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# Present at the Destruction

SPEECH

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Ten years ago, I was asked to deliver the ABC Boyer Lectures.

For my first lecture, I proposed that we go global and give a Boyer Lecture overseas for the first time – and that we do this in China. Some observers criticised me for choosing to deliver that lecture in Beijing, rather than Washington or London – the capitals that have been so influential in Australia’s history. I pressed ahead, because I felt that China was changing Australia’s external circumstances more surely and swiftly than any other country.

As I stepped off the plane in Beijing, I checked my phone – in those days, we weren’t as alert to OPSEC as we are now – and found that I had received two voicemails.

One was from a senior intelligence official in Canberra, whose message was encouraging. He thought that giving the speech in Beijing was a good idea. He said that as a private citizen, I could send some tough signals to China that an Australian official could not.

The next voicemail was from a senior Australian diplomat at our embassy in Beijing. This message was quite different. “Welcome to China!”, the diplomat began. “We’re looking forward to hosting you at the embassy. May I just ask you one favour: please don’t screw up the relationship with Beijing this week!”

I think of this as the “Tale of Two Voicemails.” The anecdote encapsulates Australia’s enduring China dilemma. We want a good relationship with our largest trading partner, but we also need to be clear with Beijing about how we see the world. I will return to this dilemma later.

I began my lecture in Beijing by recalling Dean Acheson’s memoir about his time as President Harry Truman’s secretary of state. Acheson’s generation of American statesmen created the post-war world. They rescued Europe from financial ruin, established the institutions of global order, and set the conditions for a long season of prosperity and peace.

Acheson titled his memoir *Present at the Creation*. In my lecture, I suggested that we were “present at the destruction” – the destruction of a world order that had served Australia’s interests well.

So how has my analysis fared in the past ten years? Are we, in fact, present at the destruction? And have we responded to this moment with the appropriate sense of urgency?

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In my Boyer Lectures, I argued that the liberal international order was becoming less liberal, less international and less orderly.

Ten years later, the liberal international order has almost faded away.

A major land war has raged in Europe for more than a thousand days, with more than a million casualties. Russia is intent on establishing a sphere of influence in its half of the continent. Meanwhile, populist movements are approaching the gates of power in London, Berlin and Paris.

To the east, Hamas' vicious October 7th attack ushered in two years of agony and suffering.

In the Indo-Pacific, the world's two most powerful countries, the United States and China, eye each other warily. Chinese ships and aircraft engage in unsafe encounters with other militaries in disputed territories.

Norms have been abandoned. Bright red lines – such as that prohibiting the acquisition of territory by force – have been crossed. Tariffs have returned. January 6th exposed the fragility of America's democracy. The leader of the free world doesn't believe in the free world and doesn't want to lead it.

Efforts to address climate change are faltering even as the world continues to heat up. Nobody really knows whether artificial intelligence will end scarcity or end humanity.

This is our world today. The liberal international order has been replaced by something illiberal, nationalistic and disorderly.

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Ten years ago, I pointed to five trends that were transfiguring the international system.

First, I argued that the United States – our great ally – was inching back from the rest of the world.

Second, strong challengers to the liberal order – Russia, Iran, North Korea and China – were stepping up.

Third, international institutions such as the United Nations were wilting.

Fourth, other western countries were retiring from the global stage.

And finally, competition in the Indo-Pacific was escalating.

How do these assessments hold up today? Let's examine each of them in turn.

First, the United States. Ten years ago, I observed that after the traumas of the Iraq war and the war on terror, America had begun to step back from the world. President Obama didn't just learn the lessons of Iraq: he overlearned them. The Obama doctrine was essentially negative: as he put it privately, "don't do stupid shit." His administration's big idea, the pivot to Asia, never eventuated.

Donald Trump, an unbeliever in the liberal order and an alliance sceptic, accelerated the process of withdrawal. If Obama worried about the costs of American overextension, Trump thought the entire deal was a rip-off. He was oblivious to the advantages of global leadership.

Joe Biden tried to reset the clock. He had a conventional worldview, but an even lower risk tolerance than Obama. Biden deserves more credit for his foreign policies, especially his policies towards Asia, than he receives. However, after President Trump's re-election, history will probably regard his presidency as an interregnum.

As with all things, the Trump administration, too, will pass. But the US won't snap back completely. The impulse for presidents to put America first will persist.

Second, authoritarian powers are now definitely up on their hind legs.

Russia's unprovoked, unjustified, brutal war of aggression against Ukraine continues.

Its warplanes breach NATO airspace. Its agents deal in sabotage and murder. Whenever Vladimir Putin feels under pressure, he rattles his nuclear sabre.

For much of the past ten years, Iran extended its network of influence across the Middle East, including in Damascus, Baghdad, Beirut and Sana'a. Its arm has reached far beyond the region, indeed as far as Australia, as we learned when the Director-General of Security, Mike Burgess, revealed that the Islamic Revolutionary Guards Corps orchestrated violent antisemitic attacks here, on our soil.

Over the past two years, Iran has suffered severe setbacks: Assad has fallen; Hamas has been devastated; Hizballah has been decapitated; and the United States and Israel have struck at its nuclear program. But Tehran will be back.

North Korea remains poor, resentful and dangerous. Kim Jong Un has expanded its nuclear arsenal and deployed its forces to Europe.

China is in a different category from the others. It has had a much more successful decade.

True, Beijing has its own problems, including slowing growth, persistent deflation, a property slump, a weak jobs market and an ageing population.

Nevertheless, in the past decade it has established itself as the only peer competitor of the United States. Its sheer scale, manufacturing prowess and domination of the critical minerals supply makes it central to the world economy. China is developing its own advanced technologies and plugging its economic dependencies.

Xi Jinping has cast aside presidential term limits and concentrated power in his own person. He now seems to be leader for life. He has tightened China's internal constraints and hardened its external policies.

President Xi aspires to make China the pre-eminent power in Asia. He wants a regional order focused on Beijing. His formidable military parade in September was a show of strength.

Increasingly, these states are probing our societies and interfering in our democracies.

The past decade has also seen the tightening of connections between authoritarian countries. Putin's invasion of Ukraine is being powered by North Korean soldiers, Iranian drones and Chinese technology. This development is highly prejudicial to our interests.

Third, in the past decade, international institutions have atrophied. When my friend, the late Owen Harries, delivered his Boyer Lectures in 2003, the United Nations was near the centre of events. Secretary-General Kofi Annan was a political heavyweight.

Now, the picture is different. At 80 years of age, the UN is frail. The Security Council is dysfunctional. UN climate conferences are underwhelming. The World Health Organization did not cover itself in glory during the Covid pandemic. The World Trade Organization has been sidelined as countries embrace economic nationalism and industrial policy.

When it comes to recent conflicts in Europe and the Middle East, the UN has been conspicuously absent. Antonio Guterres moves without trace. These days, world leaders rarely ask themselves: "What does the UN think about this?"

My fourth assessment was that the west was retiring from the global stage. On this point, I was partly right and partly wrong.

I compared European countries to the priest and the Levite in the Parable of the Good Samaritan, who preferred to pass by on the other side of the street. But after Russia's invasion of Ukraine in 2022, Europe could no longer pass by on the other side – partly because Vladimir Putin had brought violence and chaos to their side of the street, and partly because Donald Trump had made it clear he is no Good Samaritan.

Since then, European leaders have rallied around Ukraine's President Volodymyr Zelenskyy and invested in their own capabilities, a point to which I will return.

Of course, they are mainly focused on their part of the world.

My final assessment was that competition in our part of the world, the Indo-Pacific, was becoming more intense. In the past decade, Australians have witnessed this up close.

As I said in my lectures, for many decades, Australians complained about the tyranny of distance. We occupy an immense continent located far from our historic sources of security and prosperity. Now, the tyranny of distance has been replaced by the predicament of proximity. We are closer to the world's booming markets – and closer to the world's developing crises. We are less isolated, and less insulated.

Australia now has a different relationship with China from that which we enjoyed ten years ago.

Between 2020 and 2022, China subjected Australia to a campaign of economic intimidation. The Turnbull and Morrison governments made certain sovereign decisions: to ban Huawei from participating in our 5G rollout, to introduce new foreign interference laws, and to call for an inquiry into the origins of the coronavirus.

In response, China erected trade barriers against Australian goods such as wine, beef, coal and cotton. Beijing also gave Canberra the diplomatic silent treatment.

I didn't agree with all of those government policies in relation to China. However, Beijing's response was disproportionate, indeed outrageous.

In 2015, I said we should cooperate with China when we can; disagree when we must; and always be clear and consistent. A version of this formula has now lodged itself in Australia's official diplomatic vocabulary.

Since Labor's election in 2022, Canberra and Beijing have stabilised the relationship. This was well judged: it makes no sense to be at daggers drawn with our most important economic partner. But we won't see a reset of the relationship, because the factory settings have changed.

According to Lowy Institute polling, in 2018, 52% of Australians trusted China to act responsibly in the world. By 2022, that figure had fallen to 12%. In the past three years it has come back only slightly, to 20%. The PLA Navy's circumnavigation of our continent earlier this year, a pointed display of power just off our coast, shows that China intends to keep the pressure on.

A decade ago, I argued that these five trends were undoing the international order. This is why I thought we were "present at the destruction." At the time, some said I was too gloomy. But if anything, I wasn't gloomy enough!

In 2015, I didn't imagine the American people would twice elect Donald Trump as president. It didn't occur to me that Vladimir Putin would be brazen enough to launch a full-scale invasion of his neighbour.

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Given the erosion of the international order over the past decade, have our international policies undergone a corresponding step change? Have we become, as I urged, a larger Australia?

The answer is: not yet.

I argued in my third Boyer Lecture that you can't be successful abroad if you're not successful at home. Australia's reputation and influence overseas are underpinned by the quality of our society and our economy.

In other words, foreign policy begins at home.

The good news is that over the past decade, we have put our political house in order. When I delivered the lectures in 2015, we had endured the spectacle of five prime ministers in five years.

Today, we have had only two prime ministers in seven years. That's a much better ratio. Anthony Albanese is the first PM since John Howard to serve a full term and be re-elected. Stability has returned to the Australian political system. This should set us up to make bold decisions.

The single largest contributor to a nation's power and influence is the strength of its economy. It gives us the confidence to speak our mind and ensures we are listened to in the councils of the world. It allows us the freedom to act.

I am concerned that the Australian economy's properties for growth and wealth creation are not firing as they were a decade or two ago. We need to do more to encourage innovation and risk-taking behaviour in the private sector, because this is where productivity growth comes from.

I'm also worried about the cost of some social programs, in particular the NDIS, which is both life-changing for many Australians and, on its current growth trajectory, unsustainable.

The great social policies of the 1980s and 1990s, such as Medicare and HECS, were generous but also targeted and affordable. We need to reacquire that reforming mindset.

One decisive reform from the Hawke-Keating era was the introduction of superannuation. Total superannuation assets are now one and a half times larger than Australia's GDP. Super has given our country scale and financial firepower. It makes us a major global source of democratic capital. It shows what can be achieved with political ambition and courage.

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Economic success makes us more attractive as a country. It also enables us to afford the military and foreign policy instruments we need. If you don't have the right tools, you can't do the job.

There has been a lot of discussion about Australia's defence budget, and for good reason. Over the past decade, defence spending has inched in the right direction. Under the Gillard government, defence expenditure as a share of GDP sank to its lowest level since before the Second World War. This year, we are back up to 2.05% of GDP. Given our circumstances, however, this is not enough.

After the geopolitical shocks of the past decade, many democracies are finally taking their responsibilities seriously. NATO members have committed to spend 3.5% of GDP on defence, although this involves a different methodology and they may not all achieve that level. In our region too, like-minded countries such as South Korea, Singapore and Japan have all announced significant increases to their defence budgets.

There is no similar sense of urgency here in Australia. Our leaders keep telling us that our strategic circumstances are worse than at any point in their lifetimes. If that's true, then our policy response should be substantially different from what we've done in the past. As the international order degrades and our principal ally looks inwards, Australians will need to do more to protect our own sovereignty.

We need a defence force with greater reach and firepower.

We need a larger and more lethal joint force, including a naval fleet that we can sustain and replenish at sea, an air force that can defend our air space and an army capable of extended combat operations.

We need integrated air and missile defence.

We should be investing in disruptive technologies – under the water, in the sky, and in space.

These capabilities are vital, and they are costly. The Lowy Institute is currently undertaking modelling, for release next year, to identify what kind of defence budget we will require in order to afford different sets of capabilities.

Prime Minister Albanese is right when he says that it's arbitrary to measure defence spending as a proportion of GDP, and that the better approach is to cost out the capabilities we need. But most defence experts agree that our current capabilities are insufficient. And however we calculate the cost of our capability needs, the bill is likely to come in at much higher than 2%.

One reason for this is that we are acquiring an expensive new signature capability: nuclear-powered submarines. Unless we want this capability to cannibalise the rest of our defence force, we will need to increase the defence budget.

I am on the public record as supporting nuclear boats. They will provide immense capability in terms of lethality, speed, range and stealth. They will give Australia significant deterrent power. Given the length of our coastline, the size of our exclusive economic zone and our distance from the rest of the world, they make sense for us.

Our public debate on AUKUS is unbalanced. The Government rarely makes the strategic case for nuclear boats, which means the debate is dominated by the critics. They are sure that the Virginia-class submarines will never be delivered, even though President Trump has just sent a clear signal that they will. You would never know from the tenor of media discussion that both major political parties and two-thirds of Australians support nuclear boats – or that eight out of ten Australians believe the US alliance is important to our security.

Australia decided to acquire nuclear-powered submarines four years ago. It's right that we have debated that decision at length. Now we need to get on with it. Let's move quickly and with purpose to show that we can be a reliable steward of this technology and seize the opportunities it provides. The alternative – to walk away from our American and British partners, after previously walking away from the French, and the Japanese – would make us look unserious.

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A larger Australia means more than just a larger defence budget. Deterrence must go hand-in-hand with diplomacy.

Yet our diplomatic spending has remained roughly flat as a percentage of government expenditure over the past decade.

Why should Australia have fewer overseas posts than smaller countries such as the Netherlands, Hungary, Greece and Portugal? We have the world's 14th largest economy, but as the Lowy Institute's Global Diplomacy Index records, only the 25th largest national diplomatic network. We need a larger network of diplomatic missions and a reinvigorated foreign service.

I'm glad we haven't followed other countries in reducing our spending on foreign aid. The Institute's Pacific Aid Map shows that in our region, we are holding the line. This is critical. It would not be in Australia's interest for the Pacific to be dominated by one power.

I commend the government's energetic diplomacy in Southeast Asia and the Pacific. The Pukpuk mutual defence treaty with Papua New Guinea, the Falepili Union with Tuvalu, the treaty with Nauru and last week's announcement of a security agreement with Indonesia that restores the spirit of the 1995 Keating-Suharto pact are all noteworthy accomplishments. I admire the patience and professionalism of the ministers and officials who got them over the line.

We should devise a cat's cradle of agreements that links our security to those of our neighbours. This will make it harder for any of us to be isolated or coerced – and harder for Australia to be portrayed as an outsider in our own region. Defence treaties with Fiji and Tonga would further build out this latticework of mutual strategic trust. The suspension of our proposed agreement with Vanuatu shows what we're up against in our quiet struggle with Beijing for influence in the Pacific.

I also give credit to Mr Albanese for pulling off a successful visit to Washington. President Trump likes a winner, and he seems to like the PM. Now Canberra should build on this success by seeking to play a coordinating role with other US allies in the region.

The Europeans have learned the hard way the need to coordinate their approaches to this White House. So far, President Trump has been preoccupied by events in Europe and the Middle East. Before long, however, he will turn his mind properly to Asia.

As the former diplomat Richard Maude wrote recently in *The Interpreter*: “An energetic campaign of Australian engagement, led by the Prime Minister... could help coordinate responses to US requests for allies to bear more of the security burden in the region, align messaging to Washington on issues such as China and Taiwan, and support economic openness in the Indo-Pacific.”

Creative Australian foreign policy along these lines could improve the prospects of alliance cooperation and mitigate the risk of alliance fracture.

US allies in Asia have long been concerned about Beijing’s intentions. Now we also worry about Washington’s reliability. What if, in future, we face the worst possible combination: a reckless China and a feckless America?

The answer is that Australia and other Indo-Pacific allies should do more to strengthen our own capabilities to deter aggression; we should do much more with each other; and we should do whatever we can to keep the United States deeply engaged in our region. Our interests are served by a stable balance of power in the Indo-Pacific, in which America plays an important role. This is the scenario that is most likely to preserve Australia’s freedom of movement.

As I said in 2015: all of us “deserve our own space. None of us wants to live permanently in another’s shadow. We all have the right to make our own way.”

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In my Boyer Lectures, I argued for Australia to become a more serious country. If we talk ourselves down, no one will listen to us. If we take ourselves lightly, we can hardly expect others to take us seriously.

A decade later, our international circumstances have deteriorated, but the changes to our policy settings have not kept pace. A gap has opened up between our national interests and our national capabilities.

Australia has a secure government, with a large parliamentary majority, led by a confident prime minister. This is the moment to invest in our national capabilities in both defence and diplomacy, and to take on an even more demanding regional role.

Australia remains, as Clive James put it, “the birthplace of the fortunate.” Life is good here. It can be tempting to focus on perfecting our society without proper regard for the international environment on which our wealth and security depend. It feels easier to prune our garden than to look over the wall at the jungle beyond.

Just because you’re not interested in the jungle, however, doesn’t mean the jungle isn’t interested in you.

I closed my final Boyer Lecture in 2015 by asking this question of Australians:

“Are we content to be a little nation? Do we want to be a nation with a limited diplomatic network, a modest defence force and a cramped vision of our future? Do we wish to be a people with a habit of talking ourselves down?

Or do we want to be larger than this – a big, confident country... a nation with a reforming mindset, a generous debate and a serious public life; an ambitious country with the instruments that enable us to influence the balance of power in Asia?”

Ladies and gentlemen

As we stand here, a decade on, present at the destruction of an international order that suited us so well, I believe even more strongly that we need a national conversation about this choice.

I hope we decide to think big.