LOWY INSTITUTE

FOR INTERNATIONAL POLICY

PERSPECTIVES

AUSTRALIA'S INTERNATIONAL FUTURE

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The Lowy Institute for International Policy is an independent international policy think tank based in Sydney, Australia. Its mandate ranges across all the dimensions of international policy debate in Australia – economic, political and strategic – and it is not limited to a particular geographic region. Its two core tasks are to:

- produce distinctive research and fresh policy options for Australia's international policy and to contribute to the wider international debate.

- promote discussion of Australia's role in the world by providing an accessible and high quality forum for discussion of Australian international relations through debates, seminars, lectures, dialogues and conferences.

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Australia's international future

Michael Wesley

Today [1 July 2009] is my first day as Executive Director of the Lowy Institute for International Policy.

It is a privilege and an honour to lead an organisation that has, in a very short time, established itself at the very centre of public discussion and debate on the international policy issues that face this country.

That achievement is a tribute to the vision of Frank Lowy, to the stewardship of my predecessor Allan Gyngell, and to the talent of the staff and fellows of the Institute.

Today I want to talk about why institutions such as this are not simply a luxury or an affectation.

I believe institutions such as this are a vital element in this country's capacity to handle its future, competently and confidently.

Think tanks are the newest arrivals in the world of ideas, research, and policy. The institutions with which they share this space – universities and governments – have of course been around for millennia. Think tanks have been around for less than a century.

Think tanks emerged in the 1920s, in the aftermath of the First World War, on both sides of the Atlantic, and here in Australia. They were a manifestation of growing elite opinion that international policy could not be left to governments and universities. Both of these were seen to have skewed incentives and visions of themselves in the world; international policy, if left to them, could result in catastrophe.

Australian think tanks such as the Institute for Pacific Affairs and the Australian Institute of International Affairs form a vital part of the story of Australia's international relations.

As Australia slowly developed a foreign policy independent of the British Empire, it was the ideas and debates of think tankers that produced the ideas and consensus along which the conduct of foreign policy ran.

It was in think tanks that the major issues facing an emerging foreign policy were discussed and resolved:

- How would Australia reconcile its Empire loyalties with the new collective security provisions of the League of Nations?
- How would Australia reconcile the White Australia Policy with the emergence of a post-colonial world in which its neighbours were not white?
- How could a defence policy be designed that maintained close alliance relations with the world's pre-eminent naval power, but hedged against that alliance not delivering in extremis?

Historically, the think tank sector in Australia established close links with the policy world. The list of think tankers who were also practitioners includes names such as Sir John Latham, F. W. Eggleston, R. G. Casey, John Burton, Coral Bell, and Hedley Bull.

It was these close connections, often maintained by a revolving door system of public service to public intellectual and back, that were vital in developing in this country what I have previously termed the distinct, rich tradition of Australian realism.

Three characteristics frame the Australian Realist outlook. The first, *experientialism*, has fostered an intensive focus on the particularities of Australia's international position – size, isolation, wealth, population, culture – and how these factors can help understand the ways in which Australia relates to the world beyond its shores. The second, *systemic pessimism*, inculcates an attitude that is more consistently apprehensive about broader global stability than have much smaller, weaker and isolated states. The third is *pragmatism*, perhaps influenced by the country's political culture which remains impatient with abstract ideas and interested in practical outcomes.

Australian Realism is not so much concerned with how to use power, but with what to do with powerlessness. It is concerned not with realpolitik, the unshackling of the reasoning of state from normative restraints, but with prudence, the careful weighing of ends and the calibration of the means to those ends. It is not so much concerned with security as a condition that can be built, as with instability as a condition that must be avoided. It is little interested in

theoretical elegance or consistency, but more interested in the understanding of specific situations in the outside world. Methodologically, Australian Realists adopt a 'first principles' approach to analysing the basic factors they see as affecting and shaping Australia's international relations. They then seek to use this first principles understanding to generate insights about more complex international situations and trends.

Four preoccupations emerge from a survey of Australian writing on international relations since the early 1920s. These common themes have been revisited by generations of Australian thinkers on international affairs as the basic elements that combine to constitute this country's distinctive international situation. They are: geography and geopolitics; population and society; power disparities and relativities; and the dilemmas of multilateralism.

These preoccupations will continue to be at the centre of Australia's international challenges for the foreseeable future, though in new and challenging ways.

Geography

Geography has returned with a vengeance. It was not banished from consideration by globalisation; rather globalisation has given geopolitics some new and unpredictable aspects.

On the one hand the emergence of movements such as al Qaeda has challenged the geographic bases of international relations as never before.

For millennia, international order has rested on the attachment of societies to the territory they inhabit, and the importance of territory and population to government. States, kingdoms, empires have always been kept in line by the understanding that if they are too disruptive, they will lose territory and population.

With the emergence of al Qaeda, we confront a deterritorialised movement. It exists more in cyberspace than in actuality. It is attached to no particular territory or population and has no interest in protecting either. Its advantage lies in dragging territorial states into deterritorialised conflict. Its ideal would be a single zone of chaos stretching from the Indus to the Mediterranean, in which it can fight territorial states trying to resurrect a territorial order. We need to think carefully about how close it is to achieving that goal.

More conventionally, Australia needs to think carefully about its more immediate strategic geography. In the age of power shifts in Asia, two regions will become central theatres for competition: Central Asia and Southeast Asia.

Both are regions of small, internally fragile states, surrounded by growing powers. Both are thoroughfares through which pass strategic commodities important to all the great powers. Both regions are intramurally divided, but outside of the natural sphere of influence of any single great power. And so both regions are geostrategic pivots: arenas in which the great powers will compete for influence.

There is almost no question that Australia will be absorbed into the Southeast Asian theatre of geostrategic competition. It's already happening. For almost a decade now, the United States, China, Japan and increasingly India have been paying close attention to the slightest nuances of Australian foreign policy, pondering whether each statement, state trip, white paper or white lie represents a significant shift in Australia's alignment.

Be careful what you wish for. We've always wanted to be noticed by the big powers. Now we are – and it represents perhaps the most difficult diplomatic milieu we've ever faced. Not only can the way in which we manage our foreign policy affect us; it has the potential to affect the broader regional order also as suspicious great powers are increasingly inclined to suspect their rivals' instigation of what they see as unfriendly acts by smaller countries.

Population and society

Australians have always been haunted by a powerful impression that who they are as a society has deep implications for their international affairs. Initially, it was an inside-out relationship. Constructing and maintaining an Anglo-Saxon society amid a rising and fecund tide of coloured races meant keeping non-whites at bay, defeating moves towards racial equality, and constructing close relationships with other Anglo-Saxon nations.

More recently, it became an outside-in relationship. A growing trade dependence on a rising Asia meant changing Australian society to best accommodate these new forces. Multiculturalism, Asian literacy, republicanism, reconciliation.

Now we face a new set of challenges and dynamics that will ask searching questions of who we are as a society and how we relate to the outside world. One set of challenges relates to resources: who has access to what and how much; and who is responsible for the byproducts

of our use of those. We have always defined ourselves according to our prosperity; are we prepared to jettison that self-identifier in favour of a sense of global responsibility?

Another set of challenges relates to values. We have always placed ourselves in the world according to the principles underlying our institutions: liberalism, democracy, the common law. We participated in constructing binary opposites – liberal versus authoritarian, democratic versus communist, rule of law versus rule by law – and using them to construct broad lines of amity and enmity. Now these distinctions are increasingly becoming blurred. Democracy, liberalism, the rule of law are less absolute states as degrees of difference. And we are no longer so confident that liberal democracy, rule of law, and free markets always equate to stable, wealthy, safe societies.

Power relativities

A major question we face over the next three decades relates to American primacy. Is America's primacy coming to an end? If so, how and in which sectors is this occurring? How will America react to this, and how will rising challengers react? What about America's key allies?

The current debate is conducted on the assumption that primacy is an absolute state that is here today and gone tomorrow. This is an illusion. Primacy is perceptual and conditional; it fluctuates over time and among policy arenas; its waxing and waning is more observable at an historical distance than contemporaneously. We still don't quite understand how waning primacy in one realm affects or is offset in other realms. But on American primacy hinge many of Australia's most pressing foreign policy issues, ranging from Australian society's sense of itself in the world, to the ANZUS strategic guarantee, to the sources of stability in the Asia Pacific.

Where do Australia's interests lie in all this? Is it now and always in Australia's long term interests to support and rely on American strategic primacy? What if Washington's attempts to assert primacy against rising challengers results in serious systemic instability and the risk of hostilities we may be drawn into? May it then be in our interests to convince America to cede primacy in favour of a stable great power equilibrium? What then happens to our entire defence posture, as predicated on the San Francisco alliance system and extended deterrence?

It's sobering to remember that historically Australia has not coped well with the waning primacy of its main ally. During the first three decades of Australia's growing foreign policy

independence, Britain struggled against its waning primacy, and the consequences of that struggle had major implications for global stability. One of the first places where the reality – but not the admission – of Britain's waning primacy became manifest was in Southeast Asia, a region Britain could not afford to assert naval power in.

As a result, the wounded lion looked to outsource the effort while preserving the appearance of primacy. The first move was to sign an alliance with Japan; the next was to lean ever more heavily on Dominion solidarity to provide the muscle of Empire. Both of these moves chafed against Australia's growing sense of its international interests. The British archives reveal that arguably Australia was the most difficult of all Britain's Dominions for Whitehall to deal with between the 1920s and the 1950s. The sense of betrayal and mistrust grows steadily between Hughes' ill-tempered exchanges with Lloyd George at Versailles through Curtin's anger at Churchill over the return of the 9th Division from North Africa to Churchill's feelings of betrayal and exclusion from ANZUS.

Institutions

Australia's history of multilateral activism reveals a strong streak of egalitarianism and a suspicion of institutions controlled by the great and powerful. Billy Hughes at Versailles and HV Evatt at San Francisco were prepared to do significant damage to Australia's most important alliances to assert the rights and preferences of smaller countries. Evatt wanted to scrap the Security Council veto – in hindsight, perhaps justifiably so.

But in practice, Australian diplomacy has concentrated overwhelmingly on relationships with great powers, and rarely shown solidarity with smaller countries against the large. Ultimately, the tensions that writers such as Sir John Latham identified as early as the 1920s, between commitment to multilateralism and loyalty to alliances, have continued to nag at the heart of Australian foreign policy.

There is a newer institutional challenge that confronts Australia. Sixty years' experience shows us that institutions tend to persist despite the declining relevance of their power structures and their inability to deal with emerging policy challenges. The continued construction of multilateral fora, both regional and global, partly reflects calculations that it is easier to set up new bodies than to reform or scrap existing ones. It would be as if, faced with one dysfunctional state government, we were to simply set up another, overlapping state government, rather than reforming the one we had.

Obviously, endlessly building new institutions is not a perennial solution, because as the international stage becomes increasingly cluttered with institutions, there is less and less room for new inventions. Particularly smaller nations are stretched trying to service existing commitments, and there is less and less space for genuine foreign policy creativity.

This is a major problem, because almost every challenge we currently face – from reasserting American leadership, to proliferation, to climate change, to terrorism, to managing a shifting strategic balance – is talked about as needing some form of multilateral solution.

In fact, probably the greatest global issue we face over the next two or three decades involves re-negotiating the terms of our global co-existence. The developing world is growing more powerful and more central to the well-being of the global economy. How we accommodate its demands for higher living standards without exhausting the earth is a challenge that demands accommodation, compromise, and mutual sacrifice on a scale never before negotiated in international relations.

But what happens if these institutions are increasingly irrelevant and dysfunctional, and crowd out opportunities for creating relevant institutions? And what happens if we find that, with the rise of non-Western, developing great powers, the common ground of agreement is increasingly narrow, at a time when the complexity of the problems we face demands that the areas of international agreement and compromise be larger than ever before?

The Lowy Institute's role

These are big questions, and they can no longer be left in the capable hands of our foreign policy makers for two reasons. First, they simply don't have the resources to do these challenges justice. As the recent Lowy Institute Blue Ribbon Panel report demonstrated, our diplomatic resources are stretched impossibly thin.

Second, the choices we make about these challenges require more than simple, technical fixes. They involve choices about some of our most fundamental values as a society. They involve basic questions that will touch the lives, identity and self-perceptions of all Australians. And so they need to be discussed and debated at a broad societal level. There needs to be broad public engagement with the challenges faced and public ownership of the choices made. In brief, Australian society has to be engaged more directly in this country's international challenges.

It is fundamentally the role of organisations such as the Lowy Institute to place the big challenges on the agenda of public debate, and to ensure that the debate that ensues is informed with solid, objective, empirical but accessible research.

Think tanks can play many productive roles in society.

- Some choose to be the advocate of a particular point of view, thereby adding to the vitality of discussion and debate in a democratic society
- Others choose to become alternative sources of policy advice to government
- Yet others seek to foster a range of viewpoints to become a leavener and driver of public discussion and debate

The last is the choice that the Lowy Institute has made. It is non-partisan, though not afraid to voice strong opinions. It seeks to influence policy, but is not captured by the current policy agenda of government.

It has a responsibility to ensure that the trivia that seems increasingly to dominate the popular media does not drive out broad consciousness and discussion of the important.

It has a responsibility to ensure that Australians think about and provide the answers to the challenges Australia faces, rather than relying on the thinking done in other countries.

It has a responsibility to continually seek to broaden and deepen public discussion and debate about international policy issues. This means that we can no longer rely on a small cadre of foreign policy elites, with their tendency to consensus, and we must as a society hold our preconceptions and prejudices about the world up to continual testing.

It has a responsibility to ensure that Australian government, business, media and society face up to the big questions, and answers them after rigorous, honest and open discussion that keeps at all times the interests of the country at heart.

To return to where I began, a think tank is crucial because ultimately what you say is determined by the anticipated consequences.

In the world of politics and policy what can be said is determined by risk-aversity and ultimately the effect on public opinion of what is said. With great respect to all present

practitioners and former practitioners, it leads to a certain blandness and conservatism of view from the government sector.

In the world of academia what can be said depends on whether it builds academic reputation in an enduring way. With great respect to all present academics, it leads to an increasing narrowness of enquiry and a greater attention to internally-focused debates.

A think tank sits in that space in which the contentious, the startling, the challenging, the new, the debate-starting, will always trump the conventional and the careful.

A think tank sits in that space where immediacy of impact, breadth of vision, and the impermanence of the policy world will always trump the narrow but enduring incremental accretion of knowledge.

Last Thursday I said to Frank Lowy that the way I would measure my success in this role would be according to three measures.

First would be the extent to which the Lowy Institute is able to have a distinctive and positive impact on the public discussion and policy choices responding to the looming international challenges we face.

Second would be the extent to which Lowy Institute publications come to be seen as 'must reads' for an increasing segment of the Australian and international policy community and broader audiences interested in international affairs.

Third is the extent to which the Lowy Institute becomes an ever more prominent conduit through which the rest of the world becomes aware and interested in a distinctively Australian analysis of global challenges and considered responses.

Frank nodded and added one thing. He said that his guiding philosophy was never to be satisfied with mediocrity, but always to strive for excellence. 'It is better to be awful than to be mediocre' he said. 'But excellence must always be the first consideration.'

I absolutely agree.

It's going to be one hell of an exciting ride.

ABOUT THE AUTHOR

Dr Michael Wesley is the Executive Director of the Lowy Institute for International Policy. Previously he was Professor of International Relations and Director of the Griffith Asia Institute at Griffith University, and a Visiting Fellow at the University of Hong Kong and Sun Yat-Sen University in Guangzhou, China. Prior to this, he was the Assistant Director-General for Transnational Issues at the Office of National Assessments, and a Senior Lecturer in International Relations at the University of New South Wales.

Between 2007 and 2009, Dr Wesley was the Editor of the *Australian Journal of International Affairs* and a Chief Investigator in the Australian Research Council's Centre of Excellence in Policing and Security (CEPS). He has served on the Australian Research Council's College of Experts and the Queensland Art Gallery's Board of Trustees. In April 2008, he was Co-Chair (with Foreign Minister Stephen Smith) of one of the ten issue streams at the Australian government's 2020 Summit and gave the keynote speech at the Summit.

His most recent books are *Energy Security in Asia* (Routledge, 2007); *The Howard Paradox: Australian Diplomacy in Asia 1996-2006* (ABC Books, 2007); and (with Allan Gyngell) *Making Australian Foreign Policy*, 2nd edition, (Cambridge University Press, 2007).

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