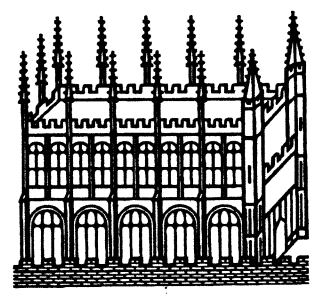
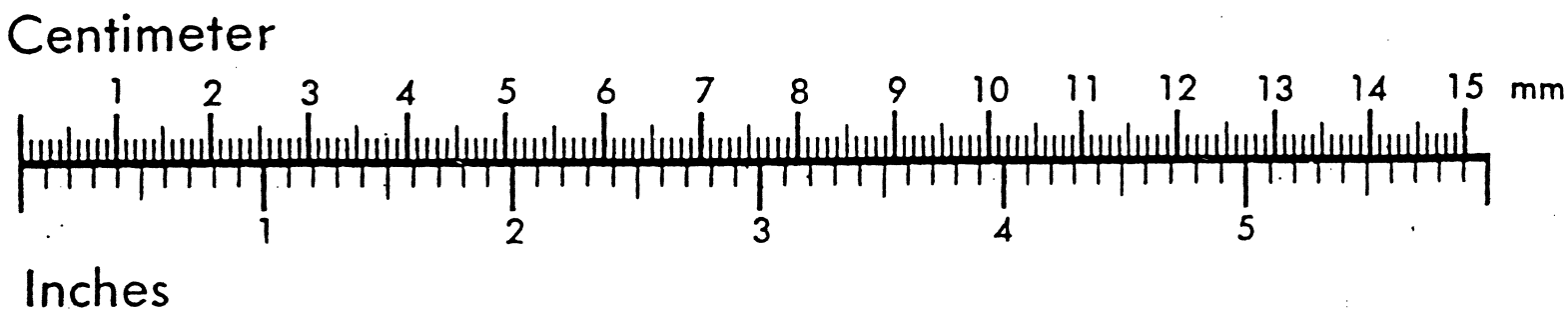
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The End of the Affair:

Britain's Turn to Europe as a Problem in Anglo-Australian Relations (1961–72)

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(Symbolic moment? Australian ministers farewell the Queen and Duke of Edinburgh at the end of the 1954 Royal Tour of Australia)

23 MAR 2004
RHODES HOUSE

Andrea Benvenuti
Merton College

Thesis submitted in partial fulfilment of the
requirements for the degree of D.Phil in
Department of Politics and International Relations at
the University of Oxford

Hilary Term 2003

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The End of the Affair:
Britain's Turn to Europe as a Problem
in Anglo-Australian Relations (1961–72)

Andrea Benvenuti, Merton College
D.Phil in International Relations

Hilary Term, 2003

Abstract

This thesis is an historical account based on primary sources in Australia and Britain. It seeks to explain why Anglo-Australian relations underwent radical change during the 1960s and why the ties of empire which had once bound Australia and Britain, became, for all practical purposes, inconsequential by the early 1970s. It is the main contention of the thesis that this radical change can be broadly attributed to what has been described as Britain's turn to Europe. In the 1960s Britain's foreign, defence and trade policies underwent a profound revision as Britain endeavoured to redefine its emerging post-imperial role. British policy-makers gradually turned away from an imperial and global focus and their orientation became increasingly more European. This process of reorientation can be seen principally in the series of policies implemented by successive British governments during the 1960s and early 1970s: the three applications for EEC membership between 1961 and 1972 and the decision taken in 1967–68 to withdraw from east of Suez. Both the EEC applications and the withdrawal from east of Suez brought about an irreconcilable conflict of interest between the two countries. The relationship suffered under the strains imposed by Britain's reassessment of its imperial policy-making. This thesis explains how Australia perceived these challenges, the manner of its response to them and the policies successive Australian governments implemented to minimise their impact. The thesis argues that, anxious not to antagonise Britain for fear it would drift

further away, Australian policy-makers avoided too confrontational a stance. They gradually accepted the developing new realities and sought to diversify their country's trading options away from its traditional markets in Britain towards the Asia-Pacific region, while also cautiously redefining its strategic priorities in Asia.

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I am also indebted to the ESRC (Economic and Social Research Council) for funding my doctoral research. Without its financial help, I would have been unable to read for a D.Phil at Oxford. The financial burden of my research was also relieved by various grants, which I received from Merton College, the Department of Politics and International Relations, the Beit Foundation and the Royal Historical Society. Last but not least, I should also thank both the University of Oxford and the Australian National University for providing financial support under their jointly operated exchange programme.

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Finally, my warmest thanks also go to my family who have greatly helped me throughout my studies. Their moral and financial support has proved invaluable over the years.

Note on Terminology

This thesis will make continuous reference to Britain's role and military presence in areas outside Europe. In the contemporary literature, these areas are often referred to as 'east of Suez', 'the Far East' or 'Southeast Asia'. Generally, the phrase 'east of Suez' refers to a vast area stretching from the Persian Gulf to Hong Kong. The 'Far East' denotes a strategic sub-region of the larger 'east of Suez' area including the British bases of Hong Kong, Singapore and Malaya/Malaysia. Southeast Asia is treated as a sub-section within the Far Eastern theatre, where Australia's main strategic interests lay and where the Wilson government's policy of withdrawal most affected Australian security. Therefore, reference to 'east of Suez' or the 'Far East' is made either when such terminology is explicitly used in primary or secondary documents or when it purports to indicate the larger strategic context in which 'Southeast Asian' issues were included.

In the thesis frequent mention is also made of terms such as 'European Economic Community (EEC)', 'Common Market' and 'Europe'. The term 'EEC' refers to the association of six European countries (Belgium, France, West Germany, Italy, Luxembourg and the Netherlands) created in 1957 by the Treaty of Rome with the aim of integrating the economies of its member states into a single common market through the removal of trade barriers and the establishment of a common external trade policy. Given these aims, it is not surprising that during the 1960s the EEC began to be commonly referred to as the 'Common Market'. This thesis occasionally refers to the term 'Common Market'. When it does so, the thesis treats it as synonymous with 'the EEC'. In the contemporary literature as well as in the primary sources constant use is also made of the term 'EEC' as a synonym for the more accurate 'European Communities'. Britain applied

not only to the EEC but also to European Coal and Steal Community (ECSC) and the European Atomic Energy Community (Euratom). After 1967, the Communities were merged in the European Communities (EC). An explanatory note is needed in relation to the term 'Europe' and its usage in this thesis. Here the term is often found in connection with expressions such as Britain's 'turn to Europe', Britain's 'shift to Europe' or its 'reorientation towards Europe'. In this context, 'Europe' loosely denotes Britain's primary sphere of action and interest within the international system as the country gradually moved away from a global and imperial role, and transformed itself into an essentially regional actor.

List of Abbreviations

AHC:	Australian High Commission
ANZAM:	Australian, New Zealand, and Malayan Area
ANZUS:	Australia, New Zealand, United States
BAOR:	British Army on the Rhine
BDLS:	British Defence Liaison Staff (Canberra)
BHC:	British High Commission
BT:	Board of Trade (Britain)
CAP:	Common Agricultural Policy
CAS:	Chief of Air Staff (Australia)
CET:	Common External Tariff
CGS:	Chief of General Staff (Australia)
CNS:	Chief of Naval Staff (Australia)
CO:	Commonwealth Office (Britain) (August 1966 to October 1968)
COS:	Chiefs of Staff (Australia)
CRO:	Commonwealth Relations Office (Britain) (from 1947 to August 1966)
CSR:	Commonwealth Strategic Reserve
DEA:	Department of External Affairs (Australia) (from December 1921 to November 1970)
DFA:	Department of Foreign Affairs (Australia) (from 6 November 1970 to 1987)
DOD:	Department of Defence (Australia)
DRWP:	Defence Review Working Party (Britain)
DT:	Department of Trade (Australia) (from January 1956 to December 1963)
DTI:	Department of Industry and Trade (Australia) (from December 1963 to December 1972)
EEC:	European Economic Community
EFTA:	European Free Trade Area
FAD:	Foreign Affairs and Defence Committee (Australia)
FCO:	Foreign and Commonwealth Office (Britain) (from October 1968 to the present)
FO:	Foreign Office (Britain) (from 1782 to October 1968)
FRUS:	Foreign Relations of the United States
GATT:	General Agreement on Tariffs and Trade
JIC:	Joint Intelligence Committee (Australia)
HC:	House of Commons (Britain)
HR:	House of Representatives (Australia)
MOD:	Ministry of Defence (Britain)
NATO:	North Atlantic Treaty Organisation
NAA:	National Archives of Australia
NLA:	National Library of Australia

NPG:	National Portrait Gallery
OPD:	Defence and Overseas Policy Committee (Britain)
OPD(O):	Defence and Overseas Policy Committee (Official), (Britain)
PD:	Parliamentary Debates
PMC:	Department of the Prime Minister and Cabinet (Australia) (created in March 1971)
PMD:	Prime Minister's Department (Australia) (from 1911 to March 1971)
PRO:	Public Record Office
RAF:	Royal Air Force (Britain)
RAAF:	Royal Australian Air Force
RAN:	Royal Australian Navy
RN:	Royal Navy (Britain)
SEATO:	South East Asia Treaty Organisation
WEU:	Western European Union

List of Key Policy-makers[1]

AUSTRALIA

Anthony, Douglas	Minister for the Interior (1964–67); Minister for Primary Industry (1967–71); Minister for Trade and Industry (1971–72)
Bailey, Peter	First Assistant Secretary, PMD (1965–67); First Assistant Secretary, Cabinet Office (1968–71)
Barwick, Garfield	Minister for External Affairs (1961–64)
Border, Lewis	Assistant Secretary, DEA (1965–67)
Bunting, John	Secretary, PMD (1959–68); Secretary, Cabinet Office (1968–71)
Campbell, Alexander	Deputy Secretary, DTI (1964–67)
Casey, Richard	Minister for External Affairs (1951–60); Governor-General (1965–69)
Corkery, Laurence	Acting First Secretary, DEA (1968–1970)
Critchley, Tom	High Commissioner, Kuala Lumpur (1957–65); Senior External Affairs Representative, London (1966–69)
Cumes, James	Counsellor and Chargé d'Affairs, Brussels (1961–65); First Assistant Secretary, DEA (1968–74)
Currie, Neil	First Assistant Secretary, DTI, (1964–68); Deputy Secretary, DTI (1968–71)
Davies, Owen	Ambassador, Brussels (1969–72)
Downer, Alexander	Minister for Immigration (1958–63); High Commissioner, London (1964–72)
Eastman, Allan	Senior External Affairs Representative, London (1962–65); High Commissioner, Kuala Lumpur (1965–69)
Fairhall, Allen	Minister for Defence (1966–69)
Fleming, Allan	Acting Special Commercial Adviser, London (1960–61); First Assistant Secretary, DT and DTI (1962–66); Special Commercial Adviser, London (1967)
Flood, Philip	Assistant Secretary, DFA (1971–73)
Fraser, Malcolm	Minister for the Army (1966–68); Minister for Defence (1969–71)
Gorton, John	Minister for the Interior (1963–64); Minister for Works (1966–67); Minister for Education and Science (1966–68); Prime Minister (1968–71); Minister of Defence (1971)
Griffith, Allan	Assistant Secretary, PMD (1964–69); First Assistant Secretary, PMD (1970–78)

[1] Positions relate to the period covered by the thesis.

Harry, Ralph	First Assistant Secretary, DEA (1960–65); Ambassador, Brussels (1965–68)
Hartnell, G.C.	Head of the Australian Joint Service Staff, London (1964–66)
Hasluck, Paul	Minister for External Affairs (1964–69); Governor-General (1969–74)
Hicks, Edwin	Secretary, DOD (1956–68)
Hewitt, Lennox	Deputy Secretary, Treasury (1962–66); Cabinet Secretary, PMD (1968–71)
Holt, Harold	Treasurer (1958–66); Prime Minister (1966–67)
Howson, Peter	Minister for Air (1964–68)
Jockel, Gordon	Assistant Secretary, DEA (1963–1964); First Assistant Secretary, DEA (1964–69); Ambassador, Jakarta (1969–72)
Lawler, Peter	Deputy Secretary, PMD (1964–68); Deputy Secretary, Cabinet Office (1968–71)
Knott, John	Deputy High Commissioner, London (1966–68)
McBride, Philip	Minister for Defence (1950–58)
McEwen, John	Deputy Prime Minister (1958–71); Minister for Trade (1956–63); Minister for Trade and Industry (1963–71); Leader of the Country Party (1958–71); Acting Prime Minister (1967–68)
McKay, D.H.	Deputy Secretary, DTI (1968–71)
McIntyre, Laurence	Senior External Affairs Representative, London (1954–57); Ambassador, Jakarta (1957–60); Ambassador, Tokyo (1960–65); Deputy Secretary, DEA (1965–70)
McMahon, William	Minister for Labour and National Service (1958–66); Treasurer (1966–69); Minister for Foreign Affairs (1969–71); Prime Minister (1971–72)
Menzies, Robert	Prime Minister (1939–41 and 1949–66); Minister for External Affairs (1960–61)
Morris, Arthur	Assistant Secretary, Defence Liaison Branch, DEA (1964–66)
Munro, Donald	First Assistant Secretary, PMD (1963–70)
Nixon, Peter	Minister for the Interior (1969–71)
Osborn, Rowen	Counsellor, London (1964–67)
Paltridge, Shane	Minister for Defence (1964–66)
Plimsoll, James	Secretary, DEA (1965–70); Ambassador, Washington (1970–74)
Pritchett, William	Deputy High Commissioner, Kuala Lumpur (1963–65); High Commissioner, Singapore (1965–67); Head, Defence Liaison Branch (1967–69)
Randall, Richard	Deputy Secretary, Treasury (1957–66); Secretary, Treasury (1966–71)
Renouf, Alan	Minister, Washington (1963–65); First Assistant Secretary, DEA (1965–66); Ambassador, Paris (1969–73)
Rogers, Kenneth	Counsellor, Kuala Lumpur (1963–65)

Shann, Keith	Ambassador, Jakarta (1962–66); First Assistant Secretary, DEA (1966–70); Deputy Secretary, DFA (1970–74)
Sherger, Frederick	Chairman, Chiefs of Staff Committee (1961–66)
Sinclair, Ian	Minister Assisting the Minister for Trade and Industry (1966–71); Minister for Shipping and Transport (1968–71); Minister for Primary Industry (1971–72)
Tange, Arthur	Secretary, DEA (1954–64)
Thomson, Lloyd	Assistant Secretary, DEA (1966–68)
Walker, Ronald	Ambassador, Paris (1959–68); Ambassador, Bonn (1968–71); Permanent Representative (Ambassador) to the OECD, Paris (1971–73)
Waller, Keith	First Assistant Secretary, DEA (1962–64); Ambassador, Washington (1964–70); Secretary, DEA (1970–74)
Westerman, Alan	Secretary, DT (1960–63); Secretary, DTI (1963–71)
Whitlam, Edward Gough	Deputy Leader, ALP (1960–67); Leader of Federal Parliamentary ALP (1967–77); Prime Minister (1972–75)

BRITAIN

Audland, Christopher	Member of the UK Delegation to the UK-EEC negotiations on British membership (1961–63); CO and Common Market Department, CO (1967); Head of the Science and Technology Department, FCO (1968–70); Head of Chancery, Bonn (1970–72)
Barber, Anthony	Minister of Health (1963–64); Chancellor of the Duchy of Lancaster (June–July 1970); Chancellor of the Exchequer, (1970–74)
Bottomley, Arthur	Secretary of State for Commonwealth Relations (1964–66); Minister of Overseas Development (1966–67)
Bowden, Herbert	Secretary of State for Commonwealth Affairs (1966–67)
Brown, George	Department of Economic Affairs (1964–66); Secretary of State for Foreign Affairs (1966–68)
Cable, James	Counsellor and Head of the Southeast Asia Department, FO (1963–66)
Castle, Barbara	Minister of Overseas Development (1964–65); Transport Secretary (1965–68); First Secretary of State and Secretary of State for Employment and Productivity (1968–70)
Callaghan, James	Chancellor of the Exchequer (1964–67); Home Secretary (1967–70)
Carrington, Lord	Secretary of State for Defence (1970–74)
Crossman, Richard	Housing and Local Government Secretary (1964–66); Lord President of the Council (1966–68)
Douglas-Home, Alec	Secretary of State for Commonwealth Relations (1955–60); Secretary of State for Foreign Affairs (1960–63); Prime Minister (1963–64); Leader of the Opposition (1964–65); Secretary of State for Foreign and Commonwealth Affairs (1970–74)

Eden, Anthony	Prime Minister (1955–57)
Gallagher, F.G.K.	Counsellor, CRO (1965–66) and CO (1966–68); Head of the Western Economic Department, CRO (1965–66) and CO (1966–67); Head of the Common Market Department, CO (1967–68); Assistant Under-Secretary of State, FCO (1968–71)
Garner, Saville	Permanent Under-Secretary of State, CRO (1962–66) and CO (1966–68)
Gordon Walker, Patrick	Secretary of State for Foreign Affairs (1964–65)
Gore-Booth, Paul	Permanent Under-Secretary of State, FO (1965–69)
Healey, Denis	Secretary of State for Defence (1964–70)
Heath, Edward	Lord Privy Seal with FO responsibilities (1960–63); Opposition Leader (1965–70); Prime Minister (1970–74)
Jay, Douglas	President of the Board of Trade (1964–67)
Jenkins, Roy	Home Secretary (1965–67); Chancellor of the Exchequer (1967–70)
Johnston, Charles	High Commissioner, Canberra (1965–71)
MacLehose, Crawford	Head of the Far Eastern Department, FO (1963–65); Principal Private Secretary to Secretary of State for Foreign Affairs (1965–67)
Macmillan, Harold	Secretary of State for Foreign Affairs (1955); Chancellor of Exchequer (1955–57); Prime Minister (1957–63)
Mountbatten, Lord	Chief of British Defence Staff and Chairman of Chiefs of Staff Committee (1959–65)
Nairne, Patrick	Assistant Under-Secretary, logistics, MOD (1967–70); Private Secretary to the Secretary of State for Defence (1965–67); Deputy Under-Secretary, MOD (1970–73)
Oliver, William	High Commissioner, Canberra (1959–1965)
Palliser, Michael	Head of Planning Staff, FO (1965–66); Private Secretary to the Prime Minister (1966–67)
Peart, Frederick	Minister of Agriculture, Fisheries and Food (1964–68)
Peck, Edward	Assistant Under-Secretary of State, FO (1961–66)
Powell, Richard	Permanent Secretary, Board of Trade (1960–68)
Pritchard, Neil	Deputy Under-Secretary of State, CRO (1963–66) and CO (1966–67)
Rippon, Geoffrey	Chancellor of the Duchy of Lancaster (1970–72)
Rumbold, Anthony	Ambassador, Bangkok and UK Representative on the SEATO Council (1965–67)
Sandys, Duncan	Minister of Defence (1957–59); Minister of Aviation (1959–60); Secretary of State for Commonwealth Relations (1960–64)
Shannon, Godfrey	Assistant Under-Secretary, CRO (1956–66) and CO (1966–68)
Snelling, Arthur	Deputy Under-Secretary of State, CRO (1961–66), CO (1966–68) and FCO (1968–69)

Stewart, Michael	Secretary of State for Foreign Affairs (1965–66); First Secretary of State (1966–68), Secretary of State for Economic Affairs (1966–67); Secretary of State for Foreign and Commonwealth Affairs (1968–70)
Thomson, George	Chancellor of the Duchy of Lancaster (1966–67); Secretary of State for Commonwealth Affairs (1967–68); Minister without Portfolio (1968–69); Chancellor of the Duchy of Lancaster and Deputy Foreign Secretary (1969–70)
Trend, Burke	Cabinet Secretary (1963–73)
Wilson, Harold	Prime Minister (1964–70)
Wright, Oliver	Private Secretary to successive prime ministers (1964–66)

FRANCE

de Gaulle, Charles	President (1958–69)
Pompidou, Georges	President (1969–74)
Couve de Murville, Maurice	Minister of Foreign Affairs (1958–68); Finance Minister (1968); Prime Minister (1968–69)

UNITED STATES

Ball, George	Under Secretary of State, Department of State (1961–66)
Berger, Samuel	Deputy Assistant Secretary of State for East Asian Affairs, Department of State (1965–68)
Johnson, Lyndon	Vice-President (1961–63); President (1963–69)
Kennedy, John	President (1961–63)
McNamara, Robert	Secretary of Defense (1961–68)
Nixon, Richard	President (1969–74)
Rostow, Walt	Counselor of the Department of State and Chairman of the Policy Planning Staff (1961–66); Special Assistant to the President (1966–68)
Rusk, Dean	Secretary of State, Department of State (1961–69)

MALAYSIA

Abdul Rahman Putra, Tunku	Prime Minister of Malaya (1957–63); Prime Minister of Malaysia (1963–70)

SINGAPORE

Lee Kuan Yew	Prime Minister (1959–90)

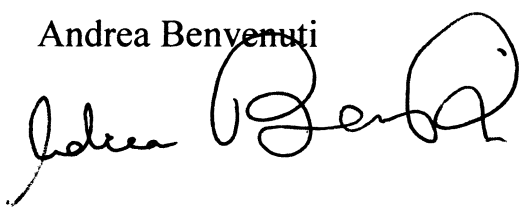
NEW ZEALAND

Holyoake, Keith	Prime Minister and Minister of External Affairs, later Foreign Affairs (1960–72)
Eyre, Dan	Minister of Defence (1960–66)

Declaration

This is to certify that this thesis is my own work, that it contains no material which has been accepted for the award of any degree or diploma in any university or equivalent institution, and that to the best of my knowledge and belief, it contains no material previously published or written by any other person, except where due reference is made in my thesis.

Andrea Benvenuti



Introduction

On 7 January 1969 a frank exchange of views took place at No. 10 Downing Street between the Australian Prime Minister, John Gorton, his British counterpart, Harold Wilson, and the British Foreign and Commonwealth Secretary, Michael Stewart. In reviewing the state of Anglo-Australian relations, Gorton told Wilson that 'Australia would come increasingly to treat her relations with Britain in the same way as those she had with any foreign country, such as France or the United States. This was the logical consequence of the growing difference in their interests and activities'. Wilson disagreed with Gorton and suggested that 'these differences were more apparent than real, the result of the geographical separation of the two countries'. 'When the chips were down', Wilson argued, 'they [Australia and Britain] were bound to find themselves at one'. Gorton asked what this all meant and added that 'in terms of foreign policy it was rational for Australia to regard Britain as a foreign country'. At this point, Stewart commented that, as he understood it, 'Mr. Gorton was saying that there was no longer "any special relationship" between Britain and Australia ... but that we should continue to work together in the closest consultation and association'. Gorton did not dissent.[1]

In the context of traditional Australia-Britain relations, Gorton's words were, at the very least, startling. No previous Australian prime minister would have thought to put the Anglo-Australian relationship in the same category as Australia's relations with other friendly but foreign governments. Despite having developed into a separate and sovereign

[1] Public Record Office, Kew, London (henceforth PRO), Foreign and Commonwealth Office (henceforth FCO) 24/408, Memcon, Gorton, Wilson and Stewart (London), 7.1.1969.

state, Australia in the 1950s still thought of itself as a British nation and retained extremely strong ties with the 'Mother Country'. Australia's relations with Britain were still defined in terms of 'British race patriotism', that is, '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'.[2] There still existed 'a powerful sentimental assumption that the interests of Australia and the British world *ought* ultimately to coincide'.[3] Consequently, any attempt to liken Australia's relationship with Britain to its relations with other, particularly non-Commonwealth countries, would have seemed almost sacrilegious. Yet, Gorton's comments were not unwarranted. Australia and Britain were indeed experiencing 'a growing difference in their interests and activities'. Although Gorton did not clarify how far apart these interests had grown, he clearly believed they had gone far enough. The use of the term 'foreign' in describing the nature of future links between Australia and Britain appeared to sound the death-knell of the once close relationship. As indeed, it did.

This thesis aims to explore the reasons as to why Anglo-Australian relations underwent such a drastic change during the 1960s. In so doing, it analyses how the once intimate ties of empire, which had bound Australia and Britain, became, for all practical purposes, inconsequential by the early 1970s. Examining Australian post-World War II history, it is impossible to overlook the rapid and radical erosion of Anglo-Australian relations in the 1960s, even when allowing for the strains the relationship had suffered during the war and up until 1949. It is the principal contention of this thesis that the erosion of close relations can be broadly attributed to what has been known as 'Britain's turn to Europe'. In the 1960s Britain's foreign, defence and trade policies underwent a profound revision as the government attempted to redefine Britain's post-imperial role. Policy-

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[2] Stuart Ward, *Australia and the British Embrace: the Demise of the Imperial Ideal* (Melbourne: Melbourne University Press, 2001), p. 2.
[3] *Ibid.*, p. 9.

makers in Whitehall gradually turned away from an imperial and global focus and their orientation became more European. David Sanders has called this process of reorientation the 'Europeanisation' of Britain's external policy.[4] It can be seen principally in the series of policies implemented by successive British governments during the 1960s and early 1970s, namely in the three applications for entry into the European Economic Community (EEC) between 1961 and 1972, as well as in the 1968 decision to withdraw from east of Suez by 1971.

This thesis does not imply that Anglo-Australian ties had not experienced difficult challenges prior to the 1960s. David Day has highlighted the serious rift that occurred between the Australian Prime Minister, John Curtin, and his British counterpart, Winston Churchill, following the fall of Singapore in 1942.[5] Chris Waters, meanwhile, has emphasised the strong disagreements over a number of issues between London and Canberra in the late 1940s.[6] During the 1950s dissention became more frequent. Significant disagreements were recorded over issues such as defence, trade, management of the sterling area and decolonisation. With regard to defence, the Australian Department of External Affairs was by 1961 observing that 'United Kingdom power no longer provides an answer to our security problems. There is no longer a concept of imperial defence ... The United Kingdom's contribution to the defence of South East Asia and Australia is no longer the key to our security for which we looked primarily to the US by negotiating the ANZUS Treaty and, subsequently, to SEATO'.[7] David Lee, in his examination of the political economy of Australia's post-war foreign and defence policies, has argued that in the mid-1950s the Menzies government 'reached the view that reliance

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[4] David Sanders, *Losing an Empire, Finding a Role: British Foreign Policy Since 1945* (London: Macmillan, 1990), p. 3.
[5] David Day, *The Great Betrayal: Britain, Australia, and the Onset of the Pacific War, 1939–42* (Melbourne: Oxford University Press, 1992) and *Reluctant Nation: Australia and the Allied Defeat of Japan, 1942–45* (Melbourne: Oxford University Press, 1992).
[6] Chris Waters, *The Empire Fractures: Anglo-Australian Conflict in the 1940s* (Melbourne: Australian Scholarly Publishing, 1995).

on membership of the sterling area and its traditional economic relations with Great Britain was not sufficient to secure Australia's vital economic needs'.[8] According to Lee, this fact compelled Menzies 'to loosen the bonds which tied Australia's economy so closely with Britain's', and 'to diversify Australia's international economic relations'.[9] Nonetheless, 'the underlying fissures in the relationship were invariably papered over by loud, ostentatious affirmations of the British blood ties' and 'generally confined to the realm of confidential inter-governmental discussions'.[10] For the Australian government the differences did not seem grave enough to warrant a painful rift in Anglo-Australian relations.

Britain's turn to Europe posed a challenge of a different kind altogether and was to produce an outcome, the effect of which could not have been envisaged for both the EEC applications, and the withdrawal from east of Suez, brought about an irreconcilable conflict of interest between the two countries. The size of the conflict was of a completely new magnitude. From a political viewpoint, Australia perceived British membership of the EEC as liable to draw Britain progressively into a tight bloc, which would restrict its freedom of action as a world power and as the leader of the Commonwealth. Economically, Australians believed that their traditional trade relationship with Britain would be damaged irreparably, should Britain adopt the Community's common external tariff, and its protectionist farm regime that was gradually coming into force during the 1960s. As most of Australia's exports to Britain were agricultural, Australian export earnings could only suffer severe losses. There was also another dimension to the Common Market problem that seriously concerned the Australian government. Although EEC membership entailed

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[7] National Archives of Australia, Canberra (henceforth NAA), A1838/269, TS899/1/4 part 2, Cabinet Submission 1183, 26.6.1961.
[8] David Lee, *Search for Security: The Political Economy of Australia's Postwar Foreign and Defence Policy* (Sydney: Allen & Unwin, 1995), p. 160.
[9] *Ibid.*, p. 167.
[10] Stuart Ward, *Discordant Communities: Australia, Britain and the EEC, 1956–1963* (PhD Thesis, University of Sydney, 1998), p. 24.

no specific commitment in the field of defence, the authorities in Canberra believed that Britain was likely to reduce its 'interest in maintaining, and the ability to maintain, an effective strategic role in the world beyond Suez, where Australia's defence interests [lay]'.[11] In the event, Wilson's decision to withdraw from east of Suez resulted rather from a reassessment of Britain's foreign policy options in addition to, and to conform with, domestic and financial considerations. Nonetheless, the important factor here is that the Australian government viewed Britain's membership of the EEC as having important defence implications for Australia and indeed this thesis shows there was, to an extent, a 'European dimension' in Wilson's decision to pull out of the Far East.

There is no doubt that, in the Australian view, the EEC question, together with the withdrawal, created a serious conflict of interest between Britain and Australia. Not only did both these issues undermine Australia's defence strategy, then based on forward deployments into the Southeast Asian region, but they did so at a time when Canberra was increasing its commitment to the war in Vietnam. It is in consideration of these factors that the degree of conflict of interest is realised and the depth of the impact on Anglo-Australian relations is revealed.

This thesis argues that Britain's turn to Europe was a primary cause, albeit not the only one, for the parting of the ways between Australia and Britain. The relationship which had existed until the beginning of the 1960s could not withstand the strains imposed by Britain's reassessment of its imperial role. This is not to deny the importance of the other factors that compounded the strains on the relationship. David Goldsworthy has identified the changing character of the Commonwealth and London's moves towards restrictive immigration as additional issues that fuelled the Australians' sense of grievance towards Britain during this period.[12] This thesis does not dismiss the relevance of such factors in

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[11] NAA, A1838/269, TS899/1/4 part 2, Cabinet Submission 1183, 26.6.1961.
[12] David Goldsworthy, 'Point of Departure: The British Military Withdrawal from Southeast Asia as a Problem in Anglo-Australian Relations', unpublished conference paper, Hobart, October 1999.

reinforcing the Australian sense of estrangement. However, it contends that they should be considered no more than irritants. The crucial issue here – or rather, the fundamental cause of change in Anglo-Australian relations – was the radical redefinition of Britain's post-imperial role and Britain's concomitant reorientation towards Europe. Neither outcome accorded, nor could ever accord, with Australian political, economic and strategic interests. Elements of dissonance were introduced into communication between Canberra and London, resulting in disagreements which, unlike in previous decades, proved impossible to reconcile. This thesis shows clearly that the period under consideration marks a watershed in Anglo-Australian relations. After Britain's entry into the EEC in 1973 relations between the two countries never regained the depth and scope they had enjoyed in the period preceding World War II. As Britain became more closely involved in the affairs of Europe, Australia increasingly looked to the Asia-Pacific region. Despite the amicable relationship that would exist between London and Canberra thereafter, bilateral ties would no longer be of great significance to either country.

In addition to highlighting the widening gap between Australian and British interests as Britain sought to re-evaluate its international position, this thesis closely examines the reaction of the Australian government to British policies. It argues that Australia was not entirely blind to the positive aspects of British membership of the EEC, but that it failed to see beyond the perceived damaging effect it would have on Australian trade and defence interests. The inherent feeling of Australian vulnerability arising from Australia's geographical isolation on the periphery of Asia surfaced, as concerns increased that Britain's departure from Southeast Asia would create significant strategic and political problems for Australia. Australian policy sought to minimise the impact of these unwelcome changes. One option taken was to play the 'sentiment card'. During the 1961–63 EEC negotiations, the Menzies government sought to pressure Britain's Prime Minister, Harold Macmillan, by resorting to sentimental and emotional arguments of 'kith and kin'.

Not surprisingly, these tactics proved unsuccessful. With Britain's increased effort to gain admission into the EEC under Wilson's new Labour government, the 'sentiment card' became even less relevant. Another option was to seek the help of the United States. However, the Menzies government discovered in 1961–62 that the Kennedy administration strongly supported British entry into the EEC, and no diplomatic support could be expected from Washington. On the other hand, Australian calls in 1966–67 for the United States, now fully committed to a war in Vietnam, to urge Britain to remain in Southeast Asia met with some success. Nonetheless, even with the Johnson administration on its side, the Australian government under its new Prime Minister Harold Holt could not prevent a British withdrawal. This thesis shows that there was in fact little Australia could do to achieve its objective of maintaining its trading arrangements with Britain and British strategic interests in Southeast Asia. Australia's ability to influence Britain was negligible. In the end, as the modalities of change and their tempo were set by London – and they were far too rapid and far too radical for Australia's liking – Australia resorted to protests. Yet, the paradox was that, anxious not to antagonise Britain for fear it would drift further away, the Australian government avoided too confrontational a stance. Australian policy-makers gradually accepted the realities of the situation and looked to diversify Australia's trading options away from its traditional markets in Britain towards the Asia-Pacific region and cautiously redefined its strategic priorities in Asia.

This thesis draws heavily on the work of other scholars. In the past few years there has been increased interest in the study of Australia's relations with Britain during the 1960s.[13] The recent opening of Australian and British archives on this period has injected new life into the topic. This thesis acknowledges the contribution made by a number of scholars who have availed themselves of the released material to revisit and re-evaluate the importance of this particular period in Anglo-Australian relations. Stuart Ward's *Australia*

and the British Embrace: the Demise of the Imperial Ideal is particularly significant as the first thorough analysis based on archival sources of Britain's first application. In this study, Ward not only emphasises the importance of the application on Anglo-Australian relations, but also reveals the application's affect on Australian political culture. Ward's central argument is that 'the demise 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 his view, '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'.[14] In chapters or article-length studies, David Goldsworthy, John O'Brien, Paul Robertson and John Singleton, and Catherine Schenk have all focused on different aspects of Australia's diplomacy towards the British 1961–63 application.[15] Goldsworthy has centred his attention on the role of Prime Minister Robert Menzies as the key Australian player in the area of Anglo-Australia relations on the EEC issue. O'Brien, and Robertson and Singleton, have looked at the Australian reactions to Britain's bid as a part of a more general Commonwealth response. Schenk has devoted significant attention to Australian policies although her primary focus is on the financial and monetary implications for the sterling area of an eventual British entry.

Jeppe Kristensen in his MA thesis, *Community of Interest: Australia and Britain 'east of Suez', 1966–68*, explains the role of the British withdrawal from east of Suez in further undermining Australia's attachment to the ideal of Britishness in Australian

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[13] Until recently, the only major study in the field was H.G. Gelber's *Australia, Britain and the EEC, 1961 to 1963* (Melbourne: Oxford University Press, 1966).
[14] Ward, *British Embrace*, pp. 260–261.
[15] David Goldsworthy, 'Menzies, Macmillan and Europe', *Australian Journal of International Affairs*, vol. 51, no. 2, 1997, pp. 157–169; John O'Brien, 'The British Commonwealth and the European Economic Community, 1960–63: The Australian and Canadian Experiences', *Round Table*, vol. 85, no. 340, 1996, pp. 479–491; Paul Robertson and John Singleton, 'Britain, the Dominions and the EEC, 1961–1963', in Anne Deighton and Alan Milward (eds), *Widening, Deepening and Acceleration: The European Economic Community 1957–1963* (Baden-Baden: Nomos Verlagsgesellschaft, 1999), pp. 107–122; Catherine Schenk, 'The UK, the Sterling Area, and the EEC, 1957–63', in *ibid.*, p. 123–137.

political culture. While accepting Ward's assertion that the 1961–63 application radically transformed Anglo-Australian relations, Kristensen contends that British race patriotism did not in fact disappear overnight.[16] Although his focus is on the diplomatic implications of the British withdrawal rather than cultural history, Goldsworthy makes a similar point in a chapter of his recently-published book, *Losing the Blanket: Australia and the End of Britain's Empire*.[17] Both studies are valuable contributions.[18] They are the first attempts to revisit Australia's reactions to the withdrawal by relying on recently-released archival material.[19] Yet, their brevity is a problem. Kristensen deals exclusively with the crucial phase of the British withdrawal (1966–68). This has three evident shortcomings. First, it takes the British withdrawal as a given and, in so doing, fails to examine Britain's defence

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[16] Jeppe Kristensen, *Community of Interest: Australia and Britain 'east of Suez', 1966–68* (MA Thesis, University of Southern Denmark, 2000), p. 5.

[17] David Goldsworthy, *Losing the Blanket: Australia and the End of Britain's Empire* (Melbourne: Melbourne University Press, 2002), ch. 8.

[18] Mention should be made of Derek McDougall, 'Australia and the British Military Withdrawal from East of Suez', *Australian Journal of International Affairs*, vol. 51, no. 2, 1997, pp. 183–194. Albeit based exclusively on secondary sources, it remains a worthy contribution to the understanding of Australian policy towards withdrawal. McDougall took an early interest in the strategic implications for Australia of the British withdrawal from Southeast Asia. In the 1970s he published 'The Evolution of Australia's Defence Policy in Relation to Malaysia-Singapore, 1964–71, *Journal of Southeast Asian Studies*, vol. 3, no. 1, 1972, pp. 97–110 and 'The Wilson Government and the British Defence Commitment in Malaysia-Singapore', *Journal of Southeast Asian Studies*, vol. 4, no. 2, 1973, pp. 229–240.

[19] Until very recently, British policy on the withdrawal from the east of Suez received scant attention. For nearly thirty years, Philip Darby's *British Defence Policy East of Suez 1947–1968* (London: Oxford University Press, 1973) was the only comprehensive work on British policy east of Suez. Phuong Pham and Saki Dockrill have recently redressed the balance. In their works – respectively *The End to 'East of Suez': The British Decision to Withdraw from Malaysia and Singapore, 1964 to 1968* (DPhil Thesis, University of Oxford, 2001) and *Britain's Retreat from East of Suez: The Choice Between Europe and the World?* (London: Palgrave Macmillan, 2002) – Pham and Dockrill have brought new insight into British policy-making on the east of Suez question. Relying principally on primary sources, they have presented a convincing case on the Wilson government's east of Suez policy. John Subritzky has also devoted attention to this subject in his book, *Confronting Sukarno: British, American, Australian and New Zealand Diplomacy in the Malaysian-Indonesian Confrontation 1961–5* (Basingstoke: Macmillan, 2000). As the book title suggests, Subritzky's main focus is not the British withdrawal, but British, American, Australian and New Zealand reactions to the Indonesian policy of *Konfrontasi*. Despite this, Subritzky discusses the Wilson government's early plans to disengage from Southeast Asia in 1965. This question is also addressed in his article, 'Britain, *Konfrontasi*, and the End of Empire in Southeast Asia, 1961–65', *The Journal of Imperial and Commonwealth History*, vol. 27, no. 3, 2000, pp. 209–227. Britain's role east of Suez in the post-war period is also the topic of Jeffrey Pickering's *Britain's Withdrawal from East of Suez: The Politics of Retrenchment* (Basingstoke: Macmillan, 1998) and 'Politics and "Black Tuesday": Shifting Power in the Cabinet and the Decision to Withdraw from East of Suez, November 1967–January 1968', *Twenty Century British History*, vol. 13, no. 2, 2002, pp. 144–170. Withdrawal is also discussed briefly in Karl Hack, *Defence and Decolonisation in Southeast Asia 1941–1968* (London: Curzon Press, 2001) and Matthew Jones, *Conflict and Confrontation in South East Asia 1961–1965* (Cambridge: Cambridge University Press, 2002). Jones has examined Wilson's east of Suez policy in greater detail in his 'A Decision Delayed: Britain's Withdrawal from South East Asia Reconsidered, 1961–68', *English Historical Review*, vol. 117, no. 472, pp. 569–595.

role east of Suez in the early 1960s. In particular, no mention is made to the growing political, economic and strategic constraints under which successive British governments found themselves operating east of Suez between the end of the 1950s and into the early 1960s. Second, it overlooks the gradual reassessment of British defence policy options undertaken by Wilson during 1965 and the Menzies government's responses to it. Third, it also fails to address Anglo-Australian defence relations in the post-1968 period, and to take into account Australia's reaction to the British decision in 1971 to maintain a token military presence in Malaysia and Singapore. Goldsworthy does put the withdrawal into a broader historical context and manages to convey the sense of growing scepticism with which, by the early 1960s, the Menzies government came to see Britain's ability to maintain a meaningful role east of Suez. He also considers Australian responses to Wilson's defence policy reassessment in 1965. Yet, the chapter's short length is a real constraint. British policy is sketchily outlined and, like Kristensen, Goldsworthy's analysis does not go beyond 1968.

The importance and originality of this thesis is that it is the first comprehensive attempt to explore the full import of Britain's turn to Europe on Anglo-Australian relations. Unlike the studies mentioned above, the scope of this thesis is not restricted to one specific aspect or crisis in the relationship in the 1960s. Instead, it considers the political, strategic and economic consequences for the Australian government in its policy-making as it struggled to accept the inevitability of Britain's decision. To this end, the thesis analyses Australian policy-making in four phases of reaction and response: Britain's first application (1961–63); the British withdrawal (1967–68); Britain's second application (1967); and finally, Britain's third application (1971–72). It should be stressed that the thesis does not examine Australian foreign policy in all its dimensions, but only in the context of Australian reactions to British initiatives. Although events are seen through the prism of Australian foreign policy, it is not an analysis of Australia foreign policy as such,

but rather of the impact of British policies upon the relationship with one of Britain's main imperial partners.

The thesis asserts that the Anglo-Australian relationship during this period did not deteriorate as a result of one specific crisis. Rather, it declined rapidly as a result of the cumulative effect of the four perceived crises. This impact on the Australian mindset of vulnerability was compounded by the fact that Britain's actions not only took place one after another, indeed overlapping in the case of Britain's 1967 EEC application and the military withdrawal, but also occurred within a relatively short period of time. Although this analysis agrees with Ward's assertion that Australia's attachment to the idea of Britishness was profoundly shaken as a result of Britain's first application, it is contended that the 1961–63 Common Market crisis was by no means 'the end of the affair'. In fact, it is argued, as Goldsworthy has done in his analysis of Australian policy towards the British withdrawal from east of Suez, that 'if the Common Market dispute left race patriotism seriously wounded, the East of Suez dispute administered the *coup de grace'*. This thesis recognises, however, as indeed Goldsworthy himself did, that this interpretation would be 'tempting', but 'no doubt simplistic'.[20] The examination here reveals that it was in fact the close succession of four crises – two of which, as already mentioned, overlapped – and their cumulative impact that put an end to an era in Anglo-Australian relations.

The second contribution this thesis makes to the study of Anglo-Australian relations is an attempt to integrate the politico-strategic and the politico-economic dimensions of these relations.[21] As explained, Australian scholars have emphasised either the first or the second dimension. This preference for limiting the focus of scholarly analysis, however, has resulted in considerably different explanations for the fraying of the Anglo-Australian relationship. On the one hand, politico-strategic analyses have stressed the importance of strategic issues

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[20] Goldsworthy, 'Point of Departure'.

[21] To date David Lee's *Search for Security* remains the only other attempt to integrate economic and strategic factors in the study of Australia's post-war foreign policy. See Lee, *Search for Security.*

in shaping Australian post-war perceptions and policies towards Britain, and by extension, in weakening their bilateral relations. Scholars like David Day and Coral Bell have focused on Britain's inability to defend the Singapore base, which was the focal point of the British defence system in the Far East. They argued that the fall of Singapore in 1942 dealt a mortal blow to the assumption that London retained the military capabilities necessary to protect the far-flung outposts of its Empire.[22] Day and Bell, however, are not alone in making this claim. Other scholars have also drawn similar conclusions. While not focusing primarily on defence, historians such as Stuart Macintyre, Geoffrey Bolton and T.B. Millar have all unfailingly emphasised the crucial implications of the fall of Singapore on the future of Anglo-Australian relations.[23] Robert O'Neill has taken this conclusion further and indeed attributes the fact that neither the Menzies and Chiefly governments 'saw Britain as a comparable ally to the United States' as contributing to Britain's post-war problems and its declining power.[24] This Australian attitude to ensuring protection had begun immediately after the war. As Gregory Pemberton has argued, 'Australia's external relations remained overwhelmingly oriented towards Britain' in the initial post-war period,[25] but this was done out of necessity rather than by choice. With the United States unwilling to commit itself to the security of Australia's neighbourhood, it was evident that Canberra had nowhere else to look than to Britain. However, the signing of the ANZUS Treaty in 1951 clearly revealed the belief of the Menzies government that Australia's 'long term security interests would be best served by a direct alliance with the United States, whether this alliance included Britain or

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[22] Day, *The Great Betrayal.* Coral Bell, *Dependent Ally. A Study in Australian Foreign Policy* (Sydney: Allen & Unwin, 1988), p. 18.

[23] Stuart Macintyre, *The Oxford History of Australia, Vol. 4: The Succeeding Age 1901–1942* (Melbourne: Oxford University Press, 1993), p. 335; Geoffrey Bolton, 'The United Kingdom', in W.J. Hudson (ed.), *Australia in World Affairs 1971–75* (Sydney: Allen & Unwin, 1980), p. 210; T.B. Millar, *Australia in Peace and War: External Relations since 1788*, 2nd edn (Canberra: Australian National University Press, 1991), p. 122.

[24] Robert O'Neill, *Australia in the Korean War, 1950–53, Vol.1: Strategy and Diplomacy* (Canberra: Australian War Memorial, 1982), p. 21.

[25] Gregory Pemberton, *All the Way: Australia's Road to Vietnam* (Sydney: Allen & Unwin, 1987), p. 1.

not'.[26] From this point in time Australia increasingly sought to rely on American power for its own security. Those who have dwelt on defence issues have concluded that Anglo-Australian relations never recovered from the politico-strategic implications of the fall of Singapore and the harsh realities of the post-war world politics, which witnessed the steadfast decline of British power.

This view, however, has been recently challenged, and ultimately rejected, by Wayne Reynolds in his original study *Australia's Bid for the Atomic Bomb.* Reynolds has sharply criticised the tendency amongst Australian scholars to overstate 'the point of departure with respect to the empire caused by World War II' while not 'appreciating the elements of continuity'.[27] He has argued that a crucial but forgotten aspect of Australian defence policy between 1945 and 1957 was the attempt to develop a nuclear capability in partnership with Britain. Lacking the necessary resources to develop its own nuclear weapons Canberra became closely associated with Britain's nuclear programme in the belief that this would make it possible for Australia to acquire a nuclear capability. In this context, therefore, the importance of Britain and the empire, far from declining, actually increased in Australian eyes in the immediate post-war years. As Reynolds himself has put it, between 1945 and 1957, 'British and Australian defence policies were closer then ever before'.[28] It is only with the restoration of the Anglo-American atomic alliance, following the Bermuda agreement in 1957, that the nuclear partnership between Britain and Australia came gradually to an end.[29] In Reynolds's view, it was not the fall of Singapore which undermined Anglo-Australian relations, rather, it was the British decision to abandon nuclear co-operation with Australia which spelt the end of the close relationship.

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[26] O'Neill, *Australia in the Korean War,* p. 404.
[27] Wayne Reynolds, *Australia's Bid for the Atomic Bomb* (Melbourne: Melbourne University Press, 2000), p. 26.
[28] *Ibid.*, p. 6.
[29] At the Bermuda summit of March 1957, the Eisenhower administration agreed to offer London a limited nuclear partnership. Under the agreement Britain was to receive sixty intermediate range ballistic missiles (IRBMs).

Focusing on the politico-economic dimension on the other hand, some scholars have stressed the significance of economic and financial issues in undermining Anglo-Australian relations. Kosmas Tsokhas, for instance, has suggested that World War II played a crucial role in what he calls the 'dedominionisation' of Australia. In his view, Australia's drift away from imperial moorings was caused not so much by the fall of Singapore, but by the economic and financial strains that came to beset Anglo-Australian relations during the war.[30] Beresford and Kerr have also focused on the economic implications of World War II on Anglo-Australian relations. They contend that Australia's acceptance of Article VII of the wartime Mutual Aid Agreement and its decision to join the International Monetary Fund (IMF) in 1947 are to be seen as a rejection of the British connection in favour of an American-centred international economic system.[31]

However, the claim that World War II had a decisive role in weakening Anglo-Australian relations, has recently come under close scrutiny and, ultimately, been dismissed by a number of scholars. In doing so, they have drawn attention to the 1950s as the catalyst for change in the relationship. Paul Robertson and John Singleton have attributed the diminution in importance of Australia's bilateral ties with Britain to the steady erosion of both the Commonwealth preference system and the sterling area during this period.[32]

Sandra Tweedie has gone even further. She has claimed that, despite Australia's reassertion of the ties of kinship and its continued reliance on British markets in the late 1940s, 'the sentiment, tradition and questionable economic advantage which had maintained

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[30] Kosmas Tsokhas, 'Denominionization: The Anglo-Australian Experience, 1935–45', *Historical Journal*, vol. 37, no. 4, 1994, pp. 861–883.

[31] M. Beresford and P. Kerr, 'A Turning Point for Australian Capitalism: 1942–1952', in Edward Wheelwright and Kenneth Buckley (eds) *Essays in the Political Economy of Australian Capitalism, vol. 4* (Sydney: Australia and New Zealand Book Co., 1980), pp. 148–171. The Mutual Aid Agreement, which was signed in February 1942 by the United States and Britain, was aimed at extending American 'Lend-Lease' material assistance to the British Empire. Under the Lend-Lease Bill, which was passed by the Congress in March 1941, the US would make available war materials to their allies while leaving the financial value of the supplies unspecified until the end of the war. In order to reassure Article VII called for the 'elimination of all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers'.

Australia firmly in the UK orbit up until World War II were all ended by the mid-1950s'.[33] The turning point in what she has described as 'an overly long and painful weaning from the imperial connection' was the negotiation of a new Anglo-Australian trade agreement in 1956 in which the Menzies government forcefully sought to obtain better terms of trade than those contained in the old Ottawa Agreement of 1932.[34] In this context, Britain's attempts to join the EEC in the 1960s are treated as no more than mere signposts along the road of a steady decline in Anglo-Australian relations. The controversial nature of Tweedie's arguments could not, and did not, remain unchallenged, particularly by those who have regarded Britain's first EEC application as an important factor in undermining the bilateral relationship. Ward for instance has argued that the 1956 Anglo-Australian trade negotiations 'did not, in any fundamental sense, provoke a wider examination of the steadily widening gap between British commercial interests and Australian national aspirations'. He contends that 'both the Prime Minister's Department and External Affairs were opposed to any measures which would "derogate from the strength of British influence" in the world, while the Trade Department behaved as though a severe curtailment of British trade advantages was a simple matter of "restoring the balance" to a gentlemen's agreement'.[35] In contrast, while careful not to treat Britain's 1961–63 EEC bid as 'the fundamental cause of Australia's drift away from imperial moorings', he has not shied away from emphasising its important role in undermining post-war Anglo-Australian relations. In his view, Britain's 1961–63 bid shows 'how the disentangling of Australian and British cultural identities was directly informed by the disentangling of their political and economic interests'.[36] Others before Ward had also underlined the importance of the 1961–63 application in changing the nature

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[32] Paul Robertson and John Singleton, 'The Commonwealth as an Economic Network', *Australian Economic History Review*, vol. 41, no. 3, 2001, pp. 241–266.
[33] Sandra Tweedie, *Trading Partners: Australia and Asia, 1790–1993* (Sydney: University of New South Wales Press, 1994), p. 97.
[34] *Ibid.*, p. 105.
[35] Ward, *British Embrace*, p. 36.
[36] *Ibid.*, pp. 254 and 260.

of Anglo-Australian relations. Henry Gelber, for instance wrote in 1966 that the British bid presented Australia with a 'problem different in kind from the trade talks previously conducted with Britain or Japan or the conclusion of SEATO or the ANZUS Pact'.[37]

In the light of these contrasting views, it is important to have a balanced approach and to seek to bring both the politico-strategic and politico-economic aspects of the relationship into one study. This thesis has the merit of attempting to do so. By looking at both dimensions, it avoids offering a partial explanation for the erosion of Anglo-Australian relations. In so doing, it is also able to show how both the politico-economic and politico-strategic implications of Britain's turn to Europe interacted to deal a crucial blow to, and as a consequence to unravel, the once intimate Anglo-Australian relationship.

The third reason why this thesis is important is that it draws extensively on newly released archival material from the National Archives of Australia (NAA) in Canberra and the Public Record Office (PRO) in London. The thesis' value is enhanced by the special access granted by Australia's Department of Foreign Affairs and Trade to the Australian diplomatic documents relating to Britain's 1971–72 EEC application. During the period of research these documents remained generally closed. This study also draws on various collections of Australian private papers, in particular those of John McEwen, Robert Menzies, Richard Casey and Paul Hasluck, held in the National Library of Australia (Canberra). These archival sources are supplemented by the *Foreign Relations of the United States (FRUS)* and by a number of official sources including Australia's parliamentary debates and ministerial documents, and Britain's House of Commons debates. Furthermore, the thesis makes use of secondary material contained in Australian, British and European newspapers and magazines. Finally, a few policy-makers, government officials and diplomats of the time were able to share some of their

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[37] Gelber, *Australia, Britain*, p. 258. J.D.B. Miller, *Survey of Commonwealth Affairs: Problems of Expansion and Attrition 1953–69* (London: Oxford University Press, 1974).

reminiscences. A full list of those interviewed is included in the bibliography at the end of the thesis.

This thesis is organised in three sections. The first section briefly discusses Anglo-Australian relations in the early post-war period and examines, in more detail, Britain's 1961 application. Australia's post-war relations with Britain are discussed in Chapter 1. Chapter 2 concentrates on the Macmillan bid for EEC membership and its impact on the bilateral relationship. The Menzies government's reactions are fully examined. The chapter argues that, in spite of leaving Anglo-Australian relations profoundly shaken, the 1961–63 Common Market crisis by no means represented 'the end of the affair'.

The second and central section analyses Anglo-Australian relations during Wilson's premiership (1964–70), looking at the combined effect of Britain's 1967 EEC application and its military withdrawal from Southeast Asia. Chapter 3 looks briefly at Anglo-Australian defence relations in the early 1960s and at Australian perceptions of Britain's military role east of Suez. Australian reactions to British attempts to disengage between 1965 and 1966 are examined in Chapter 4, while Chapter 5 focuses on the period 1967–68 when the Wilson government took the decision to withdraw and Australian responses towards it are assessed. To conclude this section, Britain's second EEC application and Australia's policy response are examined in Chapters 6 and 7.

The analysis of this period shows that the Wilson government further reoriented Britain's foreign and defence policies towards Europe. It also shows that disengagement from east of Suez, and the resulting retrenchment into Europe, were carried out rapidly once the Malaysian-Indonesian Confrontation (*Konfrontasi*) ended in 1966. The withdrawal of all British forces from east of Suez by the mid-1970s was first announced in July 1967, but a subsequent announcement in January 1968 brought the date of final departure forward to 1971. The first announcement followed quickly upon the May 1967 launch of a new bid to join the EEC. Despite the fact that 'Wilson's "voyage into Europe"

foundered, like Macmillan's, on the rocks of de Gaulle's intransigence' and his bid ended in a diplomatic debacle,[38] the British application was not withdrawn, but remained on the table. This signalled that, the temporary set-back notwithstanding, Britain did not intend to give up its quest for EEC membership. Or, as John Darwin argues, Wilson's bid 'marked the emergence of entry into the EEC, and the revival of British influence into Europe, as the first priority of foreign policy'.[39] Hopefully, in British eyes, entry was only postponed.

The thesis here contends that Wilson's marked turn to Europe vanquished remaining Australian hopes that the bonds of empire would hold. It was evident to Australian policy-makers that together, the withdrawal and the EEC application clearly indicated that Britain's reorientation towards Europe, while not fully accomplished, was nonetheless nearly a *fait accompli*. Wilson's determined reorientation towards Europe exacerbated differences between Canberra and London. Australian disappointment turned to indignation as the conflict of interest deepened. This section highlights how far apart Australia and Britain had drifted within the few years since the 1961–63 Common Market crisis. It also reveals the extent to which the Wilson government was prepared to disregard Australian interests in order to secure Britain's foreign and defence policy objectives. Macmillan had painfully sought to reconcile the conflicting interests of Britain, Australia and the Commonwealth during the 1961 negotiations. Yet, to Wilson, desperately trying to address Britain's economic deterioration, such consideration was of little interest. Unlike Macmillan who had been hopeful that Britain would be able to continue to play an influential role in the Commonwealth, Wilson had no such hope. His turn to Europe was not so much an attempt to prop up Britain's declining influence in world affairs by other (read European) means, but a recognition that Europe was the only option available for a

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[38] David Raynolds, *Britannia Overruled: British Policy & World Power in the 20th Century* (London: Longman, 1991), p. 232.
[39] John Darwin, *Britain and Decolonisation: The Retreat from Empire in the Post-War World* (Basingstoke: Macmillan, 1992), p. 295.

country with limited resources. In this context, it was inevitable, and hardly surprising, that Australian interests were thought to be expendable.

The third section of this thesis discusses Australian responses to Britain's third and final application to the EEC. Chapter 8 studies Anglo-Australian defence relations in the post-withdrawal period, and Chapter 9 examines the impact of the 1971–72 application on Australian policy and the relationship. It is argued here that, although Anglo-Australian relations had by the late 1960s been transformed beyond recognition as a result of Britain's shift to Europe, it was only with British entry in January 1973 that change in the bilateral relationship was fully realised. While far from having the same impact as earlier applications, the 1970–72 bid had important symbolic and practical implications. British entry represented a formal departure from the close ties of empire which had characterised Anglo-Australian relations until the end of the 1950s. It also spelt the end of the imperial preference system. Last but not least, it pushed Australia to reorient its external and economic policies further towards Asia. This section also analyses Australian reactions to the British withdrawal in the post-1968 period. It briefly examines Australian policy towards the negotiation of the Five Power Defence Arrangements. The analysis shows that, despite welcoming the British decision to maintain a token military force in Southeast Asia, the Australian government was initially rather cautious in its response. Far from accepting British proposals unreservedly, Canberra was careful that a continued British presence should accord with a more independent formulation of Australia's regional interests. This was an indication of how much Australian thinking had developed since the Wilson government's decision to withdraw from east of Suez. Within less than three years since Wilson's announcement of acceleration of withdrawal in January 1968, Australia's defence policy was no longer dependent on a British military presence in Malaysia and Singapore.

SECTION I

1

Setting the scene: Anglo-Australian relations at the end of the 1950s

'Great Britain, let me remind you, is only part of the British Empire, but it is the most important part. It is the centre of our history, the centre of our being. We have no illusions about it; when you stand we stand, and when you fall we are rudderless for the time being in a very strong sea'.[1]

Robert Menzies, 1948

These were the words with which Robert Menzies, then opposition leader but soon to become Australia's longest-serving prime minister, endeavoured to capture the essence of the Anglo-Australian relationship when he addressed the Empire Parliament Association in London in 1948. Rhetoric notwithstanding, Menzies' words were a clear indication that, at the turn of the 1940s, Australia and Britain still enjoyed a unique relationship. Their relationship remained strong throughout the following decade in spite of changes which resulted in a weakening of Anglo-Australian ties as discussed in the introduction. Proof of this was the fact that, at the end of the 1950s, Australia and Britain were still bound by a vast array of formal and informal links. These links were not confined to foreign policy, defence or trade. They also encompassed a wide range of issues – from constitutional arrangements to social connections. This chapter offers a snapshot of the Anglo-Australian relationship at this time. In so doing, it provides the context in which the changes taking place in Anglo-Australian relations during the 1960s should be assessed. As mentioned earlier, this study contends that these changes were radical. To substantiate this claim, this chapter aims to provide a benchmark against which political change can be evaluated. The

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[1] Menzies quoted in John Arnold, Peter Spearritt and David Walker (eds), *Out of Empire: The British Dominion of Australia* (Melbourne: Mandarin Australia, 1993), p. 8.

approach, however, does not imply that relations between Canberra and London remained static between the 1940s and the late 1950s.

1.1 A special relationship

The close relationship between Australia and Britain was of course the legacy of a shared historical experience that had begun in 1770 when Captain James Cook claimed the eastern part of Australia for King George III. By 1860, Britain had gradually consolidated its hold on the entire continent by establishing six colonies, which inherited political and social institutions, language and culture from Britain. In 1901 they federated into a single entity – the Commonwealth of Australia, a dominion under the British crown.[2] It was only with the ratification of the Statute of Westminster in 1942 that Australia became in every respect a sovereign state.

Despite the attainment of sovereignty, Australia remained closely bound to the British imperial orbit. The most visible link between the two countries was in the constitutional field, as the British monarch was also Australia's head of state. The British monarch, who acted only on the advice of the Australian government, was represented in Australia by the Governor-General. It is noteworthy that, with the exception of Isaac Isaacs (1931–36) and William McKell (1947–53), the Governor-General had up to the period under study been a Briton. Yet, for all its importance, the monarchy was not the only symbolic link between Britain and Australia. For instance, Australians visiting abroad travelled with a passport stamped on the front 'British passport'. In fact, even though the

[2] Though never formally defined, the title 'dominion' applied to the self-governing territories of the British Empire (renamed British Commonwealth of Nations in 1931, then Commonwealth of Nations in 1946) – that is, Australia, Canada, New Zealand, South Africa, Eire and Newfoundland. During the first half of the twentieth century dominion status gradually changed to accommodate the dominions' demands for greater independence. The Statute of Westminster (1931) recognised the dominions as separate states under the British crown and granted them full legislative authority. After World War II the word 'dominion' was abandoned to be replaced by 'member of the Commonwealth'. For a detailed analysis see K.C. Wheare, *The*

concept of Australian citizenship was for the first time formalised in the Nationality and Citizenship Act of 1948, Australian citizens were required, until the late 1960s, to declare their nationality as British.[3] Last but not least, the Australian national anthem was still 'God Save the Queen'.

Significant links existed at the economic level. Throughout the 1950s, Britain remained Australia's largest export market taking, in 1950, 38 per cent of Australian exports. Ten years later, despite a noticeable decline, Australia still sent 26 per cent of its total exports to Britain (see Table 1.1). In the 1950s Australia's prosperity was still perceived as being dependent upon the country's ability to retain Britain as a substantial export market. The reverse, of course, was hardly true, yet it would be wrong to assume that the economic significance of the commercial relationship was a one-way affair. For if it was true that Britain's foreign trade was much more diversified and, therefore less dependent on one single market than Australia's, it was also true that throughout the 1950s Australia was still one of Britain's largest export outlets. In 1950, with nearly 11.8 per cent of its total exports going to Australia, the latter was Britain's largest export market that year. In 1959 Australia was still Britain's third largest export market after the EEC and the United States (see Table 1.2).

This close trade relationship was based on a system of mutual trade concessions, known as the Ottawa Agreement, which Britain and its dominions negotiated at the Ottawa Imperial Economic Conference in 1932.[4] Under the Ottawa Agreement, Britain and

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Statute of Westminster and Dominion Status, 5th edn (London: Oxford University Press, 1953), especially pp. 6–17.

[3] The concept of 'Australian nationality' obtained official recognition only after the Nationality and Citizenship Act was amended in 1969. It is noteworthy that in August 1967 the Holt Cabinet approved the deletion of the word 'British' from the covers of Australian passports. See NAA, A5840/XM1 vol. 2, Cabinet Decision 517, 22.8.1967. Yet, the phrase 'British subject' remained in the inner pages of Australian passports until 1973.

[4] The Ottawa Agreement was in reality a series of bilateral trade treaties between Britain and the dominions as well as between the dominions themselves.

Table 1.1 Australia's main export markets, 1950–60

	1950	*1960*
	As a % of total exports	*As a % of total exports*
USA	8.09	8.10
Japan	3.91	14.36
Britain	38.70	26.38
France	6.63	6.43
West Germany	–	4.09

Source: E.M. Andrews, *A History of Australian Foreign Policy* (Melbourne: Longman Cheshire, 1988), p. 173.

Table 1.2 Britain's main export markets, 1950–59

	1950			*1959*		
	Value of exports (£million)	*As a % of total exports*	*Ranking*	*Value of exports (£million)*	*As a % of total exports*	*Ranking*
USA	113.9	5.2	4	360.1	10.8	2
EEC*	243.3	11.1	2	446.3	13.4	1
Canada	125.9	5.8	3	207.4	6.2	4
Australia	255.8	11.7	1	223.6	6.7	3
South Africa	120.7	5.5	5	148.9	4.4	6
Eire	86.7	3.98	6	107	3.2	8
NZ	86.5	3.97	7	96.9	2.9	9

* As the EEC was established in 1957, the 1950 figures for the EEC are purely indicative

Source: Central Statistical Office, *Annual Abstract of Statistics, nos. 96 (1959) and 97 (1960)* (London: HMSO, 1959–1960)

Australia were committed to protect their reciprocal trade interests in their respective economies and to accord each other's exports preferential treatment in their own markets. By the mid-1950s, 40 per cent of Australian exports to Britain received preferences in comparison with 80 per cent of British exports to Australia.[5] Some Australian commodities such as lamb, mutton, wool and wheat, while receiving no preference at all, could still

[5] Sandra Tweedie, *Trading Partners: Australia and Asia, 1790–1993* (Sydney: University of New South Wales Press, 1994), p. 99.

enter the British market freely.[6] In 1956, however, believing that the Ottawa Agreement was working significantly in Britain's favour, the Menzies government sought its renegotiation. In spite of falling short of Australia's expectations, a new agreement was signed in Canberra in November 1956. Its main features were the continuation of preferential trade between the two countries, an across-the-board cut in the margin of preference on British exports to Australia, a reiteration of the 1952 meat agreement committing Britain to purchase all Australian beef, and a non-binding clause whereby Britain endeavoured to buy 750,000 tonnes of Australian wheat each year.[7]

Yet, during the 1940s and the early 1950s there was another important, and perhaps even more effective, factor which contributed to binding Britain and Australia economically – their common membership of the sterling area. The sterling area was a financial and economic network whose primary objective was to ease the effects of the US dollar shortage on Commonwealth countries. To this end, the sterling area members were encouraged to economise on the use of hard currency by trading with and investing in each other. Robertson and Singleton point out that 'as the central purpose of the sterling area was the operation of currency controls, this necessitated the regulation of trade to ensure the protection of the currency pool'.[8] Members were in fact expected to deposit their US dollars earnings in a common pool. Their ability to draw on this pool varied from member to member. Britain, for instance, was the only country to have unlimited access to it as long as there were enough dollars in the pool. Australia and the other dominions (with the exception of Canada which was not a member) were allowed to convert their sterling holdings into dollars provided they did not abuse the system. In that case, Britain could

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[6] *Ibid.*, p. 100.
[7] *Ibid.*, pp. 99–104 and Stuart Ward, *Australia and the British Embrace: The Demise of the Imperial Ideal* (Melbourne: Melbourne University Press, 2001), pp. 35–37. For the text of the 1957 Trade Agreement see Cmnd. 91, *Trade Agreement between the Government of the United Kingdom and Northern Ireland and the Government of the Commonwealth of Australia* (London: HMSO, 1957).
[8] Paul Robertson and John Singleton, 'The Commonwealth as an Economic Network', *Australian Economic History Review*, vol. 41, no. 3, 2001, p. 255.

have denied access. The colonies and big dollar earners such as Malaya or Nigeria were generally not allowed to draw on the pool. In practice, only Britain and the old dominions were the main beneficiaries of this system as they 'were able to call on more dollars than they earned without upsetting the balance of the entire Sterling Area'.[9] However, following the outbreak of the Korean War this tight system began to loosen as a result of the growing availability of dollars in the early 1950s. As the Americans increased their imports of strategic materials, dollars became more easily obtainable.[10] Australia also played a role in weakening the system by negotiating a dollar loan directly with the US and the International Bank for Reconstruction and Development (IRBD) in 1950.[11] Trade policy coordination was gradually abandoned after 1952.[12] With the restoration of sterling's convertibility in 1958, the dollar pool, which until then had remained an important source of foreign exchange, was terminated. 'By 1961 the strict policy coordination aspect of the sterling area was over'.[13] Yet, the sterling area did not become of 'little significance' as has been contended.[14] Its members continued to hold their reserves in sterling and kept their currencies pegged to it. 'This meant that the reserve currency and transactions currency role of sterling in the international monetary system was tightly bound up with the sterling area'.[15] In practice, this also meant that Britain and the Commonwealth's big sterling holders, including Australia (see Table 1.3) had a strong interest in managing the sterling exchange rate and co-operating on monetary issues. Last but not least, members of the

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[9] Paul Robertson, 'The Decline of Economic Complementarity? Australia and Britain 1945–1952', *Australian Economic History Review*, vol. 37, no. 2, 1997, p. 94.
[10] Robertson and Singleton, 'The Commonwealth as an Economic Network', pp. 256–257.
[11] See David Lee, *Search for Security: The Political Economy of Australia's Postwar Foreign and Defence Policy* (Sydney: Allen & Unwin, 1995), pp. 140–145. See also David Lee, 'Australia, the British Commonwealth and the United States, 1950–1953', *The Journal of Imperial and Commonwealth History*, vol. 20, no. 3, 1992, pp. 445–469; Paul Robertson, 'The Decline of Economic Complementarity?', pp. 100–103.
[12] Catherine Schenk, 'The UK, the Sterling Area, and the EEC, 1957–63', in Anne Deighton and Alan Milward (eds), *Widening, Deepening and Acceleration: The European Economic Community 1957–1963* (Baden-Baden: Nomos Verlagsgesellschaft, 1999), p. 124.
[13] *Ibid.*
[14] Robertson and Singleton, 'The Commonwealth as an Economic Network', p. 260.
[15] Schenk, 'The UK, the Sterling Area', pp. 124–125.

sterling area continued to enjoy privileged access to the London capital market.[16] This was not an insignificant aspect, particularly for a country like Australia. Since the early 1950s the latter had attempted to modernise and expand its economy, and to this end, it needed easy and ready access to foreign capital to finance its development programme. The London capital market was an important source of this finance. In 1961 Australia had a £342 million sterling debt outstanding in London.[17]

Table 1.3 Australia's sterling balances, 1955–66

	Sterling (A$ m)	*Sterling % of total reserves*	*US dollar % of total reserves*
1955	679.4	80.4	4.5
1956	508.7	73.2	5.9
1957	965.9	86.5	4.6
1958	853.5	82.6	5
1959	832.6	82.3	6.1
1960	785.6	78.4	8.3
1961	881.5	81.8	5.6
1962	870.9	79.4	6
1963	936.1	76.4	8.8
1964	1346.2	80.5	7.6
1965	994.5	73.4	11.3
1966	980.6	71.3	14.1

Source: NAA, A1209/84, 1967/7734 attachment 2.

The preceding two paragraphs have underlined the importance of the Commonwealth network in shaping the economic and financial policies of its members. The next paragraph will refer briefly to Commonwealth strategic co-operation in Southeast Asia between Britain, Australia and New Zealand. For their part, political relations between Australia and Britain were also cemented by their joint membership of the Commonwealth. This informal association which, in the 1950s, consisted of Britain, the

[16] David Michael Kandiah and Gillian Staerck, 'Commonwealth International Financial Arrangements and Britain's First Application to Join the EEC', in Alex May (ed.), *Britain, the Commonwealth and Europe: The Commonwealth and Britain's Application to Join the European Communities* (Basingstoke: Palgrave, 2001), p. 113.

[17] PRO, Treasury (henceforth T) 230/668, Document passed to UK representative at a meeting in Treasury, 5.10.1961 quoted in Schenk, 'The UK, the Sterling Area', p. 128.

old dominions and a few former British dependencies, provided a valuable forum in which to co-ordinate policies of mutual interest.[18] Throughout the decade, the intimate relations which existed between Britain and its old dominions, and between the old dominions themselves facilitated political consultations. Although by the turn of the decade it was 'clearly no longer the expression of British power that it had been before the war or even before the Suez crisis', the Commonwealth remained 'a highly significant vehicle of British influence'.[19] Likewise, despite Australian concerns at its gradual transformation from an essentially white man's club into a multi-ethnic association, the Commonwealth remained a valuable political asset for Australia.

Defence was another important area where close links existed between Australia and Britain. Although Australia had sought to establish close defence links with the United States since the end of the war, Britain remained an indispensable partner throughout the decade as will be discussed in Chapter 3. The presence of sizeable British forces in Southeast Asia ensured a certain degree of stability in an area of great strategic importance to Australia.[20] In Australian eyes, it also symbolised Britain's continuing interest in the defence of Australia. For their part, British policy-makers indeed regarded the deployment of British forces in Southeast Asia as a commitment to the security of Australia. Needless to say, the defence of Australia was neither the primary, nor the sole reason, for British troops being deployed in the region. In broad terms, their deployment depended essentially on Britain's imperial strategy and cold war objectives. Yet, the commitment to Australia was real enough. While not formally enshrined in any defence treaty, it was undertaken by successive British governments as a genuine obligation. On the one hand, it was a recognition of Australia's military contribution to the British war effort during the two

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[18] India and Pakistan joined the Commonwealth in 1947 followed by Ceylon (1948), Malaya (1957) and Ghana (1957).

[19] Alex May, '"Commonwealth or Europe?": Macmillan's Dilemma, 1961–63', in May (ed.), *Britain, the Commonwealth and Europe*, p. 88.

[20] For the number of British forces deployed in Southeast Asia and their location see Chapter 3.

world wars. On the other hand, it was the price to be paid for Australia's strategic co-operation in the region. Commonwealth co-operation had been formalised in 1949 with the establishment of the so-called ANZAM arrangements under which Australia, Britain and New Zealand had undertaken to co-ordinate their strategic planning for the conduct of military operation in a vast area which included the Australian and New Zealand homelands, and the British territories in Malaya and Borneo, along with the adjacent sea areas.[21] In the event of war, Commonwealth forces in the region would in fact come under the command of the ANZAM Chiefs of Staff.[22] Anglo-Australian defence co-operation was given further meaning with the creation of the Commonwealth Strategic Reserve (CSR) in 1955. The concept of a Strategic Reserve had been originally proposed by Britain in 1953.[23] According to the British proposal, the Reserve would comprise British, Australian and New Zealand forces. These forces could be deployed in Malaya as a deterrent against communist aggression and, in situations short of war, would be available for counter terrorist operations.[24] In 1955 the Menzies Cabinet agreed to commit ground, naval and air forces to the Strategic Reserve.[25]

Close links between Britain and Australia, however, went well beyond the realms of politics, economics and defence. Despite their undeniable importance, political, strategic and economic ties were not the only significant aspects of the bilateral relationship. Social and cultural links had also a special relevance as they were in a sense the premise upon which close Anglo-Australian relations rested. In the 1950s the great majority of Australians were of British stock and Britain was still Australia's traditional source of

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[21] 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), p. 61. The British, however, made it clear that they should have the sole responsibility for the internal defence of Malaya. See Robert O'Neill, *Australia in the Korean War, 1950–53, Vol.1: Strategy and Diplomacy* (Canberra: Australian War Memorial, 1982), p. 39.

[22] This body consisted of the Australian Chiefs of Staff and the representatives of Britain and New Zealand.

[23] David Horner, *Defence Supremo: Sir Frederick Shedden and the Making of Australian Defence Policy* (Sydney: Allen & Unwin, 2000), p. 312. See also Edwards with Pemberton, *Crises and Commitments*, pp. 162–163.

[24] O'Neill, *Australia in the Korean War*, p. 347.

migrants in spite of the increasing number of non-British citizens who had settled in Australia since the late 1940s. Between 1948 and 1957 Australia took nearly 414,000 British migrants, 33.9 per cent of Australia's total migrants intake.[26] Unsurprisingly, Australia's predominantly British complexion was reflected in its cultural and social institutions. From radio to newspapers, from private schools to universities, from clubs to trade unions, Australian organisations were often modelled after their British equivalents. Traditions and social conventions, when not similar, were at least often reminiscent of those in the 'Mother Country'. Sport connections were also strong in cricket, tennis and rugby. A number of Australian commentators have remarked that Britain's cultural influence in Australian society was even more pervasive than mere facts would suggest. Donald Horne, for instance, has commented on the Australian habit of 'deriving inspiration from London'.[27] In 1966 J.D.B. Miller noted how 'much overseas news [was still] filtered through London before it [got] to the newspapers in the Old Dominions, and British issues [were] given much prominence'.[28] John Rickard has emphasised the Australian tendency to turn to Britain as the 'arbiter of high culture'.[29] Ward has spoken of 'British race patriotism' in Australia, and of the strongly held assumption that British and Australian interests ought to coincide. Yet, as the Australian novelist, Martin Boyd, noted in 1953, while 'the Australian is always aware of Britain ... the Englishman has not the same reasons to look towards us'.[30] Although true, this aspect does not invalidate the fact that sentiments of kith and kin worked both ways given that many British families often had relatives in Australia (as mentioned above, almost half a million Britons migrated to Australia between the late 1940s and 1950s). Australian visitors to Britain were also numerous and visible. From 1953 to 1960, 10 per cent of Britain's total immigrants were,

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[25] See Chapter 3.
[26] J.D.B. Miller, *Britain and the Old Dominions* (London: Chatto & Windus, 1966), p. 237.
[27] Donald Horne, *The Lucky Country* (Melbourne: Penguin, 1964), p. 97.
[28] Miller, *Britain and the Old Dominions*, p. 240.
[29] John Richard, 'Loyalties', in Arnold, Spearritt and Walker (eds), *Out of Empire*, p. 51.

on average, Australian.[31] These social contacts and connections ensured a sense of familiarity between the two peoples. This familiarity, reinforced by similar traditions, and similar cultural and social institutions, also benefited from a shared common language.

'British race patriotism' – that is, the idea that all British peoples, their differences notwithstanding, formed a single community through the ties of blood, language, history and culture – was in fact a British phenomenon and not confined exclusively to Australia. Yet, it was in Australia that the phenomenon was particularly strong. For a country that still regarded itself as a far-flung outpost of British civilisation on the periphery of Asia, British race patriotism provided a reassuring ideology which helped Australians cope with disturbing perceptions of isolation and loneliness. When Britain turned to Europe, it was this notion of British race patriotism, and the underlying assumption that the interests of two British nations such as Australia and Britain should ultimately coincide, that was severely challenged. As is demonstrated in the next chapter, by introducing serious elements of discord between London and Canberra, Britain's 1961–63 application to the EEC represented the first step towards the demise of British race patriotism in Australia, and the unravelling of the bonds of empire.

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[30] Martin Boyd, 'Their Link with Britain', in *ibid.*, p. 207.
[31] J.D.B. Miller, *Survey of Commonwealth Affairs: Problems of Expansion and Attrition 1953–69* (London: Oxford University Press, 1974), p. 455.

2

Australian policy towards Britain's first application to join the EEC, 1961–63

'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'.[1]

Robert Menzies to Harold Macmillan, 15 January 1962

In 1961 Britain's Conservative government, led by Harold Macmillan, took the historical decision to apply for EEC membership. The British decision came as a shock to the Menzies government and was seen as bringing about an unprecedented conflict of interests between Britain and Australia. From an Australian standpoint, British entry would weaken Britain's political ties with Australia and the Commonwealth irremediably. It would also have serious economic repercussions for Australia's trade with Britain. In addition, it would have significant strategic implications for Australia's security. Australia thus reacted bitterly and disagreed strongly with British policy. Ultimately, however, it made no attempt to sabotage the British bid, which eventually failed in January 1963 following the veto of French President Charles de Gaulle. Despite the outcome, the 'Common Market crisis' of 1961–63 left an indelible mark on Anglo-Australian relations. It signalled Britain's willingness to reorient policies towards Europe and indicated that in order to accomplish this aim, London was not prepared to let Commonwealth interests stand in the way. The Macmillan bid shattered Australian assumptions that divergences between British nations could be smoothed over in the name of strong sentimental ties of 'kith and kin' and dealt a severe blow to the once intimate Anglo-Australian relationship.

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[1] Menzies quoted in David Goldsworthy, 'Menzies, Macmillan and Europe', *Australian Journal of International Affairs*, vol. 51, no. 2, 1997, p. 161.

2.1 A serious conflict of interests: Australia assesses the implications of possible British entry

Spurred by concerns that the emergence of a powerful political and economic bloc such as the EEC jeopardised Britain's position in Europe and the world, the Macmillan government began a thorough reappraisal of its policy towards the Six between late 1959 and 1961.[2] Gradually, British thinking – both among Whitehall officials and ministers – shifted towards a closer association with the EEC. In July 1960, ministers acknowledged that a new approach to the EEC question was needed.[3] Between late 1960 and early 1961, exploratory talks were undertaken with the Italians, Germans and French.[4] In April 1961 Cabinet agreed that Britain should seek 'to join with the countries of the Six in forming a wider political and economic association of Europe'.[5] Ministers pointed out that Britain could only accede to the Treaty of Rome if it secured 'special arrangements to preserve the main trading interests of the Commonwealth; a satisfactory relation with other members of E.F.T.A. [European Free Trade Area]; and special provisions for British agriculture'.[6] In late July 1961 Cabinet agreed to open negotiations with the Six with the view to seeking membership of the EEC.[7] Within less than two years, the Macmillan government had therefore accomplished a complete reversal of policy. After some years of standing aloof from the EEC, Britain was now ready to seek entry provided that a satisfactory accommodation of certain British, EFTA and Commonwealth interests could be found.

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[2] The term, 'the Six', commonly refers to the six European countries (Belgium, France, Italy, Luxembourg, the Netherlands and West Germany) which established the EEC and Euratom by signing the Treaty of Rome on 25 March 1957.
[3] PRO, Cabinet Office (henceforth CAB) 128/34, CC (60), 41st meeting, 13.7.1960.
[4] See Piers Ludlow, *Dealing with Britain: The Six and the First UK Application to the EEC* (Cambridge: Cambridge University Press, 1997), pp. 32–37; Eric Roll, *Crowded Hours: An Autobiography* (London: Faber & Faber, 1995), p. 108.
[5] PRO, CAB 128/35 part 1, CC(61)24th meeting, 26.4.1961.
[6] *Ibid.*
[7] *Ibid.*; PRO, CAB 128/35, CC(61)44th meeting, 27.7.1961.

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Harold Macmillan

It is beyond the scope of this chapter to examine in detail the reasons for this reversal of policy, for which large body of scholarship exists.[8] Here it suffices to say that, following the failure of the Free Trade Area (FTA) initiative in 1958 – by which Macmillan had sought to link Britain and the Six economically without giving away Commonwealth agricultural preferences – outright EEC membership seemed to be the only viable option.[9] British policy-makers were concerned that, by remaining outside the Community, Britain would 'be greatly damaged politically' and its 'influence in world affairs would be bound to wane'. They also realised that the EEC could provide 'a vigorous and rapidly expanding market' and that 'there would be good grounds for hoping that [British] commerce and industry would benefit'.[10] Far from being an abdication of Britain's great power ambitions, EEC membership was seen in London as a different means of pursuing such a role – that is, by leading an influential group of European

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[8] See for example Miriam Camps, *Britain and the European Community, 1955–63* (London: Oxford University Press, 1964), pp. 274–376; Wolfram Kaiser, *Using Europe, Abusing the Europeans: Britain and European Integration, 1945–63* (London: Macmillan, 1996), ch. 5; Jaqueline Tratt, *The Macmillan Government and Europe: A Study in the Process of Development* (Bansingstoke: Macmillan, 1996), chs. 4–12; Alan Milward, *The Rise and Fall of a National Strategy* (London: Frank Cass, 2002), ch. 11; James Ellison, 'Accepting the Inevitable: Britain and European Integration', in Wolfram Kaiser and Gillian Staerck (eds), *Contracting Options: British Foreign Policy, 1955–64* (London: Macmillan, 2000), pp. 178–182.

[9] For the FTA initiative see John Young, *Britain and European Unity, 1945–1992* (Basingstoke: Macmillan, 1993), pp. 55–66; Milward, *National Strategy*, ch. 10.

[10] PRO, CAB 129/102, C(60)107, 6.7.1960.

nations. As British officials put it, 'if we try to remain aloof from [the Six] … we shall run the risk of … ceasing to be able to exercise any claim to be a world power'.[11]

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Robert Menzies

The Australian response to British *démarches* was of deep concern. 'Throughout the 1950s', as Ward has noted, 'the official Australian attitude towards European integration had been predicated on repeated British assurances that Commonwealth interests would never be sacrificed in a trade deal with the European Community'.[12] The Australian government, Parliament, and the press had tended to take British assurances at face value, and, as a result, European integration had hitherto only played a marginal role in Australian political debates.[13] Australian complacency, however, was soon to be shaken. Already throughout 1960 and early 1961, there had been an appreciable change of attitude in Canberra as the Menzies government became increasingly apprehensive of the 'deafening silence emanating from London'.[14] In March 1960 the British High Commissioner in Canberra advised London that 'the Australians [were] much concerned

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[11] *Ibid.*
[12] Stuart Ward, *Australia and the British Embrace: The Demise of the Imperial Ideal* (Melbourne: Melbourne University Press, 2001), p. 69.
[13] *Ibid.*, p. 69.
[14] *Ibid.*, p. 70.

about common market and E.F.T.A. developments. They [foresaw] that the U.K. [might] be compelled to extend the free-trade system to agriculture'.[15] Australian concerns grew stronger in the spring of 1961 when Macmillan finally began to disclose British intentions. In late May, he told Menzies that his government was ready to negotiate with the Six.[16] Before making a formal announcement, however, he informed the Australian leader of his decision to despatch Commonwealth Secretary Duncan Sandys to Australia, New Zealand and Canada to explain British policy on the proposed closer political and economic association with Europe.[17]

Prior to Sandys' arrival in Australia, the Menzies government carried out a thorough policy review to assess the implications for Australia of an eventual British entry. In early May, Minister for Trade John McEwen took the lead and made a submission to Cabinet which dealt with the economic implications. In taking this initiative, McEwen and his department laid claim to a central role in Australian policy-making on the EEC question. As the UK-EEC negotiations would reveal, they were largely successful in shaping Australian policy towards the British application. In the submission, McEwen pointed out that, should Britain join the EEC without adequate safeguards for Commonwealth exports, the economic consequences for Australian trade could be disastrous. Some £140–150 million, or 55–60 per cent of Australia's exports to the British market, could be affected according to the nature of the agreement. Australia's farm exports, in particular, stood to suffer serious damage given the level of protection the Community accorded to its farmers (see Table 2.1). The Australian government, McEwen believed, could 'assume that the United Kingdom [would] go as far as she possibly [could] to avoid unqualified acceptance of the Treaty of Rome'. Yet, it was far from certain that London would be able to do so. Thus, Australia should be prepared, McEwen warned, to

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[15] William Oliver quoted in Goldsworthy, 'Menzies, Macmillan', p. 158.
[16] NAA, A1838/283, 727/4/2 part 1, Macmillan to Menzies, 31.5.1961.
[17] PRO, Prime Minister's Office (henceforth PREM) 11/3556, Macmillan to Sandys, 25.5.1961; NAA, A1838/283, 727/4/2 part 1, Macmillan to Menzies, 31.5.1961.

'face the contingency of the extreme'. He was under no illusion that this extreme case scenario 'would call for a complete re-orientation of all [Australian] trade policies'.[18]

Table 2.1 Australia's farm exports to the British market, 1960–61 (in thousand tons)

	Total production	*Total exports*	*Exports to the UK*	*Exports to the UK as % of total exports*	*Exports to the UK as % of total production*
Cheese	44.6	18.5	14.8	80	33.1
Butter	197.5	78.6	59.4	75.5	30
Beef and 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
Died fruits	87.3	66.2	25.7	38.8	29.4
Barley	681.6	403.3	105	26	15
Wheat	273.7	183.5	27.4	15	10

Source: Ward, *British Embrace*, p. 105.

The political consequences of entry were examined by the Department of External Affairs (DEA) in a submission to Cabinet at the end of June.[19] While recognising that it could give Britain 'the opportunity of a new period of growth and vigour' sufficient to slow down its decline as a world power, the DEA believed that British entry would, on the whole, have a negative impact on Australia. In the view of External Affairs, 'it seem[ed] clear that if the United Kingdom join[ed] the Community it [could] not escape the trend towards progressive European integration'. This, in turn, could curtail Britain's freedom of action as a world power and leader of the Commonwealth. In this context, the DEA was concerned that Britain's turn to the EEC could have far-reaching implications for its defence posture east of Suez. As will be discussed in Chapter 3, Australian policy-makers feared that entry would weaken Britain's resolve to play a politico-military role in

[18] NAA, A1838/283, 727/4/2 part 1, Cabinet Submission 1108, 5.5.1961.
[19] NAA, A1838/269, TS899/1/4 part 2, Cabinet Submission 1183, 26.6.1961.

Southeast Asia where Australia's main strategic interests lay. While strategic questions were uppermost in their minds, officials in the DEA also saw that British entry would have wider political ramifications. In their view, these threatened to disturb 'the whole complex of relationships, including the Commonwealth, on which Australia's traditional outlook and politics rest[ed], and [could] compel [Australia] to make important adjustments in consequence'.[20] The DEA was not unmindful of the fact that Britain's economic and political strength would further decline if the country remained outside the EEC. This, in turn, would certainly place further limitations upon Britain's ability to remain an effective global power and an influential leader of the Commonwealth. As for the latter, it was true that the Commonwealth was 'no longer the close group' it used to be. Yet, it was evident that 'to the extent that the Commonwealth [drew] its vitality from some common political and economic interests [with Britain] it would be weakened by the United Kingdom's entry into Europe'. From an economic standpoint, there was little doubt that Britain's interest in the Commonwealth would be weakened by entry. 'The existing structure of Commonwealth economic cooperation', as the DEA put it, 'would lose much of its relevance'. Finally, the DEA was also much concerned about the impact that entry would have on the strong ties of 'kith and kin' which had traditionally bound the old dominions to Britain. The DEA believed that 'the countries which [were] likely to be hardest hit economically if the United Kingdom joins the E.E.C. [were] those which ha[d] traditionally placed most importance on their attachment of sentiment to the United Kingdom'. 'How would', External Affairs speculated, 'these attachments be affected by a decision which resulted in serious hardship?'[21] As the DEA submission clearly shows, British entry was bound to introduce a serious element of discord in Anglo-Australian relations.

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[20] *Ibid.*
[21] *Ibid.*

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*This is how British cartoonist Vicky renders the Commonwealth's critical reaction (Diefenbaker, Menzies and Nehru) to Macmillan's turn to the EEC (*New Statesman, *21.7.1961)*

Australia's strong concerns were forcefully conveyed to Sandys when he began talks with the Menzies government in Canberra on 8 July 1961. Sandys explained to the Australian ministers that Britain faced one of the most momentous and difficult decisions in its history. Despite his claim that Britain had not yet taken the decision to apply, the thrust of his argument left the Australian ministers in no doubt that London was clearly about to open negotiations with the Six. As he told the Australians: 'It is quite clear to us that, if we stay outside this new grouping our influence in the world will be reduced'. 'This diminution in our international position', he continued, 'combined with an inevitable economic decline in our economic strength, would gravely reduce our value to the Commonwealth'. Sandys stated that he was convinced that a new association with Europe would in no way be incompatible with the old association with the Commonwealth. He was also confident that there was no reason to believe that EEC membership would significantly alter Britain's attitude towards world problems. On the contrary, British membership might instead help prevent the Community from developing into an inward-

looking association. As if to soothe Australian fears, he claimed that if Britain 'felt that [its] association with Europe contained any danger of weakening this close relationship, it would be a most grave argument against going in'. Yet, he was sure that there were no reasonable grounds for this fear.[22]

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Sandys at a press conference upon his arrival in Australia

On the economic aspects of British entry, Sandys emphasised that 'in recent years the share of our exports going to the Commonwealth markets has declined, while the share going to Europe has increased'. He also pointed out that entry would provide 'great opportunities' which would otherwise not be open to Britain should it stay out. In recognising the negative impact of entry on some Australian agricultural commodities, he thought it possible to secure some means of 'ensuring in Britain, or in Europe as a whole, an outlet for Commonwealth produce comparable to that which it now enjoys'.[23]

Sandys' arguments cut no ice in Canberra. According to the *Economist*, he faced an 'onslaught of Australian objections'. 'When the time came for Australia to make its reply',

[22] NAA, A1838/283, 727/4/2 part 1, Statement by Sandys to the Australian Government, 8.7.1961.
[23] *Ibid.*

the *Economist* noted, 'this turned to be a veritable blast'.[24] The Australian ministers found frustrating that 'while constantly asserting that no decision had been taken, Duncan [Sandys] devoted a great deal of time to demonstrating the absolutely unanswerable nature of the arguments for going in'.[25] As Menzies pointed out to him, the 'move into Europe, represent[ed] a complete reversal of ... policy. It [could] disclose in time great results. But if it turn[ed] out that the results [were] bad, it [would] be too late to reverse the policy'.[26] Menzies and his ministers, therefore, 'engaged in a good deal of cross-examination' and subjected Sandys to intense questioning.[27] Menzies dealt with the political aspects of entry, emphasising that 'the risk that Europe would develop under the Treaty of Rome into a tight system'. Should Britain join the EEC, Menzies felt that 'it would be caught up in the system'. Successful entry would lead to 'greater absorption with [the EEC] and less with the Commonwealth'.[28] The economic aspects of entry were mostly dealt with by McEwen. He argued that entry could have 'serious' effects on Australia. He instanced some of the problems that might arise for several Australian farm commodities including wheat, dairy products, meat, sugar and dried fruits, and expressed disappointment that Australia had not as yet been given any indication of how its interests would be protected.[29] Treasurer Harold Holt pointed out that 'an examination should be made not only of the trade effects, but also the financial [ones]'. Holt was concerned about some trends that were already in evidence and quoted the operation of the European Monetary Agreement which, he claimed, put Australia's sterling reserves on the footing of 'second class' sterling.[30]

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[24] 'Australia Infelix', *Economist*, 15.7.1961, p. 258.
[25] National Library of Australia, Canberra (henceforth NLA), Menzies Papers, MS 4936 series 1, box 14, folder 122, Menzies to Harrison, 21.8.1961.
[26] Menzies quoted in A.W. Martin, *Robert Menzies: A Life, Vol. 2, 1944–1978* (Melbourne: Melbourne University Press, 1999), p. 439.
[27] NLA, Menzies Papers, MS 4936 series 1, box 14, folder 122, Menzies to Harrison, 21.8.1961.
[28] NAA, A1838/283, 727/4/2 part 1, UK and the EEC Consultations: Minutes of the First Meeting, 8.7.1961.
[29] See NAA, A1838/283, 727/4/2 part 1, UK and the EEC Consultations: Minutes of the Third Meeting, 9.7.1961.
[30] NAA, A1838/283, 727/4/2 part 1, UK and the EEC Consultations: Minutes of the Second Meeting, 8.7.1961.

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Selling British membership of the EEC to the old dominions: Vicky's view of Sandys' difficult tour of New Zealand, Canada and Australia (Evening Standard, *13.7.1961)*

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The opposition of the old dominions to Macmillan's turn to the EEC (Cummings, Daily Express, *27.11.1961)*

In the end, Sandys 'managed to irritate almost every Australian in sight'.[31] The gap between the Australian and British positions was not bridged. As Goldsworthy has noted, 'the overall outcome was a sense of standoff'.[32] The situation was reflected in the final communiqué which was the outcome of hours of drafting and controversy.[33] In it, the Australian government made it clear that, while not entitled to object to the opening of negotiations by the British government, it did not regard the absence of objection as implying approval.[34]

2.2 The Menzies government's attempts to protect Australian interests

Negotiations between Britain and the Six opened in October 1961. In August, the Department of Trade had begun to work out Australia's position for these forthcoming talks. In a submission to Cabinet, McEwen realistically assessed the problems Australia would encounter in trying to safeguard its interests. McEwen conceded that 'however liberal the United Kingdom might be induced to be in her interpretation of our interests [Australia could not] be optimistic of getting what [it] want[ed]'. He pointed out that Britain's negotiating position was extremely difficult and, given the EEC resistance to any exceptions to the Treaty of Rome, its ability to secure major concessions was anything but certain. McEwen realised that a further complication lay in Australia's 'dubious' bargaining power *vis-à-vis* Britain and the Six. Despite these drawbacks, he nonetheless believed that Australia should ensure that both the British government and British public opinion fully understood the Australian predicament and went on to note how this should be accomplished. In the first place, any discussion and comment should emphasise that

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[31] H.G. Gelber, *Australia, Britain and the EEC, 1961 to 1963* (Melbourne: Oxford University Press, 1966), p. 81.
[32] Goldsworthy, 'Menzies, Macmillan', p. 160. See also NAA, A1838/283, 727/4/2 part 1, UK and the EEC Consultations: Minutes of the Fourth, Fifth and Sixth Meetings, 10–11.7.1961.
[33] 'Australia Infelix', *Economist*, 15.7.1961, p. 258.
[34] See NAA, A1838/283, 727/4/2 part 1, Common Market Communique, 11.7.1961.

Australia's stability depended significantly on its capacity to trade. Additionally, Australia should concert its actions with New Zealand and Canada – two other Commonwealth countries with important interests in the negotiations. It should also ensure that the Six understood the Australian case. Last but not least, it should attempt to enlist American support.[35] Here McEwen was treading a difficult path given the American opposition to Commonwealth preferences and to their extension to the Common Market.[36] Yet, he was hopeful that the United States would be sympathetic to Australia's plight.[37]

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John McEwen

McEwen's view was that Australia should aim to gain the protection of its trade on a continuing basis in the forthcoming negotiations. Australia should not accept transitional arrangements as a means of safeguarding its trade interests in the British market. Nor should it accept a final settlement based on vague understandings that the Commonwealth trade problem would be subject to further negotiations, which would leave Australia at 'the mercy of the Six'.[38] Trade officials in Canberra were asked to examine a number of possible permanent arrangements to protect Australian exports to Europe. Of these

[35] NAA, A3917/1, vol. 9, Cabinet Submission 1327, 28.8.1961.
[36] For the position of the Kennedy administration see Memorandum from Under Secretary of State for Economic Affairs (Ball) to President Kennedy, 23.8.1961, doc. 16, *FRUS, 1961–63, vol. 13.*
[37] NAA, A3917/1, vol. 9, Cabinet Submission 1327, 28.8.1961.
[38] *Ibid.*

arrangements, officials favoured the concept of 'comparable outlets', whereby trade losses deriving from the phasing out of Commonwealth preferences in the British market should be made up by 'comparable' gains in an enlarged EEC market. In the end, however, as McEwen himself recognised, it was up to Britain to 'judge whether the conditions under which she [could] join the E.E.C. sufficiently [met] the needs of the Commonwealth'. Australia 'could, of course, refrain from approving a particular kind of settlement', it 'could no doubt deplore it', but no one 'should be under the illusion that [Australia] could veto it'.[39]

Subsequent preliminary talks between Australian and British officials in September 1961 revealed that, despite British attempts not to upset the Commonwealth, Australian and British interests remained difficult to reconcile. Both British and Australian officials agreed on 'comparable outlets' as a guiding principle for the forthcoming Brussels negotiations, but differences remained on the extent to which Australian interests could be realistically safeguarded.[40] Australian officials in London had gained the impression that the British government regarded 'some items in Australia's trade with the United Kingdom as expendable and, therefore, [might] not seek safeguards for this trade'.[41] In response, in October, Australian ministers agreed that 'Australia could not regard any of her trade items as expendable' and decided to convey 'Australia's firm attitude' on this point. Ministers also reiterated demands for direct representation in the Brussels negotiations provided that 'Australia was able to participate at the critical point of time with full authority'.[42]

Britain's negotiations with the Six proceeded slowly. This was hardly surprising given that Britain's opening bid was burdened with a lengthy list of requests to protect

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[39] *Ibid.*
[40] NAA, A3917/1, vol. 9, Common Market – London Consultations: Note for Ministers, 4.10.1961.
[41] NAA, A3917/1, vol. 9, Cabinet Decision 1620 (Ad Hoc), 4.10.1961.
[42] *Ibid.* The Australians had originally put this request to Sandys in July. Their demands were partially met on 26 April 1962 when Alan Westerman, the Secretary of the Department of Trade, was allowed by the Six to put Australia's case directly to the Committee of Deputies in Brussels.

Commonwealth interests.[43] In practice, the British started the negotiations demanding that virtually all Australia's trade with Britain be shielded from the likely impact of the Common External Tariff (CET) and the Common Agricultural Policy (CAP).[44] In early 1962 the British delegation in Brussels began to explore possible solutions for threatened Commonwealth exports with the Six. The British negotiating aim was to secure the agreement of the Six on the principle of comparable outlets.[45] However, it soon became clear that the Six were not particularly receptive to these proposals. They were concerned that, by accepting the concept of comparable outlets, they would end up allowing for too many exceptions to the Treaty of Rome.[46] Instead, the Six showed a clear preference for transitional rather than permanent arrangements to safeguard Commonwealth interests. In April 1962 the British government began to scale down its demands and to abandon its opening bid.[47]

Concerned that Australian problems were now not being sufficiently taken into consideration by the British, McEwen flew to London in the early spring of 1962. His visit was part of a wider overseas tour which also had taken him to the United States and to the capitals of the Six. In Washington McEwen had pleaded Australia's case forcefully, emphasising the potentially negative impact of entry on Australian exports. His arguments fell on deaf ears. His hopes of enlisting American support were quashed as he came to understand the extent to which the Kennedy administration supported British entry into the EEC.[48] He also came to realise the strength of American opposition to the continuance of the imperial preference system in an enlarged EEC. A dejected McEwen reported to Menzies that the Americans 'could not be moved by any counter argument I could

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[43] Anne Deighton and Piers Ludlow, '"A Conditional Application": British Management of the First Attempt to Seek Membership of the EEC, 1961–63', in Anne Deighton (ed.), *Building Postwar Europe: National Decision-Makers and European Institutions, 1948–63* (London: Macmillan, 1995), p. 110.
[44] Piers Ludlow, 'Too Far Away, Too Rich and Too Stable: The EEC and Trade with Australia during the 1960s', *Australian Economic History Review*, vol. 41, no. 3, 2001, p. 275.
[45] Ludlow, *Dealing*, p. 94.
[46] *Ibid.*, pp. 94–96.
[47] Deighton and Ludlow, '"A Conditional Application"', p. 110.
[48] Ward, *British Embrace*, pp. 123–125.

muster'.[49] In his talks with the Six, McEwen was again disappointed. Although he found them sympathetic to the Australian plight, he secured no assurances.[50] Now in London, McEwen criticised the British government for not doing enough to protect Australian interests. He complained about the lack of clarity in British negotiating aims. He urged British ministers 'to get down to the brass tacks and to put specific propositions on the table in Brussels'.[51] He was so unimpressed by their response that he remarked irately that if Britain wished to 'treat the Australian government as opponents, well and good; but [Australia] would like to know'.[52] Towards the end of his London visit, McEwen summed up Australia's case by reminding his British hosts of what was at stake in the Brussels negotiations. In a speech to the Australia Club, he emphasised that Australia's 'buying from the United Kingdom over the last forty years had been greater than her sales to any other country', and that no one in Britain 'could afford lightheartedly to ignore this fact'. The Anglo-Australian partnership, he added, had been 'so close that no-one ever thought to question its continuance until the United Kingdom commenced her negotiations with the Common Market countries'. Yet, the British application put the very continuation of close Anglo-Australian relations at risk, unless Australian concerns were addressed. 'Trade relations and political relations', he warned, 'go hand in hand. A weakening in the one cannot but help weaken in the other … Serious trade damage, and the sense of disillusionment which would inevitably go with it, would impair the very foundations upon which our Commonwealth association rests'.[53]

A few weeks later, it was Menzies' turn to fly to Britain for talks with Macmillan and his ministers. While McEwen had concentrated on economic and trade issues, Menzies

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[49] NAA, A1838/275, 727/4/1/4 part 1, McEwen to Menzies, cablegram 83, 15.3.1962.
[50] NAA, A3917/1, vol. 7, McEwen to Menzies, cablegram 386, 28.3.1962; McEwen to Menzies, cablegram 211, 2.4.1962; McEwen to Menzies, cablegram 1535, 7.4.1962; McEwen to Menzies, cablegram 1536, 7.4.1962. For the EEC attitude towards the Australian case see Ludlow, 'Too Far Away', pp. 267–286 (especially pp. 276–279).
[51] NAA, A3917/1, vol. 7, McEwen to Menzies, cablegram 1745, 19.4.1962.
[52] McEwen quoted in Ward, *British Embrace*, p. 127.
[53] NAA, A3917/1, vol. 7, Speech by John McEwen to the Australia Club (London), 17.4.1962.

focused on the political implications of British entry. His aim was to appeal to 'Britain's loyalty to the old Commonwealth' and 'to intervene in the British policy process on behalf of Australian and Commonwealth interests before Britain had gone so far down the European road that these interests were effectively marginalized'.[54] The Menzies visit, however, did not begin under favourable auspices. On the day of his arrival, British negotiators in Brussels reached a settlement with the EEC on the phasing out of preferences for manufactured goods from Australia, Canada and New Zealand by 1970. While bound to affect Australian exports only marginally, the UK-EEC agreement on industrial goods nonetheless caused concern in Australia. The settlement seemed in fact to delineate the type of arrangements that the British might negotiate with the Six in order to deal with the problem of Commonwealth temperate zone foodstuffs. In a joint statement with the New Zealand Deputy Prime Minister, John Marshall, Menzies strongly criticised the deal and made it clear that this could 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'.[55]

In the course of his visit, Menzies consistently highlighted the political implications of entry on Commonwealth ties. He pointed out that membership of 'an actual European federation involving … great change in the Commonwealth … would be a great mistake'.[56] Despite adopting a more conciliatory tone than McEwen, Menzies also reiterated his government's stance that '"solutions" under which Commonwealth preferences and other special trading arrangements [would be] phased out by 1970' were unacceptable to Australia.[57] Finally, Menzies sought to pressure the Macmillan government by resorting to sentimental arguments of kith and kin. In a speech to the Australia Club, he reminded Macmillan of the close ties which bound Australia and Britain together. He spoke at length

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[54] Goldsworthy, 'Menzies, Macmillan', p. 164.
[55] The Menzies-Marshall joint statement quoted in Ward, *British Embrace*, p. 162.
[56] NAA, A1838/275, 727/4/2 part 2, Speech by Robert Menzies to the Australia Club (London), 12.6.1962.
[57] NAA, A3917/1, vol. 9, Cabinet Decision 275, 25.6.1962.

of the Commonwealth, 'whose roots ha[d] been nurtured in the soil of co-operation and affection and loyalty'. These were 'wonderful things' and should not to be 'lightly disregarded'. In appealing to the British sense of loyalty to the Commonwealth, he declared that he was the leader of 'a country which [was] British to the boot heels'. Therefore, while recognising Britain's difficult choice between the Commonwealth and the EEC, Menzies believed that the only possible solution was as he put it: 'Better the devil you know that the devil you don't know'.[58]

2.3 Towards a policy revision in Canberra

By mid-1962, it was evident that Britain would enter the EEC on terms that would end the imperial preference system, and establish new reverse preferences in favour of the EEC member states.[59] In early August 1962, British and European negotiators reached a tentative agreement on a temperate zone foodstuffs package. Britain accepted that Commonwealth preferences would have to be phased out over a transitional period. The Six were willing in fact to contemplate special arrangements for New Zealand given its high dependence on the British market, but no special arrangements were envisaged for Australia and Canada. Furthermore, an understanding was reached on the necessity for worldwide commodity agreements as a long-term solution for Commonwealth producers of temperate zone foodstuffs.[60] The package, however, was only a partial settlement. No decision, for example, was taken on the length of the transitional period, which meant that Macmillan would confront Commonwealth leaders in September without having secured a

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[58] NAA, A1838/275, 727/4/2 part 2, Speech by Robert Menzies to the Australia Club (London), 12.6.1962.
[59] Stuart Ward, 'Sentiment and Self-interest: The Imperial Ideal in Anglo-Australian Commercial Culture', *Australian Historical Studies*, vol. 32, no. 116, 2001, p. 103.
[60] NAA, A3917/1, vol. 9, British paper, Meeting of the Commonwealth Prime Ministers – September 1962: The British Negotiations with the EEC, August 1962. See also Ludlow, *Dealing,* p. 94.

final settlement for Commonwealth farm exports.[61] Yet, as Macmillan pointed out, the package 'offered a realistic basis for discussion with the Commonwealth Governments concerned'.[62] Ludlow has noted that nothing was to be gained from pressing further on this issue.[63] As Macmillan himself told Menzies in August 1961, 'when negotiations are resumed our room for manoeuvre will be limited. The Six will not be prepared to make radical changes to their existing proposals'.[64]

In the spring of 1962 Macmillan had in fact agreed to convene a Commonwealth Prime Ministers' Conference in London for the following September.[65] In British eyes, the aim of the conference was to enable the government to present a final UK-EEC deal to the Commonwealth governments and then to the British Parliament with the view to formal accession to the Treaty of Rome in January 1963. As mentioned above, negotiations in Brussels had not proceeded as speedily as the British had originally wished. By the time Commonwealth leaders gathered in London that September, the Brussels negotiations were behind schedule. Yet, an outline agreement on temperate zone foodstuffs had begun to materialise and this was indicative of what could realistically be expected from the Six. Not surprisingly, this made gloomy news for Australia. Predictably, the Australian press was strongly critical, yet newspaper headlines 'lacked the sting of the previous months' and 'there were signs of a shift of emphasis toward the question of how Australia might adjust to these new trading circumstances'.[66] A change of emphasis was also noticeable at government level. In the summer of 1962, policy-makers in Canberra were increasingly concerned about the risks of pushing the Australian case too far. With Canada and New Zealand toning down their criticism towards Britain and with the United States

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[61] *Ibid.*
[62] Macmillan quoted in *ibid.*, p. 169.
[63] *Ibid.*
[64] Macmillan quoted in NAA, A3917/1 vol. 9, Meeting of the Commonwealth Prime Ministers: Britain's Common Market Negotiations. Paper by the Inter-Departmental Committee, 29.8.1962.
[65] Martin, *Menzies,* p. 443.
[66] Ward, *British Embrace*, p. 191.

encouraging Australia to facilitate Macmillan's task at the forthcoming conference, Australian ministers did not want Australia to be singled out as the British bid's chief opponent.[67] At the time of increasing political turmoil in Southeast Asia, any serious damage to Australia's traditional strategic alliances could be far more serious than the economic harm deriving from British entry into the EEC.[68]

The DEA, in particular, was opposed to any initiative which could be interpreted on Australia's part as having 'the effect of blocking British entry'.[69] While keeping pressure on Britain, the Six, and the United States, Australia had to avoid 'getting out of a limb'. At some point, however, the DEA recognised that Australia had to accept Britain's entry.[70] According to External Affairs, the political implications of British entry were not as negative as the department itself had previously assumed. British entry, for example, could ensure that the EEC would adopt liberal and outward-looking policies in the political sphere. It would also 'help to avoid the prospect of further decline in Britain's international standing'.[71] It was true that 'Britain's entry into the Community would accelerate the tendency towards the transformation of Britain into a European rather than a world power and towards a decline in its commitments east of Suez', yet these tendencies already existed. At the core of the DEA's change of emphasis was the fact that 'the present United States administration regard[ed] the development of an integrated Western Europe through Britain's entry into the E.E.C. as essential for both its political and strategic objectives and as important for its more liberal trade policies'.[72] The Americans, in particular, were concerned that, outside the Community, Britain would remain 'an element of

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[67] For American pressure see Kennedy to Menzies, 2.8.1962 quoted in *ibid.*, p. 203. See also Pascaline Winand, *Eisenhower, Kennedy and the United States of Europe* (Basingstoke: Macmillan, 1993), p. 293.
[68] Stuart Ward, 'A Matter of Preference: the EEC and the Erosion of the Old Commonwealth Relationship', in Alex May (ed.), *Britain, the Commonwealth and Europe: The Commonwealth and Britain's Application to Join the European Communities* (Basingstoke: Palgrave, 2001), pp. 169–170.
[69] NAA, A1838/275, 727/4/2 part 3, Harry to Barwick, 17.8.1962.
[70] NAA, A1838/275, 727/4/2 part 4A, Harry to Barwick, 30.8.1962; Attachment, 'Possible Points for Cabinet: Meeting of Commonwealth Prime Ministers. Britain's Common Market Negotiations', 30.8.1962.
[71] NAA, A1838/275, 727/4/2 part 3, Harry to Barwick, 17.8.1962.
[72] NAA, A1838/275, 727/4/2 part 4A, Meeting of the Commonwealth Prime Ministers: Britain's Common Market Negotiations. Paper by the Inter-Departmental Committee, 29.8.1962.

disintegration', whereas British entry would 'ensure European cohesion', which, in turn, would strengthen the Atlantic alliance and tie West Germany irreversibly to the West.[73] If Britain did not enter the Community, the DEA concluded that American objectives might be frustrated.[74] Therefore, the departmental view was that, Australia had nothing to gain from upsetting the Americans, particularly when their politico-strategic support might be needed in Southeast Asia.

The attitude of the Department of Trade (DT) was rather different. Trade officials were aggrieved that 'not one of their many proposal had been incorporated into the emerging package'. According to them, 'the Brussels negotiations had resulted in a complete capitulation by the British to the will of the Six'.[75] Realistically, Trade officials accepted that the time had come for Australia to lower its demands. Nonetheless, anxious to salvage what they could for Australian markets, they believed that Australia should try to keep up pressure on the British to make sure that London would not settle for even less advantageous terms.[76]

Differences between External Affairs and Trade were reconciled in an Inter-Departmental Common Market Cabinet Committee paper dated 29 August 1962.[77] In it, officials advised ministers that Australia should 'tread a very circumspect course between two extremes in the case she puts and the image she creates' at the forthcoming Commonwealth Prime Ministers' Conference. 'On the one hand', officials emphasised, '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

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[73] Memcon, Ball and Couve de Murville (Paris), 21.5.1962, doc. 39, *FRUS, 1961–63, vol. 13, West Europe and Canada* (Washington: Department of State, 1994). See also Winand, *Eisenhower, Kennedy*, ch. 10.
[74] NAA, A1838/275, 727/4/2 part 4A, Meeting of the Commonwealth Prime Ministers: Britain's Common Market Negotiations. Paper by the Inter-Departmental Committee, 29.8.1962.
[75] Ward, *British Embrace*, p. 197.
[76] *Ibid.*, pp. 197–198.
[77] The committee was established in June 1961 and included officials from External Affairs, Trade, Primary Industry, Treasury, National Development and the Prime Minister's Department.

would, in fact, pose serious problems and not provide reasonable safeguards'. It was essential, however, that 'Britain makes – and appears to make – her own decision whether to enter'. The conclusion was that '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'.[78]

Not surprisingly then, the Australian attitude at the Commonwealth Prime Ministers' Conference was restrained. It was Canada, not Australia, that was singled out for its strident disapproval of Britain's European policy.[79] While critical towards the British, Menzies shied away from voicing his criticism too loudly. He told the conference that 'he understood the deeply-felt reasons that had lead to a decision which, if carried to a conclusion, would be revolutionary in its effects and would mark a new era in British history'. He 'would not wish to record an objection in principle', yet 'the Commonwealth had an obvious interest in the price that was to be paid for all this'. Menzies pointed out that as far as Australia was concerned the safeguards seemed a little sketchy. Britain's entry would cause some damage to Australian interests. There had to be compensating factors. Of these, however, there was little sign. Menzies also reminded the British of the risk of joining the EEC on the future of the Commonwealth. If the EEC was to emerge as 'a sort of federation', then 'the nature of the Commonwealth would of necessity be dramatically changed'.[80] In the end, Menzies adhered to the line that 'no objection in principle to Britain's entry should be expressed, and that no general benediction upon Britain's entry could be considered, let alone given'.[81]

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[78] NAA, A1838/275, 727/4/2 part 4A, Cabinet Submission 380, 29.8.1962.
[79] Andrea Benvenuti and Stuart Ward, 'Britain, Europe and the "Other Quiet Revolution" in Canada' in Phil Buckner (ed.), *Canada and the End of Empire* (Vancouver: British Columbia University, forthcoming). See also Paul Robertson and John Singleton, 'Britain, the Dominions and the EEC, 1961–1963', in Anne Deighton and Alan Milward (eds), *Widening, Deepening and Acceleration: The European Economic Community 1957–1963* (Baden-Baden: Nomos Verlagsgesellschaft, 1999), pp. 116–117.
[80] NAA, A3917/1, vol. 11, PMM(62)5th meeting, 11.9.1962.
[81] NAA, A3917/1, vol. 9, Cabinet Decision 476, 2.10.1962.

The Commonwealth Prime Ministers' Conference left the Menzies government in no doubt about Britain's determination to join the EEC. It was clear that Britain was prepared to do so on terms which would be highly unsatisfactory for countries like Australia and Canada. As Miriam Camps has pointed out, 'the conference had marked a turning-point in Commonwealth affairs and … even if negotiations in Brussels failed, a phase in Commonwealth relationships was over and a new uncharted relationship was beginning'.[82] This was certainly the prevailing mood in Australia. At government level, a sense of resignation set in. Policy-makers in Canberra believed that the government had done all in its power to press the Australian case and to seek satisfactory safeguards for Australia's threatened exports. Even the DT, which, under the leadership of McEwen, had emerged as the fiercest defender of Australian trade interests, seemed to be giving up the game.[83] Editorial opinion throughout the country expressed resignation.[84] A mid-October debate on the EEC question in the House of Representatives recorded a general acceptance of the inevitability of British entry into the EEC.[85] After all the sound and fury, Australians were finally resigned to the fact that Britain would join the EEC and the Commonwealth interests would be the inevitable casualty.

Events in Europe, however, were to take an unexpected turn. In late January 1963 French President de Gaulle shattered Macmillan's hopes of joining the EEC by vetoing the British application. While giving Australian producers time to diversify their export markets, the French veto did not turn the clock back in Anglo-Australian relations. The experience of the fifteen-month long negotiations between the Six and Britain had been traumatic for both the Australian government and the Australian public. In fact, it had not only shown that Britain would sooner or later join the Community but also that, in order to achieve this objective, London would allow no Commonwealth interest to stand in the way

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[82] Camps, *Britain and the Community*, p. 444.
[83] Treasury sources quoted in Robertson and Singleton, 'Britain, the Dominions', p. 120.
[84] Ward, 'Sentiment and Self-interest', p. 103.
[85] Ward, *British Embrace*, p. 221.

of British entry. In addition, the Brussels negotiations had shown the extent to which Australian and British interests were at variance, and how illusory Canberra's hopes were of seeing them reconciled. It was now clear that British entry into a closely-knit group of nations outside the Commonwealth would bring about an unprecedented conflict of interests between Australia and Britain. The Australian belief that British and Australian interests could and should be reconciled was profoundly shaken. After all, as Ward has argued, 'for much of the twentieth century Australian economic interests were imagined as a mere facet of a wider network of trade, financial and business links with the British empire'.[86] Political interests too were seen through the prism of traditional ties of kith and kin and a sense of belonging to a wider British community. In the end, the French veto ensured that no immediate material change to the Anglo-Australian relationship occurred, yet Macmillan's unsuccessful bid created a widespread feeling in Australia that relations between the two countries had changed for ever. John Crawford, former DT Secretary, encapsulated the prevailing mood when he pointed out that 'our psychology has been changed. We will never be the same as we were before we were given a shake-up by Britain's application'.[87]

The French veto threw Macmillan's policy on closer engagement with Europe into disarray and made EEC entry in the short term impossible to attain. Facing up to this harsh reality, Alec Douglas-Home – who had replaced Macmillan at Downing Street in October 1963 – ruled out closer co-operation with the Community for the foreseeable future. The question of EEC membership virtually disappeared from British politics, and the opposition Labour Party, which remained opposed to entry, had no interest in reviving it in the lead-up to the October 1964 general election.[88] Yet, as Chapters 6 and 7 will show, the question of a possible British entry resurfaced in 1966–67. Thus, while severely shaking

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[86] Ward, 'Sentiment and Self-interest', p. 93.
[87] John Crawford quoted in *ibid.*, p. 106.
[88] Clive Ponting, *A Breach of Promise: Labour in Power, 1964–1970* (London: Hamish Hamilton, 1989), pp. 204–205.

Anglo-Australian goodwill, the Common Market crisis of 1961–63 did not put an end to the traditionally close relationship between London and Canberra, as Ward appears to suggest. On the contrary, Anglo-Australian relations were to undergo further strain before unravelling irremediably. As the next three chapters reveal, Britain's plans for military disengagement from east of Suez would soon introduce a further element of discord between London and Canberra. In due course, this would deal another serious blow to the already shaken relationship.

SECTION I

3

Towards a British disengagement from Southeast Asia? Australian concerns about Britain's role east of Suez

'The British strategic presence is like a cake of which we are required to guess the weight. There is some reason to suspect that the heavy icing might cover a lack of fruit'.[1]

Hooten, 5 September 1967

Although the French veto set the question of Britain's membership at rest temporarily, policy-makers in Canberra were under no illusion after the 1961–63 bid that Britain would be further drawn into the European orbit. They recognised that Australia's relations with Britain were destined to undergo radical change as, sooner or later, Britain would make a renewed, finally successful, attempt to join the EEC. However, as the next chapters reveal, Britain's reorientation towards Europe did not follow a linear path. Far from it. First, French opposition to British membership of the EEC drew the process out until the end of the decade, thereby making Britain's entry appear an elusive goal. Second, Britain's increasing engagement with the EEC overlapped its attempts to readjust its global and imperial roles to the 'realities of decline'.[2] This became particularly evident in the painful process of military retrenchment into Europe undertaken by the Wilson Labour government in the second half of the 1960s. In seeking to disengage from its onerous politico-military commitments in the Far East, Britain set itself on a collision course with its loyal ally, Australia. As a consequence, Britain's military withdrawal from east of Suez – in particular, from Southeast Asia where Australia's main strategic interests lay – added a further source of serious friction between London and Canberra only few years after the

[1] NAA, A1209/80, 1966/7335 part 7, Hooten to Holt, 5.9.1967.
[2] Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (London: Fontana Press, 1989), p. 457.

1961–63 bid. Chapters 4 and 5 examine the impact of the British withdrawal on Anglo-Australian relations. As a prelude to that study, this chapter sets the question of the British withdrawal in the broader historical context, and analyses Australian long-held fears and increasing doubts about Britain's ability to maintain a meaningful military presence in Southeast Asia. It also examines the issue of Britain's membership of the EEC as an emerging problem in Australia's strategic thinking. This chapter therefore sets the scene for the subsequent analysis that blends politico-military thinking with the better-known economic dimension.

3.1 The Anglo-Australian defence partnership in the late 1950s

At the turn of the 1950s Anglo-Australian defence relations were close. Australia and Britain worked in partnership in Southeast Asia where both countries had important politico-strategic interests to defend. This working arrangement had been formalised in 1949 with the establishment of ANZAM.[3] In the late 1950s Britain was still a significant colonial power in Southeast Asia. It retained the colony of Singapore, the Borneo territories of Sarawak and Sabah (North Borneo), and the protectorate of Brunei.[4] Despite granting independence to Malaya in 1957, under the Anglo-Malayan Defence Agreement (AMDA) Britain remained responsible for the security of its former colony against external aggression.[5] These commitments ensured that Britain still maintained a significant military presence in the region centred on well-established bases in Singapore and Malaya. Singapore, in particular, was Britain's largest military establishment in the Far East and

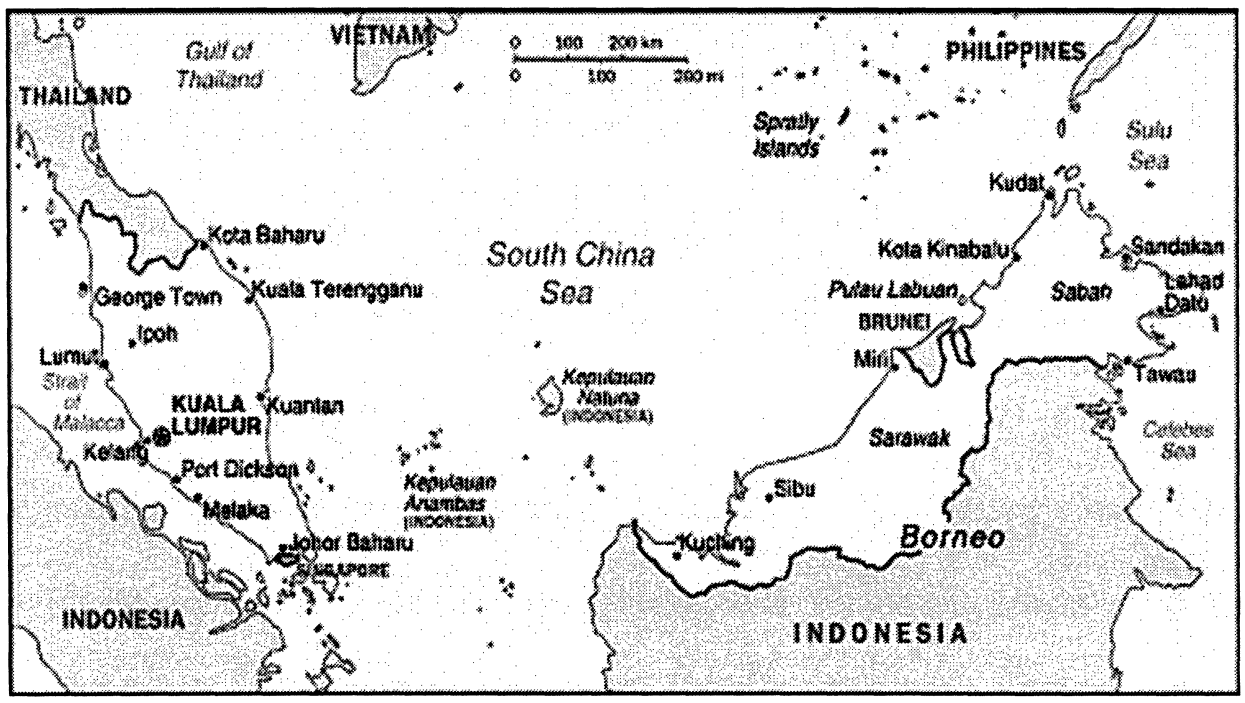
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[3] See Chapter 1.

[4] Singapore was granted self-government in 1959. Under the new constitution promulgated by Britain in 1958, the latter would retain the control of Singapore's defence and foreign affairs.

[5] AMDA was signed in 1957. For an examination of AMDA see Karl Hack, *Defence and Decolonisation in Southeast Asia 1941–1968* (London: Curzon Press, 2001), pp. 223–233. For the text of AMDA see PRO, Dominion Office (henceforth DO) 169/309, Agreement between the Government of the United Kingdom and Northern Ireland and the Government of the Federation of Malaya on External Defence and Mutual Assistance.

underpinned the British military presence. In 1957 British forces in the Southeast Asian theatre included 21,000 Army troops;[6] ten Royal Air Force (RAF) squadrons;[7] together with two cruisers, four destroyers and five frigates that formed the Royal Navy (RN) Far East station, which included Southeast Asia.[8] In addition to their role in defending Britain's remaining colonial possessions in the region, and protecting Malaya against external aggression, these British forces also fulfilled a broader strategic purpose. As part of Britain's commitment to the South East Asian Treaty Organisation (SEATO), they could be deployed in SEATO military operations in support of Western military objectives in Southeast Asia.



The Malaysian region

Australia, while a minor colonial power itself, had no colonial possessions to defend north of the Indonesian archipelago.[9] Yet, in 1957, Australia also maintained a small military presence in the region. Since 1955 Australian combat forces had been

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[6] NAA, A1838/269, TS692/2 part 1, Joint Planning Committee Report 34/1957, 'United Kingdom Defence Policy – South East Asia. Memorandum by the Defence Committee', July 1957.
[7] *Ibid.*
[8] *Ibid.*
[9] Australia's colonial possessions were Papua (since 1906) and New Guinea (since 1921), Cocos Islands (since 1955), Christmas Island (since 1958), Heard Island and McDonald Islands (since 1947). As for Nauru, the Pacific island had since 1921 been jointly administered by Australia, Britain and New Zealand. In practice, Australia provided the actual administration.

deployed in Malaya as part of the Commonwealth Strategic Reserve which also included British and New Zealand troops.[10] Australia's commitment to the CSR, through its association with AMDA, served to give substance to Australia's defence strategy, developed in the early 1950s on the concept of 'forward defence'. This concept postulated that the defence of Australia was best achieved 'in depth', through forward deployments on the rim of the Asian continent. To this end, Australian forces were deployed in Malaya with the Kra Isthmus being designated as Australia's most forward point on the Malayan peninsula. The entire Malayan area was in fact of primary strategic importance to Canberra because of its geographical location as a gateway between the Indian and Pacific oceans, and because of its proximity to Australia. In this respect, Japan's World War II offensive through Southeast Asia had served to reinforce Australian fears of the Malayan region as a corridor rather than a barrier between Australia and Asia. In the 1950s Australian military planners saw 'forward defence' as containing the perceived threat of communist expansionism, in particular Chinese penetration in Asia, as far as possible from the Australian landmass. Lacking the necessary military capabilities to undertake an independent defence role in the region, this Australian policy required close defence co-operation with Britain and the United States. Throughout this period, however, Washington regarded the Malayan region as very much a Commonwealth responsibility, and carefully avoided any involvement in the area. As a consequence, Australia's 'forward defence' policy to the north west relied heavily upon retaining a close military partnership with Britain.

Hence, the Australia-Britain defence relationship was important to Canberra. However, its significance was not only that the British military presence in the region provided the basis for Australia's 'forward defence'. The Australian government also

[10] The Australian contribution to the CSR consisted of naval, ground and air forces. Naval forces included two destroyers or frigates and one aircraft carrier on annual visit of six to eight weeks. The ground

believed that this presence was a major factor in fostering regional security and in preventing the Southeast Asian region from falling under communist control. It was to this end that, from the early 1950s, Australia had offered Britain military assistance to combat communist guerrilla activity in what was known as the Malayan Emergency.[11] In 1950 the Menzies government committed a squadron of Dakota transport aircraft and Lincoln bombers to Malaya.[12] As noted above, in 1955 the 2nd Royal Australian Regiment (RAR) was deployed as the first Australian component of the Commonwealth Brigade for use against the communist insurgents.[13] In the bigger picture, however, the Australian government regarded a conspicuous British military presence in the region as essential to furthering the strategic aims of the West in Southeast Asia. Both Australia and Britain had been members of SEATO since its inception in 1954. Under the terms of the treaty both countries' forces with the CSR could be deployed in military operations outside the Malayan region in support of SEATO strategic aims in Southeast Asia. This was an important aspect in Australian strategic thinking. The Menzies government set great store on the SEATO arrangements being a politico-military framework within which British and American defence efforts in the region would be co-ordinated. The Australian view was that SEATO provided a useful strategic link between the Malayan region and the rest of Southeast Asia – the area of more direct American interest. In essence, Australia saw

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contribution amounted to a battalion group. The air force component consisted of a bomber wing of two squadrons (Canberras), a fighter wing of two squadrons (Avon Sabres) and an airfield construction squadron.

[11] In June 1948 the British colonial authorities in Malaya declared a state of emergency (hence 'Malayan Emergency') to quell an insurgency led by the Malayan Communist Party (MCP). The state of emergency was only lifted in 1960. For Australia's involvement in the Malayan Emergency see Peter Dennis and Jeffrey Grey, *Emergency and Confrontation: Australian Military Operations in Malaya and Borneo 1950–1966* (Sydney: Allen & Unwin, 1996).

[12] See 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), pp. 86–102.

[13] See Jeffrey Grey, *A Military History of Australia* (Cambridge: Cambridge University Press, 1999), pp. 215–216. See also Derek McDougall, 'The Malayan Emergency and Confrontation', in Carl Bridge (ed.), *Munich to Vietnam: Australia's Relations with Britain and the United States Since the 1930s* (Melbourne: Melbourne University Press, 1991), pp. 133–134. The Commonwealth Brigade included British, Australian and New Zealand ground forces in the CSR.

SEATO as the means of combining the sizeable military capabilities of the United States with those of Britain for the sake of regional and its own security.[14]

Strategic considerations aside, there were also other reasons for Australia's wish to see Britain maintain a significant military role in Southeast Asia. Canberra in fact regarded the British military presence there as an important political factor as well as a stabilising influence in an unstable, and potentially volatile, region. In Singapore, the Borneo territories and Brunei, British rule and military commitment helped maintain internal security and deter anti-British unrest. In Malaya, British forces not only provided a useful military backing for Kuala Lumpur's weak defence forces, but also represented an important psychological prop for a newly-established state.

Thus, there were substantial reasons in the Australian view why Australia's defence relations with Britain were considered highly valuable. Such an assertion does not deny that, by the end of the 1950s, Australia's primary strategic alliance had shifted to the United States. Throughout the decade, in fact, the overriding strategic aim of the Menzies government had been to seek an American guarantee for Australia's security and to bring about an increased American commitment to the security of Asia. The first aim had by and large been achieved with the signing of the ANZUS Treaty in 1951.[15] Yet, Australian policy-makers did not perceive a more intimate partnership with the United States as being incompatible with a continuing close defence relationship with Britain. David Lowe contends that 'far from it being the case that Australia had to make a "choice" between Britain and the United States, an American guarantee of Australian security and Australian

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[14] For Australia's policy towards the establishment of SEATO see David Lowe, *Menzies and the 'Great World Struggle': Australia's Cold War 1948–1954* (Sydney: University of New South Wales Press, 1999), pp. 172–177.

[15] A vast literature exists on the origins of the ANZUS Treaty and its significance in Australia's foreign and defence policies. See for instance David McLean, 'ANZUS Origin: A Reassessment', *Australian Historical Studies*, vol. 24, no. 94, 1990, pp. 64–82; Robert O'Neill, *Australia in the Korean War, 1950–53, Vol.1: Strategy and Diplomacy* (Canberra: Australian War Memorial, 1982), pp. 185–200; Alan Watt, *The Evolution of Australian Foreign Policy, 1938–1965* (Cambridge: Cambridge University Press, 1968), pp. 117–145.

participation in Commonwealth Strategic Planning were interdependent'.[16] An instance of this can be found in the studies of Wayne Reynolds and Lorna Arnold which emphasise the importance of the close Anglo-Australian partnership in the nuclear field in the late 1940s and 1950s.[17] Reynolds, in particular, has rejected the argument that, following the end of Word War II, the United States replaced Britain as Australia's great protector, as one of the great myth of Australian history.[18] He has also argued that, as Australian post-war governments devised plans to acquire a nuclear capability, they strove to forge an unprecedented partnership with Britain in the nuclear and defence fields.[19] Nonetheless, the Menzies government was not oblivious to the harsh realities of international power play, and knew 'very well that Britain was not the power it once had been'.[20] At the same time, it could not fail to notice Britain's disinclination to buttress Australia's regional strategy with adequate military resources, or its growing difficulty in fulfilling a significant defence role east of Suez. Therefore, it was inevitable that 'Australia's dependence on America increased as the dependence on Britain declined as a consequence of the reduction of British power in the Far East'.[21] Policy-makers in Canberra believed that 'the presence of military power of the United States in South East Asia and the Far East, and its assurances of support in the event of Communist aggression,' were 'the two most vital factors in maintaining the security of the countries in the region'.[22] Minister for External Affairs Richard Casey made this point clear to Duncan Sandys, then British Minister for Defence, in 1957: 'For survival Australia had to rely on the United States. They were the

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[16] David Lowe, *Commonwealth and Communism: Australian Policies Towards South East Asia in the Cold War, 1949–54*, Working Paper no. 51 (London: Menzies Centre for Australian Studies, 1989), pp. 3–4.
[17] See Wayne Reynolds, *Australia's Bid for the Atomic Weapon* (Melbourne: Melbourne University Press, 2000); Lorna Arnold, *A Very Special Relationship: British Atomic Weapons Trials in Australia* (London: HMSO, 1987).
[18] Reynolds, *Australia's Bid*, pp. 6 and 25.
[19] *Ibid.*, p. 24. Reynolds also argues that only after 1957 Britain reoriented its foreign and defence policies towards the United States. See this thesis' introduction.
[20] David Goldsworthy, 'Australian External Policy and the End of Britain's Empire', unpublished conference paper, London, July 2002.
[21] Gregory Pemberton, *All the Way: Australia's Road to Vietnam* (Sydney: Allen & Unwin, 1987), p. 331.

only nation in command of great forces in the area and we could rely on no one else for massive aid. Australia is just as warmly attached as ever to the United Kingdom, but these are facts of life'.[23] It seemed that old habits die hard though and, despite 'these facts of life', for the reasons discussed above, Britain still remained an extremely important ally for Australia at the end of the 1950s. With the new ANZUS security blanket safely in hand, Australian policy-makers wanted the best of all worlds as far as shoring up Australia's own inadequate defence capabilities. It was necessary therefore to work towards ensuring that Britain remain militarily engaged in Southeast Asia for as long as possible. The Australian defence view even stressed the need for Britain's 'capacity for effective military action in the Far East' to be maintained 'at the highest possible level'.[24]

3.2 Australia's concerns with Britain's long-term intentions in the Far East

The reality was that Australia's objective to keep Britain in the region was becoming more difficult to attain – a fact recognised by the pundits in Canberra. Two sets of issues, in particular, worried the Menzies government at the end of the 1950s. First, Britain was finding the burden of sustaining its military presence in Southeast Asia increasingly onerous. Britain no longer had the economic and financial resources necessary to maintain a great power role in an age of superpower rivalry. Second, the post-war decolonisation phenomenon was gradually undermining both Britain's political and military presence in the area.

On reporting the progress of the British Defence Review in January 1956, the Australian Senior External Affairs Representative in London, Laurence McIntyre,

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[22] NAA, A2031/8, 4/1959, 'Strategic Basis of Australian Defence Policy: Report by the Defence Committee', January 1959.
[23] NAA, A5462/1, 12/1/3, Defence Preparations Committee of Cabinet: Minutes of a meeting with Duncan Sandys, Canberra, 26.8.1957.

highlighted Britain's precarious economic situation in the face of rising domestic costs and balance of payments difficulties.[25] Yet, he also noted that despite the economic problems, total defence expenditure had been running at a level of just below £1,500 million a year.[26] Defence spending in fact represented a heavy burden on Britain as it accounted for nearly 40 per cent of total government expenditure which in turn amounted to approximately £4,000 million per annum.[27] McIntyre informed Canberra that, unless the defence effort was reined in, Britain's defence expenditure would soon reach the £2,000 million threshold and that, the Chancellor of the Exchequer, Harold Macmillan, believed, 'would mean bankruptcy'.[28] The Menzies administration knew therefore that the British government was under strong pressure to cut defence commitments. In June 1956 the British Prime Minister, Anthony Eden, referring to the ongoing British Defence Review, forewarned Menzies and the other Commonwealth prime ministers that 'the continuation of this situation [of growing defence expenditure] might have unfortunate political consequences'.[29]

Indeed, there were strategic as well as economic factors involved in the redefining of Britain's role in Southeast Asia which were recognised in Canberra. Australian policy-makers faced the unpalatable fact that British strategic thinking and military planning now gave priority to the defence of Western Europe through NATO and the Middle East (in this order) over the Far East. The only possible conclusion was that any reductions in British

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[24] NAA, A4926/XM1, vol. 28, 'The Future of the Commonwealth Strategic Reserve in relation to the Malayan Defence Agreement. Report by the Defence Committee', July 1957.
[25] NAA, A816/52, 14/301/734, McIntyre to Tange, memo 59, 16.1.1956. It is noteworthy that until 1972, when its control passed to the Department of Foreign Affairs (formerly Department of External Affairs), the London High Commission was under the political and administrative control of the PMD. Between 1954 and 1969 the DEA maintained its own separate 'political channel' (also known as External Affairs Office) within the High Commission. The Officer in charge was called Senior External Affairs Representative and reported to the DEA.
[26] *Ibid.*
[27] NAA, A1838/269, 691/1 part 2, PMM (D) (56) 1st meeting, 3.7.1956. Britain's defence spending as a proportion of the GNP was around 8 per cent.
[28] NAA, A816/52, 14/301/734, McIntyre to Tange, memo 59, 16.1.1956. As Macmillan told Eden in March 1956, 'it is the defence expenditure which has broken our backs'. Macmillan quoted in Jeffrey Pickering, *Britain's Withdrawal from East of Suez: The Politics of Retrenchment* (Basingstoke: Macmillan, 1998), p. 99.
[29] NAA, A1838/269, 691/1 part 2, PMM (D) (56)1st meeting, 3.7.1956.

military commitments would affect, first and foremost, those east of Suez, and the Australian government moved to standardise its military equipment with that of the United States. At the Commonwealth Prime Ministers' Conference in June 1957, Menzies defended this decision saying that Australians now 'had to bear in mind the possibility that the United Kingdom might have to cut down their commitments in South East Asia'. In Australia's view, therefore, 'the greater the likelihood of a reduction of the United Kingdom participation in the defence of South East Asia, the more necessary it became for Australia to have equipment compatible with that used by the United States'.[30]

The figure originally located here has been removed from this version of the thesis for copyright reasons.

This is how Vicky sees the problem of growing defence expenditure. Macmillan is portrayed as a doctor assisting an ailing patient (British economy) (Daily Telegraph, *23.2.1956)*

Thus, it was in the years 1956–57 that the Menzies government was confronted with the first real evidence that significant reductions in British forces in the Far East and

[30] NAA, A1209/23, 1957/5380, Memcon, Douglas-Home, Sandys, Menzies and McBride (London), 25.6.1957. In April 1957 Menzies had stated in Parliament that it was his government's policy to 'standardise with equipment compatible with that used by the United States'. For Australia's decision to standardise its

Southeast Asia were only a matter of time.[31] In the April 1957 Defence White Paper – according to Jeffrey Pickering, 'the most drastic of all postwar White Papers'[32] – the Macmillan government announced its provisional plans for sizeable force reductions east of Suez as a result of the Defence Review initiated by the previous Eden administration.[33] Although, in the end, these reductions would be far less radical than those originally envisaged in the White Paper, Australian ministers at the time were, not surprisingly, apprehensive about the future direction of British plans.[34] Even the month before the publication of the Defence White Paper, Casey told the British Commonwealth Secretary, Alec Douglas-Home, then visiting Australia, that 'he would be terrified at the thought of the United Kingdom reducing its forces in Malaya'.[35] The significance for Australia of the trend that British strategic policy was taking was not lost on Menzies who, several months after the Paper's release, pointed out that 'the new British Defence Scheme makes our

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equipment see David Lee, *Australia Turns to the United States 1955–57*, Working Paper no. 84 (London: Menzies Centre for Australian Studies, 1992–93), pp. 8–14.

[31] According to Pickering, 'although economies had been sought consistently by the Conservative governments of the early 1950s, worry over the balance between spending on guns or butter never became acute until the Macmillan era'. See Pickering, *Withdrawal*, p. 101.

[32] *Ibid.*, p. 103.

[33] The central feature of Defence White Paper was its reliance on the nuclear deterrent. This would in turn allow Britain to reduce the defence budget and cut manpower. Hence, the armed forces were to be cut from 690,000 to 375,000 men over a period of five years. The White Paper also relied on the concept of increased mobility. The RAF Transport Command would be expanded and a Central Army Reserve, based in Britain, would be established so that British troops could be quickly flown to trouble spots around the globe. Increased strategic mobility also meant that overseas garrisons could be reduced. For a detailed account of the 1957 White Paper see William Jackson, *Britain's Defence Dilemma: An Insider View* (London: B.T. Batsford, 1990), pp. 49–71; Michael Carver, *Tightrope Walking: British Defence Policy Since 1945* (London: Hutchinson, 1992), pp. 41–59. In the Far East, the British government planned to cut the Army from 21,000 to 11,000 men, to withdraw three squadrons of 'Venom' ground attack fighters (compensated by the addition of two squadrons of 'Canberra' light bombers) and to cut two cruisers, four destroyers and three frigates (compensated by a carrier task group – that is to say, one aircraft carrier, one cruiser, four destroyers and four frigates – which was to cover all the area east of Suez). See NAA, A1838/269, TS692/2 part 1, Joint Planning Committee Report 34/1957, 'United Kingdom Defence Policy – South East Asia. Memorandum by the Defence Committee', July 1957.

[34] The Army would for instance be cut from 21,000 to 18,000 personnel (instead of 11,000). As for the Air Force, Australian defence authorities were satisfied that 'there [would] be a considerable increase in offensive air power'. As for the Navy, 'the Carrier Task Group [would] now be based in Singapore which [was] a strengthening compared with the previous United Kingdom proposal'. See NAA, A1838/269, TS692/2 part 2, Defence Committee Agendum 115/1957, 'United Kingdom Defence Policy in South East Asia – Discussions with Duncan Sandys: Notes for Minister of Defence', 22.8.1957.

[35] NAA, A1838/269, TS652/16/6, Memcon, Douglas-Home, Menzies, Casey and McBride (Canberra), 15.3.1957.

position in South East Asia much weaker'.[36] So far-reaching were the proposed reductions thought to be that Menzies and his Chiefs of Staff even considered rethinking the maintenance of Australian forces in Malaya.[37] Australian defence planners in fact viewed Britain's announcement of its policy changes pragmatically. A Joint Planning Committee (JPC) report noted in July 1957 that Australian defence authorities recognised British military deficiencies east of Suez.[38] The Committee also pointed out that 'it ha[d] been known for some time that the United Kingdom would not have the ability to reinforce in the Far East and South East Asia in the event of a global war ... and that any reinforcement in the event of limited war would depend on the availability of forces after consideration of the requirements of their higher priority areas [Western Europe, for instance]'. What now concerned the JPC was that, under the reductions currently planned, the 'effectiveness [of British forces] for a strategic role in the event of overt aggression in the area (e.g. in support of SEATO) [was] open to doubt'.[39] In the end, as just mentioned, the outcome of the Defence Review was less radical than otherwise thought. The Secretary of the DEA, Arthur Tange, felt sufficiently relieved to inform his Minister in August 1957: 'The United Kingdom has now done a great deal to reassure us that their general military strength in the Far East will be maintained and that their cuts will be proportionately less there than in other regions'.[40] Yet, despite these British reassurances, Australian doubts about Britain's long-term plans east of Suez never disappeared completely and, as will be shown later, they resurfaced frequently in the following years.

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[36] NAA, A1838/269, TS692/2 part 1, Casey to Tange, 13.8.1957.
[37] *Ibid.*; NAA, A1838/269, TS692/2 part 1, 'United Kingdom Policy in South East Asia: Defence Committee Agendum no. 90/1957', note by Tange, 2.8.1957.
[38] JPC was an advisory body to the Department of Defence. Its function was to advise the Defence Committee and/or the Chiefs of Staff on strategic issues and defence planning.
[39] *Ibid.* According to the JPC, the forces to be retained in Southeast Asia would probably be only 'adequate for the purpose of the anti-terrorist operations in Malaya and for the defence of internal security in Singapore if necessary'.
[40] NAA, A1838/269, TS692/2 part 3, Tange to Casey, message 1322, 26.8.1957.

The figure originally located here has been removed from this version of the thesis for copyright reasons.

'Look, Duncan, I just had a brilliant idea", Macmillan tells Sandys.
Vicky scoffs at the Macmillan government's decision to cut defence spending
(Daily Mirror, *24.1.1957)*

This was hardly surprising given that the Australians were fully aware of the financial and economic constraints under which post-war British governments were increasingly operating. However, Britain's need to reduce its defence spending because of the serious burden it placed on the economy was not the only cause of concern for the Australian government. Another problem, perhaps less pressing in the short term but certainly worrisome in the long run, was represented by the gradual erosion of the British colonial order in Asia. By the end of the 1950s, decolonisation had already swept away the French and Dutch empires throughout Southeast Asia.[41] In a Cabinet submission in mid-1961 the DEA drew attention to the fact that, 'since the War, there has been a progressive withdrawal of United Kingdom influence from the Mediterranean, and of United Kingdom power from Palestine, India, Pakistan, Ceylon, Malaya, Cyprus, and now from Africa'.[42] In going on to note that 'United Kingdom territorial rights [had] been and [would] continue to be reduced: for example in Singapore', the DEA felt that, although Britain still retained its

[41] The Netherlands ruled over West New Guinea (Irian Jaya) until it became Indonesian in 1962.
[42] NAA, A1838/269, TS899/1/4 part 2, Cabinet Submission 1183, 26.6.1961.

colonies in Southeast Asia, the days of continued colonial rule there appeared to be numbered. Further, it was noted that Britain was 'moving to dispose of its remaining responsibilities' particularly those in Singapore and Borneo.[43] For Australia, this created two sets of problems. First, with the prospect of no empire to defend, the rationale for a British military presence east of Suez would be inevitably weakened. Already, British forces had vacated the Tricomalee naval base in Ceylon in 1957, departed from Jordan in 1957, abandoned two airbases in Iraq in 1958 and a base in Kenya in 1960.[44] Second, as a DEA paper had earlier observed, 'during the remaining period of tutelage for those possessions in South-East Asia, the question may arise whether … we [Australia and New Zealand] may both have to undertake a more direct burden in the development of those dependent territories in order to combat influences hostile to us. The future of all British territories in the area … will be a matter of common concern'.[45] Both prospects were unwelcome in Canberra and although their future inevitability was recognised, as Goldsworthy has noted, 'Menzies was not one for forcing the pace of colonial change, certainly not where [Australia's] security interests were involved'.[46]

3.3 Is Britain trying to disengage? Australia's growing anxiety towards British plans for the Far East

Against this backdrop, in the early 1960s the Menzies government became increasingly apprehensive about British intentions in Southeast Asia. Sir William Oliver, the British High Commissioner in Canberra, could not fail to notice in 1960 'doubts in certain quarters

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[43] *Ibid.*
[44] Pickering, *Withdrawal*, p. 117.
[45] NAA, A1209/142, 1961/544, '"United Kingdom Study of Future Policy (1960–70)": Observations by Department of External Affairs', 12.1.1961.
[46] David Goldsworthy, 'The British Colonial Order, 1948–60', in David Lowe (ed.), *Australia and the End of Empires: The Impact of Decolonisation in Australia's Near North, 1945–65* (Geelong: Deakin University Press, 1966), p. 142.

in Australia … about United Kingdom's intentions to hold on in Singapore'.[47] He was not wrong. The Australian Commission in Singapore, for instance, reported to the DEA in June 1961 that the Australian Services attaches 'had gained an impression of U.K. desire for non-involvement and disengagement' in Southeast Asia.[48] These concerns were reinforced by the Australian perception of Britain's attitude within SEATO, which a DEA officer observed in early 1962, 'has acted as a "brake" ... we have the feeling the United Kingdom is simply unwilling to agree to others acting because she is unable to act'.[49] Given Australian suspicions, and fears, about the way Britain's Far East strategic policy could well be heading, it was not surprising that 'Canberra was sensitive to the slightest warning signals that British resolve to stay in the region might eventually falter'.[50] As these warning signals became more frequent in the early 1960s, the Menzies government's sense of uneasiness heightened. These signals in fact served to confirm the fears that had arisen in Canberra following Macmillan's earlier meeting with Menzies and the prime ministers of Canada (Diefenbaker) and New Zealand (Nash) on 13 May 1960.

Indeed, this meeting was particularly significant as Macmillan used it to discuss a British official paper called 'Study of Future Policy (1960–1970)' with Britain's major Commonwealth allies.[51] This paper, also known as the 'Brook Committee Report', painted a 'sombre' picture of Britain's declining power in the world, which was expected to diminish even further during the coming decade.[52] It highlighted the fact that 'of all the major Powers, the United Kingdom ha[d] the most vulnerable economy, because of the weaknesses of the external financial position'. According to the paper, Britain's

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[47] NAA, A1838/280, 3004/12/11 part 1, McNicol to Tange, 30.1.1960.
[48] NAA, A1838/277, 3004/12/11 part 2, Ryan to Tange, memo 1051, 15.7.1961.
[49] NAA, A1838/2, 67/1/3 part 2, Harry to Tange, 12.3.1962.
[50] David Goldsworthy, *Losing the Blanket: Australia and the End of Britain's Empire* (Melbourne: Melbourne University Press, 2002), p. 158.
[51] PRO, CAB 129/100, FP(60)1, 24.1.1961. For the genesis of the 'Study of Future Policy (1960–1970) see Pickering, *Withdrawal*, pp. 108–114; Ronald Hyam and Wm Roger Louis (eds), *The Conservative Government and the End of Empire 1957–1964, vol. I* (London: HMSO, 2000), p. 38.

'experience of the last 10 years ha[d] shown how vulnerable sterling [was] and how damaging sterling crises [were] to United Kingdom's foreign and military position'. Hence, to maintain its place in the world, Britain had to 'keep sterling strong', which, in turn, meant 'keeping commitments within resources'. The authors of the Brook Committee Report also expressed doubts about the prospect of maintaining British influence in the old dominions, contending that 'the defence and economic interests of Canada, Australia and New Zealand will involve them increasingly with the United States'. They concluded that 'if it ever came about that any or all of these three had to choose between the United Kingdom and the United States in an issue which vitally affected their security or prosperity, they might well, albeit reluctantly, choose the latter'. Last but not least, the paper was downcast about Britain's ability to maintain a military role east of Suez and, in particular, in Singapore.[53] In the committee's view, there was a danger 'that in future the effort involved in maintaining [Britain's] position in Singapore [could] be out of proportion to our interest in doing so particularly if developments in Singapore or Malaya were to lead to serious restrictions on the full use of the base facilities'. While it was in the country's interest to stay in Singapore 'for as long as possible', the authors of the Brook Committee Report warned that Britain could be forced 'to abandon it as a base' before the end of the decade.[54] Earl Mountbatten, the Chairman of the Chiefs of Staff, was also present at the meeting and confirmed the seriousness with which Whitehall was treating this report by telling the Commonwealth leaders that 'the United Kingdom Chiefs were [already] reviewing some of their main military problems in the light of this ten-year study'. In particular, he pointed out that the Chiefs of Staff 'felt that they might not be able

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[52] As Macmillan told Menzies, Diefenbaker and Nash, 'it might be thought that the result had been to produce a sombre picture; but its spirit was realistic and not pessimistic or defeatist'. NAA, A1209/142, 1961/544, Note of a meeting between Macmillan, Menzies, Diefenbaker and Nash (London), 13.5.1960.
[53] PRO, CAB 129/100, FP(60)1, 24.1.1961.
[54] *Ibid.*

to rely indefinitely on all the existing bases – for instance, the security of tenure of the base at Singapore was uncertain'.[55]

The points made in London were not lost in Canberra and the reaction was one of obvious concern. According to officials in the DEA, 'the paper serve[d] notice on Australia in a more direct way than ha[d] so far been apparent that the United Kingdom effort in the Far East [was] bound to taper off'.[56] In their view, 'it invite[d] the question whether the United Kingdom [would] be able to afford to renew her present military apparatus in Asia, if present bases [lost] their usefulness or strategic concepts change[d], or when existing equipment [became] obsolete'.[57] The conclusions reached, therefore, were that 'the cost of the United Kingdom's activities [would] continue to be a main factor in her own calculation of what she [could] do in the future. She [was] primarily concerned with the defence of the British Isles and [was] clearly looking for a way of reducing the cost of her colonial possessions'.[58] Consequently, Australia, had to 'avoid the false assumption that the United Kingdom ha[d] substantial resources to deploy in the area between China and Australia, even in an emergency'.[59]

Macmillan's decision to broach awkward foreign policy issues, such as those articulated in the 'Study of Future Policy', with his Commonwealth partners was not casual. Rarely anything in diplomacy is. The 'Study of Future Policy' was in essence a 'crystal ball-gazing' exercise and revealed important trends in British foreign policy thinking. However, as John Subritzky has contended in his study of this period, 'Macmillan was no revolutionary in foreign affairs, still essentially believing in British

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[55] NAA, A1209/142, 1961/544, Brief Account of Discussion between the Four Prime Ministers, undated.
[56] NAA, A1838/269, TS899/6/6/4, Notes on the Brook Paper, undated. See also NAA, A1838/269, TS899/6/6/4, Summary of Preliminary Discussion on Brook Paper, 16.6.1960.
[57] NAA, A1209/142, 1961/544, '"United Kingdom Study of Future Policy (1960–70)": Observations by Department of External Affairs', 12.1.1961.
[58] *Ibid.*
[59] *Ibid.*

global influence'.[60] This is borne out by James Cable, Head of the Southeast Asia Department (FO) in 1963–66, who has said that the Tories 'were always committed to imperial responsibilities and the world role … their instinct was to hang on and not give up until they were convinced it was the only option'.[61] Thus, despite the seeming implications of Macmillan's message to the Commonwealth leaders, he was not in fact telling them that he was about to change Britain's imperial defence strategy. He might have chosen to focus in his talks with the three Commonwealth leaders on certain aspects of the paper – Britain's 'precarious economic strength', its weak external financial position, its 'limited material capacity', and the uncertainty of tenure of Britain's Southeast Asian military bases – but for Macmillan the British presence east of Suez was one of the pillars of Britain's world role. As such it demanded that in the face of British economic and colonial woes, every effort be made to preserve it. Edward Peck, Assistant Under-Secretary of State for Southeast Asia at the FO (1961–65), later acknowledged that while British officials 'had been, since 1960 or earlier, considering a retreat from S.E. Asia', 'under a Conservative Government this was not policy of Ministers'.[62] Thus, in June 1960, the important signal Macmillan was sending to the dominions was the other topic he raised with the prime ministers – the need for an increased allied burden-sharing.[63] This message was also not lost on the Australian policy-makers who noted that 'the United Kingdom expects Australia (and also New Zealand) to accept an increasing role and responsibility in South East Asia'.[64]

Still, the Menzies government was not blind to Britain's precarious economic state and continued to harbour suspicions about British long-term plans for Southeast Asia.

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[60] John Subritzky, 'Britain, *Konfrontasi*, and the End of Empire in Southeast Asia, 1961–65', *The Journal of Imperial and Commonwealth History*, vol. 27, no. 3, 2000, pp. 212.
[61] Cable quoted in *ibid.*
[62] Letter to the author, 25.5.2002.
[63] NAA, A1209/142, 1961/544, Bunting (Note for file),14.5.1960; Note of a meeting between Macmillan, Menzies, Diefenbaker and Nash (London), 13.5.1960; Brief Account of Discussion between the Four Prime Ministers, undated.

Despite recognising the main point of the Macmillan-Commonwealth leaders' talks, this fact failed to allay Australian concerns that a more realistic approach in British defence policy-making was at hand. Rightly or wrongly, 'the feeling among senior officials in Canberra was that Britain would in due course be looking for a way out'.[65] Yet, 'this was a feeling', Goldsworthy has observed, 'that the British did not yet wish actively to encourage. They stressed rather that no decisions had been taken. The danger, as British officials put it in a brief for Mountbatten, was that if the Australians came to believe "that we were losing faith in the tenure of our bases", the consequences could include "the breakup of ANZAM and further orientation towards America" – neither of which, evidently, the British wished to see'.[66]

The paradox was that, while London was seeking to reconcile the conflicting aims of maintaining an active role in Southeast Asia and securing significant defence savings, Canberra regarded Britain's attempts to lessen its defence burden as a prelude to disengagement. Once again, Australian response was a combination of caution and mistrust. When in 1961–63 the Macmillan government pushed for the establishment of 'Greater Malaysia' (subsequently Malaysia) – the grouping of Malaya, Singapore, Brunei and the Borneo territories of Sabah and Sarawak into an independent federation – concerns resurfaced in Canberra.[67] However, Macmillan's decision to pursue the 'Greater Malaysia' plan was an attempt to find a solution to a different set of problems. First, Greater Malaysia 'would provide a viable political entity for the Borneo colonies, considered too small and unsophisticated to survive by themselves as an independent state'.[68] Second, it would accommodate Singaporean demands for independence and transfer responsibility for the

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[64] NAA, A1209/142, 1961/544, '"United Kingdom Study of Future Policy (1960–70)": Observations by Department of External Affairs', 12.1.1961.
[65] Goldsworthy, *Losing the Blanket*, p. 159.
[66] *Ibid.*
[67] For the 'Greater Malaysia' plan see Matthew Jones, *Conflict and Confrontation in South East Asia 1961–1965* (Cambridge: Cambridge University Press, 2002), pp. 61–97; John Subritzky, *Confronting Sukarno: British, American, Australian and New Zealand Diplomacy in the Malaysian-Indonesian Confrontation 1961–5* (Basingstoke: Macmillan, 2000), pp. 25–40.

internal security of the colony to the future federation. Third, incorporating Singapore into Greater Malaysia would ease British concerns over tenure of the Singapore military base. These concerns arose from the fact that in 1961 the *Barisan Socialis* (Socialist Front), which opposed the British presence in Singapore, emerged as a menacing force in Singapore's political life.[69] With elections due to take place by mid-1963, 'many observers were predicting the victory of the Opposition Barisan Socialis … at the polls, and an end to the British presence'.[70] The view in London was that, with the accession of Singapore to a larger, pro-British federation, this communist-led party would represent a lesser danger.[71] Last but not least, strategically, the Greater Malaysia plan would enable Britain to maintain its bases in the region while its responsibility for internal security in the colonies would be passed to the new Malaysian Federation. This would relieve Britain of an onerous political and military task. Historians have differed as to Macmillan's ultimate aims in pursuing decolonisation through Greater Malaysia.[72] Some have argued that that, far from wanting to disengage from Southeast Asia, Macmillan was seeking to replace formal rule with a more subtle and indirect form of influence.[73] Others have regarded the Greater Malaysia project as an important step towards a British disengagement from the region.[74] Yet, as

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[68] Subritzky, 'Britain, *Konfrontasi*', p. 210.

[69] In early 1961 Lee Kuan Yew, the Prime Minister of Singapore and leader of the PAP (People's Action Party) expelled communist sympathisers from his party. As a result, they established the *Barisan Socialis*, whose political platform centred on Singapore's complete independence from Britain and a socialist constitution. In the summer of 1961, following a by-election win, the *Barisan Socialis* shared the same number of seats with the ruling PAP in the Legislative Assembly. Lee could only govern thanks to the speaker's vote.

[70] Matthew Jones, 'A Decision Delayed: Britain's Withdrawal from South East Asia Reconsidered, 1961–68', *English Historical Review*, vol. 117, no. 472, p. 572.

[71] Incidentally, Australian policy-makers were concerned that were Singapore to become independent as a single entity, 'it might gravitate towards China and provide an effective base for subversion, not only of Malaya but the whole of Southeast Asia'. See David Lee and Moreen Dee, 'Southeast Asian Conflicts' in David Goldsworthy (ed.), *Facing North: A Century of Australian Engagement with Asia, Vol.1: 1901 to the 1970s* (Melbourne: Melbourne University Press, 2001), p. 265.

[72] Subritzky, 'Britain, *Konfrontasi*', p. 211. For a detailed discussion see Subritzky, *Confronting Sukarno*, pp. 8–9.

[73] See John Darwin, *Britain and Decolonisation: The Retreat from Empire in the Post-War World* (Basingstoke: Macmillan, 1992), p. 290; A.J. Stockwell, 'Malaysia: The Making of a Neo-Colony?', *Journal of Imperial and Commonwealth History*, vol. 26, no. 2, 1998, pp. 138–156; Jones, *Conflict and Confrontation*, pp. 27–28; Hack, *Defence and Decolonisation*, p. 278.

[74] Kin Wah Chin, *The Defence of Malaysia and Singapore: The Transformation of a Security System, 1957–71* (Cambridge: Cambridge University Press, 1983), p. 179.

Subritzky has rightly observed, 'evidence clearly suggests that British intentions at the time in creating Malaysia were to maintain rather than end Britain's historic interests in the region'.[75]

The Australian response was mixed. While recognising that the 'realization of the Greater Malaysia plan, under certain defined conditions, could make an important contribution to the stability of the region', Menzies informed the British High Commissioner that his government had 'considered the defence implications of the plan and recognise[d] its possible disadvantages'.[76] In particular, Menzies stressed that 'serious and sustained efforts would be necessary to obtain from the new central government of Greater Malaysia defence arrangements to meet the requirements of the Commonwealth Strategic Reserve'. In practice, he wanted to ensure that the new defence agreement, which had to be negotiated with the government of Malaya, 'provided for the continued presence of the Strategic Reserve in its primary role of deterring communist aggression in the area'.[77] In other words, he was concerned that the new federation government could place restrictions on the Singapore base. Without unrestricted access to the base, British, Australian and New Zealand forces would find their ability to operate in SEATO roles curtailed.[78] Macmillan's reply to Menzies in October 1961 was far from reassuring. He advised the Australians that over the next ten years, due to local susceptibilities, it could become 'extremely difficult to use Singapore as a base for active operations in the region – whether or not a Greater Malaysia [could] be established … If we cannot rely in the long run on those facilities what in the long term should be the nature of our military role in SEATO? How far will a new seaborne-airborne strategy enable us to make an effective

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[75] Subritzky, 'Britain, *Konfrontasi*', p. 211.
[76] NAA, A6706/1, 61, Menzies to Oliver, 28.8.1961.
[77] *Ibid.*
[78] Menzies' concerns were justified. Since 1957, in fact, the Malayan government had been opposed to the use of British bases on its soil in support of SEATO operations in the region. This problem, however, had hitherto been overcome by relocating CSR forces from Malaya to Singapore from which they could be then deployed in SEATO operations.

military contribution without having to rely on old-style bases?' According to Macmillan, these were 'all major and far reaching questions' which would have to be discussed with Australia, New Zealand and the United States in due course.[79]

Indeed, far-reaching questions they were and, from an Australian viewpoint, deeply disquieting. As seen from Canberra, the problem was that, if the British harboured serious doubts about their ability to play a strategic role in Southeast Asia, then the Greater Malaysia project seemed a good pretext for negotiating a release (albeit gradual) from unwelcome defence commitments. Therefore, Australia's main objective became to 'secure … a fuller account … of United Kingdom aims in the forthcoming discussions with the Tunku', the Prime Minister of Malaya.[80]

Doubts over the Singapore base, however, were not the only concern of the Australian government. In the same October message to Menzies, Macmillan also informed him that, with the transfer of responsibility for internal security to the federation, all British land forces, earmarked for that role, would be withdrawn once Malaysia was established. Macmillan referred to 'certain specific and urgent problems' – that is, the financial situation and an 'acute' manpower problem – which made it 'imperative' to 'secure substantial savings in our [Britain's] overseas expenditure including military expenditure'.[81] In a note to Menzies, John Bunting, Secretary of the Prime Minister's Department (PMD), alerted his prime minister that Macmillan's message virtually foreshadowed a British rundown in South East Asia. He added: 'The time-scales for such a review and other details are not given, but we cannot take his hint too lightly. He indicates that the desire to make manpower and money savings will be an important influence in the United Kingdom decisions'.[82]

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[79] NAA, A6706/1, 61, Macmillan to Menzies, 20.10.1961.
[80] NAA, A6706/1, 61, Bunting to Menzies, 1.11.1961.
[81] NAA, A6706/1, 61, Macmillan to Menzies, 20.10.1961.
[82] NAA, A6706/1, 61, Bunting to Menzies, 1.11.1961.

In the event, Australian worries about Britain's intentions in Southeast Asia abated somewhat, if only temporarily. In January 1963, the Indonesian Foreign Minister, Dr Subandrio, declared that Indonesia's policy towards the proposed federation of Malaysia (then set down to be established in August 1963) would be one of *Konfrontasi* (Confrontation). Between 1963 and 1966, *Konfrontasi* would see Britain fight a low-intensity conflict with Indonesia in the defence of Malaysia. If one of Macmillan's motives behind the establishment of Greater Malaysia in 1963 had been to reduce Britain's military burden in Southeast Asia, Indonesia's military campaign against Malaysia 'turned British plans on their head'.[83] In Macmillan's own words, Malaysia risked becoming a 'formidable liability'.[84] Despite this, his government was bound to honour Britain's commitment to defend the Federation under the new defence arrangements.[85] Thus, far from being able to cut its forces in the Far East, Britain was forced to strengthen its military presence in Malaysia in order to resist the Indonesian aggression resulting in a potentially open-ended military commitment to its former colonies. At the height of Indonesia's confrontation campaign, Darwin contends that 'some 68,000 British servicemen were deployed in the Far East, together with a fleet of 80 ships including 2 aircraft carriers and a commando ship'.[86] Despite numerous British requests from late 1963 and throughout 1964, it was February 1965 before the Menzies government committed a battalion and an SAS unit to operations in the Borneo territories to support the British effort, and then only in response to a Malaysian request.[87] There were strong external political reasons for this seemingly unwilling action. *Konfrontasi* brought Australia into an unwelcome position of conflict with Indonesia – its closest neighbour. Australian policy-makers might have felt some

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[83] Subritzky, 'Britain, *Konfrontasi*', p. 209.
[84] Macmillan quoted in Jones, 'Decision Delayed', p. 576.
[85] *Ibid.*
[86] Darwin, *Britain and Decolonisation*, p. 290.
[87] For the commitment of Australian troops to *Konfrontasi* see Edwards with Pemberton, *Crises and Commitments*, pp. 340–344. For a detailed analysis of Australia's policy towards Confrontation see Moreen Dee, *In Australia's Own Interests: Australian Foreign Policy During Confrontation 1963–1966* (PhD Thesis, University of New England, 2000).

reassurance about Britain's short-term intentions, particularly as Britain in fact became bogged down in a costly and difficult fighting exercise in the jungles on the border of Indonesian Kalimantan, with little prospect of a short military campaign. While *Konfrontasi* lasted, therefore, a British disengagement from the area was out of question.[88] However, as Australian planners pointed out in a policy planning study dated August 1963, Britain's involvement in *Konfrontasi* was best seen as 'a temporary levelling off in the gradual downward curve of British influence and activity in Asia'.[89] When the curve reached the bottom, nonetheless, Australia and Indonesia would still be close neighbours.

3.4 Britain's membership of the EEC as an emerging problem in Australia's strategic thinking

The strategic question has been shown to predate the EEC issue. In the early 1960s Australia's lingering doubts about Britain's ability to remain east of Suez were further heightened by Britain's decision to seek entry into the EEC. Such prospect had hitherto been absent from Australian politico-strategic considerations, but it emerged with force with the 1961 application and was destined to remain a nagging concern for most of the decade. This is not to say that Australian policy-makers had overlooked the importance of a 'European' dimension in British defence thinking. They had long recognised that Britain's most vital strategic interests lay in Europe, and that the defence of the British Isles was closely intertwined with the security of the European continent. Up until this point in time, the primacy of the European theatre in British strategic thinking was not

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[88] In April 1963, however, Macmillan, wondered whether 'the security of Malaysia would be more effectively safeguarded in the long term by the negotiation of a political understanding with Indonesia than by the maintenance of British forces in Singapore'. Macmillan quoted in Jones, 'Decision Delayed', p. 576.

[89] NAA, A1838/346, TS691/1 part 3, Department of External Affairs (henceforth DEA) Policy Planning Study 1/63, 'The Nature and the Extent of Current British Economic Interests and Military and Political Commitments in South and South-East Asia, Their Likely Course over the Next Ten Years and Implications for Australia', 30.8.1963.

necessarily regarded in Canberra as incompatible with Britain's role as a world power or with its Commonwealth commitments. The prospects of British entry into the Community, however, represented an entirely different proposition. The view was that EEC membership would lead to a significant reorientation in Britain's external policies towards Europe.

As discussed in the Chapter 2, the Macmillan government announced its decision to apply for EEC membership in July 1961. In June and early July 1961, calculating that the launch of a British bid was imminent, the Menzies Cabinet met to assess the political and economic consequences of an eventual British entry. The members had before them a DEA submission which examined the political and strategic aspects of this eventuality in detail. External Affairs argued that, while not entailing 'specific commitments in the fields of foreign affairs and defence', British membership of the EEC could nonetheless 'have far-reaching effects' in the long term. These far-reaching effects were described in the following terms:

> Our concern is that [Britain's] entry into a European community which within twenty years could become so unified as to compel, at the least [sic] harmonious extra-European policies on the part of its members, such freedom of action as the United Kingdom now enjoys as a world power and employs as leader of the Commonwealth could be further reduced; and, in particular, that *it might lose both the interest in maintaining and the ability to maintain, an effective strategic role in the world beyond Suez, where Australia's defence interests lie.*[90]

The submission also pointed out that if British entry was likely to have negative implications for Australia's strategic interests in Southeast Asia, Britain's failure to join the EEC was, by the same token, not without unwelcome problems. If Macmillan's bid were to prove unsuccessful, the DEA contended that the prospect facing Britain would be 'one of further decline' in its 'political and economic strength, relative to that of other major powers and the continental group'. The department argued that Britain's position in the world had already been eroded, and that, in a sense, 'the very decision with which the

United Kingdom [was] now confronted [was] evidence of the decline in its independent power'. To support this contention it was noted in the submission that Britain was in fact essentially dependent on the United States and on its various alliances, especially the NATO alliance. This was not seen as surprising since Britain clearly no longer possessed the basic resources which alone could sustain its former position. The DEA concluded, therefore, that in these circumstances, the restoration of former British influence was no longer feasible. Furthermore, it maintained that even should London remain outside the EEC – perhaps because of that since entry into a group of dynamic and fast-growing economies was expected to have positive effects on the British economy – Britain's future was one of continuing decline as a world power.[91] The predicament for Australia was that in the long run, Britain's decline would inevitably weaken not only its resolve but also its ability to play a meaningful political and strategic role in Southeast Asia.

On balance, however, External Affairs regarded British entry as more harmful to Australia's politico-strategic interests. The main reason was that British entry 'would accelerate tendencies which [were] already established towards the transformation of the United Kingdom into a European rather than a world power and towards a decline in its commitments beyond Suez'. There was also a second reason. According to the DEA, British membership 'would make plainer than before the existing and accepted fact that Australia [was] essentially dependent for effective physical resistance to aggressive powers in Asia, for national survival, not on the United Kingdom but on the goodwill, self-interest and strength of the United States'. Hence, Britain's turn to Europe, the department warned, 'could require of us [Australia] earlier adjustments than if the United Kingdom remained outside Europe'. In conclusion, it argued:

> The pace of European integration cannot be assessed. But even the most rapid timetable would be likely to give us ten or twenty years in which to adjust ourselves politically and strategically in the developing situation and there should be no

[90] NAA, A1838/269, TS899/1/4 part 2, Cabinet Submission 1183, 26.6.1961. Author's emphasis.
[91] *Ibid.*

> immediate or dramatic changes in these fields if compared with what we may expect in any case. But we might suffer an initial period of increasing isolation from United Kingdom and European support, while the Community takes shape and the United Kingdom is proving as a European power.[92]

For the reasons just discussed, Australian policy-makers felt no great relief following the decision of President de Gaulle to veto the British application although, as seen in Chapter 2, in August 1962 External Affairs temporarily became somewhat more relaxed about the politico-strategic risks of British entry. Rather, the Australian planners in mid-1963 seemed to see Macmillan's failure to join the EEC as a minor set-back for the British and that Britain in fact 'may well have reached a full political and economic accommodation with Western Europe' by the early 1970s.[93] Therefore, while the acceleration of tendencies towards the transformation of Britain into a 'European power', as Australian planners put it, was temporarily averted, the problem of British entry was not. And this fact was interrelated with Australian concerns about Britain's willingness to maintain a military presence in Southeast Asia which refused to fade away. Given that Britain's primary political interests increasingly lay elsewhere in Europe, the Australians argued that 'British military resources [were] unlikely to be maintained at their present levels'.[94] As will be seen in Chapters 6 and 7, Britain's renewed attempt to join the EEC in 1966–67 raised strong concerns in Canberra that British entry would further weaken the faltering resolve of the then incumbent Wilson government to remain east of Suez.

The EEC issue and its defence implications aside, Australian policy-makers remained aware of the constant economic pressures on the British government domestically to rein in defence expenditure and to thin out British overseas commitments.[95] The beginning of *Konfrontasi* in January 1963, by forcing Britain to

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[92] *Ibid.*
[93] NAA, A1838/346, TS691/1 part 3, DEA Policy Planning Study 1/63, 'The Nature and the Extent of Current British Economic Interests and Military and Political Commitments in South and South-East Asia, Their Likely Course over the Next Ten Years and Implications for Australia', 30.8.1963.
[94] *Ibid.*
[95] *Ibid.*

honour its arrangements to remain responsible for the defence of the proposed Federation of Malaysia, increased Britain's defence burden. Plagued with economic problems at home and confronted not only with the raising costs of Britain's military presence in the Far East but also with the prospect of a protracted conflict with Indonesia, British policy-makers of necessity had to find ways to lighten Britain's burden in the region. The following two chapters will show that these matters came to a head under the Labour government of Harold Wilson. All Australia's fears and concerns were fully realised as this government decided in 1967–68 to end Britain's military presence east of Suez.

4

The British are 'taking to the boat'*: Australian policy towards Britain's early attempts to disengage from Southeast Asia, 1964–66

'The priority of Britain's commitments in Europe and NATO, financial considerations, difficulties in the way of her communications to the area, and opposition to bases appear certain to affect Britain's future military capability in the area. The separation of Singapore from Malaysia has given additional urgency to the question of the future of the Singapore base. ... It would therefore be prudent to assume that Britain will start to run down the Singapore bases as soon as military confrontation ceases. Thereafter the period of effective occupation of the bases may not extend beyond [a] few years'.[1]

Joint Intelligence Committee, 12 October 1965

Privately, then, the Menzies government long harboured doubts about Britain's long-term willingness and ability to maintain a significant military presence in Southeast Asia. Australian suspicions were soon to be vindicated. In 1965, as its resolve to remain east of Suez weakened, the Wilson government began to consider plans for a much reduced military presence in Southeast Asia. Although the British were careful not to reveal these plans, the Australian government sensed a noticeable change of emphasis in British defence thinking and became apprehensive about British intentions. What policy-makers in Canberra feared at this point was that the British, despite their reassurances, were seeking a way out of Southeast Asia at the very time when Australia was stepping up its involvement in regional crises. In early 1965 Australia had committed troops to South Vietnam and to the Borneo territories, where British and Malaysian forces were engaged in defending Malaysia against Indonesia's *Konfrontasi* campaign. Fundamentally though, Canberra was

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* 'Taking to the boat' is an expression used by Allan Eastman, the Australian Senior External Affairs Representative in London, to describe British plans to disengage from Southeast Asia. See NAA, A1209/80, 1965/6595 part 1, Eastman to DEA, cablegram 7037, 14.8.1965.

concerned that a British disengagement would undermine Australia's forward defence strategy, leave a political and military vacuum in a highly volatile region, and weaken the American determination to retain a military capability in Southeast Asia. Under strong pressure from Australia, the United States, and New Zealand – all of whom were worried about the increased instability in the Southeast Asian region – London was forced to hold off its plans, albeit temporarily. Throughout 1966, Australia and its ANZUS partners sought to stiffen Britain's resolve to maintain a significant military presence in Southeast Asia. But while Britain's withdrawal plans had seemingly been shelved, Australia was unable to secure a strong British commitment to regional defence. Nor did it gain British support for a common strategic concept for the area. The gulf between Australian and British politico-strategic interests was widening. During this period, Australian policy towards Britain gradually hardened. As its suspicions grew stronger, Canberra became less forthcoming lest an openly helpful attitude towards Britain's defence predicament facilitated a British pull-out. In addition, this chapter contends that the re-emergence of 'the EEC question' in British policy-making played a major part in reinforcing Australian suspicions towards British intentions. It is in this context that the chapter shows the manner in which the Wilson government's renewed interest in EEC membership impinged on Australia's strategic concerns.

4.1 The Wilson government's initial approach to east of Suez (October 1964–June 1965)

The strong possibility of a change of government in Britain after more than a decade of Conservative rule was viewed with some concern in Canberra given Labour's well-known

[1] NAA, A1209/80, 1965/6595 part 1, Joint Intelligence Committee paper, JIC (AUST) (65) (61) Final, 'Intelligence Appreciation of Australia's Strategic Situation and the Threat to Her Area of Interest', 12.10.1965.

desire for far-reaching changes to defence. 'Such indications as one has about Labour attitudes', Australian policy-makers remarked in 1963, 'are not altogether encouraging'. In particular, they referred to statements made by the Labour defence spokesman, George Brown, to the effect that British policy should give priority to European defence commitments, even if this had to be at the expense of withdrawing troops from the Far East. Policy-makers also referred to the existence of a feeling in the Labour Party that overseas bases were a hangover from Britain's imperial past. More generally, they were concerned that 'a Labour Government [was] likely to see less obligation on Britain to provide for the defence of Australia and New Zealand and to be more brutal in indicating that it expects us to do more for our own defence'.[2] Yet, despite Australian misgivings, Labour's initial steps in defence and foreign affairs were remarkably cautious following Wilson's election victory in October 1964. On 16 December 1964, the new prime minister informed the Commons that Britain was determined to continue to play an active role east of Suez.[3] Despite his government being urged to review defence spending and overseas commitments in the light of a precarious economic situation, Wilson ruled out any change to Britain's posture east of Suez.[4]

Yet, only six months later, British ministers were considering plans for a gradual disengagement from Southeast Asia. These plans contemplated the withdrawal of British forces from their bases in Malaysia and Singapore and their redeployment on a much reduced scale in northern Australia. Until recently, historians have maintained that British senior ministers remained committed to Britain's role east of Suez, until withdrawal was

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[2] NAA, A1838/346, TS691/1 part 3, DEA Policy Planning Study 1/63, 'The Nature and the Extent of Current British Economic Interests and Military and Political Commitments in South and South-East Asia, Their Likely Course over the Next Ten Years and Implications for Australia', 30.8.1963.
[3] Britain, *PD,* HC, 1964–65, vol. 704, cols. 423–424.
[4] For the economic problems facing the Wilson government in its early days in office see Clive Ponting, *A Breach of Promise: Labour in Power, 1964–1970* (London: Hamish Hamilton, 1989), pp. 61–84. See also Alan Sked and Chris Cook, *Post-war Britain*, 2nd edn (Harmondsworth: Penguin, 1984), pp. 202–205.

forced upon them by a combination of economic problems and party pressure.[5] According to traditional scholarship, policy-makers in London only began to look at ways to withdraw from Southeast Asia between late 1966 and early 1967. For instance, Phillip Darby has argued that 'in the period to July 1966 there was no official consideration of the possibility of a British withdrawal from the Far East'.[6] John Darwin has added that 'in the first year of the Labour government [the] concern for the economy had little effect on strategic policy'.[7] Lately, as new documentation has become accessible, these assumptions have been challenged by a number of revisionist historians. Saki Dockrill, Phuong Pham, John Subriztky and Matthew Jones have convincingly argued that British ministers had already begun to consider plans for a gradual disengagement from Southeast Asia as early as mid-1965.[8] As Subritzky has pointed out, the Wilson government 'was more willing to accept a radical reappraisal of Britain's position east of Suez than has previously been recognized by most historians'.[9]

It is beyond the scope of this thesis to analyse the complex and tortuous steps followed by the Defence Review which the Wilson government initiated in early 1965 and brought to completion in early 1966. Nor is it possible to examine in detail the reasons for

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[5] See Phillip Darby, *British Defence Policy East of Suez* (London: Oxford University Press, 1973), passim; John Darwin, *Britain and Decolonisation: The Retreat from Empire in the Post-War World* (Basingstoke: Macmillan, 1992), p. 291; 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); Robert Holland, *The Pursuit of Greatness: Britain and the World Role, 1900–1970* (London: Fontana Press, 1991), pp. 320–321; Jeffrey Pickering, *Britain's Withdrawal from East of Suez: The Politics of Retrenchment* (Basingstoke: Macmillan, 1998); Kin Wah Chin, *The Defence of Malaysia and Singapore: The Transformation of a Security System, 1957–71* (Cambridge: Cambridge University Press, 1983), pp. 106 and 126; Jeffrey Pickering, 'Politics and "Black Tuesday": Shifting Power in the Cabinet and the Decision to Withdraw from East of Suez, November 1967–January 1968', *Twenty Century British History*, vol. 13, no. 2, 2002, pp. 144–151.

[6] Darby, *British Defence Policy,* p. 312.

[7] Darwin, *Britain and Decolonisation*, p. 291.

[8] Saki Dockrill, *Britain's Retreat from East of Suez: The Choice Between Europe and the World?* (London: Palgrave Macmillan, 2002); Phuong Pham, *The End to 'East of Suez': The British Decision to Withdraw from Malaysia and Singapore, 1964 to 1968* (DPhil Thesis, University of Oxford, 2001), ch. 1; Matthew Jones, 'A Decision Delayed: Britain's Withdrawal from South East Asia Reconsidered, 1961–68', *English Historical Review*, vol. 117, no. 472, pp. 569–595; John Subritzky, *Confronting Sukarno: British, American, Australian and New Zealand Diplomacy in the Malaysian-Indonesian Confrontation 1961–5* (Basingstoke: Macmillan, 2000), pp. 146–149. By the same author see also 'Britain, *Konfrontasi*, and the End of Empire in Southeast Asia, 1961–65', *The Journal of Imperial and Commonwealth History*, vol. 27, no. 3, 2000, pp. 220–223.

Wilson's early revision of Britain's defence posture in Southeast Asia. The original works of Pham and Dockrill have provided an illuminating account of the 1965 Defence Review. Here, it suffices to outline British planning as it evolved throughout 1965.

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Harold Wilson

Upon entering office, the Labour government was resolved to maintain Britain's role east of Suez while fully appreciating the urgent need of reducing what it perceived as spiralling defence expenditures. At Chequers, on 21–22 November 1964, Wilson and his senior ministers agreed 'not to seek to maintain in the future [Britain's] three roles on their present scale'.[10] Yet, they expressed considerable support for the view that the country's first priority should be the maintenance of the east of Suez commitments.[11] This policy, Wilson stressed to his full Cabinet a week later, was 'desirable, both in principle and as a means of maintaining the Commonwealth connection'.[12] At Chequers, ministers also decided to initiate a process of reassessment of British defence policy. They agreed to keep

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[9] *Ibid.*, p. 220.
[10] The three roles were a) the defence of Europe under NATO; b) Britain's role of a nuclear power and c) the maintenance of a world-wide military presence based on overseas commitments.
[11] PRO, CAB 130/213, MISC 17/1st meeting, 21.11.1964.
[12] PRO, CAB 129/39, CC(64)11, 26.11.1964.

the annual defence budget within a £2,000 million ceiling (at 1964 constant prices) for the next decade.[13]

The Defence Review was set in motion under these political and budgetary assumptions. In order to put a brake on defence spending, ministers planned to cut reserve forces and soon decided to scrap certain arm projects, including the HS68I medium transport aircraft, the fifth Polaris submarine, and the P1154 Hunter replacement.[14] At the same time, the White Paper of February 1965 ruled out the abandonment of Britain's world role. While conceding that British forces were 'seriously over-stretched', it contended that it would be 'politically irresponsible' to abandon commitments east of Suez.[15]

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(Evening Standard, *5.3.1965)*

While senior ministers emphasised the importance of the east of Suez role, this attitude was not fully shared within Whitehall.[16] At Chequers, top officials had presented ministers with an agreed interdepartmental paper which, while rejecting 'a sudden and

[13] PRO, CAB 130/213, MISC 17/4th meeting, 22.11.1964.
[14] Pickering, *Withdrawal*, p. 141; Darby, *British Defence Policy,* p. 287.
[15] Cmnd. 2592, *Statement on Defence Estimates 1965* (London: HMSO, 1965), paras. 11–12.

wholesale withdrawal', suggested 'a controlled reduction of [Britain's] commitments'. Reductions in Europe were ruled out on the ground that Britain had 'a major interest in increasing British political influence in Europe'. This required the maintenance of British 'military influence within NATO'. Thus, the paper argued that 'if economic considerations force on [sic] the decision to reduce our overseas military expenditure and if there is a choice between the Far East and the Middle East we should seek to make the reduction in the Far East'. According to the paper, Britain's military presence in the Far East was not material to its economic interests. Rather, Britain's interests in the area were defined as politico-strategic: that is, a) defending, and upholding the links with Australia and New Zealand, b) containing communism and c) making a contribution to the Anglo-American alliance in protecting western interests around the globe. If commitments were to be reduced in the Far East, the report warned, it would need 'careful planning'. It would also have to be done 'in utmost secrecy' if 'damage to British interests is to be kept to a minimum'. The paper emphasised, however, that 'in taking decisions, time is thus ... the essence of this process; and time is not on our side'.[17]

Within Whitehall, the Treasury was inclined to question Britain's role east of Suez. The Foreign Office (FO), while in general favouring the maintenance of a military role, seemed sceptical about the value of retaining a strong British military presence in Southeast Asia, and in particular, the Far Eastern military hub of Singapore.[18] The Singapore base controlled the deployment of approximately 15 land forces units with substantial naval and air forces as well as another 6 major units outside the area in Hong

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[16] Pham, *Suez*, ch. 1. According to Subritzky, not all senior ministers supported the east of Suez role. See Subritzky, *Confronting Sukarno*, p. 146.

[17] PRO, CAB 148/40, 'British Interests and Commitments Overseas', 23.10.1964.

[18] Revisionist scholarship is divided on how to assess the FO attitude towards a British presence in that area. According to Dockrill, the FO favoured the maintenance of commitments east of Suez. See Dockrill, *Retreat*, pp. 53 and 57 and 'Britain's Power and Influence: Dealing with Three Roles and the Wilson Government's Defence Debate at Chequers in November 1964', *Diplomacy & Statecraft*, vol. 11, no. 1, 2000, passim. Pham, Subritzky and Jones have instead argued that the FO was moving to the opinion of a British gradual disengagement from the area. Pham, *Suez*, ch. 1; Subritzky, 'Britain, *Konfrontasi*', pp. 217–219; Matthew

Kong. It entailed a cost of £300 million which amounted roughly to 15 per cent of Britain's total defence budget.[19] In a planning paper, 'British policy towards Southeast Asia', FO planners emphasised that, while Britain retained substantial politico-strategic interests there, the region had now 'relatively little economic importance to Britain'. Moreover, Britain's colonial possessions in the region had, with the exception of Brunei, all been relinquished. Nevertheless, FO planners conceded that the Singapore base remained important to the protection of Britain's politico-strategic interests. In particular, as long as

Table 4.1 The British military presence in Malaysia and Singapore (1965)

Royal Navy	*Army*	*Royal Air Force*
2 Aircraft carriers	19 Infantry battalions (including 8 Gurkhas, 2 Royal Marine Commandos)	19 Flying squadrons, approximately 224 aircraft
1 Commando carrier		
1 Guided missile destroyer	10 other major units	
18 Escorts	Total strength approx. 50,000	
5 Submarines		
Minesweepers		

Source: NAA, A1209/80, 1965/6595 part 3, 'British Defence Review: Report by the Defence Committee on Matters for Discussion between British, Australian and New Zealand Ministers', January 1966.

a military presence allowed Britain to 'exercise a major influence on United States policies', Singapore was 'worth retaining for that reason alone'. Yet, it was argued, not only was its military value 'declining', but the base itself was becoming a 'liability'. This, of course, begged the question as to the means by which, other than the retention of the Singapore base, Britain's politico-strategic interests in the region could best be protected. For the FO planners the answer was to be found in a formal or even tacit understanding between the West and the Communist powers for the 'neutralisation' of Southeast Asia. In

Jones, *Conflict and Confrontation in South East Asia 1961–1965* (Cambridge: Cambridge University Press, 2002), pp. 282–283.

practice, neutralisation meant the establishment of a non-aligned area where neither the West nor the Communist camp would be the predominant force. This in turn entailed the removal of the Western military presence from the area. However, with Britain involved in *Konfrontasi*, neutralisation was necessarily a long-term objective. Conflict with Indonesia required a strong British military presence in Singapore and Malaysia. Despite this, FO planners observed that 'a delicate balance has to be struck between the dangers of staying too long and the opposite dangers of withdrawing too fast'.[20] As Subritzky has noted, the ideas expressed in the FO paper clearly betrayed unease over Britain's role in Southeast Asia.[21]

The FO paper was an important indication of the direction which official (though not yet ministerial) thinking was taking on Britain's future role in the region.[22] Nonetheless, during the first half of 1965 ministerial thinking began to shift. It was in fact becoming clear from the ongoing Defence Review that reductions in weapon systems were in themselves not sufficient to ensure the attainment of the £2,000 million budgetary ceiling. Some troop commitments would inevitably have to go.[23] Britain's economic and financial situation was far from reassuring.[24] Under pressure from the economic departments to bring defence spending under control, ministerial support for the east of Suez role began to weaken. In June 1965 Wilson and his senior ministers met at Chequers once again. They endorsed plans for a withdrawal from Southeast Asia and subsequent redeployment on a much reduced scale to bases in Northern Australia and/or in the Indian Ocean.[25] In the Far East Britain would only retain the Hong Kong garrison.[26] The Chequers

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[19] PRO, Foreign Office (henceforth FO) 371/177824, SC(64)46, PLA 18/9, 'British Policy Towards Southeast Asia', 31.12.1964.
[20] *Ibid.*
[21] Subritzky, 'Britain, *Konfrontasi*', p. 218
[22] Pham, *Suez*, ch. 1.
[23] For the progress of the Defence Review see *ibid.* See also Dockrill, *Retreat*, pp. 76–104.
[24] See Ponting, *Breach of Promise*, pp. 72–79; Kenneth O. Morgan, *Callaghan: A Life* (Oxford: Oxford University Press, 1997), p. 223.
[25] PRO, CAB 130/213, MISC 17/8, OPD(O), 'Defence Expenditure Review', 10.6.1965; PRO, FO 953/2255/PLA 12/46, PC(65)28, 'Indo-Pacific Strategy', 9.8.1965.

meeting, therefore, transformed significantly Britain's defence strategy in the Far Eastern theatre: from a strategy centred on Southeast Asian deployments, British ministers opted for a much leaner defence posture based on peripheral deployments. As Pham has observed, the east of Suez role was 'shrunken back to emphasise Britain's historic commitments to the "old" Commonwealth, Australia and New Zealand, and its political commitments to its major ally, the United States. A new direction for policy had been set. The question for the next few months would be to see if these plans could be made viable'.[27] In other words, the task for British policy-makers was to encourage through quiet diplomacy, the right circumstances in which disengagement could begin.[28] As Burke Trend, Wilson's Cabinet Secretary, told his prime minister:

> Even if we decide that, in the light of the Review, we will 'pull out of Germany' or 'give up Singapore' or 'abandon the East of Suez Role', we shall not be able to say so in public. All that we shall be able to do is to determine that, over the next few years to 1969–70, we will try to direct our external policy in such a way that we may be able to negotiate our way out of certain commitments. With luck, we may succeed; but we cannot be sure of this and it is quite certain that, if we announce in advance that we intend to take any of the steps which are conveniently (but very misleadingly) summarised in the catch phrases quoted above, we shall frustrate our whole purpose.[29]

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Britain's defence burden (Vicky, Evening Standard, *14.6.1965)*

[26] PRO, CAB 130/213, MISC 17/5th-7th meetings, 13.6.1965.
[27] Pham, *Suez*, ch. 1.
[28] Subritzky, *Confronting Sukarno*, p. 149.

For disengagement to be carried out successfully, Britain needed the co-operation of its ANZUS allies. Without Australia's consent to the establishment of British bases on its soil, or without the US assent to joint naval and air facilities in the Indian Ocean, it was evident that Britain's 'peripheral' strategy would fail. Yet, the importance of allied support went beyond mere technical and logistic matters. After all, Wilson's whole gambit consisted in seeking to reduce onerous Far Eastern commitments without jeopardising Britain's political links with the ANZUS countries. Was this a realistic objective? As far as Australia was concerned, it is noteworthy that at the end of 1964 FO planners seemed to believe that Australian agreement would become easier to secure, as Australia grew increasingly aware of the threat from the north.[30] In 1965, the Menzies government was indeed troubled by growing regional instability. The Vietnam War was deepening, *Konfrontasi* was far from abating, and there were signs that growing internal political instability was threatening the very existence of the Malaysian Federation.[31] Under these circumstances, would Australian consent be forthcoming as FO planners expected?

Nevertheless, the British were determined to pursue their plans with Australia and the other ANZUS partners. London calculated that, if negotiations were handled skilfully, Britain would retain some leverage *vis-à-vis* its allies. This view was based on the premise that, as these countries considered a continued British presence essential, they would probably acquiesce in British plans, provided London continued to play a military role in Southeast Asia. In order to achieve this objective, however, a certain amount of deception was essential. As Trend told Wilson, 'there should be no premature disclosure of the way in which our minds are working if only because once it is thought that we are on the run, we have lost our main negotiating card, and a process which ought to be a phased and controlled contraction of commitments will degenerate into a disorderly and ignominious

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[29] PRO, PREM 13/214, Trend to Wilson, 9.4.1965.
[30] PRO, FO 371/177824, SC(64)46, PLA 18/9, 'British Policy Towards Southeast Asia', 31.12.1964, para 24.

retreat'.[32] British plans, therefore, were to be presented in very careful language. Australia and the other allies would be told that, owing to economic and budgetary constraints, Britain was forced to cut defence expenditures. As already noted above, contrary to earlier assumptions that east of Suez commitments could be maintained, force reductions were now unavoidable if the £2,000 million ceiling was to be achieved. In this context, Australia, New Zealand and the United States were expected to help ease Britain's defence burden in the region. Moreover, allies should be told that local political pressure could soon force British troops out of Singapore. The implication was that if this occurred, and British forces did not have a fall back position in the region, it was evident that they would have to be pulled back to Europe. The hope was that Britain's allies would therefore be willing to co-operate in British contingency planning.

4.2 Australia's early stance on Britain's east of Suez policy

In the summer of 1965 the Wilson government cautiously introduced Australia and its ANZUS partners to some aspects of British thinking. Menzies' visit to London for a meeting of the Commonwealth Prime Ministers provided Wilson with the opportunity to tackle defence matters with the Australians. On 1 July, Wilson and his Defence Secretary, Denis Healey, advised Menzies of the need for a reduction in Britain's defence expenditure. Wilson told him that, in the current Defence Review, a major problem was the burden east of Suez.[33] Healey explained that the £2,000 million target would not be achieved unless commitments were shared or cut.[34] Furthermore, while professing that Britain still 'had a job to do East of Suez', Wilson expressed doubts about the viability of

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[31] For the growing political instability within Malaysia see Jones, *Conflict and Confrontation*, pp. 269–270 and 273–274.
[32] PRO, PREM 13/215, Trend to Wilson, 14.6.1965.
[33] NAA, A1209/80, 1965/6595 part 2, Menzies to McEwen, Paltridge and Hasluck, cablegram 5688, 3.7.1965.

the Singapore base in the long term.[35] Referring to the climate of political instability within Malaysia, Wilson maintained that 'we could not stay for long in bases if we were not welcome'. 'This', he pointed out, 'raised the question of how we retained a presence east of Suez if both Aden and Singapore became not viable'.[36] The urgency of defence economies and the uncertain life of present bases, he concluded, had led the British government to consider sharing commitments east of Suez on quadripartite basis, in partnership with Australia, New Zealand and the United States.[37]

Menzies' reaction was surprisingly positive. He told the British ministers that 'he quite understood that [Britain] did not wish to abandon South-East Asia and the defence of the free world'.[38] He agreed that 'it could be most unwise to depend for long' on the Singapore base although it should be maintained 'as long as could be managed'.[39] He also welcomed joint allied co-operation on military matters, including the collaborative use of defence facilities in Australia.[40] He 'thought there would be no difficulties about staging and bases' in Australia.[41] Menzies also 'saw value and promise in contingency planning'.[42] 'The sooner we got together on planning, the better', he argued.[43] The only cautionary note he introduced in the proceedings was that Australia was 'severely stretched in terms of manpower', despite the fact that the government 'had recently introduced compulsory military service and doubled the defence budget'.[44] Australia's increasing involvement in Southeast Asian crises was taking a toll. In February 1965 Canberra committed an infantry

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[34] PRO, PREM 13/889, Memcon, Wilson and Menzies (London), 1.7.1965.
[35] *Ibid.*
[36] *Ibid.*
[37] NAA, A1209/80, 1965/6595 part 2, Menzies to McEwen, Paltridge and Hasluck, cablegram 5688, 3.7.1965.
[38] PRO, PREM 13/889, Memcon, Wilson and Menzies (London), 1.7.1965.
[39] NAA, A1209/80, 1965/6595 part 2, Menzies to McEwen, Paltridge and Hasluck, cablegram 5688, 3.7.1965.
[40] *Ibid.*
[41] PRO, PREM 13/889, Memcon, Wilson and Menzies (London), 1.7.1965.
[42] NAA, A1209/80, 1965/6595 part 2, Menzies to McEwen, Paltridge and Hasluck, cablegram 5688, 3.7.1965.
[43] *Ibid.*

battalion and a squadron of SAS to combat Indonesian infiltrators in Borneo.[45] In April 1965, it decided to deploy a battalion to Vietnam. As a result, Australia 'was about to enter its largest military commitment apart from the two world wars'.[46]

Menzies misjudged British intentions. This was rather surprising given Australia's long-standing misgivings about the British resolve to remain east of Suez. Had he had full knowledge of the way British thinking was evolving, it is doubtful that Menzies would have been so forthcoming. He probably believed that, while under pressure to cut defence spending, Wilson remained committed to the east of Suez role. Menzies was not alone in believing this. In May his Minister for External Affairs, Paul Hasluck, had conveyed to Healey Australia's 'great satisfaction with the robustness of defence decisions and attitudes of his [the British] Government'.[47] Yet, despite Hasluck's protestations, the Australian government could not fail to see Wilson's resolve to make defence savings. As the Department of Defence (DOD) pointed out, 'the fundamental reason for the British defence review is the Government's determination to reduce the defence vote … [I]t seems that this objective will be achieved if something is cut out'. Therefore, 'a situation might arise', the DOD warned, 'where the U.K. Government might wonder to what extent they are under obligation to Australia to retain forces in the Indian Ocean area'. In stressing the serious importance of retaining a British presence in the area, the DOD indicated that 'there might be a need for some deliberate action on Australia's part to bring this about'.[48] Menzies' support for increased allied co-operation and contingency planning is best understood against this background. Yet, other considerations would have influenced

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[44] PRO, PREM 13/889, Memcon, Wilson and Menzies (London), 1.7.1965. Between 1962 and 1966, the defence vote doubled from approximately A£200 million to about A£400 million. See NAA, A1209/80, 1965/6595 attachment 2, Hewitt to McMahon, 4.1.1966.

[45] See Peter Dennis and Jeffrey Grey, *Emergency and Confrontation: Australian Military Operations in Malaya and Borneo 1950–1966* (Sydney: Allen & Unwin, 1996), ch. 13.

[46] Peter Edwards, *A Nation at War: Australian Politics, Society and Diplomacy during the Vietnam War 1965–1975* (Sydney: Allen & Unwin, 1996), p. 28.

[47] NAA, A1838/346, TS691/1 part 3, Hasluck to Acting Minster DEA, cablegram 3665, 7.5.1965.

[48] NAA, A1209/80, 1965/6124, Departement of Defence (henceforth DOD) note, 'United Kingdom Defence Review', June 1965.

Menzies' response. First, there was on Australia's part, as he had told Wilson in February 1965, 'the almost instinctive obligation, unwritten but there nonetheless, to do all in [our] power to help Britain'.[49] Second, Menzies probably regarded British proposals as an opportunity to fulfil Australia's long-held aim of getting London and Washington to co-ordinate their military efforts in the region. He was acutely aware that as Australia became increasingly involved on two Southeast Asian fronts (Borneo and Vietnam), more allied co-ordination was needed for an effective defence of Western interests in Asia.

The photograph originally located here has been removed from this version of the thesis for copyright reasons.

Paul Hasluck (left)

4.3 The separation of Singapore and the London quadripartite talks

The Australian attitude towards Wilson's proposals, however, was bound to change, as the British determination to remain in Southeast Asia appeared to falter. Unknown to the Australians, British plans for military disengagement received new impetus in the summer of 1965 with the separation of Singapore from the Malaysian Federation on 9 August.[50] The Federation's break-up, which came as a shock to British policy-makers, heightened

[49] Menzies quoted in David Goldsworthy, *Losing the Blanket: Australia and the End of Britain's Empire* (Melbourne: Melbourne University Press, 2002), p. 157.
[50] For the causes which led to the separation of Singapore from Malaysia see Nicholas Tarling (ed.), *The Cambridge History of Southeast Asia, Vol. 2* (Cambridge: Cambridge University Press, 1992), pp. 409–415.

their concern for the future of Malaysia and for Britain's ability to maintain bases there. In an emergency cabinet meeting on 15 August, ministers agreed that 'recent developments meant that it would not be possible for us to maintain our bases in Singapore for more than a strictly limited period'. They did not expect Britain to be able to retain the Singapore base 'beyond the next three or four years at most'. While, in the short term, a British presence 'might accord with local interests, both in Malaysia and Singapore', ministers felt that the likelihood of 'increasing friction' between the two countries would in the long term undermine 'the security and effectiveness of [British] bases'. The government, therefore, should seize the initiative and 'use the freedom of action which recent events had accorded to us'.[51]

Freedom of action did not mean that Britain could simply offload its responsibilities onto its allies in Southeast Asia. *Konfrontasi* had to be ended first. To secure this aim, British ministers were willing to consider a negotiated settlement with Indonesia. But to do this, and to implement its plans for disengagement, Britain needed the acquiescence of its ANZUS allies. The Cabinet therefore agreed to secret quadripartite talks to be held in London in early September. It also noted that the talks should be used to warn the allies that Britain's 'ability to contribute to the defence of Western interests in the Far East would be contingent on suitable facilities in Australia'. In particular, ministers held the view that Britain 'should press for the cost of construction of a base to be met from Australian funds'. After all, Australia not only 'spent a much smaller proportion of her gross national product on defence', but 'had a higher standard of living' than Britain. Hence, Australia should be encouraged to do more.[52] These points were further elaborated in an interdepartmental paper which was to serve as a brief for the quadripartite talks and which ministers endorsed on 31 August.[53] The paper recommended that the government

[51] PRO, CAB 130/239, MISC 76/1st meeting, 15.8.1965.
[52] *Ibid.*
[53] PRO, CAB 148/18, OPD(65)37th meeting, 31.8.1965.

should seek to convince Britain's allies that 'recent developments ha[d] significantly shortened the prospects of [Britain's] being able to stay in Singapore'. 'In the longer run Singapore [could] no longer be the key to a continuing British presence in South East Asia'. The paper also reaffirmed the need for an early end to *Konfrontasi* 'so long as the minimum terms acceptable to [Britain] … can be obtained'.[54] While rejecting the idea of a unilateral and complete withdrawal from the Far East – for this 'would have most serious repercussions, especially on [Britain's] relations with Australia, New Zealand and the United States, including the willingness of the last-mentioned to support [British] interests elsewhere' – the paper recommended a phased withdrawal from Singapore (and Malaysia) to bases in Australia. However, as the paper made clear, a continuing British contribution to Western defence arrangements in Southeast Asia could only be retained on condition that 'the economic and financial burden can be substantially reduced with the help of [Britain's] allies'.[55]

Australian policy-makers approached the talks with considerable anxiety. By now they had received hints that London was apparently considering a negotiated end to *Konfrontasi* and also regarded the tenure of the Singapore base as being on a strictly short-term basis. The Secretary of the DOD, Edwin Hicks, complained that 'the possibility of seeking a satisfactory conclusion to confrontation … is rapidly becoming close to an obsession because of the drain of resources and of its implications in the defence review'.[56] Yet, Australian policy-makers wondered whether, this 'obsession' concealed a more complex reality. In a similar vein, they also questioned whether the British were genuinely worried about the prospect of being forced out of Singapore or were studiously preparing the ground for a way out from Southeast Asia. The point, as another DEA official put it,

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[54] For these minimum terms see section 'Means of Terminating "Confrontation"' in PRO, CAB 130/239, MISC 75/6, Working Party on Singapore, 'Report to Ministers: Repercussions on British Policy in South East Asia of the Secession of Singapore from Malaya [sic]', 26.8.1965.
[55] *Ibid.*
[56] NAA, A1838/346, TS3006/10/4/1 part 1, Hicks to DEA, cablegram 7569, 1.9.1965.

was that Australia 'could hardly contest a conclusion that present ... developments have "shortened" the prospect of the British being able to stay in the Singapore base'. Yet, 'what is important', he added, 'is how determined the British themselves are to stay there and for how long a period. The determinant is not the separation of Singapore as much as the British will'.[57] Australian policy-makers were aware that 'economic and other considerations [were] exercising growing pressure towards a reduction in defence commitments'.[58] 'There would clearly be', the DEA forewarned, 'pressures for easier, quicker and cheaper ways out of confrontation, and for reduction of general commitments to the region'.[59] Despatches from London had emphasised some 'looseness' in British thinking and revealed that 'the idea of "taking to the boat" was not being entirely overlooked in current British Review'.[60] Hasluck noted that 'the British mean what they say when they speak about reviewing their policies'.[61] British hints, if confirmed, clearly foreshadowed a serious politico-strategic problem for Australia. A British departure from Southeast Asia could in fact destabilise Malaysia and Singapore further, and increase Indonesian influence in the region.[62] It could also 'have some impact on United States determination to retain a forward military capability presence in South East Asia'.[63] Finally, it could create a strategic vacuum in the area at a time when Australia was under pressure to step up its involvement in the Vietnam War.[64]

Given the ambiguous nature of British intentions, the Menzies government adopted a guarded approach in the lead-up to the quadripartite talks. On 26 August 1965, the

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[57] NAA, A1838/346, TS3006/10/4/1 part 1, Rogers to Border, 3.9.1965.
[58] NAA, A1838/346, TS3006/10/4/1 part 1, Attachment to Cabinet Decision 1173 (FAD): Note of Discussion, 26.8.1965. See also NAA, A1838/280, 3006/10/4/1 part 1, Hasluck to Pritchett, cablegram 929, 16.8.1965.
[59] NAA, A1838/280, 3006/10/4/1 part.2, 'Quadripartite Talks', undated.
[60] NAA, A1209/80, 1965/6595 part 1, Eastman to DEA, cablegram 7037, 14.8.1965. See also NAA, A1838/280, 3006/10/4/1 part 2, Eastman to DEA, cablegram 7230, 20.8.1965.
[61] NAA, A1838/280, 3006/10/4/1 part 1, Hasluck to Pritchett, cablegram 929, 16.8.1965.
[62] NAA, A1945/39, 248/10/17, DEA paper, 'Quadripartite Talks on Malaysia and Singapore', 26.8.1965.
[63] NAA, A1838/346, TS3006/10/4/1 part 1, DOD paper, 'British Position in the Far East', August 1965.

Cabinet's Foreign Affairs and Defence Committee (FAD), whose membership was restricted to the senior members of Cabinet, stressed the 'vital importance' to Australia of a continuing British involvement in Southeast Asia.[65] Yet, it felt that no detailed policy could be formulated until it had gained a better understanding of British intentions. For the time being, therefore, the Australian government should simply draw 'a list of the considerations which the British would find persuasive in examining the level of their future commitment of forces in the area, and the duration of that commitment'. The FAD instructed Australian representatives to the talks 'to avoid exercising any pressure or advocacy which might be so turned against [Australia] as to indicate further Australian contribution or commitment'. It also expressed scepticism, if not opposition, towards any proposal to move the British defence bases from Singapore and Malaysia to Australia. As the FAD argued,

> these bases at present provide an element of stability in Malaysia and Singapore, are a material factor in containing the confrontation policy of Indonesia, and maintain freedom of passage between the Pacific and the Indian Oceans. They also provide a base for SEATO forces. For most of these purposes, an Australian base would not be an alternative, and it is important … that the British retain the use of the bases as long as possible, even if they were to cease to be available for SEATO purposes.[66]

If British plans necessitated some degree of acquiescence on the part of the allies to succeed, preliminary discussions among Australian ministers indicated that Australian acceptance would hardly be forthcoming.

Australian concerns were justified when the talks opened on 3 September.[67] The British tabled a memorandum calling for a negotiated end to *Konfrontasi* and reiterated

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[64] For Australia's growing commitment to Vietnam see Peter Edwards, 'Singapore and Malaysia, 1965', in David Lowe (ed.), *Australia and the End of Empires: The Impact of Decolonisation in Australia's Near North, 1945–65* (Geelong: Deakin University Press, 1996), pp. 193–194.

[65] This committee was established in late 1963 with a decision of the Australian Cabinet. Its aim was to handle questions of national security. With the increased instability of the Southeast Asian region it soon gained an extremely important role within the Australian policy-making framework. See 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), p. 254.

[66] NAA, A1838/346, TS3006/10/4/1 part 1, Attachment to Cabinet Decision 1173 (FAD): Note of Discussion, 26.8.1965.

[67] For the record of the quadripartite discussions see PRO, FO 371/181529, IM 1193/161/G, QT(65) 2nd meeting, 7.9.1965; NAA, A1209/80, 1965/6595 part 1, Hicks and McIntyre to DEA, cablegram 7674,

that the separation of Singapore had had 'severe and serious implications as regards to the tenure of bases in Singapore and … Malaysia (Terendak camp and Butterworth airfield)'.[68] Even more disturbing from an Australian viewpoint was the assertion that

> in the twelve months before Singapore's separation from Malaysia the British Government had been considering the long term future of the military bases in Malaysia. It was then apparent that sooner or later the time would come when, for a variety of reasons, including the economic burden of expenditure, there would be increasing pressure on Britain and her Commonwealth Allies to withdraw militarily from Malaysia.[69]

The memorandum also argued that 'Britain should continue, although on a reduced scale, to make a military contribution to the defence of Australasia and South East Asia'.[70]

The Australian reaction was extremely critical. John Bunting, the PMD Secretary, described the British document as 'a paper with prefabricated decisions of a kind which we would want to contest'.[71] A DEA official regarded the memorandum as making 'the best select case for greatly reducing British defence commitments in South East Asia'. It had in fact 'the appearance of being a blueprint for disengagement rather than a basis for a common policy to maintain the Malaysian area against Indonesian aggression'.[72] Air Chief Marshal Frederick Sherger, Chairman of the Australian Chiefs of Staff Committee, was even more explicit. He told the British Defence Liaison Staff (BDLS) in Canberra that the memorandum was equivalent to a 'unilateral British decision to "defect" in the Far East' and was in contradiction to 'all Australia had been led to believe from official UK public and private statements in the past ten months'. He even went as far as drawing a parallel

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3.9.1965; NAA, A1209/80, 1965/6595 part 1, Hicks and McIntyre to DEA, cablegram 7756, 7.9.1965. For an exhaustive account of the quadripartite talks see Pham, *Suez*, ch. 2.

[68] The text of the British memorandum, 'The Repercussions in South East Asia of the Separation of Singapore', can be found in NAA, A1838/346, TS3006/10/4/1 part 1, Australian High Commission (henceforth) AHC London to DEA, cablegrams 7578 and 7579, 2.9.1965.

[69] NAA, A1838/346, TS3006/10/4/1 part 1, AHC London to DEA, cablegram 7578, 2.9.1965.

[70] *Ibid.*

[71] NAA, A1209/80, 6595 part 1, Bunting to Menzies, 3.9.1965.

[72] NAA, A1838/346, TS3006/10/4/1 part 1, Rogers to Border, 3.9.1965.

between Australia's participation in two world wars alongside Britain and the latter's 'apparent abandonment' of Australia.[73]

Canberra's official response was left to Menzies. On 3 September he wrote to Wilson that the 'proposals contained in the memorandum are *very far-reaching* and in some ways *rather surprising*'.[74] Menzies added that they 'exhibit a general attitude towards the probable development in that part of Asia which we would require to examine and, if necessary, to challenge'. In particular, he complained that the memorandum appeared to involve acceptance of the demands inherent in the Indonesian policy of *Konfrontasi* – namely, the break-up of Malaysia and the removal of British bases from the area. He reminded Wilson that 'we have all been committed both publicly and in action to resisting this policy'. Hence, he concluded, 'these are matters of high moment requiring Ministerial consideration on the basis of full knowledge'. On this ground, the Australian government should 'remain uncommitted in respect of the assumptions and aims of your paper'.[75]

'A stiff-ish message', commented Oliver Wright, Wilson's Private Secretary.[76] Stiff was also the reaction of Britain's other allies – the United States and New Zealand. Wellington let the British know that there was no alternative to 'soldiering on'.[77] Washington was even more forceful. It told London that the talks had not only been 'misconceived', but also 'premature and hazardous'.[78] Samuel Berger, US Deputy Assistant Secretary of State for East Asian Affairs and American representative at the talks, told the British that their memorandum had registered 'seismic grade 8 in

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[73] PRO, FO 371/181529, IM 1992/135/G, BDLS (Canberra) to Ministry of Defence (henceforth MOD), 7.9.1965.
[74] Author's emphasis. NAA, A6706/1, 6, Menzies to Wilson, 3.9.1965.
[75] *Ibid.*
[76] PRO, PREM 13/431, Wright to Wilson, undated.
[77] PRO, FO 371/181529, IM 1193/161/G, QT(65) 2nd meeting, 7.9.1965.
[78] Attachment to Memorandum from the President's Special Assistant for National Security Affairs (Bundy) to President Johnson, 9.9.1965, doc. 250, *FRUS, 1964–68, vol. 12, Western Europe* (Washington: Department of State, 2002).

Washington'.[79] More important, in the hours following the end of the talks, the Deputy Secretary of State, George Ball, arrived in London to discuss American-led multilateral support for sterling.[80] On 8–9 August President Johnson's emissary impressed upon Wilson that the American effort 'to relieve Sterling was inextricably related to the commitment of the United Kingdom to maintain its commitments around the world'.[81] Although 'it took two talks' to nail Wilson down, Ball managed to extract a secret understanding whereby the British government 'agree[d] to the association between [American] defense of the pound and [British] overseas commitments'.[82]

Given the strength of allied opposition, the British backtracked. On 6 September Wilson told the Cabinet that Britain would have to 'acquiesce' in not seeking an early conclusion to *Konfrontasi*. He also decided to hold off any plans for early disengagement from Singapore and Malaysia, despite reiterating the need for further quadripartite consultations and increased allied burden-sharing.[83] Accordingly, on 7 September, British officials informed their ANZUS allies that Britain would not initiate any negotiations to end *Konfrontasi* and that, as long as the latter continued, there would be no reduction of British forces in the Malaysian area.[84] In the following weeks, British policy-makers even sought to distance themselves from the views expressed in their memorandum. Paul Gore-Booth, the FO Permanent Under-Secretary, told the Australian High Commissioner,

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[79] PRO, FO 371/181529, IM 1193/155/G, Peck to Rumbold, 30.9.1965.

[80] In August 1965 US and British officials had begun negotiations on a multilateral package (valued between US$900 million and US$1 billion) designed to support sterling. The US contribution would amount to US$ 400 million. See Memorandum from Acting Secretary of the Treasury Barr to President Johnson, 10.9.1965, doc. 249, *FRUS, 1964–68, vol. 12*.

[81] Attachment to Memorandum from the President's Special Assistant for National Security Affairs (Bundy) to President Johnson, 9.9.1965, doc. 250, *ibid.*

[82] See Memorandum from the President's Special Assistant for National Security Affairs (Bundy) to President Johnson, 9.9.1965, doc. 250, *ibid.* For the Anglo-American understanding on sterling and east of Suez see Pham, *Suez*, ch. 2. See also Diane Kunz, '"Somewhat Mixed Up Together": Anglo-American Defence and Financial Policy during the 1960s', in Robert King and Robin Kilson, (eds), *The Statecraft of British Imperialism* (London: Frank Cass, 1999), pp. 214–218; Jones, *Conflict and Confrontation*, pp. 289–290.

[83] PRO, CAB 130/239, MISC 78/1st meeting, 6.9.1965.

[84] NAA, A4940/1, C4266, 'Summary of the main points emerging form the verbal report made by Sir Edwin Hicks and Sir Laurence McIntyre to the FAD Committee of Cabinet following the Quadripartite meetings held in London', 3 and 7.9.1965.

Alexander Downer, that far from being firm proposals, these views were designed as a basis for discussion with the allies.[85] Healey even told Downer that 'he had not seen the paper around which the Quadripartite Talks revolved but he knew something about it'.[86]

While 'effective in pulling the British up short on their "give away" proposals', the ANZUS countries were much less successful in changing British minds.[87] This was evident in a message sent by Wilson to Menzies in late September. Wilson reiterated Britain's commitment to 'play[ing] [its] part in defence arrangements in the Far East area', but he repeatedly returned to old ideas such as the uncertain future of the Singapore base. Wilson argued that 'time was not on our side' and that Britain 'had no intention of being forced out of Singapore in a humiliating manner'. He also informed Menzies that 'we have in the course of our current Defence Review taken into account that by 1970 we might be no longer be able to count on the use of the Singapore base once the Confrontation [has] been ended'.[88] The import of Wilson's words was not lost on Australian policy-makers. 'There is an unrepentant and unconvinced note in Wilson's message', commented Alan Renouf, a DEA First Assistant Secretary.[89] According to Bunting, the message betrayed 'a policy of getting out when the getting out is good'.[90] 'We have achieved anything other than a change in British tactics and presentation', argued A.T. Griffith, PMD Assistant Secretary.[91] His assessment was correct. As the British Defence Review progressed through the final months of 1965, policy-makers in Whitehall 'continued to develop their arguments and ideas for a partial withdrawal from Singapore to Australia'. Far from being

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[85] NAA, A4940/1, C4266, Downer to Menzies, cablegram 7866, 10.9.1965.
[86] NAA, A1209/80, 1965/6595 part 1, Downer to Menzies, 20.9.1965.
[87] NAA, A1838/346, 682/4 part 5A, Eastman to McIntyre, 22.9.1965.
[88] PRO, PREM 13/889, Commonwealth Relations Office (henceforth CRO) to British High Commission (henceforth BHC) Canberra, telegram 2521, 24.9.1965.
[89] NAA, A1838/346, TS3006/10/4/1 part 1, 'Malaysia/Singapore – Mr Wilson's message to the Prime Minister': Note by Renouf, 29.9.1965.
[90] NAA, A1945/39, 248/10/19, Bunting to Menzies, 19.10.1965.
[91] NAA, A1209/80, 1965/6595 part 1, 'British Presence in South-East Asia': Note by Griffith, 6.10.1965.

discarded, 'these plans remained the working assumption of the Defence Review' in its final stages.[92] The momentum for disengagement was too strong.[93]

4.4 Australian policy in the aftermath of the quadripartite talks

Despite the risk of British disengagement being momentarily averted, concerns in Canberra over Wilson's long-term plans remained acute. Basically, any British withdrawal from the region raised important questions not only concerning Australian policy in Southeast Asia, but also Canberra's aims and interests in Australia's defence partnership with London. In September and October 1965, therefore, the Menzies government initiated a thorough policy review to devise the most appropriate course of action to stiffen Britain's resolve to stay. It soon became apparent that Australia would face difficult choices. Australia's predicament was fittingly illustrated by Allan Eastman, the Senior External Affairs Representative in London. He warned Canberra that 'the next British move will be to say to us that they will soldier on if we insist but that, as the British financial predicament is unrelieved … the soldiering on in the East must be conditional not only on wider "co-operation" from us *but also* on a substantial contribution by us to the costs of the British effort'.[94] He concluded that 'we may be proud of the recent substantial increase in our defence programme but, to be blunt, the British remain quite unconvinced that we are pulling our proper weight'.[95] The message was clear: unless Australia pulled its weight, a British pull-out remained a distinct possibility. Consequently, McIntyre advised Hasluck that the government should seek to influence British policy-making before the completion

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[92] Pham, *Suez*, ch. 3. See also Dockrill, *Retreat*, pp. 129–131.
[93] Subritzky, *Confronting Sukarno*, p. 179.
[94] Emphasis in the original. NAA, A1838/346, 682/4 part 5A, Eastman to McIntyre, 22.9.1965.
[95] *Ibid.*

of the ongoing Defence Review. British thinking could by then have 'crystallized into decisions that are rigid, irreversible, and unpalatable to [Australia]'.[96]

In October, the Defence Committee, a group of top-ranking officials advising the Minister of Defence, examined Australia's policy options.[97] In its final report prepared for the FAD, it recommended an early examination of the form of assistance that Australia could tender to Britain.[98] By and large, members of the Defence Committee agreed that efforts to persuade Britain to stay would only be successful if they were backed by some form of tangible assistance.[99] Australia's attitude towards the British, as Hicks, the DOD Secretary and Chairman of the Defence Committee, advised Menzies, should be 'forthcoming'. According to Hicks, 'it should not be overlooked that having regard to their declining interests in the area what we are really asking is for them [the British] to assist us in the maintenance of our forward posture in the defence of Australia'.[100] In its report the Defence Committee indicated that 'Australian assistance could include the provision of additional Australian forces, or in some circumstances a contribution of finance towards the maintenance of the Singapore/Malaysian bases'.[101] It could also encompass Australian purchases of British civil aircraft (BAC 111 and AVRO 748).[102] In addition, the Committee stressed the importance of agreeing to contingency planning and to the examination of possible base facilities in Australia as this would 'help to convince the

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[96] NAA, A1838/346, TS3006/10/4/1 part 1, McIntyre to Hasluck, 11.10.1965.

[97] The Defence Committee comprised the permanent heads of the DOD, the DEA, the Treasury and the PMD. It also included the Chairman of the COS Committee and the three Chiefs of Staff (CNS, CGS and CAS).

[98] NAA, A1945/39, 248/10/20, FAD Submission 1095, 18.10.1965.

[99] The Treasury representative, Lennox Hewitt, however, was 'reserved on the question of [Australia] being too eager to come forward with specific offers of help to the British at an early stage; he wondered whether there might not be other ways of persuading the British to stay in Singapore/Malaysia'. Air Chief Marshal Scherger 'expressed strong doubts about the efficacy of our making preparations to enlarge base facilities in Australia'. NAA, A1838/346, 682/4 part 5A, McIntyre to Morris, 7.10.1965.

[100] NAA, A1945/39, 248/10/19, Hicks to Menzies, 19.10.1965. Hicks' view was widely accepted within the Defence Committee. See NAA, A1838/346, 682/4 part 5A, Note by L.R. McIntyre, 'Defence Committee, 14th October 1965: Consideration of Agendum 56/1965', 14.10.1965.

[101] NAA, A1945/39, 248/10/20, FAD Submission 1095, 18.10.1965. See also NAA, A1945/39, 248/10/19, Hicks to Menzies, 19.10.1965.

[102] The British, Hicks wrote to Menzies, had been 'unusually sensitive' in this field. See *ibid.*

United Kingdom that [Australia] understand[s] their problems'.[103] In this context, timing was crucial. Retaining their distrust of British intentions, members of the Committee believed that the British were clearly 'contemplating redeployment of forces at a substantially reduced level, on a co-operative basis with their allies, away from the Singapore base'. They argued that 'should an opportunity present itself, the United Kingdom would make an early withdrawal from Singapore/Malaysia to obviate any possibility of having to make a hasty withdrawal under adverse circumstances at a later date'. The prospect of a British withdrawal was the great concern. Not only would withdrawal have 'a detrimental effect on the political and military stability of the whole area', but it would also 'throw a grave burden on the other nations involved there' – Australia included. In addition, 'it would most certainly place Australia's forward defence policy … in jeopardy'. Lastly, it 'could indeed unsettle the United States at a time when that country is showing firm resolution in the defence of South East Asia. It could also encourage Indonesian expansionist policies and insurgency and subversion throughout the area'. Australia's policy, the Defence Committee concluded, should awaken Britain to 'the serious implications for the Western position in the area of a withdrawal and also of the Australia (and U.S.) view that a United Kingdom presence should be maintained in the area for as long as possible even though this bring with it the inherent risk of having to make a withdrawal under less favourable conditions'.[104] Therefore, it was essential that Britain maintain 'an adequate presence in Asia [even] at the cost of reducing her commitments in Europe'.[105]

The FAD examined the Defence Committee's report on 19 October 1965. While sharing the committee's view that 'it should be a primary objective of Australian policy

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[103] However, the Defence Committee also emphasised that 'the development of additional facilities in Australia which could be used by United Kingdom forces is not … a satisfactory alternative to the maintenance by the United Kingdom … of a physical presence in Singapore/Malaysia for as long as possible'. NAA, A1945/39, 248/10/20, FAD Submission 1095, 18.10.1965.
[104] *Ibid.*

that Britain continue to play a major part in the defence of South East Asia', ministers did not endorse its recommendations on matters such as assistance to Britain, contingency planning and bases in Australia.[106] On the latter issue, the FAD 'felt that this sort of offer should be reserved until [the government] reached the stage of Ministerial consultations and entered into negotiations' with the British.[107] Ministers appeared uncertain and divided as to what course of action Australia should take in its dealings with the British. According to Peter Howson, a junior minister in the Menzies administration, ministers were split along three different schools of thought.[108] Menzies, for instance, held the view that Britain 'needed help and encouragement to stay in Singapore as long as possible'. To this end, Australia 'should offer increased aid'. By contrast, Harold Holt, the Treasurer, and William McMahon, the Minister for Labour, thought that Britain 'was bluffing' in order to induce Australia, the United States and New Zealand to increase their burden-sharing in Southeast Asia. Thus, they urged the government to be 'tougher than ever with [Britain] and get [the] USA to help [Australia]'. Finally, according to John Gorton, Minister for Works, and Allen Fairhall, Minister for Supply, Britain was 'going to get out of Singapore in any event'. Australia, therefore, 'had better plan accordingly either to stay there with US help – or retreat to "Fortress Australia"'.[109] In the end, the only point the ministers could agree on was that Menzies should send a message to Wilson stating that he would 'welcome the assurance of a continued British military contribution' and 'sound out the practicality of early discussions at Ministerial level to include ... the Governments of the United States and New Zealand'.[110]

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[105] *Ibid.*
[106] NAA, A5821/1, vol. 4, Cabinet Decision 1330 (FAD), 19.10.1965.
[107] NAA, A1945/39, 248/10/20, Hicks to the Acting Minister, 23.11.1965.
[108] Peter Howson was Minister for Air.
[109] Peter Howson, *The Howson Diaries: The Life of Politics* (Ringwood: Viking Press, 1984), p. 181. Also Howson's conversation with the author. The concept of 'Fortress Australia' postulated that Australia's military efforts should centre on the defence of the Australian mainland rather than on forward deployments in Southeast Asia.
[110] NAA, A5821/1, vol. 4, Cabinet Decision 1330 (FAD), 19.10.1965.

Menzies' message was sent on 22 October. In it, while recognising Britain's 'serious financial and economic problems', Menzies stressed the importance of a continuing British presence in Southeast Asia. He refuted British concerns about the viability of the Singapore base and urged Wilson to 'look towards means of staying, even in adversity, so that they may be retained as long as possible'. He finally called for quadripartite consultations at ministerial level.[111] His intent was clear. Menzies wished to achieve a long-standing Australian aim – the co-ordination of allied strategy in the Far East. In so doing, he hoped to tie the British to a common strategic concept by which Britain and its ANZUS allies would earmark their forces for the region. Furthermore, he sought to ensure that strong pressure would be brought to bear on the British in order to dissuade them from leaving.

Menzies' suggestion that the British should remain in Singapore 'even in adversity' was not well received in London. Healey complained that 'it was one thing for our allies to think that we should not get out of Singapore merely to save money; it is another for them to imply that we ought to stay there … regardless of the practical and political difficulties which will mount up against us if current trends continue'.[112] He urged Wilson 'to take [Menzies] up on this and force him to think it through'. Arthur Bottomley, the Commonwealth Secretary, however, advised a more cautious approach. He warned Wilson to 'avoid coming to a premature confrontation with [Menzies] on this central issue'.[113] In the end, Wilson accepted Bottomley's line. In his reply to Menzies, Wilson asked the Australian leader to 'elaborate [his] views further to our High Commissioner'. Wilson claimed not to be 'sure what kind of circumstances [Menzies] envisaged when [he] express[ed] the view that [Britain] should look towards means of staying in Singapore

[111] PRO, PREM 13/889, Menzies to Wilson, 22.10.1965.
[112] PRO, PREM 13/889, Healey to Wilson, 1.11.1965.
[113] PRO, PREM 13/889, Bottomley to Wilson, 9.11.1965.

"even in adversity"'.[114] The Australians remained steadfast. When Menzies met the British High Commissioner on 24 November, he paraphrased Churchill and said that Britain should 'plan for victory and not for defeat'. Hasluck added that the British should 'stay on until the last possible moment "and then some"'.[115]

4.5 The Healey visit to Australia, February 1966

Australian and American pressure appeared to have been effective when the Wilson government finally concluded its year-long Defence Review in January 1966. With only a few weeks left before the outcome of the review was to be made public, British policy-makers still had not tackled the difficult question of how to gain allied support for their policy for Southeast Asia. They had instead continued to work on plans for a post-Confrontation withdrawal from the area. 'In its studies and costings of Britain's projected force structure', the Ministry of Defence (MOD) even still assumed that 'its Southeast Asian forces would be based in Northern Australia, with the capital cost paid by the Australian Government'.[116] This was despite the evidence that, given ANZUS opposition to a withdrawal from Singapore to Australia, the British would never obtain allied support unless they were prepared to cede some ground. Hence, on 23 January, ministers on the Defence and Overseas Policy Committee (OPD) changed tack and opted for a different approach. They decided that British forces would remain in Singapore for as long as the local government wished them to stay, hoping thereby to reassure the allies that Britain was not leaving Singapore. In reality, however, British policy was unchanged as there were no plans to hold on to Singapore indefinitely. Ministers were in fact relying on their

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[114] PRO, PREM 13/889, CRO to BHC Canberra, telegram 2978, 19.11.1965.
[115] PRO, PREM 13/889, BHC Canberra to CRO, telegram 1428, 24.11.1965. See also NAA, A1209/80, 1965/6595 part 2, Notes on Discussion with Sir Charles Johnston, 24.11.1965.
[116] Pham, *Suez*, ch. 3.

conviction that withdrawal would soon be forced upon Britain.[117] This being the case, there was no point in confronting the allies over the issue of an early disengagement. In the meantime, it should be pointed out to the allies that should British forces be forced out of Singapore, they would have to return to the United Kingdom unless alternative facilities were made available in Australia.[118] This British ploy threw the ball back into the allies' court. As a British eviction from Singapore could not be ruled out entirely, the allies would be under pressure to accede to London's requests for greater burden-sharing and contingency planning. The only option available to them was to contemplate the risk of an early withdrawal. Yet, the British ploy had its shortcomings. Were events to prove the British wrong, Britain would end up committed in Singapore longer than expected. However, with this new game plan in hand, Wilson despatched his emissaries to Washington and Canberra. Healey flew to Australia in early February 1966.

London recognised that these negotiations with its allies would not be easy. As Healey himself told the OPD, the indications were that 'discussions with the Australians would be difficult'. He summarised the Australian attitude as 'a desire to keep any fighting in the Far East as far as possible from Australia, and a suspicion that [Britain] wanted Australia to finance a change in our defence posture which was not in her interest'. Consequently, Britain's aim in the forthcoming Canberra talks 'should be to commit the Australians as far as we could towards joint defence arrangements … and to urge our case upon Mr. Holt before he became further committed to other views on defence'.[119]

The Healey visit was preceded by an important change of leadership in Australia. In late January 1966 Menzies retired from politics after sixteen years in office. He was

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[117] The British, for instance, had serious concerns that in the Singapore general election scheduled for 1968 the *Barisan Socialis* might gain office. In that case, given their opposition to the British bases, they were likely to put an end to Britain's military presence in Singapore. London, however, was also worried that permanent tensions between Malaysia and Singapore could lead to a situation in which it would be problematical to keep the Singapore base operational.
[118] PRO, CAB 148/25, OPD(65)8th meeting, 23.1.1966.
[119] *Ibid.*

replaced on 26 January by his Treasurer, Harold Holt, who, unlike his predecessor, was much less of an anglophile. Holt was an experienced politician who had entered Parliament in 1935 and had held various ministerial posts since 1949.[120] In terms of foreign and defence policy, however, he was relatively inexperienced and certainly untested. The Healey visit, therefore, could not have taken place in more demanding circumstances for the new Australian Prime Minister.

The photograph originally located here has been removed
from this version of the thesis for copyright reasons.

Harold Holt

In view of the forthcoming talks with the Healey, the Australian government had considered the problems arising from the ongoing British Defence Review from early January. Noting that London 'seem[ed] to have accepted in principle the fact of withdrawing, with only the question of timing remaining', the Australian government became increasingly suspicious.[121] Unsurprisingly, its position hardened. In mid-January Menzies challenged Britain's 'need for an alternative posture in the Far East'. There were, he told Wilson, 'overwhelming strategic considerations why British defence bases in the Far East … should be held where they [were]'. 'A new development of bases and facilities

[120] In 1939 Holt was appointed Minister for Supply and Development in the first Menzies ministry. In 1940 he became Minister for Labour and National Service. In the post-war period, Holt held the posts of Minister for Immigration (1949–56), Minister for Labour and National Service (1949–58) and Treasurer (1958–66).
[121] NAA, A1209/80, 1965/6595 part 2, DOD paper, 'British Defence Review', 4.1.1966.

in Australia', Menzies continued, 'would be no adequate substitute for the present British defence structure in the region'.[122] Canberra's worries were not assuaged when, a few days before the arrival of Healey, the Wilson government gave the Australians an outline of the proposals the Defence Secretary intended to put before them.[123] 'We must resist the "leave Singapore" complex', Bunting urged his new prime minister.[124] His Assistant Secretary, Allan Griffith, also suggested that the British proposals still indicated a desire to 'avoid being in a situation of primary commitment in South East Asia'. He noted that for Britain, 'the best way of doing this [was] to remove the bases from inside the area'.[125] However, Australia's forward defence strategy required 'a continuing effective defence commitment by Britain within South East Asia against the erosion by subversion and military pressure of the Western position in the area'.[126] Canberra, therefore, could not 'assist Britain to establish a new strategy for defence of the area which abandon[ed] or [made] impracticable in the course of time, legitimate allied effort for the forward defence in the region'.[127]

In seeking to explain the reasons for Wilson's apparent willingness to disengage, Australian policy-makers were of course alert to Britain's financial and economic problems. They were also aware of party pressure within Labour to end the country's military commitments east of Suez. Nor could they ignore the fact that the Southeast Asian political landscape remained potentially unstable and the tenure of the Singapore base uncertain. Nor had they forgotten the question of a new British application to the EEC. As Griffith noted:

> Britain will more certainly look to the movement towards Europe as a source of long term opportunity. Although the subject is differently treated in public pronouncements

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[122] NAA, A1209/80, 1965/6595 part 4, Menzies to Wilson, 19.1.1966.
[123] This outline was contained in two papers which the Australian government received on 26 January. See NAA, A1209/80, 1965/6595 part 4, 'United Kingdom Defence Review: Aide Memoire by Her Majesty's Government', January 1966; 'United Kingdom Memorandum: Four Power Defence Arrangements in the Indo-Pacific Area', January 1966.
[124] NAA, A1209/80, 1965/6595 part 3, Bunting to Holt, 31.1.1966.
[125] NAA, A1209/80, 1965/6595 part 3, 'British Defence Review. Notes on Defence Committee Report', Notes by A.T. Griffith, 26.1.1966.
[126] *Ibid.*
[127] *Ibid.*

> as between the Conservative and Labour Parties, the tendency to look to Europe is bound to be very strong in British government policy councils. As part of this trend, Britain will give priority to European commitments over Far Eastern commitments. The pressure to do this are now very strong in England [sic].[128]

Here Australian officials were acting wisely for, as will be seen in Chapter 6, the Wilson government appeared by early 1966 to be slowly warming to the idea of a renewed bid to join the EEC. Griffith had earlier suggested that Australia should 'consider the thesis that Mr. Wilson [was] just as keen on getting a position with Europe as the Conservatives, but [was] using more concealed methods'. In essence he was arguing that, in planning for disengagement from the Far East, Wilson was attempting to raise his credentials as a good European to appease President de Gaulle. His advice therefore was clear: 'We have to achieve a real confrontation in the defence sector with British Eurocentric thinking'.[129] The Defence Committee later reached the same conclusion recognising that it was not 'merely a question of diminution of British forces in the area'. It was 'a whole shift of approach'.[130]

On 26 January Australian senior ministers endorsed the Defence Committee's view that 'the centre of possible general war ha[d] now moved from Europe to Asia and the emergence of China [would] probably present the main political and military problem for the world in the next few decades'.[131] It was on this premise that policy-makers in Canberra developed their strategy in the lead-up to the Healey visit. In their opinion, therefore, it was in Southeast Asia where Britain's military presence was most needed. Any British attempt to move forces out of the area and into Australia should be resisted. If British forces were to play a useful strategic role in SEATO and Commonwealth forward strategy, they had to continue to be deployed on the mainland of Asia. Nevertheless, the FAD recognised that the government could not avoid co-operating in contingency planning against the possibility of a forced British withdrawal from the Singapore and Malaysian

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[128] *Ibid.*
[129] NAA, A1209/80, 1965/6595 part 3, Griffith to Bunting, 19.1.1966.
[130] NAA, A1209/80, 1965/6595 part 3, Defence Committee Agendum 2/1966, 'British Defence Review: Matters for Discussion between British, Australian and New Zealand Ministers', 20.1.1966.

bases.[132] The dilemma for the Australians lay in the fact that by accepting contingency planning, Australia would facilitate a British pull-out of Malaysia and Singapore. To avoid this, Cabinet agreed that 'any detailed contingencies studies should arise out of quadripartite discussions'.[133] In other words, it was the Australian view that contingency planning should only be 'a subsequent step to quadripartite talks and the definition of strategic objectives'.[134] The Australian aim was evident. It sought to encourage the British to clarify their strategic thinking, challenge it if necessary, and urge them to subscribe to a common strategic concept for the region. The quadripartite initiative would prove a useful tool in achieving this, as it would put Britain under strong allied pressure. Once Britain and its allies had adhered to a common strategic concept, then the issue of possible British bases in Australia could be properly assessed. Then, and only then, Australia would be willing 'to involve herself further in commitments towards the security of the region'.[135]

Healey arrived in Canberra at the end of January 1966. On 1 and 2 February he had two days of intensive talks with the Australian Cabinet.[136] By his own admission, 'the talks were hard going at times'.[137] He led off by illustrating the provisional conclusions of the Defence Review. True to his plan, Healey said that London 'entirely shared' the Australian (and American) desire to see British forces deployed 'as far north as possible' although 'there was a difference in our assessment of the possibility of being able to do so'. He went on to say that Britain 'did not at present propose to make any reduction in South-East Asia so long as confrontation continued'.[138] Healey's presentation was a combination of reassurance and admonishment. While seeking to reassure Australian ministers of Britain's

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[131] *Ibid.*; NAA, A5839, vol. 1, Cabinet Decision 3 (FAD), 26.1.1966.
[132] *Ibid.*
[133] NAA, A5839, vol. 1, Cabinet Decision 108 (FAD), 31.1.1966.
[134] NAA, A1209/80, 1965/6595 part 3, Defence Committee Agendum 2/1966, 'British Defence Review: Matters for Discussion between British, Australian and New Zealand Ministers', 20.1.1966.
[135] NAA, A5839, vol. 1, Cabinet Decision 108 (FAD), 31.1.1966.
[136] Present to the talks was also a small New Zealand delegation led by the Minister of Defence, Dean Eyre.
[137] PRO, PREM 13/889, Healey to Wilson, 3.2.1966. See also Subritzky, *Confronting Sukarno*, pp. 182–183.

resolve to remain east of Suez, he also warned them of the 'considerable amount of political opposition in both parties in England [sic], to our retaining forces in the Far East'. Therefore, it was important for his government 'to be able to show that [Britain]'s contribution was vital to an effective and collective force'.[139] He made it clear that it was his country's intention to seek 'better co-operation' with its allies. He called for greater burden-sharing as well as for increased co-operation in defence planning in the Far East. As for the first point, Healey told the Australian Cabinet that 'Australia at present had the chance of committing two very powerful Allies to the defence of Australia for many years to come'. 'To induce them to do this', Healey continued, 'might necessitate Australia raising its expenditure on defence to a level which would in other circumstances have been reached after several years'. As for co-operation in defence planning, the Defence Secretary sought Australian consent to explore the possibility of alternative facilities on Australian soil in the event of a hasty departure from Singapore or Malaysia. He reiterated the British view that if no alternative facilities were found, 'then our forces would have to return to the United Kingdom and it would thereafter be extremely difficult for them ever to return'.[140]

The Australian response was guarded. McEwen 'questioned whether the basic British/Australian relationship was such that the possibility of ultimate disengagement … was conceivable'. 'Surely', McEwen argued, 'the historic relationship between our countries was such that it was unthinkable that Britain would relinquish all further responsibility towards Australia'.[141] The Australian government, Holt warned, 'would deprecate a British departure from the mainland of Asia'. This would in fact 'lead to the very real danger of an American withdrawal' and would also encourage 'further troubles in

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[138] PRO, PREM 13/889, Memcon, Defence in the Far East (Canberra), 1–2.2.1966. In the Australian record Healey is reported as saying 'as far north as possible, for as long as possible'. See NAA, A1209/80, 1965/6595 part 3, Memcon, Defence Consultations (Canberra), 1–2.2.1966.
[139] PRO, PREM 13/889, Memcon, Defence in the Far East (Canberra), 1–2.2.1966.
[140] *Ibid.*

Asia'. Holt 'could not believe that, whatever successor Governments came to power [in Singapore and Malaysia], they would wish to eject the British since their own existence and economic well-being was largely dependent on the British bases'. In relation to burden-sharing, his government 'wanted recognition that Australia was doing [its] fair share and was willing to continue to do so'. Holt pointed out that 'the Australian defence budget was increasing' and that there was 'little prospect of the expansion coming to an end'. Treasurer, William McMahon, claimed that 'it was very difficult to envisage from what area Australia could re-direct its economic resources to defence'. As for the question of alternative facilities, Holt candidly confessed that 'if Australia seemed too forthcoming … this might be interpreted as giving the United Kingdom too much incentive to leave Singapore'. 'Australia', he hastened to point out, 'was willing to make a practical contribution', but 'did not want to move in this matter except in concert with the United States'. Holt also made it clear that, in relation to the defence of Southeast Asia, 'decision-making would be a matter for quadripartite discussions'. In this context, the Australians asked Healey 'whether there would be some talks on basic strategic concepts in Asia'. As Hasluck put it, 'having made its defence review the United Kingdom needed to rethink its contribution in Asia and its first result was the need for a co-operative effort, but this postulated broad agreement on the facts of the situation and on the aims'.[142]

In the end, Australian ministers gave some ground on the issue of alternative facilities. They accepted that 'military representatives … should meet together, without commitment, to examine what might be involved, physically and in terms of costs and timing, in any proposal to base British forces in Australia'.[143] In return, Healey accepted further talks whose 'primary objective … would be to secure agreement on the strategic

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[141] *Ibid.*
[142] *Ibid.*
[143] NAA, A1209/80, 1965/6595 part 3, 'Agreed Minute' attached to Memcon, Defence Consultations (Canberra), 1–2.2.1966.

concept and aims for allied co-operation'.[144] The British thought they had made good progress in easing Australian suspicions.[145] The Australians also appeared satisfied. 'We were pleased that the British would continue to maintain substantial forces in the Far East', James Plimssoll, the DEA Secretary, told the US Embassy in Canberra.[146] 'One job [in the Canberra talks]', Bunting observed, 'was to get the UK to give assurance of firm adherence to the mainland bases. This was being achieved'.[147] 'We were', Holt wrote to Wilson in late February, 'delighted that your Government has decided firmly to maintain a global role' and 'we strongly commend your decision to remain in Singapore as long as acceptable conditions persist'.[148] That the Australians felt, at least temporarily, less apprehensive about British intentions after these talks became evident in early March when the Holt government increased Australia's commitment to Vietnam.[149] Interestingly, however, temporary Australian optimism was not shared by New Zealand. Prime Minister Holyoake 'seemed to think that the British were bluffing with the view to getting Australia and New Zealand to foot more of the bill'.[150]

In the months following the Canberra talks, Australian policy sought to ensure that the British would not backtrack on their stated aims. To this end, throughout 1966, the Holt government made every effort to bring about quadripartite negotiations and to secure agreement on a common strategic concept as well as on the aims of allied co-operation in the area. Australia's task was not without difficulty. Canberra was aware that, while accepting the idea of four power talks, the American administration was 'loath to enter into

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[144] *Ibid.*
[145] See PRO, PREM 13/889, Healey to Wilson, 3.2.1966 and BHC Canberra to CRO, telegram 150, 2.2.1966.
[146] NAA, A1209/80, 1965/6595 part 6, DEA to Australian Embassy Washington, cablegram 295, 8.2.1966.
[147] NAA, A1209/80, 1965/6595 part 6, Bunting's minuted comments to Defence Committee Agendum 7/1966, 'Further Action arising from Defence Discussions between British, Australian and New Zealand Ministers', 17.2.1966.
[148] NAA, A1209/80, 1965/6595 part 6, Holt to Wilson, 25.2.1966. See also a previous message to Wilson, PRO, PREM 13/890, Holt to Wilson, 8.2.1966.
[149] NAA, A5839, vol. 1, Cabinet Decision 60, 2.3.1966. Cabinet agreed to replace the existing battalion group of 1,400 men with a task force of two infantry battalions, a SAS squadron, and combat and logistic support units. A flight of eight Iroquois helicopters was also earmarked for Vietnam. In total, the Australian contribution rose to approximately 4,500 men. See Edwards, *Nation at War*, pp. 93–96

four power planning and command arrangements of the sort envisaged by the British'.[151] Given its growing involvement in Vietnam, Washington wanted to avoid shouldering Britain's defence burden in Asia. Moreover, the Wilson government was in no haste to commit itself to quadripartite consultations, indeed British officials 'were still finding it difficult to frame a position for the quadripartite talks that would be effective with their allies'.[152] This was not surprising as British thinking had until then focused on disengaging rather than on working out co-operative arrangements with a view to maintaining its position in Southeast Asia. In these circumstances, officials in Whitehall recommended that the quadripartite talks concentrate on short-term tactics and concrete measures, such as the question of alternative facilities in Australia.[153]

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Collette masterfully captures Australia's opposition to British plans for disengagement from Southeast Asia
(Australian, *28.1.1966)*

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[150] NAA, A1209/80, 1965/6595 part 6, McNicol to DEA, cablegram 93, 10.2.1966.
[151] NAA, A1209/80, 1965/6595 part 6, Waller to DEA, cablegram 534, 14.2.1966. Four power planning and command arrangements as envisaged by the British are outlined in NAA, A1209/80, 1965/6595 part 4, 'United Kingdom Memorandum: Four Power Defence Arrangements in the Indo-Pacific Area', January 1966, paras 4–6.
[152] See Pham, *Suez*, ch. 4.
[153] *Ibid.*

It was indeed on these issues that British ministers concentrated when Hasluck arrived in London in April 1966. In discussing quadripartite arrangements, they informed the Australian minister that, at this stage, London was only seeking 'four-power discussions' and not 'four-power planning or command'.[154] As could be expected, the British also raised the issue of alternative facilities. Healey told Hasluck that 'in seeking facilities in Australia, Britain was committed to a new stake in the Far East, despite considerable opposition to this policy both among the people of Britain and in all political parties'. For Australia, Healey warned, this was 'an opportunity which might not recur and might not last long'. Australians should be aware, Healey continued, that the British government 'was also making this commitment when other factors were leading Britain towards closer associations with Western Europe'. He intimated that if Australia 'did not take this opportunity to tie with [sic] Britain down there could be second thoughts and, especially in view of financial considerations, [Australia] might lose [its] opportunity to keep Britain in Asia'.[155] Hasluck, of course, denied that his government 'was opposed to providing facilities' but stressed 'the importance of maintaining forces further north'.[156]

Healey's words were a warning to Australia. If it continued to be rigid in its approach towards Britain's defence problems, Canberra could end up facilitating, rather than averting, a British pull-out. In this respect, Healey's reference to 'closer associations with Europe' was a skilful attempt to exploit Britain's renewed interest in EEC membership to urge Canberra to soften its stance. On 21 April, in fact, Wilson informed the Commons of his government's readiness to seek EEC entry provided its essential interests were safeguarded. Yet, Healey's words also underlined the existence of domestic pressures on his government to reduce world commitments and join the EEC. As Wilson

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[154] NAA, A1209/80, 1965/6595 part 6, Hasluck to Waller, cablegram 3755, 21.4.1966.
[155] NAA, A1838/280, 3006/10/4/1 part 3, Hasluck to Holt, cablegram 3664, 20.4.1966.
[156] *Ibid.*

pointed out to President Johnson in July, 'some people in his own party and most of the press thought [the] UK should cut its world role and go in'.[157]

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This is how Australian cartoonist 'Eyre JR' renders Australian and American attempts to urge the British to remain east of Suez (Sydney Morning Herald, *5.6.1966)*

Chapters 6 and 7 will explore in greater detail the links between the Wilson government's so-called approach to Europe and the east of Suez question. They will also show how Wilson's renewed interest in the EEC reinforced Australian concerns that the quest for membership would have a harmful impact on Britain's resolve to remain in the Southeast Asian region. Canberra was worried that Britain's reorientation towards Europe could ultimately lead to what Hasluck in London referred to as a retreat 'to isolation in Europe'.[158] Here it suffices to say that, throughout 1966, the Holt government remained concerned about Britain's closer engagement with the EEC and its possible strategic fallout. As Chapter 6 will show, despite its scepticism about Britain's chances of overcoming French opposition to British entry, Canberra could not entirely dismiss the

[157] Circular Telegram from the Department of State to Posts in NATO Capitals, doc. 266, 30.6.1966, *FRUS, 1964–68, vol. 12*. For Australian views on the problem see NAA, A1945/37, 287/3/22, Hartnell to Hicks, DRL 60/1966, 25.2.1966.
[158] NAA, A1945/37, 287/3/22, Hasluck to DEA, savingram 9, 21.4.1966.

possibility of a successful bid. Yet, to a certain extent, the outcome of an eventual British application was beside the point. The Holt government was in fact worried that, in an all-out attempt to enter the EEC, Britain might adopt policies detrimental to the maintenance of an effective defence role east of Suez. Canberra would come to see EEC entry as entailing a heavy short-term burden on Britain's balance of payments and feared that as a result, pressure would mount even further on London to reduce defence commitments east of Suez. Moreover, Australian policy-makers felt that, since the risk of cold war confrontation had receded in Europe, defence reductions could and should be made in that theatre rather than in the Far East. However, as they were soon to discover, reductions of the British Army on the Rhine (BAOR) in Germany were not politically feasible, as the British government needed German support for its EEC application. Furthermore, fears existed – and not only in Australia – that, as a condition for entry, the French could demand the abandonment of Britain's east of Suez role. Australians had not forgotten that one of the reasons adduced by de Gaulle to veto the British application in 1963 was that Britain's policies were not Eurocentric enough.[159] Although these fears proved unfounded, they were nonetheless very real in Canberra.

As Chapter 6 will show, in recognising the link between the EEC and the east of Suez questions Australian ministers even contemplated the adoption of a 'soft' approach to Britain in the event of a renewed bid for entry. The possibility of trade concessions was also mooted, but in mid-1966 the Wilson government was not yet ready to apply. Sensing, however, that British thinking was shifting towards Europe, the Holt government agreed to impress upon the British the fact that their presence in Southeast Asia was not 'a liability but an asset'.[160] In a visit to London in July, Holt told Wilson that Britain should not look

[159] See Miriam Camps, *Britain and the European Community, 1955–63* (London: Oxford University Press, 1964), pp. 474–475.
[160] PRO, PREM 13/729, BHC Canberra to CRO, telegram 886, 22.6.1966.

'inwards but towards the East'.[161] Australia did not want Britain to turn its back on 'the exciting possibilities that were arising throughout Asia in the realm of economic development, trade and international co-operation generally'.[162] After all, Canberra was not asking London to retain 'massive troop formations in the Far East'.[163] Wilson, for his part, played down Holt's enthusiasm for Asia. He argued that, since Britain and Australia were 'in different parts of the world', it was natural that they had 'different ways of looking at things'. Nonetheless, he reassured Holt that Britain was not 'thinking on a basis of "scuttle" but intended to remain east of Suez' despite the fact that it might not be able to stay indefinitely.[164]

Holt claimed to be satisfied with these reassurances,[165] yet he told Wilson that 'current British Government attitudes' did not make him 'particularly cheerful'.[166] That he was not entirely happy with the state of play became obvious during his next stop, Washington. In a speech at the White House, Holt expressed disappointment that the British seemed 'so oblivious to the existence of that area of the world [i.e. Asia], almost as if they had quite deliberately turned their back upon a large part of life, history, and experience in these modern times'.[167] Although Holt was referring to the attitudes of both press and public opinion in Britain,[168] Wilson interpreted his remarks as criticism of British policies. He immediately let Holt know that he was 'personally hurt', and instructed the British High Commissioner to approach the Australian leader as soon as he returned to

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[161] PRO, CAB 133/329, AMV (66)3rd meeting, 11.7.1966.
[162] NAA, A1838/1, 792/1 part 4, Holt to McEwen, cablegram 6856, 11.7.1966. See also PRO, CAB 133/329, AMV (66)3rd meeting, 11.7.1966.
[163] *Ibid.*
[164] *Ibid.*
[165] NAA, A1838/346, 682/4 part 10, Holt to McEwen, cablegram 6855, 11.7.1966.
[166] NAA, A1838/1, 792/1 part 4, Holt to McEwen, cablegram 6856, 11.7.1966.
[167] PRO, PREM 13/729, British Embassy Washington to FO, telegram 2089, 15.7.1966.
[168] NAA, A1209/38, 1966/7285 part 2, Holt to Downer, cablegram 4335, 18.7.1966; PRO, PREM 13/729, BHC Canberra to CRO, telegram 1077, 17.7.1966.

Australia.[169] On his return, Holt justified himself by saying that he had had no intention of criticising the Wilson government.[170]

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Wilson, de Gaulle and German Chancellor Erhard are chastised by a pro-American Holt for not showing enough interest in Asian affairs (Collette, Australian, *8.7.1966)*

The Holt visit to London exposed the wide gap between Australian and British aims and interests. As seen earlier, Britain had repeatedly reassured its ANZUS allies that it was willing to remain in Southeast Asia. Yet, British reassurances had never seemed particularly convincing. This was not surprising as they were a necessary element of a rather deceitful strategy to push through controversial policy plans. While not yet willing to forsake the east of Suez role – since doing so would have amounted to abandoning Britain's world role and imperil its global partnership with the United States – the Wilson government had nevertheless come to the conclusion that Britain had to pull out gradually from the Far East. Australian policy, on the other hand, was clearly aimed at preventing

[169] NAA, A1209/38, 1966/7285 part 2, Downer to Holt, cablegram 7008, 15.7.1966; PRO, PREM 13/729, CRO to BHC Canberra, telegram 2025, 15.7.1966. See also a draft message from Wilson for Holt, which, in the end, was never sent. PRO, PREM 13/729, Draft Message to Mr. Holt, 15.7.1966.

that pull-out. A British presence was seen in Canberra not only as vital to the maintenance of Australia's forward defence strategy, but also as a stabilising factor in a turbulent region. This presence had become even more urgent since Australia had deepened its involvement in Vietnam alongside the United States. While involved in Indochina, Australia's security could ill-afford instability in the region adjacent to this major area of conflict. However, despite registering some success in tackling 'the Singapore complex', Australia's policy had failed to secure a firmer commitment from the Wilson government. The four-power initiative and quadripartite planning, on which the Holt government had set great store in trying to elicit a common strategic concept for the Far East from the British, had clearly foundered. The British were still in Malaysia and Singapore. The question was for how long. With the Holt government running out of options, its task of keeping the British engaged in Southeast Asia appeared increasingly difficult – and ultimately forlorn – as the following chapter will show.

[170] PRO, PREM 13/729, BHC Canberra to CRO, telegram 1076, 17.7.1966 and BHC Canberra to CRO, telegram 1088, 18.7.1966.

5

Australia faces the blow: Australian reactions to the British withdrawal from Southeast Asia, 1966–68

'Tell Holt ... he must trust us more. ... We will always look after you. You don't need undertakings from us signed on the dotted line. We won't let you down'.[1]

George Brown, 3 May 1967

Throughout 1965–66 strong diplomatic pressure from the ANZUS countries had only been partially successful in forestalling British attempts to disengage from the mainland of Southeast Asia. As time wore on, the Australian objective of persuading the British to remain in Malaysia and Singapore became increasingly difficult, and ultimately impossible, to attain. In the spring of 1967, as this chapter shows, the Wilson government carried out a reversal of policy. In April it informed its allies of its intention to withdraw all British forces from Southeast Asia by the mid-1970s. In July, this decision was made public in a supplementary Defence White Paper. In January 1968 the date for the final withdrawal was brought forward to the end of 1971. Inevitably, these decisions were to put Anglo-Australian relations under further strain as it became clear that Australian interests and aims in Southeast Asia were at total variance with those of Britain. The concomitant decision to seek EEC entry in May 1967 further reinforced the Australian feeling that, as Holt put it to Healey in June 1967, 'the world East of Suez could go to hell'.[2] After two years of repeated pledges to remain in Southeast Asia, the British decision to withdraw deeply disappointed the Australian government. Yet, the Australian response was tempered

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[1] Brown quoted in NAA, A1209/80, 1966/7335 part 3, Downer to Holt, cablegram 5326, 3.5.1967.
[2] PRO, PREM 13/1323, Memcon, Healey, Holt and Fairhall (London), 14.6.1967.

by the fact that, during the rundown phase, Canberra needed London's co-operation in order to facilitate its task of maintaining an Australian military presence in Malaysia and Singapore. This chapter also shows how Australian policy-makers re-assessed Australia's defence policy in the aftermath of the British decision to pull out of Southeast Asia.

5.1 Australia turns to America

On 30 June, two weeks before Holt visited London, the foreign ministers of Australia, Britain, the United States and New Zealand met in Canberra for what the Australian government hoped would be the first round of quadripartite talks on Far Eastern strategy.[3] As seen earlier, Australia had set great store on the quadripartite initiative as a means of achieving a common strategic approach to Far Eastern defence and, in so doing, of committing Britain more firmly to regional security. The goal of the talks, as Hasluck put it, was to ensure that the four powers would all be 'going in the same direction and be of the same mind'.[4] Hasluck's aims were to be frustrated. British Foreign Secretary Michael Stewart remained elusive on the real nature of British strategic objectives in the area.[5] He reiterated his government's willingness to remain in Singapore and Malaysia for as long as possible. He also pledged that Britain would keep significant forces in Southeast Asia once *Konfrontasi* ended. Yet, as he was quick to emphasise, the forces that would be redeployed from Eastern Malaysia at the end of *Konfrontasi* 'were not a complete bonus' – implying that they were unlikely to used elsewhere outside the Malaysian area (i.e. Indochina), and that some of them would be brought home.[6] Stewart also told his allies that 'an invitation

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[3] The Canberra meeting was followed by further quadripartite discussions in London in October 1966. These talks at officials' level ended inconclusively and were the last attempt to hold quadripartite talks. See file NAA, A1945/37, 82/1/37.
[4] NAA, A4940/1, C4266, 'The Quadripartite Talks', summary note (DEA), 30.6.1966.
[5] *Ibid.*; PRO, DO 169/470, Memcon, Quadripartite Ministerial Discussions (Canberra), 30.6.1966; Memcon, Quadripartite Discussions (Canberra), 30.6.1966, doc. 17, *FRUS, 1964–68, vol. 27, Mainland Southeast Asia; Regional Affairs* (Washington: Department of State, 2000).
[6] PRO, DO 169/470, Memcon, Quadripartite Ministerial Discussions (Canberra), 30.6.1966.

to depart would of course be an ideal solution if it could be done securely'.[7] Hasluck objected to this and he made it clear that 'it would be undesirable simply to remain acquiescent until asked to go'. It was, Hasluck added, 'for the British, Australian and New Zealand Governments to make it their business to stay as long as possible and to try to create conditions in which they would be able to do so'.[8]

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Hasluck welcomes Stewart upon his arrival in Canberra in June 1966

Sensing the widespread scepticism with which British long-term intentions would be received in Australia, Stewart had sought guidance from London on 26 June with a view to giving a robust reassurance to Australia.[9] Ministers on the OPD agreed to Stewart making a positive statement.[10] They argued that the prospect of Britain having to come to the rescue of Australia or New Zealand in the face of an external attack was 'unlikely'.[11] An assurance of this kind, therefore, 'could well facilitate our policy of major withdrawals of forces from the theatre'.[12] Intended as a rather innocuous means of dispelling Australian

[7] NAA, A4940/1, C4266, 'The Quadripartite Talks', summary note (DEA), 30.6.1966.
[8] PRO, DO 169/470, Memcon, Quadripartite Ministerial Discussions (Canberra), 30.6.1966.
[9] PRO, DO 169/470, MacLehose to Palliser, telegram 915, 26.6.1966.
[10] PRO, CAB 148/25, OPD(66)30th meeting, 29.6.1966; PRO, DO 169/470, Palliser to MacLehose, telegram 1889, 29.6.1966.
[11] PRO, CAB 148/25, OPD(66)30th meeting, 29.6.1966.
[12] *Ibid.*

concerns, nevertheless such a statement could backfire. The paradox was that while offering a seemingly stronger reassurance, the British were leaving the door open for further force reductions, which would undermine Australia's defence policy. This clearly exposed Britain to the charge of untrustworthiness, if not outright dishonesty. However, on 30 June – a few hours after the end of the quadripartite talks – Stewart declared in an address to the Australian Institute of International Affairs that

> there may even be people in Australia who have so misread the implications of the Defence Review, the ending of confrontation, and the possibility of our leaving Singapore, that they believed that if it came to the crunch we would let Australia down. But just as Australia and New Zealand came to the help of Great Britain in two world wars it is unthinkable that if Australia and New Zealand were the victims of aggression Great Britain would not simply come to their assistance. This is not a matter of treaties or legal obligations. It is unthinkable that the British Government or people would act otherwise.[13]

'This', Goldsworthy points out, 'was intended to be a statement of some significance'. Yet, 'it failed to mollify Holt and his colleagues. The guarantee they wanted was not a British expeditionary force, but a British regional presence'.[14] On 1 July Hasluck told US Secretary of State Dean Rusk and Holyoake that 'Mr Stewart seemed under the impression that assurances that Britain would come to Australia's help made Australians happy'. If that were the case, Hasluck continued, 'Mr Stewart was a little behind the times in telling an Australian public audience that Australia need not fear because Britain would always be with her'. In fact, 'if Australia were threatened', Hasluck contended, 'the scale of the British support which would be available would not make it a major factor in Australia's thinking. ANZUS and our confidence in it were the keystone of our continental security'.[15]

ANZUS had indeed assumed a central role in Australia's defence thinking. As noted in Chapter 3, by the end of the 1950s, Australia's primary strategic alliance was with the United States. Relations between Canberra and Washington had strengthened since the

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[13] PRO, DO 169/470, Foreign Secretary's Speech to the Australian Institute of International Affairs (Canberra), 30.6.1966.
[14] David Goldsworthy, *Losing the Blanket: Australia and the End of Britain's Empire* (Melbourne: Melbourne University Press, 2002), p. 166.
[15] NAA, A4940/1, C4266, 'The ANZUS Council Meeting', summary note (DEA), 1.7.1966.

early 1960s. In this context, concerns over Britain's willingness to remain in Southeast Asia had certainly 'accelerated the process of closer Australian-US relations'.[16] Yet, the implications of the Vietnam War were even greater in this respect. The commitment of Australian troops to Vietnam by the Menzies and Holt governments between 1965 and 1966 was in fact undertaken with the view to inducing Washington to maintain a military presence in Southeast Asia.[17] As the FAD put it in January 1966, 'the vital thing for Australia was to have the United States remain in the area and everything else must be measured against this'.[18] Securing an American military commitment to the mainland of Southeast Asia had been a long-standing goal of Australian post-war diplomacy and cold war strategy. This was an important objective *per se* – quite independently of British actions and intentions in the area. Yet, it was undeniable that, to a certain extent, Australian involvement in Vietnam was also related to the growing uncertainty surrounding British plans. In this context, it is not surprising that throughout 1966 Canberra had aligned itself more closely with Washington. The two visits made by Holt to Washington in June and July, and that of President Johnson to Australia in the autumn of 1966, further deepened American-Australian relations. In aligning Australia more closely with the United States, Holt played no small part. His was the statement, 'all the way with LBJ', which, in Australian political life, soon became a byword for close and unwavering alignment with Washington. Holt's close relationship with President Johnson was to become the defining feature of his short premiership. As Holt told the British High Commissioner, while 'he felt personally far closer to Harold Wilson', 'Johnson probably [meant] more to me and my country'.[19] In reporting on the US President's visit to

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[16] Gregory Pemberton, *All the Way: Australia's Road to Vietnam* (Sydney: Allen & Unwin, 1987), p. 331.
[17] For Australia's involvement in Vietnam see *ibid.*, chs. 10 and 11; 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), ch. 18; Peter Edwards, *A Nation at War: Australian Politics, Society and Diplomacy during the Vietnam War 1965–75* (Sydney: Allen & Unwin, 1996), chs. 3 and 4.
[18] NAA, A5839, vol. 1, Cabinet Decision 33 (FAD), 30.5.1966.
[19] PRO, DO 169/471, Johnston to Pritchard, 8.11.1966.

Australia, Johnston wrote indicatively that 'in the middle of this Viet-Nam-oriented Australian-American love-feast, the representative of the British Government was decidedly the skeleton at the barbecue'.[20]

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Changing priorities in Canberra: this is how Collette sees Australia's growing alignment with the US
(Australian, *18.7.1966)*

5.2 *Towards a major policy reversal in London: Britain announces its withdrawal from Southeast Asia*

While veering towards Washington, the Holt government continued to pressure London to remain in Southeast Asia. However, unforeseen economic developments in Britain were soon to add a new momentum to the east of Suez question and, in due course, would lead to a British withdrawal. In early July 1966 the position of sterling became increasingly untenable following a further deterioration of the British economy.[21] As speculative pressure mounted, the pound plunged. On 12 July it reached its lowest level since

[20] The context for this remark was provided by Johnston's attendance at a 'Texan-style barbecue' given by the American Ambassador in Canberra for President Johnson. PRO, DO 169/471, Johnston to Bottomley, 26.8.1966.

November 1964.[22] Resolved to avoid devaluation at all costs, Wilson undertook draconian remedies. On 20 July he announced a set of economic measures that the *Economist* described as 'perhaps the biggest deflationary package that any advanced industrial nation had imposed on itself since Keynesian economics began'.[23] Public expenditure was to be reduced by £500 million. The government's 'axe [fell] heavily on defence'.[24] Wilson's package included cuts in overseas military and civil expenditure of at least £100 million in the year 1967–68.[25] To this end, Wilson instructed Healey to seek 'the largest possible reduction of British forces' in Southeast Asia.[26] With *Konfrontasi* drawing to a close, London could finally plan for the redeployment of British troops from that theatre. When the Indonesian-Malaysian conflict ended in August 1966, Healey was able to declare that about 10,000 troops would be withdrawn from Borneo.[27] In October he announced that most of the remainder would be home by April 1967.[28]

Although it did not immediately bring about any major change of policy, the sterling crisis was a 'significant turning point'.[29] This shock would in time spark a critical reassessment of Britain's overseas commitments.[30] In the short term, however, the currency crisis led the economic departments in Whitehall, and the Treasury in particular, to become 'much more vigorous' in their demands for lower defence expenditure. The Treasury was alarmed at the government's inability to curb public spending seeing this as

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[21] For the July sterling crisis see Ben Pimlott, *Harold Wilson* (London: Harper Collins, 1992), pp. 408–426; Kenneth Morgan, *Callaghan: A Life* (Oxford: Oxford University Press, 1997), pp. 240–241

[22] *Ibid.*, p. 241.

[23] 'Into the Wasteland', *Economist*, 23.7.1966, p. 330.

[24] 'The Defence Bill', *Economist*, 23.7.1966, p. 332.

[25] Britain, *PD* HC, 1966–67, vol. 732, cols. 631–632. See also 'The Defence Bill', *Economist*, 23.7.1966, p. 332.

[26] Wilson quoted in Saki Dockrill, *Britain's Retreat from East of Suez: The Choice Between Europe and the World?* (London: Palgrave Macmillan, 2002), p. 164.

[27] Britain, *PD*, HC, 1966–67, vol. 733, col. 437. Darby, *British Defence Policy*, p. 314; William Jackson, *Britain's Defence Dilemma: An Inside View* (London: Batsfortd, 1990), pp. 110–111.

[28] Britain, *PD*, HC, 1966–67, vol. 734, col. 208. See also Kin Wah Chin, *The Defence of Malaysia and Singapore: The Transformation of a Security System 1957–1971* (Cambridge: Cambridge University Press, 1983), p. 134.

[29] Phuong Pham, *The End to 'Suez': The British Decision to Withdraw from Malaysia and Singapore, 1964 to 1968* (DPhil Thesis, University of Oxford, 2001), ch. 4.

undermining attempts to bring the balance of payments under control.[31] In August, therefore, the Chancellor of the Exchequer, James Callaghan, began to press for additional defence cuts: the defence budget would have to be reduced to a new ceiling of £1850 million by 1970–71, from the earlier threshold of £2000 million by 1969/70. As this threshold had not yet been reached, the attainment of the new budget target meant cuts of £200–300 million by 1970–71.[32] Under pressure from the Treasury, senior ministers agreed in autumn 1966 to initiate a new Defence Review.[33] On 9 December, the OPD discussed a joint memorandum by the Defence and Foreign Secretaries recommending that further studies be carried out on the premise of a 50 per cent force reduction in the Far East and a one-third cut-back in BAOR strength in Europe.[34] Both Healey and Brown were in fact seeking the additional defence cuts demanded by the Treasury without having to relinquish any Far Eastern commitment. Healey told the OPD that the government should 'exclude a total withdrawal' since 'such a withdrawal was not … politically practicable in the period in question'.[35] The Defence Secretary was well aware of allied hostility towards any proposal of this kind. The Brown-Healey memorandum, however, was received with scepticism. Callaghan and Richard Crossman, the Lord President of the Council, questioned how Britain could maintain a meaningful military posture east of Suez on such reduced force levels. They also wondered how the government could really achieve savings of £200–300 million without reducing Far Eastern commitments radically. In the end, while endorsing the Brown-Healey proposal, the OPD also consented to 'a full study of the political and military implications of a total withdrawal from the Far East'.[36] Given

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[30] Jeffrey Pickering, *Britain's Withdrawal From Suez: The Politics of Retrenchment* (Basingstoke: Macmillan, 1998), p. 152.
[31] Pham, *Suez,* ch. 4.
[32] Dockrill, *Retreat*, p. 172.
[33] Pham, *Suez*, ch. 4; Dockrill, *Retreat*, pp. 173–174.
[34] The Brown-Healey proposal also included force reductions in the Persian Gulf and cuts in supporting forces and facilities in Britain. PRO, CAB 148/25, OPD(66)48th meeting, 9.12.1966.
[35] *Ibid.*
[36] *Ibid.*

the controversial nature of these studies, OPD ministers agreed to keep the progress of the new Defence Review secret.[37] Britain's allies were to be kept in the dark.

From January 1967 the Defence Review Working Party (DRWP) sought to find the necessary savings as indicated in the OPD terms of reference.[38] It soon realised that the Far East was the only theatre where significant economies were attainable. In Europe, the Middle East and the Mediterranean the scope for savings was limited. In Europe, in particular, a reduction by one-third of BAOR was ruled out as this would destabilise NATO and jeopardise German support for Britain's 'approach to Europe'.[39] Furthermore, the DRWP estimated that once the strength of British forces in the Far East was cut by half, savings would add up to no more than £100–125 million.[40] Unless ministers were ready to contemplate a complete withdrawal from the Far East, savings would fall far short of the £200–300 million target set by the Treasury. Even then, the DRWP argued, savings were expected to increase only by £20 million in 1970–71 although they would be more substantial subsequently.[41]

While officials in the DRWP were secretly working on the review, pressure was mounting also within the Labour Party for a radical overhaul of British policy east of Suez. In October 1966 the Labour Party Conference had endorsed a resolution calling for a complete withdrawal from the region by 1969–70. In February 1967 a new Defence White Paper met with considerable opposition from within the ranks of the Parliamentary Labour Party. Pending the completion of the secret Defence Review, the new document was 'essentially a progress report' on reductions implemented in 1966.[42] On 28 February, disgruntled that the White Paper contained no defence cuts, 62 Labour backbenchers revolted against their government's defence policy and abstained from the vote. In the end,

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[37] *Ibid.* See Dockrill, *Retreat*, p. 175.
[38] The DRWP was a sub-committee of the Defence and Overseas Policy Committee (Official).
[39] Dockrill, *Retreat*, pp. 179–180.
[40] PRO, CAB 148/31, OPD(67)22, 20.3.1967.
[41] PRO, CAB, 148/55, OPDO(DR)9th meeting, 24.2.1967.

the White Paper was approved in the Commons by a slim majority of 39 votes. Yet, this incident 'was the largest demonstration of dissent since the government had taken office in 1964'.[43]

Under pressure from within their own party and confronted with the fact that the Defence Review was not finding the necessary savings, ministers began to accept the inevitability of a withdrawal from east of Suez.[44] On 22 March, ministers on the OPD examined the DRWP's interim report on the Defence Review. In illustrating its main conclusions, Healey made it clear that, if further savings of the order of £200–300 million were to be achieved, the government should contemplate a drastic contraction of commitments in the Far East. This would not only entail a 50 per cent force reduction by 1970–71 as originally planned. It would also involve, as Healey explained, 'withdrawing our forces wholly from Singapore and Malaysia by 1975–76 and maintaining only a minimum military presence (consisting of naval and air forces) in the Far East based on Australia'. The OPD was in agreement. In summing up the discussion, Wilson, however, introduced two caveats. First, his government would leave the door open to an 'earlier withdrawal if political events made this feasible'. Second, while seeking to retain a minimum military presence in Australia, the government would not be bound to it. In other words, the retention of a military presence in Australia would not preclude 'the possibility of the Government deciding in June or July, after the initial series of consultations with our allies, that we should withdraw wholly from this area, while still honouring our obligation to assist Australia and New Zealand in the event of their being attacked'.[45]

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[42] Healey quoted in PRO, CAB 128/42, CC(67)6th meeting, 3.2.1967.
[43] Harold Wilson, *The Labour Government, 1964–70: A Personal Record* (Harmondsworth: Penguin, 1974), p. 483; Darby, *British Defence Policy*, p. 316.
[44] For the role of the various ministers in the formulation of Britain's defence policy in early 1967 see Dockrill, *Retreat*, pp. 178–185; Pham, *Suez*, ch. 5; Matthew Jones, 'A Decision Delayed: Britain's Withdrawal from South East Asia Reconsidered, 1961–68', *English Historical Review*, vol. 117, no. 472, pp. 585–587.
[45] PRO, CAB 148/30, OPD(67)14th meeting, 22.3.1967.

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This is how 'Eyre JR' sees the Wilson government's uncertainty over Britain's role east of Suez
(Sydney Morning Herald, *24.4.1967)*

The OPD conclusions were brought to the Cabinet for approval.[46] On 11 April, Commonwealth Secretary Herbert Bowden warned Cabinet against such a sudden reversal of policy. He argued that this would have a grave effect on Britain's allies. A withdrawal from Southeast Asia would not go down well with them, 'particularly if this were to coincide with an application on our part to join the European Economic Community'. He advocated a more cautious course of action. This would involve a reduction of British forces 'to about half their present level' by 1970, while leaving open a decision on the date of an eventual withdrawal.[47] However, with several ministers remonstrating that 'the cuts [agreed at OPD level] were not radical enough', Bowden's pleas fell on deaf ears.[48] Cabinet agreed to begin consultations with the allies on the basis of the OPD conclusions.[49] To this end, Foreign Secretary Brown would go to Washington for a SEATO meeting where he would break the news to the ANZUS countries. Healey would fly to Kuala Lumpur and Singapore for consultations with the local governments. Once consultations

[46] PRO, CAB 129/128, C(67)40, 31.3.1967.
[47] PRO, CAB 128/42, CC(67)19th meeting, 11.4.1967. See also PRO, CAB 129/128, C(67)41, 31.3.1967.
[48] Richard Crossman, *The Diaries of A Cabinet Minister, Vol. 2, Lord President of the Council and Leader of the House of Commons 1966–68* (London: Hamish Hamilton and Jonathan Cape, 1976), p. 308.

were accomplished, it was agreed that the Cabinet would take a final decision in June or July.[50]

Despite leaving the door open to the retention of a minimum military presence in Australia, the government's decisions of March–April 1967 spelt the end of Britain's role east of Suez. In the less than three years since taking office, the Wilson government had accomplished a significant reversal of policy.[51] Cabinet's decision to withdraw was influenced by various factors. As traditional scholarship has often emphasised, the 1966 sterling crisis and the end of *Konfrontasi* provided the political and economic context for further defence cuts in the Far East.[52] But, as more recent scholarship has shown, the defence cuts demanded by the Treasury soon proved unattainable without a more radical course of action. A 50 per cent force reduction in the Far East would not only fail to produce the necessary savings, but would also impair the effectiveness of British forces in that theatre drastically. In these circumstances, and under party pressure, Labour ministers opted for a radical contraction of Southeast Asian commitments.[53] However, as Chapters 6 and 7 will show, Wilson's 'approach to Europe' also influenced the decision to withdraw.

5.3 Australian policy towards the British plans to withdraw, April–July 1967

Predictably, Canberra's reaction to British plans was one of 'shock' and 'consternation'.[54] Australian distress was compounded by the fact that, as recently as February 1967,

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[49] PRO, CAB 128/42, CC(67)19th meeting, 11.4.1967.
[50] *Ibid.*
[51] Pham, *Suez*, ch. 5; Dockrill, *Retreat*, p. 185. Pickering has wrongly argued that far from amounting to a policy reversal, the March-April decisions (later enshrined, for the most part, in the July 1967 Supplementary White Paper on Defence) were not a radical departure in east of Suez policy, but an attempt to achieve 'more modest and sustainable, overseas military positions'. See Jeffrey Pickering, 'Politics and "Black Tuesday": Shifting Power in the Cabinet and the Decision to Withdraw from East of Suez, November 1967–January 1968', *Twenty Century British History*, vol. 13, no. 2, 2002, p. 150.
[52] Darby, *British Defence Policy*, p. 313; David Reynolds, *Britannia Overruled: British Policy and World Power in the 20th Century* (Harlow: Longman, 1991), pp. 229–230.
[53] Pham, *Suez*, chs. 4 and 5; Dockrill, *Retreat*, pp. 178–190.
[54] PRO, FCO 24/51, BHC Canberra to Commonwealth Office (henceforth CO), telegram 635, 21.4.1967. See also NAA, A1838/346, TS691/1/1 part 1, Lawler to McEwen, cablegram 3199, 21.4.1967.

Bowden had reaffirmed Britain's intention to maintain a military presence in Malaysia and Singapore.[55] In Washington, Hasluck conveyed Australia's deep disappointment to the British Foreign Secretary. He gave Brown a long list of reasons why Britain was mistaken in contemplating total withdrawal.[56] He argued that withdrawal would not only have a negative impact on Anglo-Australian relations, it would also harm Britain's special ties with Washington, weaken its standing in the world, damage its trade with Asia, and undermine regional security.[57] According to Brown, Hasluck was 'reluctant' to accept any of his counter-arguments.[58] He found the Australian minister 'harder than any of the others' (i.e. Rusk and Holyoake), and considered his reaction 'not good'.[59] He counselled the Australian government not to 'react too hastily or too violently'. 'If Australia reacted with a strong and uncompromising attitude', Brown warned, those elements in Cabinet calling for a complete withdrawal 'would triumph'.[60] Brown had gained the distinct impression that Hasluck was seeking 'to organise them [the other allies] against us'.[61] His fears appeared justified. On his return to London, he reported to the Cabinet that 'opposition to our plans in the area generally had stiffened following consultations between our three allies, particularly because of the attitude of the Australians'.[62]

From Canberra it was reported that Holt looked 'badly shaken' and 'profoundly upset'.[63] He wrote to Wilson on 21 April that he was 'gravely troubled' by what Hasluck had told him. Holt believed that Britain was on the verge of 'making an error which history would condemn'. He urged Wilson 'to consider the course [to which] … you appear to be

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[55] PRO, FCO 24/5, Memcon, Bowden and Australian Cabinet (Canberra), 22.2.1967.
[56] PRO, PREM 13/1455, Memcon, Brown and Hasluck (Washington), 19.4.1967. See also PRO, FCO 24/51, British Embassy Washington to FO, telegram 1277, 19.4.1967.
[57] NAA, A1838/80, 1966/7335 part 2, Hasluck to Holt and Fairhall, cablegram 1585, 21.4.1966. See also PRO, PREM 13/1455, Memcon, Brown and Hasluck (Washington), 19.4.1967.
[58] PRO, FCO 24/51, British Embassy Washington to FO, telegram 1277, 19.4.1967.
[59] *Ibid.* See also British Embassy Washington to FO, telegram 1269, 19.4.1967. It is possible that Hasluck's attitude turned out to be harsher than he intended. On 19 April he wrote to Holt that 'our best line may be to find ways to influence or persuade rather than to scold [the British]'. See NAA, A1838/346, TS691/1/1 part 1, Hasluck to Holt, cablegram 1562, 19.4.1967.
[60] NAA, A1838/80, 1966/7335 part 2, Hasluck to Holt and Fairhall, cablegram 1585, 21.4.1966.
[61] PRO, FCO 24/51, British Embassy Washington to FO, telegram 1269, 19.4.1967.

committing yourself' and to make sure that 'whatever reduction you make in your military forces east of Suez, it should be neither intended by you, nor publicly presented, as a final withdrawal'.[64] Holt's message was personally delivered by Downer to Wilson's private secretary, Michael Palliser. Palliser found the Australian High Commissioner 'in a distinctly emotional condition'. Downer was critical of the British attitude since it seemed 'to represent an abandonment of the numerous and firm undertakings given in the past to the Australian government'. He warned that the decision to withdraw 'would produce a very strong reaction throughout Australia, particularly in view of its timing'. In fact, according to Downer,

> if it were publicly declared at a time when Australia and New Zealand were becoming ever more deeply involved in the Vietnam war and Britain for [its] part was apparently seeking not only to abandon [its] Far Eastern commitments but also to join the Common Market … it would be catastrophic for Anglo-Australian relations and would make inevitable the break up of the Commonwealth itself.[65]

Indeed, the British decision to withdraw, coupled with the application to the EEC, dealt a severe blow to Anglo-Australian relations. Both the EEC application and the east of Suez question were perceived in Canberra as a determined effort on the part of the Wilson government to reorient British policies towards Europe. Chapter 6 will dwell on this point in more detail. Here it suffices to say that policy-makers in Canberra held the view that the British application had paved the way for the decision to pull out of the Far East. In their eyes, while not prompting it, the EEC application certainly reinforced the decision of the British Cabinet to withdraw and was providing a rationale for sticking to it. From London, Senior External Affairs Representative Tom Critchley commented that the EEC bid 'gives additional ammunition to those pressing for withdrawal'.[66]

In May 1967 the Holt government set out to devise a strategy aimed at reversing some aspects of the British decision to withdraw. To this end, Canberra was careful to

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[62] PRO, CAB 128/42, CC(67)23rd meeting, 27.4.1967.
[63] PRO, PREM 13/1384, Johnston to CO, telegram 636, 21.4.1967.
[64] PRO, PREM 13/1455, Holt to Wilson, 21.4.1967.

avoid confrontation on the EEC issue and gave priority to what it regarded as the most pressing question – defence. As will be seen in Chapter 6, ministers thought it unwise to open up a 'second front' on the EEC issue as doing so could irritate British sensitivities in a manner which would be detrimental to 'the fundamental defence issue'.[67] Australian policy-makers were mindful of the difficult task confronting Australian diplomacy. 'The British are preoccupied with Europe and ... there is little concern about South-East Asia', the High Commission in London reported.[68] Canberra recognised that, regardless of London's claims to the contrary, 'present British proposals ... appear[ed] to be virtually decisions'. Yet, they thought it 'necessary to present a well argued and persuasive case' if these proposals were to be reversed.[69]

The DEA argued in a working paper that, by simply urging the British to refrain from long-term decisions, Australia would 'leave the field to those who want to "pull out" from [sic] South East Asia'. Holt would need 'an alternative which offer[ed] the British a realistic and convincing role and which present[ed] the British future in South East Asia in a politically attractive light within Britain'. But what alternative? Officials in the DEA thought that 'the future British role [could] be presented as ... a modern and acceptable development from the imperial past, as a more limited and constructive role ... and a lesser burden and larger partnership with the Commonwealth countries'. Here, of course, there was an element of wishful thinking as Holt had already sought to deploy similar arguments with no tangible result during his visit to London in July 1966. Yet, External Affairs officials were aware that 'much more [was] needed than persuasion and argument at this advanced stage', and that the government also needed to 'press actual policies'. To this end, they devised an action plan whose main points were: a) the insistence that the British

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[65] PRO, PREM 13/1455, Palliser to Wilson, 21.4.1967.
[66] NAA, A1838/346, TS691/1/1 part 1, Critchley to DEA, cablegram 5660, 9.5.1967.
[67] NAA, A1209/43, 1967/7117 part 2, Lawler to Holt, 27.4.1967.
[68] NAA, A1838/346, TS691/1/1 part 1, Critchley to DEA, cablegram 4804, 24.4.1967.
[69] NAA, A5619/1, C22 part 1, FAD Submission 283, 25.5.1967.

'drop their plans for total withdrawal by 1975'; b) the acquiescence in British 'reductions to strength of 40,000 by 1970/71 and even below'; and c) the offer 'to maintain [Australia's] own contribution in full' and acceptance of 'additional burdens arising from the withdrawal of British support'.[70] The officials argued that no one was asking Britain to maintain 'a vast and impressive military establishment' in Southeast Asia – 'that belong[ed] to history'. What Canberra was seeking was 'a British military presence sufficient to make it feasible for [Australia] to maintain [its] own forces in the theatre'. Australian policies and relationships in the region had in fact been developed on the basis of a British politico-military presence. This, however, was 'bound to change' and, as Australia was 'a growing Power', Canberra should strive to 'consolidate its position in other directions'. This would 'need time, and careful political handling'. Meanwhile, Australia's interest lay in ensuring that Southeast Asia remain stable which in turn required that a continuing, if much reduced, British presence be maintained in the area.[71]

Most of these arguments were included in a Defence Committee report submitted to the FAD on 25 May 1967. In particular, the Committee advised ministers to urge Britain a) 'to retain the Commonwealth Brigade in Malaysia/Singapore as close as possible to its present form until 1970, and as long as possible thereafter' and b) 'to accept in principle the need to retain indefinitely after 1970 British Armed forces'.[72] The Defence Committee had in fact ruled out the possibility that Australia 'could argue successfully against the British aim to reduce a further 50% by April 1970 or at the latest by April 1971'.[73] To induce the British to alter their proposals, the Committee recommended that ministers present 'a well argued and persuasive case' to the British along the lines seen in the DEA

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[70] NAA, A1838/346, TS3006/10/4/1 part 3, DEA working paper, 'Australian Policy on British Defence Policy East of Suez', 19.5.1967.
[71] *Ibid.*
[72] NAA, A5619/1, C22 part 1, FAD Submission 283, 25.5.1967.
[73] *Ibid.* See also NAA, A1838/346, TS3006/10/4/1 part 3, Meeting of the Defence Committee, 'British Defence Policy East of Suez', 17.5.1967.

working paper. In spite of Treasury opposition,[74] they should ensure that the British understood Australia's 'willingness to continue and possibly increase [its] own contribution' to Malaysia and Singapore.[75] However, it would not be possible for 'a country of Australia's size to underwrite alone the security of Malaysia/Singapore' and that Australia 'could not contemplate taking over the United Kingdom's treaty and defence responsibilities'.[76]

The FAD agreed that 'the central objective of Australian policy [was] to secure a continuing British commitment to the Malaysian region'. In his forthcoming visit to London, the prime minister should seek 'to affect the British Government's mind on the long term position – that is, after 1970/71 – rather than allow the discussion to concentrate itself on the detail of the reduction of British forces in the short and medium terms'. To affect this strategy, the FAD suggested Holt employ a variety of political, strategic and economic arguments to impress upon the British the importance of remaining in Southeast Asia. He should stress 'the developing economic significance of Asia' for British interests; and he should invite the British to consider the consequences of withdrawal from the area for their world position as well as for their special relationship with the United States. He should also emphasise the fact that withdrawal would undermine the West's regional strategic interests. Finally, he should make it clear '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 re-casting of Australian external policy in fundamental terms'. Contrary to the advice of the Defence Committee,

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[74] According to the Treasury representative, Richard Randall, this was 'a dangerous approach' as 'Australia would find itself committed to take over from the British'. In his view, 'Australia should tell the British that if they get out, we get out. The situation would call for a complete revision of Australian strategy'. *Ibid.*

[75] According to the Defence Committee, there were two possible ways in which Australia could increase its contribution. First, the withdrawal of British elements at the Butterworth base in North Malaysia would require some additional support from Australia for the continued maintenance of the two airborne squadrons (one Sabre fighter squadron and one Mirage squadron), which the RAAF deployed there. Second, the reduction of British combat and logistic support elements in the Commonwealth Brigade would need to be made good from other sources, and Australia should indicate its willingness to contribute within the limits of the resources available for its defence effort. NAA, A5619/1, C22 part 1, FAD Submission 283, 25.5.1967.

the FAD avoided, for the time being, taking any decision on the continuance or even increase of Australia's military contribution to the defence of the Malaysian area. Senior ministers recognised that, without any tangible sign of support, Australian pressure might fail. Instead, they considered that, should London decide to withdraw by the mid-1970s, the Australian government should concentrate on a fall-back position designed 'to have all announcement of such a decision withheld'. The FAD concluded that, if the British did decide to withdraw, it would not necessarily be in Australia's best interest 'to have the British established in Australia'. Therefore, 'any commitment by Australia to make financial contributions towards the establishment of British bases in Australia should not be assumed'.[77]

Holt flew to London in mid-June with this brief. On his way, he stopped in Washington for talks with the Johnson administration, and received fresh assurances as to the depth of American opposition to British plans.[78] Since April 1967, Canberra had sought to ensure that Australia should see eye to eye with Washington on the east of Suez question. In May, the DEA had informed Ambassador Keith Waller in Washington that 'there [were] powerful forces moving the British' and that 'they [would] see little in the way of positive inducement to stay in Asia'. Yet, if Australia and its allies 'were determined, skilful and concerted', External Affairs argued, 'it should be possible to make some impression on [the British]'. To this end, 'great reliance [had to] be placed on the Americans to bring strong influence to bear [on the British] over as wide [a] range as possible'. The DEA instructed Waller to 'stress the importance of the American role' and 'make apparent … the Australian Government's intention to pursue this objective [i.e. the

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[76] *Ibid.* Britain's treaty responsibilities were those under the terms of AMDA. See Chapter 3.
[77] NAA, A5840/XM1, vol. 2, Cabinet Decision 357 (FAD), 25.5.1967.
[78] NAA, A1209/80, 1966/7335 part 4A, Australian Embassy Washington to DEA, cablegram 2354, 2.6.1967. See also Memorandum from the Assistant Secretary of State for East Asian and Pacific Affairs (Bundy) to President Johnson, 1.6.1967, doc. 24, *FRUS, 1964–68, vol. 27.* For earlier reassurances see NAA, A1838/346, TS691/1/1 part 1, Australian Embassy Washington to DEA, cablegram 1804, 2.5.1967.

revision of British plans] resolutely'.[79] While relying primarily on American pressure, Canberra had also sought to concert its actions with its Commonwealth allies – New Zealand, Singapore and Malaysia. In particular, it had sought to stiffen Malaysian and Singaporean resolve to oppose Britain's withdrawal.[80]

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Collette ridicules the Holt government's (from left to right Holt, McMahon, Hasluck and McEwen) perceived inability to take effective measures to prevent the British withdrawal
(Australian, *8.5.1967)*

In London, Holt pleaded Australia's case along the lines agreed by ministers in Canberra. He emphasised the importance of a continued British presence to regional security, to western interests in the area and to London's global partnership with Washington.[81] '[A] continuing British presence, however small', he declared, 'would have a disproportionate value in this context'.[82] Not holding entirely to his predetermined brief,

[79] NAA, A1838/346, TS691/1/1 part 1, DEA to Waller, cablegram 1371, 2.5.1967.
[80] See for instance NAA, A1838/346, TS691/1/1 part 1, Eastman to DEA, cablegram 1166, 3.5.1967; AHC Singapore to DEA, cablegram 808, 4.5.1967. For a brief examination of Malaysian and Singaporean attitudes towards the British withdrawal see NAA, A1209/84, 1967/7334 attachment 1, DEA working paper, 'The Malaysian Attitude towards the British Presence'; DEA working paper, 'Singapore's Attitude to the British Presence', May 1967.
[81] PRO, PREM 13/1323, Memcon, Wilson and Holt (London), 13.6.1967.
[82] *Ibid.*

Holt queried whether the cost of a British presence 'could not be broken down and shared with some of the Commonwealth countries, including Australia'. He also hinted at the possibility that, once the Vietnam War was over, 'Australia and the others might be able to do considerably more themselves'.[83] He stressed that withdrawal would 'have a shattering effect' on Britain's relations with Australia and the other Commonwealth allies, and also reminded the British of the various assurances that Britain had given to Australia since 1965.[84] He returned to this last point two days later and informed Wilson that he 'had also prepared a list of statements by the British Ministers and in British White Papers of the past two years'. He told his British counterpart that he had not done this in a 'carping or critical spirit', but to avoid any 'misunderstanding about the extent to which Australians believed that Britain was committed to a certain position in the area'.[85]

During his first meeting, however, Holt also discussed Britain's plans to halve its forces in Southeast Asia by 1970–71. In accordance with his brief, Holt did not question these plans, telling Wilson that he did not intend to 'twist the British arm', and that he 'understood and sympathised with Britain's problem'.[86] Instead, he asked Wilson to maintain the British contingent in the Commonwealth Brigade up to 1970–71 'even if substantial modifications in supply or logistics might be required'.[87] He also urged Wilson to refrain from either taking or announcing a final decision to withdraw, despite accepting the fact that British contingency planning might include withdrawal among various possibilities.[88] The Australians were assured that no final decision had yet been reached and that it was proposed to retain a military capability in the region beyond 1975, although

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[83] *Ibid.*
[84] *Ibid.*
[85] PRO, PREM 13/1323, Memcon, Wilson and Holt (London), 15.6.1967.
[86] PRO, PREM 13/1323, Memcon, Wilson and Holt (London), 13.6.1967.
[87] *Ibid.* The Commonwealth Brigade included a battalion from Britain, Australia and New Zealand, with British supporting units. It was stationed at Terendak, Malaysia. In 1967 it comprised 1,100 Australian, 700 New Zealand and 2,400 British troops. See PRO, PREM 13/1323, Memcon, Healey, Holt and Fairhall (London), 14.1.1967.

the size and the location of it had not yet been decided.[89] The British were not forthcoming on the Commonwealth Brigade.[90] Nor were they forthcoming on the possibility of avoiding withdrawal. On the second day of talks, however, they appeared slightly more accommodating. According to the Australian High Commission, 'while yield[ing] no ground' with regard to the proposition that withdrawal be avoided, Healey 'was receptive to the argument that a decision for final withdrawal not be announced'.[91] He told Holt that, in his personal view, there had to be 'a way of presenting the British position without saying that we proposed to leave the bases in 1975'.[92] He indicated that it would be helpful if he could say in Cabinet that the Australian Prime Minister agreed to a formula which 'left open the possibility of leaving the bases earlier than 1975 as well as later'. Holt told Healey that 'if the British Government could find a formula which enabled them to proceed with their planning … without giving the impression the world East of Suez could go to hell, it would be highly desirable'.[93] In the end, the Australian party was reasonably hopeful and Holt declared that 'he felt a good deal happier than when he came to Britain'.[94] The High Commission in London thought it 'more likely now that an announcement of a decision to withdraw in the mid-70s can be avoided'.[95] The Australian government remained moderately optimistic in the following weeks.[96] The Cabinet noted that in relation to the 'avoidance of decision and announcement of withdrawal … it appeared that the submission made by the Prime Minister (and other Heads of

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[88] PRO, PREM 13/1323, Memcon, Wilson and Holt (London) 13.6.1967; Memcon, Healey, Holt and Fairhall (London), 14.6.1967. See also NAA, A1838/346, TS691/1 part 2, AHC London to DEA, cablegram 7501, 13.6.1967; Holt to McEwen, cablegram 7759, 16.6.1967.

[89] According to MOD plans, the British capability would consist of an amphibious force based on two commando battalions and 'six substantial naval vessels'. Singapore and Australia were contemplated as possible locations. NAA, A1838/346, TS691/1 part 2, AHC London to DEA, cablegram 7501, 13.6.1967 and AHC London to DEA, cablegram 7763, 16.6.1967.

[90] PRO, PREM 13/1323, Memcon, Healey, Holt and Fairhall (London), 14.6.1967.

[91] NAA, A1838/346, TS691/1 part 2, AHC London to DEA, cablegram 7763, 16.6.1967.

[92] PRO, PREM 13/1323, Memcon, Healey, Holt and Fairhall (London), 14.1.1967.

[93] *Ibid.*

[94] PRO, PREM 13/1323, Memcon, Wilson and Holt (London), 15.6.1967.

[95] NAA, A1838/346, TS691/1 part 2, AHC London to DEA, cablegram 7763, 16.6.1967.

Government) might be successful ... [W]hat was likely to be announced was details of run down of forces up to 1971/71 with provision for a review of the situation at the end of that period'.[97]

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This is how 'Eyre JR' sees Britain's turn to Europe
(Sydney Morning Herald, *11.6.1967)*

Australian hopes were sorely disappointed. On 6 July the Wilson Cabinet decided not only to halve British forces in Malaysia and Singapore by 1970–71, but also to announce its intention to withdraw altogether from the theatre (with the exception of Hong Kong) by the mid-1970s.[98] The precise timing of withdrawal – and this was the only concession to Australian demands – would 'depend on progress made in achieving a new

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[96] So were some allies. In late June, following his talks with the British, the Singapore Prime Minister, Lee Kuan Yew, was reported as feeling 'reasonably confident that the British [would] make no announcement'. NAA, A1838/346, TS691/1 part 2, AHC London to DEA, cablegram 8258, 27.6.1967.

[97] NAA, A5840/XM1, vol. 2, Cabinet Decision 403, 4.7.1967. However, as for the retention of effective ground forces in Malaysia and Singapore, the Cabinet noted that 'the British position was unchanged and that it would be moving in the 1970's to a situation in which naval and air forces only would be maintained for the area'.

[98] PRO, CAB 128/42, CC(67)45th meeting, 6.7.1967. In 1967 total personnel working in and for the British Services in Singapore and Malaysia numbered roughly 80,000. By 1970–71 the number of British troops in the area was expected to drop to a total of about 40,000, of which about half would be civilians. Between 1970–71 and the mid–1970s the remaining British commitment in the region would largely consist of naval (including an amphibious force) and air forces. As for Hong Kong, Britain would maintain a garrison there (about 9,000 men).

basis for stability in South East Asia and in resolving other problems in the Far East'.[99] The British Cabinet also decided to provide a general military capability for use in the Far East once the withdrawal had been fully accomplished. The question as to whether the naval and amphibious elements of this capability would be based in Australia, Singapore or Britain was left open.[100] These decisions would be made public in a *Supplementary Statement on Defence Policy* on 18 July.[101] The die was cast. After three years in which it had sought to disentangle itself from its onerous politico-military commitments in Southeast Asia, the Wilson government was finally achieving its objective, and the strong pressure applied by Britain's ANZUS and Commonwealth allies in late June and early July had failed to produce the desired results.[102] With the British Cabinet divided between those who demanded a faster withdrawal without a residual military capability in Southeast Asia (Crossman), and those who favoured a more gradual pull-out with no public announcement (Healey and Bowden), ministers had settled for a compromise.[103]

Not surprisingly, the Holt government regarded this as bitterly disappointing. Holt complained to Lee Kuan Yew that 'these decisions, as we have suspected from the outset, appear, in retrospect, to have been made in substance before any of us embarked on our exercises of persuasion'.[104] In a message to Wilson on 13 July, Holt regretted that Australian representations had 'made so little impact on the mind of your Cabinet'. He added:

> We see the United Kingdom as having taken historic decisions to reduce its world role and contract, to a significant degree, from the kind of international responsibility Britain has carried for many, many years ... Some of the basic assumptions on which the foreign policies of our two countries have been based – at least in relation to this

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[99] *Ibid.*; Cmnd 3357, *Statement on Defence Estimates 1967* (London: HMSO, 1967).
[100] PRO, CAB 128/42, CC(67)45th meeting, 6.7.1967.
[101] Cmnd 3357, *Statement on Defence Estimates 1967*. In relation to the Middle East, the British government agreed to withdraw from the area by the mid–1970s, but avoided making public the exact date for withdrawal. It must also be noted that in the 1966 White Paper the British government had already announced its decision to leave Southern Arabia and its Aden base in January 1968. See Dockrill, *Retreat*, pp. 154–155 and 194–196.
[102] For ANZUS and Commonwealth pressure see Pham, *Suez,* ch. 6.
[103] For a detailed study of the Cabinet's decisions see *ibid.*
[104] NAA, A1838/346, TS691/1 part 2, Holt to Lee Kuan Yew, cablegram 1514, 14.7.1967.

> area of the world – seem to us to have been destroyed, and we must re-think our whole situation.[105]

Despite the feelings of bitterness, the response of the Australian government remained restrained. Downer in London found it so 'subdued' that he encouraged Holt to be 'more forthright' with the British. 'If we are too polite', the High Commissioner argued, 'then our British friends, with intellectual dishonesty, will twist our phrases publicly into signifying acquiescence, and declare that the Australians really do not mind very much'. 'Many prominent people here', he warned Holt, 'are now in a mood to use every weapon to justify their desertion of the Old Commonwealth both in the way of defence and of trade'.[106] Downer's advocacy cut no ice in Canberra. Holt informed his High Commissioner on 20 July that 'the general disposition' in Australia was 'to accept the British decisions without much demur, with recognition that only some dramatic development in the area is likely to have significant effect on them'.[107] The withdrawal was now an irreversible fact of life.

The Australian Cabinet took a realistic approach and endeavoured to salvage what it could from the situation. The view in Canberra was that, while on their way out, the British could still play a useful, if only residual, role in the security of the region. Therefore, rather than yielding to fruitless recriminations, it was decided on 18 July that 'as much as possible should be made of the assurances which the British messages and White Paper contain as to the careful timing of the withdrawal and as to the continuing part which Britain [would] have in the Far East'. Ministers had in fact noted that the British decision had left some 'room for flexibility in the timing of the eventual withdrawal'.[108] It was hoped that with careful political handling the withdrawal could be stretched into the late 1970s. They also noted that London had not yet decided on the size and location of the British military capability for the area in the post-withdrawal period. Lastly, a further – and

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[105] NAA, A1838/346, TS3006/10/4/1 part 4, Holt to Wilson, cablegram 7227, 13.7.1967.
[106] NAA, A1209/80, 1966/7335 part 6, Downer to Holt, 20.7.1967.
[107] NAA, A1209/80, 1966/7335 part 6, Holt to Downer, 27.7.1967.
[108] NAA, A5840/XM1, vol. 2, Cabinet Decision 473, 19.7.1967.

more important – consideration in the minds of the Australian ministers was the need 'to avoid unnecessary scare or upset in Singapore and Malaysia'. In other words, Canberra was loath to create undue alarmism in the region by emphasising the negative consequences of withdrawal lest it undermined the confidence in, and stability of, Malaysia and Singapore.[109] It was for these reasons, as Holt explained to Downer, that Australia's response to the British decision had been 'more moderate in tone than our feelings warranted'. The Australians had decided that it was time to 're-examine our foreign policy assumptions'.[110]

5.4 Towards policy revision in Canberra

In the late summer of 1967 the Holt government began a gradual reappraisal of Australia's defence and foreign policies in Southeast Asia as the British decision to withdraw had raised a number of complex questions. The most important of these was whether Australia should maintain a military presence in the Malaysian region largely independent of Britain and enter into direct arrangements with the governments of Singapore and Malaysia for the stationing of Australian forces in their territories. Deploying forces in this area without a relevant British military presence presented significant military risks for Australia. The Defence Committee emphasised in a submission to Cabinet in late August that 'a continuing military presence could become a military commitment of unpredictable magnitude in the event of an insurgency situation developing in Malaysia or conflict with Indonesia'. As a result, Australia 'could become committed beyond [its] resources' and this could in turn 'inhibit [Australia's] capacity to undertake operations elsewhere'.[111] On the other hand, policy-makers in Canberra accepted that a continuing military presence

[109] *Ibid.*; NAA, A1209/80, 1966/7335 part 6, Holt to Downer, 27.7.1967.
[110] *Ibid.*
[111] NAA, A4940/1, C4626, Cabinet Submission 443, August 1967.

also had some positive aspects. It could for instance enhance Australia's political standing and its diplomatic influence in the region. It could also support confidence and stability in Malaysia and Singapore, promote the development of their military capabilities, and foster military co-operation between them.[112] More crucially, a continuing military presence could assist in keeping the United States engaged in Southeast Asia. Should Australia disengage, Canberra would send the wrong signal to Washington at a time when American support was most needed following the British decision to pull out.[113] Finally, an Australian withdrawal could also encourage the British to accelerate their pull-out from the region.[114]

Cabinet considered these issues on 25 August 1967. Without reaching a decision, ministers expressed a general disposition to continue a military presence in Malaysia and Singapore. They stressed the need for close consultations with the United States, since these 'were crucial to Australian security', and 'United States support was necessary for whatever strategy Australia decided upon'. In practice, the government needed to find out 'what the United States would do in support [if] Australia was to extend herself in Malaysia and Singapore'. As they pointed out, 'only if Australia is in the area with the assurance of United States' backing … [will] her presence there ... have any military significance'. Ministers also stressed the importance of a 'continued British underwriting in the area'. 'There was a question of what Australia can do and what she can get the British to do in helping to build up local forces in Malaysia and Singapore'. Australia should seek to 'influence the British as to the manner of their withdrawal from the area'. Ministers were aware that 'the British may be sliding away from their commitments under

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[112] *Ibid.*

[113] As Holt told Holyoake in October, 'we could not expect [the Americans] to stay if we went out of the area. Our military contribution may not be all that significant in military terms but its withdrawal would be symbolic'. See NAA, A5840/XM1, vol. 2, Cabinet Decision 659 (FAD), 3.10.1967.

[114] NAA, A4940/1, C4626, Cabinet Submission 443, August 1967.

their new policy towards South East Asia'. Australia, therefore, 'would only be seeking to hold the British to what they had already promised, and not asking them to do more'.[115]

However, policy-makers in Canberra had more questions than answers as to how to deal with the vacuum in the region that the British departure would create.[116] They were confronted with many uncertainties – the uncertain progress of the Vietnam War, the unknown impact of the British withdrawal on regional security, and the unclear course of Indonesian and Chinese policies. Consequently, they relied on traditional and well-tested methods: the continuation for the moment of Australia's forward defence strategy, and the close alliance with the United States, both of which would lead to an increased Australian engagement with its neighbouring region.

The course Canberra was now taking began to manifest itself in the late summer of 1967 with Australia's decision to further its commitment to the Vietnam War. Under strong pressure from Washington to send more troops, Holt and his ministers agreed in principle on 6 September 1967 to commit a third battalion group.[117] They also approved the deployment of a tank squadron, a joint RAAF-RAN contribution of four helicopters, an additional engineering construction capability and about 125 additional personnel for headquarters and other units.[118] This was not an easy decision given Australia's overstretched military capabilities and the trauma of the recent British announcement of withdrawal. Ministers felt that the United States 'should be given to understand that the battalion represents a special contribution by Australia made notwithstanding major difficulties, and also represents the practical sheer limit of contribution'. At the same time, they believed that 'Australia should take the opportunity to strengthen still more its defence alliance with the United States as and when it can', and 'a contribution now of a

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[115] NAA, A5840/XM1, vol. 3, Cabinet Decision 656 (FAD), 25.8.1967.
[116] Edwards, *Nation at War*, p. 149.
[117] For Australia's deepening involvement in Vietnam see *ibid.*, pp. 149–156.
[118] *Ibid.*, p. 153; NAA, A5840/XM1, vol. 2, Cabinet Decision 563 (FAD), 6.9.1967.

significant new ground force … would have this effect'.[119] As McEwen explained to Holyoake a month later, 'Britain would soon be out of South-East Asia and we would be dependent on the United States for our security. Our attitude should be to bind ourselves to the United States and to induce the United States to accept a security responsibility towards us'.[120]

American acceptance of 'a security responsibility' towards Australia in Malaysia and Singapore was the Holt government's priority in that autumn of 1967. In mid-October, Hasluck flew to Washington to raise the question of a possible ANZUS guarantee to cover Australian troops in the Malaysian area. Canberra was eager to establish whether Australia could invoke American military support under the ANZUS Treaty, should its troops in the region incur the risk of hostilities.[121] Although Hasluck pointed out that Australia was seeking 'an understanding rather than commitments' from the United States, the American response was non-committal.[122] The Johnson administration advised the Australian Embassy that 'it would be months rather than weeks' before it could reply to Australian queries.[123] Owing to their deepening involvement in Vietnam, the Americans were clearly averse to taking on new commitments in Southeast Asia. While favouring a continued Australian presence, Washington was, for the time being, more than happy to let the Commonwealth countries concerned work out new defence arrangements for the Malaysian area.[124]

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[119] *Ibid.*

[120] NAA, A5840/XM1, vol. 2, Cabinet Decision 659 (FAD), 3.10.1967.

[121] NAA, A1209/80, 1966/7335 part 8, Hasluck to DEA, cablegram UN1336, 11.10.1967; Hasluck to DEA, cablegram 4241, 9.10.1967; Hasluck to DEA, cablegram 4240, 9.10.1967.

[122] NAA, A1209/80, 1966/7335 part 8, Hasluck to DEA, cablegram 4240, 9.10.1967. See also Memcon, McNamara and Hasluck (Washington), 10.10.1967, doc. 30; Memcon, Rusk and Hasluck (Washington), 9.10.1967, doc. 29; Memcon, Johnson, Rostow and Hasluck (Washington), 10.10.1967, doc. 31, *FRUS, 1964–68, vol. 27.*

[123] NAA, A1209/80, 1966/7335 part 8, Australian Embassy Washington to Plimsoll, cablegram 4328, 14.10.1967.

[124] This was the substance of the US response when it came in January. In relation to the ANZUS guarantee Washington remained non-committal. See NAA, A1838/346, TS3006/10/4/1 part 6, Australian Embassy Washington to DEA, cablegram 125, 9.1.1968.

The disappointing American response notwithstanding, Australian ministers reaffirmed their disposition to maintain a military contribution at current operational levels in Malaysia and Singapore on 11 December (see Table 5.1). This, they emphasised, was only a limited and provisional attitude which did not amount to a firm intention to continue to maintain an Australian military presence. They stressed that Australia was only engaged in a 'holding operation', and did not intend to replace the British in the area. The government was in fact awaiting an American 'response to the questions which ha[d] been put to them', and the 'clarification of British intentions' before making any binding commitment. In the longer term, ministers emphasised, Australia's attitude could not be determined until the outcome of the Vietnam conflict, and more generally the future security arrangements in Southeast Asia, were known.[125] Yet, it was clear that, 'if in the long term United States support on the mainland itself [was] not kept up, it may well be that Australia should also withdraw'.[126] Lastly, ministers reiterated their support for a Malaysian-sponsored five-power conference with Britain, New Zealand, Malaysia and Singapore.[127] In their view, the chief value of this initiative lay in 'ascertaining from the British what their future role [would be] and giving such substance as [was] possible to their statements about continuing obligations towards, and economic support for, the security of the region'. The five-power initiative was also aimed at 'bringing Malaysia/Singapore together to co-operate more effectively in the common defence'.[128]

By early December the Holt government had therefore begun to set out the guiding principles for Australia's future strategic engagement in Southeast Asia. Albeit cautiously, it had taken steps to deepen Australia's involvement in the region. This was done through a growing reliance on the United States, through increased co-operation with Malaysia and

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[125] NAA, A5840/XM1, vol. 3, Cabinet Decision 771 (FAD), 11.12.1967.
[126] NAA, A5840/XM1, vol. 3, Cabinet Decision 658 (FAD), 28.9.1967.
[127] NAA, A5840/XM1, vol. 3, Cabinet Decision 771 (FAD), 11.12.1967. Ministers had already expressed their support for five-power talks in late August and September. See NAA, A5840/XM1, vol. 3, Cabinet Decision 658 (FAD), 28.9.1967; Cabinet Decision 656 (FAD), 25.8.1967.

Singapore, and in accordance with plans for a continuing, if only residual, defence partnership with Britain, although it was realised that nothing much was to be expected from London. As ministers put it, 'there can be no longer faith that the British attitude can be stiffened to anything beyond this [i.e. a residual military capability for use in the area] – or even stopped from weakening further'.[129] Yet, as Bunting advised Holt, the government would 'do better to treat them [the British] on the basis of a continuing interest in the area rather than to drop them out of the picture'.[130] With these convictions in mind, Australian policy-makers were showing not only a greater inclination to engage with the region, but also an increased awareness that a deeper Australian involvement was needed if Canberra wished to achieve its aim of a stable Southeast Asian region.

Table 5.1 The Australian military presence in Singapore and Malaysia, 1967

RAN	*RAR*	*RAAF*
(based in Singapore)	*(based at Terendak, Malaysia)*	*(based at Butterworth, Malaysia)*
2 destroyers or frigates	1 infantry battalion	1 Mirage squadron
1 aircraft carrier (on annual visit of 6 to 8 weeks)	1 field battery	1 Sabre fighter squadron (to be replaced by a second Mirage squadron)
	1 field engineer troop	
	supporting signal and administrative element	HQ and supporting units

Source: NAA, A1209/84, 1967/7334 attachment 2, DOD Brief no. 25, 'Military Reasons for the Retention of 28 Commonwealth Brigade Group in Singapore, Malaysia', May 1967.

5.5 *The sterling crisis and the acceleration of the withdrawal*

Australian hopes that the gradual rundown of British forces in Southeast Asia would be a gradual one were soon disappointed. In the summer of 1967 the economic situation in

[128] NAA, A5840/XM1, vol. 3, Cabinet Decision 658 (FAD), 28.9.1967.
[129] *Ibid.*

Britain again took a turn for the worse. In June the trade balance recorded a deficit of £39 million. In early July Britain's dollar and gold reserves fell by £36 million.[131] In October the monthly trade deficit reached £107 million.[132] By late October speculation intensified against the pound. Despite efforts to prop up the ailing currency, pressure did not abate. On 18 November the Wilson government resigned to the inevitable and announced the devaluation of the pound. Devaluation inevitably led to a new round of cuts in public expenditure. The change in the pound's parity from US$2.80 to US$2.40 meant that, all things being equal, defence costs would at once increase by £50 million per year.[133] On 20 November, Callaghan announced a new deflationary package, which included cuts of over £400 million in the expected rate of growth of public expenditure.[134] Defence would not be spared. As he told the Commons, defence cuts would amount to over £100 million in 1968–69. The Chancellor, however, remained confident that these cuts could be made without significant changes to the existing policy.[135] A week later, Healey categorically ruled out any reversal of the July decisions on defence policy.[136]

Despite devaluation, the economic situation hardly improved. Financial markets remained in turmoil.[137] The pound continued to be weak. A second devaluation was thought to be likely. Against this backdrop, on 18 December, Wilson announced his government's decision to initiate a stringent review of all areas of governmental spending. The new Chancellor of the Exchequer, Roy Jenkins, began to look in earnest at areas where savings could be made.[138] He was highly critical of the east of Suez role and thought

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[130] NAA, A1209/80, 1966/7335 part 8, Bunting to Holt, 13.10.1967.
[131] Alan Sked and Chris Cook, *Post-War Britain: A Political History*, 2nd edn (Harmondsworth: Penguin, 1984), p. 223.
[132] 'At Half Mast', *Economist*, 16.12.1967, p. 1117.
[133] Pickering, *Withdrawal*, p. 164.
[134] See Morgan, *Callaghan*, p. 274; Britain, *PD,* HC, 1967–68, vol. 754, col. 937.
[135] *Ibid.*
[136] Britain, *PD,* HC, 1967–68, vol. 755, col. 59.
[137] Morgan, *Callaghan*, p. 275.
[138] Roy Jenkins became Chancellor of the Exchequer on 29 November 1967. For Jenkins' role in demanding further defence cuts see Pickering, 'Politics and "Black Tuesday"', pp. 154–157, 158–164 and 169–170. See also Pham, *Suez,* ch. 7.

that defence should not be spared.[139] He called for an acceleration of the withdrawal from the Far East. Jenkins' plans were opposed by Healey, Brown and George Thomson, the new Commonwealth Secretary, and their respective departments.[140] Yet, for all their efforts, Jenkins carried the day, thanks to Wilson's support and his followers in Cabinet.[141] On 4 January 1968 the British Cabinet agreed that withdrawal from the Far East (with the exception of Hong Kong) should be completed by 31 March 1971. It also agreed that a special capability for use in the Far East should not be maintained. However, if circumstances demanded it, 'the general capability which [Britain] retained in Europe would be available to be deployed overseas'.[142]

It fell upon Thomson to break the news to the governments of Australia, New Zealand, Malaysia and Singapore. Brown was despatched to Washington. To avoid the charge of presenting the Commonwealth allies with a *fait accompli* – though a *fait accompli* it most certainly was – Thomson informed them that, while firm, the Cabinet decision was not yet final. As expected, however, Britain's allies reacted with anger and dismay. In Washington Rusk told Brown: 'For God's sake act like Britain'.[143] In Singapore Lee Kuan Yew threatened retaliatory action.[144] Since 1965 Britain's allies had in fact been given a long list of statements reiterating Britain's determination to maintain a military role east of Suez. However, as soon as these pledges were made, they became 'a prelude to yet a further British reduction'.[145] Not surprisingly, John Gorton, the newly-appointed Australian Prime Minister, reminded Thomson on 12 January of the various shifts in British policy since the 1966 Defence White Paper. So did Hasluck, who 'stressed that this

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[139] Roy Jenkins, *A Life at the Centre* (London: Macmillan, 1991), p. 225. See also Crossman, *Diaries,* p. 639.
[140] Thomson had replaced Bowden as Commonwealth Secretary on 29 August 1967 as a result of a minor Cabinet reshuffle. For the role played by Healey, Thomson and Brown in opposing further cuts see Dockrill, *Retreat*, p. 201; Pham, *Suez,* ch. 7; For a differing view see Pickering, 'Politics and "Black Tuesday"', p. 170; Jones, 'Decision Delayed', p. 594.
[141] Pickering, *Withdrawal*, p. 171.
[142] PRO, CAB 128/43, CC(68)1st meeting, 4.1.1968.
[143] PRO, CAB 128/43, CC(66)6th meeting, 12.1.1968.
[144] PRO, CAB 129/135, C(68)23, 15.1.1967.

was the third occasion since confrontation that [Australia] had been asked to adopt a new basis for [its] defence planning'.[146]

Even before the British Cabinet meeting, the Australians had known that further cuts were on the way.[147] What they did not know was how far the British would go this time, although it was thought that there would probably be a decision to accelerate the withdrawal from Malaysia and Singapore.[148] It was only a matter of time. On 9 January Lee telephoned Gorton, who had been sworn in a few hours earlier, to enlist Australian support for a high-level mission to London. [149] The mission, which would be led by Lee himself and would include representatives from Australia, New Zealand and Malaysia, was intended to dissuade the British from speeding up their military rundown. In the end, Lee flew to Britain unaccompanied in mid-January 1968, as Gorton declined to send a senior minister despite his strong support for the Lee initiative.[150] He justified his decision on the grounds that his government '[did] not feel the actual physical presence of a senior Australian Minister ... would add much to the support already expressed'.[151] In reality, the Gorton government was reluctant to identify itself too closely with Lee's tactics. The Australians were probably concerned — as the British had warned them — that, 'by tak[ing] a public stand in this way they would put themselves in the position of being "counted", i.e. what contribution were they prepared to make to [the] future defence arrangements in the area'.[152] At this stage, Canberra sought to avoid any step, which could be construed as readiness on its part to replace Britain as the main guarantor of the security of Malaysia and Singapore.

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[145] Plimsoll quoted in NAA, A1838/346, TS3006/10/4/1 part 6, Memcon, Garner, Plimsoll and McIntyre (Canberra), 11.1.1968.
[146] PRO, PREM 13/2081, BHC Canberra to CO, telegram 92, 12.1.1968.
[147] NAA, A1838/346, TS3006/10/4/1 part 5, Critchley to DEA cablegram 16389, 22.12.1967; PRO, PREM 13/2081, BHC Canberra to CO, telegram 1854, 28.12.1967.
[148] NAA, A1838/346, TS3006/10/4/1 part 5, Critchley to DEA, cablegram 36, 2.1.1968; Critchley to DEA, cablegram 35, 1.1.1968.
[149] NAA, A1838/346, TS3006/10/4/1 part 6, AHC Kuala Lumpur to DEA, cablegram 42, 8.1.1968.
[150] NAA, A4940/1, C4279, Cabinet Decision 5 (FAD), 11.1.1968.
[151] PRO, PREM 13/2081, BHC Canberra to CO, telegram 72, 11.1.1968.

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Lee Kuan Yew, Gorton and the Tunku are portrayed by Collette as attempting to prevent Britannia from abandoning Southeast Asia
(Australian, *16.1.1968)*

Canberra's limited public support for the Lee initiative was not to be interpreted as a sign of inaction.[153] As Gorton told Thomson on 12 January, Australians 'were not like the Tunku, resigned or, like Lee, storming', yet, he added, the 'British proposals filled him and his colleagues with anxiety and dismay'.[154] For his part, Thomson informed the Australian ministers of his government's intention to withdraw all British forces from Singapore and Malaysia by March 1971, and to renounce a special capability for the Far East. Britain, however, would keep a 'general capability' in Europe which could be deployed in Southeast Asia should the need arise. As if to sweeten the bitter pill, Thomson stated that the general capability would also be available for the defence of Australia and New Zealand. 'This assurance', he claimed, 'has deep permanence as it would be unthinkable if Australia and New Zealand were attacked, that Britain would not come to

[152] PRO, PREM 13/2081, BHC Canberra to CO, telegram 62, 10.1.1968.
[153] NAA, A4940/1, C4279, Summary Record of Discussions with the Commonwealth Secretary, undated.
[154] PRO, PREM 13/2081, BHC Canberra to CO, telegram 92, 12.1.1968.

her [sic] assistance'.[155] In January 1968, however, this assurance rang more hollow than ever, given the British decision to accelerate withdrawal. Canberra knew that, once British forces were moved out of the area, it would be difficult to bring them back. Logistical problems would make even the despatch of a token force problematic. What Thomson failed to appreciate was that the assurance he was giving did not address Australia's real concerns. As seen in Chapter 3, Canberra now relied on ANZUS for the defence of its territory should this be under threat. What Canberra had been seeking since 1965 was the maintenance of a British politico-military presence in the region – not the deployment of an expeditionary force. But for the British government, in the current political climate in London, this was clearly no longer possible. Thomson stressed that his government's new proposals represented 'an historical re-adjustment in Britain's world role'. 'This was the moment', he added', 'of final acceptance that [Britain] must tailor this role to [its] economic resources in order that Britain could recover [its] strength which was in the interest of [its] Commonwealth as much as [its] own'.[156]

Although Australian ministers showed 'a good deal of sympathy for the extraordinarily difficult task which [Thomson] had to carry out', the latter's talks with the FAD were very difficult at times.[157] Hasluck argued that Wilson's 'new policy would reduce Britain to a status little less then Italy and a little more than Sweden'. McMahon told Thomson that he could not accept complete withdrawal nor did he think it could be justified. He believed that Britain's economic prospects were better than the British made it out. McEwen criticised Britain 'for confronting Australia with the prospect of either standing alone with Malaysia in future or facing up to the consequences of [its] relations with Asian states or of [its] declining to do so'. He bitterly observed that while in the past Australian troops had arrived in Belgium, Gallipoli and Greece without question, Britain

[155] NAA, A4940/1, C4279, Summary Record of Discussions with the Commonwealth Secretary, undated.
[156] PRO, PREM 13/2081, BHC Canberra to CO, telegram 92, 12.1.1968.
[157] PRO, FCO 24/95, Johnston to Thomson, 16.1.1968.

would not even give Australia verbal support in Vietnam.[158] Gorton pointed out that 'South East Asia was now the Balkans of the world'. He was therefore 'dismayed that such large decisions should be made for the sake of comparatively small savings in such a sensitive part of the world whereas other areas must offer the possibility of larger economies'.[159] Gorton was clearly referring to Europe.

The distance between Australian and British interests could not have been greater. The talks ended without an agreed communiqué. By refusing to issue one, the Gorton government publicly indicated that the British proposals were not acceptable to Australia. Gorton left an *aide-mémoire* with Thomson, which set out the reasons for opposing the British decision to accelerate withdrawal and called on Wilson to reconsider. In particular, Canberra asked that 'the time now set for the major withdrawal of British forces in Malaysia and Singapore be extended as long as possible and that thereafter some British forces should still remain available in the area to provide balanced forces in concert with those contributed by other partner governments'. It also urged the British to make clear, in any public announcement of policy, 'Britain's continued interest in the maintenance of security in the South-East Asia areas and its intention to continue to play such part in this as it can'.[160]

Commonwealth and US representations brought minimal results only. The Lee visit in London on 14 January 'did some successful lobbying'.[161] On 15 January, the British Cabinet agreed to postpone the date of final withdrawal by nine months – from March to December 1971. This represented a hard-fought compromise between those ministers (including Thomson, Healey and Brown) who wanted to delay the final date of Britain's withdrawal to 31 March 1972 and those (Wilson himself, Jenkins and Crossman) who were

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[158] PRO, PREM 13/2081, BHC Canberra to CO, telegram 92, 12.1.1968.
[159] *Ibid.*
[160] PRO, FCO 24/95, Aide Mémoire: Talks with George Thomson, 12.1.1968.
[161] Jenkins, *Life*, p. 228. See also Pham, *Suez*, ch. 7.

determined to stick to the agreed deadline of 31 March 1971.[162] In his diaries Crossman recorded that during the meeting 'there was a tremendous effort to get the Cabinet to reverse the decision on east of Suez withdrawal that we had taken by such a large majority only ten days ago'.[163] On 16 January Wilson announced in the Commons that the final date for Britain's withdrawal from east of Suez was irrevocably set for December 1971.[164]

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The British decision to withdraw from east of Suez as seen by Collette
(Australian, *26.1.1968)*

Dockrill has reflected that this decision was a landmark in Britain's twentieth-century history.[165] It did indeed represent 'an end of an era', as Thomson told the Australian ministers in Canberra.[166] 'It was a decision', as Healey pointed out in an interview to the *Sunday Times*, 'to make Europe the focus in future of our foreign policy

[162] PRO, CAB, 128/43, CC(68)7th meeting, 15.1.1968; Jenkins, *Life*, p. 228; Crossman, *Diaries*, p. 658.
[163] *Ibid.*, p. 650.
[164] Britain, *PD,* HC, 1967–68, vol. 756, cols. 1579–1585. Thus, all British forces would be withdrawn simultaneously from the Middle and Far East.
[165] Dockrill, *Retreat*, p. 209.
[166] PRO, FCO 24/95, Johnston to Thomson, 16.1.1968.

and consequently our defence policy'.[167] The major decision, however, had already been taken in July 1967. As Healey claimed in the same interview, it was this decision that was the real 'watershed' in British history.[168] The British Cabinet's endorsement of a faster rundown was a refinement, albeit a significant one, of the July decision. For Australia, the acceleration of the withdrawal had important consequences and if not necessarily a 'watershed', it was certainly a turning point in its regional policy-making. As seen above, in the aftermath of the July decision, the Australian government began to reassess its defence policy in Southeast Asia. With regard to the Malaysian region, the Australian government indicated its willingness to maintain a military contribution at present operational levels, at least for the time being. In so doing, Canberra showed that it was open to the possibility of playing a more prominent role in the region and willing to seek closer engagement with its neighbours. A continued Australian presence in Malaysia and Singapore, however, was seen in Canberra as dependent – along with other factors such as crucial American support – on a gradual British disengagement from the region. Australian policy-makers had in fact hoped that British troops would not depart until after the end of the Vietnam War. There were hopes in Canberra that the conflict in Indochina would not extend beyond the mid-1970s. Australian policy-makers believed that they would be in a better position once the war was over to gain a clearer appreciation of security trends in Asia and therefore better able to reassess Australia's regional role. With no commitment to Vietnam, they would also be able to increase Australia's defence commitment to Malaysia and Singapore should the circumstances demand it. Thus it was evident that a faster British rundown would not only make the task of the Australian planners more difficult, but it would also encourage Australia to deepen its political involvement in regional politics.

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[167] Healey quoted in NAA, A1838/346, TS3006/10/4/1 part 5, AHC to DEA, cablegram 291, 8.1.1968. Wilson also expressed a similar view on 16 January 1968. See also Britain, *PD,* HC, 1967–68, vol. 756, col. 1580.

[168] Healey quoted in NAA, A1838/346, TS3006/10/4/1 part 5, AHC to DEA, cablegram 291, 8.1.1968.

This chapter has shown first how Australian policy-makers reacted to the Wilson government's growing reluctance to remain in Malaysia and Singapore during the second half of 1966. Subsequently, it has examined the manner in which, after April 1967, they coped with, and responded to, the British decision to withdraw from the region. In relation to the first period, the chapter has argued that Australian policy-makers continued to pressure the British government to agree to a common strategic concept for Southeast Asia. This, it was hoped, would ensure Britain maintained its commitment to the security of the region. Australian efforts, however, were to be in vain from the start, as the Wilson government had no intention of being tied down to a long-term regional commitment. Rather, its policy aim was a gradual disengagement from Southeast Asia. Partly, but not exclusively, in response to the growing uncertainty surrounding British long-term plans, the Holt government sought closer alignment with the United States. This chapter has also shown how, between the autumn of 1966 and the spring of 1967, the Wilson government reached its decision to withdraw. The news that the British were considering withdrawal from the mainland of Southeast Asia by the mid-1970s reached Australia at the end of April. This coincided with the announcement of the British decision to seek EEC entry. Both the withdrawal and the EEC application were seen in Canberra as linked. In Australian eyes, they were two different sides of the same coin. In dealing with two major crises, the Holt government gave priority to the most urgent question: the withdrawal. In so doing, Australia sought to gain the support of the United States and of other Commonwealth allies. In his talks with British ministers in mid-June, Holt also tried to emphasise the importance to Britain of a continuing presence in Southeast Asia. But his arguments fell on deaf ears. Australian and British interests and aims were clearly at variance. In British eyes, Southeast Asia was a growing burden. In the end, the British Cabinet confirmed its decision to withdraw by the mid-1970s. In January 1968, the date of withdrawal was brought forward to 1971. Meanwhile, Canberra began to rethink its

defence role in Southeast Asia. This chapter has argued that, as a result of the British withdrawal, Australian policy-makers laid the basis for Australia's closer engagement with its neighbours and for a more prominent role in the region.

6

Lying low: Australian policy towards Britain's 'approach to Europe', October 1964–May 1967

'Even among the anti-Marketeers, the idea of the Commonwealth as an alternative to British entry into Europe seems to have few supporters, and the consequences of British membership for the Commonwealth is not now regarded as an important issue.'[1]

Tom Critchley, 4 May 1967

As the previous two chapters have shown, the growing uncertainty surrounding Britain's role east of Suez during the 1965–66 period and Wilson's consequent decision to withdraw from Malaysia and Singapore put Anglo-Australian relations under severe strain. This was compounded by the almost concomitant decision to apply for EEC membership. In fact, while reassessing Britain's defence role east of Suez, Wilson cautiously began to move towards a renewed attempt to join the Community. At first with circumspection, but later with ardour, Wilson steered a divided cabinet towards a new bid. In the event, Wilson's bid foundered again due to French opposition, yet Wilson's decision to apply for EEC membership signalled a marked shift towards Europe at the expense of Commonwealth links. Unlike the aftermath of the 1963 veto, the application remained on the table after de Gaulle's second veto in 1967 and was re-opened by Heath's Conservative government in 1970.

As this chapter and the next reveal, the Australian government knew that Wilson was determined to go into the EEC against all odds. This, of course, could not and did not please Canberra, especially when the British application was thought likely to have negative repercussions on Britain's role east of Suez, yet the Holt government's response

was non-committal. A number of factors influenced Australian policy-making. A constant factor throughout the 1966–67 period was the continuing French opposition to British entry which made the outcome of Wilson's bid uncertain. Another factor was the Australian government's concern to avoid exposing itself to British pressure for trade compensation by doing anything that could be construed as an attempt to obstruct Britain's application. A third factor was the government's desire to prevent Australian public gaining a true picture of the gloomy outlook for Australian farm exports to Britain, should the latter succeed in entering the EEC. Holt was also concerned that the timing of the application coincided with the British defence review, and that Wilson's 'approach to Europe' would further weaken Britain's resolve to remain east of Suez. His ministers even canvassed the possibility of going 'soft' and giving Britain some trade benefits if these could help strengthen the latter's resolve to maintain a military presence east of Suez. In short, Holt carefully avoided confrontation on the EEC question as he felt this could drive a wedge between Australia and Britain at a time when British goodwill was still needed. Overall, Britain's second application sent out a clear and powerful message that, as Britain reoriented its policies towards Europe, it regarded Australia's concerns and interests as expendable.

6.1 Towards a new British application

The French veto of January 1963, which had brought an abrupt end to the UK-EEC negotiations on British entry, dealt a seemingly fatal blow to London's hopes of joining the EEC. The Macmillan government never recovered from this set-back. Its successor administration, led by Alec Douglas-Home, quietly abandoned any plans for closer political and economic co-operation with the Community. As he explained to the German

[1] NAA, A1838/275, 727/4 part 37, Critchley to Plimsoll, memorandum 503, 4.5.1967.

Chancellor Ludwig Erhard in January 1964, 'the present moment was not opportune for the United Kingdom government to reach a decision on the extent to which this country might participate in any further European move towards political integration'.[2] If anything, the Douglas-Home government wished to see Britain's ties with the Commonwealth strengthened.[3] Ultimately, however, Douglas-Home did not stay in power long enough to make any lasting impact.

Wilson's accession to power in October 1964 did not bring about an immediate change of strategy in Britain's approach to Europe.[4] As he informed Hasluck in November 1964, 'he did not see much prospect in the European Economic Community which had too many internal problems'. He also said that 'it was impossible for Britain to become committed to the agricultural policies of the Six'.[5] On 1 June 1965 he criticised the Tory leader, Douglas-Home, for being 'prepared to sacrifice the Commonwealth for going in'. In claiming that his government would not do that, he declared that Douglas-Home 'must realise that the situation on agricultural policy in the Common Market would mean a levy of about 80 per cent on every ton of wheat imported from Canada or Australia'.[6] Two months earlier, Wilson had also told the House of Commons that a new British application was out of the question 'in the immediately foreseeable future'.[7] The reality was that the Labour party remained largely opposed to entry.[8] Even more relevant was the fact that the French boycott of the meetings of the EEC Council of Ministers during the second half of 1965 brought the Community to a standstill, and plunged it into a grave internal crisis.[9]

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[2] PRO, CAB 128/38, CM(64)5th meeting, 17.1. 1964.
[3] PRO, CAB 128/38, CM(64)38th meeting, 16.7.1964.
[4] For Wilson's early policy towards the EEC see Helen Parr, *Harold Wilson, Whitehall and British Policy Towards the European Community, 1964–1967* (PhD Thesis, University of London, 2002), ch. 1.
[5] NAA, A1838/2, 67/1/3 part 3, AHC London to DEA, cablegram 7629, 10.11.64.
[6] NAA, A1838/349, 67/1/1 part 7, AHC London to DEA, cablegram 4650, 4.6.1965.
[7] Britain, *PD,* HC, 1964–66, vol. 711, col. 623.
[8] Roy Denman, *Missed Chances: Britain and Europe in the Twentieth Century* (London: Cassell, 1996), p. 227.
[9] For the 'empty chair crisis' see D.W. Urwin, *Western Europe since 1945: A Short Political History*, 2nd edn (London: Longman, 1972), pp. 321–324. See also Giuseppe Mammarella, *Storia d'Europa dal 1945 ad Oggi* (Bari: Laterza, 1988), pp. 340–342.

Under these circumstances any attempt to seek EEC membership would have appeared fanciful.

Yet, throughout 1965 there were signs that the Labour government's stance on the EEC question was not as firm as it appeared.[10] In early March the British Foreign Secretary, Michael Stewart, told Britain's partners in the Western European Union (WEU) that the British government would eventually wish to join the EEC.[11] A few weeks later Wilson referred to plans for 'bridging the gap' between the EEC and EFTA.[12] According to sources within the Common Relations Office (CRO), 'the [British] Government could not appear to ignore opposition statements of the desirability of Britain's entry into Europe, nor could they ignore the signs that public opinion was beginning to believe that this was inevitable'.[13] In Australia, the Menzies government maintained a watchful eye on Wilson's European policy. Advice sent from Australian posts in Western Europe had indicated that, while ruling out any move towards the EEC for the present, the Labour government could soon review its policy. On Wilson's election in October 1964, the High Commission in London reported that despite Labour being 'suspicious and apparently indifferent to the movement of European political and economic union … it is hard to resist the conclusion that Britain will ultimately, under whatever Government, find itself drawn irresistibly into Europe'.[14] In February 1965 the Embassy in Brussels advised Canberra that 'the attitude of the Labour Government to Europe will almost certainly undergo change and development as the Government matures in office'.[15] It is not surprising that the Australian attitude was cautious. In June 1965 Menzies remarked privately that, in the short term, the Common Market was 'a good subject to keep off since it [was] impossible to know in which

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[10] See Parr, *British Policy*, ch. 1.
[11] NAA, A1838/349, 67/1/1 part 7, Australian Embassy Brussels to Tange, 18.3.1965.
[12] See Message from Prime Minister Wilson to President Johnson, 11.3.1965, doc. 76, *FRUS, 1964–68, vol. 13, Western European Region* (Washington: Department of State, 1995). See also NAA, A1838/275, 727/4 part 36, AHC London to DEA, cablegram 3653, 7.4.1965. For Wilson's 'bridge-building' plan see Parr, *British Policy*, ch. 1.
[13] Shannon quoted in NAA, A1838/275, 727/4 part 36, AHC London to DEA, cablegram 3653, 7.4.1965.
[14] NAA, A1838/349, 67/1/1 part 7, AHC London to DEA, savingram ex. 46, 20.10.1964.

direction the United Kingdom [would] have to move in due course'. In his view, Australia should refrain from 'taking positions' to avoid the risk of finding itself 'out on the limb'.[16]

Eventually, the question of British membership resurfaced at the end of 1965. On 6 December Stewart told the Commons that Britain was ready to join the EEC provided that Britain's essential interests were safeguarded.[17] The Foreign Secretary's words were in response to statements made by President de Gaulle in the preceding weeks. These statements seemed to hint at a more flexible French attitude towards Britain.[18] In the meantime Stewart's declaration soon became Labour's official line on Europe, and was often heard during the election campaign of March 1966. In a speech in Bristol on 18 March, Wilson himself stated that 'given the right conditions it would be possible and right to join [the] EEC'.[19] Following Labour's resounding victory in the polls, Wilson could now rely on an increased parliamentary majority.[20] If one of the obstacles to a renewed application had been Labour's small majority in the Commons, this had been removed. Furthermore, the European situation had improved as a result of the 'Luxembourg compromise' which formally ended the French boycott of EEC institutions. Not only did the compromise end the deadlock which had paralysed the Community for six months, but it also allayed British fears of a 'federal' Europe. By allowing member states to exert a veto on questions in which they judged their vital national interests were at stake, the 'Luxembourg compromise' was conceived to rule out any loss of sovereignty. 'For Wilson and others, membership of the common market was more palatable if supranationalism was reduced'.[21]

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[15] NAA, A1838/275, 727/4 part 36, Cumes to Tange, memorandum EEC/45, 16.2.1965.
[16] NAA, A463/50, 1965/2040, Bunting to Downer, 13.5.1965.
[17] NAA, A1838/275, 727/4/1/3 part 2, AHC London to DEA, cablegram 11090, 7.12.1965. For a detailed account of British policy in late 1965 see Parr, *British Policy*, ch. 2.
[18] See NAA, A1838/275, 727/4/1 part 5, French statements on Britain and the EEC.
[19] Harold Wilson, *The Labour Government, 1964–70: A Personal Record* (Harmondsworth: Penguin, 1974), p. 283.
[20] Labour secured 363 seats. The Conservative Party won 253 seats, the Liberal Party 12 and the Republican Labour 1. Overall, Labour could rely on a majority of 97 seats.
[21] John Young, *Britain and European Unity, 1945–1992* (Basingstoke: Macmillan, 1993), p. 89.

6.2 Australia's early attitude towards Britain's renewed interest in EEC membership

Labour's stance on the EEC question was reiterated on 21 April 1966 in the Queen's Speech in the Commons.[22] But Britain's renewed interest in closer ties with the Six did not jolt all sections of the Australian government into action. The attitude of the Department of Trade and Industry (DTI) was indicative of the majority. Despite recognising that the Common Market issue in Britain had 'become a more live one than it [had] been for some time', the DTI was in no hurry to discuss contingency planning as demanded by the DEA.[23] External Affairs, on the other hand, had been particularly active in advocating the establishment of an interdepartmental committee with the view to reassessing Australia's negotiating position. As Alan Renouf, First Assistant Secretary (DEA), pointed out, 'events would move quite quickly once the British Government took the plunge'.[24] In his view, 'Australia might be placed in a position of some embarrassment if the Government had not determined well in advance what our attitude should be to the negotiations and their outcome'.[25]

The DTI, however, saw the prospects for a British application with less urgency. The DTI attitude is important in understanding Australia's approach to the Common Market issue. Its minister, John McEwen, had always tended to regard the problem of British entry as falling into his exclusive sphere of competence. In this respect, Menzies had been the only personality in Cabinet capable of restraining him, as indeed he did in 1962 over Britain's previous negotiations with the EEC.[26] But the Liberal leader had retired in January 1966. Without Menzies, the prime responsibility for Australia's policy on the EEC question rested with McEwen and his department. The new Prime Minister,

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[22] Britain, *PD,* HC, 1966–67, vol. 727, col. 46.
[23] NAA, A1838/275, 727/4/1 part 5, Currie to Renouf, 22.3.1966.
[24] NAA, A1838/275, 727/4/1 part 5, Renouf to Westerman and Currie, 1.4.1966.
[25] NAA, A1838/275, 727/4 part 36, Renouf to Westerman, 4.2.1966.

Harold Holt, who was still establishing himself in office, had not acquired the authority in Cabinet that Menzies had had. On the EEC question, he let McEwen take the lead. Significantly, it was a further year before any consideration was given to the formation of an interdepartmental committee as requested by the DEA, with a preparatory meeting taking place in June 1967.[27]

The prevailing mood in Canberra was in contrast to the growing concern felt by a number of Australian missions overseas. In London, Downer regarded the prospects for a British bid with great foreboding. He had already declared publicly, in March 1965, that British entry 'would be one of the greatest tragedies in history'.[28] In Brussels Ambassador Ralph Harry repeatedly complained to Canberra about the lack of guidance.[29] He felt that Australian silence could be taken to mean that no major Australian interest was at stake should Britain apply to the EEC. Harry even sought permission to fly to London to confer with McEwen when the latter passed through the British capital in June.[30]

The lack of guidance was due in part to the fact that in the first half of 1966 a British bid was still regarded in Canberra as being hypothetical. Cabinet discussed the issue briefly on 17 May and concluded that no diplomatic *démarche* was required at this stage. Cabinet felt that there was 'nothing said to date by the British Government' to which it could react.[31] In finally sending some belated guidance to Harry in June, McEwen advised that 'ministers in Australia had deliberately decided not to attempt to reach an overall policy regarding British entry, but to take decisions as circumstances developed'.

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[26] See Stuart Ward, *Australia and the British Embrace: The Demise of the Imperial Ideal* (Melbourne: Melbourne University Press, 2001), pp. 173–176.

[27] See NAA, A1838/275, 727/4/2 part 7, Minutes of interdepartmental meeting on UK/EEC held in the Department of Trade and Industry, 7.6.1967. In September 1967 the Cabinet 'invited the Prime Minister to name a committee of Ministers for the purpose sought by the Minister [McEwen], and indicated that there might, with advantage, be also an inter-departmental committee keeping in touch with the course of negotiations'. NAA, A5840/XM1, vol. 2, Cabinet Decision 582, 19.9.1967. As Britain's negotiations with the EEC never got underway, these committees were never established.

[28] NAA, A464/50, 1965/2040, Speech of Alexander Downer at the Royal Commonwealth Society (London), 11.3.1965.

[29] See NAA, AA4092/T1, 79, Campbell to Currie, 31.5.1966; NAA, A1838/275, 727/4/1 part 4, Australian Embassy Brussels to DEA, cablegram 80, 17.3.1966.

He also informed the ambassador that 'Australian representatives would have to live with not having a policy for the time being' and expressed concern over the strong statements against British entry made by Downer in London.[32] However, the still uncertain nature of British policy towards the EEC was not the only reason for Canberra's muted attitude and for McEwen's criticism of Downer's handling of the EEC issue. There was an ulterior motive which was based on the belief that 'since the question of British entry and trade might be mixed up with defence and other considerations, it was terribly important that Australian representatives should not make statements predicting Australian future policy'. McEwen said that

> the attitude of the Australian Government in the event of a British application for entry or opening of negotiations could be very different from the attitude adopted in 1962/63. There [is] not merely a possibility that Australia might go 'soft' but that Australia might be prepared to give Britain some trade benefits even if these were not requited. Because of the desirability of ensuring a continued British presence east of Suez, it might be necessary to help meet the cost of British defence policy.[33]

This marked a considerable change of emphasis in the Australian view which had taken place in the period between the first and second applications. In the interim Canberra began to attach greater importance to a continuing British role east of Suez than to trade issues. It was hardly surprising, therefore, that Australia's response now to a new British application would be influenced by strategic considerations.

As already discussed, the depth of Holt's concern over the uncertainty surrounding Britain's military presence in Southeast Asia was apparent when he met Wilson in London in July 1966. Discussions between the two leaders centred on British plans to reduce British military forces east of Suez, and only cursory attention was given to the Common Market issue. Holt raised the matter briefly on 11 July, asking Wilson his views 'on the prospects and the timing of Britain's entry into the EEC'.[34] In reply, Wilson said that

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[30] NAA, A1838/275, 727/4/1 part 5, Harry to DEA, 1.6.1966; Renouf to Hasluck, 2.6.1966.
[31] NAA, A5839/XM1, vol. 1, Cabinet Decision 260, 5.5.1966.
[32] NAA, A1838/346, 727/4, Record of conversation with Mr. Campbell, Assistant Secretary (DTI), 8.6.1966.
[33] *Ibid.*
[34] PRO, CAB 133/329, AMV(66)3rd meeting, 11.7.1966.

Britain would go in – and indeed was 'keen to go in' – if it could do so on the right terms.[35] However, as if to qualify what he had said, Wilson immediately drew Holt's attention to the difficulties facing a British application. He reminded Holt that 'these terms were not so much changes in the Treaty of Rome but rather changes in the agricultural policies of the Six'.[36] Interestingly, Wilson also affirmed that 'the United Kingdom's freedom to trade with Commonwealth producers of temperate foodstuffs would be more important in the negotiations than consideration for United Kingdom farmers'.[37] Given the still hypothetical character of Britain's approach to Europe, Wilson clearly did not want to alarm his Australian visitor unduly. In this task he found support from the Chancellor of the Duchy of Lancaster, George Thomson, who had been given special responsibility for European affairs in the new Wilson government. Thomson reassured Holt about the time-scale for entry. He claimed that 'British entry was still a long way ahead' and emphasised the importance of the French attitude in any eventual British step towards EEC membership.[38] The French, in turn, were hardly forthcoming.[39] Interestingly, on this point the British were to be more explicit with the Americans. At the end of July Wilson told President Johnson that the French may want to try to exact a high price for British entry. In his view, the 'French would insist [the] UK break its ties with [the] US or at very least abandon [the] East of Suez position'. The British Prime Minister 'thought [that the] time would come when [the] UK could enter Common Market under satisfactory terms but that time [was]

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[35] NAA, A1838/1, 792/1 part 4, Holt to McEwen, cablegram 6856, 11.7.1966. See also NAA, A4940/1, C4391, Notes on Meeting with Harold Wilson, 11.7.1966. It is noteworthy that the British record of the Wilson–Holt talks is slightly less explicit than the Australian one. The British record quotes Wilson as saying that 'United Kingdom was prepared to join'. See PRO, CAB 133/329, AMV(66)3rd meeting, 11.7.1966.

[36] *Ibid.*

[37] *Ibid.*

[38] NAA, A1838/1, 792/1 part 4, Holt to McEwen, cablegram 6856, 11.7.1966. The British record instead quotes Thomson as simply saying that 'he did not expect any dramatic moves soon'. See PRO, CAB 133/329, AMV(66)3rd meeting, 11.7.1966.

[39] *Ibid.* See also NAA, A1838/1, 792/1 part 4, Holt to McEwen, cablegram 6856, 11.7.1966.

not now'. In a separate conversation, Burke Trend told Rusk that 'even if [the] UK offered to sign on dotted line French would find some other reason to prevent UK entry'.[40]

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*In this cartoon Nicholas Garland captures the Wilson government's cautious approach to Europe (*Daily Telegraph, *24.5.1966)*

Holt must have left London under the impression that a new British bid was far from imminent. His talks with Wilson would have confirmed what McEwen must have reported to him on his return from a Commonwealth Trade Ministers meeting in London in mid-June. The meeting, which had originally been planned to discuss 'means by which Commonwealth trade might be encouraged and expanded',[41] focused instead on the Common Market question. The President of the Board of Trade, Douglas Jay, reiterated Britain's readiness to seek EEC membership, provided that the essential interests of Britain and Commonwealth countries were safeguarded.[42] He assured Commonwealth partners of Britain's intention to 'make available the maximum information possible' to them on the progress of exploratory discussions with the EEC and to consult closely with them at all

[40] See Circular Telegram from the Department of State to NATO Capitals, 30.7.1966, doc. 266, *FRUS, 1964–68, vol. 12, Western Europe* (Washington: Department of State, 2001).
[41] PRO, PREM 13/773, Commonwealth Trade Ministers' Meeting: Communiqué, 16.6.1966.
[42] *Ibid.*

stages of any negotiations.[43] In private talks with Jay, McEwen stressed the importance of meaningful consultations with Australia.[44] On this, Jay reassured McEwen, who seemed satisfied with British assurances. According to British sources, he 'displayed no great anxiety about the question of Britain's membership of the EEC'.[45] Significantly, McEwen declared at a press conference at Australia House that he left London 'believing that there [was] no-one who [thought] that Britain could, in any likelihood, go into the Common Market at quite an early date. No-one [was] talking in terms of months, everyone [was] talking in terms of years'.[46] McEwen reiterated the same point back in Australia in a speech in a country electorate that August.[47]

6.3 Britain gears up to a new bid

As events soon proved, McEwen was mistaken. During the summer of 1966 London sounded out the EEC countries about the prospects for a British entry.[48] Despite continuing uncertainty about French intentions, 'there was a general feeling among the Ministers that Britain could not drift any longer on this subject. The Ministers thought that if nothing is done now the domestic arrangements within the Six would be hardening and the problem of entry would become more difficult'.[49] Of particular concern to the British was the completion of the Community's farm regime scheduled for 1969. Furthermore, the sterling crisis of July 1966 may also have been instrumental in persuading Wilson to seize the initiative on Europe. In fact, Parr, Pimlott and Hennessy have all argued that the Common

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[43] *Ibid.*
[44] PRO, CAB 133/329, AMV(66)2, Visit of Australian Prime Minister to London: Brief by the CRO, 30.6.1966.
[45] *Ibid.*
[46] NAA, A1838/275, 727/4 part 36, Press conference given by John McEwen at Australia House (London), 17.6.1966.
[47] NAA, A1838/275, 727/4/2 part 6, Summary address by John McEwen to the Rodney Assembly Electoral District Council (Kyabram), 12.8.1966.
[48] PRO, CAB 129/127, C(66)149, 7.11.1966. See also Parr, *British Policy*, ch. 3.

Market option looked like a good opportunity for Wilson to revive his government's dwindling fortunes after the July financial crisis.[50] In August, therefore, Wilson reshuffled his Cabinet and moved the Europeanist George Brown from the Department of Economic Affairs to the Foreign Office. As Wilson himself recalls in his memoirs, 'we seemed to be drawing nearer to the point where we would have to take a decision about Europe, and George Brown seemed to me the appropriate leader for the task which might lie ahead'.[51]

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from this version of the thesis for copyright reasons.

George Brown

Although his Cabinet was divided between those favouring and those opposing entry,[52] Wilson was clearly gearing up to a decision on Britain's future relationship with

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[49] Snelling quoted in NAA, A1838/275, 727/4/1 part 6, Commonwealth Liaison Committee Meeting on Britain and the Common Market, 4.1.1967.

[50] Parr, *British Policy*, ch. 3; Ben Pimlott, *Harold Wilson* (London: Harper Collins, 1992), p. 435; Peter Hennessy, *The Prime Minister: The Office and Its Holders Since 1945* (London: Allen Lane, 2000), p. 311.

[51] Wilson, *Labour Government*, p. 352. However, according to Pimlott, Brown's appointment as Foreign Secretary seems to have been dictated by Wilson's desire to neutralise the influence of Callaghan within the Cabinet. See Pimlott, *Wilson*, pp. 435–436. According to Parr, while Wilson's decision 'indicated his willingness to endorse a shift in European policy', 'managing his ministers' remained his 'priority in the paranoia generated by the July crisis'. Parr, *British Policy*, ch. 3.

[52] According to Pimlott, Brown (FO), Stewart (Economic Affairs) and Jenkins (Home Office) were strongly in favour of a new application to the EEC. Also in favour were Crossland (Education and Science), Gardiner (Lord Chancellor), Gunter (Labour), the Earl of Longford (Privy Seal), Houghton (Minister without Portfolio) and Hughes (Wales). Bowden (CO) was strongly opposed. Also opposed were Healey (Defence), Peart (Agriculture), Jay (Board of Trade), Marsh (Power), Ross (Scottish Office), Castle (Transport) and Greenwood (Housing and Local Government). Callaghan (Exchequer), Crossman (Health and Social Security) and A.W. Benn (Technology) were uncertain. See Pimlott, *Wilson*, p. 438. Jay, however, contends that Stewart was 'wobbling carefully' and A.W. Benn was 'somewhat ambiguously in favour'. See Douglas Jay, *Change and Fortune: A Political Record* (London: Hutchinson, 1980), pp. 365–366.

Europe.[53] By October, a number of studies on the EEC had been carried out in Whitehall,[54] and Wilson felt that the time had come for a Cabinet debate and a decision. He convened a full-day Cabinet meeting at Chequers on 22 October to allow for a thorough discussion as to whether he and Brown should undertake a tour of the EEC capitals. The aim was to conduct a series of high-level probes which would enable the British government to obtain a clearer indication of the EEC countries' views on British entry.[55] As Foreign Secretary Brown and Michael Stewart, now First Secretary of State and Secretary of State for Economic Affairs, explained to a further meeting of Cabinet on 1 November, such action was necessary because 'the exploratory discussions which they and the Duchy of Lancaster had been conducting with European countries during 1966 had been taken as far as the current authority allowed'.[56] Further talks were therefore needed 'to ascertain with the necessary authority and precision, what kind of terms we might hope to get in a negotiation for membership'.[57]

The Chequers meeting did not reach a decision. However, on 9 November, the Cabinet eventually gave the 'green light' to the tour of the EEC capitals.[58] On 10 November, Wilson informed the Commons that he and Brown would conduct high-level consultations with the Six in order to establish 'whether conditions exist – or do not exist – for fruitful negotiations, and the basis on which such negotiations could take place'.[59] He left the House in no doubt that his government was approaching the discussions with the Six with the clear determination to enter the EEC.[60] He then reaffirmed his pledge that

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[53] See Pimlott, *Wilson*, pp. 434–435.
[54] NAA, A3211/21, 1967/575 part 1, Bassett to Westerman, 9.11.1966. See also Wilson, *Labour Government*, p. 352; Young, *Britain and European Unity*, p. 94.
[55] PRO, CAB 128/41, CC(66)53rd meeting, 1.11.1966.
[56] *Ibid.*
[57] *Ibid.*
[58] PRO, CAB 128/41, CC(66)55th meeting, 9.11.1966.
[59] Britain, *PD,* HC, 1966–67, vol. 735, cols. 1539–1540.
[60] *Ibid.*, col. 1540.

Britain would join if, and only if, essential British and Commonwealth interests were safeguarded.[61]

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*Wilson's eagerness to join the EEC and de Gaulle's opposition to preferential trade between Britain and its Old Dominions are well rendered by Collette (*Australian, *17.11.1966)*

In Australia the government's reaction was muted. Australian posts in Western Europe, however, monitored Wilson's moves closely. On 28 November the Senior Trade Officer in London reported that 'a continuing acceleration to the momentum of Britain's tentative moves towards a renewal of their application to join the E.E.C. has been imparted over the last month'. He pointed out that 'most top civil servants are now urging entry, as they cannot see any other viable position for Britain at the end of the century ... There is open support from a large majority in the Commons'. He therefore advised the DEA that 'time is growing short for a credible British attempt, as the Community will crystalise [sic] most of its arrangements in the next year or two. Opinion throughout the country appears to be moving in favour of British membership'.[62]

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[61] *Ibid.*
[62] NAA, A1838/2, 727/4/1/3 part 3, Lloyd to Acting Secretary (DEA), memorandum 1370, 28.11.1966.

Once he gained the Cabinet's approval, Wilson moved swiftly. A timetable for the tour of the EEC capitals was soon devised, and it was agreed that consultations with Commonwealth governments should take place after the probe and before the announcement of any decision to proceed with negotiations.[63] The British government decided to leave itself with as much room for manoeuvre as possible in these consultations.[64] A Commonwealth Prime Ministers' Conference was to be avoided but, for the time being, Commonwealth governments would be kept informed and given a short account of each visit.[65] As far as Australia was concerned, a planned visit of the Commonwealth Secretary to the Far East was an excellent opportunity to discuss the EEC issue 'informally' and 'in a preliminary way'.[66]

On the eve of the visit of Wilson and Brown to Rome, the Commonwealth Office (CO) instructed the British High Commissions to remind Commonwealth governments that Britain would 'have fully in mind' the interests of Commonwealth countries.[67] Was the Holt government to be reassured by this British declaration of intent? Hardly. Throughout 1966 Australian officials had remarked more than once that the implications for Australia of British membership did not loom large in British thinking.[68] At the end of December, Critchley warned the DEA that 'the British Government [was] committed to entering the EEC if at all possible and that it ha[d] made up its mind to try every possible approach'. He emphasised 'the firm and sometimes emotional belief on the part of many people, including a great number of M.P.s, that Britain's destiny is now linked with Europe. Admittedly long-term considerations are involved in this belief, but it is a mood rather than

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[63] PRO, FCO 62/16, Eur(0) (66)11 (Final), Timing and method of consultations with other Commonwealth countries, 30.11.1966.
[64] *Ibid.*
[65] PRO, FCO 62/16, Snelling to Garner, 5.1.1967.
[66] PRO, FCO 62/16, Eur(0) (66)11 (Final), Timing and method of consultations with other Commonwealth countries, 30.11.1966.
[67] PRO, FCO 62/16, CO to BHC Canberra, Telegram Y circular 2, 12.1.1967. See also PRO, FCO 62/16, Eur(0) (67)40, Timing and method of consultations with other Commonwealth countries, 28.3.1967.

a reasoned analysis'. Critchley pointed out that 'Commonwealth interests and more specifically Australian interests [were] therefore unlikely to be allowed to stand in the way of British entry. Australia [could] expect sympathetic consideration but no more'.[69]

6.4 Australian defence concerns over British moves towards Europe

As discussed, although the likely damage to Australian exports markets in Britain was a concern, there were other important – and certainly more pressing – political and strategic considerations that worried the Australian government with regard to a renewed British attempt to seek EEC membership. In February 1966, the Head of the Australian Joint Service Staff in London, Air Vice-Marshall Hartnell, had alerted Canberra to the fact that 'there [was] a considerable support' for the policy of 'withdrawal from the Far East into Europe' in London.[70] In linking the estimated short-term costs of entry to their impact on the British balance of payments, Critchley also noted that 'overseas defence spending [would] certainly continue to be a priority subject for review … and the prospects for cuts in overseas defence costs will grow as the prospects of Britain joining the EEC improve[d]'.[71] He concluded that

> Britain's entry into the EEC [could] therefore be expected to reinforce current pressures for Britain to abandon its defence role east of Suez. This could be expected to follow from the growing British sentiment for Europe, from European pressures and by no means least the short-term balance of payments problems that entry into Europe [would] involve.[72]

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[68] See for example NAA, A1838/275, 727/4 part 36, Renouf to the Acting Minister, 24.3.1966; Osborn to Plimsoll, memorandum 122, 31.1.1966. See also NAA, A1838/2, 727/4/1/3 part 3, Lloyd to Acting Secretary (DEA), memorandum 1370, 28.11.1966.

[69] NAA, A1838/275, 727/4/2 part 6, Critchley to DEA, savingram 1, 22.12.1966.

[70] NAA, A1945/37, 287/3/22, Hartnell to Hicks, DRL 60/1966, 25.2.1966. In July 1966 Wilson told President Johnson that 'some people in his own party and most of press thought [the] UK should cut world role and go in'. See Circular Telegram from Department of State to NATO Capitals, 30.7.1966, doc. 266, *FRUS, 1964–68, vol. 12.*

[71] Critchley reported that, according to British sources, the sole adoption of the EEC's agricultural regime (CAP) could cost the Exchequer between £175 and 250 million a year. See NAA, A1838/275/4/2 part 6, Critchley to DEA, savingram 1, 22.12.1966.

[72] *Ibid.*

Critchley's words accurately summed up the growing sense of unease prevailing in Australian official circles with regard to the strategic implications of what became known as Wilson's 'approach to Europe'. As also noted in Chapter 5, the serious sterling crisis of July, and the conclusion of the Indonesian-Malaysian *Konfrontasi* in August, had raised additional concerns about Wilson's resolve to maintain a meaningful British defence presence east of Suez. From an Australian viewpoint, Wilson's approach to Europe was clearly a disturbing and potentially damaging complication. As early as 1961 the DEA had advised the Menzies Cabinet that Britain's entry into the EEC 'would be likely to accelerate the shedding of United Kingdom commitments east of Suez'.[73] In the five years since, Canberra had remained concerned that British entry might result in 'a diminution in British concern and interest in maintaining an effective political and strategic role east of Suez where [Australia's] main concern [lay]'.[74] Thus, the crucial problem now, in late 1966, was that Wilson's approach to Europe would spell the end for Britain's already wavering determination to remain in the Southeast Asian region. This time – unlike in 1961 when the prospects for a British departure still appeared to be a relatively remote possibility – the danger of a withdrawal was very real.

From the British records it is not possible to establish a clear and direct correlation between Wilson's approach to Europe and his east of Suez policy. The documents pertaining to the defence review that took place between December 1966 and April 1967, and that led to the decision to withdraw from Malaysia and Singapore, make virtually no reference to the Common Market issue. In April 1967 Brown told the ANZUS allies that the decision to withdraw was unrelated to the Common Market issue.[75] Yet, connections, if not a correlation, between the two issues did exist. In early May 1967, following the

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[73] NAA, A1838/269, TS899/1/4 part 2, Cabinet Submission 1183, 26.6.1961.
[74] NAA, A1838/275, 727/4/2 part 7, British Entry into the EEC, undated paper (probably January–February 1967). See also NAA, A1838/275, 727/4/2 part 6, Thomson to Shann, 11.1.1967.

decision both to join the EEC and to withdraw from east of Suez, Callaghan reminded Downer that the British

> must cut their coat according to their cloth. The price of entry to the E.E.C. for the first few years would be great. It could amount to as much as pounds 300 million or even pounds 400 million. Obviously the advantages lay in the long term; there is none in the short term. So the initial period would be difficult and costly. This meant … that [the British] must prune severely the defence bill. It was just impossible for Britain to remain in Malaysia. He hoped he could save pounds 100 million a year in that direction alone. The Government, in order to pay the price of entering the Common Market, must economise on defence.[76]

A few days later, Healey told US Secretary of Defense Robert McNamara that 'the decision [to withdraw] was being made partly for budgetary reasons, but he [Healey] also acknowledged that it was related to the British desire for association with Europe'. Healey also 'indicated that, in the British view, it would be psychologically incompatible with their proposed role in Europe for them to maintain commitments on the mainland of Asia'.[77] Australian concerns were not misplaced.

6.5 *Probing visits to the EEC capitals*

Publicly, the British government had so far avoided defining in clear terms what it meant by Commonwealth 'essential interests'. Likewise, it had refrained from indicating how it proposed to defend them. The reasons were obvious. Firstly, there was no point in upsetting Commonwealth countries before negotiations had even begun. Revealing its intentions would certainly attract strong criticism from the Commonwealth which in turn could provide the French government with ammunition with which to oppose British entry. Second, and perhaps more importantly, it would be unwise for the British government to spell out its negotiating aims before the probe had even taken place. After all, the Wilson

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[75] NAA, A1838/346, TS691/1/1 part 1, Hasluck to Holt, cablegram 1604, 20.4.1967. See also Memcon, 20.4.1967, doc. 21, *FRUS, 1964–68, vol. 27, Mainland Southeast Asia; Regional Affairs* (Washington: Department of State, 2000).

[76] NAA, A1209/80, 1966/7335 part 3, Downer to Holt, cablegram 5326, 3.5.1967. See also NAA, A1838/346, TS691/1/1 part 1, AHC London to DEA, cablegram 5322, 3.5.1967.

and Brown tour of the EEC capitals was meant to ascertain if the conditions for meaningful negotiations with the Six existed. If the British wished their bid to succeed, it was important to avoid presenting the Six with a list of detailed requests. Privately, however, the British government was more specific. On 9 November, Brown told his Cabinet colleagues that 'we might hope, and should need, to negotiate not merely transitional arrangements … but also certain permanent adaptations of the present arrangements in the Community. The position of New Zealand, for example, would be a point of fundamental importance to us'.[78] In the same Cabinet meeting, Herbert Bowden, the Commonwealth Secretary, added that 'it would … also be desirable to inform the governments of the Six in general terms that we should need to know whether terms at least as good as those negotiated by the previous administration in 1962 could be assumed for Commonwealth countries in Asia, Africa and the Caribbean, as well as special safeguards for New Zealand'. At no stage was mention made of Australia. The implication was clear: the most Australia could hope for was a lengthy transitional period.

In the opening meeting with the Italian government on 16 January, Wilson told the Italians that 'we have come to the discussions with the clear intention of entering into the Community: and we have decided to go right to the very end'.[79] Wilson emphasised that Britain 'had embarked on a great effort and would not like to see the great issues bogged down in discussions of questions such as kangaroo meat'.[80] Kangaroo meat became a byword for Australia's stubborn defence of its own interests during the 1961–63 negotiations. Brown told the Italians that 'in relation to the Commonwealth trade it was well known that there were problems affecting Australia and Canada, but the really difficult case was that of New Zealand'. He added that 'New Zealand was an area in which he doubted whether a transitional period would suffice as final answer to our problems'.

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[77] NAA, A1209/80, 1966/7335 part 3, Australian Embassy Washington to DEA, cablegram 1995, 11.5.1967.
[78] PRO, CAB 128/41, CC(66)55th meeting, 9.11.1966.
[79] NAA, A1838/275, 727/4/1 part 6, Australian Embassy Rome to DEA, cablegram 76, 17.1.1967.

On the following day, Brown stressed the need for special arrangements for New Zealand as opposed to transitional arrangements for other Commonwealth countries. In the following weeks, Wilson and Brown presented the same arguments during their visits to the remaining capitals of the EEC.[81]

These British tactics did not escape the Australians' notice. In cabling Canberra in early February 1967, Harry was emphatic that 'this desire to avoid involved discussions seems to amount to almost an obsession with Wilson and would not dispose him to fight for points of interest only to Australia'.[82] For its part, the External Affairs branch in London reported that 'if Britain sees an opportunity for a successful application ... she may be expected to seize it quickly, with a minimum of discussion on broad principles only, and with little disposition to engage in protracted negotiations on matters of detail which might be of primary interest to Australia'.[83] Advice tendered by other Australian missions in Western Europe followed similar lines.[84] Yet, the news coming from Europe was not as discouraging as it seemed. In particular, the Australians could take some comfort from the fact that the French attitude towards Britain remained extremely unhelpful, if not outright negative. Despatches from the Australian Embassy in Paris were pessimistic about the British chances of overcoming French hostility. As Ambassador Ronald Walker noted in February 1967, 'the strong impression here is that [the French] are opposed to [British entry]'.[85]

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[80] PRO, CAB 129/128, C(67)33, 16.3.1967.
[81] *Ibid.*
[82] NAA, A1838/275, 727/4/2 part 6, Harry to DEA, savingram 3, 10.2.1967.
[83] NAA, A1209/43, 1967/7117 part 1, External Affairs Office London to DEA, savingram 4, 1.2.1967.
[84] See for instance NAA, A1838/275, 727/4/1 part 7, Australian Embassy The Hague to DEA, cablegram 104, 28.2.1967.
[85] NAA, A1838/2, 727/4/1 annex, Walker to DEA, Despatch 1, 28.2.1967. See also NAA, A1209/43, 1967/7117 part 1, Walker to DEA, savingram 5, 14.2.1967.

6.6 Bowden's visit to Australia and Australian policy towards British entry in the spring of 1967

It was against this background that Bowden visited Canberra in late February for the first high-level consultations with the Australian government since the decision to conduct probes in the capitals of the Six. In his talks with Australian ministers on 22 February, Bowden stuck predictably to the cautious line which had been agreed in Whitehall. He told the Australian Cabinet that London 'had of course very much in mind the need for adequate safeguards for British agriculture, for the Commonwealth and for their EFTA partners'. He added that 'some special arrangement would be necessary for New Zealand'. Almost with circumspection, he hinted that 'Australia's case was different, but he accepted that one seventh of her exports would be affected and would need protection, and this would have to form the subject of their consultations if it was decided to negotiate for entry'.[86] On this last point, Bowden stressed that Britain had taken no decision to negotiate for entry. His government had only agreed 'to undertake a series of probes ... to discover whether the climate was right to start negotiations'. However, 'the probings so far had not been encouraging'. He concluded by referring to the 'still considerable opposition to Britain's entry in both the main political parties' and declaring that 'it would be a difficult political decision'.[87]

Despite Bowden's cautious language, McEwen grasped the import of his words. After pointing out that he 'doubted whether Britain was close enough to entry for there to be profitable discussion at present', McEwen flatly declared that 'Australia's position was still as it was in 1962'. He emphasised how a transitional period would not meet Australian needs. He then went to say that 'even if Australia was large enough to stand the knock in financial terms she could not do so in human terms. She could not stand by and see half her

sugar growers, butter producers and fruit farmers ruined'. With a tinge of irony, or perhaps, cynicism, McEwen told Bowden that 'he recognised that it was a burdensome obligation for [the British] to have to meet Commonwealth interests'. However, he suggested that 'world commodity arrangements provided an alternative'. McEwen was referring to the ongoing Kennedy Round of GATT (General Agreement on Tariffs and Trade) multilateral trade negotiations in which Australia was engaged in discussions on cereals and dairy and meat agreements.[88] He finally complained that the British government had not yet paid sufficient attention to commodity agreements in the GATT negotiations.[89]

On his return to Britain, Bowden informed the Cabinet that, with the exception of McEwen, Australian ministers had been understanding on the whole.[90] Bowden also reported that he had conveyed to the Australians the point that Britain 'should probably not be seeking an arrangement for her comparable with what [it] would be seeking for New Zealand'.[91] This of course implied that Britain would seek no more than transitional arrangements for Australia. Although this point had not been lost upon the Australians, it is interesting to note how carefully the Commonwealth Secretary avoided being specific on the safeguards issue. The reasons for this caution are not difficult to understand. The British government did not want to imperil its bid for EEC membership. It was concerned that the Commonwealth countries still had a residual capacity to make life unpleasant for any British government trying to enter the EEC. This was an interesting situation given that Commonwealth links had weakened substantially and lost importance in British eyes, particularly since the Macmillan days. There was a growing sense of disillusionment towards the Commonwealth which was noticeable not only within the established political

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[86] PRO, FCO 24/5, Memcon, Bowden and Australian Cabinet (Canberra), 22.2.1967.
[87] *Ibid.*
[88] The Kennedy Round was launched in Geneva in 1963. For an interesting analysis of the talks and Britain's role in them see Donna Lee, *Middle Powers and Commercial Diplomacy: British Influence at the Kennedy Trade Round* (Basingstoke: Macmillan, 1999).
[89] PRO, FCO 24/5, Memcon, Bowden and Australian Cabinet (Canberra), 22.2.1967.
[90] PRO, CAB 129/128, C(67)37, 28.3.1967.
[91] *Ibid.*

parties but also among the general public.[92] Nevertheless, it was still felt that caution was needed on the Commonwealth front and some deception was perhaps inescapable if a war of words with the Commonwealth countries was to be avoided. Caution was also needed on the European front. It was crucial that Britain did not provide the hostile French with arguments which could be used to reject its bid.

The Holt government recognised the difficulties that Britain was encountering over its European bid. It doubted that, even if it decided to apply, Britain would be able to join in the light of the persistent French hostility. The overall government view, therefore, was that the best course of action was to 'wait and see'. As Bunting noted in February 1967, 'there is not a great deal of anxiety here over Britain's prospects though we are keeping a close watch on developments'.[93] Yet, not all Australian officials were in agreement with the government's 'wait and see' policy, particularly those away from Canberra. In mid-February Harry sent a despatch to the DEA once again complaining about a lack of guidance. According to him, the government's 'public attitude towards the "Wilson Round" has not indicated much Australian interest'. In his view, guidance 'would seem desirable, if we wish to make any attempt to influence the outcome', and to dispel the impression that Australian trade had been so diversified that 'Australian exports to Great Britain would not constitute a major problem in any negotiations'. Harry warned the DEA that '[Australia's] silence could in certain circumstances be construed as an act of policy'.[94] Harry's despatch was not particularly well received in Canberra. Campbell, Assistant Secretary (DTI), remarked rather harshly that 'until told otherwise [Harry] should

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[92] See J.D.B. Miller, *Survey of Commonwealth Affairs: Problems of Expansion and Attrition 1953–69* (London: Oxford University Press, 1974), pp. 357–359. According to Garner, Permanent Under-Secretary of State (CO), 'many Conservatives, whose basic plank had been "Queen and Commonwealth" for so long, were tending to become lukewarm about Commonwealth affairs and the Labour Party which, in the '20s had endeavoured to snatch this plan of policy from the Conservatives, seemed to have rejected it practically completely'. Garner quoted in NAA, A1209/43, 1967/7208, Knott to Bunting, 12.5.1967. See also Joe Garner, *The Commonwealth Office, 1925–1968* (London: Heinemann, 1968), pp. 341–343.

[93] NAA, A1209/43, 1967/7117 part 1, Bunting to Knott, 10.2.1967.

[94] NAA, A1838/375, 727/4/2 part 6, Harry to DEA, savingram 3, 10.2.1967.

stick to the guidance notes' he had already been given.[95] On 29 March, the DEA belatedly sent guidance. In noting that the '"Wilson round" ha[d] aroused great public interest in Britain and the Six', the DEA conceded that 'it [was] not unnatural to feel that Australia should adopt a comparably outspoken attitude'. Yet, it hastened to point out that 'doing so would be profitable only if it were consistent with the tactical requirements of policies adopted by the Australian Government'. External Affairs stressed that

> departments do not ... consider the UK-EEC position in isolation. It is necessary to strike a delicate balance between Government policy in this field, in the Kennedy Round, in other international fields and in relation to the totality of Australian trade, economic and political aims and objectives.[96]

External Affairs, therefore, urged Australian posts in Europe to keep strictly to the government's basic line on the question of British entry and summarised Australia's position in three main points: first, 'the decision to enter the EEC [was] one for Britain alone to take'; second, 'the adoption by Britain of the Common External Tariff and the CAP as [had] evolved so far, could cause serious damage to Australian industries'; and third, 'if Britain decided to negotiate [it was hoped] she [would] press for terms and conditions to protect vital Australian trade interests'.[97]

Harry had been forewarned of the kind of response he could expect from Canberra. In a message dated 23 March, Keith Shann, First Assistant Secretary (DEA), advised him that 'Trade and Treasury, at present, seem[ed] inclined to a policy of "layin' low and sayin' nuffin" [sic] or at least as little as possible'. Shann pointed out that 'one of the Government's major concerns is not to be laid open to moral pressure from Britain for some forms of compensation e.g. in the trade field in the event of a second failure to vault the ramparts, should anything we do have presented a major stumbling block in the way'.[98] Of course, there were also other reasons for 'layin' low and sayin' nuffin'. Until 'essential

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[95] NAA, A1838/275, 727/4/2 part 6, Pomeroy to Thomson, 23.2.1967.
[96] NAA, A1838/275, 727/4/2 part 6, DEA to Australian Embassy Brussels, cablegram 93, 29.3.1967.
[97] *Ibid.*
[98] NAA, A1838/275, 727/4/2 part 6, Shann to Harry, 23.3.1967.

Commonwealth interests' were spelled out, there was no need for Australia to voice disapproval, especially as the British prospects for entry remained uncertain. Furthermore, with the Kennedy Round of GATT negotiations reaching the final stage in the spring of 1967, the Holt government was keen to negotiate the best possible outcome for Australian export markets, and British co-operation was thought to be important in achieving this aim. The Australian view was that a good deal on a number of farm commodities would soften the impact of British entry. The Kennedy Round was seen in Canberra as a useful, albeit partial, remedy for the loss of British markets.[99] Last but not least, the question of a possible British withdrawal from east of Suez with its strategic implications for Australia was a major concern, as discussed in Chapter 4, and consequently another reason for not disturbing Anglo-Australian relations unduly at this point.

6.7 From the probe to the launch of a new bid

Having completed the probe of the EEC capitals in early March, Wilson pressed ahead and mounted a new bid for membership despite the mixed outcome of his European tour and existing divisions within the Cabinet.[100] On the external front, with the exception of Rome, The Hague, Brussels and Luxembourg, the probe had not turned out to be as positive as Britain had probably wished. In Paris, in spite of de Gaulle's recognising Britain's willingness to 'moor itself alongside the Continent',[101] the talks had been less than reassuring. De Gaulle had reminded the British that 'the participation of Britain in the Community presented great problems, given the differences of its economic interests, its monetary arrangements, its contacts with the outside world'.[102] Somewhat ominously, he had hinted at the possibility of 'association'. Ultimately, there was nothing in his attitude

[99] See for instance NAA, A1209/43, 1967/7117 part 2, McEwen to Holt, cablegram 4808, 25.4.1967.
[100] See Parr, *British Policy*, ch. 5.
[101] PRO, CAB 129/128, C(67)33, 16.3.1967.

which indicated that he would refrain from vetoing a British bid again. Yet, Wilson seemed to believe that a 'rebuff would be very difficult' for the French.[103] In Bonn, consultations with the Kiesinger government were also disappointing. The German Chancellor not only warned the British of the strong French resistance to British entry he had detected in his recent discussions with de Gaulle, but he also signalled his country's unwillingness to 'get deeply involved in controversial matters' with the French.[104] The implications were clear: West Germany sincerely favoured British entry, but not at any cost, and certainly not at the cost of jeopardising Franco-German relations.

The Cabinet was itself still seriously divided on the approach to Europe.[105] The Labour Party was also divided.[106] In this context, it is noteworthy that within the Cabinet, three ministers encouraged Australia to come out in the open and to take a vocal stance against Wilson's approach to Europe. In mid-February, the Minister of Agriculture, Fred Peart, asked A.P. Fleming, the Australian Special Commercial Adviser in London, why Australia was 'so quiet about the possibility of the United Kingdom entering the Common Market'. A few days later, Peart told another Australian representative that 'it [was] time that you (meaning Australia) took action'.[107] In late April 1967, following his talks with Peart, Bowden and Jay, McEwen reported to Holt that the British ministers put the view to him quite strongly that Australia should publicly denounce the negative effects of British entry on both Australian and British interests. According to McEwen, 'they deplored that without this it would be accepted that for Australia [Britain's] possible entry posed no problems'. Clearly, as McEwen remarked, some British ministers 'were looking for

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[102] *Ibid.*
[103] Wilson quoted in Parr, *British Policy,* ch. 5. See also PRO, CAB 128/42, CC(67)14th meeting, 21.3.1967.
[104] PRO, CAB 129/128, C(67)33, 16.3.1967.
[105] Important Cabinet figures such as Healey, Jay, Peart, Castle, Marsh and Bowden were opposed to a new bid. See Pimlott, *Wilson*, p. 440. See also Michael Stewart, *Life and Labour: An Autobiography* (London: Sidgwick & Jackson), p. 199.
[106] 'On the Brink', *Economist*, 29.4.1967, p. 434. See also Cynthia Frey, 'Meaning Business: The British Application to Join the Common Market, November 1966–October 1967', *Journal of Common Market Studies*, vol. 6, 1967–68, pp. 207–208.
[107] NAA, A1209/43, 1967/7117 part 2, United Kingdom-E.E.C., 24.2.1967.

ammunition' to sway a divided Cabinet against a new application to the EEC.[108] Australia, however, was not prepared to provide it.

Between mid-March and 2 May 1967, when the formal decision to apply to the EEC was finally taken, the Cabinet was convened several times to examine the 'approach to Europe'.[109] Step by step, Wilson adroitly managed to steer his ministers in the direction he favoured. Those who opposed a British application comforted themselves with the thought that de Gaulle would veto it yet again. On 2 May Wilson announced in the Commons that Britain would again bid for membership under article 237 of the Treaty of Rome.[110] In relation to the Commonwealth question, Wilson told the House:

> There are also highly important Commonwealth interests, mainly in the field of agriculture, for which it our duty to seek safeguards in the negotiations. These include, in particular, the special problems of New Zealand and of Commonwealth sugar producing countries, whose needs are at present safeguarded by the Commonwealth Sugar Agreement. We have, as the House knows, been in touch with all our Commonwealth countries, and will make special arrangements to keep in close consultation with them, as with our E.F.T.A. partners throughout the negotiations.[111]

On 10 May, the House of Commons gave its blessing to the new bid. The government's motion passed with a large majority: 488 in favour and 62 against.[112] On 11 May, the application was deposited in Brussels. Britain was again knocking at the door of the Six.

6.8 Australia and Commonwealth problems in the lead-up to the British decision to apply

How was the British government planning to safeguard what Wilson called 'highly important Commonwealth interests'? As far as Australia was concerned, the British

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[108] NAA, A1209/43, 1967/7117 part 2, McEwen to Holt, cablegram 4808, 25.4.1967.
[109] For an interesting account of how the Wilson Cabinet reached the decision to apply see Parr, *British Policy*, ch. 5.
[110] In 1961 the Macmillan government had also applied under article 237. But, unlike Wilson, Macmillan had stressed the purely conditional nature of the British application. See Britain, *PD,* HC, 1960–61, vol. 645, col. 930.
[111] Cmnd. 3264, *Membership of the European Communities* (London: HMSO, 1967), p. 4.
[112] Wilson, *Labour Government*, p. 499.

Cabinet discussions, which took place in the days immediately preceding the decision to apply, gave a clear indication of British thinking. And, for Australia, they were far from reassuring. On 27 April, the Cabinet had considered two memoranda by the Commonwealth Secretary; one on the value of the Commonwealth,[113] the other on Commonwealth interests in Britain's negotiations for entry.[114] In presenting the first memorandum, Bowden highlighted that 'there had been major changes in recent years, and we should make it clear that we were not prepared to sustain the Commonwealth whatever the cost to us might be'.[115] In the second memorandum, he explained that Australia was likely to ask Britain to secure permanent arrangements, 'except to the extent that prices and access to the enlarged Community for cereals, meat, dairy produce and sugar are assured by international commodity agreements'.[116] He told the Cabinet, however, that 'it would not, in practice, be possible to obtain all [Commonwealth] desiderata'.[117] The memorandum stated that, as regards the Australians, 'we should probably by unable to secure any permanent derogations for them and the outcome would probably be transitional periods for the gradual application of the levy and/or the common external tariff, with perhaps some reduced duty quota on a few industrial raw materials'.[118] Although Bowden reminded his colleagues of the 'importance of sustaining as far as possible the interests of Australia', in the ensuing discussion he observed that

> in considering the interests of Australia and Canada, it was pertinent to bear in mind that not only had they a higher level of income per head than the United Kingdom, or any member of the EEC, but also that in recent years they had been guided solely by their own interests in reducing or eliminating preferences which they accorded [Britain], in pursuing a policy of rapid industrialisation and, e.g., in buying foreign aircraft when we might reasonably have looked to them to pay more regard to United Kingdom interests.[119]

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[113] See PRO, CAB 129/129, C(67)59, 24.4.1967.
[114] See PRO, CAB 129/129, C(67)63, 25.4.1967.
[115] PRO, CAB 128/42, CC(67)23rd meeting, 27.4.1967.
[116] PRO, CAB 129/129, C(67)63, 25.4.1967.
[117] PRO, CAB 128/42, CC(67)23rd meeting, 27.4.1967.
[118] PRO, CAB 129/129, C(67)63, 25.4.1967.
[119] PRO, CAB 128/42, CC(67)23rd meeting, 27.4.1967.

A similar point was made by Wilson three days later during a Cabinet meeting at Chequers. He told his ministers that

> relations with the Commonwealth in recent years in economic matters had been disappointing. There had been little attempt on the part of other Commonwealth countries to look other than to their narrow national interest .... Australia and New Zealand preferred to purchase American aircraft of types not superior to our own .... In the Far East the policies of Australia and New Zealand were increasingly diverging from our own, with a very strong emphasis on their narrow area of interest in South-East Asia.[120]

If these remarks betrayed disillusionment towards old Commonwealth partners, they also indicated Wilson's eagerness to avoid making the problem of Commonwealth safeguards a central issue in Britain's bid for entry. Yet, it was not without irony that Wilson was reproaching Canberra and Wellington for putting narrow national interests before Commonwealth loyalties. His government was equally exposed to the same accusation as it sought entry into the EEC, regardless of the costs that such a move imposed on Britain's Commonwealth allies.

Australia, therefore, unlike New Zealand, was not to be considered a special case. After all, not only was Australia less dependent on trade with Britain than New Zealand, but it was experiencing an extended period of sustained economic expansion.[121] Australia was gradually beginning to enjoy the benefits of a surging global demand for minerals.[122] Furthermore, Australia was increasingly diversifying its pattern of trade from Europe towards the Asia-Pacific region (see Figures 6.1 and 6.2). Given these facts, Australian concerns over British membership of the EEC were not likely to find much sympathy in

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[120] PRO, CAB 128/42, CC(67)26th meeting, 30.4.1967. Wilson was referring to the Menzies government's decision in 1963 to replace the RAAF's ageing Canberras fleet with a new generation of fighter bombers. In spite of Macmillan's pressure on Menzies, Australia preferred American F-111As to British TSR2 fighter bombers. This point is discussed in David Goldsworthy, *Losing the Blanket: Australia and the End of Britain's Empire* (Melbourne: Melbourne University Press, 2002), p. 141. As Menzies explained to Douglas-Home, Australia's preference for American F-111As 'undoubtedly greatly satisfies the United States and sustains their interest in this corner of the world. This is a most important by-product of the decision and one which I hope may contain some merit from your point of view'. PRO, DO 164/27/74, Menzies to Douglas-Home, 24.10.1963.

[121] Barrie Dyster and David Meredith, *Australia in the International Economy in the Twentieth Century* (Cambridge: Cambridge University Press, 1990), p. 234. According to Dyster and Meredith, from 1961 to 1969–70 the average annual rate of real economic growth was 5.36 per cent.

Figure 6.1 Australia's trade reorientation from Western Europe to the Asia-Pacific: Australian imports

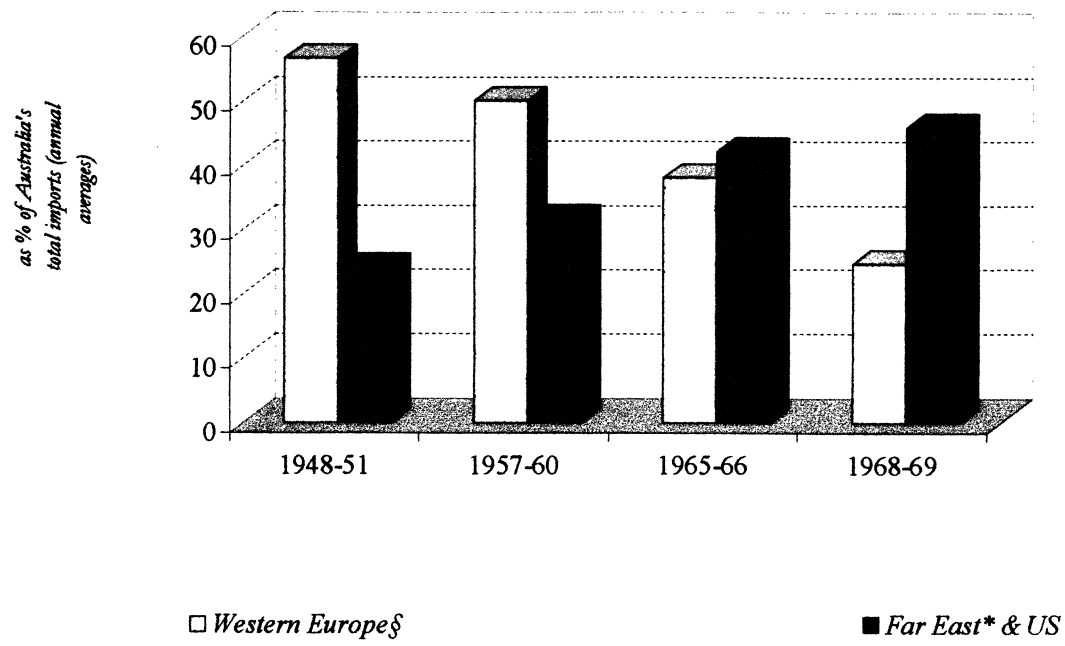
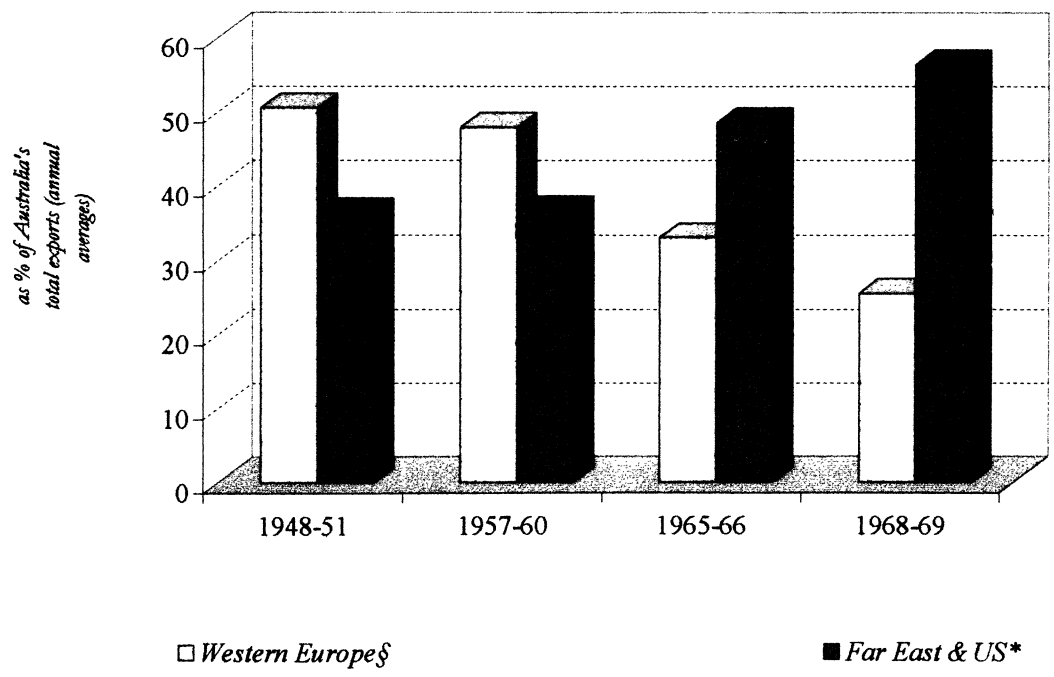


Figure 6.2 Australia's trade Reorientation from Western Europe to the Asia-Pacific: Australian exports



§ Britain, Belgium, France, Italy, Luxembourg, Netherlands, West Germany
* Brunei, Burma, Hong Kong, India, Indonesia, Cambodia, China, Laos, Macao, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam

Source: Dyster and Meredith, *Australia in the International Economy*, p. 249.

[122] For the so-called mineral boom see *ibid.*, p. 244. See also Geoffrey Bolton, *The Oxford History of Australia: The Middle Way 1942–1995*, 2nd edn (Melbourne: Oxford University Press, 1996), p. 178.

Whitehall. Seen from London, the Australian case, while deserving attention, was probably not worth worrying about too much. But, how to tell the Australians? Or, how to prevent them – if they felt sufficiently indignant at perceived British abandonment – from causing domestic political problems by appealing to those sections of the British public, still sympathetic to the Commonwealth, to lobby for the protection of Australian interests?

The figure originally located here has been removed from this version of the thesis for copyright reasons.

Anglo-Australian diverging interests: this is how British cartoonist Nicholas Garland depicts the Holt government's noticeable reorientation away from Britain and towards the United States (Garland, undated)

6.9 Australian policy on the eve of the British decision to apply for membership

For the time being, British concerns for a possible Australian backlash over the new bid were to remain unfounded. In Canberra reports that the British Cabinet was about to make a decision on the EEC application were overshadowed by the sudden announcement in late April of the British intention to withdraw completely from Malaysia and Singapore by the mid-1970s. As noted in Chapter 5, the British decision was distressing news for the Holt government. In response, Canberra launched an intense diplomatic campaign to persuade

the British not to take such drastic course of action. Against this backdrop, the lead-up to the British Cabinet's decision to seek EEC membership was anti-climatic. On 24 April, the British High Commissioner informed Holt that his government was close to a decision on the EEC issue. He conveyed his government's intention 'to take fully into account any general consideration which ... [the Australian and other Commonwealth] Governments wish to put forward at this stage on the hypothesis that the British Government are considering applying to enter the Community'.[123]

The Australian response was non-committal. 'The question is', as Peter Lawler, Deputy Secretary (PMD), put it, 'whether [Australian pressure] may aggravate British sensitivities which may already have developed over our reactions on the issue of British policy in Asia'. In Lawler's view, Australia 'need[ed] to guard against aggravating British sensitivities in a way which could be generally counter-productive for our dealings with them particularly on the fundamental defence issue'.[124] Holt agreed with this assessment. He made it clear that any Australian reply should take into account the question of British forces in Southeast Asia. Holt believed that Australia was already pressing Britain strongly on the east of Suez question and 'we might not be able to press on EEC at the same time'.[125] In this he was supported by the Treasurer, William McMahon, who thought it 'unwise for Australia to open up a "second front"'.[126] Thus, in seeking advice from McEwen on the draft of a possible reply, Holt suggested that Australia 'should not at this stage make any general comment on the policy issues but simply say that the extent to which Australian interests would be affected by British entry into the Community depends upon safeguards [the British] could provide to cover our interests'.[127]

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[123] NAA, A1209/43, 1967/7117 part 2, Johnston to Holt, 24.4.1967.
[124] NAA, A1209/43, 1967/7117 part 2, Lawler to Holt, 27.4.1967.
[125] NAA, A1209/43, 1967/7117 part 2, Bunting to Munro, 23.4.1967.
[126] NAA, A1209/43, 1967/7117 part 2, Lawler to Holt, 27.4.1967.
[127] NAA, A1209/43, 1967/7117 part 2, Holt to McEwen, cablegram 3245, 24.4.1967.

McEwen concurred. In the reply to the British which was for the most part drafted by McEwen himself, Holt simply pointed out that 'in general Australia's problems are much the same as in 1962. While there has been some diversification of [Australia's] trade, no substantial new markets have been found for the sensitive items in our commodity exports. In fact in absolute terms Australia has more at risk now than 1962 and this is growing'. He reiterated the importance of commodity agreements as a means of overcoming some of the problems of British entry and urged the British to take a positive attitude on commodity agreements within the Kennedy Round. Holt also drew attention to the possible implications of entry on sterling and on the future capital inflow from Britain. He observed that Australia had always adopted a responsible attitude with regard to sterling holdings and had consistently stood by Britain in times of adversity. He concluded: 'We trust you will keep these considerations in mind'.[128] If the British would do so was of course a matter for the UK-EEC negotiations to reveal. The Australian government, however, was under no false illusion. As the Secretary of the DTI, Alan Westerman, explained to Harry, 'there was no point in Australia putting in a lot of work to devise safeguard arrangements unless we knew that the British would seriously attempt to negotiate them … but we should be under no illusion that the British would do anything effective'.[129]

In conclusion, Chapter 6 has examined the Australian response to British policy towards the EEC between 1964 and mid-1967. In particular, this chapter has shown how the renewed interest of the Wilson government in EEC membership from 1966 was a source of concern to Australia. Apart from the inevitable economic damage which would derive from British entry, the Australian government also worried about the strategic implications of Wilson's turn to Europe. In fact, Australian policy-makers saw that Britain's entry was likely to weaken its resolve to play a politico-military role in Southeast

[128] NAA, A1209/43, 1967/7117 part 2, DEA to AHC London, cablegram 3360, 28.4.1967.

Asia and, as a result, hasten its departure from that region. So concerned was Canberra about this prospect that ministers agreed that in the event of a renewed British application Australia might 'go soft' and give Britain some trade benefits should this help toughen London's resolve to remain in Southeast Asia. Furthermore, Chapter 6 has argued that the Holt government's response to Wilson's 'approach to Europe' was non–committal. A number of factors contributed to shaping the Australian attitude. One was the growing uncertainty over Britain's role east of Suez. Canberra was careful not to antagonise London on the EEC question as it felt this could drive a wedge between Australia and Britain at a time when British goodwill was still needed. A second factor was that France's unrelenting hostility to British entry made the outcome of the British bid remarkably uncertain. Another factor was the concern to avoid being exposed to British pressure for trade compensation if anything Australia did could be interpreted as an effort to block Britain's entry into the Community. A fourth and final factor was the government's desire to disguise the grim prospects for Australian agricultural exports were Britain to join the EEC from the Australian public. Lastly, this chapter has also shown that as Britain reoriented its polices towards Europe, Australian policy–makers realised that London would regard Australian concerns and interests as expendable.

[129] NAA, A1838/275, 727/4/2 part 7, Notes of discussions with Sir Alan Westerman (Geneva), 15–16.5.1967.

7

The bid that never was: Anglo-Australian consultations on the British bid to enter the EEC, May–December 1967

'I just cannot understand Britain's refusal to consider any ideas we put up for future trading agreements. The door is being shut on almost all hopes of future expansion of trade between Britain and Australia, and in view of the doubts about de Gaulle ever letting you into the Common Market, this seems damn silly to us'.[1]

Alan Westerman, 17 October 1967

The news that the British Cabinet had decided on 2 May to apply to the EEC was received with remarkable restraint in Canberra. In reporting from the Australian capital, the British High Commissioner, Charles Johnston, informed the CO that, 'by contrast to the vehement outburst on the part of Australian Ministers with which the British application was greeted in 1961, the reception accorded to the announcement on this occasion was relatively restrained'.[2] He attributed the self-controlled reaction of the Australian government to the fact that Australia had long since taken Britain's willingness to join the EEC for granted.[3] In this Johnston was certainly right. Yet, as seen in the previous chapter, there were other factors involved. Of particular importance in the late spring of 1967 was Holt's reluctance to 'open up a second front', as McMahon had called it, while his government was exerting strong pressure on the British to maintain a military presence in Southeast Asia.

The Holt government may have restrained itself publicly, but it did not remain completely silent on the EEC issue. In private, it sought to draw London's attention to the blow that the combined effect of both the withdrawal and the EEC application would represent for Anglo-Australian relations. In mid-May Downer warned Healey that if the

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[1] Westerman quoted in *Evening Standard*, 17.10.1967.
[2] PRO, FCO 20/50, Johnston to Bowden, 19.5.1967.

British persisted in their plans to withdraw and simultaneously entered the EEC, then the effects on the Australian public would be calamitous. The Australian High Commissioner added that 'this would extend, in our lifetime, even to the Queen's position in Australia, and that in the not-so-long-run the British connection with Australia and New Zealand would be lost'.[4] A few days before, the Australian Governor-General, Richard Casey, made the same point. He told Healey that 'these two things [the withdrawal and the EEC question] combined would be interpreted in Australia as definite and inescapable evidence of British indifference and isolationism so far as Australia is concerned'.[5] In his view, 'it would be almost a fatal knock to the most loyal Commonwealth countries'.[6]

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Richard Casey

In the meantime, policy-makers in Canberra were assessing the effects of the British application. In their view, even with the negotiations between Britain and the Six yet to start, the bid had already achieved one practical and important result – it had paved the way for the decision to withdraw from the Far East. In a working paper circulated at the end of May, the DEA pointed out that

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[3] *Ibid.*
[4] NAA, A2908/2, D25 part 1, Downer to Holt, cablegram 6177, 18.5.1967.

> the sudden reversal of the 1966 policy was brought on by the issue of applying for membership of E.E.C., not so much because of the objective factors of the situation, but because of the balance of interests and forces within the British Labour Party. The 'New Statesman' aversion to dragging on after the Americans in Asia; the Callaghan arguments about the heavy initial costs of joining E.E.C. in foreign exchange; the determination throughout the British Labour Party to reduce the defence vote and to get a more favourable balance between defence planning and domestic social services; and the need to produce a sound majority within the Labour Party supporting a workable pro-E.E.C. policy, have all played a part. Another element is uncertainty about the evidence de Gaulle may seek that Britain is now really 'European' in outlook and is not dominated by [a] 'special link' with the United States.[7]

In an earlier assessment the DEA had also observed that

> it seems clear that the sudden collapse in British East of Suez policy is due to the decision to apply for membership of E.E.C. I do not put this in the same terms as Rusk, when he asked Brown whether Britain's new attitude on 'East of Suez' was because they were clearing their decks for entry to the Common Market – the implication being that they were making themselves more acceptable to de Gaulle. More fundamental is the effect of Callaghan's arguments about the heavy cost of joining the E.E.C. And bargains are undoubtedly necessary within the Labour Party to produce a workable pro-E.E.C. policy. Something had to be done about the divisive issue of East of Suez if the central policy was to be secured within the Party.[8]

Rather different was the assessment tendered to Canberra by the Senior External Affairs Representative in London. In a cable dated 15 May Critchley told the DEA that, strictly speaking, 'Britain's bid to enter the Common Market was probably not a motivating factor in the defence planning', yet 'it is now a complication and provides arguments for the British to stick to their intentions', that is, to leave the Far East and retreat into Europe.[9] In other words, the Common Market issue reinforced rather than determined the British Cabinet's decision to withdraw. As noted in the previous chapter, it is not possible from the British records to establish a clear and unambiguous correlation between Wilson's approach to Europe and his east of Suez policy. Yet, the important element here is the fact

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[5] NLA, Richard Casey Papers, MS6150, series 4, box 31, diary entry 9.5.1967.
[6] *Ibid.*, diary entry 15.5.1967.
[7] NAA, A1209/84, 1967/7334 attachment 1, External Affairs Working Paper: Australian Policy on British Defence Policy east of Suez, 19.5.1967.
[8] NAA, A1209/84, 1967/7334 attachment 1, External Affairs Assessment: Britain east of Suez, 5.5.1967. Rusk's remarks were put to Brown in Washington in late April 1967. As for de Gaulle's attitude on the east of Suez question, the Australian Ambassador in Paris believed that the French Government would 'continue to avoid scrupulously any suggestion that the United Kingdom would be more acceptable if she modified her international policies and relationships, including the maintenance of a military presence East of Suez'. NAA, A1838/275, 727/4/1 part 8, Walker to DEA, cablegram 1896, 13.5.1967.
[9] NAA, A1209/80, 1966/7335 part 3, Critchley to DEA, cablegram 5930, 15.5.1967. See also NAA, A1838/346, TS691/1/1 part 1, Critchley to DEA, cablegram 5660, 9.5.1967.

that Australian policy-makers generally took for granted that such a correlation existed. First, the timing of both decisions was seen as highly suspect. Second, statements made by some British ministers strengthened the Australian belief that a connection did indeed exist.[10] Last, and perhaps more important, political trends in Britain were perceived as working in favour of a British shift towards Europe.

7.1 The British bid runs into quicksand

'Taking Britain into Europe [was] not all plain sailing', however, as the *Sydney Morning Herald* euphemistically put it in early May.[11] Uncertainty about the British ability to join the EEC remained strong, even within Whitehall. Saville Garner, Permanent Under-Secretary of State (CO), told that Downer, 'no-one, and I mean no-one, in the British Government machine knows what will be the result of the application and conjecture ranges from black pessimism to the rosiest optimism, but there can be no certainty'.[12] As ever, the French position remained crucial. From Paris, Ambassador Walker informed Canberra that '[the] French attitude remain opposed to British entry and in their effort to draw negotiations out they will raise precisely those questions about British entry which the Five and European opinion within France could not challenge as unreasonable'.[13]

Developments in Europe proved Walker's assessment accurate. At a press conference on 16 May, de Gaulle questioned whether Britain was really ready to join.[14] While not exerting a formal veto, de Gaulle intended to dampen Wilson's hopes of joining the EEC soon. For his part, Wilson could not afford to back down after having staked his

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[10] See previous chapter.
[11] 'Wind and Tide', *Sydney Morning Herald*, 9.5.1967.
[12] NAA, A1209/43, 1967/7208, Knott to Bunting, 12.5.1967.
[13] NAA, A1838/275, 727/4/1 part 8, Walker to DEA, cablegram 1741, 3.5.1967. The Five were West Germany, Italy, The Netherlands, Belgium and Luxembourg.
[14] For de Gaulle's speech see Uwe Kitzinger, *The Second Try: Labour and the EEC* (Oxford: Pergamon Press, 1968), pp. 179–188. See also see Helen Parr, *Harold Wilson, Whitehall and British Policy Towards the European Community, 1964–1967* (PhD Thesis, University of London, 2002), ch. 6.

personal credibility, and that of his government, on the new bid. On 17 May, he told de Gaulle that Britain would not take the General's negative remarks as a final answer.[15] He instructed government departments to carry on with plans for negotiations. As Arthur Snelling, Deputy Under-Secretary of State (CO), put it,

> the message from the summit to senior officials in all departments in Whitehall was to ignore [the] [G]eneral's pronouncements and to press on vigorously with preparations for early negotiations with the Six. This message … continued to reverberate throughout the corridors of power in loud, clear tones, and heaven help those who choose to take it lightly.[16]

De Gaulle, however, remained unmoved. On 29 May, he told the EEC Council of Ministers in Rome that the Six had to have 'profound and prolonged discussions' among themselves on the overall issue of enlarging the Community, before they examined the merits of the British application.[17] It was evident that the General was not at all eager to see Britain join the Community.

7.2 First round of Anglo-Australian consultations: the Australian approach and the British position on safeguards

Despite these early difficulties, the British remained determined 'to clear away in the near future [that is, before the summer holidays] bilateral negotiations with [Commonwealth governments] on safeguarding their interests', so that they would 'be in a position to announce to the Six their readiness to enter into negotiations'.[18] Whitehall was under strong pressure to dispose of the Commonwealth problem as expeditiously as possible.[19] To this end, consultations with Australia, which had been requested by the British to

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[15] See Harold Wilson, *The Labour Government, 1964–70: A Personal Record* (Harmondsworth: Penguin, 1974), p. 505.
[16] Snelling quoted in NAA, A1838/275, 727/4/2 part 7, Canadian High Commission (London) to Canadian Department of External Affairs, telegram 2721, 19.5.1967.
[17] Kitzinger, *Second Try*, p. 52.
[18] NAA, A1838/275, 727/4/2 part 7, Canadian High Commission (London) to Canadian Department of External Affairs, telegram 2721, 19.5.1967.
[19] See again Snelling quoted in *ibid.*

discuss 'essential Australian interests', were scheduled for early June.[20] The talks were expected to be preliminary and entirely non-committal.[21] Yet, the British approached them with a degree of anxiety. They were concerned that 'Australia may cut up very rough when [it] hears that we take the view that it will be impossible for us to secure for her any special arrangements extending beyond the transitional period for our entry into EEC'.[22] It was felt that the Australians could 'make a big row', and if that was the case, they could 'get widespread support in the British press and Parliament … on the ground that [the British government was] letting down [their] truest friends'.[23]

In the event, when Australian and British officials met in London between 6–8 June, British concerns proved unfounded.[24] Despite being told that Britain would probably be unable to negotiate more than transitional arrangements for Australia,[25] the Australian team raised no objections and maintained a low-key approach. It made it clear that it 'had no brief to discuss "essentiality" of items'. It confined itself to 'describing facts on commodities', and 'assessing loss in [Australia's] trade if there were no safeguards'.[26] Australian officials were of course following a strict brief. Canberra had advised them 'to confine this round to getting the facts across and not be led into any suggestions about safeguards or selection of some commodities as being more or less essential then others'. The team had also been warned that the British would 'no doubt seek to play it in a manner which continually [put] pressure on us'.[27]

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[20] NAA, A1838/275, 727/4/2 part 7, Rooke to Bunting, 9.5.1967.
[21] PRO, FCO 20/47, Official Committee on Approach to Europe. Britain and the EEC: Brief for Consultations with Australian Officials, 2.6.1967.
[22] PRO, FCO 20/47, Snelling to Garner, 5.6.1967.
[23] *Ibid.*
[24] PRO, FCO 20/47, BHC Canberra to CO, telegram 823, 22.5.1967.
[25] PRO, FCO 20/47, Consultations with Australian Officials: first session, 6.6.1967.
[26] NAA, A1838/275, 727/4/2 part 7, AHC London to DEA, cablegram 7262, 9.6.1967.
[27] NAA, A1838/275, 727/4/2 part 7, DEA to Fleming, cablegram 4800, 2.6.1967.

Not surprisingly, the British were irritated, finding the discussions with the Australian officials 'difficult 'and 'unproductive'.[28] They complained that the Australian team's

> instructions were not to discuss question of essentiality of any of Australia's exports to Britain, but merely to let us know how they saw the factual situation and prospects. They went through the whole of their exports to us (down to items like whole milk powder of which Australia's exports to Britain total £16,000) and argued that Australia was likely to suffer on all of them if we entered EEC.[29]

Clearly, the British had hopes that the Australians would not only refrain from creating undue problems, but would also be more amenable than they actually were. They wanted the Australians to indicate what interests were regarded as essential for even 'New Zealand was limiting her request for special arrangements to three commodities (butter, cheese and lamb)'.[30] But the Australians 'could not agree to follow suit'.[31] The British team ended the three days of talks by making a unilateral distinction between those commodities which they regarded as being not 'seriously at risk' and those likely to be significantly affected by British entry. The first group included meats, cheese, apple and pears, wines, eggs, honey, lead and zinc, cereals with exception of wheat. The second category included butter, wheat, canned and dried fruit, manufactured goods. As for wool, a major source of foreign earnings, it was to remain unaffected by British entry.[32] In relation to sugar, Australian and British officials agreed that this item should be discussed at a conference of sugar-producing countries to be held in London in late June.[33] While seeking to categorise Australian commodities, the British team was careful, at this stage, to avoid drawing too firm a distinction between 'essential' and 'inessential' interests.[34] The British were wary of making commitments or 'agreeing with [the Australians] the opening position to be

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[28] PRO, FCO 20/47, CO to BHC Canberra, telegram 1247, 9.6.1967.
[29] *Ibid.*
[30] *Ibid*
[31] PRO, FCO, 20/47, Short Report on talks with Australian officials on EEC, undated.
[32] *Ibid.*
[33] PRO, FCO 20/47, CO to BHC Canberra, telegram 1222, 6.6.1967.
[34] PRO, FCO, 20/47, Consultations with Australian Officials: second session, 8.6.1967; Short Report on talks with Australian officials on EEC, undated.

adopted with the Six'.[35] Godfrey Shannon, Assistant Under-Secretary (CO), noted in mid-May that

> in 1961-63 the British government [was] handicapped by having to negotiate on two fronts, that is, with the Commonwealth as well as the EEC. [The British government] ought to try to avoid getting into the same position again ... [T]he consultations with the Commonwealth should be conducted on the basis of asking them what they want to tell us, but making no commitments to them about what we shall do about their representations, and keeping our hands free to decide what we say to the Six and at what stage of our negotiations. We should, moreover, not disclose to the Commonwealth in advance what our negotiating position is to be.[36]

7.3 The Holt visit to London and Australian tactics, June 1967

The Australian refusal to distinguish between essential and inessential Australian interests was reiterated by Holt in his talks with Wilson in mid-June. Holt had flown to London primarily to discuss the important developments in Britain's east of Suez policy. On the Common Market issue the Australian leader confined himself to explaining briefly the Australian approach to the British application.[37] He told Wilson that 'his main purpose would be to explain and put in its political context the reason why Australia could not at this stage at least identify "essential trade interests" that she would wish to see protected as opposed to the lesser or inessential interests'.[38] As he pointed out, 'he could not go home and suggest that any particular industry was regarded as expendable'.[39] Wilson replied that Australian approach was 'understandable' and would 'allow the Australian Government to take the attitude that it had put all its industries forward as essential and that it had been Britain which was to blame for any shortcomings in safeguards'.[40] Holt quickly countered by saying that 'it would not be as easy as this. There was bound to be some degree of

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[35] PRO, FCO 20/48, Euro (67)74 (Final), Draft brief for talks between the Prime Minister and Mr. Holt, 8.6.1967.
[36] PRO, FCO 62/10, Shannon to Snelling, 15.5.1967.
[37] PRO, PREM 13/1323, Memcon, Wilson and Holt (London), 15.6.1967.
[38] *Ibid.* See also NAA, A1838/275, 727/4/2 part 7, AHC London to DEA, cablegram 7766, 17.6.1967.
[39] PRO, PREM 13/1323, Memcon, Wilson and Holt (London), 15.6.1967.
[40] NAA, A1838/275, 727/4/2 part 7, AHC London to Prime Minister's Department (henceforth PMD), cablegram 7766, 17.6.1967.

"common political hurt"'.[41] Holt finally asked Wilson whether the latter 'would agree that, on his return to Australia, his line with the Press should be to say that he had discussed the issues involved in general terms with Mr. Wilson and had pointed out the problems facing the individual industries'.[42] Wilson concurred.

Holt's tactics, dilatory as they might have appeared to the British, were of course motivated by domestic and foreign policy concerns. These were set out in a cable that McEwen had sent to Holt on the eve of the latter's arrival in London. As noted earlier, Holt had permitted McEwen to take the lead on the Common Market issue, and in the absence of any substantive discussion in Cabinet on the matter, Australian tactics were principally determined by the Trade Minister and his department.[43] In the cable, McEwen observed how developments since the British government had lodged its application in May had done nothing to clarify whether Britain would ultimately be able to join the EEC. In his view, there was still a wide range of possibilities, from a 'fairly prompt decision on entry with the British genuinely trying to do something on a few key commodities' to the 'abandonment of British hopes of entry'. It also included 'a quick entry without any meaningful safeguards for the Commonwealth' and 'acceptance by the British of some form of probationary association'. Under these circumstances, he advised Holt to 'keep open for as long as possible our options to handle whatever situation may develop'. On the whole, McEwen did not think it possible for the British to achieve entry under conditions which would avoid damage to Australia. Therefore, 'because of the British determination to enter Europe … we must recognize that there is very little scope for us … to influence the terms upon which Britain might enter the E.E.C'. The course of action envisaged by McEwen was 'to adopt a posture which is determined primarily by domestic political and

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[41] PRO, PREM 13/1323, Memcon, Wilson and Holt (London), 15.6.1967.
[42] *Ibid.*
[43] The Common Market issue was cursorily discussed by Cabinet on 2 May 1967. See NAA, A5840/XM1, vol. 1, Cabinet Decision 290, 2.5.1967. Previously, the ministers had shortly canvassed the Common Market issue on 5 May 1966.

economic considerations and which will give us the best presentational position with the Australian public and with the industries concerned, if and when market damage occurs'.[44]

Accordingly, McEwen recommended:

> We must continue to maintain that all our trade interests are important and that we welcome Britain's undertaking to safeguard them ... We should, I think, recognize that at some later stage there may be a 'crunch' which will force us to engage in a salvage operation ... Decisions of this kind would involve jettisoning some industries to attempt to preserve the interests of others. You will be aware of the domestic political and economic implications of such a course. It, therefore, seems important to me that we should defer taking decisions of this kind as long as possible ... For these reasons I believe we should not be shifted from our present line. This is that we recognise that decisions in respect of entry are matters for Britain and the E.E.C. We welcome Britain's assurances ... We present the facts of our interests to Britain. We cannot select some of them as being more, or less, essential than others. We welcome the opportunity for consultation to ensure they understand the realities of the situation.[45]

7.4 Australian interests in the UK-EEC negotiations

Meanwhile, in Britain, the Ministerial Committee on the Approach to Europe met in June 1967 to discuss the length of the transitional periods which Britain would seek in negotiations with the Six. The Committee included George Brown and those Cabinet Ministers most directly concerned with the British application.[46] Whitehall departments had already given preliminary consideration to the terms of entry. While the FO preferred a five year transitional period for all purposes, other departments such as the CO favoured different periods for different purposes, with agricultural products being generally accorded a seven year transitional period.[47]

The President of the Board of Trade, Douglas Jay, had by now come to the conclusion that Wilson and 'the pro-markeeters' were unwilling to safeguard Commonwealth interests effectively. He demanded that the government seek complete free

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[44] NAA, A1838/275, 727/4/2 part 7, McEwen to Holt, cablegram 514, 8.6.1967.
[45] *Ibid.*
[46] These were Callaghan, Peart, Bowden, Jenkins, Stewart and Jay. Ross (Scotland Office) and Chalfont (Minister of State for Foreign Affairs) were also included.
[47] PRO, FCO 20/38, Gallagher to Thomson, 28.9.1967.

entry for Commonwealth food products, as he thought 'all previous discussions [in Cabinet] had assumed that substantial and lasting safeguards would be essential'.[48] Wilson replied to Jay in a minute dated 27 June, in which the Labour leader not only disowned Jay's view as inconsistent 'with the decisions reached by the Cabinet and particularly with the terms of the statement of government policy of 2 May', but he also urged Jay not to take the matter further.[49] In spite of the Committee's failure to make a final decision in June,[50] it was evident that Wilson was determined to keep British requests on Commonwealth safeguards to a bare minimum. This seemed an inescapable course of action in the light of continuing French hostility. As far as Australian interests were concerned, the British view was that Australia could look after itself. Garner put it in the clearest possible terms, claiming that 'the countries which, in many ways, will be affected most [by British entry] are fortunately those about whom we need to concern ourselves least, viz. Canada and Australia – both are booming and prosperous and have considerably diversified their trade'.[51]

While the British were attempting to work out their opening negotiating position, the Australian government machinery had not remained idle. Canberra had been pushed into action. The DTI had begun to produce a series of briefs and position papers whose aim was to assess the economic effects of British entry on Australia's trade. The approach of the DTI was predictable. Despite the diversification of Australia's trade away from Britain, Trade held the view that British entry would be detrimental to Australian interests and regarded the ultimate loss of preference as 'a matter of considerable concern to

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[48] Douglas Jay, *Change and Fortune: A Political Record* (London: Hutchinson, 1980), pp. 405–406.
[49] *Ibid.*, p. 406.
[50] According to F.G.K. Gallagher, Counsellor at the CO and Head of the Common Market Department, 'ministers took the view that, while the balance of opinion favoured seeking a seven year transitional period for agriculture, the right course would be to defer a decision until the Committee had had an opportunity of considering the transitional periods for which we should need to ask in other sectors'. PRO, FCO 20/38, Gallagher to Thomson, 28.9.1967. See also Parr, *British Policy,* ch. 6.
[51] PRO, FCO 20/38, Garner to Gallagher, 3.10.1967.

Australia'.[52] The DTI stressed the fact that Britain was still Australia's biggest export market both in value and volume terms (see Table 7.1). According to the department, although exports to Britain had declined as a percentage of Australia's total exports, the country's dependence on the British market had actually increased in the case of some key commodities. Exports of beef, butter, fresh and canned fruit, and sugar had risen by volume between 1959/62 and 1962/65. On this point, the argument of the DTI was unimpressive, as the share taken by the UK had in fact decreased (see Table 7.2). As if trying to drive home a point at any cost, Trade insisted that alternative markets were difficult to find and that there were 'whole communities and industries in Australia which [were] geared to the British market'.[53]

This of course was true. However, the problem with the DTI line was that it over-emphasised the potential damage which British entry would inflict on Australia. As L.D. Thomson, Assistant Secretary (DEA) observed, the DTI (as well as Treasury) were too 'preoccupied with the injuries [Australia could] suffer'.[54] In this context, it is noteworthy that, in January 1966, Ken Campbell, the EEC policy desk officer in the DTI, conceded privately that 'British entry into the Common Market would not seriously affect Australian trading interests as before … The situation was not the same as 1963'.[55] Nonetheless, British entry would force painful readjustments on certain sectors of the economy. The farm sector would suffer the most, as Britain would have to accept the EEC's CET and CAP (see Tables 7.3 and 7.4). Yet, trade diversification and the incipient mineral boom would help soften the blow of entry overall. Notwithstanding these facts, the DTI took the line that nothing much had changed since the first application in 1961.

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[52] NAA, A1838/275, 727/4/2 part 7, Prime Minister's brief, May 1967, UK-EEC: Australian negotiating position, 20.5.1967.
[53] NAA, A4092/T1, 78, Memcon, Westerman and Downer (Canberra), 23.2.1967. For an analysis commodity-by-commodity see NAA, A4092/T1, 85, United Kingdom-EEC consultations 1967, undated.
[54] NAA, A1838/275, 727/4 part 37, Thomson to Hamilton, 25.5.1967.
[55] NAA, A1838/275, 727/4 part 36, White to Thomson, 28.1.1966.

Table 7.1 Australian overseas trade: Britain's main export markets, 1959–66

	1959–60		*1965–66*	
	A$ (million)	*% of total exports*	*A$ (million)*	*% of total exports*
NZ	109	5.8	171	6.3
Japan	269	14.3	470	17.3
EEC	351	18.7	417	15.3
UK	495	26.5	473	17.4
USA	152	8.1	338	12.4

Source: NAA, A1209/43, 1967/7117 part 2, Australian Overseas Trade (undated).

Table 7.2 Australia's reliance on British market (some key commodities). A comparison between 1959–62 and 1962–65

	Change in average volume	*Change in share taken by the UK of total Australian exports (on single commodity basis)*
Beef and Veal	+ 8.9 %	30 to 20 %
Butter	+ 20.9 %	84 %
Apple and Pears	+ 4.3 %	63 to 54 %
Canned fruit	+ 20.1 %	95 to 87 %
Sugar	+ 20 %	45 to 36 %

Source: NAA, A1838/275, 727/4/2 part 7, British entry into EEC: Conspectus of Australian Position – 1966 compared with 1961.

Apart from the traditional commodities, British entry had raised a further concern: sterling. During Wilson's visit to Paris in January 1967, de Gaulle had emphasised the problem of sterling. He was concerned that Britain's recurrent balance of payment problems could seriously undermine its position. Yet, unlike all the EEC currencies, sterling was a reserve currency. De Gaulle feared that, under the provisions of the Treaty of Rome, Britain would seek assistance from the EEC in respect of difficulties arising from the role of sterling as a reserve currency. He did not intend to bail sterling out. In the course of 1967, the French would repeatedly refer to the sterling issue as a stumbling block on Britain's road to entry.

Table 7.3 Exports of Australian agricultural produce to Britain, 1965–66

	Total export	*Exports to the UK*	*% UK of total exports*
All items	£1090m	£190m	17.4
Mutton and lamb	£18.2m	£2m	11
Butter	£20m	£15.5m	77.4
Cheese	£5.4m	£1.6m	29.6
Wheat	£105.5m	£13m	12.3
Apples	£10.3m	£5.1m	49.5
Pears	£3m	£1.3m	43.3
Tinned fruit	£15.2m	£9.9m	65
Sultanas and raisins	£8.5m	£3.7m	43.5
Currants	£0.8m	£0.2m	25
Barley	£4.6m	£0.7m	46.5
Sugar	£37.6m	£17.5m	46.5
Wool greasy	£280m	£28.2m	10
Wool washed and scoured	£34m	£3.6m	10.6
Beef and Veal	£78.2m	£21.8m	27.8.

Table 7.4 Commonwealth preferences and EEC tariffs

	Margin of preference on Commonwealth exports to the UK	*EEC external tariff*
Beef and veal	Nil; 3/4d. per 1b; 20%	Not above 20% Levy varies with world prices
Mutton and lamb	Nil	20%
Butter	Nil; quota arrangements	Levy varies with world prices
Cheese	Between 10% and 15%	Variable levy. Cheddar type cheese 23%
Wheat	Nil	Levy varies with world prices
Apples	3/-; 4/6 per cwt	Between 9%–14%
Pears	3/–; 4/6 per cwt	Between 9%–14%
Tinned fruit	Approx. 12% peaches and pears	Between 17%–25%. If containing added spirit 32%
Sultanas and raisins	8/6 per cwt	8%
Currants	2/– per cwt	8%
Barley	10%	Variable levy
Sugar	Average 15%	80%
Wool greasy	Nil	Free; carded or combed 3%
Wool washed and scoured	Nil	Free; carded or combed 3%

Source: PRO, FCO 20/49, Eur(S) (67)2, Draft brief for talks between the Prime Minister and Mr. Holt, the Prime Minister of Australia: Note by the Secretaries, 7.6.1967.

The sterling problem could not leave the Australian government indifferent. In 1967 Australia still held the majority of its reserves in sterling. Despite a growing diversification towards the US dollar, Australian reserves held in sterling were still approximately 65–70 per cent of the total. Canberra in fact recognised that British entry would have no automatic implications on Australian sterling balances as such. It also acknowledged that it was impossible to predict the likely financial effects on Australia of British entry. Yet, there was concern about four possible outcomes. First, Australia feared it would not only lose its preferential treatment but could also be discriminated against as Britain progressively abolished restrictions on capital movements with the EEC. In 1965–66, the capital inflow from Britain amounted to A$250 million.[56] Second, Australia, as a member of the sterling area still enjoyed some preference in the London capital market for governmental and semi-governmental borrowings. In 1967 Australia owed Britain A$750 million in government loans.[57] With Britain inside the EEC, Canberra was concerned that Australia's opportunities for government borrowing would be reduced.[58] Third, the Australian government also worried that under the Treaty of Rome Britain could find itself compelled to impose financial restrictions on the sterling area. Four, as a member of the EEC, Britain was expected to treat its exchange rate policy as a matter of common interest, and this would imply close consultations with other EEC members. Canberra was concerned that, in spite of being the single largest holder of sterling balances, Australia would have a lesser say than the EEC members on a matter of considerable importance to the country.[59] Finally, as far as the sterling area concept was concerned, Trade officials felt

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[56] NAA, A1838/275, 727/4/2 part 7, British entry into the EEC, undated position paper (probably February 1967).
[57] *Ibid.*
[58] Until the mid-1960s Australia had depended on the Bank of England to arrange a prompt reconversion of government loans through preferential access to the British money market. Australia was concerned that this kind of arrangements would no longer be possible once Britain entered the EEC. Thus, Australia would be confronted with the prospect of repaying debts out of its reserves.
[59] NAA, A1209/84, 1967/7334 attachment 2, Australia's sterling balances and financial implications for Australia of British membership of the EEC. Trade and economic brief for visit to the US, Canada and the UK by the Prime Minister, Harold Holt, May–June 1967.

that 'British entry into the E.E.C. would certainly have a deleterious effect'. Yet, they recognised that 'this may not mean much in practice. Since World War II, the sterling area has changed fundamentally … This concept of a closely knit preferential group has now largely disappeared and the only preference which remains is in the field of capital transfers (and even here it is being progressively whittled away) and a few relatively unimportant current payments'.[60]

7.5 The second round of Anglo-Australian consultations, September–October 1967

On 18 June – the day after Holt left London – Wilson flew to Paris for talks with de Gaulle. Wilson hoped that his visit would encourage the French President to take a less disruptive approach. French obstruction had in fact prevented the application from being formally acknowledged by the EEC Council of Ministers until 5 June and, even then, it was acknowledged without any meaningful discussion. Regrettably, Wilson's personal diplomacy did not produce a breakthrough.[61] As a result, the application failed to gather momentum. On 4 July, Brown momentarily managed to circumvent French obstructionism and presented the British case for entry at the WEU Council of Ministers.[62] On 3 October, the European Commission issued a Preliminary Opinion on British Membership, recommending that negotiations with Britain should be initiated.[63] Yet, in spite of this, negotiations never progressed.

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[60] *Ibid.*

[61] See PRO, CAB 128/42, CC(67)41st meeting, 22.6.1967. See also Wilson, *Labour Government*, pp. 524–526; Parr, *British Policy,* ch. 6.

[62] See *ibid.* In order to by-pass French obstructionism, Hermel, the Belgian Foreign Minister, had suggested that the Foreign Secretary present Britain's case at the WEU Council on 4 July.

[63] 'Opinion on the Application for Membership Received from the United Kingdom, Ireland, Denmark and Norway for Submission to the Council under Articles 237 of the EEC Treaty, 205 of the Euratom Treaty, and 98 of the ECSC Treaty', quoted in Kitzinger, *Second Try,* pp. 205–299.

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*In this cartoon Arthur Horner ridicules the British government's desire to join the EEC at all costs. Wilson and Brown are portrayed as crawling exhausted under the sun (de Gaulle) towards the EEC (*New Statesman, *3.11.1967)*

In this context, Anglo-Australian consultations on issues relating to British entry soon became marked by an air of surrealism. A second round of talks between Australian and British officials was scheduled for early autumn. The talks had been proposed by the Australians with a view to exploring 'the bases of future continuing bilateral relationship [sic] in the alternative situations of Britain gaining, or not gaining, entry to the E.E.C. on the present application'.[64] Canberra had also referred to the 'need to "tidy up" the existing Trade Agreement[65] to incorporate changes consequent upon action taken by Britain and Australia in the Kennedy Round and possibly to formalise the Meat Agreement arrangement agreed by Ministers in April'.[66] More important, the Australian government had also stressed the need for Australia and Britain 'to preserve whatever continuing

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[64] PRO, FCO 20/50, Westerman to Powell, 7.8.1967.

[65] For the Anglo-Australian Trade Agreement see Chapter 1. Its re-negotiation should have taken place in 1962, but was postponed for the following reasons: Britain's negotiations with the EEC in 1962 and the launch of the Kennedy Round in 1963. Pending re-negotiation, it had been kept in force at six months' notice since 1962.

[66] *Ibid.* The 1952 Meat Agreement provided for quota-free entry of Australian meat into the British Market in exchange for Australian guarantees of supply. The Meat Agreement was due to expire on 30 September 1967. For a brief analysis of the Meat Agreement see J.G. Crawford, *Australian Trade Policy 1942–1966: A Documentary History* (Canberra: Australian National University Press, 1968), p. 223.

reciprocal trading benefits are possible in the event of gaining entry to the EEC'. It had insisted that it was necessary 'that bilateral talks directed towards this objective take place prior to British entry and, indeed, prior to Britain becoming involved in intensive negotiations on her present application'.[67] The British reply to the Australian government had been cautious. Despite agreeing to consultations, officials stressed the fact that 'at this stage in our application to join the EEC we clearly could not involve ourselves in negotiations for a new trade agreement or indeed for any major amendment to the existing agreement'.[68] Yet, with negotiations on entry continually delayed, and thus further consultations between Canberra and London seemingly pointless, the talks opened in London on 20 September.

According to the Australian delegation, it was apparent from the beginning that the British 'were too damned frightened to speak about it [that is, retaining trade benefits in Australia] in case any of the discussion leaked and was capable of being used by the French as a reason for obstructing their application for entry'. This being the case, it was not surprising that the talks ended in disappointment on 4 October, following the announcement that the Australian delegation had been recalled to Canberra. Despite further talks between Westerman, the head of the Australian delegation, and his British counterpart Powell on 16 October, differences between London and Canberra were not reconciled. In explaining his decision to recall the Australian team to the Cabinet, McEwen argued that 'Britain [was] so determined to maintain a position of willingness, even anxiety to join the E.E.C. that she [would] take no action at this stage that might appear as the slightest contradiction of that position'.[69]

In relation to the EEC issue, disagreements centred once again on the Australian refusal to draw a distinction between essential and inessential interests. More importantly,

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[67] PRO, FCO 20/50, Westerman to Powell, 7.8.1967.
[68] PRO, FCO 20/50, Powell to Westerman, 16.8.1967.
[69] NAA, A10206, EHEC03, Cabinet Submission 504, 12.10.1967.

the Australians claimed that 'even after reading the Foreign Secretary's W.E.U. statement of 4 July they were still not clear as to [Britain's] negotiating aims in so far as they related to Australia'.[70] They added that 'they could not see the relevance of the Foreign Secretary's statement to the question of safeguards for Australian essential interests'.[71] They confined themselves to reiterating that all Australian interests were essential. By contrast, according to British officials, the statement made by Brown on 4 July clearly implied that Britain would only seek transitional arrangements for the Commonwealth with the exception of special provisions for New Zealand and for Third World sugar-producing countries.[72]

Privately, British officials were frustrated with what they saw as a deliberate Australian attempt to avoid recognising the implications of Brown's speech.[73] They likened the Australian attitude to that of an ostrich.[74] But however the British Foreign Secretary wanted to dress it up, Canberra was well aware of the sort of safeguards that the British had in mind to protect Australian interests. On 17 October, McEwen informed the Cabinet that it was, by now, 'abundantly clear that the only "safeguards" Britain [would] seek for Australia for all products except sugar, [was] a transitional period during which all our existing preferences would be phased out'.[75] This was in fact something that the Australian government had recognised since the beginning of the year. In January Westerman told the British High Commission in Canberra that, in his view, 'the solution [the British government] had in mind for the problem of [Britain's] imports from Canada and Australia did not go further than transitional arrangements'.[76] In early June this view received some confirmation when British officials fleetingly referred in talks with their

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[70] PRO, FCO 20/54, Rooke report (Anglo-Australian trade talks), 5.10.1967.
[71] PRO, FCO 20/54 Audland to Snelling, 9.10.1967.
[72] *Ibid.* For Brown's statement to the WEU see Cmnd. 3345, *The United Kingdom and the European Communities* (London: HMSO, 1967), paras 22–42.
[73] PRO, FCO 20/54 Audland to Snelling, 9.10.1967.
[74] PRO, FCO/54, Snelling to Thomson, 11.10.1967.
[75] NAA, A10206, EHEC03, Cabinet Submission 504, 12.10.1967.
[76] PRO, FCO 62/46, Rooke to CO, telegram 135, 24.1.1967.

Australian counterparts to transitional arrangements as the kind of guarantees that Britain would probably seek in order to safeguard Australian interests. Later that same month, during the London consultations with Commonwealth sugar-producing countries, the British government unambiguously expressed its willingness to safeguard only the sugar interests of the developing members of the Commonwealth, and not those of Australia.[77] This statement particularly upset the Australians, for sugar was one of Australia's major exports to Britain (see Table 7.3). According to the Australian representative, Ian Sinclair, the British decision amounted to 'a retraction of the Prime Minister's original undertaking to safeguard the interests of all Commonwealth sugar producing countries'.[78]

The Australian government's uncooperative tactics at the October talks, therefore, were not difficult to understand. They were consistent with the stance Canberra had taken since the launch of the new British bid. In London, officials now saw these tactics as an attempt either 'to delay the date on which the Australian government would have to explain the position to their own public' or 'to enable Australia later to claim that we tried to pull the wool over their eyes – a charge which could be very damaging to H.M.G.'.[79] The British were somewhat concerned that an altercation with Australia could become unavoidable, sooner or later, particularly if negotiations with the EEC were successful. However, with the future of the British application then uncertain, the risk of a public row with Australia looked remote and unnecessary. Unwilling to put the situation to a test, British officials did not seek clarification on the transitional arrangements issue. They also decided not to present the Australians with a written statement clarifying that 'beyond seeking to secure the best possible transitional arrangements no other possibilities could be

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[77] PRO, FCO 20/26, Campbell of Eskan (Chairman of the British Commonwealth sugar exporters group) to Sinclair, 23.6.1967. The London consultations were aimed at discussing the future of the Commonwealth Sugar Agreement (CSA) in the light of an eventual British membership of the EEC. The British government was inclined to ask the EEC that the CSA, which was due to expire in 1974, be allowed to reach its natural conclusion. As for the post-1974 period, London intended to exclude Australia from any future sugar agreement between the EEC and the Commonwealth sugar-producing countries.

[78] PRO, FCO 20/26, Wallace to Robertson, 30.8.1967.

envisaged'.[80] Some officials in Whitehall had in fact suggested that this be done in order to avoid any subsequent Australian claim that they were misled. But Snelling's advice to the new Commonwealth Secretary, George Thomson, was that 'if we write to the Australians in the sort of terms proposed we put them in a position where Mr. McEwen will not be able to conceal from the dairy, meat, sugar and fruit industries that they will suffer quite serious damage. These industries will then exert great pressure on Mr. McEwen as leader of the Country Party to take up the cudgels with us on their behalf. The prospects will thus be of an early public row between us and Australia'.[81] For their part, the Australians were equally reluctant to confront the British. In his talks with Powell on 17 October, Westerman said that the Australians 'were content to leave matters stand with the exchange of schedules incorporating the Kennedy Round changes'.[82]

For the Australians, however, the London talks had been deeply unsatisfactory. They were unable either to get the Anglo-Australian Trade Agreement renewed (and amended in their favour), or to negotiate a new deal on meat.[83] Furthermore, an Australian proposal put forward by Westerman on long-term arrangements between Australia and an enlarged Community was received coolly in London. British officials felt that the issue 'would not be appropriate for the United Kingdom to raise in their negotiations for entry' and asserted that such questions 'would be matters for negotiation between the enlarged Community and Australia'. From an Australian point of view, the Westerman proposal had the merit of guaranteeing continued access for Australian exports to the British market 'in return for concessions by Australia aimed at preserving United Kingdom advantages in

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[79] PRO, FCO 20/54, Snelling and Audland (draft report) to Powell, 9.10.1967. See also PRO, FCO 20/54, Snelling to Thomson, 11.10.1967.
[80] *Ibid.*
[81] *Ibid.*
[82] PRO, FCO 20/54, Note of meeting, Powell and Westerman, 18.10.1967.
[83] The Anglo-Australian Trade Agreement was allowed to continue at six months' notice. As for the Meat Agreement, it was allowed to expire without renewal.

Australia while necessarily offering sufficient benefit to overall Community exports to Australia'.[84] In his proposal Westerman had envisaged, for instance,

> (a) the maintenance of British preferences in the Australian market by the establishment of preferential quotas open to all members of an enlarged EEC but limited in total to the level of British exports in a base year, (b) the extension of British preferences to an enlarged EEC with no quota limit but with a reduced margin of preference; (c) the retention of a range of existing margins of preference but over a narrower range of goods; (d) the abolition of British preferences and the reduction of m.f.n. rates on selected goods of particular importance to the enlarged EEC.[85]

7.6 Downer's speech in Bath and General de Gaulle's veto

As the Anglo-Australian talks deadlocked, the Australian High Commissioner in London publicly drew attention to the current state of affairs between Australia and Britain. In a speech to the Royal Commonwealth Society on 11 October 1967, Downer complained about the negative effects of the British application on Anglo-Australian ties. He pointed out how 'the old traditional trade relationship … [was] declining … due to the desire of not only the present British government but its predecessor … to revolutionise Britain's economy by joining the European Economic Community'. Despite making it clear that 'no Australian government … would presume to dictate what Great Britain should do', it was depressing to see Britain and Australia drift apart. Downer did not of course attribute the weakening of Anglo-Australian ties only to the EEC problem. He was quick to explain that 'our paths … are diverging in other aspects of the overall Commonwealth relationship', citing, as main example, the proposed British withdrawal from east of Suez. The High Commissioner pointed out that 'if the ultimate destination of Britain is merely to become one of a group of European states … then her diplomatic influence will be confined chiefly to Europe'. As a consequence, he added, 'this remarkable land of our ancestors … is going to count less and less in world affairs'. As for Australia, it would 'have to re-design [its]

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[84] PRO, FCO 20/54, Anglo-Australian talks (September 1967): Long-term arrangements between an enlarged Community and Australia – Agreed report to plenary meeting, undated.

foreign, defence and commercial policies, and proceed in some directions quite independently of what most Australians regard as the Mother Country'. In concluding his speech, he pleaded for a 'recrudescence of feeling in Westminster and Whitehall towards the Commonwealth idea', and advocated tighter bonds between Britain and the old Commonwealth.[86] This was, of course, wishful thinking. As developments in Europe since May 1967 had shown, Wilson was determined to enter the EEC and consequently, a rapid reorientation in British foreign policy priorities was underway. Turning back the clock seemed impossible despite the fact that in the autumn of 1967 the British bid was running into a morass.

The *coup de grace* to Wilson's European aspirations was inflicted on 27 November. On that day, de Gaulle declared at a press conference that 'for the British Isles to be really able to tie up with the continent, a very vast and very deep transformation is still needed', thus dealing a fatal blow to Wilson's hopes of joining the EEC.[87] Despite the British Cabinet's decision to 'urge the Five to insist on fixing a date in January for the opening of the negotiations, and so force the issue with the French either on 18–19 December or at the beginning of January', French opposition could not be overcome. On 19 December, the EEC Council of Ministers concluded that the conditions did not exist for the application to proceed further.[88] The British bid was over for the second time.

In Australia, Britain's failure to open negotiations with the Six allayed local concerns about the economic aspects of the British application. Although no Australian now doubted Britain's resolve to join the EEC, this temporary set-back allowed the Australian farm sector more time to reduce its reliance on the British market and to find new outlets elsewhere. This seemed to remove an irritant in Anglo-Australian relations, but

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[85] See *ibid.*
[86] PRO, FCO 20/50, Speech of Sir Alexander Downer at the Royal Commonwealth Society (Bath), 11.10.1967.
[87] Kitzinger, *Second Try*, pp. 311–317.
[88] Text of the communiqué issued by the Council of Ministers, 19.12.1967, quoted in *ibid.*, p. 319.

did not rejuvenate the relationship. Britain's failed application did not end what Downer described as 'the story of disassociation, which has become so marked in the last eighteen months'.[89] Rather, it was one more step in that direction.

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Collette views de Gaulle's negative attitude towards Britain as the best safeguard for Australian trade interests (Australian, *22.11.1967*)

Chapter 7 has assessed the impact of Britain's second application on Anglo-Australian relations. While not as far-reaching as the previous one, the 1967 bid was not without important consequences. The withdrawal from Southeast Asia combined with the decision to seek EEC membership was perceived in Australian official circles as a clear indication that Britain was reorienting its external policies towards Europe. This reorientation further strained Anglo-Australian relations. Significantly, this chapter has revealed the extent to which the Wilson government was prepared to disregard Australian interests in order to secure Britain's foreign policy objectives. While Macmillan had sought to accommodate the conflicting interests of Britain, Australia and the

[89] PRO, FCO 20/50, Speech of Sir Alexander Downer at the Royal Commonwealth Society (Bath), 11.10.1967.

Commonwealth during the 1961–63 negotiations, such consideration was of little interest to Wilson. In the end, although the Wilson bid foundered, its impact was lasting. An era in Anglo-Australian relations was rapidly coming to an end. The lessons of the 1967 bid left the Australian government in no doubt about the British commitment to joining the EEC, and under no illusion that the British would work to safeguard Australian interests. For its part, Canberra made no attempt to sabotage the British bid, recognising that such a course of action would prove a counterproductive and ultimately futile exercise.

[89] *Ibid.*

SECTION III

8

Australian policy in the aftermath of the British withdrawal from Southeast Asia, 1968–71

'It is of much importance that the renewed presence of the British does not reverse or hinder the healthy adjustments of attitude and thinking that has taken place and is continuing to take place in Australia'.[1]

Australian position paper, July 1970

The failure of the British application in December 1967 was rapidly overshadowed by the decision taken by the Wilson government in January 1968 to accelerate Britain's military withdrawal from Malaysia and Singapore. With the British military rundown to be completed by the end of 1971, Australia was about to be confronted with 'the virtual disappearance east of Suez of British military power and the capacity to deploy it'.[2] As a result, one of the cornerstones of Australia's post-war defence policy – reliance on a British politico-military presence in Southeast Asia – had collapsed and was quickly fading away. But, following its victory in the June 1970 general election, the new Conservative government of Edward Heath announced its intention to retain a military presence in the region, thereby seemingly reversing the policy of the previous Labour government. In reality, as this chapter shows, this decision was by no means a return to the past. The Heath government soon made it clear that the British military presence would be limited in size and scope. The deployment of a token force in Southeast Asia would be subject to stringent political constraints. British forces would in fact be committed under the Five Power Defence Arrangements (FPDA) which would replace the Anglo-Malaysian Defence Agreement (AMDA). Contrary to the AMDA provisions, the FPDA did not contemplate an

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[1] NAA, A5882/2, CO988, DOD paper, 'Discussions with Lord Carrington: Australian position paper', July 1970.

[2] Tange quoted in Eric Andrews, *The Department of Defence: The Australian Centenary History of Defence, vol. 5* (Melbourne: Oxford University Press, 2001), p. 148.

automatic British commitment to the defence of the Malaysian region. On the contrary, the FPDA terminated Britain's open-ended post-colonial undertaking since it only contained an obligation to consult under certain circumstances.

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A triumphant Heath in the aftermath of the June 1970 general election

This chapter argues that, while welcoming the British decision to maintain a token presence in Southeast Asia, the Australian government was initially rather cautious in its response. Far from accepting British proposals wholeheartedly, Canberra was careful to ensure that a continued British presence should accord with a more independent formulation of Australia's regional policy in its own interests. Australia's military co-operation with the British under the FPDA would continue well into the new millennium, but the Australian approach to the announcement of the new style British military presence in Southeast Asia was an indication of how Australian thinking had evolved since the Wilson government's decision to withdraw from east of Suez. At the beginning of the 1970s Australian dependence on British military power was a relic of the past. This chapter, therefore, discusses Anglo-Australian defence relations in the aftermath of the British decision to withdraw from Malaysia and Singapore and brings to a conclusion a

controversial phase in the bilateral relationship, even as negotiations over EEC membership were once again in limbo.

8.1 The British decision to maintain troops in the region and Australia's response

In January 1968, Heath, then leader of the opposition, had strongly criticised Wilson's decision to pull out of east of Suez by the end of 1971. In his view, withdrawal represented 'a flagrant breach of pledges' to Britain's allies, and a 'humiliation' for the country'[3] On 18 January he told the Commons that 'when the time comes ... we shall ignore the time phasing laid down by the Prime Minister and his Government for the Far East and the Middle East. We shall support our friends and allies and we shall restore the good name of Britain'.[4] In August 1968, during a visit to Australia, Heath declared that, if elected, 'a Conservative government would provide a small but permanent military force within the context of a five-power military arrangement between Britain, Malaysia, Singapore, Australia and New Zealand'.[5] In 1970 the Conservative electoral manifesto proposed a five-power defence force to help maintain peace and stability in South-East Asia.[6] Shortly after his victory in the polls, Heath despatched his Defence Secretary, Lord Carrington, to the Far East for consultations with Britain's allies. The aim of the Carrington visit to Malaysia, Singapore, Australia and New Zealand was to sound out allied views on British plans for the renegotiation of AMDA, and for the retention of a token presence in Malaysia and Singapore.

On 21 July, in the lead-up to his tour, Lord Carrington explained the provisional considerations informing British thinking on the retention of a military presence in

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[3] Britain, *PD,* HC, 1966–67, vol. 756, col. 1969.
[4] *Ibid.*, col. 1971.
[5] Michael Leifer, 'Retreat and Reappraisal in South-East Asia', in Leifer, Michael (ed.), *Constraints and Adjustments in British Foreign Policy* (London: Allen & Unwin, 1972), p. 91. See also Alexander Downer, *Six Prime Ministers* (Melbourne: Hill of Content, 1982), pp. 251–252.
[6] Leifer, 'Retreat and Reappraisal', p. 91.

Southeast Asia to Australian representatives in London. He made it clear that it was his government's intention to seek 'the abandonment of AMDA'. In so doing, Britain would terminate its open commitment to the security of Malaysia. The British view was that 'it would be unrealistic to expect a British government to-day to be able to find the resources necessary to keep AMDA in being'.[7] Britain, however, was willing to replace AMDA with five-power arrangements on the basis of equal partnership and obligation.[8] In order to avoid misunderstanding, Lord Carrington made the point that 'what was done east of Suez had to be subtracted from NATO and that this put close limitations on the British effort in Malaysia/Singapore'. In other words, he emphasised his government's primary commitment to NATO and to European defence, thereby continuing Wilson's 'European-orientated defence policy virtually unchanged'.[9] As he told the Australians, he 'had to take pains ... to reassure the Germans that there was no question of Britain redeploying in the Far East the sort of forces it previously had had stationed there'.[10] The following day, the British Cabinet gave Carrington his guidance for the forthcoming talks with Australia and other allies.[11] Within twenty-four hours, the MOD Deputy Under-Secretary, Patrick Nairne, provided the Australian High Commission with the specifics of Cabinet's deliberations. He informed the Australians that 'Cabinet had authorised a "modest" contribution from all three services, comprising a battalion group, ships similar in character to the Australian contribution plus a contribution to afloat support, and aircraft'.[12] Nairne also explained that, contrary to pre-election pronouncements made by the Conservative Party in relation to a 'five power joint force', the British government 'would prefer now to

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[7] NAA, A5882/2, CO988, AHC London to DEA, cablegram 12501, 21.7.1970.
[8] NAA, A5882/2, CO988, AHC London to DEA, cablegram 12646, 23.7.1970.
[9] Michael Dockrill, *British Defence Policy since 1945* (Oxford: Blackwell, 1988), p. 103.
[10] NAA, A5882/2, CO988, AHC London to DEA, cablegram 12501, 21.7.1970.
[11] NAA, A5882/2, CO988, AHC London to DEA, cablegram 12646, 23.7.1970.
[12] *Ibid.*

word this in terms of arrangements than a joint force'.[13] It was clearly the intention of the new government to avoid making too firm a commitment to the region.

With Carrington due to arrive in Australia at the end of July, the Gorton government took steps to work out a defined policy line. On 11 June 1970 – a few days before the British general election – the Australian Cabinet had already agreed that 'a Five Power Joint Declaration, which the British [Labour] Government [had] proposed should replace AMDA from January 1972, and a continuing commitment to consult, would have advantages for Australia and would be preferable to a complete cessation of British commitment'.[14] The Gorton government was willing to negotiate the continuation of even a minimal regional commitment by the British. In the aftermath of the British general election, broad Australian aims and requirements were elaborated in a position paper prepared by the DOD in July 1970.[15] In it, Defence officials acknowledged without reservation that 'the new British presence [would] be severely limited in numbers of men and other resources and hence ultimately in political commitment'. Within these constraints, they hoped that a British presence would be 'large enough to contribute to confidence and stability' in the region, and 'sufficiently substantial to weigh with the Americans and with our SEATO allies'. At the same time, it was argued, the British presence should 'be no larger that can be endured by the British (present and possibly succeeding Governments) rather than one so large as to stimulate fresh domestic pressures for withdrawal, and add to doubts in the region as to its permanence'. This presence, however, should 'be backed up, and through appropriate exercises, to be seen to be backed up, by a substantial reinforcement capability'. These considerations were broadly in line with past Australian views. As seen in Chapter 5, following Wilson's decision in mid-1967

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[13] *Ibid.*

[14] NAA 5869/1, 316, Cabinet Decision 430, 11.6.1970. The British proposal was made by Defence Secretary Healey in April 1970. See Kin Wah Chin, *The Defence of Malaysia and Singapore: The Transformation of a Security System, 1957–71* (Cambridge: Cambridge University Press, 1983), p. 171.

[15] NAA, A5882/2, CO988, DOD paper, 'Discussions with Lord Carrington: Australian position paper', July 1970.

to withdraw, Canberra had banked on having a much reduced, yet continuing, British presence in Southeast Asia throughout the rundown phase and the maintenance of a general capability after the mid-1970s. To the Australian government's great disappointment, the acceleration of the withdrawal in January 1968 discarded these options. Although there was no intention to reintroduce a large British military contingent, in a sense, Heath's plans for a continuing British presence in Malaysia and Singapore appeared to turn the clock back to late 1967. These plans seemed to amount to a reversal of the policy of the previous Labour administration. So it was not surprising that Australian officials regarded the reintroduction of a small British presence as a positive development. What was surprising – and this was an indication of how Australian thinking had changed since late 1967 – was that the Gorton government was prepared to welcome the deployment of a token British force provided certain Australian requirements would be met. As the DOD officials put it, 'it is of much importance that the renewed presence of the British does not reverse or hinder the healthy adjustments of attitude and thinking that has taken place and is continuing to take place in Australia'.[16] 'Nor do we want the renewal of the British presence', they added,

> to introduce influences that could obstruct the independently Australian purposes we had in mind when deciding to leave our own forces in the region (on the contrary, we should be looking to harness the renewed British presence to those purposes); to antagonise Indonesia, complicate the development of our defence relations with that country or other countries in the region, or tend to restore the previous high level of militarization across the Southeast Asian Archipelago; to focus our presence (and our thinking) too narrowly for too long on Malaysia/Singapore.[17]

It was Australia's aim, officials emphasised, to ensure that the British presence

> be directed towards enhancing defence co-operation between the local countries, and to assist the rational development of those forces. We want it to discourage Malaysia and Singapore from economically unwise decisions in defence. On the other hand we do not want the British presence to discourage the development of resourcefulness and self-reliance in Malaysia and Singapore ... Furthermore, in regard to the development of the local forces, we should keep in mind our own objectives about training and exercising with the Malaysians and Singaporeans and be cautious lest the renewal of

[16] *Ibid.*
[17] *Ibid.*

> the British presence lead to notions of a self-contained 'Commonwealth' military community and induce inward-looking attitudes among our people in the region.[18]

The Defence view was that the Australian government

> need[ed] to keep in mind that we had already made decisions as to the forces we would retain, and the commitments we would accept, after the British left the region. We don't want what may still prove to be merely a temporary renewal of the British presence to leave us saddled later with undertakings (either forces in the region, or political commitment) any larger or more enduring than we would have made if the British had stuck to Labour's timetable for departing from Malaysia and Singapore.[19]

In conclusion, while 'wanting to make things as easy as [Australia] can for the British', the Defence officials recognised that, far from only affording 'opportunities for renewing [Australia's] defence connection with the U.K.', the new situation could also 'introduce risks'. Ministers were advised to keep this in mind.[20]

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John Gorton

Lord Carrington held talks with the Gorton government on 31 July and 1 August 1970. In Canberra, where he received a warm welcome,[21] the Defence Secretary repeated the views he had already conveyed to the Australian representatives in London before his departure for the Far East. Essentially, he reiterated his government's intention to terminate

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[18] *Ibid.*
[19] *Ibid.*
[20] *Ibid.*
[21] Downer, *Prime Ministers*, p. 254.

AMDA, and to have it replaced by a much looser agreement 'with the five powers being equal partners and the three overseas nations having the same political commitment'.[22] In this context, Carrington made it clear that the British government did not intend to make any undertaking which would go further than a simple obligation to consult 'in the event of external aggression or the threat of external aggression'. He also re-emphasised the limited size and scope of the planned British military contribution to future five-power arrangements in view of Britain's limited resources, and its primary commitment to European security.[23] He stressed the need for the British contribution not to be too onerous financially and went on to tell Gorton and his ministers that 'if the British commitment East of Suez were not too costly it could possibly become in Britain a bipartisan policy'.[24] Carrington was also able to give the Australian government a provisional outline of the planned British force. According to British plans, the naval capability in the area would amount to five frigates or destroyers (one located in Hong Kong) and a share in afloat support. Visits by RN vessels for training and exercises were also contemplated. The ground contribution would include one battalion group to be stationed in Singapore, and some supporting elements. Britain's aerial capacity would consist of four Nimrods and a flight of Whirlwind helicopters. The British government envisaged a rotation of aircraft in and out of the area (at the rate of about 600–700 movements a year).[25]

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[22] Under AMDA Britain was responsible for the defence of Malaya/Malaysia against external aggression. This did not apply to Australia and New Zealand as they were not signatories to AMDA. Only in 1959 did they associate themselves with it. In 1963, when the Federation of Malaysia was established, Australia and New Zealand extended their association with AMDA.

[23] It is noteworthy that by 1970 internal security problems in Northern Ireland had already begun to place British military resources under strain. See Michael Carver, *Tightrope Walking: British Defence Policy since 1945* (London: Hutchinson, 1992), pp. 100–101.

[24] NAA, A5882/2, CO988, Cabinet Decision 575 (Ad Hoc), 31.7.1970.

[25] *Ibid.*

The Australian response was positive.[26] In spite of expressing 'regret at the British intention to terminate AMDA', Gorton claimed 'the Australian Government was pleased at the decision to have a continuing British presence in the area'. Gorton, however, introduced a note of caution into the proceedings as 'it was not yet clear precisely what the five power arrangement would mean'.[27] The Australian government was unsure as to 'what political commitment each Government would accept, what force contribution each would make, whether joint approval by all partners would be necessary … and if there would be distinction between East and West Malaysia'.[28] The last point was of particular concern to Australia. First, as Gorton himself had declared on 25 February 1969, Australian troops would only be used 'against externally promoted and inspired infiltration and subversion' in 'the Peninsula (including Singapore)'.[29] Australia had no intention of making troops available for use in Eastern Malaysia (Sabah and Sarawak). By contrast, the British saw no problem in the five-power arrangement covering Eastern Malaysia.[30] Second, Australia 'intended to include externally-promoted subversion and insurgency amongst the causes that would activate the commitment to consult'.[31] As McMahon, now the Minister for

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[26] In his diaries Peter Howson cites Lord Carrington during his visit to Canberra: 'One would almost think that Australia did not want us [the British] back in the area'. See Peter Howson, *The Howson Diaries: The Life of Politics* (Ringwood: Viking Press, 1984), p. 648. Archival evidence lends no support to this interpretation. Nor does Lord Carrington himself in a letter to the author. In it Lord Carrington wrote: 'I can't think why Peter Howson would have written anything so unlikely. There is and there was no reason to suspect "Australia did not want us back in the area". The reverse was true'. Lord Carrington, letter to the author, 15.10.2002. Lord Carrington's interpretation is also supported by Malcolm Fraser, the Minister of Defence, in a letter to the author, 18.11.2002

[27] NAA, A5882/2, CO988, Cabinet Decision 575 (Ad Hoc), 31.7.1970. It is interesting to note that, according to Fraser, 'there was some tension between Gorton himself and defence officials because Gorton did not believe in forward defence and did not believe in the stationing of Australian forces in Malaysia and Singapore'. Malcolm Fraser, letter to the author, 18.11.2002. Gorton was in fact known for his scepticism towards a continuing Australian military presence in Southeast Asia. See Peter Edwards, *A Nation at War: Australian Politics, Society and Diplomacy during the Vietnam War 1965–75* (Sydney: Allen & Unwin, 1996), pp. 199–201. See also Alan Reid, *The Gorton Experiment: The Fall of John Grey Gorton* (Sydney: Shakespeare Head Press, 1971), p. 143.

[28] NAA, A5882/2, CO988, Cabinet Decision 575 (Ad Hoc), 31.7.1970.

[29] Gorton quoted in Derek McDougall, 'Australia and the British Military Withdrawal from East of Suez', *Australian Journal of International Affairs*, vol. 51, no. 2, 1997, p. 191.

[30] The Gorton government was concerned that Australia could become involved in an awkward diplomatic dispute between Malaysia and the Philippines over the Malaysian state of Sabah. In 1968 the Marcos government had revived the claims of the Philippines over Sabah. See Chin, *Defence*, pp. 149–162.

[31] NAA, A5882/2, CO988, Memcon (Saturday morning), McMahon, Fraser and Carrington (Canberra), 1.8.1970.

External Affairs pointed out, 'if insurgency were not covered in the commitment to consult, the commitment would be virtually useless in military terms since insurgency was the only real threat'.[32] The Australians, therefore, were attracted by a more inclusive formula. As Minister of Defence Malcolm Fraser put it, the formula should indicate that the five powers would 'consult in the event of any form of armed attack organised or supported from outside, or the threat of such attack'.[33]

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Malcolm Fraser

Table 8.1 ANZUK forces

Australia	*Britain*	*New Zealand*
2 squadrons of Mirage fighter aircraft 1 battalion group 1 destroyer or frigate 1 submarine in rotation with Britain total troops: 3,300	1 battalion group up to 6 frigates up to 4 Nimrod aircraft 1 squadron of Whirlwind helicopters 1 submarine in rotation with Australia combat units, ships and aircraft on visit total troops: 2,550	1 battalion 1 frigate transport aircraft other air units if needed total troops: 1,150

Source: Chin, *Five Power Defence Arrangements*, pp. 3–4.

[32] NAA, A5882/2, CO988, Memcon (Friday afternoon), McMahon, Fraser and Carrington (Canberra), 31.7.1970.
[33] *Ibid.*

The Carrington visit to the Far East ended satisfactorily. Britain and its allies moved expeditiously towards an agreement. In September 1970 and January 1971 officials of the five countries met in Singapore to iron out differences. They reached significant decisions on the military aspects of the future five-power arrangements, including the establishment of an air defence council for the functioning of an integrated air defence system (IADS).[34] On 15 February 1970, at the end of the Commonwealth Prime Ministers' Conference in Singapore, Heath met the four prime ministers for an informal five-power meeting. On 16 February, Fraser announced British, Australian and New Zealand forces would be organised as a single ANZUK force (see Table 8.1) under an Australian 'two star' commander.[35] On 15 and 16 April 1971, ministers representing the five countries gathered in London to conclude the five-power defence arrangements.[36] The understanding included an obligation to consult along the lines suggested by the Australian government in July 1970. Paragraph 5 of the communiqué stated that 'in the event of any form of armed attack externally organised or supported or the threat of such attack against Malaysia and Singapore, their Governments would immediately consult together for the purpose of deciding what measures should be taken jointly or separately in relation to such attack or threat'.[37] A Joint Consultative Council was established to serve as a forum for regular consultations at senior official level.[38] In November 1971, Australia, Britain and New Zealand formally terminated AMDA with Letters of Exchange to the governments of Malaysia and Singapore. These documents specified the rights and the status of ANZUK

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[34] Chin, *Defence*, p. 175.
[35] David Hawkins, *The Defence of Malaysia and Singapore: From AMDA to ANZUK* (London: United Services Institute for Defence Studies), p. 42.
[36] For the legal basis of this loose consultative framework see Kin Wah Chin, *The Five Power Defence Arrangements and AMDA: Some Observations on the Nature of an Evolving Partnership*, Occasional Paper no. 23 (Singapore: Institute of Southeast Asian Studies, 1974), pp. 17–18.
[37] Chin, *Defence,* p. 176.
[38] Chin, *Five Power*, pp. 1–2.

forces stationed in Malaysia and Singapore, and the assistance these forces were to provide to these two countries.[39]

In conclusion, the Heath government's decision to deploy a token military force in Singapore represented only a marginal reversal of policy and did not amount to a return to the past. By 1970 the ambit of British defence policy was largely confined to Europe. The Australian government understood this, and accepted the British decision. For Australia, a continued, albeit limited, British presence would in fact make a contribution to regional confidence and stability. It would also 'help give pause to radical nationalistic elements that might in the future attempt to upset the status quo in the region'.[40] Australian policy-makers, however, were initially rather cautious in their response. Far from accepting British proposals unconditionally, Canberra was determined to ensure that a continued British presence would entirely accord with a more independent formulation of Australia's regional interests and objectives. However, less than three years after Wilson's announcement of acceleration of withdrawal in January 1968, 'Australian dependence on the projection of British power in Southeast Asia was now a thing of the past'.[41]

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[39] Chin, *Defence*, p. 177. The five-power defence arrangements are still in place today. FPDA military exercises are conducted at regular intervals with all five nations usually contributing forces to each exercise. However, since the mid-1970s the military complexion of the Australian, British and New Zealand commitment has changed. In 1974 the Whitlam government withdrew the Australian infantry battalion from Singapore. Britain pulled out its ground contribution in 1974. The New Zealand battalion was brought home in 1989. The Australian Mirage squadrons were withdrawn from Butterworth (Malaysia) in 1988. Australia left behind some P3C reconnaissance aircraft and an infantry company. Post-1971 FPDA is discussed in Kin Wah Chin, 'The Five Power Defence Arrangements: Twenty Years After', *Pacific Review*, vol. 4, no. 3, 1991, p. 196.

[40] NAA, A5882/2, CO988, DOD paper, 'Discussions with Lord Carrington: Australian position paper', July 1970.

[41] Jeffrey Grey, *A Military History of Australia* (Cambridge: Cambridge University Press, 1999), p. 246.

9

The End of the Affair: Australian policy towards Britain's application to the EEC, 1970–72

'The British move into the Common Market had brought home to Australia that it was now a completely independent country'.[1]

William McMahon, 6 November 1971

Britain's third and successful bid for EEC entry in 1970–72 marked the end of an era in Anglo-Australian relations. Although by the end of the 1960s the bilateral relationship had been significantly transformed as a result of Britain's shift to Europe, it was only with British entry in January 1973 that change in Anglo-Australian relations was fully realised. In no way did Britain's third bid arouse 'the kind of widespread public and official uproar that had occasioned the original Macmillan application in 1961'.[2] Yet, while far from having the same impact as the first application and, to a lesser extent, the second, the 1970–72 bid had important symbolic and practical implications. At a practical level, British entry spelt the end of the imperial preference system which had governed trade between Australia and Britain for forty years. In the early 1970s the disappearance of these preferences was expected to be less disruptive to Australian trade than a decade earlier, though a number of Australian commodities still stood to be damaged by British entry. At a more symbolic level, entry sealed Britain's European destiny and, in Australian eyes, represented a formal departure from the close ties of empire. In this context, following the British signature of the Treaty of Accession in January 1972, the Australian government

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[1] McMahon quoted in NAA, A1838/2, 727/4/2 part 19, Australian Mission to the United Nations New York to Department of the Prime Minister and Cabinet (henceforth PMC), and Treasury, cablegram 998, 6.11.1971.

[2] Stuart Ward, *Australia and the British Embrace: The Demise of the Imperial Ideal* (Melbourne: Melbourne University Press, 2001), p. 253.

introduced a number of symbolic reforms which took stock of the changed reality of Anglo-Australian relations. This chapter argues that the Australian government had little hope of seeing its trade interests properly safeguarded by Britain. Australian policy centred on demands for transitional arrangements in order to protect Australian interests. To this end, while urging the British to safeguard its interests, Canberra also considered moves to deepen its political and economic ties with Japan, Asia's emerging economic power. A closer relationship with Tokyo was seen in Canberra as the first step towards a much closer political and economic engagement with other countries in the region. As Britain was about to join the EEC, Australia increasingly reoriented its external and economic policies towards the Asian region.

9.1 Towards a new British application

As we have seen in Chapter 7, the French veto of 27 November 1967 brought the Wilson bid to an end. Despite dashing the Wilson government's hopes of joining in the near future, it did not deter its willingness to seek EEC entry. On 20 December, George Brown advised the House of Commons that the British application remained on the agenda of the EEC Council of Ministers, and that his government did 'not intend to withdraw it'.[3] Yet, the widespread feeling in Britain was that the country's prospects for entry looked gloomy as long as General de Gaulle remained in office. British chances of joining were certainly not enhanced by the Gaullists' victory in the 1968 French elections or by the 'Soames Affair' in February 1969.[4] Throughout this period no significant progress was made. In spite of this, the Labour government 'maintained its determination to join the Community and

[3] Brown quoted in David Hannay (ed.), *Britain's Entry into the European Community: Report by Sir Con O'Neill on the Negotiations of 1970–1972* (London: Frank Cass, 2000), p. 11.
[4] For an account of 'the Soames Affairs' see John Dickie, *Inside the Foreign Office* (London: Chapmans, 1992), pp. 165–171.

declined to endorse any objective falling short of that'.[5] Events, however, were to take a sudden turn when de Gaulle resigned on 28 April 1969. As Con O'Neill recalled in his final report on Britain's third application, 'while biding its time as things developed in France, the Labour Government immediately recognised that [Britain's] prospects for membership of the Community had changed from nil to good … Things were now moving forward'.[6] In early December 1969, the Six agreed at a summit in The Hague to open negotiations with Britain and the other candidate countries.[7] Wilson seized the opportunity and pushed for the earliest possible date for the opening of negotiations. This was eventually fixed for 30 June 1970.

In the meantime, Britain went to the polls and, surprisingly, the Labour government was defeated. On 18 June 1970, Heath's Conservative party was returned to power. Heath was a well-known Europeanist. Under Macmillan he had been the Cabinet minister in charge of the British delegation during the ill-fated negotiations with the Six in 1961–63. Subsequently, in his capacity as leader of the opposition from 1965 to 1970, Heath had steered the Conservative party along a markedly pro-European course. His commitment to EEC entry was unequivocal.[8] According to John Young, 'there was never any doubt that Edward Heath would press for EEC membership with greater vigour than Wilson'.[9] Heath was firmly convinced that EEC entry would not only help regenerate Britain's economy, but would also lead his country to regain its political influence in world affairs. Young also pointed out that 'unlike Wilson, Heath did not have such a divided party with which to

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[5] Hannay (ed.), *Entry,* p. 11.

[6] *Ibid.*, pp. 13–14. In January 1972 Foreign and Commonwealth Secretary Douglas-Home asked Con O'Neill to write a personal account of Britain's 1970–72 negotiations for EEC entry. No other person was more qualified than O'Neill to accomplish this task. In fact, he had led the British negotiating team of officials throughout the negotiations with the Six in Brussels. O'Neill wrote his report between the spring and summer 1972.

[7] Ireland, Denmark and Norway.

[8] In his memoirs Henry Kissinger, then Nixon's national security adviser, described Heath's commitment to Europe as 'profound'. See Henry Kissinger, *The White House Years* (London: Weidenfeld & Nicholson, 1979), p. 933.

[9] John Young, *Britain and European Unity, 1945–1992* (London: Macmillan, 1993), p. 107.

contend ... The new Cabinet was carefully chosen to support EEC membership'.[10] Within a few days, the new Heath administration endorsed all the previous commitments made by the Labour government: it agreed to attend the formal opening meeting in Luxembourg on 30 June, and the first ministerial meeting scheduled for 21 July. Furthermore, on 20 June Anthony Barber was appointed Chancellor of the Duchy of Lancaster with the task of leading the British team in the negotiations with the EEC. Britain was again knocking on the EEC's door.

Developments in Britain did not catch the Gorton government by surprise. Despatches from the London during the 1968–70 period had noted Wilson's determination to reopen the European chapter as soon as the circumstances permitted.[11] After the EEC summit in The Hague, there was no doubt that negotiations between Britain and the Six would take place relatively soon. This time, however, unlike in 1967, the Australian Cabinet discussed the British application thoroughly. The Australian approach was set out in a submission put forward by McEwen to Cabinet on 28 May 1970. In it, McEwen noted that it was fair to assume that Britain would join the EEC, although it was still unclear on what terms it would enter. It was unlikely, though, that the British government would seek any special safeguards for Australian trade interests. In general, it was apparent that 'considerations of the effects [of entry] on the Commonwealth [would] not inhibit the British in the current bid for entry'. Aware that all British political parties were publicly committed to EEC membership, McEwen recognised that, under such circumstances, 'no amount of representations, personal or otherwise, [were] going to achieve a special position for Australia such as New Zealand [had]'. In looking at the consequences of this fact, McEwen pointed out that there were not too many options which Australia could pursue to protect its own interests. Of those which could be considered he referred to a) a

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[10] *Ibid.*

[11] See NAA, A1838/2, 727/4/1/3 part 3, AHC London to DEA, cablegram 12218, 19.7.1968; NAA, A1838/2, 727/4 part 38, AHC London to DEA, cablegram 967, 15.1.1970.