

**LOWY
INSTITUTE**

A THREE-DIMENSIONAL FOREIGN POLICY

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Dr Michael Fullilove AM
Executive Director

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Introduction

Thank you to the National Press Club for inviting me to deliver my third address from this famous lectern. It's an honour to speak to you today, in these promising early weeks of a new period in Australian politics and foreign policy.

To begin, let me acknowledge the traditional custodians of the land on which we gather, the Ngunnawal people, and pay my respect to their elders past and present.

It's been an exciting week for me in the lead-up to this event. Last Friday the Russian state paid me the high compliment of blacklisting me, along with 120 other Australians. Welcome to anyone listening in today from Moscow!

And welcome to all my friends in the room today, including the Industry Minister, three Lowy Institute Board members, several assistant ministers, senators and MPs, secretaries, directors-general, the British, Canadian, Papua New Guinea and New Zealand high commissioners and the Indonesian and French ambassadors. Thank you all for coming.

Ladies and gentlemen, a new government has taken office here in the nation's capital. It will be tested by events playing out at home and abroad.

We are still emerging from a pandemic that has claimed more than six million souls and seized up the machinery of globalisation.

We are four months into the unprovoked, unjustified and brutal invasion of Ukraine by its neighbour, Russia – a nuclear-armed power and permanent member of the UN Security Council.

Every day, the liberal international order seems less liberal, less international and less orderly.

For several years, Australia has been at daggers drawn with our most important economic partner, China. The People's Republic has sanctioned many of our exports and is currently probing for vulnerabilities in the southwest Pacific, with a view to projecting its influence close to our shores.

The global economy is troubled, with surging inflation and rising interest rates. The odds of a global recession are increasing rapidly.

And all the while, of course, the planet continues to heat up.

Australians are seized of these issues. Today I will share with you a couple of advance findings from the 2022 Lowy Institute Poll, which we will release next week.

In 2022, when thinking about world events, only five in ten Australians say they feel 'very safe' or 'safe'.

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This represents a 17-point fall from last year, and a 39-point fall from 2010, when nine in ten Australians felt safe. So we've gone from nine in ten to five in ten.

It's not all bad news, however. The United States is now being led by a decent human being – something that wasn't true during the Trump era. In the defence of Ukraine, the Biden administration has led by example, providing weapons, intelligence and funds to Kyiv.

Other Western countries, the scales falling from their eyes, have also stepped in. Sweden and Finland have applied to join NATO.

There has been a quickening of connections between like-minded countries in the face of challenges from Russia and China.

And, by the way, has a country ever transformed its international reputation more swiftly and surely than Ukraine? Today, to be Ukrainian is shorthand for being brave, clever and charismatic.

None more so than Volodymyr Zelenskyy. There is a longstanding debate among historians as to whether history is made by vast, impersonal forces or by individual men and women. Zelenskyy's heroics show us that individuals matter.

Individuals matter in Australian politics, too. As the world rushes towards us, the leading figures of the new Australian government have gone out to meet it. Within twenty-four hours of being sworn in, Prime Minister Anthony Albanese and his formidable Foreign Minister Penny Wong were meeting with the leaders of our Quad partners, the United States, India and Japan.

Over the past month, the PM and his ministers have shown energy, purpose and dispatch in the manner in which they have carried out their international responsibilities.

They have no choice. We face a set of circumstances that will test us as a people. We are now proximate to the world's largest powers, its sharpest rivalries and its biggest opportunities. The quality of our statecraft needs to lift accordingly.

The three dimensions

Over the course of our history, there has been an underlying continuity to the way Australian governments have perceived our national interests and worked to further them – including at the most difficult times. We have generally pursued a three-dimensional foreign policy as a means of keeping Australia prosperous and safe.

These three dimensions are height, width and depth. Height refers to our long-standing strategic instinct to make common cause with a like-minded global ally – first the United Kingdom, then the United States.

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We have always regarded ourselves as a country with global interests. You see that in the cloisters of the Australian War Memorial down the road, which list the many distant theatres in which Australians have served, and our membership of the Five Eyes intelligence network.

The second dimension – width – involves participating in the activities of international institutions. Australian governments of both colours have worked through international institutions, from the UN to the WTO to the G20, to influence global decisions.

If height and width have always framed Australia's international engagement, the third and final dimension – depth – has roared into prominence in recent decades. Depth means building the strongest possible relations with the countries around us, in Asia and the Pacific.

This three-dimensional approach is the most distinctive and interesting element of Australian strategy. The three dimensions have remained present throughout Australian history, although the relationship between them has varied depending on changing circumstances and different governments.

The Morrison government

Ladies and gentlemen, in March this year, both Scott Morrison and Anthony Albanese gave speeches to the Lowy Institute setting out their worldviews. Mr Morrison gave a confident speech. Russia's invasion of Ukraine seemed to vindicate his binary worldview and he was rightly proud of the Coalition's achievements in bolstering Australia's domestic resilience, increasing our defence expenditure and negotiating the AUKUS arrangement with the United Kingdom and the United States.

But despite its strengths, Australia's international policy in the Morrison years was sometimes one-dimensional and unbalanced.

Most of Prime Minister Morrison's efforts were invested in the first dimension of foreign policy: doubling down on the old alliance with the United States. He deserves credit for standing up AUKUS and securing access to the holy grail of US military technology: nuclear propulsion.

Nuclear-powered submarines, which provide immense capability in terms of lethality, speed, range and stealth, will give Australia significant deterrent power. In today's world, why would we not want the ability to deter acts of coercion?

Mr Morrison was instinctively sceptical about the second dimension: engagement with the multilateral system. You will recall his 2019 Lowy Lecture, in which he criticised 'negative globalism' and 'the unaccountable internationalist bureaucracy' and announced a 'comprehensive audit' of Australia's involvement in global institutions.

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In fact, as events have shown, nationalism is a much greater concern than internationalism. And Mr Morrison's approach was self-defeating. When countries like Australia step away from international institutions, other nations like China step in.

Sure enough, in the months after that speech, Foreign Minister Marise Payne was left to negotiate a course-correction. DFAT's audit concluded that participation in these institutions is, in fact, in our interest.

What about the third dimension: our own region? The Coalition government succeeded in thickening ties with our Quad partners India and Japan.

When I interviewed India's Minister of External Affairs Dr Jaishankar, he told me that if he had to pick one relationship that had progressed most satisfactorily, it was that between New Delhi and Canberra.

Closer to home, we should acknowledge Mr Morrison's deep interest in the Pacific, which was manifested in the Pacific Step-Up. Unfortunately, the initialling of a security agreement between China and Solomon Islands – a country with which we have had the most intimate relations over the past two decades – in the middle of the Prime Minister's campaign for re-election, showed the limits of our influence in that nation, at least.

And in between the Quad powers and the Pacific Island countries lies Southeast Asia, or as my colleague Hervé Lemahieu has dubbed it, 'the missing middle'. Somehow our focus on Southeast Asia got lost. And because the Coalition government reduced Australia's overall aid envelope, the Pacific Step-Up was paid for by a Southeast Asia step-down.

If the *ends* of our international policy were not three-dimensional, there was also an imbalance in the *means* we employed. We were properly weighted on defence but underweighted on diplomacy and development.

The Coalition boosted defence spending from the underwhelming levels achieved in the Rudd-Gillard era – although, as critics have noted, major projects were delayed or cancelled.

But there was no equivalent budget boost for diplomacy. In the two decades after 9/11, while funding for our military and security services has skyrocketed, funding for DFAT flatlined. We have fewer diplomats posted overseas today than we did three decades ago.

Our aid generosity has also drooped. In 2011, our aid-to-income ration was 0.34% of GNI, which was above the OECD average. A decade later, aid from the rich countries has increased, but our aid has plummeted to 0.21% of GNI.

In other words, the balance between defence on the one hand, and diplomacy and development on the other, got out of whack.

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Budgetary neglect was compounded by ministerial reticence. First, we took ourselves off the field for nearly two years by closing our international border. As geopolitical competition in Asia intensified, and other nations' officials criss-crossed the region, our ministers rarely left the country.

And then, even after we reopened to the world, our diplomacy remained low-profile – even at crisis points such as the rupture with Paris after the AUKUS announcement and the shock of the China-Solomon Islands agreement.

So if the new government has hit the ground running, there is much ground to catch up.

The Albanese government

Ladies and gentlemen, three days after Scott Morrison spoke to the Lowy Institute, I hosted Anthony Albanese. He began his speech by citing the wartime Labor prime minister John Curtin, who declared in December 1941 that 'Australia looks to America'.

Mr Albanese described the United States as 'the global leader of democracies' and the alliance as 'a central pillar of our foreign policy.' And certainly, an alliance with a like-minded superpower is a pragmatic move for a Labor government that is intent on influencing events and improving the world.

Canberra has a large job of work ahead in the bilateral relationship. It needs to push forward with AUKUS and cooperate with Washington on global issues such as climate change as well as the full slate of regional issues. Australia will need to be a busy ally.

All this will require skilful dealings with the Americans – and so I was pleased to see the Prime Minister get off to a warm start with President Biden and the other leaders in Tokyo. Several recent PMs had twitchy starts to their foreign relations. Mr Albanese was composed and comfortable in his own skin. The connection with President Biden was obvious.

It confirmed a sense I had when I met with senior administration officials on a recent trip to Washington: there is a real opportunity here. In President Biden and Mr Albanese, we have two leaders whose personal stories chime and whose domestic policies rhyme.

A more ambitious Australian approach on climate and the resetting of relations with France will both be warmly welcomed in DC.

Australia regards itself as one of America's best allies – but the truth is, many countries think they have a special relationship with Washington. For some time, I have been concerned that the community of US officials and observers who know Australia well is too small. Washington is the most competitive political and diplomatic environment in the world and we rely on a tiny group of mates.

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Over the past few years, therefore, the Lowy Institute has set about bringing influential Americans out to Australia to get to know us. This list includes some very senior figures in the Biden administration, including National Security Adviser Jake Sullivan, Indo-Pacific Coordinator Kurt Campbell, US Ambassador to China Nick Burns and senior NSC official Tom Wright.

It also includes Republicans Stephen Hadley, who was National Security Adviser to President George W. Bush and Kori Schake of the American Enterprise Institute; and commentators such as *The New York Times'* Bret Stephens, *The Washington Post's* David Ignatius and *The New Yorker's* Susan Glasser.

I'm proud of the role the Institute has played in expanding the circle of Australia's friends in Washington.

A new friend of Australia will shortly arrive in this town, of course: Ambassador Caroline Kennedy, an accomplished diplomat with an impressive record of public service. Ambassador Kennedy will find that, eight decades after Curtin's famous intervention, Australians still look to America. In the 2022 Lowy Institute Poll, the number of Australians who see the alliance as important to their security has returned to record highs. Nearly nine in ten Australians (87%) say the alliance is 'very' or 'fairly important' to Australia's security. This marks a nine-point increase from 2021 and is equal to the highest ever level of support, recorded a decade ago, in the Obama era.

So much for the Albanese government and the first dimension of Australian foreign policy.

The second dimension – activism in international organisations such as the G20, the WTO and the UN – is embedded deep in Labor's DNA.

It's silly to genuflect to the UN, just as it's pointless to obsess about its shortcomings. We need to deal with the world as we find it – which means getting on and using the UN and other institutions to further our interests and values. If we don't, others certainly will.

The Albanese government has indicated it intends to work through the UN to promote global action to tackle the climate crisis, including by bidding to co-host the 29th Conference of the Parties in 2024. Imagine if Australia were to become a leader in international climate negotiations, seeking to shape the outcomes, rather than a laggard, seeking to stymie them!

I hope this election signalled the end of Australia's climate wars, which destroyed several prime ministers and nearly broke our politics.

I have long been perplexed by the inconsistent approaches that Australian conservatives and progressives take to the issues of hard security and climate. Many on the right believe that we should lead on security and free-ride on climate. Many on

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the left believe we should lead on climate and free-ride on security. But these are both good fights – and I’m in favour of fighting both of them. Australia can’t stop global warming alone, and neither can we ensure stability in the region. But in both cases, we can make a meaningful contribution. And a sure route to failure is if countries like Australia stand down rather than stand up.

And, of course, climate change itself also presents new security challenges. I endorse the Prime Minister’s intention, set out in his speech to the Lowy Institute, to task the Director-General of the Office of National Intelligence to undertake a risk assessment of the implications of climate change for national security.

Finally, what should the Albanese Government do along the third dimension of foreign policy: relations with our own part of the world, Asia and the Pacific?

Let’s start with China. In my view, the main reason why Australia now has a different relationship with China is that we are dealing with a different China. Its foreign policies have hardened and its willingness to accept criticism has disappeared.

For nearly three years, Beijing has kept Canberra in the diplomatic deep freeze. And China has subjected us to a campaign of economic intimidation, erecting trade barriers against Australian goods such as wine, barley, coal and cotton.

I agree with the broad thrust of the former government’s approach to China. That doesn’t mean I am uncritical. Diplomacy requires shrewdness as well as strength. In my view, we have not always been as smart as we might have been. Sometimes Australian ministers and parliamentarians strayed beyond protecting our interests and values, and allowed indiscipline and politics to creep into their public comments. There certainly seemed to be a lot of war talk.

The chief responsibility for the current state of the relationship, though, lies with the men in Zhongnanhai.

Their actions have changed the way Australians think about China. Four years ago, over half (52%) of Australians trusted China, but by 2021 that figure had dropped to 16%. I can reveal today that in the 2022 Lowy Institute Poll, that number has fallen further, to 12%.

So while nine in ten Australians believe our alliance with the US is important to our security, only one in ten Australians trust China.

This is no cause for celebration. It is in our interest that relations between Canberra and Beijing are stable and productive. This is in China’s interest, too.

We should certainly be on speaking terms with China – as are all our Quad partners. It’s good that Defence Minister Richard Marles met with his counterpart at the Shangri-La Dialogue ten days ago. But this is just a first step on a difficult path.

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If Beijing truly wished to reset relations with the new government, then seeking to wrap up the Pacific in a region-wide security agreement and endangering an RAAF surveillance aircraft in its first few weeks in office was not the best way to kick things off. Removing the restrictions on our exports would have been better.

In the meantime, the Australian government should be firm, circumspect and disciplined. We should cooperate with China when we can; disagree when we must; and always stand our ground.

We mustn't shrink Asia to the dimensions of China, however. As well as working with Quad partners India and Japan, the Government is right to redouble efforts in Southeast Asia.

We have drifted apart in recent years, as our economic relativities change and our worldviews diverge. And yet Southeast Asia remains profoundly important to us, due to its economic weight and strategic geography. We will need to work much harder to maintain our influence there.

Allowing decades to elapse between bilateral prime ministerial visits to capitals such as Bangkok, Manila, Hanoi and Phnom Penh is not good enough.

All recent PMs have visited Indonesia on their first bilateral trip abroad. But after Jakarta, Mr Albanese went off the well-trodden diplomatic path, visiting Makassar and reminding his audience of the ancient connections between Sulawesi seafarers and the Yolngu people of Arnhem Land. This was interesting and effective.

So was Senator Wong's self-introduction in Bahasa Indonesia – and of course the Foreign Minister has her own Southeast Asian origin story, which will help to revitalise our ties.

Stepping up our outreach to the region, though, will not be enough if Australia is unwilling to listen to regional perspectives and accord them real weight. The proposed special envoy for Southeast Asia, for example, should do more listening than talking, and help ensure that Canberra's attention doesn't drift once more.

Let me finish on the great arc of Pacific island nations to our north and east, reaching from Papua New Guinea to Kiribati. Of course, their geography gives them strategic significance to us – but if we treat our relationships with these countries as transactional, then we shouldn't be surprised if we sometimes end up on the wrong side of the transaction.

For too long, Australia has kept the Pacific at arm's length. Embracing our Pacific family, showing them respect and listening to them is the smart thing to do – and the right thing.

This will require resources, but in the Pacific relationships are just as important. Penny Wong has struck exactly the right note in her early visits to Fiji, Samoa, Tonga and

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Solomon Islands. In Richard Marles, we have a lifelong Pacific enthusiast. We need to increase the pace of ministerial visits to the Pacific – and we need to make it easier for people from Pacific nations to visit Australia and to work and live among us.

One great thing we could do to deepen our relations with Asia and the Pacific would be to fund Australian universities to provide more scholarships and training programs for future leaders from the region. Our universities used to be a cradle for the region's brightest minds, but that has fallen away. And during the Fortress Australia period, we pushed international students away from us rather than pulling them towards us. We should use our universities to create an Indo-Pacific web of friendship and influence.

Ladies and gentlemen, let me close by mentioning two issues of history and identity.

Strictly speaking, these are not foreign policy issues – but then, foreign policy begins at home.

First, the Voice. It is past time to recognise First Nations peoples in our Constitution as a milestone on the way towards recognising them in our hearts.

An Indigenous Voice to Parliament will provide a mechanism for Indigenous Australians to be consulted on laws that will affect them directly. Many constitutional conservatives have testified that it will do no violence to our democratic processes.

I hope that we are large enough as a country to do this thing.

Second, the Republic. I believe that Australia's head of state should be an Australian citizen, who lives in Australia, who is chosen by Australians and represents Australians.

I have the greatest respect for Her Majesty The Queen, who has reigned for seventy years with dignity, grace and good humour. But The Queen's reign is entering its final years. Before long, sadly, we will need to consider our constitutional arrangements without reference to that remarkable woman.

Becoming a republic would make us prouder and more purposeful. It would be an expression of faith that there are Australians capable of filling every office under the Constitution, including the highest one. It would be a demonstration of confidence in our shared future here, in this part of the world.

An Australian president would travel overseas as our representative, in the same way The Queen has so ably represented Britain abroad. But I don't say we should become a republic so that others respect us more. We should become a republic so that we respect ourselves more.

Australia is a great country. An Indigenous Voice to Parliament and a republic would make us greater.

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Ladies and gentlemen, in my first Press Club address in 2014, I said that as wealth and power move eastwards, towards us, Australia's tyranny of distance has been replaced by the predicament of proximity. Looking back nearly a decade later, I don't think I exaggerated.

Events are pressing in on us now. The Albanese government should respond by returning to a three-dimensional approach to the world: one that has height, width and depth. This means working with our global ally, using international institutions to solve global problems, and enlivening our connections with Asia and the Pacific – and doing all these things at once.

We also need to restore a sense of balance to our international policies – balance between diplomacy and defence, between what we say and what we do, and between old alliances and new relationships. We need to be strong on China and strong on climate.

The challenges we face require no less.

Thank you.