This week I would like to talk to you about Five Power Defence Arrangements, Rural Reconstruction and Trading Relationships with Japan.

***

FIVE POWER DEFENCE ARRANGEMENTS

This week the Minister for Defence and the Minister for Foreign Affairs are in London for discussions which are intended to reach the concluding stages of the five power defence arrangements between the United Kingdom, Malaysia, Singapore, New Zealand and ourselves. A great deal of progress has been made in these matters over the last eight months and the last questions appeared to have been cleared away by a mission lead by Sir Arthur Tange, permanent head of the Department of Defence, to Singapore early in January of this year.

The arrangements that are now being finalised are important. They will preserve confidence in the region and show that the United Kingdom is still concerned with peace and stability in South East Asia.

In the past the British have had an absolute commitment for the defence of the Singapore Malaysia region and anything we had done had merely been in support of their guarantee. For the future the countries have been developing arrangements of equal partnership in which there will be an equal responsibility on all the countries involved.

This is much more appropriate to the present circumstances as it is unrealistic to expect the United Kingdom to maintain her absolute defence guarantee. The five power arrangements are defensive in their character. They do not imply any particular international view to any of the five members on other matters of major international concern.
In recent times there have been matters in which Malaysia has sought to emphasise the desirability of neutral stance in international affairs. Such an attitude is entirely compatible with the five power defensive arrangements that are being established.

I shall only add that the change in attitude by the United Kingdom as a result of the Conservative victory last winter was made possible by the earlier Australian initiative to maintain forces in the area at the request, of course, of Singapore and Malaysia. If we had also made a decision to withdraw our forces entirely as the earlier Wilson Government had done for the United Kingdom and if we had thus indicated our lack of concern with the security of this area, then it would have been quite impossible for the United Kingdom policy to be altered as it has been, to every-one's advantage.

RURAL RECONSTRUCTION

During the last few days I had discussions with a number concerned with the wool industry and with the Minister for Primary Industry, Ian Sinclair. I expect that the rural reconstruction proposals will be introduced into the Parliament before the end of this Autumn session.

Indeed, I regard it as essential that they be so introduced.

I know Victoria has already issued forms and many people have made applications. Once the legislation is introduced into the Parliament and the principles attached to the scheme have been more widely known, I will seek maximum publicity for them throughout my own electorate and through the rural
organisations in the electorate. I have no doubt there is the greatest possible interest in the way these particular proposals will work.

**TRADING RELATIONSHIPS WITH JAPAN**

The Government is watching with continued interest and concern the United Kingdom attempt to enter the European Economic Community.

Whether or not the British join, and if they join the manner of their joining, could have a great impact on Australia. But it could also have an impact much wider afield. So far the European Economic Community has been selfish and narrow in its trading outlook. It has sought to look after its own interests and disregarnd the impact of its policies on others.

This has applied especially to agricultural products.

If a community enlarged by British membership carries on the same selfish outlook the results on world trade could be very difficult.

Forces of economic isolation in the United States might well be given added incentive. This would have an additional impact on Australia's trade and on Japan's trade, for example.

The return to the economic nationalism of the 1930s sparked by a selfish economic community would be disastrous for the free world and all countries outside the economic community should direct their attention to see that it does not occur.
If the European Economic Community is selfish, countries like Japan, Canada, United States, New Zealand and Australia would need to examine the desirability of establishing some kind of Pacific trading partnership. If we were to do that the partnership would have to embrace within it principles not only for the advantage of the countries I have mentioned but also for the advantage of the developing countries of East and South East Asia in particular. In these areas Japan and Australia have much in common.

Japan and Australia are depending on the sophisticated markets in Europe and the United States to find outlets for their high quality consumer goods. Their rising standard of living depends on their ability to trade. Our standards also depend on our ability to trade, but largely in different commodities.

Both Japan and Australia would be disadvantaged by a restrictive trading community in Europe. There is advantage to both of us in working for a free flow of international trade.

Where there is an identity of interest of this kind we should work closely together to achieve our common purposes,