian nationhood, proclaiming that 'Australia has grown up, and must grow up':

I do not regret the fact that Australia now stands as an independent nation. I do not regret that we must become adult. When I was a boy we were still a colonial people in our outlook. This is no longer so. Today we are a nation and we have no reason to be regretful about it. We see Britain going to Europe, and she must, I believe, abandon a large part of what was meant by the old Commonwealth. We should face this perfectly frankly. There it is, but there is no need for recrimination, and there is no need for us to abandon the friendships that we have had with Britain.⁸⁶

⁸⁶ Turner, *CPD*, H.of R., 16.10.1962, 1569-1572.

Although Turner's comments were decidedly more upbeat than those of Menzies, they evinced the same sense of someone having recently awoken from a long slumber. His repeated suggestion that Australians had 'no reason to regret' the changing nature of their external relationships would have been quite superfluous, were it not for the fact that there were many Australians, particularly within his own Party, who viewed these changes with trepidation. Similarly, his recurring theme that Australia's fading ties to Britain should be 'faced perfectly frankly' only really makes sense if it is understood that Australians had generally been highly reluctant to face up to the profound changes in the British Commonwealth in the post-war years. And his claim that there was 'no need for recriminations' in itself suggested that there remained a strong residue of bitterness about Australia's indifferent treatment at the hands of the Mother Country.

On the Opposition benches, despite an occasional tendency to ridicule the efforts of Menzies and McEwen in London, there was, on the whole, an awareness that little political capital could be gained from siding with a lost cause. Opposition Leader Arthur Calwell therefore abandoned any ideas of harping on the Government's failure to defend Australia's interests, and instead sent some words of encouragement to the Macmillan Government:

The case for the Commonwealth has been put to Britain. She knows we wish her well, and I tell her that, for myself, I truly hope that the decision will be one which will bring new strength and dynamism to a Britain which lacks them now but which in the past has often been the one lonely barrier against the spread of doctrines quite alien to our traditions of freedom.

Calwell appealed for 'a strong and self-reliant Australia...much more self-reliant than we have ever been', and declared that the time had come for Australians to 'stop whining and start working'.⁸⁷ For this last piece of oratory, he was rewarded with the unusual experience of acclaim from all sides of the House.⁸⁸

But the broad shift in the Australian outlook on the Common Market was perhaps best illustrated by the Parliamentary speech of the Minister for Trade. McEwen was the obvious

⁸⁷ Calwell, *CPD*, H. of R., 18.10.1962, 1730-1733.

⁸⁸ Gelber, *Australia, Britain and the EEC*, 232.

political casualty of the Britain and Europe affair, and while Menzies retained a feeling of sadness from his experiences, McEwen remained unmistakably bitter. Yet at the same time he, like Menzies, was an experienced political tactician who could clearly appreciate the futility of flogging what had well and truly become a dead horse. Nonetheless, McEwen could not resist a swipe at the British Government for its marked change in attitude towards the Common Market since the mid-1950s, referring to a number of earlier British ministerial statements to illustrate his point. He noted acridly that 'had the Australian Government been prepared to endorse the British Government's policy on this matter as it has been expressed over recent years, we here would have been following a pretty winding path'. But he pleaded that he was 'not calling into question the propriety of this change of policy'. Rather, he wished to highlight the most important lesson which he drew from Britain's Common Market negotiations:

The record of history is that in a sufficiently serious situation those responsible for the political and economic security of a nation, take the course judged to be right for their own people. This has a message for Australians - if Britain goes into the Common Market on terms which seriously weaken our trading position.⁸⁹

McEwen's 'message for Australians' might have seemed self-evident, were it not for the prevailing assumptions about Anglo-Australian unity that had so profoundly influenced Australia's response to the Common Market problem. McEwen's comments represented by far the most frank, sober and open acknowledgement of the inescapable fact that the interests of Australia and Great Britain did not, and indeed ought not, form part of some higher, indissoluble whole. On the contrary, although Australia and Britain might often see eye to eye on a range of political and economic matters, as independent sovereign nations their political and economic interests were, ultimately, distinct and separate. Australians could no longer afford to assume that their economic and political interests would automatically be 'joined' by others in times of difficulty or crisis. Rather, it was precisely during these times of crisis that Australia's closest allies, even blood relatives, would take the course judged right for their own national interests. In a sense, then, McEwen had pronounced that Lord Palmerston's celebrated dictum, that there

⁸⁹ McEwen, *CPD*, H.of R., 18.10.1962.

are 'no eternal allies, only eternal interests', applied equally to the realm of 'kith and kin'.⁹⁰

By the close of the October debate in the House of Representatives, the Common Market problem had ceased to carry any immediate practical relevance in Australian political life. As Brian Fletcher observed: 'To all intents and purposes the issue was dead'.⁹¹ The overwhelming view was that British entry into the EEC was inevitable, and that nothing Australia might do could alter the fact. It was, as Menzies put it in a speech to the Liberal Party Congress in November, 'one of the facts of life'. It would also seem that Calwell's appeal to 'stop whining and start working' was broadly representative of the tenor of public opinion, in so far as the public retained any further interest in the matter. It is significant that McEwen sought positively to avoid any further involvement personally in the question of British entry, informing the British Government via his officials that the 'last thing he wanted' was to be present in London and Brussels during the final stages of negotiations. He was far more concerned with preparing Australia's position for future tariff negotiations, and launching a new export drive in 1963. He therefore politely informed his British counterparts:

The Australian Government feels that it has done everything possible to inform your Government as to the important problems of Australia's trade and the special considerations necessary. We have indicated, constructively, various alternative ways and means by which those problems might be set in the context of the Brussels negotiations. In the present circumstances therefore we do not see that we can add anything to the various suggestions we have already made.⁹²

It was also at this time that the Government finally abandoned any hope of securing preferential solutions in the Brussels negotiations, and formally notified the Six of Australia's 'bedrock fallback position' by openly supporting United States initiatives towards non-

⁹⁰ Palmerston's precise words of 1848 were: 'We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow'.

⁹¹ Brian Fletcher, 'Australian Opinion on the Common Market', in Coral Bell (ed.) *Europe Without Britain* (Melbourne: F.W Cheshire, 1963) 86.

⁹² PRO, DO159/62, Telegram no. 27 to the Commonwealth Relations Office, 11.1.1963; Bottomley (CRO) to British High Commission (Canberra) 14.1.1963.

discriminatory reductions in the EEC tariff.⁹³ By this stage, however, Australian acquiescence in the dismantling of the imperial preference system had become little more than a formality. The Menzies Government had, in the course of only eighteen months, drastically watered down its original insistence on firm safeguards to protect Australia's vital interests in the British market, and had been forced instead to rely on hopelessly vague European assurances of 'reasonable' market access, together with American undertakings to secure EEC tariff reductions which they were in the process of securing anyway. The Australian backdown was a painful, drawn out process, but three key steps can be identified. Firstly, the events of the ANZUS Council Meeting in May 1962 brought to light the inherent conflict between McEwen's economic diplomacy, and Barwick's concern that the EEC question should not be allowed to impinge on Australia's wider strategic imperatives. Consequently, Prime Minister Menzies set out to establish a more amicable basis for pressing Australia's interests, and made a key concession in Washington in June 1962 by endorsing George Ball's 'pragmatic approach' to resolving American and Australian trade problems in the enlarged Common Market. But this was a qualified concession in the sense that Menzies insisted that any pragmatic solution should take account of Australia's prior preferential position in the British Market. But this vital qualification was completely overlooked in Westerman's follow up talks in Washington in July, where the Americans offered little more than a combined US-Australian assault on EEC tariff levels, together with an undertaking to 'turn a blind eye' to preferential solutions in commodities where no American interests were at stake. Westerman was fully aware of the shortcomings of the American offer, but felt he had little choice but to comply with the American position. In this, he was primarily influenced by the need to find some politically expedient means of dissociating the Government from McEwen's earlier, unrealisable demands. From that point onwards, Government policy was predominantly concerned with the problem of repackaging Australia's stance in less trenchant terms.

This steady process of Australian revision, and ultimately, resignation, should not be

⁹³ HAEC, BAC24/1967 E35, *Mémoire de la Mission d'Australie*, 30.11.1962; NARA, RG59, 375.800/11-2362, Department of State to Brussels, 23.11.1962.

regarded as in any way due to incompetence on the part of Australian ministers or officials, nor can it be ascribed to a lack of fortitude on the part of the Menzies Government in the face of the combined will of its great and powerful friends. By mid-1962 it had become blatantly obvious that Britain was absolutely committed to joining the European Community, and that neither the Six nor the United States were prepared to countenance any kind of special long-term solutions for Australian trade interests. In these circumstances, the Government was faced with a choice of either pressing its demands to the point of further acrimony and controversy for no conceivable gain, or alternatively, to face the bald fact that Australia was politically outnumbered on the Common Market issue, and to look instead for some means of lowering the political stakes without exposing the Government to accusations of 'selling-out' Australia's vital interests. Menzies' performance at the 1962 Commonwealth Prime Ministers' Conference represented the latter of these two alternatives. Although his formal speeches to the Conference were couched unambiguously in terms of a vigorous defence of Australian and Commonwealth interests, Menzies used his influence wherever practicable to ease the Macmillan Government's passage through the clamour of Commonwealth discord. His repeated assertion that 'only when the final terms are known will it be possible to cast a firm judgement' was essentially a means of evading the issue. It was abundantly clear to the Australian Government that no improvements in the terms of British entry were in sight, particularly if Macmillan succeeded in keeping the lid on Commonwealth dissent at the September Conference. Thus, Menzies' constant exhortations to Macmillan about the need to avoid 'strong disagreements' and 'politically irrevocable attitudes', together with his influence in securing a relatively mild Conference Communique and avoiding a second Prime Ministers' Conference, were fundamental to his strategy of 'finding a way of fighting, without hurting Britain'.

Menzies' tactics were not merely the confused loyalties of a die-hard British race patriot, although he was undoubtedly troubled emotionally by many of the issues involved. Rather, his deep reluctance to press Australia's demands to breaking point was underscored by the sense of brewing crisis in South East Asia. The simmering regional tensions over Vietnam, Laos, and

Sukarno's recent takeover of West New Guinea, enhanced the already acute sensitivity of the Menzies Government about engaging in controversy or dispute with Britain, and more importantly, the United States. Although the Government's strategic assessments of the threat posed to Australia by Indonesia and Vietnam were not always, in hindsight, particularly accurate, and although the wisdom of endeavouring to remain in the United States' good books at all costs is open to debate, it remains nonetheless inconceivable that any Australian Government at this time could, or would have forced an open breach in US-Australian relations on an issue where the prospects of any appreciable gain for Australia were so patently remote. In this sense, Australia's full scale policy retreat on the problem of British membership of the EEC was not a simple case of Australian incompetence, timidity, or blind obsequiousness, but a measured response to the dilemma posed by the Government's conflicting strategic and economic priorities, and the unwelcome realities of Australia's political isolation in the face of British, European, and American unwillingness to take Australia's trade problems seriously.

But whether one measures the Australian backdown in terms of policy substance, press reports, public commentary, or the terms of the political debate, the result is the same. During the course of Britain's EEC membership negotiations a sea-change occurred in the Australian attitude towards the Common Market problem, and more importantly, in the Australian outlook on the world. By the end of 1962, the British race patriotism which had informed the broad Australian response to the announcement of Britain's EEC membership application had given way to a new sense of Australia's 'limited, sovereign, national community', to use Benedict Anderson's phrase. It is particularly significant that this broad shift occurred *after* the Australian Government had exhausted the possibilities of achieving a range of solutions geared towards preserving the myth of organic Anglo-Australian community. It was not until the full extent of the fundamental conflict of interest with the Mother Country became glaringly apparent that the terms of the Common Market debate shifted overwhelmingly towards the prospect of a more exclusive national political and economic destiny apart from Great Britain. Although the far reaching implications of Britain's impending EEC membership dawned on different individuals,

interest groups, and organs of opinion at different times, at no time was it experienced as a bold assertion of Australian cultural distinctiveness. The demise of British race patriotism in Australian political culture was not the outcome of a burgeoning cultural nationalism, cutting the painter and embarking resolutely on a self-reliant future. Rather, it occurred in reaction to the Macmillan Government's assertion of a new conception of British economic and political interests which could no longer be reconciled within the Anglo-Australian 'web of culture'.

Chapter 9

'A Temporary Reprieve': The Breakdown of the Brussels Negotiations and Beyond

The British Government was naturally quite delighted with the outcome of the Commonwealth Prime Ministers' Conference, and the new conciliatory tone emanating from Canberra. After more than a year of extremely awkward and often bitter clashes with Australian ministers and officials, it now seemed as though the Menzies Government would allow the United Kingdom a free hand in pursuit of its European ambitions. British High Commissioner, Sir William Oliver, reported with undisguised enthusiasm that 'the gap between the views now put forward, and those for airing which, only a few months ago, Mr. Bury suffered dismissal as a Minister, has been substantially narrowed'. Oliver drew special satisfaction from the demise of McEwen, observing smugly that 'Black Jack' had become 'never more than pale grey'.¹ One group of British MP's on a general tour of Australia in December 1962 were surprised to find that few, if any Australians, whether in business, politics or otherwise, seemed particularly interested in discussing the problems of British entry any further. They drew the conclusion that Australians had become 'bored with the Common Market', and were more concerned about dealing with the challenges that lay ahead.² Commonwealth Relations Office officials were also gratified that the Australians were now 'concentrating on the situation that will arise after we have joined the Community and no longer on attempting either to persuade us not to join or to exercise any strong influence over the terms on which we join'.³ Sir William Oliver summed up the situation from his vantage point in Canberra:

In short, the initial shock has by now been pretty well absorbed, even in those parts of the community where it lingered longest. The word 'challenge' is heard more frequently

¹ PRO, DO159/62, Oliver to Sandys, *Australia: House of Representatives Debate on the Common Market*, 28.11.1962.

² PRO, DO159/62, Dennis Vosper (MP) to Sandys, 7.12.1962.

³ PRO, DO159/62, Bottomley (CRO) to F.B. Arnold (British High Commission, Canberra) 14.1.1963.

nowadays than 'disaster' and, although Australians generally might be reluctant to admit it...this challenge has forced them to face up to changes in the pattern of trade, already taking place but which, coming about more slowly, might insidiously have weakened Australia's commercial position. As it is, the drive for new markets has been stepped up, South-East Asia being the main, but by no means the only, target.⁴

In the meantime, Macmillan scored a further triumph in October, when he secured an overwhelming endorsement of EEC entry at the annual Conservative Party Conference at Llandudno. Some days prior to the Conference, British Labour Leader Hugh Gaitskell had spoken out firmly against EEC membership, declaring that a decision to join on unfavourable terms for the Commonwealth would mark 'the end of a thousand years of history'.⁵ This statement seems to have silenced the EEC dissenters within the Conservative Party - presumably out of reluctance to side with the Opposition - and the Llandudno meeting therefore provided a spectacle of almost unanimous praise and enthusiasm for Macmillan's European vision. Buoyed by their success at the Commonwealth Prime Ministers' Conference, British ministers spoke of their European enterprise in lavish terms, comparing it to the 'challenges of the Elizabethan age', and the 'great undertakings of the Victorian era'. Foreign Minister Lord Home declared, amid rapturous applause, that 'we should finish with all speed the translation from Empire to Commonwealth'. In a similar vein, Deputy Conservative Leader Rab Butler, himself a late convert to the idea of EEC membership, directly repudiated Gaitskell's pessimism with the slogan: 'For them a thousand years of history books. For us the future'.⁶ Thus the Conference was characterised by an explicit recognition that Britain had reached the end of its imperial mission, and was poised to turn its energies in new directions. Given the mounting 'euro-scepticism' among Conservative backbenchers prior to the Congress, this outcome was of enormous encouragement to Macmillan and his senior ministerial colleagues. The political

⁴ PRO, DO159/62, Oliver to Sandys, *Australia: House of Representatives Debate on the Common Market*, 28.11.1962.

⁵ Speech to the Labour Party Conference, Brighton, October 1962, quoted in Beloff, *The General Says No: Britain's Exclusion From Europe* (London: Harmondsworth, 1963) 140; The British Labour Party was in fact divided on the question of EEC membership, but it was clear that Gaitskell himself was moving steadily away from the pro-Common Market faction at this time. See Miriam Camps, *Britain and the European Community, 1955-1963* (Oxford: Oxford University Press 1964) 449.

⁶ Address to the Conservative Party Conference, October 1962, quoted in Camps, *Britain and the European Community*, 454.

successes of the Commonwealth Prime Ministers' Conference and the Conservative Party rally allowed the British Government to turn its attention towards the final task of overcoming European reservations about UK entry. As Macmillan later reflected:

If either General de Gaulle or Chancellor Adenauer were depending on our British horse failing at one of these formidable jumps they had been disappointed. We were now 'in the straight', and if we were to be prevented from reaching the winning-post somebody would have to trip us up and take the full responsibility for our fall.⁷

But the note of guarded optimism in Conservative circles was to be painfully short-lived. Within a few months of the Llandudno Conference, Britain's EEC membership application was brought to an abrupt halt by French President Charles de Gaulle. Without any formal warning and without consulting his EEC partners, de Gaulle announced in a press conference on 14 January 1963 that Great Britain was 'not yet ready' to assume the obligations of full EEC membership. Although the precise effect of his pronouncement was somewhat vague initially, it soon became clear that de Gaulle had cast a formal 'veto' over Britain's membership application. After a brief and ineffectual protest on the part of France's EEC partners, the Brussels negotiations were brought to a close on 29 January, 1963.

But this in no way prompted a resounding cheer from Commonwealth countries. As we have seen, by late 1962 the prospect of British entry had become widely regarded as a foregone conclusion, and the breakdown of the negotiations did little to alter this impression. Although de Gaulle's verdict was widely regarded as a crushing blow to the Macmillan Government, it was nonetheless interpreted as a temporary impediment to Britain's European aspirations rather than an immovable obstacle. All parties proceeded on the assumption that Britain would, at some time in the future, overcome French opposition and negotiate a place inside the EEC. In Australia, far from signalling a revival of the British race patriot assumptions which had informed the initial Australian response to the Common Market crisis, the breakdown of the negotiations merely reinforced the belief that Australian interests would inevitably be sacrificed when Britain finally negotiated its way into the EEC. There was therefore little likelihood of a

⁷ Macmillan, *At the End of the Day, 1961-1963* (London: Macmillan, 1973) 141.

return to the complacency of Australia's traditional outlook on the British connection. The experience of Great Britain's first EEC membership application had prompted a far greater official and public awareness of the steadily shifting bases of Australian nationhood. And as an examination of post-Brussels developments reveals, these changes in the Australian outlook found ready expression in new Australian policies and practices towards the 'Mother Country', and a heightened awareness of Australia's primary interests and responsibilities in the South East Asian region.

De Gaulle's veto

Much has been written over the years about General de Gaulle's infamous 'veto' over British entry into the European Community in January 1963. Most accounts agree that de Gaulle had never held the slightest enthusiasm for closer British involvement in the counsels of the Six, as witnessed by his earlier veto of the Free Trade Area negotiations in 1958.⁸ Opinions have differed, however, on the fundamental grounds for de Gaulle's refusal, as well as his reasons for allowing negotiations to proceed for more than a year before bringing down his verdict. At the most basic level, there has prevailed a popular British myth that de Gaulle's rejection of Macmillan's membership bid derived from his personal antipathy towards the 'Anglo-Saxons', and that the veto was essentially a vengeful and vindictive act. Macmillan himself encouraged this view in his memoirs, and again during a BBC interview in the early 1970s:

[De Gaulle] had a real hatred of the Americans, and a kind of love-hate complex about the British. The truth is - I may be cynical, but I fear it is true - if Hitler had danced in the streets of London, we'd have had no trouble with de Gaulle! If we'd given in to Hitler, we'd have had no trouble with de Gaulle. What they could not forgive us is that we held on, and that we saved France. People can forgive an injury, but they can hardly ever

⁸ See Ch.2, pp. 89-90. Note, however, that there prevails a minority French view that de Gaulle held no 'extreme objection, in principle' to British accession, and that it was in fact the experience of the drawn out Brussels negotiations that convinced him that Britain was not prepared to make the necessary sacrifices to gain entry. See Françoise de la Serre, 'De Gaulle et la candidature britannique aux communautés européennes', in Institut Charles de Gaulle, *De Gaulle et son siècle* Vol.5 (Paris: Plon, 1992). This view, however, is convincingly repudiated by Maurice Vaisse in his 'De Gaulle and the British "application" to join the Common Market', in George Wilkes (ed.) *Britain's Failure to Enter the European Community, 1961-63: The Enlargement Negotiations and Crises in European, Atlantic and Commonwealth Relations* (London: Frank Cass, 1997) Ch.3.

forgive a benefit.⁹

These remarks reflect the extent to which Macmillan regarded the French veto as a personal rebuke. They are also typical of a deep-seated British reluctance, both at the time and since, to conceive that British entry into the European Community might not have been in the best interests of all. By ascribing de Gaulle's motives to a petty personal grudge, or alternatively, by caricaturing the General as an anachronistic Louis XIV or Napoleon, Macmillan evaded the question of how far British interests in Europe were in fact consistent with those of France, or the Community as a whole.

At the other end of the spectrum there has survived an alternative, predominantly French interpretation which holds that de Gaulle's actions were essentially concerned with defending the integrity of the Treaty of Rome. In this view, de Gaulle is said to have held genuine doubts about the extent of the British Government's commitment to the idea of European unity, and feared that Britain's ongoing attachments to 'outsiders' in the Commonwealth, EFTA and the United States would ultimately lead to a watering down of Community cohesion. This was how de Gaulle himself presented his decision at his January 1963 press conference, claiming that a Community with Britain as a full member:

...would be confronted with all the problems of the economic relations with a crowd of other States, and first of all with the United States. It can be foreseen that the cohesion of its members who would be very numerous and diverse, would not hold for long and that in the end there would appear a colossal Atlantic community under American domination and leadership which would soon swallow up the European Community.¹⁰

De Gaulle's purported concern for the integrity and cohesion of the European Community

⁹ Macmillan, quoted in Charlton, *The Price of Victory* (London: BBC, 1983) 262. See also Macmillan's diary entry of 29 November 1961, quoted in Vol. 5 of his memoirs, *Pointing the Way, 1959-1961* (London: Macmillan, 1972) 428, where he referred to de Gaulle's 'love-hate complex' and noted: 'Sometimes, when I am with him, I feel I have overcome it. But he goes back to his distrust and dislike, like a dog to his vomit'. A more moderate account of de Gaulle's alleged vindictiveness can be found in early British and American studies of the Brussels negotiations such as Beloff, *The General Says No*, and John Newhouse, *De Gaulle and the Anglo-Saxons* (London: Andre Deutsch, 1970)

¹⁰ De Gaulle, press conference, 14.1.1963, quoted in Derek W. Urwin, *The Community of Europe: A History of European Integration Since 1945* (London: Longman, 1995) 125.

was harshly criticised at the time both in Britain and on the continent,¹¹ but more recently it has attracted a modicum of support in the work of French historians Gerard Bossuat and Françoise de la Serre among others.¹² Although freely conceding that de Gaulle was ‘a realist and a nationalist’, Bossuat maintains that he was ‘also a European patriot’.¹³ But just as British accounts of De Gaulle’s vengefulness deny any possible divergence between British and European interests, interpretations which emphasise de Gaulle’s ‘European patriotism’ betray a strong reluctance to disentangle French national interests from those of the Community as a whole. Both accounts perform the function of obscuring the narrow self-interest which was fundamentally at stake on the part of both Britain and France respectively.

Between these two extremes there has emerged a growing consensus, incorporating elements of both, which views the Brussels breakdown as a clash of quite legitimate British and French national interests. It has become widely recognised that de Gaulle was primarily concerned, not with slapping the ‘Anglo-Saxons’ in the face (although some still hold that there was an element of this), nor with defending the spirit of the Treaty of Rome, but with restoring French power and influence at the centre of a dynamic European Community. De Gaulle saw genuine dangers in lining the Western European states unquestioningly behind the protective umbrella of the United States, a view which was no doubt strengthened by the events of the Cuban Missile crisis in October 1962.¹⁴ Instead he sought to establish Europe as a ‘third force’ under French leadership as a potential balancing weight between the superpowers.¹⁵ He therefore

¹¹ See for example the article by Belgian Foreign Minister, Paul-Henri Spaak, ‘Hold Fast’, *Foreign Affairs*, Vol.41, no.4, 1963, 611-620.

¹² See Françoise de la Serre, ‘De Gaulle et la candidature britannique’; Gerard Bossuat, ‘The Choice of “la petite europe” by France, 1957-63: An Ambition for France and for Europe’, in Richard T. Griffiths & Stuart Ward (eds.) *Courting the Common Market: The First Attempt to Enlarge the European Communities* (London: Lothian, 1996) 59-82.

¹³ Bossuat, ‘The choice of “La Petite Europe”’, 75.

¹⁴ De Gaulle referred to the Cuban crisis four times in his 14 January ‘veto’ press conference. He said the fact that the Russians now had a ‘nuclear arsenal powerful enough to endanger the very life of America’, meant that ‘no one in the world - particularly no one in America - can say if, where, when, how, and to what extent the American nuclear weapons would be employed to defend Europe’, quoted in Camps, *Britain and the European Community*, 479.

¹⁵ To quote but one example of the many occasions on which de Gaulle expressed these views, in June 1962 he impressed upon Macmillan: ‘We are condemned to death if [the superpowers] decide to fight and to obscurity if they reach an understanding with each other. We cannot put all of our forces at the disposal of NATO. Europe cannot have its own policy if it is not responsible for its defence. It will have a nuclear power, or, more precisely, the “nuclear power” of those European countries which have nuclear capability’, quoted in Vaisse, ‘De Gaulle and the British “application”’, 57.

viewed Macmillan's bid for EEC membership as something of an inconvenient intrusion into France's domain which, one way or another, would have to be frustrated. Equally, it has been recognised that Macmillan's membership bid was as much concerned with reviving Britain's flagging world power status as it was with 'preventing the economic and political division of Europe', as Macmillan so often claimed. Wolfram Kaiser neatly summarises the emerging consensus among historians in commenting that 'the ambitions of both the French and the British to lead Europe guaranteed the Anglo-French confrontation which culminated in de Gaulle's veto'.¹⁶

Viewed in this light it is clear that the problems associated with the Commonwealth, and Australia in particular, were of only indirect significance in the collapse of the Macmillan Government's EEC membership application. In the final analysis, the British were not rejected on account of their wide-ranging links 'to very diverse and often very distant countries', as de Gaulle intimated, but because of high political considerations that were far removed from the mundane detail of Commonwealth trade problems. It is of course true that the very existence of the 'Commonwealth problem' proved a major handicap to the British, and ensured the prolongation of the Brussels negotiations far beyond original expectations. There is also some evidence to suggest that the French actively sought to 'put the wind up the Commonwealth' by warning Australian, Canadian and New Zealand Embassy staff of the dire consequences for the Commonwealth of British entry, presumably in the hope of reinforcing Commonwealth resistance.¹⁷ Heath had always maintained that time was of the essence if the negotiations were to succeed, but Commonwealth insistence on thorough and regular consultation procedures resulted in a protracted, stop-start pattern of negotiations which frustrated hopes of a speedy conclusion. Moreover, the agonising attention to detail of Commonwealth trade problems undoubtedly lent a degree of weight to de Gaulle's claims that the negotiations were leading nowhere. That being

¹⁶ Wolfram Kaiser, *Using Europe, Abusing the Europeans: Britain and European Integration, 1945-63* (London: Macmillan, 1996) 196.

¹⁷ This, at least, was how the British interpreted the French approach to Commonwealth embassies. PRO, PREM11/4017, Dixon (Paris) to Arnold France, 4.5.1962. See Stuart Ward, 'Anglo-Commonwealth Relations and EEC Membership; The Problem of the Old Dominions', in George Wilkes (ed.) *Britain's Failure*, 102-103.

said, however, it was ultimately the marked easing of Commonwealth objections in the latter part of 1962, and the pronounced backdown of countries like Australia, that finally compelled de Gaulle to resort to more direct means of blocking British entry.

A temporary respite

It is generally assumed that the breakdown of the Brussels negotiations represented a humiliating body-blow to the Macmillan Government. Within the space of four years, Britain's overtures towards Europe had twice been rejected by General de Gaulle, leaving their carefully constructed European policy in tatters. At a time of flagging opinion polls and by-election defeats, the French veto merely compounded the British Government's political woes. Macmillan recorded the extent of his own deep sense of personal loss in his diary at the time of the breakdown on 28 January:

It is the end - or at least a temporary bar - to everything for which I have worked for many years. As far as *internal* politics are concerned, it is another blow...All our policies at home and abroad are in ruins.¹⁸

This was how it appeared in January 1963. But the high tempers and emotion subsided surprisingly quickly, as the Six tentatively resumed their progress towards economic integration and the British calmly compiled a 'post-mortem' report of the Brussels negotiations. British fears about the economic effects of exclusion from the European Common Market proved unfounded, as trade with the Six continued to expand throughout the 1960s at a healthy rate. And the residue of suspicion engendered between France and its EEC partners tended to put a brake on the evolution of political cooperation among the Six, thus allaying British fears about the forging of a strong political partnership between Europe and the United States. Wolfram Kaiser has even suggested that the veto represented 'failure, yet success' when measured against the original British objective of preventing the concentration of power and political influence on the European continent. Kaiser goes even further to suggest that Macmillan had in fact always

¹⁸ Macmillan, diary entry, 28.1.1963, *At the End of the Day*, 366-7.

reckoned that a failed negotiation would be better than no negotiation at all. Although this view tends to overlook the genuine disappointment and dismay among British ministers and officials at the time,¹⁹ it remains true that the breakdown turned out not to be of any major political or economic detriment to the United Kingdom in the medium to long term.



"VOILA, THIS IS WHAT YOU CALL 'HIT FOR SIX', NON ...?"

In January 1963, British and European cartoonists had a field day depicting de Gaulle's humiliation of the British in Brussels. In this example by Vicky, de Gaulle is defending the EEC while beating Macmillan at his own game.

But whatever the impact of the breakdown on the Macmillan Government, one point stands out clearly: neither the British, nor the Six, nor the United States regarded the French veto

¹⁹ Kaiser's argument (*Using Europe*, 199-201) is misleading because although he makes a convincing case that the 1963 breakdown did not, in the medium to long term, bring any great material hardship to Great Britain, he fails to provide any evidence that anyone actually thought this way at the time. The British Ambassador in Paris, Sir Pierson Dixon, later offered some more positive reflections on the outcome of the negotiations (PRO, FO371/171441, Dixon to Foreign Office 7.5.1963) but the overwhelming assumption in Whitehall in early 1963 was that Britain had suffered a major setback, and officials were promptly set the task of explaining what went wrong.

as the end of the matter. On the contrary, all parties viewed the events of January 1963 as a mere temporary setback for the United Kingdom. Even de Gaulle intimated, somewhat condescendingly, that it was 'highly possible' that the United Kingdom would join the Community at some point in the future.²⁰ Thus, although there prevailed a strong desire in Whitehall to take retaliatory action against the French, the British delegation in Brussels advised caution and restraint. As the leader of the delegation, Sir Pierson Dixon, impressed upon Heath and Sandys:

The temptation which we strongly feel should be resisted would...be to say that since we have not been able to get into Europe we propose to abandon our European vocation. Her Majesty's Government must...at all costs continue to confirm that they want to play their part in creating a united Europe as an equal partner with the United States within the Atlantic Alliance. They should do nothing which would suggest that they themselves wished to break up the European Community as such.²¹

Treasury officials in Whitehall arrived at a similar conclusion: 'It will be important not to give the impression of an immediate crisis demanding sudden changes of policy...we should not close the door now to eventual accession to the Community, and as far as possible our intermediate policies should be consistent with this'. In particular they stressed that there was no 'Commonwealth alternative' to EEC membership. Any suggestion that Britain should expand and develop preferential trade relations in the Commonwealth as a substitute for the Common Market would be of little economic benefit, and would merely complicate any future bid to join the European Community. In any case, such a scheme would in all likelihood be resisted by Canada, Australia and New Zealand on account of their express desire to protect their nascent manufacturing industries from British competition. In these circumstances, the only viable policy was to continue to pursue the 'long-term objective' of closer relations with the EEC.²²

This approach was quickly endorsed by British ministers, and communicated in vivid

²⁰ See de Gaulle's press conference of 14.1.1963, quoted in Camps, *Britain and the European Community*, 476. See also the speech of the German Foreign Minister Schröder at the close of the Brussels conference, 29.1.1963, 'I am convinced that the day will come when we can settle this problem', quoted in *ibid.*, 490.

²¹ PRO, DO159/11, Dixon to Heath and Sandys, 23.1.1963.

²² PRO, DO159/11, Treasury Paper, *Policy in the Event of a Breakdown in the Brussels Negotiations*, 23.1.1963. The Government did, however, decide to cancel a previously scheduled visit of Princess Margaret to Paris in February.

terms to the Six by Edward Heath in his closing address at the Brussels negotiations:

Although...this is a sad moment for European unity, I should like straight away to say one thing. We told you, at the very beginning of these negotiations, that we wanted to go forward with you in the building of a new Europe. Our words were very carefully weighed. They remain true today...And so I would say to my colleagues: they should have no fear. We in Britain are not going to turn our backs on the mainland of Europe or on the countries of the Community. We are a part of Europe: by geography, tradition, history, culture and civilisation. We shall continue to work with all our friends in Europe for the true unity and strength of this continent.²³

Macmillan reiterated this general line in the House of Commons on 11 February. Although toning down Heath's effusive 'Europeanism' for the home audience, he nonetheless affirmed Britain's European aspirations, declaring: 'While it would be absurd not to recognise with our heads that Britain's entry is not now capable of early realisation, we should surely strive to keep the vision in our hearts'. Moreover, he explicitly ruled out suggestions of a 'Commonwealth alternative' to Europe, and maintained that had such a possibility realistically presented itself, 'we would have done it years ago'. He therefore declined to call an early meeting of Commonwealth Prime Ministers, on the grounds that little purpose would be served by such a gathering at this stage.²⁴ He underlined these points in his correspondence with Commonwealth Prime Ministers, claiming that an early Prime Ministers' meeting would give the misleading impression that the Commonwealth and EEC membership represented 'in some sense alternatives'.²⁵ Macmillan was in no mood to breathe new life into the concept of organic British unity, and remained anxious to keep hopes of EEC membership alive.

In Australia the response to the breakdown was much the same. The Menzies Cabinet met on 5 February and agreed unanimously that it was 'still likely to be in Britain's mind to resume negotiations with the European Community some time in the future'.²⁶ McEwen had, in any case, already stepped up Australia's trade promotion programme, launching a new export drive on 3

²³ Edward Heath, 29.1.1963, quoted in Camps, *Britain and the European Community*, 492.

²⁴ Quoted in Macmillan, *At the End of the Day*, 375-378. See also Macmillan's national broadcast of 30.1.1963, quoted at length in *ibid.*, 368-370. Macmillan emphasised the different stages of economic development, particularly industrial development among Commonwealth countries, and the vastly divergent tariff policies as the main reasons why a 'Commonwealth Common Market' would prove 'impracticable and unacceptable'.

²⁵ See for example AA, A4940/1 C3368 Pt.4, Macmillan to Menzies, 1.2.1963.

²⁶ AA, A4940/1 C3368 Pt.4, Cabinet Minute (decision no. 638) 5.2.1963.

January, and he was in no mind to look back over his shoulder at the possibility of a revived imperial preference system. British preferences would remain for the time being, but they could not be counted on in the future. Prime Minister Menzies issued a brief public statement expressing sympathy for the United Kingdom for 'the manner in which the negotiations were terminated', although not, it would seem, for Britain's European aspirations as such. He emphasised that Australia's drive for new and diversified markets would continue, regardless of European developments.²⁷ Menzies followed this up with a personal message of sympathy to Macmillan: 'With all my reservations about the Common Market, with which you are familiar, I must say that you have been treated outrageously by France'. He reassured Macmillan 'as an old friend' that in his view the Brussels breakdown would be unlikely to cause any great electoral harm for the Conservatives. But once again he stopped short of endorsing Macmillan's determination to enter the EEC. And in keeping with his newfound distaste for Commonwealth Prime Ministers' meetings, Menzies concurred with Macmillan's assessment that a full Commonwealth Conference would be premature, emphasising instead his preference for 'bilateral discussions at least in the first instance'.²⁸

Australian press comment also stressed the temporary nature of the impasse in Brussels. *The Australian Financial Review* saw no grounds for satisfaction in the outcome of the negotiations, noting that 'it would be sheer folly to regard the break-off as providing anything more than a temporary respite and to assume that there can be a return to the old complacency whereby heavy reliance was placed on the British market'. Australia, it was argued, should regard the failure of the British entry negotiations as 'providing a welcome and valuable breathing space' for the development of alternative trade outlets, and that 'the exhilarating drive for new markets, begun since Britain announced her intentions of seeking membership of the Common Market 18 months ago, must be continued with the aim of making the country reasonably self reliant'. The Brussels breakdown should be regarded as 'not the end of the war

²⁷ *Statement by the Prime Minister, the Rt.Hon. R.G. Menzies, European Common Market, 5.2.1963, text in AA, A1838/275 727/4/2 Pt.5.*

²⁸ AA, A1209/45 1968/9074 Pt.1, Menzies to Macmillan, 8.2.1963.

but the end of a battle', and Australian policy would be best directed at 'an all-out expansion of trade in other parts of the world with consolidation of the links already forged with Japan, South East Asia, South America, and the United States'.²⁹ *The Age* adopted a similar line, claiming that Australians would be 'missing the wood for the trees' if they took up a complacent attitude in the wake of the latest turn of events. It was predicted that Britain would make a second bid for entry sooner or later, and that 'after 175 years, Australia can stop thinking of itself as a youngster in world affairs and begin assessing its responsibilities'. According to *The Age* the task was not merely one for the Government: 'There is an obligation on every Australian to examine his country's future, which is at a cross-roads of history no less dramatic for being unattended by gunfire'. The task appeared all the more urgent in the light of Indonesia's announcement that same month of a new policy of 'Confrontation' of the Federation of Malaysia, thus heralding a new phase of political instability in Australia's region.³⁰

Sir John Crawford, who throughout the Brussels negotiations had been the most outspoken Australian commentator on Britain's EEC membership bid, was equally forthcoming on the implications of the breakdown for Australia's future. In a public address in Melbourne at the end of February, Crawford posed the rhetorical question: 'Are we back where we started? Status quo ante?' This he answered with an emphatic 'no', describing the veto of the British application as 'definitely only a temporary reprieve'. But quite aside from assumptions about the future intentions of the United Kingdom Government, Crawford observed that the experience of Britain's drawn out negotiations with the EEC throughout 1961 and 1962 had had an irreversible impact on Australia's political and commercial culture. Australia, he asserted, had become 'mentally adjusted' to the new situation presented by the Brussels negotiations, and had come to see the political and economic advantages of a more self-reliant future. 'Our psychology has been changed', he declared. 'We will never be the same as we were before we were given a shake-up by Britain's application'.³¹ In other words, the experience of the United Kingdom's EEC

²⁹ *The Australian Financial Review*, 31.1.1963; 5.2.1963.

³⁰ *The Age*, 25.1.1963; 31.1.1963.

³¹ NLA, Crawford Papers, MS4514, Box 196, Folder 18, J.G. Crawford, *Termination of Common Market Negotiations*, Notes for address to Summer School of Business Administration, Melbourne, 28.2.1963.

membership application had fundamentally altered the assumptions about race, community and identity in Australian political culture, serving to narrow the parameters of Australia's imagined 'community of interest' towards a more exclusively national outlook. This idea was implicit in *The Age's* suggestion that Australia was no longer 'a youngster in world affairs', and explicit in Crawford's observations that Australia's 'psychology' had changed. Australia was at a 'cross-roads of history' and there could be no reversion to the kind of automatic British race patriot assumptions which had permeated Australian political culture right up to the time of the British decision to go into Europe.

It is also important to bear in mind that this was a two-way process. There is clear evidence to suggest that the EEC membership negotiations also played an important role in revising deeply ingrained British assumptions about the special obligations and responsibilities of the 'Mother Country' towards a wider Commonwealth community. This process of disentangling 'British interests' from those of the Empire and Commonwealth was already well under way in the 1950s, and was implicit in the Macmillan Government's decision to apply for EEC membership in 1961. But as in Australia, the experience of the negotiations and the shock of Britain's rejection at the hands of de Gaulle provided a catalyst for more open discussion, reflection and debate about Britain's obligations to the Commonwealth. In the immediate aftermath of the breakdown, Australian External Affairs officials noted the frequent British complaints that the bulk of the subject matter dealt with in Brussels had been 'exclusively Commonwealth interests and not British interests'.³² This was no doubt true, but the significant point is the way in which Whitehall officials began to distinguish rigidly between the two. One Whitehall Official, J.R.A Bottomley of the Commonwealth Relations Office, explicitly informed Australian High Commission staff that the British Government 'would now have to be tougher in looking after its own interests'.³³ Far from seeking a 'Commonwealth alternative' to the Common Market, the prevailing view in Whitehall was that the Commonwealth preference system was

³² AA, A1838/275 727/4/2 Pt.5, R.L. Harry (First Assistant Secretary, External Affairs) to Tange, *Possible Breakdown in UK Negotiations with EEC - Implications for Australia*, 18.1.1963.

³³ AA, A1838/275 727/4/2 Pt.5, Australian High Commission (London) to External Affairs, 29.1.1963.

becoming increasingly inimical to British interests, and was due for 'critical review'.³⁴

This lasting impression of the distinction between British and Commonwealth interests was also evident in the official 'post mortem' reports on the negotiations, prepared by Whitehall and the British Delegation in February 1963. The Delegation report contained a number of faintly bitter references to the 'unrealistic' demands of the Australians, and their insistence on a 'ponderous' system of consultations which 'acted as a brake on negotiations at a time when we should have been making substantial progress'.³⁵ The Delegation clearly felt that they had been weighed down by the burden of negotiating on behalf of others, and that the British Government should have been more ruthless in prioritising the interests of Great Britain over and above those of the Commonwealth. 'Looking back today', commented one senior member of the British Delegation, 'it seems to us probable that we should have done better to form a judgement at an early stage as to what interests of Commonwealth countries we should regard as vital'.³⁶ Or in other words, the Government should have made a greater effort to throw off the pervading sense of Britain's moral obligation to Commonwealth countries, and assessed Commonwealth demands in a more detached, disinterested manner befitting relations between independent, sovereign states. The Whitehall report broadly concurred with this assessment, adding that the experience of the September 1962 Commonwealth Prime Ministers' Conference indicated that they had perhaps over-estimated the strength of Commonwealth resistance to British entry. With hindsight, it may have been possible to jettison the more burdensome Commonwealth interests at an earlier date, and thus allow a more rapid conclusion to the negotiations.³⁷

The same line of thinking was reflected in British press comment in the aftermath of the breakdown. *The Financial Times* urged the necessity of taking a fresh look at Britain's foreign commercial relations, suggesting that the Government would have to 'adopt a rather more critical

³⁴ AA, A1209/45 1968/9074 Pt.1, Australian High Commission (London) to External Affairs, *UK Post-Brussels Trade Policy*, 4.2.1963.

³⁵ PRO, FO371/171442, *Draft Report on the Brussels Negotiations: EEC*, Prepared by the British Delegation, 26.2.1963, Section 29: 'Australian Hearing', 1-5; Section 31: 'Processed Foodstuffs from Australia, Canada and New Zealand', 1-4.

³⁶ PRO, FO371/171441, *Commentary on the Narrative Report on the Brussels Negotiations*, 8.3.1963.

³⁷ PRO, FO371/171441, *Negotiations with the European Economic Community: Whitehall History and Comment*, April, 1963, 118.

attitude to the Commonwealth preference system than it has in the past'.³⁸ Even *The Round Table* had come to recognise that 'we shall..inevitably be relying on our European associates more and our Commonwealth associates less'.³⁹ *The Economist* was particularly forthright on the implications of the EEC debacle for the future of the Commonwealth:

...the Common Market negotiations have shown, simply by forcing some basic questions on the Commonwealth, that blood is not thicker than divergent interests and that a Commonwealth without institutions is not, and cannot be a unit. Even the alternative belief in the Commonwealth as the pointer to a multiracial world society of tomorrow has, to say the least, fallen into doubt.⁴⁰

One year after the Brussels breakdown, a scathing critique of the modern Commonwealth appeared in *The Times* by an anonymous writer under the name 'A Conservative', but who was, in fact, none other than Tory renegade Enoch Powell. Powell described the Commonwealth as a 'gigantic farce', claiming that 'most Conservatives know this, and in their hearts they despise the politicians who keep the farce going'. Even the 'Old Dominions' had 'no present real ties with Britain other than such as history might have left between two foreign nations'. Powell claimed that the Commonwealth preference system was based on a 'persisting illusion that there is a world elsewhere', and that Commonwealth countries had frustrated Britain's attempts to enter into closer relations with Europe. This, he declared, was just one of the many concrete ways in which the Commonwealth 'does Britain harm'. Although this 'self-deception' had served a purpose in shielding the British people from the shocking changes of the post-war era, it was now clear that 'the wounds have almost healed...and the bandages can come off'. In other words, Powell called on the Government to snap out of its 'state of hallucination', to recognise the Commonwealth as a dangerous liability to British interests, and to 'base its patriotism on Britain's reality, not her dreams'. The article was unrestrained in its condemnation of the double standards and cynical self-interest among Britain's Commonwealth partners, and represented the most unequivocal expression of British disenchantment with the concept of a wider

³⁸ *The Financial Times*, 1.2.1963.

³⁹ Quoted in Alex May, 'The Round Table and the Post-War Commonwealth, 1945-1966', *The Round Table*, no.341, 1997, 104.

⁴⁰ *The Economist*, 18.5.1963, 633.

Commonwealth community of interest.⁴¹

Australian officials were well aware of the post-Brussels mood of their British counterparts, and assumed that the United Kingdom would now try to prove themselves 'true Europeans' by abandoning any further attempt to seek safeguards for Commonwealth interests.⁴² The New Zealanders shared this outlook, regarding the French veto as 'the final verdict against Britain's entry in terms favourable to the Commonwealth'.⁴³ It was widely understood that the United Kingdom Government had arrived at a clear point of separation between their own narrowly defined national interests and the wider interests of the Commonwealth. This was not to say that Britain would henceforth take a hostile view of the welfare of Commonwealth countries, but it was clear that the traditional sense of duty and obligation towards the steadily declining Empire was quickly losing its lustre.⁴⁴ In any future negotiation between the United Kingdom and the European Community, Commonwealth countries could not expect the same kind of attention to their diverse political and economic interests as they had received in 1962. Rather, relations between Britain and the Commonwealth would increasingly resemble those between any other self-interested, sovereign nation-states. As Menzies' former Foreign Minister, Lord Casey, reflected in the immediate aftermath of the breakdown:

...as things are at present each independent country of the Commonwealth has to act solely in the interests of its own people. No government can afford to be generous to other countries, even Commonwealth countries, or even afford to be *thought* generous. It is just hard bargaining with the cards held close to the chests of the bargainers.⁴⁵

Beyond the Brussels breakdown

Finally, it is worth considering the ways in which this profound shift in assumptions and outlook was reflected in policies and practices in the years following the Brussels breakdown. If Australia's national behaviour, as Neville Meaney has argued, has always been based 'not on a

⁴¹ *The Times*, 'Patriotism Based on Reality not on Dreams', 2.4.1964, 13.

⁴² AA, A571/166, 63/320 Pt.1, M.W. O'Donnell (First Assistant Secretary, Treasury) to R.J. Whitelaw (Financial Counsellor, Australian High Commission, London) 25.1.1963.

⁴³ AA, A1209/45 1968/9074 Pt.1, R.M. North (Australian High Commission, Wellington) to External Affairs, 8.2.1963.

⁴⁴ AA, A571/66 1963/320 Pt.1, R.J. Whitelaw, to Richard Randall (Deputy-Secretary, Treasury) 1.2.1963.

⁴⁵ Lord Casey, *The Future of the Commonwealth* (London: Frederick Muller, 1963) 36.

distinctive culture or ideology but rather on an instinctive sense of shared interests and experience',⁴⁶ then in what ways did the post-Brussels experience reflect the changing determinants of Australian nationhood in the 1960s? It is perhaps worth starting with the Australian Prime Minister himself, given that a number of political commentators have remarked on the impact of Macmillan's failed entry bid on Menzies' own brand of British race patriotism. Donald Horne, for example, observed as early as 1964 that 'until the shocks of the Common Market debate, Menzies was more British than the British, always running several years behind London, expressing dreams of Commonwealth that had something of the flavour of progressive discussion in 1908'.⁴⁷ Although his comments were intended as a disparaging reflection on Menzies' outmoded British patriotism, they nonetheless implied that the EEC episode had somehow shaken Menzies' convictions about the organic ties binding the British family of nations. Writing some years later in 1970, B.A. Santamaria similarly identified Britain's 'ruthless determination to get into the European Economic Community' as a defining moment which 'finally convinced even the Australian Prime Minister that the imperial emotion was strictly one sided'.⁴⁸

That being said, however, it should not be inferred that Britain's EEC membership application prompted a radical reordering of Menzies' sentimental values and attachments. On the contrary, in the final years of his premiership he continued to refer to himself as 'British to the bootheels', and his memoirs were full of enduring references to the 'internal and organic' nature of Australia's ties to Britain and the Crown.⁴⁹ Menzies' ^{installation} ~~installmen~~ as Lord Warden of the Cinque Ports at Dover Castle in 1966 was the culmination of a lifelong commitment to the British race patriot view of Australia's place in the British world. But despite Menzies' apparently unswerving British race patriotism, it is nonetheless possible to identify a subtle shift

⁴⁶ See discussion of Meaney's thesis in the Introduction, pp. 15-19.

⁴⁷ Horne, *The Lucky Country: Australia in the Sixties* (Ringwood: Penguin, 1964) 101.

⁴⁸ Quoted in Gerard Henderson, *Menzies' Child: The Liberal Party of Australia, 1944-1994* (Sydney: Allen & Unwin, 1994) 186.

⁴⁹ See for example Menzies' 'Critical Examination of the Modern Commonwealth', in his *Afternoon Light: Some Memories of Men and Events* (Melbourne: Cassell, 1967) Ch.9. In Chapter 19 of *The Measure of the Years* (Melbourne: Cassell, 1970) Menzies continued to extol the special 'bonds of common allegiance' among the old Commonwealth countries, and reiterated his reservations about British entry into the European Community.

in his approach to relations with Britain and the Commonwealth during his final years in office. Specifically, it was the way in which he began to distinguish clearly between his own personal ideals on the one hand, and his obligations as Australian Prime Minister on the other, that most clearly illustrates the influence of the changing precepts of Australian political culture in modifying his outlook on the British connection. For example, in a speech to the Australian Association of British Manufacturers one month after the failure of the EEC negotiations, Menzies affirmed his ongoing sentimental attachment to the Mother Country in typically exuberant terms, but at the same time acknowledged that Australia could no longer rely on the traditional pattern of preferential trade. It was imperative that Australia should develop new markets, he declared, 'because this is a challenging world'.⁵⁰ In other words, it was Australia's changing political and economic prospects, rather than any fundamental revision of Menzies' own sentimental ideals, that warranted a new approach to Australia's external commercial relations. A similar line of reasoning seems to have prompted Menzies to acquiesce in the 1965 decision to adopt the 'Australian dollar' as the new decimalised currency, despite his own sentimental preference to name the new unit of currency 'the royal'.

This same tendency was evident in Menzies' political dealings with Britain over the problem of Southern Rhodesia in the mid-1960s. The British Governments of Alec Douglas Home, and subsequently, Harold Wilson, had come under intense criticism over their handling of the problem of Rhodesian independence. Despite demands from the Afro-Asian Commonwealth countries for the reorganisation of Southern Rhodesia to allow full democratic rights to the disenfranchised black majority, the British Government was highly reluctant to intervene. The issue seemed set to come to a head at a specially convened Commonwealth Conference in Lagos in December 1965. On the eve of the conference, Wilson privately appealed to Menzies for support in dampening Afro-Asian agitation on the Rhodesian question, in order to help relieve the mounting pressure on the British Government. But Menzies' reply was far from forthcoming. Although he held no doubts that the United Kingdom would 'be put in the dock, and prosecuted

⁵⁰ Menzies, speech to the Australian Association of British Manufacturers, 28.2.1963, text in AA, A1209/45 1968/9074 Pt.1.

with great violence', he refused to be drawn into the fray on Britain's behalf and politely declined Wilson's invitation to attend the Conference. His reasons are illuminating:

We have coming up for Cabinet consideration difficult problems, as you know, about Vietnam and South East Asian defence generally. We have to give anxious attention to our relations with Asia, our nearest neighbours. We just cannot afford to be misrepresented by some of our African colleagues as advocating white supremacy in Rhodesia. If we attended this conference and spoke our minds - as of course we would - we would become the object of intemperate attack, and would be driven to make explanations for weeks and perhaps months thereafter. And all this over a country remote from us and our own immediate problems.

Menzies explicitly distinguished between his own private sympathies and the contemporary needs of his country when he added: 'Personally, I would not shrink from doing battle at Lagos; but I have no right to involve Australia in the consequences'.⁵¹ One need only compare this statement with Menzies' earlier defence of British interests at Suez in 1956, or his vigorous advocacy of South Africa's right to remain in the Commonwealth in 1960-61, to appreciate the extent of the change in his approach in practice, if not in sentiment. The events of the early 1960s had clearly forced the Australian Prime Minister, albeit reluctantly, to acknowledge a more distinctive, exclusive conception of Australian national interests. The very idea that a major Commonwealth problem could be regarded as 'remote' from Australian priorities represented a radical departure from Menzies' former conviction that the interests of Australia and the wider British world were ultimately indistinguishable. By separating his own personal inclinations from the modern day realities of Australia's geo-strategic and commercial interests, Menzies subtly altered his approach to Anglo-Australian relations in accordance with the changing requirements of Australian nationhood.⁵²

Aside from Menzies' personal outlook, there are ample signs of the shifting bases of Australia's relations with Great Britain in the post-Brussels era. In the economic sphere, the long

⁵¹ NLA, Menzies Papers, MS4936, Series 1, Box 22, Folder 187, Menzies to Harold Wilson, 24.12.1965.

⁵² On his retirement in January 1966, Menzies saw it as his duty to establish a British-Australian Association so that the 'good things in life' should not be 'lost by indifference'. Here again he regretfully acknowledged that the intimate, organic links between Britain and Australia which were once taken for granted, 'must now be identified and promoted'. For Menzies, the very idea that Australia's fundamental Britishness should have to be 'promoted' in itself indicated the extent to which his own imagined sense of a wider British community had been superseded by the changing precepts of Australian political culture. See Menzies, *The Measure of the Years*, 216.

post-war decline in Anglo-Australian trade continued throughout the 1960s. By the end of the decade, Australia's exports to the UK, ^{as a percentage of its total exports} had fallen from a mid-1950s average of 35 per cent to a mere 11 per cent. But in contrast to the earlier Australian tendency to decry these developments and to seek ways of arresting the downward trend, the dominant mood in the aftermath of the EEC crisis was to accept these changes as a matter of course. Although the need for trade diversification had been a regular theme throughout the 1950s, it received a far greater sense of urgency following what McEwen later referred to as the 'shock' of Britain's EEC application.⁵² The experience of discord and controversy over Britain's membership negotiations also brought more subtle changes to Australia's commercial culture. Michale Baume made the revealing observation in 1965:

They don't call them "Poms" anymore in the Department of Trade - not even "Pommie Bastards". Now it is the "Brits", a far more impersonal word that avoids the friendly (almost affectionate) familiarity of "Pommie". This new word for the British reflects fairly well the new look in Australia's trading relations with Britain.

It is no coincidence that Baume first came across this new term while reporting on the Britain's EEC membership negotiations in Brussels at the end of 1961. Baume had been excluded from a Foreign Office press briefing on the grounds that he was not British, to which one Australian Trade official responded: 'Well, the bloody Brits have shown their hand pretty early, haven't they'.⁵³ Baume quite rightly recognised the new appellation as part of a wider realignment of the Australian sense of 'community', which required a more distant, impersonal language in place of the traditional sense of mutual affection and familiarity. Once again, the conceptual shift occurred under the force of the divergence of interest presented by the Common Market crisis, rather than a unilateral assertion of Australian cultural identity.

In the aftermath of the failed Brussels negotiations, the discussion of Australian trade relations focused overwhelmingly on Australia's growing prospects in new markets, and the new

⁵² McEwen, press conference in Sydney on 28.6.1966, quoted in H.D. Black, 'Britain, Australia and New Zealand, and Europe', in Pierre Uri (ed.) *From Commonwealth to Common Market* (Ringwood: Penguin, 1968) 123.

⁵³ Michael Baume, 'Trading With "The Brits"', *Quadrant*, Jan-Feb, 1965, reprinted in J. Arnold, P. Spearritt & D. Walker (eds.) *Out of Empire: The British Dominion of Australia* (Melbourne: Mandarin, 1993) 93-100.

possibilities opened up by the Australian minerals boom. Japan became the frequent subject of analysis, particularly in 1963 when McEwen negotiated the renewal the 1957 Australia Japan Commerce Agreement.⁵⁵ But whereas the highly controversial 1957 Agreement had aroused deep wartime prejudices against the Japanese in Australia,⁵⁶ the 1963 Agreement was presented as a political triumph for McEwen. The essential difference was the greatly heightened public awareness of the urgent need to diversify Australia's trading relations, which had become so painfully evident during the course of the Brussels negotiations.⁵⁷ The broad shift in Australia's commercial outlook was clearly evidenced by the Japan-Australia press communique of August 1963, which stated that the two countries had 'proved to be natural trading partners'. Similarly, the warm response of virtually all sectors of Australian industry and commerce to the 1963 renewal was a far cry from the bitter, anti-Japanese feelings of 1957.⁵⁸ In 1966 Japan replaced Britain as Australia's leading export market, and by the end of the decade more than half of Australia's exports had found markets in Asia. Although it is impossible to tell how far these changes were the result of deliberate Government policy or merely an extension of a long term trend, what is unmistakable is the broad shift in Australian commercial culture. The idea that

⁵⁵ The 1963 agreement represented the fulfillment of Australia's earlier pledge to renounce the right to invoke Article 35 of the GATT, which had previously allowed Australia to discriminate against Japanese manufactures whenever they posed a significant threat to Australian industries. Fourteen countries, including Australia, had agreed to Japan's accession to the GATT in 1955 on the condition that the Article 35 provisions were inserted to enable them to discriminate against Japanese imports under certain conditions. The Japanese placed great value on the Australian undertaking to revoke its rights under Article 35, not only because this would secure Japanese interests in the Australian market, but also because of the likely impact of Australian actions on the remaining thirteen countries who continued to rely on Article 35. See Peter Golding, *Black Jack McEwen: Political Gladiator* (Melbourne: Melbourne University Press, 1996) 189-199; Alan Rix, *Coming to Terms: The Politics of Australia's Trade with Japan, 1945-57* (Sydney: Allen & Unwin, 1986) Ch. 9.

⁵⁶ McEwen claimed in his memoirs that in negotiating the 1957 agreement he felt he was taking his 'political life in [his] hands'. According to McEwen, the Government authorised him to negotiate with Japan on the condition that the matter be presented to the Australian public as his own private preserve. In this way, McEwen recalls, 'if I were to fall on this the Government wouldn't fall with me'. John McEwen, *His Story* (privately published, 1983) 54. McEwen's version of this story has since been verified by Malcolm Fraser, then a junior Liberal backbencher, in an interview with Peter Golding in 1994: 'Menzies wouldn't give him the authority to negotiate in the name of the government because he regarded the political risk as too great...So the risk was McEwen's...If it had gone wrong Menzies could have disowned him up to the moment the government accepted the agreement'. Peter Golding, *Black Jack McEwen*, 192.

⁵⁷ The US Embassy in Canberra identified a direct link between the impact of Britain's EEC application, and the favourable public response to the disinvocation of Article 35 in 1963. Embassy staff noted that the EEC issue had allowed the Australian Government 'to proceed to disinvoke with the full knowledge that it will have the support of important segments of public opinion'. NARA, RG59, 643.90/11-360, E.W. Schodt (First Secretary, US Embassy Canberra) to Department of State, 31.8.1962.

⁵⁸ See the *Australian Financial Review*, 6.8.1963.

Britain represented the 'natural' market for Australia's primary produce had rapidly dissolved under the stresses and strains of the Common Market crisis, and a fresh urgency about the need for trade diversification had replaced the complacency of former times.

In the realm of defence cooperation, a similar picture of steady disengagement emerged throughout the 1960s. Once again it is not suggested that the EEC episode in any way represented the fundamental cause of what was, in fact, a long term trend. The point is that the experience of Macmillan's European policies in the early 1960s brought about a critical revision of official and public attitudes, and henceforth the long term disintegration of Anglo-Australian ties was viewed in an entirely different light. The events of the 'Confrontation' dispute between Indonesia and Malaysia, which arose immediately after the Brussels breakdown in January 1963, clearly illustrated the changing policies and practices towards the United Kingdom and the Commonwealth. The Cabinet was acutely aware that any support for Britain and Malaysia would have to be carefully balanced against the need to avoid placing Australia in the role of 'a standing adversary' against Indonesia.⁵⁹ Thus, although in September 1963 Menzies formally pledged military assistance for Britain and Malaysia in securing the integrity of the Malaysian territories in Borneo, this announcement was not accompanied by an immediate offer of combat troops.⁶⁰ On the contrary, on at least three occasions between September 1963 and February 1965 the Australian Government declined British requests to bolster the defence of the Borneo territories with Australian forces.⁶¹ Menzies based this decision on divergent British and Australian 'intelligence assessments' of the gravity of the situation in Borneo, but it was equally clear that Australia was influenced by divergent British and Australian interests in relation to Indonesia. Specifically, the Cabinet was concerned that a hostile Australian presence in the region might well lead to Indonesian retaliatory actions on the New Guinea border which, McEwen noted,

⁵⁹ Peter Edwards, *Crises and Commitments: The Politics and Diplomacy of Australia's Involvement in Southeast Asian Conflicts, 1948-1965* (Sydney: Allen & Unwin, 1992) 259.

⁶⁰ See Menzies, speech to the House of Representatives, 25.9.1963, quoted in T.B. Millar, 'Anglo-Australian Partnership in Defence', in A.F. Madden & W.H. Morris-Jones (eds.) *Australia and Britain: Studies in a Changing Relationship* (Sydney: Sydney University Press, 1980) 83.

⁶¹ See Edwards, *Crises and Commitments*, 285-292.

'might not be in the general [read Australian] interest'.⁶¹ It was not until Sukarno's dramatic withdrawal from the United Nations, and the pronounced build-up of Indonesian forces in early 1965, that the Australian Government, some seventeen months after Menzies' initial pledge of military support, was finally persuaded to send an Australian battalion to Borneo. But the very hesitancy of the Australian Government on this issue was typical of a growing awareness that Indonesia would remain one of Australia's most important neighbours long after Great Britain had left the region.⁶² As Menzies explained at a press conference in 1965: 'We have to live with Indonesians for hundreds of years, and would prefer to live in peace'.⁶³

A similar divergence in British and Australian assessments of their respective interests emerged during the early stages of Australian involvement in the Vietnam War. It is often noted that the Australian commitment of ground troops to Vietnam in March-April 1965 marked the first instance of Australian engagement in a military conflict where the United Kingdom was not involved. What is not always recognised is that the Menzies and Wilson Governments were often at cross purposes on the Vietnam issue. In early 1965, for example, the British Government supported a number of initiatives aimed at a negotiated settlement to the Vietnam conflict at precisely the same time as the Australian Prime Minister was denouncing moves towards a diplomatic solution.⁶⁴ The Australian Government was concerned that diplomatic steps might curtail the United States' freedom of action on an issue that was considered of vital strategic interest to Australia. The United Kingdom, by contrast, with defence resources already overstretched and with a far less direct interest in the Vietnam conflict, understandably preferred the course of negotiation and compromise.

⁶¹ Summary of Cabinet discussion of 1 July 1964 by McEwen to Menzies (London) quoted in Edwards, *Crises and Commitments*, 291-292. Or as the Australian Ambassador in Jakarta, Mick Shann, cautioned: 'we would be ill-advised to decide our course of action on the premise that our best interests are served by automatically opposing Indonesian interests', quoted in Lee, 'The Origins of the Menzies Government's Policy on Indonesia's Confrontation of Malaysia', in Frank Cain (ed.) *Menzies in War and Peace* (Sydney: Allen & Unwin, 1997) 81.

⁶² T.B. Millar makes this point in 'Anglo-Australian Partnership in Defence', 83.

⁶³ Quoted in Sam Toohey, 'Confrontation: The Importance of Australian-Indonesian Relations, 1963-1966', paper at the conference, *Australia and the World in the Cold War Era*, University of Sydney, 2-3 July, 1998, 23.

⁶⁴ Menzies told the Parliament on 6 April 1965 that he was opposed to the idea that 'the United States, instead of fighting, should negotiate - negotiate with an enemy which has violated its obligations in relation to a cease fire; negotiate with a country that has ignored its international obligations; and negotiate with people who will keep on shooting when the Americans have stopped shooting. That seems to me a fantasy, and if I am the only Prime Minister left to denounce it, I denounce it', quoted in Edwards, *Crises and Commitments*, 363.

Vietnam also raises the question of whether Australia's traditional British race patriot outlook was merely substituted in the 1960s for an amended version of 'race loyalty' towards the United States. The apparent switch in Australian loyalties in the 1950s and 1960s is often referred to in terms which imply that Australia's ties to Britain and the United States were essentially of the same kind.⁶⁶ The differences, however, cannot be overstated. Australia's relations with the United States in the Cold War years were based, first and foremost, on the conventional notion of alliance. They may have been 'unequal allies', to use Roger Bell's phrase, but throughout the post-war years a formal alliance was considered essential to the establishment of a system of mutual obligations and responsibilities. Australian governments constantly sought US assurances about when, where, and under what circumstances these obligations would come into effect. In the case of Australia's traditional ties to Britain, by contrast, no such formal alliance was ever deemed necessary. The organic ties of kinship, culture, history and sentiment were considered a far more secure basis for a system of mutual trust. Australians may have switched from one great 'protector' to another during the 1960s, but they did not carry out a wholesale transfer of their cultural loyalties and sentimental assumptions. Although ideas about race, identity and community were never entirely absent in US-Australian relations, they held nothing like the power, impact and immediacy of the British connection. The Australian involvement in Vietnam, therefore, derived not from the same impulse that had prompted Australia to take up arms for the Mother Country in two world wars, but from the more modern requirements of cementing a rather tenuous alliance agreement.

Following Menzies' retirement in 1966, the loosening of Anglo-Australian defence ties proceeded apace under the impetus of the Wilson Government's decision to withdraw all British military forces from east of Suez. The British Government White Paper of February 1967 reviewed Britain's contribution to the 'Confrontation' dispute with Indonesia and concluded: 'Our aim is that Britain should not again have to undertake operations of this scale outside

⁶⁶ For a fairly straightforward example see Humphrey McQueen in *Gallipoli to Petrov: Arguing With Australian History* (Sydney: Allen & Unwin, 1984) 174-175.

Europe'.⁶⁷ Later that year, a crippling sterling crisis forced the Wilson Government to bring forward the timetable to have all British forces out of South East Asia by 1971. British ~~Treasury~~ ^{Chancellor of the Exchequer} Secretary Roy Jenkins frankly described the decision as:

...no more than the recognition...of basic currents in the tide of history. We are no longer and have not been for some time a super power. It does not make sense for us to go on trying to play a role beyond our economic strength...⁶⁸

In Australia, the newly elected Holt Government naturally opposed the reduction in allied strength in the region, not out of immediate fears for Australia's physical security, but rather because of the additional costs of maintaining Australia's 'forward defence' posture in Britain's absence.⁶⁹ The Cabinet discussed the problem on 25 May 1967 and concluded that 'any final decision by the British Government to withdraw from South-East Asia would have fundamental and far-reaching consequences for Australia's external position as to require the recasting of Australian external policy in fundamental terms'.⁷⁰ This statement echoed, to some extent, the instinctive reaction of the Australian Government at the time of Britain's 1961 EEC membership application. But it is nonetheless clear that the Holt Cabinet was far less affected by sentimental considerations in its assessment of Britain's 'East of Suez' policy. Although Holt set out to persuade the Wilson Government to delay the withdrawal of British forces, his arguments were based primarily on Britain's revocation of a 'bilateral security arrangement' rather than implied obligations arising from notions of British racial community. Clearly there could be no direct appeal to British public sentiment of the kind delivered by Menzies at the height of the EEC crisis in 1962, because there no longer existed any firm political or cultural base where such an

⁶⁷ United Kingdom Defence White Paper, February 1966, Cmnd. 2901.

⁶⁸ Quoted in John Darwin, 'Britain's Withdrawal from East of Suez', in Carl Bridge (ed.) *Munich to Vietnam: Australia's Relations With Britain and the United States Since the 1930s* (Melbourne: Melbourne University Press, 1991) 158.

⁶⁹ The immediate threat to Australia was explicitly ruled out by a Defence Department Cabinet Submission of May 1967 which stated: 'Our case should not be presented as deriving from fears for our own physical security. Our assessment is that there is little risk of a direct threat to Australia in the foreseeable future and we should make this plain, particularly as some British statements about coming to Australia's aid in the event of an attack suggest that they believe this to be our prime preoccupation'. Rather, the Defence Department saw Britain's military presence in the region as important for the general maintenance of 'stability in the area', to discourage foreign, but particularly Indonesian aggression, and 'to maintain the existing basis for Australia and New Zealand's forward defence posture'. AA, A5842/2 Vol.10, Cabinet submission no.283 (Allen Fairhall, Minister of Defence) May 1967.

⁷⁰ AA, A5842/2 Vol.10, Cabinet Minute (Foreign Affairs and Defence Committee) decision no. 357, 25.5.1967.

appeal might meaningfully resonate. It is also significant that Holt rejected the British alternative of establishing a British base in Australia, partly due to considerations of cost and the priority of keeping the British in Singapore, but also out of a sense that such an arrangement would be faintly anachronistic.⁷¹ Not surprisingly then, the Wilson Government ignored Australia's arguments for an ongoing British presence in the Far East on the grounds that the fulfillment of Britain's bilateral security arrangements with Australia did not require a permanent military presence in the region, and that Britain would naturally come to Australia's aid in the event of open hostilities.

As if to underline the significance of the British decision, in July 1969 US President Richard Nixon announced the 'Guam Doctrine', declaring that the United States would never again become involved in a land war in Asia, and that henceforth America's allies in the Asia-Pacific region would be expected to assume the major burden for their own defence. Although this was not directed specifically towards Australia, it served to accentuate Australia's radically altered geo-strategic predicament. In the words of Defence Minister Malcolm Fraser, Australia was 'likely to be more alone than ever before'.⁷² Faced with these problems, the Australian Government was compelled to consider the future of their traditional 'forward defence' strategy, and in February 1969 it was announced that Australia (in conjunction with New Zealand) would continue to maintain forces in Malaysia and Singapore after Britain's departure. Britain's withdrawal from east of Suez therefore removed the last vestige of a direct British interest in Australian security, and forced the Australian Government to assume the primary burden of its forward defence posture.

But perhaps the clearest indication of the broad shift in assumptions about the Anglo-Australian relationship in the aftermath of the Brussels breakdown was Australia's response to

⁷¹ Australian Minister for Air, Peter Howson, noted the 'difficulty of explaining to the Australian electorate the establishment of a British base in Australia while Australian forces were in Vietnam and British forces were not', quoted in Derek McDougall, 'Australia and Britain's Military Withdrawal from East of Suez', *Australian Journal of International Affairs*, Vol.51, no.2, 1997, 183-194, 188.

⁷² Malcolm Fraser, quoted in Neville Meaney, 'The United States', in W.J. Hudson, *Australia in World Affairs, 1971-75* (Sydney: Allen & Unwin, 1980) 164. See also Meaney, 'The End of "White Australia" and Australia's Changing Perceptions of Asia, 1945-1990', *Australian Journal of International Affairs*, Vol.49, no.2, 1995, 181-182.

Britain's ongoing attempts to join the EEC. In 1967 the Wilson Government launched the United Kingdom's second formal EEC membership application, after many months of press speculation. But even prior to Wilson's announcement, McEwen made it clear that he would not resume the same hard line stance he had adopted during the first British application. In an interview in June 1966 it was clear that he had taken on board the lessons of the 1962 negotiations: 'I don't imagine that they can secure terms that absolutely safeguard the Commonwealth and if Britain feels it is imperative for her to go in on terms that are less than perfect, then I accept that situation'.⁷³ This was a far cry from McEwen's 1961 pronouncement that Britain's EEC ambitions represented 'a fight for stakes which for us are very, very high'.⁷⁴ But he had clearly learned the futility of resisting the steady dwindling of Anglo-Australian economic ties, and made a point of publicising his revised standpoint from the outset. He made similar remarks to the Cabinet in October 1967, emphasising that Britain was 'so determined to maintain a position of willingness, even anxiety, to join the EEC that she will take no action...that might appear as the slightest contradiction of that position'.⁷⁵ In other words, any Australian attempt to secure more than the bare minimum of safeguards would be a waste of time and negotiating effort. At no stage did McEwen resort to arguments of implied obligations deriving from sentimental attachments, nor did he pour criticism on his British counterparts for their indifference to the ties of kinship. On the contrary, the experience of 1962 had clearly rendered these assumptions obsolete. This was further acknowledged by the Holt Cabinet when it voted unanimously in August 1967 to remove the word 'British' from the cover of Australian passports. Immigration Minister Bill Snedden described the use of the term as 'an anomaly', and observed that 'Australia's own national identity is much more manifest today throughout the world and especially in Asia'.⁷⁶

⁷³ McEwen, interviewed by Peter Grose in *The Australian*, 18.6.1966.

⁷⁴ McEwen, *CPD*, H.of R., vol.32, 17.8.1961, 257-263.

⁷⁵ AA, A5842/2, Vol.16, Cabinet submission no.504, *UK/Australia Trade Discussions* (McEwen) 12.10.1967; See also McEwen's comments to the Cabinet in *ibid.*, Vol.15, Cabinet submission no.466 *United Kingdom/Australia Trade Discussions*, 14.9.1967.

⁷⁶ AA, A5842/2, Vol.14, Cabinet Submission no.433 (Snedden) August 1967. Snedden argued that the United Kingdom had chosen specifically to use the term 'British' for matters pertaining to the United Kingdom; that

In the event, Wilson's EEC membership bid was again vetoed by General de Gaulle in December 1967, on precisely the same grounds as in January 1963. It was not until de Gaulle's retirement from office in 1969 that the British application was pursued once more, this time under the new Conservative Government led by Edward Heath. Negotiations proceeded throughout 1971, culminating in the signature of a Treaty of Accession in January 1972. One year later, and precisely ten years after de Gaulle's original veto, Britain, Denmark and Ireland became full members of the European Community. During the early stages of negotiations McEwen retired from politics, and it was left to his successor as Leader of the Country Party and Minister for Trade and Industry, Doug Anthony, to keep watch over Australian interests in the negotiations. But from the outset it was obvious that Australia's trade problems would not play a major role in the negotiations. At any rate, by 1971 Australia's stake in the negotiations amounted to little more than eight percent of total export income. Despite Britain's pledge to seek a transitional period to ease the effects of the loss of preference to Australian producers of wheat, sugar, fruit, butter and meat, the final settlement in Brussels offered no such provisions. The Six would be prepared to 'consider' any severe cases of hardship arising from Britain's entry, but otherwise Australia would be treated in the same way as any other non-member country.

Britain's unwillingness to insist on a transitional period was met with a degree of scorn in Australia, where a residue of British race patriotism was clearly in evidence. Australia's High Commissioner in London, renowned anglophile Alexander Downer, believed that future generations in Britain would revile their present leaders unless they retained the Commonwealth ties.⁷⁷ On the other side of Australian politics, Rex Connor seemed to suggest that the Heath Government had breached the moral code of the British family when he remarked acerbically: 'Britain has gone in there to get out of the wet, and has said, in effect, "Go hang the

Australians holding 'British passports' were no longer accorded a right of entry into the United Kingdom following the 1962 'Commonwealth Immigrants Act'; and that all other Commonwealth countries had dropped the term 'British' from their passport covers. In these circumstances, Snedden considered the retention of the term on Australian passports 'anomalous' and 'misleading'.

⁷⁷ Geoffrey Bolton, 'The United Kingdom', in W.J. Hudson (ed.) *Australia in World Affairs, 1971-1975* (Sydney: Allen & Unwin, 1980) 213.

Commonwealth””.⁷⁷ *The Australian Financial Review* also noted these unmistakable remnants of British race patriotism, commenting that: ‘Much of the fumbling uncertainty which characterises Australia’s official relations with the outside world arises from a failure to accept that Australia’s old relationship with Britain has been eroded by time and events’.⁷⁸ But despite this residual tendency to interpret new developments in terms of past sentiments, it remains clear that the entry of Great Britain into the European Community in January 1973 in no way aroused the kind of widespread public and official uproar that had occasioned the original Macmillan application in 1961. A combination of Australia’s trade diversification in the 1960s, the decreased dependence on agricultural exports as a result of the minerals boom, and above all, the sense of inevitability that had come to characterise Britain’s EEC ambitions, promoted the widespread feeling that British entry into the European Community no longer mattered all that much to Australia. And for those to whom it did matter, it had become painfully obvious that there was nothing Australia could do to alter the fact of a declining British market and the need for alternative trade outlets. Few would have dissented from Doug Anthony’s sober assessment in the House of Representatives on 19 August, 1971:

This must all be accepted as history. We must now look to the future...One thing is clear. If the United Kingdom joins the European Economic Community then Australia will be on its own. We will no longer have our special trade relationship with the United Kingdom which has proved so valuable to us since the 1930s. I am sure that this country can stand on its own feet.⁷⁹

But by 1971 Australia was already ‘on its own’. Britain’s withdrawal from east of Suez, coupled with Nixon’s enunciation of the Guam doctrine, had set the seal on a prolonged process of disentanglement of Australia’s interests from those of its ‘great and powerful friends’. This process had been in train since the end of the Second World War, but the EEC membership crisis of 1961-63 played the pivotal role of exposing the magnitude of these changes, and compelled an unwilling Australian community to adjust to them. No process of change and

⁷⁷ Quoted in *ibid.*, 214.

⁷⁸ *Ibid.*

⁷⁹ Anthony, *CPD*, H.of R. 19.8.1971, 356-357.

adjustment can ever be said to be complete, but it remains clear that Australia's sentimental and practical ties to the Mother Country were irreversibly altered as a result of the Macmillan Government's failed EEC membership application. In the words of John Crawford, Australia's 'psychology had been changed', and there would be no looking back to the British race patriot mindset that had characterised Australia's political and commercial dealings with Great Britain right up to the early 1960s. The breakdown of the Brussels negotiations in January 1963 did not, as historians seem to have assumed, diminish the impact of Britain's European ambitions on Australian political culture. All parties assumed that Britain would gain entry into the EEC sooner rather than later, and that Britain's political and economic interests would be increasingly defined in terms of new European realities rather than old imperial memories. For Australia, this resulted in a keener appreciation of Australia's primary role in the South Pacific region, a more narrow and exclusive conception of Australian national interests, and a more sharply defined sense of Australian nationality.

Conclusion

On the eve of his election victory in December 1972, the Leader of the Australian Labor Party, Gough Whitlam, announced to an audience in Perth: 'In the great issues facing this nation it's time for a national approach. And it's time we had our own symbols of our nationhood'.¹ Whitlam's term in office from 1972 to 1975 was indeed characterised by an overhaul of a number of key symbols of Australian nationhood, with the introduction of a new Royal Styles and Titles Act enthrone Elizabeth II as 'Queen of Australia', the abolition of British regal honours and the establishment of the Order of Australia, and the replacement of *God Save the Queen* with *Advance Australia Fair* as Australia's national anthem. On account of this, and other aspects of his external policies, Whitlam is normally credited with projecting a more distinctive, independent, and mature image of Australian nationhood to the outside world. Evans and Grant, for example, make the fairly orthodox claim that the Whitlam era 'divided the prolonged obeisance of Menzies to the idea of Imperial unity...from the emergence of the kind of Australian foreign policy we now take for granted'.²

Interestingly, the changes of the Whitlam era are often put down to the wave of so-called 'new nationalism' which supposedly swept the Australian Labor Party into power at the December 1972 election.³ The term 'new nationalism' normally refers to the renaissance in Australian cultural life in the late 1960s and early 1970s, as witnessed by the establishment of new Australian theatre companies, the revival in book publishing, and the resurrection of the dormant Australian film industry among other developments. Within this framework, the election of the Whitlam Government is often viewed as the political expression of a burgeoning

¹ Quoted in Stephen Alomes, *A Nation at Last?: The Changing Character of Australian Nationalism* (Sydney: Angus and Robertson, 1988) 205.

² Gareth Evans & Bruce Grant, *Australia's Foreign Relations in the World of the 1990s* (Melbourne: Melbourne University Press, 1991) 26; See also Whitlam, *The Whitlam Government, 1972-75* (Ringwood: Penguin, 1985) 25-26, 130-131.

³ See for example Alomes, *A Nation at Last?*, 203.

Australian cultural identity, in place of the outdated cultural standards and symbols of a 'fawning, provincial Australia'.⁴ It is, however, extremely difficult to find an adequate explanation as to why this sudden promotion of 'new nationalism' occurred at this time, or why it even occurred at all. Stephen Alomes, for example, informs us that 'Australian nationalism's traditional amalgam of British loyalism and the male "digger" tradition was increasingly challenged in the conflict-ridden 1960s', but he devotes all his energy to describing the phenomenon rather than explaining its existence. In an inversion of the 'thwarted nationalism' paradigm, he attributes the drive and success of 'liberal and left-liberal' advocates of the new nationalist faith to their 'belief that knowledge would overthrow both ignorance and reactionary values', and to the fact that 'indoctrination' in racism and empire was 'on the wane'.⁵ In other words, Alomes treats Australian cultural nationalism as a fundamental and self-evident constant, requiring nothing more than the removal of pernicious old-world obstacles such as 'ignorance', 'reactionary values', and of course, 'indoctrination' to assert its natural and rightful claim as the voice of an innate Australian national community.

Writing in 1968, Geoffrey Serle offered an alternative explanation as to why 'the young Australian now has no sense of conflict in his loyalties':

The knocking away of the props of the imperial association between Britain and Australia - defense and the economic nexus - have seemingly led to a swift withering away of sentiment. It appears that the blood relationship, habit, and tradition count for little against hard realities in altering sentiment.⁶

Serle seemed keenly aware of the vital nexus between sentiment and self-interest in sustaining the British race patriot view of the world, and more particularly, the inevitable frailty of sentiment as a focus of mutual identification in the absence of a concrete sense of mutual self-interest. But this did not lead him to view the Australian experience of nationalism as something

⁴ Ibid., 187, 203-205. Whitlam himself used the term 'new nationalism' on occasion, such as the 119th anniversary of the Eureka Stockade at Ballarat in December 1973. See Neville Meaney, 'The End of "White Australia" and Australia's Changing Perceptions of Asia, 1945-1990', *Australian Journal of International Affairs*, Vol.49, no.2, 1995, 186.

⁵ Ibid., 193, 198. See also Stephen Alomes, 'Cultural Radicalism in the Sixties', *Arena*, 62, 1983.

⁶ Geoffrey Serle, 'Australia and Britain', in Richard Preston (ed.) *Contemporary Australia: Studies in History, Politics, and Economics* (Durham: Duke University Press, 1969) 18-19.

unusual or exceptional. Although he emphasised the 'paramount importance of imperial loyalty over most of the period of Australia's history',⁷ he ultimately dismissed his own evidence as a mere 'half-century holdup of the normal progression' and 'only a temporary response to what may now be seen in perspective as a relatively short-lived revival of enthusiasm for empire'.⁸ Serle's 'perspective' was clearly influenced by the prevailing radical nationalist trends in Australian historiography at the time. Despite his recognition that the broad shift in Australian sentimental attachments had more to do with 'hard realities' than any nationalist triumph against imperial 'indoctrination', his final emphasis on Australia's 'normal progression' towards national self-assertion was essentially an endorsement of the radical nationalist myth.

Whitlam himself was fully aware that the changes introduced by his Government to place Australia's relations with Great Britain and the Monarchy on a more 'national' footing were not the product of a new cultural assertiveness, radically and immediately transforming the very foundations of Australian nationhood. Rather, as he declared to Parliament in May 1973, the new symbols were intended to 'reflect the development of a more independent Australian identity in the world' and 'indeed...to give formal recognition to what has already happened'.⁹ Although he didn't elaborate on what was supposed to have 'already happened', nor how or why this new state of affairs had come about, his comments clearly show that the formal changes to Australia's national image during his term in office were fundamentally contingent on the events of the preceding era. The Whitlam years, far from marking a 'dividing line' from the 'prolonged obeisance' of the Menzies era, were essentially an extension, or a formal recognition, of the irreversible changes in the ideological foundations of Australian political culture which had been forced upon Australia during the Menzies years. This, in itself, may not seem particularly startling or revealing, given that all historical developments are in some way contingent on preceding issues and events. But it assumes particular significance in the light of Benedict

⁷ Serle noted that already by 1968, many Australian historians had begun to neglect the role of imperial loyalty in Australia's past, tending to 'overlook the obvious simply because it did seem so obvious. Perhaps it is time for what is no longer obvious to be restated and explained'. *Ibid.*, 3.

⁸ *Ibid.*, 19.

⁹ Whitlam, address to the House of Representatives, 1.5.1973, quoted in Whitlam, *The Whitlam Government*, 131.

Anderson's theory that all nations, in order to be imagined as 'limited sovereign communities', must first become somehow 'imaginable'.¹⁰ In the case of Australia, before any *limited*, sovereign, national community could become fully 'imaginable' it was a necessary precondition that the wider sense of British racial community should become 'unimaginable'.

The point here is not to diminish Whitlam's contribution,¹¹ nor to enhance the nationalist legacy of the Menzies era. Rather, it has been the broad aim of this study to show that the changing determinants of Australian nationhood in the post-war era occurred, not under the impetus of an Australian cultural assertiveness breaking out of the 'thwarted nationalism' paradigm, but in reaction to the demise of British race patriotism as a viable and credible framework for the ordering of Australian loyalties, priorities, and policies. When Whitlam spoke of his reforms as a 'recognition of what has already happened', he was essentially saying that the ideals that had long underpinned a common Anglo-Australian attachment to a single crown, a single national anthem, and a common system of regal honours no longer carried the same relevance in Australian political or cultural life. In other words, Whitlam clearly appreciated that the symbols of the Australian nation-state in 1972 lagged several steps behind the Australian political reality. Herein lies the core idiosyncrasy of the Australian national experience - Australia acquired the symbols, sentiments, and formal trappings of a more exclusively defined Australian nationalism as a corollary to the evolution of an Australian nationality. It should therefore come as no surprise that it is only now, in the late 1990s, that Australians have begun seriously to discuss an appropriate form for an exclusively Australian head of state, and a new design for a national flag to replace the colonial ensign adopted in the early 1900s.

This, then, is the central idea that has been advanced in this thesis - that the emergence of a more distinct, separate, and exclusive Australian nationality has proceeded primarily under the impetus of changes in the conception of the Australian 'community of interest', while a sense of

¹⁰ Benedict Anderson, *Imagined Communities* (London: Verso, 1991) 6-7, 42-43.

¹¹ Whitlam has quite rightly expressed indignation at the tendency among historians to regard the many foreign policy changes introduced by his Government as somehow 'inevitable'. I should therefore stress that the suggestion, here, that Whitlam's overhaul of certain Australian national symbols was 'contingent' upon earlier developments is not to say that the reforms were 'inevitable'. See Whitlam, *The Whitlam Government*, 26-27.

a limited, exclusive, self-sufficient Australian cultural community has been moulded and reshaped accordingly. The point is not that Australians suddenly realised at some arbitrary point that they had distinctive national interests, nor that these interests were somehow essential, innate, or eternal. Evans and Grant, for example, have incorrectly asserted that Whitlam's policies were based on a newfound awareness that 'Australia had its own interests and could make its own assessments of what they were'.¹² Australian governments from the time of Federation had consistently identified their own distinctive external interests and perspectives, and within the limitations of international power structures had sought ways of securing those interests.¹³ Thus the ongoing search by successive generations of historians for signs of an assertion of Australian national interest as the touchstone of 'Australia's decolonisation experience'¹⁴ has been both self-defeating and misleading. Rather, it is the fate of one single core assumption, etched deeply into the Australian cultural and political imagination for much of this century, that lends clarity to the otherwise hazy picture of Australia's emergence from the imperial shadow; namely, the idea that the British countries of the world, despite occasional divergence of opinion and periodic conflict over particular interests, were organically bound under a common racial destiny. Or put more simply, it is the demise of the idea that the national self-interest of Australia and Great Britain *ought* ultimately to coincide that holds the key to the demise of British race patriotism in Australian political culture.

This central problem has been the primary object of enquiry in this work. It has been shown that the dismantling of the British race patriot outlook in Australian politics can be identified, with a surprising degree of precision, in the United Kingdom's first application to join the European Economic Community in the early 1960s. It has not been suggested here that the Macmillan Government's EEC membership bid represented the fundamental cause of Australia's drift away from imperial moorings. Signs of the steady erosion in Anglo-Australian cooperation and partnership can be identified even prior to Federation, and Australia's ever-

¹² Evans & Grant, *Australia's Foreign Relations*, 26.

¹³ See discussion of Meaney in the Introduction, pp. 15-16.

¹⁴ Christopher Waters, *The Empire Fractures: Anglo-Australian Conflict in the 1940s* (Melbourne: Australian Scholarly Publishing, 1995) 2.

dwindling reliance on the Mother Country *in practice* has been, to use Garfield Barwick's phrase, 'both gradual and, to a degree, imperceptible'.¹⁵ At the level of ideology, sentiment, and political culture, however, the advent of the Common Market crisis in 1961 brazenly and abruptly confronted the core myth of 'community in diversity' that had for so long sustained the Anglo-Australian relationship through countless imperial crises. The prospect of British entry into the political and economic obligations of European integration posed a conflict of interest of an entirely different order to the periodic squabbles that had characterised Anglo-Australian relations from earliest times. Far from posing a limited and transient source of disharmony and dispute, British membership of the EEC raised the fundamental question of how future British interests would be conceived, defined and prosecuted. Macmillan's EEC ambitions presented Australia with the most clear statement of the profound reorientation of Britain's primary interests and priorities in the post-war world. As the prospect of negotiating special arrangements to protect Australia's vital interests grew increasingly bleak throughout the course of 1962, it became steadily clear that there would be no retrospective reflection on the 'British genius for compromise' in settling yet another family dispute to the broad satisfaction of all. Rather, the EEC crisis unleashed a ferment of discussion, debate, and ultimately, reappraisal of the primary obligations and responsibilities of a limited, sovereign, Australian national community in the South Pacific region.

In sum, this study has made three key assertions about the pivotal role of Britain's first attempt to join the EEC in revising long held British race patriot assumptions in Australian political culture. Firstly, it has been shown that British race patriotism remained one of the founding ideological pillars of Australian political discourse at the time of Macmillan's EEC membership bid. The initial Australian response to the Common Market crisis was overwhelmingly predicated on the British race patriot ideal - that the interests of Australia and Great Britain ought properly to be reconciled. Whether the reaction was one of faithful reliance on British assurances, or moral indignation at the callous indifference of a thoroughly 'un-

¹⁵ See Introduction, p. 3.

British' Government in London, Australians instinctively regarded the prospect of a switch in British policies and priorities towards Europe as somehow 'unthinkable'.¹⁶ McEwen conveyed the broad psychological impact of this key issue when he declared to the Australia Club: 'Overall our partnership has been so close that no-one ever thought to question its continuance until the United Kingdom commenced her negotiations with the Common Market countries'.¹⁷ The Australian reaction, debate, and political response was overwhelmingly geared, in the initial phase, towards finding ways of ensuring that British entry would not result in the erosion of the traditional sense of mutual identification and understanding with the Mother Country.

Secondly, this work has traced the pronounced sea change in the Australian outlook on the EEC problem from the early months of 1962 through to the termination of Britain's application in January 1963. It has been shown that the Common Market episode, more than any other single issue in the history of Anglo-Australian relations, performed the function of extracting the British race patriot ideology from deeply embedded roots in Australian political culture. The revision of assumptions occurred in different ways, for different reasons, and at different times for the multifarious individuals and interests groups in Australian political life, but the pivotal role of Britain's EEC membership negotiations is unmistakable. For the vast majority it was not until the utter futility of pursuing meaningful solutions to Australia's problems had become glaringly apparent that a more resigned attitude emerged. For the Menzies Government, the need to find some politically expedient means of lowering the stakes in Brussels, coupled with the danger of alienating American opinion at a time of considerable unrest in the South East Asian region, prompted a full scale policy retreat on the question of British EEC membership. By October 1962, the 'message for Australians', as McEwen termed it, was painfully clear - in a world dominated by the principle of national self-interest, Australia could no longer expect Britain automatically to identify with Australian perspectives and priorities in times of economic or military crisis. On the contrary, it was precisely during those moments of national exigency or peril when the interests of Britain and Australia would not,

¹⁶ The quotation is from McEwen, see Ch.3, p. 138.

¹⁷ See Ch.5, p. 202.

indeed should not, necessarily coincide.

And thirdly, it has been firmly established that the breakdown of Britain's membership negotiations in 1963 in no way dulled the impact of the Common Market crisis in revising the ideological foundations of Australian nationality. The fact that Britain's first EEC membership bid ended in failure seems to have diminished its significance in the eyes of Australian historians, and the extent to which the entire episode has been neglected in studies of Australian foreign policy and Australian nationalism is nothing short of astonishing. In so far as the EEC ever rates a mention, it is normally in the context of Britain's successful accession negotiations of 1972 where the outcome is generally regarded as somehow inevitable and the impact on Australia somewhat remote - reflecting largely the attitude and outlook of Australia in 1972. Yet this impression arose precisely because of the experience of discord, drama and mutual deceit of the first membership application, which had so gravely undermined the traditional precepts of Anglo-Australian relations, and hastened the efforts of Government and industry to reduce Australia's dependence on the British export market. In January 1963, the Brussels breakdown was overwhelmingly regarded in Australia as nothing more than a short term 'reprieve' until the British regathered their negotiating briefs and launched a second attempt. The Australian outlook had undergone a radical transformation which could not be erased by the mere temporary setback of General de Gaulle's veto. Or as John Crawford put it, Australia's 'psychology' had changed: 'We will never be the same as we were before we were given a shake-up by Britain's application'.¹⁸

Finally, this thesis has shown that the steady fraying of Australia's ties to Great Britain should not be understood in terms of an adolescent growing to maturity and demanding its majority. Familial metaphors about the awkward passage of the infant nation from the arms of the Mother country towards national self-reliance are precisely that - metaphors - and not always particularly apt metaphors either. Nor should the eclipse of British race patriotism be understood as the outcome of a century-long struggle between two opposing 'sentiments': the

¹⁸ See Ch.9, p. 355.

Anglo-Australian loyalist and the radical Australian nationalist. Both of these paradigms imply a linear determinism in Australia's 'inevitable progression' towards a distinct and separate national destiny, and for that reason alone should be regarded with the utmost scepticism. Rather, this work has shown that it was the discordant communities of 'Europe' and the 'British race' together with the equally discordant communities of 'culture' and 'interest' in Anglo-Australian relations that provoked a crisis of British race patriotism in Australian political culture in the early 1960s. The tensions and contradictions between sentiment and self-interest, long inherent in Australia's ties to Great Britain, imploded under the impetus of Harold Macmillan's EEC aspirations, prompting new determinants, new parameters, and a new, more exclusively defined conception of Australian nationhood.

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