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A confident and distinctive foreign policy

JCPML Anniversary Lecture presented by Dr Ashton Calvert on 5 July 2005.

It is an honour to be invited to give this year's Curtin Lecture which marks the 60th anniversary of John Curtin's death in office as Prime Minister of the Commonwealth of Australia.

I should like to commend Curtin University and the John Curtin Prime Ministerial Library for their valuable work in promoting wider understanding among Australians of the record of Curtin and his government in office, and of the domestic and international circumstances in which he and his colleagues governed.

To be sure, they were dark and difficult times strategically for Australia, the likes of which we all hope we shall never see again. From the last weeks of 1941 until the middle of 1942, it was widely assumed within government and throughout the wider community that Australia faced an imminent threat of invasion by Japan. This crisis involved a major discontinuity in Australia's strategic circumstances and strategic planning. The principles of imperial defence to which successive Australian governments had been committed rested on assurances that, in extreme circumstances, British naval and air power would be deployed to the Far East, and in particular to Singapore, to protect Australia from a menacing Japan even if Britain was simultaneously engaged in a European war against Germany. The quid pro quo for this crucial commitment by Britain was that Australia would pull its weight strategically through appropriate contributions to the general imperial effort, as indeed Australia had done so impressively during the First World War.

We are all familiar with the brutal realities which caused these assumptions to unravel. Britain was fighting desperately to protect its homeland and key strategic

assets much closer to home. Japan's southward aggression had more boldness and momentum than had ever been expected. And the United States was yet to show exactly what degree of political determination and military capability it would apply to the common cause against Germany and Japan.

Even though we now know that Imperial Japan did not intend actually to invade Australia – and indeed lacked the margin of military capability to do so – this was not appreciated in Australia in early 1942 as Singapore fell, the Dutch East Indies and Portuguese Timor came under attack, and air raids were launched against Darwin. Understandably, the mood in Australia was one of deep anxiety – a feeling that the country was dangerously exposed with the bulk of its ground forces deployed far away in the Middle East and most of its trained aircrews fighting in Europe.

Viewed from our contemporary vantage-point, Australia of 1941-2 was also disadvantaged by some severe institutional weaknesses. Long neglect by successive governments meant that the general level of defence preparedness was seriously inadequate for the dangers the country now faced. Although four decades had passed since Federation, the Commonwealth Government still shared with State Governments the right to levy income tax, and lacked strong national powers to control monetary and banking policy.

Unlike Canada and South Africa, which had equivalent dominion status, Australia waited until 1940 before it began deploying overseas its own diplomatic representatives. It had hitherto relied mainly for information and assessments on what was passed on from London. Accordingly, there had been very limited scope for independent diplomatic advocacy in support of Australia's particular national interests.

Added to these problems, it is instructive to recall that Australia was then a much more divided society than we are now in terms of sectarian, ideological and class differences, and in terms of widely differing interpretations of the meaning of the bitter Australian experiences of the First World War and the Great Depression. To the casual reader of the history of these times, it is striking the extent, even today, to which controversy and sharp disagreement still surround the appraisal of Curtin's

performance as wartime Prime Minister. An article by Peter Edwards in the July 2001 edition of the Australian Journal of International Affairs provides, I think, a useful account of the terms of this debate.

As a good diplomat, it is better for me to seek to characterise the debate rather than provoke further disagreement.

Two pivotal questions for historians seem to be whether, even allowing for Australia's difficult circumstances, Curtin went too far in ceding Australian sovereignty in strategic affairs to General Douglas MacArthur, Commander-in-Chief of the South-West Pacific Area, and, secondly, whether Curtin and his government handled effectively crucial manpower policy issues. Whatever the weakness of the isolationist position of his party immediately before the war, it is fair to say, I think, that Curtin succeeded in the main task facing his government from December 1941 onwards – that of steadying a very anxious nation and putting the national economy on a full war footing.

A recent book by John Edwards, *Curtin's Gift*, provides fresh insights into this story by documenting Curtin's efforts to address the various institutional weaknesses mentioned earlier. In doing so, his government strengthened the mobilisation effort in wartime, and laid out much of the framework for Australia's economic, financial and international policy in the postwar period. Support for this positive view of Curtin's record as Prime Minister is given by two independent observers who were well placed to judge his performance.

In October 1942, Nelson Johnson, the US Minister to Australia, sent a long dispatch to President Roosevelt in which he reviewed the thirteen months since he had arrived in Australia. Describing a marked improvement in the mood of Australia during this period, Johnson said Curtin had done 'an admirable job', and had been able to dominate Parliament and the country by 'his honesty of purpose and his innate integrity'. And Paul Hasluck, an astute observer of fellow politicians, wrote of Curtin in the book *Light That Time Has Made* that 'there was no better man in the public life of Australia in his time.'

From the perspective of foreign policy and strategy, perhaps the most significant episode in Curtin's period as Prime Minister was his refusal in February 1942 to bow to strong pressure from the British Prime Minister, Winston Churchill, to have the Australian 7th Division diverted to Burma on its way home from the Middle East. Curtin's stand had the strong support of the Cabinet, Defence Secretary Shedden and the Australian Chiefs of Staff. So, in that sense, it reflected a considered view of how Australia's particular national interest differed from the wider imperial interest. In Curtin's time, as now, Australia had strategic and economic interests that were global in scale and far beyond the capacity of what Australia itself was single-handedly capable of defending. Then, as now, it made great sense for Australia to operate in collaboration with like-minded countries with which our interests were closely aligned.

For me, the main lesson to emerge from Curtin's experience as Prime Minister has timeless application in Australian external policy. It is the importance of Australia's having reliable international allies and partners, and the equal importance of maintaining a clear-sighted view of situations where Australia's particular national interests might differ from those of our allies and partners. This observation provides a convenient point from which to develop my discussion of contemporary Australian foreign policy.

International Environment

In surveying Australia's current international environment, I should like to suggest that four decisive elements stand out.

The most profound international force defining our times is globalisation of the world economy. By most measures, the economies of the world are now more closely integrated than ever before. The ratio of merchandise exports to GDP for the world as a whole and for most of the large economies is higher now than it was in 1913, the last great peak of globalisation. During the past two decades, global production has more than doubled while trade flows have more than tripled and financial flows have increased eightfold. The speed and scale of cross-border flows of information and finance gives an unprecedented sense of interconnectedness in world affairs. But,

even though it offers the best available path to economic advancement, globalisation is a tough master. Its disciplines of competition and accountability reward those countries with sound policies and institutions, and punish those without.

The second major factor defining our times is the continuing strategic and economic pre-eminence of the United States. The US defence budget accounts for about half the defence spending in the world, and United States GDP accounts for about 29 per cent of world production, measured in current exchange rates. These facts combined with its relatively high rate of population growth, strong entrepreneurial tradition, economic dynamism, creativity and technological innovation mean, I think, that the United States will continue to be the leading player in world affairs for at least the next two decades.

The third factor bearing on Australia's future is the steady rise in China's economic weight and international standing. This has rightly been described as the single most important strategic trend in the Asia-Pacific region in our times. Since China began reforming its economy in 1978, it has grown at an average rate of around 9.5 per cent in real terms. Never before in modern history has the standard of living of so many people risen so quickly. As a result of its strong growth trajectory, China is now the world's seventh largest economy, measured in current exchange rates, and has recently passed Japan as the world's third biggest trading nation. Its strong demand for industrial raw materials and energy is having a decisive impact on international markets in those commodities.

As an aside, I think that China's economic advancement will be more important internationally than that of India at least in the medium term, simply because the Chinese economy is more open and more integrated into world trade and financial flows. China's ratio of exports to GDP is around 41 per cent while India's is around 16 per cent. And whereas China now ranks as the third largest exporter in the world, India is only 28th, behind Denmark, Australia and Norway. That said, India's international economic and strategic profile is likely to continue to rise, and its value to Australia as a partner is likely to increase steadily.

While some people view China's rise with alarm and liken it to Germany's rise from the last half of the 19th century with all the accompanying disastrous consequences for international stability, I am inclined to be more sanguine. As Henry Kissinger has pointed out in a recent article in the International Herald Tribune, the international system is now very different from what it was at the beginning of the 20th century. And the Chinese state has existed in substantially the same dimensions for 2,000 years with a history that does not suggest a proclivity towards aggression against neighbours. But without doubt, we should acknowledge that China takes a hard-headed view of its own interests and, as it gets stronger, it is likely to want to wield political and economic influence commensurate with its growing attributes of power. While none of these analogies is likely to be very exact, I am inclined to think that China's rise will be more like that of the United States from the last part of the 19th century rather than Germany's.

The final factor I want to highlight is the complex and complicated international security outlook which faces us today. In one sense, the prospects are positive in that the outlook for strategic relations between the United States and other major powers is relatively stable, and certainly much better than during the Cold War period. But more insidious threats are evident in terms of a trend towards creeping proliferation of nuclear weapons, and the continuing challenge of international terrorism. Traditional defence alliances such as that between Australia and the United States remain the bedrock of international security policy. The nature of the security challenges we now face means that alliances need to develop an operational agenda which extends beyond the strictly military sphere. Examples include concerted diplomatic efforts to apply persuasion and pressure to offending countries such as North Korea and Iran, and sustained international cooperation in the areas of intelligence, surveillance, counter-terrorism operations and stricter enforcement of border controls. The Proliferation Security Initiative, launched by the United States in 2003, and now supported by more than 60 countries, is a good example of how governments are responding to the new security environment.

Australia's international standing

How then has Australia been faring in prosecuting its interests in this international environment? My assessment, based on six and a half year's observation as Secretary of the Department of Foreign Affairs and Trade, is that Australia's international standing is high, and higher now than it has been for a number of years. Interestingly, this view seems to be shared by The Economist magazine which said in a recent survey that 'Australia has become a country of disproportionate consequence in world affairs'.

A number of factors have contributed towards this positive outcome.

The most important has been the strong performance of the Australian economy. For more than a dozen years, we have been at or near the top of the OECD's growth table.

Other significant factors include Australia's leadership of the peacekeeping intervention in East Timor, the highly professional role played by the Australian Defence Force in Afghanistan and Iraq, the regional intervention we led in the Solomon Islands, the excellent counter-terrorism work the Australian Federal Police have been doing with their Indonesian counterparts, and the ambitious trade policy agenda we have been pursuing.

Although it was not widely recognized as such at the time, I believe that the East Asian financial crisis of 1997-8 was a watershed in how Australian policy makers viewed our place in the world. Until that time there had been a prevalent view in Australian government, political and business circles that the countries of East Asia had found the secret of perpetual growth and that, unless we found some way of locking ourselves in more closely with them, our own future was likely to be much poorer as a result. The financial crisis changed that perception radically. While the economies to our north nearly all stumbled badly, the Australian economy kept on growing strongly both during and well beyond the crisis, although at the time well over half of our merchandise exports were directed towards East Asia. Because the Reserve Bank had the wisdom to let the exchange rate act as a buffer, our exports became more competitive and found new markets and increased demand in the United States, Europe, South Asia and parts of the Middle East.

This experience taught Australia four valuable lessons.

First, it showed that Australia was better placed than the countries of East Asia in terms of the quality of our institutions, policy management and corporate governance to withstand the disciplines of globalisation. We began to see more clearly that these attributes were a comparative advantage to maintain and nurture.

Secondly, it showed that, while East Asia certainly warrants particular priority in Australia's external policy, Australia's interests are actually global in scale and not always defined by geography. This is illustrated neatly by the geographic spread of Australia's top five two-way trading partners. They are in order of size Japan, the United States, China, the United Kingdom and New Zealand.

Thirdly, we were reminded, in case we had ever forgotten, that there is a close interplay between Australia's comparative domestic strengths and the effectiveness of our international policy.

Finally, policy makers in Canberra and, I think, the business community too saw more clearly than before that Australia's international position is best advanced by being confident of Australia's ability to compete on its own merits in an era of globalisation. Related to this is the realisation that, to succeed internationally, Australia needs to promote all its significant relationships and interests at the same time, and not be deterred by thinking that advances in one area might have to be at the expense of others.

These attitudes are what I mean in my title about pursuing a confident foreign policy.

What then do I mean by a distinctive foreign policy for Australia beyond the trite observation that all countries are different, and so naturally all differ to some extent in the detail of their foreign policies?

Above all else what distinguishes Australia's place in the international system is the combination of our Western character as a country, and our location near and longstanding close involvement with the countries of Asia. We share values, cultural

affinities and basic strategic and economic interests with the countries of North America and Western Europe.

At the same time, close engagement with the countries of Asia is an abiding priority in Australian external policy. Asian countries account for seven of our ten largest export markets and are simultaneously important sources of investment, major security partners and a growing source of skilled migrants.

It is self-limiting to see these two aspects of Australia's international life as in some sort of conflict or tension with each other. Each one, as much as the other, is an authentic dimension of Australia's national interest. The overall framework of Australian foreign and trade policy is global. And these two sets of linkages – the Western and the Asian – provide much of the substance. Indeed, the interplay between the basic Western make-up of Australian society and its institutions and our wider associations, on the one hand, and the imperative of close engagement with Asia, on the other, lies at the very heart of Australian foreign policy.

There is nothing new about this state of affairs. It was already beginning to impress itself on our national consciousness in Curtin's time. And I am inclined to think that the significance of this interplay will grow rather than diminish in the years ahead.

Some of the tasks ahead

I should now like to comment on a number of the tasks and challenges that lie before us on the external policy agenda.

First of all, we have to ensure we are able to secure all the objectives we have set ourselves with an ambitious trade policy agenda. This has two broad elements – multilateral and bilateral.

We should continue to accord first priority to helping drive forward to a successful conclusion the Doha Round of multilateral negotiations in the World Trade Organisation (WTO). This priority is appropriate because multilateral trade negotiations offer, at least in principle, the greatest scope for expansion of access for Australian goods and services exports to global markets. And, importantly, they

provide the only realistically available channel for negotiating the elimination of export subsidies and other crucial reforms of international agricultural trade.

In an era of globalisation, it is also important to reaffirm the fundamental role of the multilateral trade system in promoting the liberalisation and integration of trade in goods and services, and in providing disciplines to help prevent arbitrary and unfair measures against trade. And, the increasing use being made of the WTO's dispute-settlement mechanisms shows their value and relevance in helping promote more open trade. But, for all its important benefits, the process of multilateral negotiations is starting to reach its natural limits.

There are various reasons for this.

First, the membership of the WTO is now 148 countries compared with 92 at the beginning of the Uruguay Round in the 1980s. Reaching a consensus among such a large and diverse group of countries becomes an increasingly difficult task of negotiation management.

Secondly, the formal agenda of negotiations has become increasingly wide and complex, extending to areas such as intellectual property, the environment, technical regulations and standards, quarantine and human health measures. Accordingly, the compromises and trade-offs that are necessary for consensus become that much harder to hammer out.

Thirdly, while key players such as the United States, the European Union and Japan are hardly providing inspiring leadership, a large number of developing countries are making things that much harder by insisting on improved access to developed markets without being willing to make any reciprocal moves themselves towards worthwhile liberalisation.

None of this is a reason for weakening our commitment to helping push forward the Doha Round to an early and successful conclusion. And, indeed, Australia has been making a creative and constructive contribution through our membership of the influential group of Five Interested Parties (comprising the United States, the EU, Brazil, India and ourselves), and our leadership of the Cairns Group of agriculture-

exporting countries. But, faced with the slow and uncertain progress of the Doha Round, the Government simultaneously has been actively pursuing a strategy of concluding preferential free trade agreements (FTAs) with selected partners.

FTAs provide the possibility of improved market access for Australian exports quicker than the multilateral process. FTAs can also provide useful benchmarks for the multilateral process, and they can have defensive strategic value in avoiding situations where competitors achieve preferential access to key markets at the expense of Australia's exporters. Australia has already concluded high-quality FTAs with Singapore, Thailand and the United States, and is currently engaged in negotiation of bilateral FTAs with China, Malaysia and the United Arab Emirates as well as a regional FTA with New Zealand and the ten ASEAN countries. None of these negotiations will be easy or straight-forward, particularly if Australia insists, as we should, on meaningful and wide-ranging liberalisation on a reciprocal basis.

Looking beyond this current ambitious agenda, careful judgments will need to be made about the net benefit of concluding FTAs with further partners. The quality of liberalisation achieved will be more important than the number of agreements concluded, and we need to consider the transaction costs to Australian business if agreements become too numerous. In any case, if we succeed in becoming the first significant developed country to conclude FTAs with both the United States and China, we will set ourselves up very well for the future.

The second major policy issue I should like to discuss is Australia's approach towards the evolving regional architecture centred on the ASEAN +3 summit process, which involves the ten ASEAN countries and the three North Asian powers – Japan, China and Korea.

The primary impetus for this process is a desire by its members – particularly those in South-East Asia – to establish a stronger sense of identity and a higher international profile for East Asia. The ASEAN +3 grouping has met annually at the head-of-government level since 1997, and, at the outset, made clear its intention that membership would be restricted to East Asian countries. The possibility of broader participation has arisen this year with a proposal by Malaysia that it host an

East Asia summit in parallel with the regular ASEAN +3 meeting. After some debate, a decision has been taken to invite wider participation in the East Asia summit, and India, Australia and New Zealand are being considered as prospective participants. A condition for participation has been set down, however, namely that we indicate willingness to accede to ASEAN's Treaty of Amity and Cooperation (TAC). Until now, successive Australian Governments have not been enthusiastic about acceding to the TAC because, while most of its provisions are unexceptional, some parts of the Treaty appear in possible conflict with our obligations under the ANZUS Treaty and our rights under the UN Charter. The TAC also has a dispute-settlement mechanism which puts the ASEAN countries on a higher status than other acceding states.

Foreign Minister Alexander Downer has made clear the Government's interest in participating in this year's East Asia summit, and its willingness to accede to the TAC provided we can find an appropriate way to record our interpretation of the Treaty, as Japan and Korea have done earlier. One particularly encouraging aspect of the invitation to participate in the East Asia summit is that it signifies a victory for those inside the process who have argued that East Asia's evolving arrangements should be open and inclusive in their orientation, and reflect the value of East Asia's linkages with various external partners including Australia. Some Australian commentators have gone so far as to suggest that the East Asia summit process will develop into a formally integrated bloc like the European Union. Given the recurring diplomatic rivalry between Japan and China, the private misgivings by a number of ASEAN countries about China's rising economic power, and the reluctance of many East Asian governments to embrace thoroughgoing and comprehensive trade liberalisation, such an outcome seems unlikely at least in the medium term.

Even so, the Australian Government is undoubtedly making the right decision in taking the opportunity to position Australia within a dynamic which is likely to become increasingly influential in defining political and economic relations in the wider East Asian region. At the same time, it will be important to reinvigorate APEC and broaden its agenda beyond trade liberalisation to the promotion of free markets. APEC will retain the important advantage of involving the full authority and weight of

the United States as the world's leading strategic power and most important economy.

The final policy issue I wish to raise is the broad question of how Australia should prosecute its interests in a situation of evolving power relationships in the Asia-Pacific region. To begin with, Australia brings some excellent credentials to the table.

Our alliance and broader partnership with the United States have never been stronger, and have recently been reinforced by the entry into force of the bilateral FTA, which over time will bring important benefits to the Australian economy.

Our relationship with Japan is our most successful partnership so far in Asia, and is currently in excellent condition.

With China, we are forging an ever closer political and economic partnership which has very positive prospects for the future, despite obvious differences in our political systems.

Our relationship with Indonesia is in a new phase of mutual respect, cordiality and practical collaboration, while our relations with other key South-East Asian partners such as Thailand, Singapore and Malaysia are now stronger than they have been for many years.

India is now our sixth largest merchandise export market, and political and economic relations with that country are showing new vitality.

While at one level, Australia's main efforts should be directed at advancing each of these important bilateral relationships on its own merits, we need, of course, to be mindful of wider developments. And, in addressing those wider issues, consistency in the core principles of our regional policy will continue to serve us well.

First, we should continue our longstanding policy of supporting economic and strategic engagement by the United States in East Asia, because of the fundamental contribution that it makes to regional stability.

Secondly, while welcoming China's active participation in regional and international forums, and while accepting that its influence is likely to increase steadily, we should not soften our support for a more active and responsible role for Japan in international political and security affairs. As part of this, we should maintain our firm support for Japan's bid to become a permanent member of the UN Security Council.

Thirdly, we should continue to encourage disciplined management of the so-called Taiwan problem in a way that maintains peace and stability. This requires, inter alia, leaving open the possibility of eventual reunification of Taiwan with the mainland and so avoiding a situation where Taiwan declares independence. Compared with the situation at the time of the missile crisis in the Taiwan Strait in 1996, Washington and Beijing have developed a more substantial senior-level dialogue on Taiwan, and have much clearer understanding of each other's very limited room for manoeuvre. In December 2003, President Bush took the important step of stating publicly in the presence of visiting Chinese Premier Wen Jiabao that the United States was opposed to any unilateral move by Taiwan to change the status quo. Obviously, this includes a Taiwanese declaration of independence. Australia has made clear to both Beijing and Taipei that it firmly supports this position.

While China reserves the right to use military force against Taiwan in extreme circumstances, it is fully aware that such action would be strongly opposed by the United States and many others in the international community. This ambiguous equilibrium has been maintained for several decades, and should continue to hold so long as the various players continue to exercise appropriate discipline and self-restraint. So long as it refrains from using force, China can take encouragement from the ongoing processes of interdependence which are steadily enmeshing the Taiwanese and Chinese economies together.

Finally, to the extent Australia can influence these things, we should strongly encourage adherence by our regional partners to open and market-oriented financial, economic and trade policies so as to maximise for themselves and others the benefits of globalisation. Diversity, rivalry, ambiguity, subtlety, interdependence and

balance will be key themes in defining Australia's regional environment in the years ahead.

Provided we continue to nurture the strengths of our own society, economy and institutions – provided we maintain a clear-sighted view of the many interests that we share with all our international partners both within and beyond the region – and provided we remain confident of Australia's ability to contribute to the success of the evolving Asia-Pacific community – we shall continue to prosper in our regional engagement.

I am sure that Australia is equal to this task.

Response by Professor Peter Cook to Dr Calvert's address

Well extremely well done, I might say a very impressive speech. Can I firstly acknowledge Professor Hackett, the Chancellor Doctor Eric Tan, the members of the John Curtin family that are here, distinguished guests. And I reserve till last if I may, and you will indulge me, two of Australia's greatest living treasures, Gough and Margaret Whitlam.

It is indeed a pleasure to respond to Dr Calvert's address. What is perhaps not known is that Dr Calvert has had a long association with Western Australia. I met him, I think, in 1977 some 28 years ago. He was a young Foreign Affairs Officer at the time when all hell was breaking loose in the Pilbara through tumultuous industrial disputes in the seventies and eighties. He was calming distraught Japanese managers who were used to order and predictability, that the chaos that was occurring on our mine sites would not disrupt their supplies of essential materials. Such was the training for a very consummate diplomat in his early stages. I might say he did so when he spoke to his Japanese counterparts in flawless Japanese. I then worked together with him in the Keating Government when he was Paul Keating's Foreign Affairs Advisor and I last, I think shared a lectern with Dr Calvert in 1995 when he was Ambassador to Japan, and I was the Industry Minister. He introduced me to a group of Japanese business people to whom we were trying to sell Australian automotive component parts so that Australia's manufacturers could be

part of the most sophisticated manufacturing economy in the world. So it's nice to have the opportunity to respond to that introduction ten years later, Ashton, by replying to your speech. There have been some other opportunities when our paths have crossed since. I remember distinctly glaring at him from the podium of a Senate Estimates Committee Hearing as I was grilling the Department of Foreign Affairs and Trade on how they were spending taxpayers dollars. But they were rare opportunities and I have valued very much my association with Ashton over the years and look forward to today's speech.

Dr Calvert is a true foreign affairs professional. He is as well an exemplary public servant. You couldn't have served both the Keating Government as a Senior Advisor and the Howard Government as Secretary of the Department in positions of absolute trust unless you were anything short of being exemplary. In my experience Dr Calvert offers fearless advice and then conscientiously implements the decisions that are taken by the government. I think his own view is, which is both frightening and reassuring for ministers, is that ministers should get all the credit for what they do and they should get all the blame as well.

We've heard today what I think was a considered view of someone who has helped mould Australian Foreign Policy for a long time, for the last six-and-a-half years as Secretary of the Department of Foreign Affairs and Trade. We've not heard a polemic or a commentary or a speculation, we've heard [...] Australia's Chief Diplomat emeritus on the current situation and the outlook for the future. Dr Calvert's views will reach a much wider audience than is normally the case at these lectures. Most foreign embassies in Canberra and a number of overseas capitals will examine the remarks he has made here today in the hope of getting some peep behind the scenes of Australian foreign policy.

Can I now just turn to a few of the highlights for me of his speech, and comment on a couple of elements of it. The first thing to say is, this was a first class presentation of Australia's leading diplomat on current Australian policy outlooks. In diplomacy it is often said, 'Words are bullets. Language has to be carefully modulated and descriptions are vitally important to get the bounce and calibration exactly right.'

And that has to be borne in mind when we consider the remarks we've heard this afternoon.

But first I want to turn to the ongoing foreign affairs policy culture wars that seems to have broken out over what is Curtin's legacy. You would have read today in 'The Australian' and the Opinion Pages – David Day fire off a, in my view, admirable salvo in the battle in the culture wars on this very subject. Dr Calvert deals with these issues today as a diplomat. He says it is better to characterise the debate than provoke further disagreement. Diplomatic words indeed. But to my ear he goes on to say that it was John Edwards' 'Curtin's Gift' and the American Nelson Johnson in his despatch to Roosevelt and Paul Hasluck's book, 'Light that Time Has Made' that are the authorities we should rely on when considering this debate. All of those authors come to praise Curtin for his role in government. A verdict that I think I should have to say is modestly but firmly endorsed by Dr Calvert today. Dr David Day would be pleased. I am not so sure that some of the warriors in the current government may be as equally delighted.

Perhaps more importantly though the lesson that Dr Calvert draws from the Curtin era is the foundation that still underpins Australian foreign policy. He reaffirms the importance of the US alliance and our national interest. He says we have to have reliable allies and have a clear view of Australia's national interest. I endorse those phrases wholeheartedly. The lessons he goes on to draw from our contemporary experiences are worth repeating as well. There are two that stood out for me. The first, that we must promote all our significant interests at the same time. That is we don't see diplomacy as a chess game in which we sacrifice important interests to gain others. We support all of our important interests and that approach by-passes the debate over multilateral versus unilateral approaches in foreign policy. And secondly and perhaps more subtly he changes the languages that commentators use to describe Australia's unique position as basically a western country geographically situated on the edge of Asia. Commentators frequently describe this situation as one that requires Australia to balance its basically western personality with its east Asian economic and commercial interests. Dr Calvert today does not see these two features as in conflict. He uses importantly the word, 'Interplay' in place of balance,

and I think that's important because it indicates a blending which marks Australia as unique rather than a balance between competing forces which I think of as a throw back to a colonial past or a wide enclave view of Australia in this part of the world.

There is an important discretion, digression rather, in the speech today – one that opens up an intriguing line of discussion with immense significance for Australia and vital to this region and in particular to this state. Dr Calvert remarks that while analogies are inexact, China's future development is more likely to resemble the path taken by the US at the end of the 19th Century than [...] the rise of Germany in the last part of the 19th Century. It's clearly beyond the scope of the exercise today, but this discussion is a discussion that Australia should have at length, not, in my view, to change the sensible nature of Dr Calvert's conclusions, but in fact to enforce and underline them. As China progresses to economic and political super power status it also lifts up the economy of Australia and of Western Australia. What type of super power China evolves into therefore has direct ramifications for all of us. Why this discussion is urgent in my view is that these questions are upon us now and that with the prospect of an Australia China Free Trade Agreement in popular debate, are likely to have a negative airing. Reasoned discussion and enlightened public understanding about China's economic and political evolution is necessary. Without it we risk seeing ignorance and superstition becoming embedded in the public mind as it did, in my view, about refugees during the boat people crisis a few years back.

I want to conclude my remarks now with a couple of comments on trade but before I do so I want to share Dr Calvert's optimism that Australia and New Zealand can find a way through the obstacles blocking our signing the Treaty of Amity and Co-operation with ASEAN. I think it's essential that we achieve this breakthrough. It is important for Australia in its own right to be part of a block based in south east Australia. But what a block based in South East Asia may also do is provide a mechanism to eventually bring together China, India, Japan and Korea with the South East Asians, Australia and New Zealand, and bring them together on a footing of a commitment to peaceful co-operation and open trade. With our democratic institutions if we keep our trade links with the rest of the world open Australia can play a role which will materially benefit us and our people as well as those within that

trade block and between the trade block and the rest of the world. After all we have historically played a key role as a bridge between Asia and the west and this would mean that we are ideally fitted for that in the future. Dr Calvert has provided a carefully calibrated comment on the tasks ahead and the policy principles facing Australia. I broadly agree with that prescription that he has laid out and it is indeed a considered one. I would have liked to have seen however Australia up front more often on nuclear weapons proliferation and chemical warfare issues. In our region India, Pakistan, China, North Korea and Pacific Russia are nuclear weapon states. No doubt this is covered in his remarks about strategy and about security for our region because this is both big strategic questions as well as security against terrorism issue. Precisely because of our geography I don't think we can ignore them and I think they are important to us. Dr Calvert has set out the trade agenda for the government. Importantly he adds his own emphasis; while the closing of more free trade agreements is on the agenda he wants the emphasis to be on the quality of those agreements, not on the sheer number of trade agreements we reach. And if we are to go down the free trade agreement track as we are in fact doing then that qualification and the smoothing out of transactional costs for Australian businesses confronted with a range of free trade agreements with different requirements is devoutly to be wished.

I want to enter one quibble and a personal one on my part. I don't think the US Free trade Agreement was a good result, it could have been better. The fact that it had a deadline imposed to suit the Australian Federal Election and the US Presidential Election meant we got a worse outcome. That was a political decision; that was not a diplomatic or trade negotiators decision. We all know governments shy away from making tough decisions before an election but are courageous immediately after being returned to office. The deadline for the US FTA was set on the eve of both elections in both countries. I think if the economic outcome was uppermost not the perceived need for political display then the deadline would have been set after both elections when both governments were freer to do a higher quality deal. And I am sure that if we had taken a little longer but still got the result we may have got something more on sugar because with Florida as the key swing state in US presidential elections I never had much hope that we would succeed in winning a

sugar deal where sugar is a major export from that state. But that's a quibble on my part. My other views on trade are well known.

What we have had today is a first class address by a first class diplomat and a leading Australian public servant and I am grateful and proud to have been here to have heard it. We have had from Calvert a comprehensive set of outlines of Australian foreign policy and trade issues and we've had an address in the tradition of John Curtin. Thank you.