

2016 Sir James Plimsoll Lecture - Jeffrey Bleich
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I'm deeply honoured to deliver the Sir James Plimsoll Lecture this evening and there really is very little that I can add to the accolades that have already been directed to Sir James, or Jim Plim, as he was affectionately known. I'm honoured to Kathleen and Tony here representing the family.

As you know, former Foreign Minister Alexander Downer said that there has never been a greater Australian diplomat than Sir James Plimsoll. Secretary of State Henry Kissinger said that Sir James was such a great ambassador to the United States, that Australia would have to be "utterly mad" to move Ambassador Plimsoll from his post.

Just by contrast, I actually got to visit with Dr Kissinger before I came out to be US ambassador and he said something a little different. He said he thought I would do quite well here because he thought Australia was "just mad enough" to accept me. Although I wasn't here during Sir James' time, in some ways I feel that I was.

I was fortunate to serve with many, many people here in Australia whose extraordinary careers had been influenced by him. There's a reason why Australian diplomats and ambassadors have such disproportionate influence abroad. And it comes from lessons that Sir James imparted to them and demonstrated throughout the time of his career.

Being ambassador, I know well now, is a job. It's not a title. And Sir James knew how to do that job: how to build trust first before he sought to try and influence others. He actually enjoyed people and looked forward to working with them, and to understanding them before he ever asked them to understand him.

He had a gift for distilling complex ideas into simple and clear language. He was hungry for experience and he used that experience in order to inform his judgement and to develop genuine wisdom.

He recognised talent in others, cultivated it. He wasn't threatened by it. And he wasn't afraid to do whatever it took. I recall from the Jeremy Hearder biography of him, him chasing President Syngman Rhee, a world leader, onto an airport runway while he's still wearing his pyjamas. That's a sign that he's not afraid to do whatever it takes to advance Australia's interests.

He was just a diplomat's diplomat and he helped create a generation of men and women just like him. From Admiral and Vice Chief of defence force Ray Griggs, to Nick Warner, who's now the director general of ASIS to one of, in my opinion, Australia's greatest public servants, your current Secretary of Defence, Dennis Richardson.

So for all those reasons, it's an extreme honour to deliver this address at such an exceptional time in US history. As students of diplomacy know, you've got to be partisan in order to become the US ambassador. You need to be non-partisan in order to remain the US ambassador.

So, I'm not used to discussing partisan political elections in Australia. Whenever I was asked about the election when I was here during the 2012 election, I did what diplomats have long done. Which is that I thought very carefully before saying nothing.

So it's perhaps confirmation that I really am no longer the ambassador to Australia that I've been asked to speak about the 2016 US election and to do it a mere two weeks before it will be decided.

I think it would be disservice to Sir James and to the lecture series in his name, to just give a series of predictions and assessment that will all lose relevance in a mere two weeks once the election is decided.

I'd like to offer some thoughts about the election that will hopefully endure past 8 November. I'd like to talk about the defining feature of this election and the domestic and the global forces that have produced it. Some of them are unique to the US, but many of them are manifest in all Western Democracies.

The defining feature of this election is that it has been a populist uprising against every candidate for president, but one, who has any record of the traditional qualifications for president.

Let me start on the Democrat side. You had a popular governor, Martin O'Malley. He did not receive a single delegate in the Democratic primary. You had a former secretary of the Navy and a very popular senator, Jim Webb, and you also had a very successful and popular governor and senator, Lincoln Chafee—both of whom never lasted long enough to find out whether they could win a single delegate.

The most experienced, the best supported, the best funded candidate—a former secretary of state, US senator and the first lady of both the United States and the State of Arkansas, was challenged all the way to the Convention by a senator whose brand was being an outsider and who had had few legislative victories during his time in the senate.

On the Republican side you saw the same thing. Seventeen people ran in the republican primary. Nine, including Jeb Bush and Chris Christie, had been two-term governors with national name recognition. All of them were easily vanquished.

Five more of the candidates were current or former senators. Only one of them lasted and that was Ted Cruz and that was only because he was well known to be a true outsider and the way people knew that was that his calling card was that most of the senate hated him and members of the senate gleefully confirmed that.

So, the person ultimately selected by the Republican Party is a man who has never held any public office, never even ran for any other public office.

He's had no military or other public service in his career and has expressed disdain for people who have.

The fact that the Republican Party chose Donald Trump as its nominee for president reflects the fact that a lot of Republicans do not trust anyone—Democrat or Republican—who is associated with government as their president.

The fact that Secretary Hillary Clinton lost several states to a previously unheralded senator from Vermont reveals that this isn't a one party issue.

So the question is 'Why?' And what are the consequences for Western democracies around the world?

Recently we witnessed the stunning decision in the UK where the people of the United Kingdom rejected the recommendation of their prime minister and virtually all leaders across the political spectrum and voted to exit the EU.

We've witnessed the people of Columbia reject the recommendation of their elected leader to end a 50-year war with the FARC and effectively vote in favour of continued fighting.

We've witnessed the Philippines elect a leader who attacks all 'politics as usual', belittles allies and alliances, and has authorised the vigilante killings of thousands of people.

And even here in Australia, which is relatively sedate by contrast, Pauline Hanson's One Nation Party won four seats in the last election. You've had five prime ministers in the past seven years –if you count Kevin Rudd twice.

So, these are 'interesting times'—not only in the US.

What I'd like to focus on is, what is different this time? Because many things are actually very much the same. More than half of Donald Trump's supporters are relatively affluent Republicans who support him simply because he's not a Democrat and he won't do the things that Democrats have promised to do—principally, raise taxes for the top 1 per cent of wage earners. But they would have voted for any of the Republican candidates.

What I'd like to focus on is what is animating those who made him the Republican nominee and helped him defeat all those other traditional Republican candidates? And I believe there are five substantial trends that drive them. Most of these trends are global and they have consequences for all of us.

These are the five: The fallout from the global financial crisis; the second is demographic change in our workforce; the third is the runaway pace of technology; the fourth is the corrosion of our traditional media; and the fifth is wage stagnation and the concentration of wealth.

Let me start with the GFC and with the mood of the public after that crisis. To give a little context—because there was some groundwork done first—for 30 years, political leaders on both sides of the aisle in the United States secured votes by campaigning on the notion that the government's a mess and they couldn't do anything right. And in 2007, those elected proved that was true.

President Reagan had demonstrated the power of running for election on the power of the claim that government was too big and too bloated and ineffective. And he ran on a campaign of cutting taxes and eliminating red tape. His successor, George H.W. Bush did the same. To win, he made the same claims and then he lost when he failed to keep his promise and not raise taxes. So the next president, Bill Clinton, a Democrat, followed the same playbook, leading the charge. His big statement was that the era of big government was over. In all cases the message was that we needed less and less government. George W. Bush ran almost entirely on promises to continue shrinking wasteful government.

Tom Friedman, the *New York Times* reporter had a wonderful insight about this and it came from his days when he was covering the Burger Wars between Hungry Jacks and McDonalds. He met with the head of marketing for Hungry Jacks and he said, 'With the hundreds of millions of dollars that are being spent on this advertising war, why have you never run any ads just going after McDonalds burgers—just saying they're frozen tasteless patties or something?' And the marketing director looked at him and said: 'That is the very first rule of marketing, you never kill the category.'

But we have been killing the category of government for decades in the United States. And then when government actually let the people down in a massive way, people believed it really was true: government couldn't do anything right.

In September 2008, the country was already mired in an unpopular war in Iraq, which was costing us our bravest troops and billions of dollars, and then we were hit by a recession that was directly due to the federal government easing banking regulations. The two things that we count on our government to do most—which is to keep us secure and to protect our economy—it had failed to do.

So if anyone was looking for proof that government can't do anything right, that was the moment.

But at the time, people were suffering. They were so desperate just to keep their jobs, to keep their homes, to keep body and soul together and go working day to day, that they couldn't focus their anger on the government. It took them years to dig out of that hole and during that time their energy and focus was on digging out. But now that the US is back—we're back to full employment, home prices are back at above where they were before the crisis, the economy is stable—people finally have the breathing room to avenge their pain. That's part of what you're seeing—just genuine anger that can finally be expressed.

And I think that the Brexit vote suggests that the US is not alone in having this echo effect of the anger of 2007 and 2008.

The second major trend in the US relates to demographics. There are two significant demographic changes that have accelerated dramatically in the last 25 years and they've had a particularly pronounced effect on white males.

Before I discuss it, let me talk about what it was like to be a white male in the 1950s and in the first half of the last century. If you were a straight, white male, with a high school education, working class, you might loose out on opportunities to college educated white males. But that was it. You had an advantage over everyone else on the planet. You didn't have to compete against women. You didn't have to compete against people of colour. You didn't compete against people who were openly gay or lesbian. And you didn't have much in the way of international competition at all. Industries were largely protected among those countries among which we had trade. And about half of the world's economy was locked up in a failed economic system—the Soviet-style communist system, which didn't compete for American jobs at all.

During the 1980s and 1990s, the US economy suddenly changed. Programs to enforce civil rights laws fundamentally changed the workforce, introducing opportunities for women, for racial and ethnic minorities, and for other previously disadvantaged groups that hadn't been able to compete for jobs. And at the same time, the fall of the Berlin Wall was effectively a starting gun for global competition around the world. Suddenly this talented workforce that had been coddled up in an ineffective economic system was unleashed and Western nations saw this great opportunity in trading with those countries and working them into their supply chains. And now suddenly a white male worker who had had a built-in advantage was forced to compete with women, with people of colour, and with people around the globe. People who were hungrier, potentially more competitive than American white males were because they had always assumed that they had to be twice as good to get the same job and now they have a chance.

Now, I know there's a lot of ridicule about white privilege and condemnation of white males. But let's just understand where that sentiment comes from. There is a real sense of loss and a resentment and an unfairness that they feel, and that's a real emotion. And probably an emotion that some of us would have felt if we were in similar circumstances. Because, even if an advantage was never fair, we still feel pain and possibly anger when it's taken away.

I'll give you an example. Let's say your name begins with the letter A, and I always had the advantage of having a name that began with the letter B, so I used to get to line up at the front of the line as a kid. You don't feel as if you've done anything wrong—it's just how people line up. And you don't name yourself—you inherit that name. So, how could anyone blame you for that? But if you're told that you've had an unfair advantage and from now on you can only be at the front of the line once out of every 26 times and because you were in the front of the line for so many years, you're going to have to skip a few of those turns at the front of the line, you may feel a little resentful. And now imagine how it feels if it's not lining up for school, but it's your livelihood and it's your place in society?

Now some of the resentment is not purely economic. There are true prejudices—against minorities, against immigrants, against women—that help people who've had historic advantage justify that advantage.

So it's no surprise that some of the people who are the loudest in their support of building a wall to keep out Mexicans or banning Muslim refugees from entering the country, also bear very deep prejudices. And there's clearly some misogyny at work when Donald Trump is your standard bearer as a candidate.

Most white males are not prejudiced, or disrespectful or intolerant. But some of them are, and they tend to be the most outspoken in their wish to go back to the old way. They're people who are losing hope. And whether they were entitled to those advantages before or not, now they're suffering because they've lost them.

All of us want to believe that our lives are going to improve or at least that our children's lives will be better than ours. But for people who've lost their advantage in the market and have to compete harder than ever just to have the same job, they just don't feel that way.

To get a measure of the despair that they feel, consider this: if you are a white man with a college education or less in the United States today, you are the only demographic in the OECD whose life expectancy is getting shorter. And it's because of self-harm: suicide, drug addiction, morbid obesity. All different forms of self-harm.

So I have no tolerance for bigots and racists, people who cling to advantages that they were never entitled to, but we also can't ignore the fundamental humanity of others who are feeling heartbroken, or the people who depend on them—their wives and their daughters and their mothers. And that's how you can understand how some people are expressing the views that you see in the US, because they feel betrayed by government. Something that they valued has been taken away.

The third major trend is the pace of technological change and how it's accelerating. The pace at which our world is being changed is unprecedented and it's only going to accelerate.

Every year there is a new disruption. Remember the digital economy, and then it was the social network, and then it was the internet of things, and then it was Airbnb, Lyft, Uber and the sharing economy, and the following year it was Big Data. And this year it's machine learning where machines are teaching themselves things that we don't know ourselves.

Three years ago when I was getting ready to depart Australia, I gave a talk about how driverless cars would soon transform our society. But this was going to be a hard transition; it was going to take years before we saw driverless vehicles on the streets. I was wrong about that. As I was going to the airport to fly here, the car driving alongside me was a driverless Google car, and in Philadelphia driverless cars are operating as taxis. As the tech writer, William Gibson, who coined the term cyberspace, once wrote, "The future's already here. It just isn't evenly distributed."

I love driverless cars. Self-driving cars will manifestly improve our lives. They will reduce accidents, deaths, injuries, eliminate insurance costs, property damage. They'll reduce traffic. They will give us more leisure time. They will reduce stress on the

road. They're just going to improve the quality of our lives. Having been an ambassador, trust me, life is much better in the back seat of a car.

But that's not how you look at it if you are a 47-year-old truck driver, or bus driver or cab driver or forklift operator with a high school education carrying a lot of debt and a family to look after. All you see is some elites in San Francisco trying to kill your job and destroy your family. And driverless cars are only one disruptive technology. If you work in a small motel or hotel, you see Airbnb as an existential threat. If you work in manufacturing, you see 3D printing and robotics as direct threats to your job. If you're a bookkeeper, artificial intelligence is an immediate threat to your job.

What once took decades to develop can be built in a matter of months now. We can test the impact of a particular set of compounds on thousands of cells simultaneously. We can take the data from every single mobile phone or every modern vehicle, from every refrigerator and every toaster and microwave and desktop, and we can aggregate them and analyse them as fast as the speed of the internet.

I was with the director of Google's cutting-edge incubator—it used to be called Google X but that was too cumbersome, so now it's just called X. His name is Astro Teller. He's the grandson of Edward Teller, the Nobel Laureate. And he had an uncle who was a Nobel Laureate as well, so his gene pool is overwhelming. And I asked him what he was worried about, and he said, that it's simply going too fast now, that no one can control where it's taking us.

Archimedes said that if you had a long enough lever, you could move the Earth. Well, the lever of technology has extended so long that it takes very little pressure to fundamentally move the Earth. This dramatic acceleration of technology affects not only the workers who see their jobs disappearing and fear the technology, but it also explains the disaffection for government of millennials. For them, it's because they feel just the opposite. Millennials love the new technology. They think it's going to transform the workplace for the better and they believe that government just doesn't get it. To them, industry seems to solve more and more problems. Government seems less and less relevant. While blue collar workers want to eliminate government that welcomes these technologies, millennials want to eliminate government altogether. For them—not all of them—but to many millennials, government is becoming less relevant, and for some it's a joke.

Whether technology is seen as a threat or as a substitute, the result is the same. Now there are certain millennials and certain blue collar workers who trust traditional politicians to get this right.

This brings me to the fourth trend: the media. The fourth major trend is how we get and interpret the information that guides our decisions and our lives. Media disruptions are always dislocating and confusing. Before the printing press was invented, written documents were drafted by scribes and those documents were trusted because, frankly, only people with sufficient standing in the community and reputation had the resources to produce these written documents. It was just too expensive and time-consuming for a scoundrel with a crazy idea to produce something in writing. And so people got used to generally trusting things that were written down.

When the printing press dramatically reduced the cost of the printed word, all sorts of things could be published that wouldn't have been seen before. While this over time improved the flow of information, it was also confusing to people who were used to trusting whatever they read. So while one media revolution can be disorienting—as in that case—two, right on top of each other, can be fundamentally disruptive.

Let me talk about the two.

Thirty years ago, news was generally obtained from one or two local newspapers and two or three local news channels, which usually devoted up to an hour for news. While different papers might cover the same news stories differently, they generally reported the same facts and merely drew different conclusions from those facts. But with the advent of cable news programs, this changed. We created a vehicle for virtually limitless news. Instead of news organisations being forced to decide what were the most important facts that happened each day, they could report on many things that were not necessarily relevant to people's lives but would boost their ratings.

News organisations started to make news into a form of entertainment and compete for viewers in ways that hadn't existed before. Before long, the news balkanised so that every viewer could pick the news that reinforced their existing worldview and prejudices. In this way, conservatives who didn't trust liberals could find the channel that reassured them that the rules were untrustworthy and government was capable of the most irrational and diabolical acts, and vice versa.

If this wasn't enough to bring down trust in the government, there was a second wave of media disruption that came right on its heels. With the arrival of cell phones and the world wide web, suddenly every person with an internet connection could become a journalist and publisher. Before the traditional media had even heard about a story, people were tweeting it, blogging it, uploading it to YouTube and sending it out on Facebook and effectively getting their story out faster than cable could. So, in order to stay relevant, traditional media simply followed suit and began running with whatever came in across the internet—whether it was right, wrong, and in some cases, horrifyingly wrong.

The notion was that you wouldn't be wrong for too long and that you needed to publish quickly or you would become irrelevant. And so we have this phenomenon. One other piece about this: the algorithms that mean that whenever you log on and you look for a vase, for the next three weeks you keep getting ads about vases—well, if you indicate that you agree with the Right, you're going to get lots and lots of information pushed at you from people who believe in right-wing views. And if you demonstrate that you're interested in the Left, that's what you're going to get. So it's being reinforced.

So we've got this phenomenon where, at one point, 40 per cent of Americans believed that President Barack Obama was born in Kenya. And it didn't matter that President Obama was born in Hawaii and that his birth had been duly reported and recorded in the newspaper for everyone to see. Bloggers created this lie, sent it around at the speed of the internet, and news channels covered the 'phenomenon' as if it were

actual news and before long 40 per cent of Americans believed he'd been born in Kenya.

To give you a sense of this phenomenon, consider this today—a substantial portion of Americans believe that Michelle Obama is a man dressed as a woman. Even more believe that climate change is a hoax, that airplane vapour trails are a government conspiracy to spread chemicals to human beings, that vaccinations cause autism and that toilets in Australia flush backwards.

In this environment, where facts are ignored and people choose the stories that support their worldview, is it any wonder that a substantial number of voters believe even the most outlandish claims?

Which brings me to my fifth and final point—the concentration of wealth and stagnation of wages. And this one really is the fault of a succession of governments. It helps to take a step back and consider provocations. Most Americans are not greedy. They don't expect government to solve all their problems or give them a handout. And they don't expect to live a lavish lifestyle. They expect what we like to call the American Dream, which was an actual reality, at least for white Americans in the 1950s.

The American Dream is pretty simple. You serve your country, and when you complete your service, you come back and you are given the GI Bill, which allows you to receive a college education and you get a very low interest loan to buy your first home. And with this, and wages at the rates that they were at, you could work 40 hours a week, own a house with a 2-car garage, you could put your kids through college, you could take a vacation every summer, you could receive good health care, you could retire at the age of 65 with decent savings and you could live out your remaining years modestly but with dignity. That was it.

In the 1960s and 1970s, we didn't raise wages, but people didn't notice this very much because we increased equality for women and so now many families had two wage earners. And a family could still have the American Dream, but it took two wage earners at home to achieve it. And when we ran out of wage earners again we didn't raise wages, instead we expanded hours. Stores that had been open from 9 to 5 became stores that remained open into the evening and eventually 24 hours a day. People started using overtime and moonlighting to earn enough money to keep the American Dream going.

But eventually stagnant wages caught up, so when we ran out of wage earners, when we ran out of hours in the day that people could work, we offered easy credit. People could still have the American Dream but they needed to go into debt in order to have the two cars and the nice house and the flatscreen TV and the 2-week vacation.

And then once the global financial crisis hit and credit locked up and homes disappeared, it struck people that they had not been living the American Dream for a long time. They had the same material things that their grandparents had in the 1950s, but instead of relaxing at home as a family each evening and having their weekends to themselves and accumulating savings, they were working all the time, they were constantly stressed, and they were deep in debt.

And they were mad.

These are the five extraordinary trends converging all at the same time. Over the past 30 years a perfect storm has formed to produce an election in which a large enough proportion of the American public have backed ideas that have heretofore been unthinkable. Their candidate has encouraged foreign nations to hack his opponent's internet. He's encouraged nations to obtain nuclear weapons. He's proposed abandoning allies. He's demanded that our largest trade partners pay for a wall to keep their own citizens away from us. And he's called for banning people from entering the country based solely on their religion.

The only analogy to this phenomenon was during the Gilded Age when a similar rapid change in technology, in media and in demographics all converged and had similar effects on our politics.

We think this is an extraordinary time that has never happened before, but think 100 years ago when you had a similar revolution in technology, media, global integration and demographics all occurring at the same time. In the year 1879 in a 3-month period, both the electric light and the internal combustion engine were invented. Just like the integrated circuits that have powered the whole information age and digital world, those two inventions over 40 years produced the telephone, the phonograph, motion pictures, cars, airplanes, elevators, x-rays, electric appliances, consumer appliances, highways, suburbs, supermarkets. All of these were created in a 40-year period.

And it caused politics to go haywire. There were massive disruptions in labour markets, unprecedented levels of migration, and other effects of industrialisation. Now the effects may sound very similar to what's going on today: popular unrest—especially in Europe and in East Asia—xenophobia, isolationism, violent protests and the emergence of authoritarians and demagogues around the world.

In the US, William Jennings Bryan was nominated three times for president during this second industrial revolution and Gilded Age. And he offered a bizarre mix of populist messages. He was anti-Darwinism, he was pro-isolationism, he proposed a silver standard and he favoured prohibition of alcohol. And he stunned the political establishment with the way that he campaigned, defying all of the conventional logic. Demagogues flourish when large sections of society feel overwhelmed and fear that they have been left behind. They offer simple solutions to complex problems and they play on people's fears and their prejudices.

And that's where we stand today.

I take great comfort in Winston Churchill's observation that America always does the right thing after exhausting every other possibility. We made some decisions during that period—from the 1880s to 1920—that we would later regret, but overall we preserved the fundamentals of what has made America great. We remained a nation that ensured religious tolerance, the rule of law, free press, free minds, free movement of capital. We became a fairer nation, a more prosperous nation and a more secure nation—not by abandoning our values but by preserving them.

Nations around the world face the challenges that I have described for America. The future is here, it's just not evenly distributed yet. The impulse to divide and exclude, to isolate, to create barriers, to resist the future, to follow false prophets, is strong during times like these. And that's why it's precisely at these moments that diplomacy—the art of understanding, of giving order and sense to disorder, of finding common ground and of bringing people and nations together has never been more necessary.

That's why I am so honoured to deliver a lecture in Sir James Plimsoll's name. His life was devoted to this craft and he did it at the very highest and best levels. May we be blessed in this year and in the years ahead to have more people—men and women—of Sir James Plimsoll's vision and his character.

I'll finish with a reference to the words of one of Jim Plim's admirers. He stated that he believed that by knowing Sir James, "there are quite a number of highly placed foreigners who think of Australians as persons of intelligence, understanding, courtesy, consideration and of good intention. I'm honoured that you've invited a former US ambassador and I hope that in my own way, I've given you my own sense of the intelligence, the understanding, the courtesy and the good intentions of your friends, the people of the United States.

May God Bless Us All.