

## **AIIA ADDRESS**

Let me thank the Institute for the honour of being selected as one of its fellows, joining a stellar list of those previously honoured in this way.

I've followed the activities of the AIIA over many years – and participated in some – and I congratulate the organisation on the serious work it has done across the country to foster awareness of Australia's foreign and strategic policy challenges and performance. I will go on to argue that, somewhat surprisingly, this task has become bigger and harder in Australia today.

In the past when I have spoken publicly about international issues, it has been as an Australian official, articulating and providing context for decisions and policy directions of governments. When given an entirely free choice of subject matter for this address, I found my attention turning to unexpected attitudes about our neighbourhood I encountered on my return to Canberra in 2010, after living and working for three years in the United States.

I want to make the case for more determined efforts to engage the community in thinking about how Australia positions itself in pursuit of its interests. This is never easy: there's merit in the observation that "all politics is local". Nor am I suggesting that the space is empty. I will point to quite a bit of evidence of a healthy public appetite for deeper national debate and encouraging growth in government and private sources of quality information about Australia's international opportunities and risks. The Government's Asian Century white paper is the latest welcome addition. The contribution being made by the Lowy Institute, ASPI and the National Defence College add tremendous depth. Today I want to make the case for nurturing this engagement and I think the AIIA is exactly the right venue to do so. I also want to go on to say a few things about the role and value of Australia's aid program, and about the strong support Australia won in voting for the non-permanent UNSC seats last month.

What I have to say will no doubt be influenced by the personal involvements I have had in my past government roles, currently as

Chair of the Commission of ACIAR (the Australian Centre for International Agricultural Research) and during this year through some Special Envoy work I have done, particularly in Africa, in connection with Australia's UN Security Council campaign. The views I'll put to you are, of course, entirely and only my own.

Those of you who have, as I have, spent longish periods away from home interspersed with stretches back in Australia, will probably know what I mean when I say that on your return there are always surprises. It's a bit like time-lapse photography. Despite intervening visits and attention from a distance to the Australian media, some things and attitudes, are inevitably not quite what you remembered or expected. It can be because you have missed the atmospherics of big turning points in national life like elections, economic shifts or shocks, or possibly some cultural phenomenon or social trend that hadn't taken root where you had been stationed abroad.

My first return home was in 1977 after nearly four years away - in Sweden on posting and the UK as a student - without a single trip back home. It took me a while to realise that being absent during the political and economic turbulence of the last of the Whitlam Government had left me poorly prepared for the caution in the policy climate that followed. Notwithstanding some important further steps in closer engagement with our near region and courageous moves from the Fraser Government in the battle against apartheid, the prevailing national mood and policy ethos was inward looking, most obviously in its economic dimensions with resort to tariff protection and currency management in response to emerging competition from Asian economies. There was a noticeable step back from the bolder internationalising approach of the immediate past.

On my return from Paris in 1996, just a few weeks before the election of the first Howard Government, I was surprised again by a change of mood I encountered as quickly as the airport taxi ride home. After thirteen years of Hawke-Keating Government moves to bring internationalisation of the economy and deeper engagement with Asia to the centre of the policy attention, it seemed that the nation was ready for a bit of a break from all that. The Coalition had picked up on the sentiment and argued that Australia did not need to choose between its

history and its geography. As things transpired though, from quite early in the Howard Government, the change in approach on the main lines of our international engagement became less easy to detect. The recent tenth anniversary events for victims of the Bali bombings have reminded us of just how large Jakarta loomed in priorities by little more than half way through the Howard years.

The compelling realities of our security and economic interests for decades have meant that governments of both major parties have concentrated on pursuing deeper political and commercial links with the emerging economic powers in our region along with securing and building our US alliance relationship. Governments of both parties have also given priority to trade liberalisation and to making progressively more serious efforts to contribute to development, especially in our near neighbourhood.

I don't intend, in this address, to focus in detail on differences in tone and messaging in Australia's partisan political debate. They certainly exist. We would expect nothing less in a vibrant democracy. It has always seemed to me, however, that aside from Australian involvement in the war in Vietnam, recognition of China and the commitment of troops in Iraq, the differences have been about the relative weight to be given to particular courses of action or the effectiveness of their prosecution rather than more fundamental differences in approach.

Perhaps I should also mention that quite a lot has been made in policy positioning about the choice between bilateral and multilateral diplomacy to achieve Australia's international ambitions. The accepted wisdom is that Labor Governments have favoured heavier investment in multilateral diplomacy – particularly through the United Nations – to pursue Australia's political and security objectives. There has been an echo of this in the trade debate too with criticism from Labor and academic commentators of the Coalition's bilateral and regional trade agreements (especially with the US) in the early 2000s as a distraction from the Doha multilateral trade negotiations.

On closer scrutiny, these differences tend towards nuance and emphasis. As the Rudd and Gillard Governments have discovered, it is pretty hard to mobilise a Doha Round outcome with only tepid

commitment from the world's largest economy, weak employment and growth in most of the developed world and fragmented and cautious positions in the developing country membership of the World Trade Organisation. So while Australian Trade Ministers since 2007 have worked energetically in the hope of seeing even a modest Doha outcome, the Plan B bilateral and regional work continues.

On the political and security agenda, notwithstanding an instinctive preference for bilateral diplomacy, Prime Minister Howard was exquisitely aware that he needed UN Security Council support to secure the intervention in East Timor that became an urgent national priority in 1999. I'll say something later about Australia's wonderful UNSC victory but my point here is that there is less than meets the eye between both sides of politics on the balance between multilateral and bilateral diplomacy.

There is plenty of scope for differentiation in domestic debate about the way we go about pursuing our interests in the world. At the same time, I would argue that both the key objectives of our national governments, and the vehicles available to achieve them, run pretty much along the same tracks. That is not to say there is nothing to choose between alternative governments on foreign policy. Real choices have to be made about how much investment we should make in our diplomacy, the precise balance between multiple objectives and how well our influence is deployed. Perhaps reflecting heightened contestability in our political culture, however, a lot of media commentary about our international efforts focuses on the domestic political implications of various courses of action or achievements. There has been too little informed observation about what our international policy choices really mean for Australia.

The question I want to delve into a bit more deeply is what I see as a growing disconnect between a fairly settled consensus at policy and expert level about Australia's interests in the world and the public's appreciation of what is involved and why it matters. To illustrate the conundrum, let me return to theme of surprises encountered on returning home after a period of absence. My most recent stint abroad was from 2007 to 2010 in the United States. This time – unlike my absences in the 1970s, 1990s and even the early 2000s, – I had the

benefit of easy on- line access to Australian media, regular short visits home and a lot of contact with Australians visiting Washington DC.

Inevitably though, it wasn't long before an issue emerged in national debate that had me feeling there was something afoot in the national mood that I simply didn't recognise. It crystallised for me in the controversy played out through the national media over our live cattle trade to Indonesia. Triggered by clandestine footage of gruesome treatment of Australian cattle at a poorly managed slaughterhouse, debate raged with an extraordinary intensity. My purpose in raising this episode is not to dwell on the decision taken by the Government at the height of the furore to suspend the trade in cattle to Indonesia for a period. Rather it is to try to unpick some of the threads in the outpouring of emotion and opinion that swirled for a few weeks after the footage was broadcast. Why did this become the "hot button" issue for weeks?

I should say up front that I have no doubt that the treatment of the cattle in the filmed abattoir was grim and did not conform with standards expected of our export industry. Given my long work history in agriculture I have had to steel myself to visit more than my fair share of abattoirs in Australia and overseas. Even at the cutting edge of technology and animal welfare practice, this required deep breathing on my part and my guess is that most Australians would find even best practice slaughter to be challenging viewing. For what it is worth, I am told that Indonesians who viewed the film were also horrified. More troubling to me, though, in the aftermath of the Four Corners program was the disinterest, or even ignorance, here of the circumstances of Indonesians to whom the cattle were sold.

Some 120 million Indonesians live on less than US\$2 per day. Much of the worst poverty is in the eastern provinces of the country, closest to Australia and is highly concentrated in rural areas. Growth in meat consumption is a very positive development indicator in a country that still rates in the "serious" category of IFPRI's Global Hunger Index. Incorporation of cheaper cuts of beef into meatballs for soup has been an important way of boosting protein consumption in poor Indonesian households. Building small- holder cattle enterprises to meet growing local demand is also a high priority for Indonesia's development

planning and is seen as an important pathway for farmers to accumulate wealth, for example to pay for their children's education.

What I heard in our debate was a million miles from an appreciation of any of this. There were calls for the animals to be slaughtered in northern Australia under our high animal welfare standards. This, it was argued, would allow meat to be shipped to Indonesia, chilled or frozen. The absence of cold chain transportation and retail outlets in rural Indonesia as a fundamental hurdle to such a plan didn't seem to rate. Let alone the substantial cost that would be added to the product or the fact that the live trade was also aimed at Indonesia's aspiration to build its own small-holder cattle sector as a plank of its rural development policy. As for animal welfare outcomes in Indonesia, it was hard to see them being improved if Australia's response were to abolish the trade. I haven't even touched on the importance of the live cattle trade in underpinning the viability of our own beef industry in Northern Australia.

Though I didn't follow the issue through every twist and turn, I was troubled by the absence of voices that might set out the context at the Indonesian end. As relations frayed over the issue I wanted to ask "If this is so important to Australians, why don't our animal welfare groups make their priority working with Indonesian counterparts to improve slaughter conditions?", "Are the animal welfare atrocities shocking to us only if the cattle are Australian born? Are we extending consular privileges to our beef herd?"

After a lot of work at Government and industry level the trade has resumed, though remains below prior levels. Support for improved slaughtering practices is being increased and auditing of abattoirs accepting Australian animals has been ramped up. I have dwelt on this issue at some length partly because it encapsulated, in a painful way, the sharp contrast in living conditions and social priorities between Australia and Indonesia. The live animal trade is also bound to remain highly contentious in Australia as this week's much more disturbing film from Pakistan makes clear. That episode at face value looks more like the miserable Cormo Express saga with an even unhappier outcome. Australian governments have to take account of community attitudes in setting the boundaries for the live animal trade. Our priorities don't

necessarily align well with our regional trading partners. But the way we react to difficult issues in our relations is the real test of our Asian engagement. Since 22 of our 24 nearest neighbours are developing countries, we are more different culturally and economically from them than any country in the world. I had expected, nevertheless, that decades of closer links might have informed a different public reaction when the Indonesian cattle slaughter issue arose. Let me pull out just a few facts to illustrate why.

First, we are among the top ten travelling nations in the world according to the World Tourism Organisation. ABS data shows a very rapid ramp up in overseas travel by Australians – more than trebling in the last twenty years – as airline competition and the high \$A have made it more affordable. And specifically in relation to Indonesia, after an unsurprising setback ten years ago, Indonesian arrival figures indicate that nearly one million Australians visit that country every year. I presume most of this travel is to Bali and perhaps most Australian tourists don't get far into rural areas. Nevertheless, no visitor could fail to observe the contrast in living conditions.

Second, Australians are living and working abroad in record numbers. The best data I have found suggests that another one million Australians have entered the global labour market. These are mainly highly educated professionals and it is true that most of them work in the UK, the US or New Zealand, though the numbers moving to Asia are increasing.

Third, there has been a tremendous growth in interest and enrolment of students in international studies at Australian tertiary institutions at both undergraduate and post-graduate levels. Data published by DIISRTE doesn't distinguish in detail between different sub-fields of political studies but a forthcoming paper by Kath Gelber shows that the spread of international relations courses, especially at Masters level, is far greater than in other fields. Among the institutions, Griffith University, the University of Queensland and the Australian National University are leading this trend.

Fourth, and more anecdotally, my travel as Special Envoy this year brought me into contact with large numbers of impressive Australians

working in development NGOs, as Youth Ambassadors or other volunteers for Australia, interns in international organisations and as staff at our overseas missions. It seems pretty clear that there is a strong interest in international, and specifically development careers in the current generation of graduands. These “twenty something “ Australians are doing very impressive work, thriving in tough circumstances. Equally, the rise in mid career and retiree volunteering under AusAID’s new AVID and Corporate Volunteering Programs are drawing from a rising tide of community interest.

I think the Australian public has a good understanding of the fact that our economic future depends very heavily on our commercial links with emerging Asia, and especially China and India. The resources boom that has underpinned our growth for over a decade has made that very clear. Making sure we are well positioned to benefit from opportunities over coming decades of Asian growth is critical and I think the Asian Century white paper does a great job of teasing out the dimensions of Asia’s rise. I think it also does us a service by drawing out the changes we need to make domestically to be successful commercial partners for our neighbours as their economies evolve.

I think more needs to be done, though, to convey to the Australian public the continuing development challenges in our region. The white paper does touch on what it describes as risks to Asia’s growth and highlights rising inequality between rich and poor. Even in China and India, the global powerhouses of the region, there is deep poverty. Andy Summers has written compellingly about what he calls the “new bottom billion”. By this he means the 960 million people, or some three quarters of the world’s poorest – who actually live in middle- income countries, many of them in China and India, rather than the low- income countries Collier had written about when he coined the “bottom billion” terminology.

So while it is true that the centre of economic gravity has shifted to Asia, it remains home to most of the world’s desperately poor as well as to an enormous, fast-growing and mobile middle class. The duality of regional economies will have a profound influence on their priorities and if we want to be seen as genuine trusted partners, we need to show that we understand how poor they remain as well as how rich they are



becoming. The white paper recommendations for boosting the Asia-literacy of Australians – two way student exchanges, work placements, more Asian language and culture skills - would certainly help.

Continuing to expand and improve the effectiveness of our aid program is also very important. Our recent track record has been strong with aid funding trebling since the start of the millennium and doubling since 2007. It will rise again by 50% in the next four years. Two factors are at work. First, the decision by the Howard Government to maintain its ODA target and the step change made by the Rudd and Gillard Governments to lift that target to 0.5% of GNI (now expected to be reached in 2016/17). The second explanation for the rapid ramp up in our aid is the exceptional growth performance of our economy. Australia stands out from most other donors who have pared back aid budgets in response to the financial crisis and are growing at best very slowly in GNI terms. The bottom line is that today we are ranked the 12<sup>th</sup> largest global economy and the 10<sup>th</sup> largest aid contributor on the net ODA/GNI measure.

I'd point sceptics to last year's independent review of the aid program for persuasive arguments in support of the projected growth in aid funding, along with its recommendations for sharper focus and more transparency in delivery. I think there is a compelling case on both values and interests grounds for Australian investment in efforts to build better opportunities for people in poverty on our doorstep.

In terms of Australian interests, I would stress the downside of long term endemic poverty in our region playing out in descent into violence, vulnerability to disease, cross border crime and even higher rates of people movement. Of course delivering the upside of improving economic and social conditions in our region depends on the effectiveness of aid delivery but much more so on the effectiveness of partner country national institutions in creating conditions amenable to economic growth. We obviously have only limited influence over the latter but that doesn't mean there is no case for our efforts.

On the values front, let me just throw up one example. It is salutary to remember that East Timor – only an hour from Darwin by air - has the third highest rate of child stunting in the world. On IFPRI's Hunger

index, East Timor ranks 7<sup>th</sup> worst in the world, in the “Alarming” category, just ahead of Haiti and Ethiopia. In Timor the rural poor talk about “a wet season, a dry season and a hungry season”. The humanitarian case for our action couldn’t be clearer. I’m proud to say that ACIAR is in the third stage of a highly successful research program in East Timor (Seeds of Life) that has generated crop materials that in some cases have doubled yields and halved growing times. It is now being extended and the goal is for 70% of East Timorese villages to benefit in some way from the program.

I will go a step further and speak in support of the rebuilding of our aid program in Africa that has been the subject of some critical comment. As a West Australian I might be more attuned to the fact that we have an Indian Ocean as well as a Pacific Ocean coastline so our neighbourhood quite clearly encompasses at least a significant chunk of the African continent.

On any objective test, the humanitarian need case in Sub Saharan Africa is overwhelming. A big share of our aid finding to Africa has been emergency relief, particularly in response to food crises. New areas of focus, however, have been education (especially scholarships), longer-term efforts to build sustainable food security, including through leading edge agricultural research and the new “mining for governance” initiative that is helping African partners establish better public policies to extract national benefit and manage the challenges of new resource developments. These are all areas in which Australia has a strong contribution to make.

On the interests test, I would point to the burgeoning involvement by our mining industry with over 240 Australian companies now operating in Africa. Less well known is that despite the enormous challenges, the rate of economic growth in Sub Saharan Africa has been higher than that of East Asia in eight of the last ten years, admittedly off an extremely low base. In Africa too a wealthy and mobile middle class is growing rapidly. Despite desperate poverty, violence and instability, especially across the Sahel, there has been a strong democratic transition in many countries and foreign direct investment – especially from China - has grown rapidly. Australia will never be, and should not aim to be, a major aid donor in Africa. In my view, however, there are very good reasons

for us to do more of the things we can do well with carefully chosen African partner countries.

I have expressed my concern about the limited air- time these issues attract in public discourse. Having said that, I am encouraged by the results of AusAID commissioned polling that show approval levels for the aid program of consistently higher than 80 per cent in recent years. Perceptions of effectiveness have been lower – ranging from as little as 46% in 1998 to a high of 71% in 2005. A more recent poll by ChildFund in May this year showed 57% of Australians believe aid is effective in improving the standard of living in developing countries. These findings reinforce the importance of aid effectiveness review work and transparency initiatives now being given a high priority by AusAID. I am also encouraged by the vibrant debate I have seen unfold on the merits and effectiveness of the aid program in expert circles. I commend to you the Development Policy Blog managed by ANU's Development Studies Centre. You'll see there some robust exchanges that get to the heart of important policy choices for our aid program.

So if the Australian public – if not all the commentators – broadly value our development outreach, there should be fertile ground for building on that base level of empathy to get a more practical understanding of our neighbours and our shared interest in tackling development challenges.

I'm going to say a few words about the UN Security Council campaign in which I had the honour of playing a small part. Victory – especially such a resounding one – has a thousand parents but I would like to congratulate the AIIA, the UNAA and Lowy for their constructive and informed contributions to public discussion of the bid. At various points the merits could have become hostage to jockeying for domestic political advantage in a way that would have undermined the bid itself. Informed interventions like those I mentioned encouraged a focus on what Australia might have to gain and to offer from a place on the Council for the next two years.

The energy and professionalism of the campaign were evident in the resounding support Australia attracted in the vote, especially given our late start and lack of automatic lock-in from our anachronistic “Western

European and Others” UN voting bloc. I’ll admit to having had reservations about the case for a Council bid in past years when our story might have been harder to sell across the membership. By 2012, however, I thought we had a great case and the Government was clearly prepared to commit energy, credibility and reasonable funding to make the running. Our development track record counted, as did our positioning on climate change and peace keeping and peace building. It would be clear from what I have already said that I support new directions and scale up of our aid program so complaints that these were prompted by the UNSC bid don’t wash with me.

More importantly, I thought the tag line for the campaign “We Do What We Say”, was absolutely spot on. Some competitors in these races for election have tried to run on a “keep your head down” strategy – avoiding taking positions on controversial issues where it might have lost them votes. That is not who we are and our bid didn’t resort to that sort of campaigning. It wouldn’t have been credible. The campaign was a trigger for us to describe to the wider membership what we valued and supported in the international agenda and allowed us to showcase the diversity and vibrancy of contemporary Australia. Clearly our messages resonated positively.

I would apply the same logic to those who argue that a seat on the Council will force us to take unpopular positions on issues where we don’t have a “dog in the fight”. DFAT will need to be resourced to acquit Australia’s role effectively for the next two years. It is unlikely in my view that issues will arise on which Australian interests will be damaged by being required to show our hand in the Security Council. In most cases our responses to Council resolutions will not be hard to settle even if effort has to be put into explaining our votes. Abstention is also an option in the rare situation where there is no strong case for Australia taking a pro or anti position.

Let me close with the thought that the clarity of the case made in the Security Council campaign – for example through the well crafted brochure material developed for the campaign– could serve as a good basis for a richer public information campaign at home about Australia’s international interests and achievements. These are considerable but perhaps not well known at community level. The high level of public

interest in both the UNSC vote and the Government's white paper suggest there is appetite for more public debate and I encourage the Institute to continue its good work to support it.

Thank you.