

Australia — New Zealand
Relations

by

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FOREWORD

The following address was made by the Australian Minister for External Affairs, the Rt. Hon. Paul Hasluck, M.P., at the second annual dinner of the Legal Research Foundation.

It is felt by the Foundation's Council that the expression of views contained in this speech marks it as being a significant contribution to those forces that are bringing Australia and New Zealand into closer contact in a variety of areas. For this reason it is considered that Mr Hasluck's address should be permanently recorded and made available to a wider audience.

AUSTRALIA - NEW ZEALAND RELATIONS

Perhaps my view on the relationship between New Zealand and Australia is influenced to some extent by the fact that I was born and brought up on the west coast of Australia and my home and my constituency are still there. I live much further away from Sydney than any of you people in Auckland do. I do not know what you call the people of Sydney when you talk among yourselves but when I was a lad we used to call them "t'other-siders". They called us "Sand-groppers".

On occasions when people in Western Australia were specially conscious of some disadvantage in their relations with the rest of Australia they have even been known to use such terms as "the Federal octopus".

I mention these pleasantries for two purposes. One is to suggest that it is possible that a Kiwi and a Sand-groper may share similar feelings about the big neighbour that lies to the west of you and to the east of us—feelings which may have some tinge of envy, some tinge of fear and perhaps a suspicion too, that, because our neighbour is more prosperous than we are, he must necessarily have grabbed more than what was due to him.

Have I managed to indicate that I may possibly understand something of New Zealand thinking?

My second purpose is to correct any easy assumption that when one talks of relationships between Australia and New Zealand one can think of Australia as being as tightly-bound an entity as is New Zealand. Relationship with Australia is not necessarily a relationship with a political or economic monolith.

In Australia we are still trying to find the full meaning of our nationhood. It is nearly seventy years since the Australian Commonwealth was founded by the federating of six separate colonies and during those seventy years many changes have taken place. Under the impact of war, through the necessities of economic existence and in the growth of pride in international achievement people in all parts of the continent have learnt that the word "Australia" has a single meaning. Out of hard experience the Governments of the States have been brought to acknowledge, even although they may still resent, the fiscal supremacy of the Federal Government. With growing participation by Australia in world affairs it has now been recognised that the Australian role in international relations can only be exercised by a national government, although within the last twelve months the Premier of one of the States was reported to have said that he was thinking of appointing his own diplomatic representatives in Asia and one frequently encounters amusing situations in which the Government of a State appears to believe that the Consul in its capital city should out-rank the Ambassador accredited to the Australian Government. In Australia, too, the word "sovereignty" is much insisted upon by members of State Parliaments and State Governments who, being perhaps unfamiliar with the text book expositions about several spheres of sovereignty, are apt to insist that if they are sovereign in one thing they will be insulted if it is not acknowledged that they are sovereign in all things. In popular usage—and I am thinking of some lawyers as well as of most politicians—there has been little refinement of the difference in meaning of "sovereignty" and "powers" and some do not appear to know when the question of powers and not that of sovereignty is the real issue.

I will not talk further on constitutional matters for very recently my former leader, Sir Robert Menzies, an eminent authority spoke to you of this in Auckland.

Australia is still working at the constitutional relationships between its various parts and although, as a recent referendum revealed once again, there is a strong resistance by Australian voters to changes in the text of their written Constitution, the shape of the Australian Federation is still changing and is still being adapted by a somewhat awkward process of adjustment, interpretation and political manipulation to fit itself better into changing situations and to enable the Governments to satisfy more readily the expectations of the people. The Australian Federation is evolving although the written text is static: and there is not an exact correspondence today between the terms of the Federal Constitution and the social and political habits of Australians. Dare I say to a society of lawyers that they should avoid the error of discussing the relationship of New Zealand and Australia as though it were simply a constitutional question. Anyone thinking over the long-term about relationships with Australia should not imagine that the political or constitutional evolution of the nation has been completed.

Australia, too, is still working at the development of its resources. In my political life I have not seen many changes in the social purposes of government or, indeed, in the political creeds of parties; but I have seen quite considerable changes in the views held about the development of our natural resources and about the nature of our economic opportunities.

Without elaborating either on the constitutional future or the paths of development, I want only to make the point that when New Zealanders talk of relationships with Australia it would be short sighted to think simply of whether one should become forced into a container of fixed size. Rather it is a question of whether there is advantage for two living and advancing nations to work together and how best that can be done.

When we go behind the constitutional shape to look again at the geographical realities and the human interests of the population of 16 or 17 million people (including New Zealand, Australia and

New Guinea) we appreciate surely that there is no basic reason against the whole of this population working together for a common interest and for mutual benefit. We occupy the surface of the same segment of the globe and we are recognisably distinct as a group of peoples who stand in a similar relationship to the rest of the world. There would appear to be opportunities common to all. We face the same dangers and know the same needs.

In our own thinking, the governing factor in our relationships with each other is the present and prospective relationships of both of us with the rest of the world.

I will apply this proposition first of all to the trade of our two countries simply because trade currently seems to be the prime topic in our talk about each other.

In trade, I would suggest that the problem for both our countries in the future is not only in making arrangements between the two of us for mutual benefit but in working out the best arrangements that both of us can have with other countries in all continents of the world.

In the immediate present our thinking tends to concentrate on bi-lateral trade relationships between New Zealand and Australia and I believe that very useful results have been achieved through the consultations between Mr Marshall and Mr McEwen leading to a limited free trade arrangement.

Perhaps as a Western Australian, conscious of the feelings that can arise over trade between a larger and more highly industrialised community and a weaker and less industrialised community, I accept as fundamental that no community will be happy if it feels that it is to be confined for ever to the role of the primary producer to feed the progress of and to facilitate the diversity of production of the other party to a trade relationship. There has been a great sense of grievance in Western Australia over the past half century at being bound to the rest of Australia in a single and comprehensive tariff system which, to Western Australian eyes, often seemed to mean that "t'other siders" could exploit the local market on the west coast whenever they wished but the Western Australians could never find the means of competing in the Eastern States market.

Against that background of experience, however, may I mention some other factors that have helped to produce the result that in the post-war years, while Western Australia is still one of the smaller States (except in area), its upward curve of growth has been either parallel to or occasionally a little steeper than that of the Australian nation as a whole. It can truly be shown statistically that it has shared fully in the national growth and has gone ahead when Australia has gone ahead.

One exceptional element that I must leave on one side is Commonwealth public expenditures, which have been a good deal higher per capita in Western Australia than in any other State. This higher per capita expenditure of Federal moneys has redressed some of the natural disadvantages of a weaker member of the partnership and given it a standard of social services, amenities and the infrastructure for development similar to that in the most favoured parts of the Commonwealth. Some of the basic inequalities have been redressed.

Other elements are of more significance to the present discussion. One is overseas investment in Australia. The investment for development attracted to the continent by the soundness of the national economy and the economic progress of the nation has found its opportunities in all parts of the continent. As an illustration, the earlier phase of post-war industrial development in Western Australia was sparked off by the establishment of an oil refinery in a new industrial area, with ancillary industries. That capital was attracted first to Australia and then allocated to the part of Australia where it could best be used.

A second element has been the national achievement in marketing. For example, one outstanding change in Western Australia has been the greatly increased production of wheat, a consequence in large part of national moves, in which Western Australia shared, for the selling of wheat overseas. One could add other illustrations of the way in which a national trade policy has provided opportunities for an outlying part of the continent.

A third element, also linked with national policies and with overseas investment, has been the development of latent resources, particularly mineral resources. Indeed the development of these latent mineral resources is likely to mean that in the next decade the Western Australian upward curve of production and population will rise more steeply than the national curve and the disparity between the State and the other States will be lessened. In this case, if one can venture an analogy with New Zealand, a reference might be made to the dramatic industrial changes that could come and the closer industrial partnership between Australian and New Zealand enterprise that might result with the development of the great latent power resources of New Zealand.

This brings me to the fourth element that I wish to mention—and this will be the last illustration I will give of my theme—and that is transport and communication. The sort of trading relationships and industrial opportunities which were impossible between the west and east of Australia when I was a boy are now becoming possible by the improvements of transport and by the even greater developments in transport that may be made in the future. With modern methods neither the Nullarbor Plain nor the Great Australian Bight need be the physical barrier that once they were and neither need the Tasman Sea be thought of as an obstacle but as a highway. These great advances in transport and cargo handling probably require larger units to become practicable.

I have not attempted to explore in depth the future trade relationships of Australia and New Zealand but, drawing some illustrations from my own experience as an Australian from the remote western coast, I have tried to suggest that a close trade partnership can produce common opportunities and shared benefits in development and that such partnership can never prosper if one partner grows bigger and the other does not. They must rise together or they will fall apart.

Having said that, I return to what seems to me to be an even more important consideration affecting closer economic consultation between our two countries. Our major worry in the coming years is not what we buy and sell to each other but what we are able to sell to and buy from the rest of the world. After the bi-lateral trading arrangements have been built upon and expanded to benefit us both, there will still remain the bigger challenge of the trading relationships between our two countries and the rest of the world. The opportunities for material progress and prosperity for both of us will depend on how we can master that group of problems.

Hence, we not only have to think about what sort of a place each of us has at home; we also have to give a good deal of thought to the sort of world into which our relationships with each other have to be fitted.

I pursue that theme beyond trade into other spheres. We can look at ourselves if we wish in a framework of international organisations. New Zealand and Australia are both members of the United Nations, of the Commonwealth of Nations; of the South Pacific Commission, of SEATO, of ASPAC, of ECAFE, GATT, UNCTAD, numerous specialised agencies and of the Colombo Plan. We are military allies with the United States under the ANZUS Treaty. We are both contributing at present to the defence of Malaysia and the defence of Vietnam. We also have become accustomed to frequent bi-lateral discussion on a variety of matters and have managed to maintain that discussion without the aid of machinery for consultation which was envisaged by the Anzac Pact of 1944. By and large, we have little difficulty in finding a close affinity of view even if not always complete identity in our contributions to these international associations.

Perhaps one urgent question for us is whether these international organisations are themselves stable and whether, in the changing world around us they give a complete and enduring framework within which we can plan our future. Clearly we need to think

about that together. It would be awkward for each of us if either one or the other were to cease to co-operate with any of these existing organisations or were to enter separately some new association which ran counter to any one of them.

When we look beyond the Tasman Sea to the world at large we have to appreciate that at this present moment there are many great and unresolved questions. I will refer to only two or three of them. One is the question of the future of the Commonwealth of Nations. The questions that arise here emanate mainly from the application made by Britain to join the European Common Market, an application which will have political consequences as well as economic consequences, and the fact that has been made public in Britain that consideration is being given by the British Government to a further defence review and that consequently this is bound to raise questions relating to Britain's role east of Suez. The outcome in both these matters could be such as to affect the future of the Commonwealth of Nations. I regard the Commonwealth as a wheel with Britain as the hub. Weaken the hub or remove the hub and the wheel will soon become nothing more than a hoop which may be pleasant to play with but which will be incapable of bearing any load.

If the British application to enter the European Common Market succeeds, even if Britain manages to negotiate conditions which will take care of some of the economic anxieties of other members of the Commonwealth, it is plain that in the long term there will have to be a good deal of re-thinking of the trade relationships of all members of the Commonwealth and the marketing opportunities for countries like our own.

There will also be the political consequences and it is perhaps more difficult to foresee what these will be.

Should a country such as India come to the opinion that the only valuable link with the Commonwealth was the trade link and that if that were removed there was no reason to stay in the Commonwealth, both of us would certainly want to continue in intimate relationships with India and would thus be obliged to seek these relationships outside the Commonwealth. I give this as a supposition not as a prediction.

One of the very disturbing tendencies in international affairs in the past decade has been the tendency towards isolationism in western Europe. As the threat of a westward thrust by the Soviet Union seems to have diminished, it seems that western Europe is not playing the part which many of us have expected her to play, neither in the forum of the United Nations nor in carrying out her traditional role of and exercising her customary influence in world affairs. There are indications too of isolationism in the British Isles. I cannot be confident that the success of Britain's application to enter the European economic community, with the consequent integrating of western Europe, will lead to renewed activity and influence by western Europe in world politics or that it will not lead to a diminished British interest in the oceans beyond Europe. If this were to be the outcome, then both Australia and New Zealand would have to do a great deal of re-thinking of their own foreign policies.

If, independently of the result of its application to enter the European Common Market, Britain were to reduce her own contribution to peace-keeping in the world and particularly lessen the role she now plays in Asia and the Pacific, we would have to make further adjustments and these adjustments might affect our membership of SEATO.

Another trend which is becoming apparent is the shifts in world power. Can we dwell a moment on the possible significance of the centralising of power in China, the apparent success of communist imperialism in establishing authoritarian rule over an Empire of more than 700 million people, the attempt to dominate the Asian mainland, the clear intention to become a nuclear power and the current disregard of and isolation from the rest of the world, including the Soviet Union? In a world in which national power is still the determinant we are seeing a great shift in the balance of power and this shift is making the line of stress and possible fracture come closer to both of our countries.

At the same time there is another highly significant change in the making as a consequence of the great rise to industrial and commercial importance of Japan and, to a lesser extent, the great industrial vigour and growth being shown in countries like Korea, coupled with the hopes for development in the other free countries of Asia. Anyone who has taken part in discussions among Asian leaders in the last three or four years must surely have become aware that not only has the old period of colonial rule been ended but that free countries are moving into a new era unlike any that Asia has known before. This is a critical period of transition, in which the immediate issues are security and political stability, but if that transitional period is passed successfully, what the new Asia is will become a major determinant of what the whole of the world is by the end of this century.

The Japanese economy is reaching a point where its need for expanding opportunity is becoming more and more pressing. We ourselves in Australia know something of this need to expand into new markets if we are to continue our development. Our future opportunities and our problems will have to be worked out conformably with the way in which Japan faces and overcomes similar problems. I would not go so far at this stage as to foreshadow an Asian economic community, although you are aware that various groupings of countries in Asia are thinking along those lines, but I believe that both our countries need to recognise both the opportunities and the pressures that will come as other countries with hopes just as strong as our own face problems not dissimilar from our own as they seek to reconstruct their economies, develop their resources of all kinds and raise their living standards. In India, in the ASA countries, in Japan and indeed among all the regional members of ECAFE there is a rising tide of concern about the economic future and some of this thinking turns clearly in the direction of regional economic co-operation perhaps leading to some form of Asian common market. There are also current moves for recon-

structing the political associations of Southern Asia, including those that are consequential on the new course taken by the Indonesian Government.

A third illustration I will give for the need for re-thinking relates to our co-operation with the United States of America. In the final resort the cornerstone of the territorial security of both our countries is the guarantee of United States military aid under the ANZUS Treaty. The effectiveness of a guaranteed defence depends on close co-operation and consultation in foreign affairs before any situation arises in which the guarantee might be invoked. The United States has similar guarantees of security towards other free countries who are our close neighbours on the western side of the Pacific. We are part of a pattern of security in eastern and southern Asia and the Pacific and consequently we are interested in what happens to the total pattern as well as in what may happen separately to ourselves. Hitherto that pattern has been added to by the British guarantees to Malaysia and Singapore and a British presence in the Indian Ocean. Hitherto our own thinking of foreign affairs has been based very largely on the closeness of Anglo-American co-operation in keeping the peace of the world, at a time when power is still the dominant element in the relationships between nations and hence when the groupings of power are the major element of world politics to avoid a major war. If the policies of the United States were to be varied or if the strength of the Anglo-American co-operation in peace-keeping were to be varied and consequently if the pattern of regional security were varied we would have to reconsider many phases of our own policies.

I have given these illustrations to make the point that we cannot think of Australian-New Zealand relationships in a vacuum. Any relationship between our two countries will be conditioned by the sort of situations in which our co-operation will need to be applied.

In this brief address I have given the random thoughts of one Australian, trying to say what I think is true rather than to say something new. It seems to me that the conclusion we reach is that in matters of trade between our two countries there is room for the calculation of the advantage to each of our economies of closer relationships and for making a decision according to where the calculation shows the weight of advantage lies. But, facing the broader questions of our place in the world and our participation in world politics I am unable to see any room for choice. It is unthinkable that we should not work together. What else can we choose? Look at the alternative. The alternative to working together is either that one of us withdraws from the world while the other remains in it or that, both of us being active, one of us takes a different side, seeks different allies and advances different principles of international conduct than the other. I believe our interests are too close for that to happen. I am sure that we do stand together for the same principles and that the good of mankind requires us to work to maintain these principles. Inevitably we are bound to work together. Happily the close and constant consultation on foreign affairs that exists between our two governments and the common purposes that we have found means that we are doing so. I like to think that not only can we serve our own interests by working together but that in many ways we are combining our efforts to make a contribution to the good of mankind.