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SENATE

FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES
COMMITTEE

Reference: Australia's foreign and trade policy strategy

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SENATE
FOREIGN AFFAIRS, DEFENCE AND TRADE REFERENCES COMMITTEE

Monday, 4 August 2003

Members: Senator Cook (*Chair*), Senator Sandy Macdonald (*Deputy Chair*), Senators Hogg, Johnston, Marshall and Ridgeway

Participating members: Senators Abetz, Boswell, Brandis, Carr, Chapman, Collins, Coonan, Denman, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Harradine, Harris, Knowles, Lees, Lightfoot, Mackay, Mason, McGauran, Murphy, Nettle, Payne, Santoro, Stott Despoja, Tchen, Tierney and Watson

Senators in attendance: Senators Cook, Hogg and Marshall

Terms of reference for the inquiry:

To inquire into and report on:

An examination of the adequacy and effectiveness of the Government's foreign and trade policy strategy, with particular reference to the forthcoming Foreign and Trade Policy White Paper, *Advancing the National Interest*.

In examining this matter, the Committee will have particular regard to:

- (a) The merits of new policy directions identified by *Advancing the National Interest*;
- (b) Whether *Advancing the National Interest* meets its stated objective of best using Australia's credentials and attributes to enhance Australia's national interests;
- (c) The strategy's consistency with Australia's international obligations; and
- (d) The process for implementation.

WITNESSES

DALRYMPLE, Mr Frederick Rawdon (Private capacity)53

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Committee met at 2.02 p.m.**WHITE, Mr Hugh John, Director, Australian Strategic Policy Institute**

CHAIR—I declare open this meeting of the Senate Foreign Affairs, Defence and Trade References Committee. Today the committee continues its public hearings into Australia's foreign and trade policy strategy, *Advancing the national interest*. The terms of reference set by the Senate are available from secretariat staff. Today's hearing is open to the public. This could change if the committee decides to take any evidence in private.

Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. It is important for witnesses to be aware that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. If at any stage a witness wishes to give part of their evidence in camera, they should make that request and the committee will consider the request. Should a witness expect to present evidence to the committee that reflects adversely on a person, the witness should give consideration to that evidence being given in camera. The committee is obliged to draw to the attention of a person any evidence which in the committee's view reflects adversely on that person and offer that person an opportunity to respond.

Welcome, Mr White. As I have just said, we will extend to you the opportunity to make some comments about *Advancing the national interest*. Then we may follow up by asking some questions.

Mr White—Thank you, Chair, for the chance to appear before the committee. I would like to make six points by way of introduction. First, as a broad proposition, the thing that strikes me most strongly about this white paper, particularly compared to its predecessor—the 1997 foreign policy white paper—is the tone. That is, I guess it would be fair to say that this document has a much more confident, assertive tone than its predecessor. When I first got this white paper and looked back to the previous 1997 white paper as a compare and contrast exercise, I was struck by how much less confident the earlier document had been about Australia's position in the world, particularly in the region. When it first came out I did not read it that way, but it was quite a striking contrast. That was a reflection partly of what had happened in 1997 very soon after the white paper came out—the East Asian economic crisis which, although quite serious for Australia in some ways, obviously did give us a higher sense of confidence about our capacity to compete with countries, particularly in the region. Also, in a complicated way and although quite traumatic for Australia, East Timor gave us perhaps a stronger sense of confidence in our ability to handle that kind of security challenge.

I make that point because it seems to me surprising that in an era in which we think of ourselves as being less secure—we think of the national mood as being one of greater anxiety than we have seen for some time—overall this document appears to me to be a more confident, bullish document than its predecessor, which overtly came out at a time of what appeared to be greater confidence.

The second point to make is that it preserves from its predecessor a sustained focus on the idea of the national interest. I looked at this aspect of the document quite carefully. I think primarily that is a presentational point. I do not think there is, if you like, a genuine underlying analytical

basis for the idea that this document is more strongly based on our national interest. There is nothing wrong with it as a presentational point—it is quite a legitimate form of presentation—but I am struck that in this document, unlike for example the defence white paper that was published in 2000, we do not see an orderly and explicit statement of those interests.

In the defence 2000 white paper there is a quite explicit statement of a hierarchy of five Australian strategic interests, set out in some detail, which in fact built on a statement of strategic interests that were set out in Defence's 1997 strategic policy review. I do not see that here. I have to say that the conclusion I draw from that fact and from other aspects of the way in which interests are treated is that, although overtly there is a big focus on national interest, my sense is that does not really penetrate very deeply into the conceptual framework we are being offered.

The third point is that what is new in this document is a focus on values. I think there is more overt emphasis on values as a basis for Australian foreign policy, particularly for the strategic aspects of Australian foreign policy, than we have ever seen before—certainly that I can recall, either in recent history or going further back. This is most clear in the overview, particularly on pages 8 and 9, but it comes up elsewhere in the document. I suppose this will be seen, perhaps fairly, as being to some extent analogous to, perhaps even derivative from, the emphasis on values in the Bush administration's foreign policy at the moment. Again, I am not sure about that but, having looked again at the way in which that idea of values is used in the document and having seen to what extent those references to values go below the surface rhetoric and really influence the analysis and prescriptions, I do not think that goes very deep. I think it is primarily a sort of presentational point.

The fourth point I would like to make is that a lot of the content of the paper focuses on drawing choices which, on closer examination, appear to be a lot less clear than they are advertised to be—the choice between Australia with a regional focus versus a global focus; the choice between an Australia that is focused primarily on Asia or primarily on its relationship with the United States; the choice between an Australia which is strongly focused on promoting bilateral relationships as opposed to promoting multilateral frameworks. Quite a lot of the discussion about the paper when it came out and some of the rhetoric within the document emphasises those choices.

Again, in the end I see in the document a lot of very sensible but unspectacular analysis which ends up making the point that those choices are much less clear than they are sometimes made to seem. You end up being pushed to, as I think one almost inevitably is, a series of fairly bland policy judgments that balance the regional and the global, Asia with the United States or bilateral with multilateral in a fairly conventional way.

Those three points about interest, values and choices lead me to the judgment overall that this is an adequate and at times eloquent, fairly comprehensive but also fairly pedestrian run-down of a fairly standard set of positions. It does not seem to me that it presents a lot of new ground—in fact, less new ground than some of the references to values, for example, would make one think. It certainly does not provide what we might call a set of objectives or a guide to allocation of resources and effort. I think that is what a foreign policy white paper should do.

Foreign policy white papers are complex beasts. They are not like defence white papers. In defence white papers you have a very natural focus; that is, billions of dollars a year that need to be spent. The natural focus of defence white papers is to work out how that money should be distributed. Foreign policy white papers are harder to focus, but it does seem to me that a more effective form of white paper would be one that identified a series—perhaps four or five—of long-term, major, national foreign policy objectives, described how resources were going to be devoted to achieving those objectives and set out the objectives in terms against which the effort can be measured in future years. Although, naturally, a lot of foreign policy does need to be reactive and probably should be reactive, I do think it is possible to identify four or five major priorities which a document like this could have identified and against which resources could have been allocated and objectives set.

You could cut those four or five major priorities in many ways. My choice of four or five very much reflects my primary focus on security concerns. Very briefly, the evolution of the US-China relationship and the broader power relationships in North-East Asia are key Australian strategic interests. A major objective of our diplomacy is to try to prevent widespread deterioration of the balance of power in our region. A second one would be the support and promotion of the democratic experiment in Indonesia, in which very important Australian interests—security, economic and broader foreign policy interests—are engaged. A third one, for example, would be the maintenance of state viability in the South-West Pacific. Perhaps I do not need to say more about that at this stage. A fourth one should be for Australia to revitalise the emergence of a regional multilateral framework in which Australia again plays a leadership role and which is more clearly focused on the serving of Australian national interests than the way in which the regional multilateral frameworks have emerged over the last few years.

That list is far from exhaustive, but those are objectives of such breadth and scale that it would be sensible for a foreign policy white paper to start to look at those objectives and say, ‘Where do we want to be in three or four years time?’, ‘What kinds of resources should we attribute to them?’, and ‘How could we formulate and administer the conduct of our foreign policy in ways which give us a better way of achieving those objectives?’ It is more like the sorts of things that you do in a white paper in other areas of government, whether it be defence, education, science policy or whatever—set some long-term goals, attribute some resources to them and set some benchmarks so that you can see whether or not they have been achieved.

Overall I do not find much in this document to disagree with, although there are obviously some lines I disagree with. I do not, on the other hand, find very much in it to admire and I do regret that the process missed the opportunity to set that kind of broader set of objectives that I have described.

CHAIR—Thank you very much. On the broader idea of white papers, do you think there is value in doing this exercise, given that we are in a rapidly changing dynamic situation in this region?

Mr White—That is a good question. I do think there is a certain ambivalence about foreign policy white papers. It is striking that Australia had not done one for a long time before the 1997 white paper. The use of the phrase ‘white paper’ tends to conjure up an analogy with the way defence policy in particular is done, with a very strong emphasis on periodic white papers as setting long-term objectives. To some extent, by its nature it is hard to do the same thing in a

content filled way in foreign policy because, by nature, foreign policy does tend to be reactive. That is not always a bad thing. You can have too much grand design in foreign policy, if I can put it that way.

On the other hand, although I think it would be a mistake to try to replicate the sort of 10- or even 20-year time frames that defence white papers have, it does seem desirable that the government, in thinking about foreign policy, should have a handful of long-term objectives in mind. It does seem sensible that those long-term objectives should be set out for public discussion. It does seem wise that the resources that are going to be devoted to those objectives should be articulated so that people both outside the government and inside the government, including those souls who are charged with implementing it, have a bit of a touchstone to go back to. It seems to me it is good for parliamentary scrutiny of processes, because it allows parliament to say, 'Well, our long-term objectives are as set out in the government's white paper. What have we done this year to try to achieve them?' I think for all of those sort of orderly good governance reasons there is a place for setting long-term objectives, even within, as I say, what is inevitably a reactive framework of a lot of day-to-day foreign policy.

It is for that reason, I think, that it would be helpful if you did use a foreign policy white paper to identify four, five or six big objectives of the sort I spelled out. No doubt there would be others. People with a stronger trade background would, for example, identify some aspect of the evolution of the multilateral trading system perhaps. It would be helpful to identify four or five big, key issues which you are going to use as the focus for ensuring that your resource priorities, apart from anything else, were properly allocated.

To take an example, I guess everyone would agree that Australia's relations with Indonesia and the prosperity and the success of the democratic experiment in Indonesia are extremely important to our national interest. I am sure the Department of Foreign Affairs and Trade would agree with that very strongly. Indeed, it says something a bit like it in this. But if you look at the scale of resources that we as a country, or Foreign Affairs and Trade as an organisation, devote to the Indonesia task, you see that it is not very great—way lower, I would have said, than was really warranted by the scale of our interest. So I think it would help in some of those sorts of areas. My net assessment is that you can write a foreign policy white paper which is very worth while, but it does look a bit different from this one.

CHAIR—I do not want to put words in your mouth—I am sure I cannot—but do I understand that to mean that therefore a white paper should give us all a bit of an idea, given the dynamics in the international situation, about what Australia is likely to do and what our priorities are in approaching problems? By articulating our priorities, should we be able to reasonably well predict that?

Mr White—I think that is right, but let me put it this way. No foreign policy document is going to be able to predict and foreshadow all of the bits of foreign policy that a country is going to have to do over the next five years, so it cannot be comprehensive. To a certain extent it needs to be selective. What you can do, it seems to me, is select that group of key issues which you know will be important to you and which you know will have most impact on your long-term national trajectory. For us, the sorts of things I mentioned—Indonesia, the South-West Pacific, the strategic balance in the wider Asia-Pacific, the evolution of the regional multilateral structures—are issues whatever happens. Whether there is another 9-11 type of attack, whether

they go to war in the Korean peninsula or whether the Solomon Islands fail—whatever happens—you know that those four issues are going to be important to Australia. So you might as well say, ‘Okay, let’s talk about where we aim to go with those.’ Do not try to make it comprehensive, because you know perfectly well that every year things will happen that you have not predicted and could not have predicted—things you will need to react to. Beneath that, if you like, there ought to be a substrata of long-term foreign policy objectives which tie down directly to our security and our trade interests and which can provide, if you like, the base note to it. The real aim of the white paper should not be to try to predict all of those things and, if you like, hogtie the reactive, day-to-day business of foreign policy but rather set those long-term objectives which you are sure are going to be important to you, whatever happens.

Senator HOGG—Are you saying that the current white paper tries to be all things to all people and really would have been a more useful document for everyone to handle if it was in that concise nature that you outlined? If one were looking at the longer term in terms of foreign policy, one would then have to look at a fairly bipartisan sort of approach, because it is not the sort of thing you can lay down and then start to chop and change.

Mr White—There are a couple of points there. The first is that there is almost a gravitational attraction in documents like this to produce something comprehensive, because you feel that everybody has to be mentioned: ‘We have to have a chapter on the United States and we have to have a chapter on the Europeans’ and so on. One can sort of understand that it is a bit like the ‘cheerio’ speeches or an Academy Awards acceptance speech: ‘I would like to thank my mother and my aunt’ and all the rest of it—you have to thank everyone. The trouble with that as an organising principle is that it does result in a document that has an awful lot of pretty content-free statements. For example, on the US relationship there is a perfectly straightforward, orthodox, unexceptionable chapter on the US alliance. I doubt if anyone really would disagree with it very much.

As a guide to how we organise our foreign policy, as a guide to whether two years or five years from now we have met our foreign policy objectives, what resources we should be putting into Washington rather than into Jakarta or anywhere else—or Delhi—it does not actually tell you very much. There may be a place for a comprehensive document that thanks everybody and gives everybody a warm feeling, but I do not think you ought to confuse that with a document that says, ‘These are the half dozen big issues that Australia is going to try to kick goals on over the next five years.’

One thing to note, for example, is that my little list of four issues does not include the United States. It is not because I do not think that the US alliance is important—it is terribly important—but as a matter of fact, that is in pretty good shape. We have that one pretty well fixed. It is much less clear that we have North-East Asia fixed; it is much less clear that we have Indonesia fixed; it is much less clear that we have the South-West Pacific fixed. Those are the things that need attention. So you want to be able to clear the ground and say, ‘Okay, there are lots of good things happening.’ Of course, the relationship with the UK and Europe is very important—a tick in that box—but do not spend a lot of time on that. Focus the main thrust of the document on these key areas where goals have to be kicked.

Does it need to be bipartisan? I think that it is hard to say that a government is constrained to produce documents like this which would automatically attract bipartisan support. But there is an

obvious advantage to Australia if long-term documents, particularly ones that deal with international affairs like the defence white papers and like these documents, can be as bipartisan as possible. I think, actually, that a document that served the kind of function that I described before would be much more useful if some trouble was gone to to ensure that it did attract bipartisan support. It is worth making the point that, for example, in the process the government went through in developing the defence white paper in 2000, quite a lot of effort was made to ensure that it would attract as broad support, at least from the Labor Party side of politics, as possible—and indeed it did. I was closely involved in that process and that was regarded as an important objective of the process from the outset by the government, not just by we bureaucrats. So I think that there is a clear advantage there. But I would not go so far as to say that, almost by definition, you must engineer bipartisanship. It is nice to have, but in the end the government has to take decisions and if the opposition disagrees, well, c'est la vie.

CHAIR—That does raise the question: how bipartisan is Australian foreign policy?

Mr White—Yes.

CHAIR—To the extent that there is a view that it is not as bipartisan as it could be because maybe that effort is not being made and maybe it is not being made by either side, in a robust parliamentary democracy, people differentiate themselves from one another, but in foreign policy there have been efforts in the past—not always successful, in my view, and deliberately not always successful—to get a constancy of approach for Australia in the world.

However, on your first point, it may well be, too, that when this paper was brought down compared to when the first paper was brought down, the government has settled into office. It is more settled in its mind and more confident about putting its political philosophy forward. Part of this white paper to me—although there is nothing exceptional in it about saying what Australia is like and what its characteristics are—reads almost like a party political broadcast about the so-called virtues of Australian society, which are many, but which were skewed to a particular value system of a party, rather than necessarily an objective statement of values. You may have a comment on that, but I do not think that is the main point. It is just an observational point in passing. This is both a foreign affairs and a trade policy statement.

Mr White—Yes.

CHAIR—Is that a good twinning—those two things? We have a department that does both and tries to integrate both functions. Would it be more effective to actually have a foreign affairs policy statement and, under a different heading, a trade statement rather than just to scramble them in together?

Mr White—My background is very much on the defence side. I have had a bit to do with those bits of foreign policy that impact on that but have never worked in the trade area at all. So my perspective on this might be a little skewed. But having said that, it is striking how much within the structure of the document the security and the prosperity/trade agenda sort of fall apart into two halves. It is explicit almost in the structure of the contents page—the two, security and prosperity, really come apart.

I was struck by how little attempt has been made to integrate them in the document. My own experience is that that is not surprising and it is not necessarily a bad thing in the sense that I do think that a lot of the time the hard, practical issues that are on the table on the trade side and on other areas of foreign policy, particularly on the security side, tend to exist separately and that is not a bad thing. In establishing the Cairns group, we pulled together a group of countries that we might not have had much to do with otherwise. We had a great deal to do with them on trade issues, and that worked and was a great success. We pursue an FTA with the United States, which may or may not have any interconnections with the security side. I would tend to downplay those interconnections. So I do not think that that separation is necessarily a bad thing. It nonetheless does somewhat undercut the hypothesis that was behind the amalgamation of the departments initially—that these two things ought to be interconnected so closely that they cannot be drawn apart.

I would tend to take the view that by losing a separate department of trade, the independent authority of the trade portfolio—and one thinks back to, I guess, Black Jack McEwen and the independent authority of a separate profession of trade professionals within the Public Service, and there are many of those that some of us no doubt remember—has been something of a loss to the process. That is not to say that there are not still of course in DFAT some very effective trade professionals, but there was something about that separate department of trade and the body of people who grew up in it and made their careers in it which I think was a bit of a national asset that we have lost to some extent. As I say, I think this document tends to demonstrate that the presumption that by putting it together in the one department you can somehow integrate those two tends to be less clear than the advertising would have suggested.

CHAIR—I think one of the drivers at the time was efficiency and so forth and whether in foreign affairs—and in trade for that matter—efficiency is a centrally organising principle or whether quality is the more centrally organising principle.

Mr White—I think that is exactly right, and I must say that my own sense is that the scale of national resources that are devoted to our foreign and trade policy is very small compared to the scale of our interests that we have at stake. If we have a problem, it is not that our foreign and trade services are inefficient; it is that they are too small to achieve the results that we ask of them.

My own view is that we do have—and I can say this without any hint of self-interest as I have never worked in either area—an absolutely world-class diplomatic service. I am continually impressed by how many good people there are in our diplomatic service. I have worked a lot with diplomats and foreign ministries from other parts of the world, so I have some basis for comparison. I think that we have a world-class foreign service, but I think it is too small and I think that our embassies in particular are too small. They have political sections of half a dozen people in countries as complex and important as Indonesia. You ask yourself, ‘Why have we not got 10, 15 or 20 people there?’ This is the most complex and critical political situation imaginable. We need to be across this from front to back and from top to bottom. So I agree. I think that efficiency is an overrated principle when you are dealing with such critical issues and the resources involved are much smaller. I would much rather hunt for efficiency in the defence organisation, frankly, than I would in the foreign affairs department.

The other point to make, of course, is that when the amalgamation was done, there was a general view that foreign policy would be increasingly dominated by trade policy in an era where the tensions of the Cold War were starting to run down and I guess that we all thought that we were heading into a nice quiet century or so in which international security was not going to be much of a deal and trade was going to be everything. Trade is still everything, but international security has not gone away.

If you look at the time devoted by the senior leadership of the foreign affairs department to different issues then, with the possible exception of the FTA at the moment, the most senior leadership of the foreign affairs department, including its minister, I am sure, spends 15 times as much time on what you might broadly call the security related issues or the security bucket of issues as they do on trade issues. Of course they have a Minister for Trade, but if you look at Ashton Calvert, who signed on at the time of the people who managed the big bilateral relationships, I think the security related issues would be more dominant. That, I am sure, was not what people expected when the amalgamation was undertaken.

CHAIR—I note your remarks about your background discipline in defence and security matters. I do not want to take you into a realm you may not want to go, but I am sure you will stop me if you think that is happening. In the trade debate, which is a debate about multilateral versus bilateral, and even in the bilateral debate, one part of the debate is whether we choose our bilateral partners in our broader economic interest. The other part of the debate which the government seems to put some emphasis on is the relationship with the United States. The genesis of the free trade agreement, at least to me, seems to have been from the Australian side: ‘What do we do to deepen and strengthen the relationship, given that we are coming up to celebrating the 30th anniversary of ANZUS? What else do we do to strengthen this relationship? Let’s do trade.’

Speaking from the trade side, that seems to be an almost amateur view. That is, somehow if you try to bring the trade issues to centre stage you will strengthen the relationship, when in terms of the relationship most of the things that create tension are trade related. There tends to be a laundry or an accounting list of wins and losses in the trade debate. It is not likely, even in the most informed debate, that you will have unanimity that this was a good outcome because there will be some parts that succeed and some parts that do not. Talking from the security side—because this has been asked from the trade side a couple of times—is it a good thing? Would you have a view about blending trade objectives and security and defence objectives?

Mr White—Almost invariably the blend does not work—it is like oil and water: you try to mix them and they just separate again—or they work as a negative. There may be some counter-examples, but I must say I cannot think of any offhand, and I am very struck in the case of the FTA. I should say that I do not make any judgment about the validity or the value of the FTA in the big debate about whether an FTA is a stumbling block or a stepping stone in the relationship between multilateral. That is not my line of work. I am struck by how a lot of trade people I speak to tell me that—and this is a slight generalisation—tell me that the whole point of the FTA is that it will be good for the security relationship, and security people tell me the whole point of the FTA is that it will be good for the trade relationship. That has me worried because it leaves me wondering whether anybody is putting these together.

I would make this point. I think it is very unlikely that the FTA will strengthen the security relationship, and that is because the security relationship is already so strong, so deep and so comprehensive. The constraints on its further development are not constraints of will, emotion or spirit; they are practical constraints or real policy constraints. For example, do we want to host American combat forces in Australia? That is a legitimate and could quite soon become a fairly live issue. This is not a relationship which will get bigger just because we are going to start feeling better about one another. We already feel well enough about one another between Australia and the United States for that relationship to be as strong as it is now. So I do have a sense that to the extent to which the FTA and the defence relationship interact, the interaction is likely to be a negative one. In particular, I suspect that many Australians, particularly the public, are expecting the FTA to deliver Australia some free kicks as expressing American gratitude for Australia's long and deep alliance with the United States.

CHAIR—It seems to me there is a general proposition advanced as a given, so it is almost unchallengeable, that we ought to do an FTA now because our loyalty to the alliance is at its apogee and we will be rewarded in trade terms.

Mr White—That is exactly it, and I think that is probably wrong. I am not privy to the details of the negotiations, but from my experience the likelihood of US trade negotiators giving Australia any big free kicks on account of what happened last month or the month before is pretty low. Gratitude is usually defined as a lively apprehension of favours still to come. At any rate, Australia's longstanding position on both sides of politics has been that we are in the US alliance because it serves Australian national interests. My experience in trying to persuade United States officials that we are doing America a favour by being their ally rather than their doing us a favour is a fairly hard thing to do. I fear there is a likelihood that Australians will be disappointed that the free trade agreement does not contain more free goodies for Australia than I think it probably will, unless our negotiators have done a lot better than I expect they have.

So the whole thing might end up being a bit of a negative in the sense that Australians will expect the United States to give us a couple of nice, big, giftwrapped presents and they will find that in fact the United States is here to trade and trade fairly hard, in which case the connection will end up being, if anything, a negative. I am sure that can be managed, but I do think there is a risk of disappointed expectations there.

CHAIR—In the early nineties, during the time I was trade minister, some of the farmers in Australia who were underwhelmed by US trade policies—

Mr White—Yes, I remember.

CHAIR—kept calling to put debate on the US bases in Australia on the table. Is there a capacity, if a trade agreement does not strike the right balance, that questions or issues related to the defence's strategic alliance might be brought into question?

Mr White—There continues to be the likelihood, whenever Australia feels disappointed by US trade policy, that there is a very strong instinct to try to bring debate on the alliance to the table. As you mentioned, periodically, farmers with strong views on EEP and other issues have thought it would be a good idea to put the joint facilities on the table and so on. Governments on both sides have consistently resisted that, and there has been a principle that we try to keep the

security and the trade agendas separate, partly because the interconnection does not really work in our favour. In the end, you cannot do those deals in Washington. I do not believe there is what Henry Kissinger would have called 'linkage' on these issues. Our threat to undermine the security relationship to achieve trade agendas, or any threat by Australia, would lack credibility.

CHAIR—And its pursuit would be counterproductive.

Mr White—Absolutely. It would not produce a trade result; it would probably damage the relationship. I think that remains a risk. Whether that will arise as a particular outcome of the FTA will depend on what kind of deal can be done. I suspect the government will be sufficiently sensitive to those risks to try to succeed in precluding that kind of outcome, but the vulnerability of the US alliance to erosion of public support in Australia because of US trade policies remains, I think, very high.

CHAIR—The secretariat has prepared what I think is a very good set of questions for us to consider. It might be that we do not have time to go through all of them, but it would be useful if we could cover them.

Mr White—Sure.

CHAIR—The secretariat provided me with a paper from Rawdon Dalrymple, who is going to give evidence later today, in which he defines—

Mr White—You should have Rawdon's book there as well as Dick's.

CHAIR—I found some very juicy comments in Dick's book that I might ask you to respond to. This is a paper looking for theory in Australian foreign policy and it is a symposium on this subject, *Advancing the national interest: Australia's foreign and trade policy white paper*. I am sure I will do violence to Rawdon's sensitivities by trying to summarise it, but essentially he is arguing there is a realist view of foreign policy and that is more typically at home in the Menzies era, again exemplified by the Fraser era and now coming to the fore under this current government, and an idealistic view in which the government sets about trying to establish international norms and standards and tries to live up to those norms and standards as a way of conducting our foreign policy.

Under the first part of it, we look at who our great and powerful friends are and align ourselves with their spheres of influence and we are in foreign policy for what we can get out of it for 'the national good'. In the second version, we are in foreign policy to try to bring a better standard of organisational behaviour and attitude to the world through multilateral forums and so forth, standard setting. Firstly, do you agree with that? Secondly, do you have a view about that dichotomy?

Mr White—I am normally regarded amongst my colleagues as one of the last dinosaurs of the realist era, so I should declare an interest on this one.

CHAIR—You are perfectly entitled to be a dinosaur if you want to.

Mr White—Or one of the first dinosaurs of the new realist era. That way of talking about the conduct of foreign policy is a useful way of arranging one's thoughts, but I have to say I have always found when you look at policies that governments pursue there is less difference between them than that kind of structure would have one suggest. The Menzies government in its day could be surprisingly multilateralist. These were after all the guys who gave us the Colombo Plan as well as the ANZUS alliance, and Labor governments could be extremely realist. The efforts that the Hawke government went to, particularly in its early years, to legitimise its hold on the US alliance, to consolidate the US alliance, to bring strong defence forces and so on all looked very realist and to a certain extent were disappointingly realist to a lot of their supporters on the left of the political spectrum.

CHAIR—Some would say that it was necessary for a Labor government to assure Washington that it had a healthy regard for the alliance in order to be able to pursue its idealistic agenda.

Mr White—I think that is true. I would not want to second-guess you, Chair, on the psychology of these things, but from my own exposure to some of those ministers, at least, not even just the ones like Bob Hawke and Kim Beazley, who might be more readily identified as realists, but even people like Gareth Evans, who, although he has a very strong institutionalist and an idealistic slant to his approach, could be very realist at times. As an attempt to organise one's thoughts, that is quite a useful spectrum. As a way of characterising the actual policy of governments, I think it is less compelling.

One of the points I was making about this document in my introductory remarks is that when you get below the first level of rhetoric it does not seem to me that this document is advancing a distinctively more realist foreign policy than its predecessors. The other point to make is that the appeal to values is not a realist habit. Realists like to keep their conception of national interests nice and plain and pure and simple. Values are very dangerous things. They lead to all sorts of crusades. That is a deviation from the realist paradigm.

CHAIR—But I think you said you thought that the values did not cut—

Mr White—Well, I do not. Overall, as I say, I think the appeal to values and, for that matter, even the appeal to interests is not sufficiently thought through and deeply rooted in the actual structure of the document and the structure of the arguments to constitute a real change in the way our foreign policy is conceptualised. In other words, it is a bit of a change in the way it is described but not in the way it is thought through and delivered.

CHAIR—We have questions on the engagement with Asia, the South Pacific, the United States and the United Nations. If I could cut it down to a bit of detail, looking at the issues of the war on terror, have we missed out in dealing with the war on terror comprehensively by not having a visible economic agenda to deal with the social problems that give rise to being prayed upon by fanatical organisations? Is there an economic dimension that is being overlooked in the debate about how we deal with the actual event?

Mr White—There are a couple of points there. The first is that the phrase 'war on terror' is a metaphor and I think not a very instructive one. The word 'war' carries all sorts of connotations and leads us to think of the task ahead of us in particular ways which in the end are not very

helpful. Most of the time, military means will have very little to do with addressing the problem of terrorism, even where you are addressing the immediate prospects of an attack and the immediate recovery from an attack. Military means anywhere—the ADF in Australia's case—will be a small part of the picture. If you want to spend money on improving our capacity to prevent terrorism in the short term, spend it on the intelligence services and the police force, not on the ADF. If you want to spend money on helping us to recover, spend it on fire brigades, ambulance services, state emergency services and so on, not on the ADF. There is an ADF role but it is five per cent of the problem.

CHAIR—Burns units in hospitals.

Mr White—That is right. Hospitals are an absolutely classic example. Although the government has done a lot of good things and the sustained increases in funding for the intelligence agencies is a sensible step, I continue to have the sense that we have slightly overemphasised the ADF aspect of this picture and underemphasised all the other aspects. That is the first point to make. Your point is a broader one still—that is, have we underemphasised the longer-term tackling of the causes?

CHAIR—We talked about Indonesia a moment ago—and by the way, I agree 100 per cent that one of the big challenges for this country is to see how we can, sensitive obviously to the national sovereignty issues of Indonesia, help them strengthen the basis of democracy in that country. If you look at the Indonesian economy, the level of people living below the poverty line has increased over time. It is an archipelago that is rent with various separatist movements. I do not think—this is a view of mine—that poverty per se causes terrorism, but poverty and the depth of it creates a pool of people who can be recruited to terrorism.

Mr White—I think that is right. Terrorism is a global problem and there are genuine global dimensions to this. Young Indonesians who might feel inclined towards terrorism, if it is extremist Islamic terrorism, will be influenced by things that are happening in the Middle East, for example. It is a big call to say of Australia that we ought to be setting a foreign policy to solve the problems of the Middle East, which obviously needs to be done as part of a long-term approach to terrorism. But Indonesia is where the terrorist problem—perhaps also to a certain extent the Philippines—really comes home to roost for Australia. That is where I would focus our efforts, and there I think there is a lot more we can do. I would not say primarily on the economic side or solely on the economic side, because there is also an element of politics in this as well.

CHAIR—Is there a missing dimension?

Mr White—I think there is and it is exactly that kind of missing dimension that I meant when I said if I was going to identify four big issues one of those would be Indonesia and I am trying to summarise that very complicated set of issues by mentioning Australia's stake in the success of the democratic experiment in Indonesia. Australia will be a much more secure country if 10 years from now Indonesia has a robust and functioning parliamentary democracy or presidential democracy which is delivering stable and effective government which has restarted economic growth and which is starting to absorb the huge exponential increase in the work force. It will be a much less secure country if 10 years from now the democratic experiment has either petered out or blown up and we have to return to an authoritarian regime, we have progressively

intensified Islamisation of Indonesian politics in ways which carry, if you like, xenophobic and anti-Western overtones if the economy continues to be stalled, and if there are large numbers of disaffected Indonesian youths with nothing better to do and so on.

If you are looking at the long-term threat of terrorism directed towards Australia, it is hard to see a higher priority than working to support the Indonesian democratic experiment. Although it is a terribly hard thing to do because Indonesia is a very big, complex and self-contained society, if Indonesia's democracies were to fail next year, the year after or the year after that, we in Australia would look back and say, 'What did we do between the years of the fall of Suharto and the collapse of the democratic experiment to try to nurture this thing and help it succeed? Were our efforts commensurate with the huge interests we had at stake?' I think on present indications the answer is that we did not do enough.

Senator HOGG—So really what this boils down to is some decent form of aid analysis which seems to be lacking in the document that we are discussing.

Mr White—I do not think it is just a matter of aid.

Senator HOGG—When I say 'aid' I mean that in the broader sense in terms of the form it takes, the quantum and the quality of that aid. That might not necessarily be in terms of strictly money.

Mr White—That is right and I would also say the objectives. It seems to me what I miss from this document is a very simple set of four, five or six big objectives that we want to achieve. If you take the Indonesia one, which is as important as any, and say that the aim of Australian foreign policy in Indonesia is to support the emergence of stable and effective democratic government, full stop, that is our five-year objective, it sounds about right to me, I have to say. Now what are we going to do about it? Then we can say we have to do more on schools, we can probably do more to support independent journalism, we can probably do more to support the NGOs in civil society.

CHAIR—And look at our own resources.

Mr White—That is right. How well do we understand the democratic politics of Indonesia at the moment? Are our diplomats getting out to all of the smaller parties in the MPR, or have we only got enough diplomats to cover the big ones? Are we covering TNI well enough to know whether there are not some colonels in east Java who are deciding it might be better to go back to the good old days? These are the things we really need to have a handle on. It is in that kind of area where you can set yourself some broad objectives and you can then go through the normal processes of government and say, 'How are we going to make that happen?' Some of it will be straight aid but I think some of it will be a thickening up of relationships, a stronger educational relationship, for example, which can have a strong commercial as well as an aid component to it. That would seem to me to be a very big part of it. Part of it will be straight politics.

One of the things that inhibits us in working to support the democratic experiment in Indonesia is the residual suspicion of Australia left over from 1999 and the events related to East Timor. It is a bit tough to blame the government for that. They were tough times and these things are all going to happen. I do not think that is just a reflection of mismanagement or something. I

think the government has been right to think it is no good tearing straight back in after 1999 and trying to be lovey-dovey again, but I think we have a big national agenda to rebuild that sense of trust between Australia and Indonesia and that ought to be an important part of that broader objective of doing what we can to support democracy in Indonesia over the next five years.

Senator MARSHALL—The issues confronting the Solomon Islands today are the same issues that were around during the development and release of the white paper. They are no different. But the white paper indicated that Australia cannot presume to fix the problems of the South Pacific, that Australia is not a neo-colonial power and that only local communities can find workable solutions. Did the white paper simply get it wrong? What is your view of Australia having a more interventionist and direct role in the South Pacific?

Mr White—I do not come to this issue with clean hands. It was my institute which produced a report which I will at least claim—I am not sure exactly what the foreign minister would say about this—was very influential in changing the government's thinking about this issue.

CHAIR—I should say we as a committee were in the Solomon Islands about a week or so before the decision.

Mr White—That is right. My reading of that language and of other language that the government used around that time was that it reflected what has been a very deeply entrenched policy paradigm that runs back a long way. It really goes back to the beginning of the post-independence era, focused on a set of priorities which said that yes, there are problems out in the South Pacific, but it is impossible for Australia to get too deeply involved because that would involve a return to colonialism. We therefore have to set very clear limits on ourselves as to how far we go down that track. If we cannot solve our problems without violating those limits, we will not solve those problems and we will just let them develop. That seems to us at ASPI to be a non-viable policy position, because it seemed to me that the problems were getting sufficiently serious, sufficiently sustained and sufficiently widespread for a new approach to be required. Breaking paradigms is, so to speak, intellectually quite a traumatic process. It seemed to me that the official level, at least, confronted with our proposals was saying, 'No, we don't want to go down that route. That's not the way the paradigm worked.'

Without knowing the details of how this transition happened, it seemed to me that once ministers started focusing on the arguments we were making as opposed to officials they saw the force of what we were suggesting and were happy to pick those proposals up. I think what you see there in that language is what Fitz would call a friction of the policy process—that is, one set of ideas going that way and one set of ideas going the other way. It does accurately reflect what had been a longstanding policy paradigm but one that I think has been overtaken by events.

What is striking to me is how explicitly the government and especially the Prime Minister have described the new policy approach as a change in policy direction. It is normal in my experience for government, when there genuinely has been a change in policy direction, to try to minimise that. When there has not been a change in policy direction, there is an urge to maximise it. But this is an occasion when there really was a change in policy direction, and the Prime Minister has made a point of emphasising that this constitutes a significant new direction. I think what you are seeing there is the clash of two paradigms with the result that we have seen.

Senator MARSHALL—The main focus at the moment seems to be on restoring law and order. The way I interpret that is that it is about criminal activity, criminal gangs. I have a view that the law and order side also goes to the corruption issues that would appear to be at every level of civil society in the Solomon Islands and possibly elsewhere—will stick to the Solomons at the moment. Is it, and should it be, our policy to ensure that when we intervene in the Solomon Islands, for example, we actually leave it with a system to not only restore law and order in a traditional sense but also to ensure they are capable of stamping out corruption, particularly when it is probably fair for me to say that there is corruption at the political level as well as—

Mr White—Absolutely. We made that very clear in our report, *Our failing neighbour: Australia and the future of Solomon Islands*, which put forward a two-phase plan. Phase 1 in our plan, intended to last a year, was the restoration of law and order, and that in itself contained some integral elements for curtailing corruption. In particular, our plan proposed—and the government has adopted the idea—that alongside the police and the ADF that go in are some people to support the Solomon Islands judiciary to allow the processing of criminals and some people to support the correctional institutions, fix up the jail, which is in a pretty parlous state, staff it properly and so on. Also, Australian officials—they need not be Australians; I think most of them in this case are—not to put too fine a point on it, should take over the running of Solomon Islands' national finances, to curtail genuinely the wholesale corruption, including at the political level, as you have said, which has seen money flowing in and out of the Solomon Islands national finances in a very regular fashion. That is all in phase 1.

Phase 2, which we saw as being essentially a 10-year process, requires the rebuilding of a whole lot of institutions—the police, the judiciary and corrections. Look at least at the issue of constitutional reform. You have probably picked this up yourselves. There is a very strong sense in the Solomons that the present constitutional model is not working. We do not have a particular position on that, but clearly there is a hunger for examining the issues. That has to be done.

We need to do what we can to build the capacity of Solomon Islands' parliamentarians to function effectively as part of the government. We need to build the bureaucratic processes and strengthen the finance ministry, all the way out to enhanced delivery of services at least for a few years in the Solomon Islands itself in health and education, in particular, to redress some of the really serious collapses in service delivery and the human misery that has been caused by that.

It is a very broad agenda indeed. It is a long way from what one might slightly unkindly call 'the Afghanistan model', where you go in, kick the bad guys and then leave. The plan we put forward very much emphasised that this was a long-term job of nation reconstruction and that just to fix the law and order problem and then leave would achieve nothing. In chapter 2 of our paper, we spell out the reason why there are law and order problems at the moment is that there is a very complicated interaction between some short-term crises and some long-term weaknesses. If you left those long-term weaknesses, they would just push you in the same direction as the first time crisis. So you would get nowhere. You would be wasting money, apart from anything else.

My very strong impression is that the government has understood that and is settling in for a very long haul in the Solomons, and it has conveyed that to other participants, including the Kiwis and so on. My very clear understanding is that the government has taken that on board and

it is very much part of its thinking about the way forward. We have talked to AusAID and some of the other people involved, and that is pretty clear from the approach it is taking. I think that has registered.

CHAIR—We are over time, but if I could just quickly ask two questions because it would be wrong to leave you without putting these. The first one concerns the United Nations. In this document it asserts that the UN requires reform, but it provides little about what that reform should consist of. I guess you have to therefore read in what the government has said at various times about the UN system. I cannot resist this question. Given the failure to detect weapons of mass destruction in Iraq, does that mean that basically Hans Blix had it right and his procedures were effective and that, in a way, unilateralism, by losing one of its central justifications for action, is now heading towards getting a bad name? It had a bad name in my view to begin with, I have to say.

Mr White—Put it this way: if the coalition had gone in and on day one, day 10 or day 50 had found a lot of WMD, then Hans Blix and what you might call the professed preference of the majority of the Security Council would have had a lot of egg on their faces. That is not to say that concerns, including concerns expressed by Hans Blix, about Iraq's WMD were not deeply held. One still expects they will find some WMD there, even though I personally always thought that invading Iraq was not the most cost-effective way of dealing with the WMD problem that existed.

I draw the lesson of that a bit differently. It seems to me that what will bring multilateralism back on the agenda—in fact, what is bringing multilateralism back on the agenda—is not the specific failure of the coalition to find WMD in the quantities they expected in Iraq; it is the actual challenges that the coalition is now facing in Iraq and elsewhere. In North Korea nobody believes there is what you might call a 'Bush doctrine' solution. In Iran nobody believes that there is a Bush doctrine solution. For that matter, I think there are fewer and fewer people in Washington who think there is a Bush doctrine solution to where they are in Iraq now.

The United States is going to face a binary choice in relation to Iraq over the next few months. Either it keeps working as it is at the moment, which is not unsustainable but is pretty costly, with 53 deaths as of this morning—and, in particular, with the limits that that structure places on its capacity to attract large-scale alternative contributions—or it is prepared to go back to the UN to change the basis of the international presence in Iraq, to hand over much more responsibility for Iraq's political evolution to the UN, to establish a genuine UN operation there. So it looks a bit like what happened in East Timor. Then on that basis it shares the burden.

Although I do not think it is by any means certain that will happen, that clearly is the policy debate that is under way in Washington at the moment. So even in relation to Iraq but certainly in relation to North Korea and Iran, and more generally in relation to the struggle against terrorism, the scope for what you might call 'classic Bush doctrine'—unilateral military interventions—is rather limited. I do not think there are going to be a whole lot more Iraqs. Mind you, I should publish a health warning here: I did not think Iraq was going to be Iraq, so maybe I am missing something here. But it does seem to me that the pendulum has swung about as far towards unilateral intervention as a model for international conduct as it can and it is heading back down towards the centre. That is not to say the UN is out of trouble, so to speak, but it is striking that as the US wrestles with North Korea, as it tries to work out what to do about Iran,

even as it tries to work out what to do about Liberia—it is very conventional, good old-fashioned 1980s, 1990s, ‘Let’s go to the Security Council and see what we can hammer out in New York’ sort of stuff.

What that proves to me is that Iraq was a bit of a freak. I do not think it was the beginning of a big new set of trends, and I certainly do not think it ushered in the end of the Security Council as we know it. That is not to say the UN could not do with some reform, and I think the structure of the Security Council does remain pretty anachronistic. However, even unreformed, I tend to think the Security Council still has a useful role to play. It certainly helped us in East Timor, and you do not want to forget that.

CHAIR—My other question on Iraq is: do you think the process of saying ‘Here is the constitution, you do not get a vote until the constitution is adopted’ has the thing around the wrong way? If a constitution is forced on a community, what validity does it have in terms of popular acceptance?

Mr White—I would need to know more about the internal politics of Iraq than I do to get a handle on that, but what strikes me about the interim council so far is that it has not proven to be a particularly adroit decision-making body. We are talking about a group of people that took a fortnight to decide it was not going to have one president, it was not going to have three rotating presidents, it was going to have nine presidents—did I get that right?—on two weeks turnabout, and it was going to write a constitution. Give me a break! I do not regard that as a very credible model at all. The risk there is not so much that they will write a constitution that will be foisted on the Iraqi people but that it will not happen.

CHAIR—The other area is Asia. Is there an under-recognition in this white paper of our relations with Asia?

Mr White—Like others, I had read the story in the *Financial Review* a few months before this came out that said this white paper was going to constitute a major reorientation of Australian focus from Asia to the United States. I read it looking for that and I have to say I did not find it. This government has of course continued to adopt a different rhetorical tone on Asia, at least as a whole, than its predecessors. But if you look at the way policy is run, I think there were some political moves and certain political actions, like the Hanson phenomenon, that gave the impression this government was putting less emphasis on Asia than its predecessors. But if you look at the effort that goes into China and the way that China is treated in this document, and if you look at the way the US is treated in this document, it seems to be more status quo than the rhetoric suggests. So I do not think this document marks even at the rhetorical level much of a shift of emphasis, and below the rhetorical level I do not see much difference at all.

CHAIR—The Dick Woolcott thesis is that we are not regarded in Asia as being interested in them. He gives a whole range of reasons for that over the last six years, and we really need to remedy that by re-engaging or refreshing our approach. As a status quo document are you saying—

Mr White—I do not think it does that. I think there is a legitimate argument—in fact, it is almost undeniable—that anyone who travels as an Australian in Asia is confronted with people whose impression is that we are less interested in Asia than we used to be. I think that

impression is somewhat eroded when one starts to analyse what is going on, but I do not think one can deny that is an impression. If it was one of the objectives of this document to try to undercut that impression, I do not think it has succeeded in doing that.

CHAIR—Would that be one of your points? How many points did you have?

Mr White—If you were to choose my four points, one of the points about those four points is that they do all have an Asia focus. So it would be a declaration that Asia is where we need to do the work. That is not to say the United States is not important, it is not to say that Europe is not important, but this is where we need to set ourselves some goals. You do not need to set yourselves big objectives where you are already in good shape; you need to set yourselves objectives where there are issues in which your long-term interests are closely tied up which need work. That is why I would take a more task based approach to setting long-term foreign policy objectives.

CHAIR—Thank you very much, Hugh.

Mr White—It is my pleasure.

CHAIR—We appreciate that. We may have some other questions to come back to you with.

Mr White—I would be delighted to come back again.

[3.16 p.m.]

DUPONT, Dr Alan Anthony, Senior Fellow and Director, Asia-Pacific Security Program, Strategic and Defence Studies Centre, Australian National University

CHAIR—Welcome, Dr Dupont. The procedure is to invite you to make some opening remarks and then if you would answer questions from the inquiry. Please proceed.

Dr Dupont—Thank you, Chair. I will make some very brief opening remarks about the white paper and then I will be very happy to take questions from you. The first overarching comment that I would make is that I think this white paper is a lot better than its predecessor, which I found excessively optimistic and really did not anticipate a lot of the changes in our security environment. In terms of the influences that would shape our foreign policy, I think this is a much more realistic document. It is more coherent and picks up on a lot of the seminal changes that we have seen over the last few years. Maybe that is because it is looking back rather than looking forward to some extent. Nevertheless, it has encapsulated some of the important changes that have taken place, particularly in the areas of terrorism, proliferation of weapons of mass destruction and focusing on some of the internal conflicts in our region and the spill-over effect and implications for Australia. It has done that a lot better. It underlines some of the measures the government has put in place to address some of these challenges.

The irony, from my point of view, is that I do not think the government has sold itself very well here. When you read the white paper and you take on board what measures the government has done in terms of addressing those challenges and protecting Australian values and interests in the region, what strikes me is how a lot of that has not come through in the government's other pronouncements about foreign policy in such a coherent fashion. Some of the most important and positive responses have been pretty much neglected, and that is surprising because normally it is the other way around. What is surprising is that the government has not done more to sell its message, not only in Australia but within the region, about what it is doing.

The third point—and this is to pick up on comments made by earlier witnesses—is that there is no doubt the government's rhetoric, especially in the first five years, was seen in the region as being, if not antithetical to the region, certainly not sympathetic. There was a sense that Australia was disengaging from the region. It was not that interested in the corporate body language and the national body language was fundamentally different from that of the previous government, and there was a lot of concern about that in the region.

In the last two to three years there has been the beginnings of a change in attitude among Asians about where Australia is going with its foreign policy. I do not think we have reached the stage where many of our neighbouring countries are still happy that we have turned the corner on this, but there is a growing perception that Australia is starting to re-engage with the region, if only because it sees the threats that are coming from the region. So it is engaging for reasons of national security rather than perhaps the reasons given by governments in the recent past. It is more about threats than opportunities, and that is an important point. We seem still to be in defensive mode when talking about South-East Asia in particular. We focus on the threats and

the challenges. In my view, we are not giving enough time to the opportunities that are still there. I think that is missing a little from this paper.

The final two points I would like to make are that, one, we still lack in this country an overarching whole-of-government approach to foreign policy, trade and national security. This is a sectoral paper. It is written by the Department of Foreign Affairs and Trade for its institutional interests and to reflect its core objectives. But increasingly what we are missing in this country is an overarching document where the foreign affairs white paper and the defence white paper can be seen to fit. There is a sense in which this is only part of the story. If you really want to understand the underpinnings of Australian foreign policy and trade policy, there is a document that is missing here, and I think we need to re-address this in the future.

The final point is on transnational issues. I give the government some credit for raising the profile of the transnational challenges that we face in Australia. That is everything from environmental degradation right through to water energy, food security, the threat from transnational organised crime, infectious diseases—the whole raft of new, emerging issues that have implications directly for us certainly in the foreign policy domain and even in the trade sector. So I do give credit to the government for doing that.

There is an attempt to deal with this in the white paper, but again what I find lacking is a sense of the connections between them—that is, you cannot look at these issues, for example, environmental degradation or water security issues, without understanding how they link with each other and how they are part of a change in the overall security environment, including how they connect to some of the traditional challenges that are out there. Also, I made the point before that there are opportunities for Australia to help the region address—opportunities in our own interest as much as the region's. Again, those connections are lacking, in my view, in this paper. Without further ado, I will leave it to you.

CHAIR—Thank you. On that last point, we have spent the morning considering our report on Oceania, PNG and many of those issues that you have just referred to. The transnational challenges are up there in lights in that part of the world. It is interesting that the juxtaposition of our inquiries is that there is a fair bit of carryover as we are looking at that part of the world and what we need to do about it. The transnational issues come to us quite starkly, I have to say. I dominated the questioning the last time, so this time I will start with my colleagues.

Senator HOGG—I have one brief question—and I do not know whether you were in the room when I posed it to Mr White—about my perceived lack of anything in here about our aid policy. It seems to me that so much of our relationship, whether that be with our near neighbours or even those who might be a little bit further removed, and any attempt to look at the form that it takes—the quantity, the quality, the delivery, the purpose, the objective of it and so on—just seems to have been glossed over in this document, yet it is something by which we are judged very much in the region and in the international forum. Would you like to comment on that?

Dr Dupont—That might reflect the two opposing views about the nature of aid generally. There is a view that aid should not be attached to policy objectives; it is something that we as a wealthy country should give willingly and it should not be tied in any particular way. There is a resistance to the idea that aid forms one arm of Australian government policy, or should form an arm of government policy. The other view is, of course, that, on the contrary, aid is very much

part of foreign policy—and trade policy, for that matter. It is all about us using our aid in a way that is going to benefit Australia and, therefore, there must be objectives set out. As you rightly point out, I do not think there is much on aid in this particular white paper.

Senator HOGG—There are about 4½ pages.

Dr Dupont—There is something there, but probably in terms of the balance of the document, you would be looking for a bit more. I suspect, though, as I said, that it does reflect the tension between those who do believe that it should be comprehensively spelt out about what our objectives are and what we are trying to achieve with our aid in some detail and those who believe that we should not go that far. That might be one explanation why there is not a more detailed prognosis there for aid policies and so on.

The other thing is that probably the nature of our aid and its objectives would be better spelt out in another policy paper—a separate one—because it goes beyond the Foreign Affairs and Trade portfolio. Aid does have implications for education policy. It is more of a whole-of-government thing. There is an argument to be made that aid does not neatly fit into this portfolio in its entirety, that it actually needs to be looked at in a broader context about what we are trying to achieve across the board in terms of our approach to national security and development in the regions and is not just the foreign affairs and trade matter. That might be a reason why there is not more in there. But I agree with you. I think that there could have been more and it should have been better linked to what our objectives are in terms of foreign and trade policy. I would agree with that.

Senator MARSHALL—You mentioned that we were missing out on opportunities in South-East Asia. Could expand on what you actually mean and what sort of specifics?

Dr Dupont—To give you an example, if we accept that some of these emerging transnational challenges do pose security problems for us and foreign policy challenges, then it follows, if we are trying to prevent some of those challenges emerging or becoming threatening, not only for ourselves but for the region in terms of destabilising the region, that it would make a lot of sense pre-emptively to try to address them at their source and to do that in an imaginative way that might further some of our trade objectives, for example.

Water is a coming problem for our region. Virtually every country in East Asia is going to have a serious water problem by, say, 2025. There are all sorts of things that Australia can contribute in terms of building capacity to manage water, to identify what the causes of water scarcity are, to build, as I said, capacity in these countries which are primarily developing states, to use some of our expertise and some of our knowledge of trying to provide for water in a very dry continent. We do have some expertise that we can sell—scientific, irrigation technology and so on. That tends to be seen by our foreign affairs and trade elites, I think, as being something for other departments to deal with. We use this term of ‘whole-of-government’ all the time rhetorically, but when you actually look at it, we do not do it very effectively. What we should be doing is identifying what the water security issues are, for example, in Indonesia or China, and thinking how we can employ Australian technology, management practices, governance and just general expertise that are going to result in some positive gains for us, not only in giving greater stability to the region in solving the problems but also earning money for us in terms of trade and investment as well. That is the approach that I would like to see us take more in a whole lot of

other issues, too—food, energy, even fishing for example, the depletion of fishery resources in the region. There is a lot that Australia can do there.

Virtually every one of those transnational issues—infectious diseases is another one, where the government has actually tried to do something, in fact. It has a program a \$200 million program to deal with the threat of AIDS. I think there is a lot more that we can do on the medical front. SARS is a classic example of what can happen if you do not get your policy settings right and link your health responses with a national security approach as well. They are areas where we can do a lot more to the benefit of Australia and Australians.

Senator HOGG—You speak of a whole-of-government approach. Who would take on the responsibility, in your view, for that whole-of-government approach? Would that be something outside of the Department of Foreign Affairs and Trade or are you looking at something being set up within the Department of Foreign Affairs and Trade?

Dr Dupont—I think it goes outside our existing institutions. The general point I would make is that the way we are structured for government today reflects the problems and the world of the late 1940s, early 1950s. That is when we set up our current departments. Fifty years down the track, the world as we all know has changed dramatically. We find that many of the issues we deal with today fall outside the jurisdiction of our current departments. No-one has ownership of the problem. Whether you are talking about people smuggling, water security issues or illegal fishing, for all of these kinds of things we set up clumsy interdepartmental committees to deal with them. My point would be that, first of all, we do need an overarching structure. It could be a national security council of some kind, which would have to be chaired by the Prime Minister in this country. It would be more than our current national security council—much more than that. It would actually develop policy. It would make sure that all the other departments are working to the national brief. It would define national objectives and goals. It would harmonise our foreign trade and defence policies and immigration policy and so on in a way that we do not do at the moment at the highest policy level. Then it would also have to have a capacity to direct, manage and coordinate national policy, and I still do not think that we have that mechanism right.

Senator HOGG—And what would bring about the mechanism? Is it legislative or is it—

Dr Dupont—I do not see any reason why it could not be an executive decision of the government of the day. I think governments are perfectly capable of making that decision. One of the main reasons why it may not happen is that there will be a tremendous bureaucratic resistance and political resistance because, naturally, a minister for foreign affairs is going to think, ‘What do I have to give up to make this work?’ and bureaucrats will be thinking the same way. So there will be a lot of resistance to this, and in fact there has been for that reason. It is becoming increasingly clear to me that we need to have some kind of overarching structure through which we can give substance to this phrase that we keep using—whole-of-government—when in fact if you look at what we do, it is not whole-of-government at all; it is sectoral.

CHAIR—You did mention that some interdepartmental committees are clumsy. If you include the one on people smuggling, having interrogated that committee, I might say that it may have been clumsy but, by God, it had a lot of focus about what its role was. That was because there

was a very strong stamp of prime ministerial authority behind the coordinating chair from the Department of the Prime Minister and Cabinet that made every other department toe the line. The other part about that, too, was that it was a clear controversial and national issue and the departments all knew that they had to get this right. Without commenting any further about that committee, we seem to be able to produce an effort in those circumstances, but in the circumstances where there are problems looming out there that we can anticipate and take remedial action in advance with the same degree of urgency and focus, we do not seem to be very good at that. I am not sure who is, by the way, but we are not. That is quite an interesting point. This is a weakness in our overall structure that ought to be addressed. How strongly do you put it to us?

Dr Dupont—I put it very strongly. It is not only structural; it is attitudinal, and attitudinal is the more important part of this. The two weaknesses are: one, as you pointed out, we do very much focus on the here-and-now issues—and we can all understand why that is—but still I cannot believe that we do not have the capacity to get our medium to long-term planning better than it is, in other words, to anticipate trends and to build into our policy process, even in the life of one government, some preventive measures and some objectives and strategies for dealing with them. They are not all that difficult to anticipate. Most issues do not arise out of the blue; you can see them coming and people do see them coming. It is just that governments do not have time or they feel that they do not have time to focus on them because it is not in the next week or the next couple of months.

We have to do something about that. That is an attitudinal thing. If you do something about that attitudinally, then you will look at your structures and say, ‘We need to have some mechanism that can assist the policy makers to think forward, develop policies and maintain their focus and the focus of their bureaucrats.’ If do you not have some structure in place to do that, then, of course, it is not going to happen because the bureaucrats are doing what they are paid to do, which is look after their own sectors, and you cannot blame them for that. So I think two things are required there.

The costs of not getting this right now are going up all the time. Twenty years ago, people were saying the same thing, but it did not matter so much then because we were not part of the global village and the whole rate of change was much slower. Now, of course, it is not the case and increasingly the problems that we are dealing with are not just national problems; they are global international problems that affect us all. We have not really thought through the strategies that we need to deal with this in foreign affairs and trade and in many other sectors as well.

Senator HOGG—So you are saying that there is a financial cost to this as well?

Dr Dupont—Absolutely.

Senator HOGG—Can you quantify that? Is it possible for it to be quantified?

Dr Dupont—I think that you could get some ballpark figure on the cost of not addressing certain problems in a strategic way. To come back to the example I gave you before about water security, it is not that difficult to look forward 10 years into the region and see what the problems will be and put some figure on them if they are not addressed. It is not that hard to do, actually. That would be your starting figure. If we do not address these problems, then this is roughly

what we are looking at in terms of cost or energy. You can do the same for energy as well. So you can do that. Then what you hope is that, by taking effective pre-emptive action and developing strategies, you can bring the cost of that down to where it is within manageable proportions.

These are critical issues. It is a problem for Australia, we can cope with it better because we are a developed country; we have the resources. If you think about countries like Indonesia, the South Pacific—most of our Asian neighbours—they do not have the resources to deal with it. So Australia has a role to play here in terms of resourcing it, thinking about it strategically and integrating our policies into those other regions to combat these problems. Water, for example, and most of these other transnational issues—infectious disease, SARS—are problems that we all face.

Senator MARSHALL—Is the Solomon Islands an example of what you are talking about, too, with early intervention? If they had had those structures that you are talking about, would we have reacted differently?

Dr Dupont—I think the answer to that is yes. I am not trying to suggest that, if we do this, all of these problems are going to go away. But it has to be a lot more effective. If you take the South-West Pacific, or the small South Pacific countries, people have been talking about the problems that they face for decades. It is only now that Australia has started to realise, as this government has realised, that if we do not act now, the problems down the track will be much greater, not just for the Pacific but for us as well. At the end of the day, we are going to have to pick up the pieces. That has been the underlying imperative in forcing the government's hand on this new policy of cooperative intervention, which I think, if it is applied sensibly, is the right way to go, although there are some risks there. But you have to take some risks. We are doing what we probably should have done maybe a decade ago when the problems were not quite as serious and would not have been quite as costly. So if you do not do things early—it is always better to do them early, of course, because the costs are greater when you let the problems multiply. I think that is what has happened in the Pacific.

CHAIR—I have just written a piece for another report which actually makes that very same point. Because you have agreed with me, I obviously think that you are right! There appears in the white paper not to be an overarching view about Australia's role in world affairs. The overview describes the white paper as setting out 'an integrated mosaic of challenges and strategies for Australian foreign and trade policy in the years ahead' and there are a number of references to practical and case by case involvement, but it does not seem to tie them together. For example, there is no discussion about middle-power diplomacy or issues of that nature. Is that one of the things that you are saying is lacking here?

The other part of the question is: coming now to Asia, the white paper comments on emerging regional architecture—ASEAN+3, for example. The transnational issues that you are talking about are issues predominantly in our region—or at least the ones that affect us are—and if we were in structures like ASEAN+3, that would give us a more influential position to act on transnational issues, both in the region's interests and in our own self-interest. Is that a reason why we should look for more ways in which we can become part of the emerging Asian architecture and the fact that that is not spelt out as an objective is a weakness?

Dr Dupont—I wish I had an hour or two.

CHAIR—I am sorry about that.

Dr Dupont—On the first point, it is the vision thing. Of course, this is a sensitive one politically. There is a feeling, a broad perception, I think, in this government that we—

CHAIR—You are able not to worry about political sensitivity. Just tell it straight.

Dr Dupont—I will tell it straight. I think the perception was that we OD'd on the vision thing under the Keating Labor government and I think that this government has consciously taken a minimalist approach—a practical, businesslike approach to dealing with the region. I would like to think that there is a position midway between those two where we develop some kind of broader vision, or a statement of objectives about where we think the region is going and where we would like it to go and what Australia's role would be in it. I think that has been lacking for the duration of this government. The government has been very good at singling out issues and putting in place some fairly effective measures to deal with them—single issue things—but I never get a clear sense overall of where they are going, or what they are trying to achieve, or what all of this actually means in the longer term. So I think that that is lacking in this document. I would like to see more of it.

Part of that is selling the policies a bit more effectively, too, because there are some very good things in this white paper that I was quite surprised to read myself and I was not aware of—and I do follow these things quite closely—for example, the initiative on AIDS and some of the education initiatives and so on. I think that they are very positive, but you do not hear about them much and that is because there are not enough coherent speeches on foreign policy at the macro level explaining where Australian foreign policy goes. So I do agree that that is missing. I would like to see more of that in there.

On the second point about the architecture of the region—should Australia be pushing to be part of the architecture?—there are certainly institutions that we are not members of, like ASEAN+3. Let me answer that yes and no. Yes, we do need to be part of as many of these institutions as possible for fairly obvious reasons, but I think that we have moved on in the last five or 10 years to the point where these institutions and regional associations are not as important as they once were because of the way in which globalisation is impacting on the region. There is now less talk about Asia and Asians doing things and more about countries looking at their individual national interests and pursuing bilateral objectives, whether it is in trade deals or whatever. People are doing their own thing and looking after their national interests. That glue that held the region together back in the early to mid-1990s, that sense of an Asian identity emerging and that we needed to be part of it, has fragmented a bit.

So I think we need to take cognisance of that. We do not need to waste too much time and energy on trying to get into institutions where we are effectively barred. ASEAN+3 is one, and essentially that is because of the attitude of the Malaysians. I will be frank about that. If there is a veto on our being a member of ASEAN and ASEAN+3 and so on, then any Australian government has to look elsewhere and look at the options. I think that is what the government has done, and I think that is right. On the other hand, I think there is more we can do to remind the region that we are committed, we are part of the region and we do care what happens, not

just because of money and security but because we do feel our future is tied up in this region long term. That means things like education, people-to-people links and so on. I think we are not pushing that button enough. The sense in the region is that Australia is interested in us only because of the money it can make or the trade opportunities. There is no sense of long-term commitment and that does affect countries' responses, just as it does people. I think that is where we have lost out a bit.

CHAIR—In the beginning of your book you give a lyrical description of the smoke haze problem in Kalimantan. If we are locked out of ASEAN+3—not specifically Malaysia but more particularly the Prime Minister by blackballing Australia—my understanding of your concern about transnational issues is that we need to be in a situation where we can influence some of those solutions. We cannot solve those problems on our own; it requires region-wide solutions. If we are out of that architecture, should we be more active in inventing architecture appropriate to those issues so that we can play that role?

Dr Dupont—There are two ways you can look at this. The answer to your question could be, yes, we do need to be in more institutions for the reason you have given. In other words, there is no need for any more institutional building; just be more effective in the use of the ones that are there, making sure we are members of them. I think we should do that. In fairness to the white paper, there is some comment to the effect that Australia would like to be a member of ASEAN+3 at such time as is appropriate. I do not know that there is much more we can do there.

However, I think there are more innovative ways of dealing with some of these issues outside the existing architecture. That then raises a question: what new forms of cooperation can we have? I think a lot more of our responses should be channelled into subregional mechanisms, because it is a much better focus. The problem with a lot of these, ASEAN+3, ARF and so on, is that they are too big. If you want to deal with a specific transnational problem which you think is very important to Australia, you might find the South-West Pacific Dialogue a better subregional mechanism for dealing with certain issues closer to home, or maybe there is a need for different kinds of subregional associations—bilateral or trilateral. For example, we have a trilateral meeting with Indonesia and East Timor. You can often take much more effective practical responses in the smaller groupings.

I think the overall problem with a lot of the existing architecture is that there are now too many players and they have lost focus. Even in ASEAN, for example, which will have a membership of 10, it is much more difficult for the ASEAN countries to focus on their particular problems. I would say: let us use the existing architecture in terms of building awareness about the broad range of threats we face and the challenges we face, but when it comes to putting into effect responses you are better off working down at the subregional level, even bilaterally or trilaterally. I think it is more effective, as a general rule of thumb.

CHAIR—My understanding of the existing architecture is obviously from a trade perspective. So there may be architecture out there on other issues that I am not particularly well aware of or familiar with, but I am certainly aware of the defence cooperation arrangements we have with ASEAN. I do not see anything else that provides us with an umbrella in the case of ASEAN to deal with transnational issues.

In the case of the plus 3—Japan, Korea-South Korea and China—some of the transnational issues are apparent in their economies too. I think desertification is now creeping towards Beijing. It was about 150 kilometres away when I last heard about it. Australia has competence in dealing with land degradation. In fact, that is an exportable good—land management, land degradation, clean water management and things of that nature. Perhaps we are not always a brilliant example of it, but we have high competence in those areas. If you do not have the architecture, how do you actually run those issues, apart from raising them bilaterally?

Dr Dupont—The way I see it is this: if you take the existing architecture at the multilateral level starting with the United Nations and working down to your ASEAN, ASEAN+3, APEC and so on, I think the important point about those organisations is that you get these issues on the agenda. First, it is a consciousness-raising exercise and, second, agreement that these are priority issues for everybody. That is very important. Once you have political recognition of the problem, it means you can attract resources and presidential/prime ministerial attention, which is effectively the same thing. You have resources in general to deal with them, but you need to go down the lower levels to develop effective strategies for dealing with the problems.

For example, if you look at desertification in China, at the United Nations level and perhaps at the level of the ARF you would get that on the agenda as being an important development, economic and security issue not just for China but also for the region. You would get that ticked off and there is acknowledgment of it and so on. That then enables you to get the money and to marshal the political support to make these measures work and to get the money to get them on the agenda; otherwise, they tend to be regarded as marginal issues or issues to be dealt with by economic departments. They are not top-of-the-tree issues for the Prime Minister to look at, and that is where they have to be. They have to be up there rather than down there. For too long they have been down there. That is how I see the various structures working in harmony with each other. So consciousness raising, financial resources, political will and then effective programs for managing and dealing with the issues. That is how I would see the layout from top to bottom.

CHAIR—Not wanting to pin you down if you do not want to be pinned down, is APEC then a structure? Should APEC—which Gareth Evans described as four nouns in search of a verb: Asia-Pacific Economic Cooperation—build a dimension looking at transnational issues? It has certainly built a dimension looking at security issues.

Dr Dupont—It does already, but one of the problems is that everyone is biting off a bit of the pie. Everyone recognises these issues are rising in salience. Each of these organisations is addressing the whole transnational agenda, but it is like the point I made about the sectoral approach. The people at APEC are looking at it from an economic point of view, the people in the ARF are looking at it from a security point of view, but who is able to take the problem as it exists, with all its dimensions, and develop effective strategies? This is your point about whether we need some other mechanism. I think there is a case to be made for the whole transnational agenda that you could have a specific mechanism for dealing with it. The political realities are such that it would be very difficult to get that up because people in the region will say, 'We have so many institutional mechanisms; we do not need another one.' The next best case is for those existing institutions to deal with them more effectively and to integrate their approaches. APEC should be talking with the ARF. The security people and the economic people should be talking together and perhaps running meetings, conferences or whatever where they look at the problem with the relevant expertise that they can assemble. Then you have your heads of government

meeting with APEC, which is the only heads of government meeting in the region, where perhaps they deal with the issues at their level when the experts have talked about it. That might be another approach.

CHAIR—We did have an APEC science ministers' forum which at one stage took on the job after an earthquake in Japan, and one in California took on the job of looking at mitigation of natural disasters and had the potential to go wider than that, but it seems to have folded. Anyway, that is a very interesting point. I want to rove now a bit more widely than your basic thesis about transnational challenges, although I think that is a very important element that we tend not to place sufficient weight on. But, as I say, it has come to us quite markedly when we have looked at the South Pacific. The white paper discusses the United Nations. It says it requires reform. It does not go on and articulate what that reform should be. Do you have any views about that?

Dr Dupont—I think it is accepted that the United Nations has, and always has had, its failings. I think the government has acknowledged that notwithstanding its failings it has still an important role to play. I think there has been a misperception that the Howard government has been arguing that we just throw the UN out and forget it because it is ineffective. I do not think that is quite the case. If you look at what it says, there is a recognition that the UN has an important role to play but that it does need reform. I think even the most ardent supporters of the UN as it is today would accept that there is a need for reform. Most of the reform agenda is focused on the P5, the permanent members of the Security Council. Are they representative of the world in 2003 as it is today? The answer is no, they are not. What can you do about it?

CHAIR—India would certainly argue that they are not.

Dr Dupont—That is right, and most people would accept that it is not. The vested interests and the inertia are such that it is going to be extremely difficult to change the structure of the United Nations, in my view, fundamentally. It may happen, but I have got my doubts. If you cannot change the United Nations, the next thing you do is accept its deficiencies and recognise its strengths, which it still does have, and you look to build on those strengths to improve the UN as it is, but not put all of your eggs in the UN basket. That means you do need to look at operating sometimes with, as the government calls them, coalitions of the willing.

But I think more and more the world is moving towards countries in a particular region taking on responsibility for the problems of that region, working with the UN where they can, but if they feel they cannot—this is where it gets contentious—doing it alone without UN support. The question is: if you do that, what criteria do you use for legitimising that kind of behaviour? That is still a very contentious issue. What is the moral and legal justification for intervening in the affairs of another country? There is no answer to that. It is a political judgment you make. Take Iraq as an example. We have all got our views on Iraq. The thing is that if you throw out the United Nations with its established principles the onus is on you to come up with a set of principles that is going to persuade people that it is at least as good as, if not better than, those that apply to the United Nations. To balance those, the conflicting norms are non-intervention in the internal affairs of sovereign states, and humanitarian intervention. They directly collide.

The problem is that, while we emphasise the importance of respecting sovereign boundaries, we also are beginning to recognise—certainly in the last 10 years—that some governments have forfeited their right to represent the people of their country, and therefore there is a justification

for intervening in the affairs of countries where the governments are not representative or where they actually have no control over their country in terms of failed or failing states. So there are circumstances in which you can intervene.

This is a very long answer to your question, but what I am saying is that, yes, the United Nations does need reform. I doubt very much whether that is going to happen fundamentally. It still has an important role to play and I think that, increasingly, we will see coalitions of the willing being formed to deal with specific sets of problems and we will see an emerging set of norms to guide behaviour that, ultimately, I think will have to be endorsed by the United Nations too. That is where it is going to get tricky. Iraq is very illustrative of the contested nature of this debate about interfering in the sovereign affairs of a country and humanitarian intervention. Which principle should apply?

CHAIR—It is a bit like democracy. Democracy basically is a terrible system, but it is a million miles better than anything else we can think of. The United Nations has all sorts of imperfections, but in terms of a global overview and the setting of global standards it is hard to see what else you would do but have a body such as that. If that argument is accepted, the issue of unilateralism becomes: you cannot have one if you support the other, because then you are in the business of cherry picking which decisions of the UN system that you like and acting on those and which you do not and acting unilaterally on those. If everyone did that, you would not have a system at all.

Dr Dupont—You are quite right. That point has been made by a number of critics of, say, the Western intervention in Iraq. That very point has been made. The way I see it is that the coalitions of the willing that are being formed can be justified in terms other than unilateralism. A coalition assumes that it is not a unilateralist action. It might be a small coalition, but we are not talking about a single country imposing itself in a hegemonic way unilaterally. Even when the United States went into Iraq, it did have nevertheless a small group of countries supporting it, and we were one of them.

There is a tendency to talk about unilateralism in an unreal way. There is no one country, not even the United States, that is going to impose itself and always be able to do so. But what we are talking about is: what happens when the UN is unable or unwilling to act in a situation where enough countries believe there is a case for action? Take as an example the multilateral action in the south-west Pacific, the Solomon Islands initiative. Does that mean that we do not do anything because the UN has not been able to or is not willing to endorse it?

We do have to change. We need to accommodate the general movement away from seeing the UN as the only body that is legitimately empowered to take multilateral action to allow for circumstances where there may be cases for multilateral action, including intervening in the internal affairs of sovereign states under certain circumstances. It is the ‘under certain circumstances’ part which needs to be sorted out—what are the principles that apply. There is a lot of work being done on this at the moment. In the next three to five years we will see a set of guidelines which will inform these coalitions of the willing in the future, and it will make it much more difficult for the US to do another Iraq, I would expect, in another three years time, because there will be more constraints on it.

CHAIR—Do you also come up against the problem, though, particularly if you take into account the philosophical dimension of this—the realist view—of acting only when your interests are at risk and not to the broad principles you invoke to justify your action? Let me illustrate that. In the case of Iraq, the argument became at the end that regime change was necessary because this was an oppressive, dictatorial government that murdered its own people and used weapons of mass destruction against them. There are other governments that are guilty, if not equally, of heinous crimes against their own people—Burma or Zimbabwe—but we do not take action in their cases. So you get this explanation provided to fill the vacuum: ‘Why don’t we? Well, it’s all about oil,’ or something like that. That degrades any sense of, if you like, objective reasoning and looks at it in purely self-interest terms where might is right. Do you not run that risk?

Dr Dupont—This is an age-old problem that we have faced in thousands of years in the conduct of foreign policy. We all like to think we are adhering to principles, but the reality is that might is often right—that is, those who are mightier, who are the mightiest, can impose themselves and do impose themselves and use all kinds of justifications for what they are doing. It is never going to be any different, to be frank. But I suppose what we are trying to do is get a better world where people are more accountable for their actions and where some principles apply. Yes, that is why the United Nations was set up in the first place and why most countries sign on to it. We do not want any single country being able to impose itself purely because it has the military, political and economic power to do so. I guess the point I am making is that, if you take the United States as the exemplar of the new unilateralism, even it under the Bush administration is far more constrained than the newspapers would have you believe in what it can do even in Iraq. Certainly it is going to find out that lesson in the next few years.

I like to think that the norms that were responsible for the setting up of the United Nations—the desire for a world order where some principles applied—are still very much alive, notwithstanding the example of Iraq, and that countries cannot just stomp around as they did 50 or 100 years ago and impose themselves. That will not work in the kind of world that we live in today; there are too many constraints. These are not only constraints imposed by other countries; there are norms that we see reflected in the attitude of ordinary people. It is all about the growth of transparency in the media. Even in authoritarian countries that is the case. In my view, principles still do apply. They are important. The constraints on unilateral action are growing rather than lessening.

All is not lost if you happen to be a supporter of the United Nations and the principles that underpin it. It is just that there are different manifestations of the way in which this is being implemented. I am not pessimistic about the direction we are going in the future in terms of what principles apply when you use military force. There are still many, many constraints—and they are growing constraints—on military force being applied without concern for the rights or interests of other countries and other people. It is increasing; you are not able to do that these days.

CHAIR—I come from a trade background, which may well distort the present for me. I go back to Bretton Woods in 1946. We created a series of international institutions—the IMF, the World Bank and the World Trade Organisation—in the immediate aftermath of the Second World War, because we had seen that the first half of the 20th century had been marked by economic depression, world war, economic boom, economic depression and world war. We

wanted to create an economic environment that smoothed out the peaks and troughs of the global economy.

In the case of the WTO, we wanted to create a rules based international organisation to deal with trade disputes, because it was argued that World War I and World War II were at least at one level trade disputes that had gone bad and were settled by force of arms. If you could have in place a structure of rules that could settle in a binding way those disputes, then you could remove the prospect of armed conflict.

I think in Bretton Woods we said, ‘Along has come this newfangled thing called the atom bomb, which means conflict becomes almost unthinkable.’ For a middle power like Australia—and this is really where the whole UN unilateral debate goes—what does it mean to us as a middle power? That gives us a great strength in the system where might in economic terms on trade deals is not right if they are in breach of what the agreed international norms are. But there is an objective rules based system by which those disputes can be settled. Currently, there is a dispute between Antigua, which has a population—I happen to know this because I had to read all of the statistics recently—of 25,000 people and is a micro state but is recognised as a country, and the United States, which is the biggest economic power, over gambling licences, would you believe? It looks like being settled in Antigua’s way and the United States will have to pay reparations to Antigua. In that case might was not right, if it pans out that way. But from an Australian point of view, where we are not a global superpower, does it not give us a sense of greater independence and autonomy to support multilateralism because it does serve middle and lower powers more efficiently than it does a more open system?

Dr Dupont—You are absolutely right to note that small and middle powers derive greater benefits from multilateralism than do large powers, because large powers do not need multilateralism or need it less because they have the leverage. You are absolutely right in principle. I guess the white paper and the government’s response might be that we are not opposed to multilateralism. We think it is very important for Australia, too. It is just that we believe we are putting a bit more emphasis on doing things bilaterally and even occasionally doing things on our own if we think it is in the national interest. So it is the emphasis you give to that. I do not think that anyone is arguing that multilateralism is finished and the rules that underpin that are finished. It is about the balance you place on all these things.

The other point that I think would be made is that if we are going to align ourselves more closely with the United States then we can benefit; we do not need multilateralism to the same extent if we are hitched onto the bandwagon of the world’s only superpower. I do not think that is being spelt out explicitly, but it does inform people’s thinking. If we are more closely aligned with the US, what the US wins, if you like, can benefit us more directly. That is probably where the government is going on some of these issues—certainly in terms of the free trade agreement with the US and so on. But I do not think anyone is arguing that multilateralism is not still an important and vital component of the structure for governing and managing world affairs. I do not think anyone is suggesting that. It is just the balance you give to it, and it will swing back again, I am sure.

CHAIR—I am sorry; we are really over time. I have Rawdon Dalrymple champing at the bit at the other end of a phone line. We have not been able to cover all of our brief, so if there are

some residual matters that we would like to come back to you on, are you available to answer those questions?

Dr Dupont—Yes, most certainly. I would be delighted to do that.

CHAIR—Thank you very much for your attendance. We appreciate that.

[4.10 p.m.]

DALRYMPLE, Mr Frederick Rawdon (Private capacity)

CHAIR—Thank you for making yourself available to our inquiry, Rawdon. I think this is the first time you and I have met while not in Tokyo. It is funny that in Australia we meet in a disembodied form like this. The procedure that we have adopted is the same procedure as that for all other Senate committees. We now invite you, as someone appearing before us, to offer us your views on the general subject and then we would like, if we could, to ask you a few questions.

Mr Dalrymple—Certainly. Shall I start then?

CHAIR—Yes, please.

Mr Dalrymple—Taking it from the committee's comments, which I have looked up on the web site, the main point I would like to talk about is what is described somewhere there as the overriding emphasis that the white paper *Advancing the national interest* puts on the US alliance. I think that the committee has made a good point in drawing attention to what on the web site is referred to as the factor of temporality, that is to say, the short-term considerations and long-term considerations in the national interest. The United States, like any other power, pursues its national interests as perceived by the administration and the Congress of the day.

At present the United States is short of unquestioning and supportive allies, especially on Iraq particularly. Even small allies like Australia are valuable. So Australia's standing is at an all-time high in Washington. But I do not think that really runs very deep and inevitably things will change. In due course, there will be another administration that will have a different agenda from that of the neoconservatives, who are the most influential factor in the present administration, and Australia's salience will probably decline. It has been subject to rise and fall in the past. Between 1943 and 1950 it declined. During the Korean War it rose. Under the Kennedy administration it fell. One factor affecting it—which certainly affected it during the Kennedy administration—will be United States' assessments of the major other countries in this region and Australia's relations with them.

If, for example, the United States again comes to attach high value to close relations with Indonesia or others in South-East Asia, as it did during the Cold War, it could again put that higher than the sort of intimacy which Messrs Bush and Howard seem to have developed. Indeed, Australia's wishes might in those circumstances be given little heed if they were thought to conflict with, for example, a United States policy of forging a broad front with Indonesia in particular or South-East Asia more broadly. That is a possibility that I think in the middle term future or more distant future is quite conceivable. If, for example, the United States and China reverted to great power rivalry, there could be a struggle for the allegiance or support of South-East Asia.

That temporal factor—the short and the long-term interpretation of interests—suggests to me that we really must maintain our emphasis on Asia and especially East Asia—that is, from China

down to Indonesia—and not let it be submerged by a total preoccupation with the alliance with the United States. Among other things, I think that factor suggests caution about being drawn into US action against China over Taiwan and it suggests giving support to United States efforts to strive for a non-forcible resolution of the North Korea issue.

The committee's comments also draw attention to the white paper's iteration of a view, with which I agree, that Australia's value to the United States and other allies has been partly because of the expertise that we have had here on Asia. That expertise actually is now declining, largely because of neglect and lack of support by the present government. Whatever the committee can do to pump up again support for the development and maintenance of Australia's expertise on Asia is important and valuable.

I turn briefly now to the free trade agreement with the United States and issues around that. It is mentioned in the white paper that the United States is now Australia's largest trading partner, bigger than Japan. That is a point that has been discussed a bit since the white paper came out in February. I think the Prime Minister referred to that and issue was taken with him, if I am not mistaken—just in the time available I have not been able to find the references—by Peter Drysdale at the ANU, who said that he was using f.o.b. figures for the trade with the United States and CIF figures for the trade with Japan.

CHAIR—That is right. He did, yes. The other part of it, too, is that 'trading partner' is used here rather than 'export destination'.

Mr Dalrymple—I was just going to make that very point.

CHAIR—We have a big bilateral trade deficit with the United States?

Mr Dalrymple—Yes, that is right, exactly.

CHAIR—It is two to one.

Mr Dalrymple—Yes, it is two to one. If you look at the export figures, Australia's exports to Japan are still twice as big as our exports to the United States. Exports to China will soon overtake those to the United States. That puts another perspective on it. All of this is in the context that, as the white paper itself mentions, exports are now 22 per cent of Australian GDP and growing. The share of exports in our GDP is of increasing importance to us. A trade agreement with our top importer, which is about No. 3 or so and probably soon to be No. 4 in our list of export markets, seems to me to take a bit of the shine off it, anyway. The other thing is that my own experience in the United States over four years in trying to reduce American barriers to Australian imports showed how entrenched some of those barriers are and how difficult it is to get a better deal on some of the things that are of main interest to us, particularly in agriculture.

CHAIR—I suspect we are in wild agreement on this subject, but I think 57 per cent of all Australian exports go to East Asia as a group and it is the fastest growing market, mostly because of the economic performance of China rather than Japan, which is now flat. Would you agree that that suggests that our priority should be in developing the relationship in that region?

Mr Dalrymple—Yes, I do think that. I am just not quite sure about that argument. Exports to East Asia are certainly the fastest growing at present, but they declined for a while. They have been higher as a proportion than they are now, is what I am saying. They were up to about 61 per cent before 1997. So it went back a bit and now they are climbing again.

CHAIR—They went back in 1997, did they not, with the economic crisis?

Mr Dalrymple—That is right—in 1997-98—they went back and now they are coming back up again and they will go on probably past the point of 61 per cent. One of the things that the government has claimed, which is not necessarily due to anything that this government has done, which is a valid point I think, is that Australia's reaction to the crisis showed that we now have a more robust, varied and competitive export economy than we used to have and that we should not be—this is in no way to detract from the point you made, Mr Chairman—preoccupied with East Asia if that means losing the focus on markets that have come up in recent years, such as the Middle East, South America, Eastern Europe and so on.

The final point I would like to make—because I do not see it in the committee's comments and it is absent from the white paper, too—is about the relationship between size, power and security. I do not know whether you know this, but I have been active and very interested in the debate about population in Australia, and I think that there has been an altogether regrettable lack of attention paid in that debate to the implications of population size for our security. It is focused very much on the environment and so on. While I do not disagree with that—those factors have to be taken into account—I think it is madness to altogether neglect the impact on security. Australia would be a more regarded and more significant power in 20 to 30 years time if it had about twice as many people as it has now. I have just been reading a book by Professor John Mearsheimer, University of Chicago, who is one of the leading international relations theorists in the world now. It is called *The Tragedy of Great Power Politics*. It is extraordinarily interesting in the link it draws between population size and economic size and security. I do not know whether any of your members have seen that book. It has had a big impact in the United States and elsewhere.

CHAIR—I certainly have not. I cannot speak for other members of the committee. Maybe I should have a look at it. Can I proceed with some questions?

Mr Dalrymple—Yes, sir.

CHAIR—One of the earlier witnesses today said that the white paper covered a lot of ground but it did not effectively set what its priorities were or what the objectives for Australia were. Is that a comment that you agree with or not?

Mr Dalrymple—I suppose that is true. A reading of the white paper certainly justifies that as a criticism of what is said explicitly in it, but I think implicitly one can infer that there are objectives in the minds of the authors or of those who put the paper out. One of them is quite clearly to sustain into the indefinite future Australia's membership and good standing in the west and the closeness of Australia's relationship with the United States. That is an objective which I suppose the authors would say is subsumed under or is directly related to Australia's national interest.

It seems to me you are left with the impression after reading this document—which I have not done for months, but I remember very strongly feeling this at the time—that advancing Australia's interest really means making Australia more secure by linking it more and more tightly with the United States and the other countries with which we have principal historical, cultural and other similarities and ties.

CHAIR—The realist line of thought?

Mr Dalrymple—I do not accept altogether that that is a realist line of thought. A realist foreign policy or a realist policy for Australia would primarily be to make Australia bigger and stronger. That would be the number one point. Since we are never going to be big and strong enough to cope with all conceivable contingencies by ourselves, it would also be to make sure we were on side with other countries that are bigger and stronger than we are and whose interests lie in cooperating with us. That is a more sophisticated and difficult thing than the white paper envisages in its rather straightforward linking with the US.

CHAIR—Sure. One of the other questions about the white paper itself is that it invokes the idea of the national interest in quite a few parts of the paper but it does not go effectively to defining that. Is that a comment that you would agree with or not?

Mr Dalrymple—Yes. I think it is always useful in such a document to define a national interest. If I am not mistaken—I cannot remember for sure—when we did the 1997 white paper there was an attempt to define the national interest. In defining Australia's national interest, you might want to draw on factors that you would not draw on if you were defining the national interest of Singapore or the Philippines or some other country.

CHAIR—Hugh White said there are three or four objectives we could have set down. The ones he ticked off were having the US-China relations and the relations in North-East Asia properly balanced; supporting and promoting of the Indonesian experiment with democracy; the maintenance of viable states in the South-West Pacific; and the revitalisation of the regional multilateral framework. Do you have any comment about those as particular objectives?

Mr Dalrymple—Yes. Let me make one general comment about all of them. While I have no particular disagreement with any of them, I am somewhat sceptical about agendas which cast Australia in the role of a highly activist operator in foreign relations as though we were a very influential country. Australia is capable of having some influence in the US-China context. As I said when speaking to you a few minutes ago, I think Australia should be exceedingly careful of any approaches from the United States or any suggestions on the part of the United States administration—the present one or any future one—that we should stand shoulder to shoulder with them in a dispute which might become a military one with China over Taiwan. I think we should keep our head down on that.

On Indonesia, we should of course do all we can and we should make sure that we are seen to be highly sympathetic and supportive of efforts in Indonesia to improve their governance, their stability and so on. On that, one rather controversial thing that the present government has done is to give public, very explicit and uncompromising support for the maintenance of the integrity of the Indonesian republic, including the province of Irian Jaya. I do not know how difficult it is

going to be to maintain that commitment in the future, but I think it is probably sensible for the government to have done that. We should certainly have done that.

One thing that Indonesians hate is the idea that Australians or an Australian government can teach them how to govern themselves. A lot of Australians do not realise that that is the case. There is occasionally a tendency to speak as though we are in a position to assist them to run their own country. That just turns them right off. It is better to say nothing than to get into that kind of debate. Whatever we do should be done with proper humility.

In that regard, I would like to mention that I think the behaviour of the Commissioner of the Australian Federal Police and his senior officers, who have been doing what has obviously been an extremely good job in coordinating with the Indonesian police and what must have been an awfully difficult job, have been exemplary in their public comments. They have never in all the times I have seen them on the television or read their comments in the newspapers allowed themselves to appear to be teaching the Indonesians what to do. It has always been in terms of cooperation and almost a humble approach, and that is exactly what was needed. What was the third point?

CHAIR—The third of the four points was maintenance of viable states in the South-West Pacific.

Mr Dalrymple—That is fine. Because we are so much bigger than any of them, we do not need to be as constrained as I think we need to be in South-East Asia.

CHAIR—Okay. I have Dick Woolcott's book *The hot seat* in front of me. I want to read a quote from the last chapter 'Reflections on Diplomacy' in which he says:

IN EAST ASIA, Australia has always been in danger of being the 'odd man out' in the region. Our cultural and historical backgrounds remain largely Anglo-Celtic.

He goes on to develop that point. Then he says:

We had, I believe, made substantial progress in consolidating our standing and acceptability as a partner of the region in the 1980s and early 1990s. We have virtually become the 'odd man in'. We were in fact constructively engaged with our Asia-Pacific neighbours economically, politically, in security matters and even culturally to a greater extent than before.

As someone who has devoted a considerable part of his career to promoting this national interest I have been saddened to see this position, built up over decades of bipartisan political effort and successful diplomacy, eroded over the last six years.

He goes on to talk about an article in the *Australian* in 2000 in a feature series 'Adrift in Asia'. I will bring this to a close because later on he summarises it—

... all these things have collectively risked reviving the image of Australia as an Anglo-American outpost, a regional misfit, uncomfortable with its location in its own neighbourhood. This drift is contrary to our defined national interest. It is ironic that it took the terrorist bombings in Bali to remind Australia that we must engage more, not less, fully with our South East Asian neighbours, especially in Indonesia.

The main challenge now ... is to reverse this drift.

Do you have any comment on Dick's views?

Mr Dalrymple—I agree, I suppose, with the general thrust. I think he is right in that there has been a falling off in our standing in the region and in the strength of the ties we were developing, but I would disagree with him and I think he gets it all wrong in implying that this was somehow due to Australian negligence or bad policy. No doubt there has been some bad policy, and I have identified some of that myself in what I have said to you and elsewhere, but irrespective of whoever had been in government it would not have been possible to maintain the type of relationship which Prime Minister Keating developed with Suharto.

With Suharto's successors in the circumstances in which we then were with the East Timor debacle, with the East Asia financial crisis and so on, it is just absurd to say that all the falling back in the relationship with Indonesia has been due to Australian negligence. It was due to a large extent to events beyond the control of Australia. So that is one point where I think he is quite wrong.

His earlier analysis which you read out of the policy on the Asia-Pacific reveals what he, like a number of others, have all along failed to understand, which is that many people fluctuate in meaning on the Asia-Pacific as that of the whole of the Pacific basin or sometimes just Asia, Australia and the South Pacific but not the United States and the rest of North and South America. That is just sloppy thinking really. It does not take into account the fact that for people in East Asia, particularly those who are most interested in trying to forge institutional architecture of East Asia, the Asia-Pacific is no substitute. To commit ourselves to something called 'the Asia-Pacific' rather than to 'East Asia' just will not get us into the ASEAN+3. I think Australians generally are not ready and were not ready even between 1983 and 1996 to commit themselves unequivocally to membership of an East Asia institutional structure.

CHAIR—Of course, Dick talks in his book about trying to join ASEAN, as a country.

Mr Dalrymple—I do not recall him saying we should join ASEAN. In any case, it is idle to talk about joining ASEAN, Peter. The ASEAN countries would not have Australia. During the Whitlam government that was raised and they said, 'Go away'. It is not a feasible option. It might be in 10 years or 20 years or something, who knows, but it never has been to date. If you want to know more broadly what I think about that book, you can read a review of it which I did for *Quadrant*.

CHAIR—Okay. I will look that up. In view of your remarks, I am just looking now at your speech that you gave to the seminar on *Advancing the national interest* at the University of Sydney in April of this year. I am sure you are more familiar with that speech than anyone—

Mr Dalrymple—I cannot remember really.

CHAIR—I see. You have a heading 'IR theory in Australian foreign policy in 2003' and you address the national interest. You say that the white paper is pedestrian stuff compared with the far less equivocal tone and content of the 1997 white paper.

Mr Dalrymple—Yes, I remember that.

CHAIR—Skipping on further down that paragraph where you say this:

But the ardour of the Howard government, at least since Deputy Prime Minister Tim Fischer left it, seems entirely directed at the United States and the United Kingdom. In the medium term, this is likely to place Australia on one side of a fault line in the world's geopolitics—a fault line that we may find it increasingly hard to bridge.

Could you just explain that comment a bit more for us?

Mr Dalrymple—At that time I was thinking that the ASEAN+3 thing would keep on gaining strength and would inevitably become a kind of rival group to NAFTA and the EU. I think these regional trade blocs inevitably stimulate other trade blocs to gain in solidarity for defensive reasons, if nothing else. I was also, I think, feeling that East Asia generally was becoming increasingly resentful of the exercise and threatened exercise of United States power and really wary about the Bush administration, and that would cause what I call a fault line to form between East Asia and the other side of the Pacific, and Australia would be stuck in the middle. If I were writing it again today, frankly, I think I would write it in somewhat less highly coloured terms. I have had a number of arguments with people about what the effects will be if we get this free trade agreement with the United States.

One of the points that has been made to me fairly forcibly on a couple of occasions is that there are several other countries in East Asia, and particularly South-East Asia, who are lining up to try to get such agreements with the United States and who would give anything to get the kind of agreement which allegedly we are going to be able to get. I am half persuaded about that. That has made a dent. It may be that what I said at the seminar that you were quoting back at me was a bit exaggerated. On that I would adopt a wait and see attitude. If in fact we now see Thailand, the Philippines and Malaysia all courting the United States for trade agreements like Singapore and Chile have got, I would have to admit that what I said before was exaggerated.

CHAIR—We are now inviting a debate on US trade policy from the point of view of the hub and spokes concept in conflict with the multilateral negotiations.

Mr Dalrymple—Yes, I know.

CHAIR—That is a whole field and we have not got time to go into it now. The white paper discusses the UN just briefly. It asserts that the United Nations requires reform, but it does not then provide any real detail about what that reform should be. Do you have any view about whether the United Nations requires reform in that context and, if so, what types of reforms we should be thinking about?

Mr Dalrymple—Australia has a history in recent times of seeking reform. You would remember that the late Peter Wilenski was sent there to get reforms. I do not know whether anything much came out of it.

CHAIR—I think Gareth wrote a book on it, did he not?

Mr Dalrymple—Yes, he did write a book about it. Whether he wrote it or whether Wilenski wrote it, I do not know.

CHAIR—That is right. But his name appeared on the flyleaf.

Mr Dalrymple—That is right. There are obviously lots of things that ought to be done. The salary structures and the rather ridiculous regional allocation of jobs in the secretariat are things that I think we were complaining about. But the current criticism of the UN, I think, has been stimulated a bit by the fact that, much to its huge annoyance, the United States was voted off the human rights committee and Libya was given the presidency. The United Nations people explained patiently, ‘Yes, but it was Africa’s turn and the Africans voted for Libya.’ To a lot of people that seems a particularly pathetic and feeble reason for putting Libya there.

CHAIR—It certainly fails the optics, does it not?

Mr Dalrymple—It fails the optical test; you are quite right. There are things that need to be done, but I would have thought that given the way that voting is structured in the United Nations the chances of getting any real reform are virtually zero. The chances of reforming the Security Council by kicking France off and putting Japan on, say, or having a joint seat for the European Union and another one for, say, Japan and another one for—

CHAIR—India is the other country that is pressing hard.

Mr Dalrymple—Maybe India deserves a go, too. It is just too hard. The French would never go voluntarily. To push them off the end of the seat—I think that was done in the IMF; I think they got the shove there at one stage—is too hard. I cannot really see anything much happening.

CHAIR—I guess, too, those remarks may be remarks made against the background of the greater prominence of coalitions of the willing to do things that the United Nations chooses not to do under its own banner.

Mr Dalrymple—Yes, that is fine, as long as the coalitions of the willing are made up of our chaps. But what if you get a situation where a country which is later on much closer in terms of power and influence to that of the United States today decides it will have a few coalitions of the willing and might do things we do not like? That is the strength of the United Nations, I suppose; everybody is a member. Even though it might be pretty ineffectual, I cannot really see that it does a great deal of harm. It has occasionally done some useful things. I would be very Fabian about that.

CHAIR—I am sorry, but I think we will have to pull up stumps at that point. No other members of the committee have questions. Thank you very much.

Committee adjourned at 4.51 p.m.