

# A necessary shock

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*Britain's abandonment  
of Australia saved it  
from Europe's excesses*

**H**INDSIGHT is a dubious benefit. A cursory examination of the past can make later events appear not only consequential but downright inevitable. As if any thinking person at the time could have predicted Rome was destined to conquer the ancient world. As if it was Britannia's fate to rule the waves. As if Germany was meant to become the most fertile breeding ground for anti-Semitism.

Historians know there is no such inevitability. Just as human beings are no automatons, history is no inanimate mechanism. Historical developments, whose familiar consequences we take for granted, frequently unfold in an unplanned, and at times, erratic fashion.

Australia's place in the world is such an historical outcome that almost looks logical given the benefit of hindsight. From British settlement in 1788 to Federation in 1901, from the Australia Acts of 1986 to the modern Australia in the Asia-Pacific context, it seems like a straightforward path from a British colony to an independent Pacific nation.

The degree of change in Australia's self-awareness is dramatic. It is even on display in cricket, this most peculiar of British bequests to Australia. The emotional ties between Australia and Britain were so close that England's Bodyline tactics employed in the 1932-33 Ashes series caused a scandal that stopped short of a full-blown diplomatic crisis. But the latest Ashes, however humiliating the Australian defeat, was received almost matter-of-factly in both Britain and Australia. A commentator in London's *Daily Telegraph* quipped that Australia's poor performance demonstrated that it had become "more like the rest of the world" (which possibly meant less good at cricket). The article went on to suggest Australia's strong economic performance had also diminished the perceived value of sporting success in a country that used to find its pride on the cricket field.

The diminished significance of this once emotionally charged contest between the motherland and Australia is a good indicator of Australia's changed image of itself. As with other historic developments, these changes appear to be the result of self-evident realities. Surely geography, if nothing else, would have weakened the link between Australia and Britain, or more broadly between Australia and Europe, sooner or later. But was it really that certain? Or is our post facto understanding of Australian history only playing another trick on us?

It is useful to imagine a scenario in which the fundamental changes of the last decades had not happened. This thought experiment might reveal alternatives to Australia's strategic and psychological reorientation, and hint at future directions.

So let the following excursion be a flight of historical fancy.

The scenario in question is simple: imagine Australia had joined the European Economic Community with Britain in the 1960s, becoming a full member of today's European Union. To counter the most obvious objection to this scenario, we should note that European institutions have always overstretched the geographical dimensions of Europe.

The EU has 20 associated overseas countries and territories whose nationals are in principle EU citizens. They include The Netherlands Antilles in the Caribbean, the British Falkland Islands, and Denmark's autonomous province of Greenland.

France's overseas territories are even more closely linked to the EU as they form their own constituency in elections to the European Parliament. The member, Maurice Ponga, is from New Caledonia, which should make him the world record holder for the longest commute between home and workplace.

Clearly, then, distance should not have prevented Australia from joining the European institutions as established by the Treaties of Rome in



A stone angel surveys the ruins of the old city of Dresden after the Allied bombing raid in 1945

1957 in principle. But could it have happened in practice?

The initial EEC consisted of three big countries (France, Germany and Italy) as well as three smaller countries (Belgium, The Netherlands and Luxembourg). Britain initially stood outside the new organisation, and only joined in 1973.

French president Charles de Gaulle had vetoed British entry twice — first in 1963 and even more brusquely again in 1967. In order to join the community Britain was compelled to sever its remaining Commonwealth ties, particularly in the area of trade. As a result, Britain's traditional partners faced European trade protections.

British consumers noticed this change in the mid-70s when Australian butter was replaced by Danish Lurpak spreads on the shelves of their supermarkets. The effects on Australian farmers were far more painful. After Britain had joined the EEC Australian butter exports dropped by more than 90 per cent; the Australian apple trade declined from 86,000 tonnes in 1975 to just 27,000 tonnes in 1990. The economic consequences of Britain's European ambitions for Australia were severe.

The psychological effects were even more difficult. In their brilliant book, *The Unknown Nation* — *Australia after Empire*, historians James Curran and Stuart Ward recall how shocking it was for British Australians in the early 70s to find themselves traded in by the motherland for Britain's entry ticket to the EEC. At that time "abandonment", "betrayal", and "edged firmly from the imperial nest" were typical expressions of Australian sentiment about the decision of the British government.

*The Unknown Nation* (2010) also reveals how hard Australian politicians fought to prevent their British counterparts from making their step towards Europe. They realised immediately that Britain in Europe would signify a fundamental change for Australia: strategically, culturally and economically.

When British prime minister Harold Macmillan had announced the decision to apply for EEC membership on July 31, 1961, prime minister Robert Menzies described this event as "the most important in time of peace in my lifetime". Australia had no illusions about the looming changes.

So what if Australia's efforts to prevent the departure from Britain had been successful?

From what we know about the emerging position of British politicians at the time, neither Macmillan nor his successor Harold Wilson, let alone Ted Heath (who had led Britain's initial negotiations with Europe, for which he had been awarded the Charlemagne Prize in 1963) could have been deterred from their plans to sign up to the EEC.

Australian politicians may have used colourful and emotional language to remind their British counterparts of their common Britishness. They may have appealed to feelings of kinship and praised the strength of Anglo-Australian trade. In fact, they did all of that. However, as continental Europe was booming, there was no way Britain would have given up on its ambitions to partake in this *Wirtschaftswunder*.

In the early 60s, there would have been one, and only one, way for Australia to retain its relationship with a Britain suddenly hell-bent on becoming a part of Europe. And that way would have been to become a part of Europe under the mantle of Britain.

Could it have happened? If Australia had managed to convince the other European nations that this was in their very own interest, the answer is probably yes. The least problematic case would have been to convince Britain. Trade relations between Britain and Australia were important and neither side was keen on severing them.

The greatest difficulty would have been persuading France. It would have been an obstacle, but not an insurmountable one. In a memorandum, Macmillan had laid down his ideas on winning over de Gaulle for British membership by

offering the French a greater role in a triangle with Washington, Paris and London.

Throwing in the Pacific element and promising increased influence in the region apart from New Caledonia would have been an additional sweetener. The French being the French may well have been convinced by this prospect of an elevated global role.

Compared with soliciting a French *oui*, working on the other EEC members would have been child's play.

If the Australians had played their cards differently, they may have well ended up in the European club in the 60s. Indeed, this is where they belonged — at least in the eyes of Billy McMahon, who as prime minister in the early 70s still described Australia as a "West European nation".

What would it have meant if, in order to retain the links to Britain, the Australians of the 60s had decided to become European? If the process of European integration had proceeded as it has, Australia would be a very different country — with a few positive changes but many drawbacks.

The positive developments are quickly spelt out. Australia's trade liberalisation, which only began under the Hawke government in the 80s, would have happened earlier, at least for its trade with Europe. Australia would have been forced to reduce tariffs while benefiting from a bigger European market for its products. As a result, more European cars would drive the roads of Adelaide, Melbourne and Sydney, and they would be substantially cheaper than they are today.

On the other hand, Australian agricultural exports would not have collapsed but boomed. Australian butter would have become the standard ingredient of any decent continental breakfast. The dominance of the Australian dairy industry would have only caused controversies if a dairy co-operative from Warrnambool had tried to acquire the Lurpak brand from the Danish Dairy Board.

For Australia's political class, a positive side effect from EU membership would have been the increased supply of jobs, titles and offices. Australian parliaments and ministerial bureaucracies at the state and national levels are certainly not small by international standards, but an additional layer of government would have provided even better opportunities for party hacks and politicians approaching retirement. A seat in the European parliament or the job of an EU commissioner would have crowned many Australian political careers.

If those were the positive effects of Australia's place in Europe, and irony aside now, what would have been the drawbacks?

The biggest disadvantage would be that Australia would not have had an opportunity to develop and find itself as a nation. It may have enjoyed near independence after Federation and ratification of the Statute of Westminster in 1942. However, as the account of historical events and opinions in *The Unknown Nation* demonstrates, the process of forming an independent national identity was by no means complete by the 60s. Curran and Ward called their chapter on Britain's negotiations with Europe A Salutary Shock. This is an apt description because the shock did not lead to a national trauma but to the emergence of a new, modern Australia.

If Australians had hoped to remain British by joining the EEC, they would have been in for a surprise. When de Gaulle rejected Britain's entry into Europe for a second time, he explained to more than 1000 diplomats, civil servants, ministers and journalists assembled at the Elysee Palace why Britain needed a complete and radical transformation to become compatible with Europe.

Had the British listened closely to de Gaulle then, they would have known what was in store for them as potential EEC members. Though de Gaulle obviously tried to prevent British membership, his assessment that Britain would have to overhaul its way of life was prescient.

It is Australia's great good fortune that it escaped this fate. Instead, it developed its own approaches and solutions to its national problems. Far from receiving directives from a central European authority, Australia was able to experiment with different policies. This did not stop it from occasionally seeking ideas overseas. But these ideas and their applications came to Australia as inspiration, not as a dictate from abroad. They were

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# Nation's necessary shock

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received on a case-by-case basis, not on a conveyor belt. And they could originate from Europe as well as from anywhere else.

Perhaps the most ironic fact is Australia managed to preserve parts of its British heritage, which Britain had to give up for its EEC membership. For example, the ancient British doctrine of the supremacy of parliament now seems stronger in Australia. Although the doctrine is obviously qualified by the Australian Constitution and its interpretation in the High Court of Australia, parliament's position in Britain is much weaker, as it regularly has to implement laws not conceived in Westminster, but Brussels. Whether sovereignty of parliament continues to exist at all within the EU is a matter of debate among British lawyers.

This leads us to the most striking difference between Britain in the EU and Australia outside it: the level of independence. Or to say it with a word sounding old-fashioned in a European context, sovereignty.

According to the most common definition, sovereignty is the supreme authority within a territory. It is a country's capability to order its own affairs, internally and externally. It is a nation's freedom to find, mark and defend its place in the world.

Looking back to the 60s, Australia's strong links to Britain meant that it was not fully sovereign. It still had to wait until the Australia Acts of 1986. In the words of chief justice Anthony Mason, this act marked the end of the legal sovereignty of the imperial parliament and recognised

that ultimate sovereignty resided in the Australian people. The Britain of the 60s, on the other hand, was the very model of a sovereign nation. Its independent legal and parliamentary institutions had been firmly established for centuries.

As Britain went into Europe and Australia went its own way, a role reversal happened. Of the two countries, Australia is the more sovereign. It can define its own interests and policies *ad libitum*. In contrast, as a member of the EU and a signatory of the European Convention on Human Rights, Britain is no longer completely free to make its own decisions.

Consider the controversy in Britain over plans to give prisoners the vote in general elections. A long-standing British voting ban had been declared unlawful, not by a British court but by the European Court of Human Rights in Strasbourg. This leaves the British government no choice but to change the situation.

In Australia, on the other hand, prisoners serving sentences longer than three years cannot enrol to vote and there is no supranational organisation they could appeal to.

Domestic Australian affairs are dealt with in Australia and nowhere else. And a good thing, too. The thought that the Mabo decision could have been decided by a bench of Dutch, Portuguese and Danish judges unfamiliar with Australian circumstances is not particularly appealing.

Apart from these legal aspects of Australia's now firmly established independence, there are some psychological consequences from its loosening ties to Britain and Europe. After World War II, a European social model developed in large parts of the continent. It cannot be precisely defined, as practices vary somewhat from country to country. However, they are united by some shared general principles.

The European social model is Europe's particular version of the mixed economy. It encompasses levels of government spending far higher

than in Australia, Asia or the US. European working hours are as short as European holidays are long. Interest groups such as trade unions or employers associations play important roles in policy making.

All this is held together by the belief that Europe had thankfully left behind the rougher, freer forms of capitalism to build a safer and more social society.

This social model has become the continent's (and Britain's) mainstream culture. Its basic tenets are held unquestioningly by Left and Right. Debates are only fought over nuances, not principles. This has turned Europe into a place that publicist Thea Dorn calls "Harmonistan".

European society has become increasingly self-referential. To many Europeans, it would never occur that other parts of the world could develop and follow other models. For a long time, the Europeans were not paying attention to the developments in Asia or indeed in Australia and New Zealand. On the contrary, European convictions bordered on self-righteousness. EU delegations explaining the virtues of their enlightened policies at international conferences to the rest of the world are a case in point.

In 1960, the differences in the social models of Australia and Europe were still relatively narrow. Government spending in Australia was 21.2 per cent of gross domestic product, which was quite a bit lower than in Germany or France (32.4 and 34.6 per cent respectively) but slightly higher than in Spain (18.8 per cent).

After half a century of the European social model, most European countries show spending ratios at about, and often above, the 50 per cent mark. Australia, however, still records government spending of just under 35 per cent. These differences are also reflected in Australia's low public debt compared to the well-known over-indebtedness of many European nations.

Australia's culture of fiscal discipline would not

have developed in a European context. As leader of the opposition, John Howard protested about the national debt when it stood at 26 per cent of GDP. His opponents could have told him to calm down. The EU treaties allow up to 60 per cent. Seen from this angle, running moderate budget deficits year after year almost looked like prudence. At least compared with *really* profligate countries such as Greece, Italy and Belgium.

It is not just the differences in government spending and regulation that are important but the general attitude towards entrepreneurship and opportunity. Australia has retained a flexibility that Europe lost long ago in the process of creating its socially just and well-ordered society. It is this openness and flexibility that allowed Australia to seize its chance to benefit from the rapid economic development in the Asia-Pacific region.

The economic reforms Australia undertook in the 80s were remarkable, but they would not have happened in Australia's old political co-ordinate system.

The crucial turn in Australia's economic history, therefore, occurred in the 60s when the cord to Britain was cut. To the Australians at the time, many of whom still considered themselves Britons, this was painful and frightening. But it enabled Australia to go its own way. It could keep the good elements of its British and European heritage, but it was not bound to follow the Europeans where they set bad examples.

Was this course of history unavoidable? It may well have been the most likely outcome given the post-war situation of Britain and Europe. But hindsight should not lead us to believe it was the only possible path. However, hindsight also reveals how lucky Australia has been to part company with Britain and Europe in the 60s.

Australia's abandonment by Britain was the salutary shock that this country needed. Britain may have sought to profit from its turn to Europe, but it was Australia that gained most from it. \*