AUSTRALIAN FOREIGN POLICY: PRIORITIES IN A CHANGING WORLD

The Roy Milne Memorial Lecture 1989, delivered by Senator Gareth Evans, Minister for Foreign Affairs and Trade, to the Australian Institute of International Affairs, Melbourne, 27 April 1989.

My focus tonight is on change and priorities. It is a commonplace to say that the world is changing, and that Australia must adjust to those changes. But we do not pause as often as we should to scrutinize just how, from our perspective, the world is changing; nor do we consider, as often or as carefully as we should, how our foreign policy might seek not only to react to, but to influence, those changes. If the essence of a sound foreign policy is the intelligent anticipation of change, as Gough Whitlam nicely used to put it, then to what kind of changes should we now be responding, and in what way? It is these large questions that I want to address tonight.

On an earlier occasion* I sought to spell out in some detail, and in a sense as a prelude to this lecture, the underlying dynamics of foreign policy decision-making as they appeared to me. The basic elements of such decision-making involve, in my perception, first, the precise identification of applicable Australian interests; then the assessment of available opportunities for pursuing those interests, taking into account not only relevant national assets - economic, political, military or whatever - but also practical constraints, both international and domestic; and finally, the devising and management of strategies in the light of these considerations, with priorities being determined having regard not only to the importance of the interests at stake, but the realistic chances of advancing them.

Appreciating all this, and acting accordingly, does I think help to ensure discipline and coherence in foreign policy formulation and implementation. But to say as much is really only to lay bare the procedural bones. Tonight I want to put some flesh on those bones by addressing not only the process of Australian foreign policy formulation, but its substantive content in the face of the world as we now find it.

The Changing International Scene

What, then, is the current lay of the land - the topography of international relations? I would describe it, in general terms, as becoming less ideological, more pragmatic, increasingly inter-dependent and, in important respects, multipolar. There are four features of that landscape, some of quite recent origin, which are particularly significant from an Australian perspective: viz. the changing East-West environment, the move toward

globalism, the continuing width of the North-South divide, and the economic dynamism of the Asia-Pacific region.

East-West Relations. True, what you see depends on where you stand. If you are a dissident in Tibet, a democratic multiracialist in Fiji, an Irish republican or a Basque nationalist - or, indeed, if you are Mr Salman Rushdie - you may wonder whether ideological confrontation is declining. It is unfortunately true that ethnic and religious prejudice seem to have increased as the dogma of the Cold War has declined: evidence, perhaps, of mankind's insatiable instinct to find something to fight about.

Ideology has not been removed as a motivating force in the affairs of nations. But we are witnessing a decline in the hostility with which communist systems have viewed capitalist systems. And from a global perspective, it is this decline that has marked the 1980s and has produced a more positive atmosphere for international relations generally. Each superpower has discovered limits to its power: not just in Vietnam and Afghanistan, where they learned that military solutions have limited applications, but also in the crucial matter of economic performance.

In this the Soviet Union has something in common with the rest of the countries of the communist world. All have been unable to deliver the goods in one important aspect or another. Whether small, like Cuba and Laos, or medium-sized, like the East Europeans and Vietnam, or large like the USSR and the People's Republic of China, each has had to acknowledge to some degree the utility of private ownership, competition and a market economy.

At the same time, the exemplar of the Western model, the United States, has progressively lost its relative post-War economic dominance. This is not because the Western model has proved wanting, but on the contrary, because it has been skilfully adapted by others who have begun to perform better than the US. And it is also because in the years following World War II the United States had the strategic vision, and generosity, to encourage the economic development of Europe and Japan.

In speaking of the relative decline of the Soviet Union and the United States we need to be realistic. In a strategic sense, the world is still primarily a bipolar world, in that the main game continues to be the relationship between the two full-scale global nuclear powers. There is a one-to-one relationship between them that they do not have with anyone else and no other power can have with either of them.

In particular, we need to be sceptical about the view that the United States is a victim of "imperial overstretch" because of some similarities that can be discerned with the decline of imperial Britain or Spain or (especially in the Bicentenary of the French Revolution) with France in the 1780s. The rise of US international debt and the increase in its budget

deficits are a cause of concern. I want to emphasise, however, that the global power of the United States cannot be assessed in economic terms alone. And even in purely economic terms there is room for argument, because clearly the United States will remain for many years to come the largest national economy in the world, and critically important to the health of the global economy. And such a huge market with such a vast appetite for consumption has enormous capacity for change and renewal.

Moreover, the United States is a political and cultural power in a way that the USSR is not. Indeed, if a straight comparison with the USSR is attempted, the effort quickly becomes unproductive, as one finds the United States - with the important exception of the broad strategic balance, where there is rough parity - is incomparably ahead in virtually all instances.

If one turns to the other potential claimants for superpower status the same lack of comparable breadth is apparent. Japan is a global economic and financial superpower, but with limited political, cultural or military projection. China is a vast aggregation of people with a regional, not global, political, cultural and military capacity for a long time yet. The same is true of India. The European Community, if it eventually achieves complete union, would be a potential superpower of comparable dimension to the United States, but it is at this stage not a comparable political and military unit.

In the long term, perhaps the US will follow the rhythms of history and go the way of all other dominant powers. But how long is long-term? The most practical analysis, I suggest, is this: for the rest of this century we can expect the US-USSR bipolar relationship to remain the core of the central strategic balance. But we can also expect that, increasingly, the central strategic balance will not dominate and determine the agenda of international relations as it has in the past. Global security will continue to pivot on the fulcrum of the US/Soviet military balance and nuclear deterrence, but confrontation will be muted. Other powers will play increasingly significant roles in the resolution, or prolongation, of particular conflicts: it is notable, for example, how much the current moves to resolve the Cambodian situation have been driven by the USSR-China rapprochement, with the US very much a bystander. And at the same time we can expect international economic issues to assume greater importance in the international agenda, as increasing economic interdependence brings new problems in its train.

For forty years, strategic and ideological hostility between the US and the USSR permeated all international life. It threatened nuclear war. It also meant that almost every issue - whether a regional conflict, the role of the United Nations, preferred models of economic development, humane treatment of refugees, or the definition of human rights - became enmeshed in the central contest.

The change we are experiencing is that the USSR, which for seventy years has asserted

the intrinsic superiority of its system and the inevitable conflict with capitalism, leading to its defeat and banishment from the stage of history, has now proclaimed - or at least its currently most influential voices are proclaiming - that its view of the world is no longer dominated by conceptions of class war and capitalism's defeat. What now is its guiding philosophy is not clear. Whether global interdependence - a major theme in Gorbachev's public statements - turns out to be a guiding principle of Soviet policy in practice remains to be seen. But the negative, aggressive assumptions with which Moscow previously faced the Western world have been removed. And in Eastern Europe, in Hungary and Poland, we are seeing signs of independence and pluralism which Gorbachev has encouraged and which are quite breathtaking when viewed against the crude but diligently enforced principles of the Brezhnev Doctrine.

Naturally, prudence is called for in assessing such dramatic declarations. It was Nikita Khrushchev thirty years ago who proclaimed an era of "coexistence", from which he assumed the USSR would emerge triumphant and the West would be "buried". We ask for deeds to match the words. But we must also acknowledge and draw encouragement from the fact that there have been deeds in arms control, in human rights, and in regional conflicts.

If this trend continues - and I acknowledge that the "if" is very important - the consequences are of major significance. It removes the central organising principle of the post-War world, where two armed camps, defined by their adherence to opposing ideologies, confronted each other, and the rest of the world and many of its problems were relegated to a secondary importance. It will increase the chances of resolution of many regional conflicts; give real hope for major progress towards arms control and disarmament; and allow the world to turn its attention to other massive and pressing social, economic and political problems.

The US response to the Soviet change is - like that change itself - still evolving. An election year and the transition to a new administration has lent a note of caution - not to mention considerable delay - to the United States's assessment. But it is one of several remarkable features of this remarkable era in international relations that arguably the most anti-communist and anti-Soviet US president of all time has bequeathed to President Bush the best working relationship with Moscow since World War II. President Reagan's willingness, in the last years of his presidency, to explore the nature of Gorbachev's policies has appropriated most of the glamour attached to the breakthrough in relations between the superpowers. George Bush has to shoulder the less dramatic task of testing the new atmosphere in practical ways, and of developing effective US policy responses.

The Americans struck me, during my visit to Washington last month, as hopeful, yet wary. They are certainly not in a hurry to embrace the new Soviet Union. They will want to be sure that Gorbachev's reforms prevail. They will want to ensure that America's national interests are protected in this swiftly changing scenario. And their approach to

specific arms control issues, such as a START agreement, will continue to be based on a hard-headed reading of how things are now, not how they may be further down the track. Yet, like all of us, the United States is irresistibly drawn towards the promise of the decline of confrontation in superpower relations, because it offers a more peaceful and a more prosperous world.

Globalism. Associated with this fresh prospect in East-West relations is a move towards "globalism", brought about not by the vision of "one world" which inspired the proponents of world government, but by the drive of the financial markets and advances in science and technology, especially in computers, communications and information systems. Capital has become much more mobile, as have entrepreneurial and professional skills. We are one world now in the sense that information is widely dispersed and instantly available on a global basis. Also an increasing range of issues - such as the greenhouse effect and depletion of the ozone layer, AIDS, narcotics, and terrorism - have been added to established issues, such as refugees, famine, and control of nuclear weapons, as problems which can only be dealt with effectively by cooperation on a global scale.

It is one of the curiosities of this globalism that, at the very time that East-West relations are breaking down barriers and interdependence is becoming so obviously a requirement of intelligent self-interest, protectionism in various guises remains so firmly embedded in countries' trading behaviour. Economic inward-thinking is as old-fashioned as trench warfare, yet it persists in the most advanced industrial societies. As a politician I recognise the constituency pressures only too well. Yet, for all the current strength on the ground of the "managed trade" argument, it is manifestly irrational in the sense of being against all experience and theoretical knowledge to yearn after autarky in an increasingly interdependent world.

North-South Divide. Another theme in current international relations, which is at least as significant as changes in East-West relations or the increase in globalism, but which regrettably seems to have gone quite out of fashion in Western countries, is the North-South divide.

Even if the situation is more complex than it used to be, with some countries over the last few years showing signs of breaking out of the cycle of deprivation and dependence in which they once seemed permanently entrapped, there is a continuing massive disparity of wealth and opportunity between developed and developing countries, and this continues to be a moral black spot for nations which pride themselves on a sense of justice, equity and opportunity.

It is also deeply against our interest. The deprivation of the poorest countries is combined with a growing sense that the rules of the international game are stacked against them. We all know that prolonged and seemingly intractable social and economic injustice breed

friction and often hostility within and among nations. We know that lack of economic development in the third world also means a loss of potential markets for developed countries. And we all know the potential consequences for the world financial system of massive debt failure. It is not only unwise, but morally unacceptable, to place all these problems in the too hard basket.

We are all straining to produce more in a competitive world. But production without consumption is a recipe for disaster. Improvement in living standards in the developing world is as critical for the success of a global economy in the 21st century as was the improvement of living standards of Americans, in the 19th and early 20th century, to the discovery of the mass market and the consequent growth of the American economy.

Asia-Pacific Dynamism. The final international trend to which I wish to refer is the emergence of the Asia-Pacific region as the most economically dynamic in the world. Since the end of the Vietnam War , the economic growth of this region has been phenomenal. Moreover, its vitality is outward-looking. The proportion of its GNP dependent on trade is high and its strategic disposition is by and large open and dispersed, rather than driven by groupings or blocs.

The centre of gravity of world production has already shifted from the Atlantic to the Pacific. The Asia-Pacific region as a whole, including North America, generates more than one third of the world's trade, and is likely in the next decade to create more than half the world's economic output. Per capita incomes are growing quickly, and in countries like Singapore and Hong Kong already rival the lower income European countries. More than half of Australia's exports and nearly half our imports are directed to or sourced from our Western Pacific neighbours. Seven of Australia's ten largest markets can be found there. About a quarter of the total foreign investment in Australia has come from the Western Pacific region, and almost one fifth of Australia's total investment overseas is located there.

The region is politically, culturally and militarily diverse. If one considers the distinctive roles of just a few resident nations - Japan, China, India, Indonesia, Vietnam - and the economic potential of just a few more - South Korea, Taiwan, Thailand and Singapore - it is obvious that, if this is a distinct region, it is one in which diversity is paramount.

These elements of dynamism, diversity and openness lend a strongly pragmatic flavour to the region. It has its share of regional conflict, territorial disputes and political disagreements. But the desire for growth and prosperity is the more compelling and significant force. It is no exaggeration to say that economic aspirations today constitute the primary dynamic of both domestic and external policies in the Asia-Pacific region.

In general, the recent improvements in the US-Soviet relationship have not so far been

reflected in the Asia-Pacific region to the same extent as in Europe. In large part this reflects the multipolar nature of our region. US-Soviet competition has been an important axis around which Asia-Pacific security issues have been defined since World War II. But, unlike Europe, it has not been the only axis.

Another reason why the flow-on effect of improving East-West relations has been somewhat muted in the Asia-Pacific region is that Gorbachev's Asia-Pacific agenda is still largely unclear. Nor has Gorbachev shown on Asia-Pacific issues that sure touch and flair which have characterised his public handling of European security issues. The Soviet withdrawal from Afghanistan, next month's planned Soviet-Chinese summit, and a more forthcoming Soviet position on Cambodia have all been warmly welcomed. But Gorbachev's 1986 Vladivostok speech, and subsequent variations on its theme, have not struck a responsive chord in the region, although the general flexibility and constructive tone of his foreign policy, looked at as a whole, have been acknowledged, here as elsewhere.

Priorities of Australian Foreign Policy

What do all these changes in the international and regional scene augur for Australia? In foreign policy, as in domestic policy, coping with rapid change requires skilful political management. Effective political management, in turn, demands not only the intelligent anticipation and understanding of change, but also a clear sense of priorities and how to determine them.

Nothing is ever very neat and simple in the real world of government, and innumerable foreign policy and trade issues are inter-related to the point of constituting on occasion an apparently seamless web. But there is no alternative to working systematically away at disentangling the threads, in the way that I referred to at the outset, with a clear-headed appreciation both of what one wants to achieve (i.e. the national interests involved) and what one can achieve (i.e. the influence that can be brought to bear in their pursuit), and allocating resource priorities accordingly. At least there is no alternative if one wants to avoid a foreign policy that is characterised by incoherence, inanity or both - the kind of foreign policy, for example, which regards the maintenance of Good Relations with another country, be it great and powerful or otherwise, as an end in itself, to be pursued without assessment of what, if any, Australian interests are being advanced along the way; or the kind of foreign policy which devotes resources to the pursuit of interests in inverse proportion to the prospect of achieving them.

Bearing in mind a number of strictures that I hope are by now more or less self-evident - that priority in our foreign policy should be given to that which is not only important but achievable; that for a country of Australia's size and weight in world affairs (geographically remote and with a population of just 0.3% of the World's), it is not wise to

have exaggerated ideas of influence beyond our station; but that, at the same time, the extraordinarily fluid international environment we are now confronting does create rather more opportunities for active involvement, especially regionally and multilaterally, than have previously existed - I would identify the main priorities in Australian foreign policy now as four-fold. They are first, maintaining a positive strategic and security environment in our region; secondly, pursuing trade, investment and economic cooperation; thirdly, contributing to global security; and fourthly, making a realistic contribution to what I have described as the cause of good international citizenship.

Priority One: Maintaining a Positive Security and Strategic Environment in our own Region. Maintaining our physical integrity and sovereignty must necessarily be our first foreign policy priority, as it is for any country. For Australian diplomacy, that means above all else acting to maintain a positive security and strategic environment in our own region. "Our own region" is best mapped for this purpose in the 1987 Defence White Paper (which I have described elsewhere as a conceptual watershed as much in foreign policy as defence policy). That Paper identifies, within successive concentric rings, first our "zone of direct military interest" (embracing our own territories, New Zealand and the nearby island countries of the South-West Pacific, Papua New Guinea and Indonesia), and secondly, our "area of primary strategic interest" (embracing the eastern Indian Ocean, and the rest of South-East Asia and the South-West Pacific): it was not merely coincidental that my first major overseas visits as Foreign Minister, made immediately after I was sworn in last September, were to the South Pacific and South-East Asia.

With our partners in the South Pacific Forum, we have sought to develop what I have described as a relationship of "constructive commitment". The essence of this policy is recognition that, notwithstanding our very much greater size and economic capacity, we should approach the region within a framework of regional partnership, not dominance. We do not regard the South Pacific as our sphere of influence, either in our own right or as a guardian of larger Western alliance interests. Such influence as we do exercise we want to be in the context of a network of close, confident and broadly-based bilateral relationships, in which we promote regional stability through economic development and the encouragement of shared perceptions of common strategic and security interests. Indeed traditional "sphere of influence" approaches are quite misplaced in a region of fragile micro-states where politics and institutions are highly personalised and less susceptible as such to the brutal logic of relative size and power.

Australia does not regard itself as an external power in the South Pacific. We are a part of the region and we wish to be a helpful neighbour ready to use our resources for the common good. We accept that in cases such as Fiji, and elsewhere in the South Pacific, we will not always achieve the outcome we desire; that notwithstanding our very real influence in the region there are limits to its reach. But we see no sensible alternative to the policy approach I have outlined. Commitment in a constructive but low key way to the development of the region, while remaining sensitive to the very real individuality of the

countries that constitute it, is the only way to ensure the successful long term pursuit of our significant security interests in the South Pacific.

Within this framework of constructive commitment, we have given particular priority to our relations with Papua New Guinea. The conclusion of the Joint Declaration of Principles in 1987 and the inauguration late last year of the PNG-Australia Ministerial Forum have provided valuable new structures through which to manage the political, strategic and economic interests which Australia and PNG share. And while we have been and will remain extremely careful not to intrude into the issue of PNG-Indonesia border relations, which must remain a matter for bilateral resolution between the two countries, we have also made a serious effort - and one which I think is understood and appreciated by both sides - to play a constructive role in encouraging communication and generally helping to reduce border tensions.

With Indonesia, we have actively sought - with the cooperation of the Indonesian Government, and with good results - to re-invigorate our relations with an approach focused not on constantly taking the temperature of "the relationship", but rather on getting on with the task of building it, layer by layer. We have paid particular attention to identifying mutual interests and areas of practical mutual benefit, and to giving the relationship a new institutional structure which can, among other things, systematically address potential problems in their early stages and help to stabilise what has been a rather volatile association. The establishment of the Australia-Indonesia Ministerial Meeting, the resumption of senior officials talks, our decision to establish an Australia-Indonesia Institute, and the conclusion (hopefully by the end of this year) of a full-scale working agreement on the joint development of petroleum resources in the Timor Gap will all help add some ballast to a relationship which necessarily remains among our most important.

It should be apparent from what I have said so far - and this is as applicable to our wider regional environment as it is to relations with our immediate neighbours - that our approach to national security is one that focuses not just on defence preparedness, both internally and through appropriate alliances, but also on achieving a stable and attractive political and economic environment: a harmonious set of individual relationships in a harmonious larger regional context.

Both sides of this picture are, nonetheless, equally important, and both have been given immense attention by the Hawke Government. Our defence preparedness is now, as a result of my colleague Kim Beazley's efforts, more soundly based, conceptually and materially, than it has ever been - built as it is around the concept of defence self-reliance, or defence in depth, and strategies of early detection, long-range sea and air-strike capability, highly mobile ground forces and the joint operation of communications and intelligence facilities with the United States. Much of the focus is on regional capability and regional defence cooperation - e.g. through the Five Power Defence Arrangement - but the policy is very far removed from the so-called "forward defence" posture of earlier

decades. Then our defence forces were designed to fight overseas as minor partners with allied forces, with whom in turn we sought "special relationships" as the key to securing our own protection. Today our defence posture emphasises self-reliant forces able to meet unaided credible threats in our own region, should such threats ever emerge.

We no longer seek "special" relationships with anyone because that has been in the past an excuse for not having an Australian foreign policy. But our alliance with the United States remains a fundamental in our defence and foreign policies. While our defence policy is one of self-reliance, it is self-reliance within an alliance framework. Quite apart from the significant deterrent value of the ANZUS Treaty, the alliance is crucial to our defence capability in terms of the access it gives to US intelligence, technology, resupply and training. At the same time, we have, as a Government, sought to strip away some of the misconceptions and unrealistic expectations which have grown up around the Treaty. We have placed a high priority on explaining to the Australian people that the existence of the ANZUS alliance relationship does not absolve us of our responsibility to think and act for ourselves, and to pull our full weight in our own protection.

There is of course far more to our alliance with the United States than ANZUS and the bilateral defence relationship. I will come back later to its global dimensions: the contribution we make through our hosting of the Joint Facilities, and the influence we can reasonably hope to exert, at least at the margin, in arms control and disarmament policy. There are also important economic and political dimensions to the relationship (both becoming especially relevant these days in multilateral institutions and negotiations of one kind and another) to which I shall also return.

But in the present context it is the regional dimensions of the alliance relationship that are worth specifically mentioning: we do have an interest in, and we actively encourage, continued US security, political and economic engagement both in our immediate strategic environment and in the wider Western Pacific area. While the future of the US bases at Subic Bay and Clark is very much a matter for the US and Philippines to resolve bilaterally, we do take the view that their presence has had a stabilising effect in the region, and that their presence or absence will be an important element in the emerging multipolar equilibrium. To take another example, we would also encourage the view that continuation of a healthy, multi-dimensional, US-Japan relationship is manifestly vital to the stability and progress of the whole Asia-Pacific. At the same time, in the North Pacific - where the US and Soviet Union continue to deploy considerable forces, and where there has been little arms control momentum developed to date - we will continue to quietly encourage the consideration by both sides of measures that could improve the East-West dialogue in the region: such confidence building measures have worked with good effect in Europe, and we believe they could help to reduce potential tensions, and the risk of miscalculation, in the North Pacific theatre.

Recognising, as I have said, that regional security is about more than just defence

preparedness and associated alliances, this is perhaps an appropriate point to address the general nature of our relationship with our larger Asian neighbourhood, and to ask whether we can ever achieve the kind of harmonious integration with it that is ultimately the best guarantor of long-term peace and security.

This is an issue with which quite a number of previous Roy Milne lecturers have grappled over the thirty-six years of the Lecture's history, articulating in the process themes that have been remarkably consistent: Australia must come to terms with Asia; we cannot afford to deny our geography; a politically unstable or economically vulnerable region is a potential threat to Australian national security. A great many of these exhortations, however, have been expressed as to a nation in exile. The assumption has tended to be that Australia did not truly belong in the neighbourhood, but that the realities of international relations required us to make an accommodation with it.

Such characterisations are understandable given their historical context. Australia's position in the region is quite distinct. The cultures, traditions and languages of our nearest neighbours are very different to ours. Through the restructuring of our domestic economy we seek to be open to international change. But we have few natural allies and, because of our limited economic and political power, are particularly dependent on the multilateral system. We are a multiracial community but, although in Asia, we are manifestly not an Asian people.

None of these considerations, however, should lead us to believe that we are cultural misfits trapped by geography. Australia and Australians should see the region not as something external which needs to be assuaged, but as a common neighbourhood of extraordinary diversity and significant economic potential. The region is primary for Australia because it is where we live, and must learn the business of normal neighbourhood civility. It is where we must find a place and a role if we are to develop our full potential as a nation. So it is an area of particular significance to us, on which we need to concentrate our resources of diplomacy and defence, political management and economic energy.

I can speak for the Hawke Government in saying that we approach the region with confidence that we can operate successfully within it. We do not suppose that we must change ourselves overnight into some clone of Japan or of Singapore to do so. We must perform better, but there is no reason to expect that in doing so we must thwart our national values and culture or deny our history.

In this respect, however, there is one thing above all others that we must do if we are to be fully accepted as not just in the region, but of it. And that is, as the Prime Minister and I and others in this Government have repeatedly said, that we must sustain the principle of racial tolerance that has now been part of our experience for nearly a quarter of a century.

We can all agree that an Australian Government has the sovereign right to decide who shall come to this country. The difference is between those who say this can be done without introducing racial criteria into the selection process for migrants, and those who dissemble on that key point, hoping to gain electoral support from the undercurrents of racial bigotry that exist in any society. We cannot continue to claim respect and acceptance from the Asian region without continuing to demonstrate our right to it.

Priority Two: Pursuing Trade, Investment and Economic Cooperation. The Hawke Government, more than any previous Australian Government, has brought trade concerns into the mainstream of foreign policy and has abandoned the artificial distinction between trade policy and foreign policy. Our activities in this respect have spread across the full range of bilateral, regional and multilateral relationships.

We have invested enormous effort in the multilateral trade field because we have made the unequivocal judgment that a strengthened multilateral trading regime is far and away the best system for Australia. We have as one of our very highest foreign policy objectives a successful outcome to the current Uruguay Round of Multilateral Trade Negotiations - in all fields, including new ones like services and intellectual property, but particularly in agriculture. Through our chairmanship of the Cairns Group of agricultural traders and through our active involvement in the whole range of GATT negotiations we have sought to increase our influence in the MTN round, to ensure that the field is not left just to the United States (where our alliance relationship should entitle us to particular influence) and the European Community, and to strengthen the ranks of those who see - as we do - that a liberal multilateral trading system serves the interests of all nations and is absolutely crucial to Australia's economic future. For Australia the stakes could not be higher. And the successful outcome of the Trade Negotiations Committee meeting in Geneva earlier this month showed that Australia can have a major influence in these negotiations.

Regionally, we believe that greater economic cooperation is an idea whose time has come. Our priority is to advance this process in concrete ways in accordance with the proposals the Prime Minister announced in Seoul in January, commencing with a suggested full scale ministerial meeting on the subject later this year. We emphasise regional economic cooperation because the countries of the region are increasingly interdependent, and our economic futures inevitably intertwined. The potential benefits of wider cooperation are essentially threefold - improving the chances of success of the Uruguay Round; further dismantling of trade barriers within the region on a non-discriminatory basis; and capitalising in new and more effective ways - especially in the areas such as infrastructure development - on the complementarities of regional economies.

We have emphasised repeatedly that we are not interested in any new restrictive trading bloc, nor would any really be credible in the diverse context of the Western Pacific. We retain an open mind on the form that regional cooperation might take, and on who might most appropriately participate in whatever meetings are held or institutional structure

created. What is crucial is that any arrangement be of a kind which enables real issues to be dealt with, and which encourages the kind of information flow, analysis and policy development advice that the industrialised countries now obtain through the OECD.

In consultation with regional countries we are seeking to find a format which makes sense in the Asia/Pacific context. Nobody wants to establish - or for that matter can afford to establish - any giant new regional bureaucracy. It is a matter of matching needs to available resources, and we will certainly be looking to complement, rather than compete with, existing organisations like the Pacific Economic Cooperation Conference.

So far as bilateral relations are concerned, Japan, because it is overwhelmingly our most important trading partner, remains at the top of our priorities. Our exports to Japan are more than two and a half times our exports to our next largest single country market (USA), and five times our exports to our third largest market (New Zealand). The trade surplus alone in Australia-Japan trade is roughly equivalent to our total exports to all the ASEAN countries. Not that we see our relations with Japan only in bilateral trade terms. Both sides are working at developing what we have recently agreed to describe as a "constructive partnership", extending to cooperation in regional and multilateral economic affairs and on non-trade issues such as the protection of the global environment. This will ensure that as our region and world changes, and particularly as Japan increasingly seeks for itself a more multifaceted international role going beyond its traditional narrowly commercial one, the Australia-Japan relationship continues to adapt and develop.

In our commercial relations with Japan, as with our trading relations elsewhere in the region, we seek to ensure that the structure of our bilateral trade reflects our broader strategy of becoming more fruitfully integrated into the dynamic Asia-Pacific regional economy. This objective - which is closely linked to economic restructuring at home - is aimed at expanding and diversifying Australia's export base to increase exports of processed minerals, manufactures and services and make us less vulnerable to fluctuations in world commodity prices.

This is a strategy which infuses our commercial dealings with established regional partners like New Zealand, China, Taiwan and the ROK, as well as with what we hope will become important new markets in Thailand and the other ASEAN states, India and - a little further down the track, particularly in the aftermath of what we hope will be a satisfactory settlement of the Cambodia problem - Indo-China.

Our bilateral trade initiatives understandably have a strong focus on the Asia-Pacific region, reflecting both the strong growth and new opportunities there. At the same time the Government recognises that North America and Europe are, and will continue to be, very important trading partners for Australia. Our increased efforts in our region should not be seen as a down-grading of our commercial links with Europe and North America.

Indeed the opposite is true and we are working actively to expand even further these crucial markets, not least through removal from them of some of the barriers that have limited the access to which our efficiency would otherwise have entitled us.

What Europe 1992 will bring remains to be seen but currently both the US and European markets remain, for good reason, very attractive to Australian business firms. Far from there being any conflict between our focus on the Asia-Pacific region and our relations with the European Community, much of the future economic interest of European countries in Australia will in fact depend on our economic success - and perceived success - in the Asia-Pacific region. This is simply because success there will encourage European firms to see Australia, as we are constantly urging them to, as a congenial springboard for their participation in the Asia-Pacific region.

Priority Three: Contributing to Global Security. Australia makes a very distinctive contribution to global stability through our hosting of the Australia-US Joint Facilities. These Facilities, through their early warning functions and their role in the verification of disarmament and arms control agreements, play a crucially important part in maintaining a system of stable nuclear deterrence. Australia's interest in contributing to global security in this way is self-evident: if there is ever a catastrophic nuclear conflict, it is not just the peoples of the nuclear weapons states who will suffer. What is perhaps less self-evident, but should never be underestimated, is that the global significance of Pine Gap and Nurrungar - and the acknowledged risks of exposure to direct attack that are necessarily entailed in hosting them - are very important contributions to the credibility we can reasonably claim in addressing arms control, disarmament and regional security issues in both public and private forums. They mean, in effect, that we are already putting our money where our mouth is.

Australia is in fact very actively involved in the multilateral disarmament process, and we see it as a central part of our contribution to global security that we should continue to be so. We make a major input to the forty-nation Conference on Disarmament in Geneva, which is the main forum for multilateral disarmament negotiations. We have been placing in recent times particular emphasis, in that forum, on the early conclusion of a comprehensive Convention to ban all chemical weapons, and our leading international role on chemical weapons issues is reflected in three other major ways: our chairmanship of the Paris-based Australia Group on export controls; our decision to host a major international conference later this year which will bring together government officials and chemical industry representatives from all over the world to discuss how best to avoid the inadvertent diversion of industry's products to the manufacture of chemical weapons; and the initiative we have undertaken in the South East Asian/South Pacific region to increase awareness of the complex issues involved in the negotiation and verification of a Chemical Weapons Convention.

The Government has been a staunch advocate of nuclear non-proliferation and of the

NPT, which is the single most important - and to date most successful - arms control agreement in existence, and we have used our position as a major supplier of uranium to strengthen that non-proliferation regime. Australia also took a leading role in the conclusion of the South Pacific Nuclear Free Zone Treaty and we have sought to encourage support for non-proliferation in South Asia and other regions. We have also given a high priority to the early conclusion of a Comprehensive Test Ban Treaty which would ban all nuclear tests in all environments for all time: although so far that endeavour has been without conspicuous success, its intrinsic importance justifies the effort we have continued to put into it at the Geneva Conference and elsewhere.

It is worth re-emphasising the point that Australia is active in global security issues not because we still cannot subdue that old proxy-imperialist desire to strut the world stage, but because a collapse of global security will envelop us all - big powers, middle powers, small countries and micro-states alike - wherever we are on the globe. It is true that Australia's immediate strategic environment is relatively benign. But everything I have said about the interdependence of the economic world applies with equal force to the interdependence of the strategic world in the nuclear age.

Priority Four: Contributing to the Cause of Good International Citizenship. Although not of the same immediately obvious character as our interests in matters geopolitical and strategic, and of economics and trade, Australia does have an interest, from the point of view both of our reputation and our national self-respect, in being - and being seen to be - a good international citizen.

The concept of good international citizenship is not the foreign policy equivalent of boy scout good deeds. It reflects the reality of international interdependence and that emerging globalism to which I earlier referred: the fact that global problems, such as threats to the global environment,international health problems like AIDS, the international narcotics trade, refugee care and resettlement, population growth, and debt all require global solutions.

Because we recognise the interdependence of the world and because we need to have a say in how we are to solve global problems, we have placed, and will continue to place a considerable emphasis in our foreign policy on multilateral diplomacy. Whether the issue is the convening of an international conference on Indo-Chinese refugees, or the preservation of existing systems of effective multilateral cooperation such as the Antarctic Treaty system, or the creation of new international frameworks such as were discussed at the recent meeting in The Hague on the emerging global climate problems, we think that important national interests are served by strengthening the machinery of multilateralism. We have a deep attachment, in particular, to the United Nations itself - which has dramatically reasserted its utility in the resolution of regional conflicts in recent times - and have been doing our best to urge an until recently rather reluctant ally in this respect, the US, to share that attachment and play a newly vigorous role in the multilateral process.

Of all the strands of good international citizenship, we give special emphasis to human rights. This reflects a national - and a philosophical - interest in defending and extending international standards of human rights and the observance of international law. We are active in making responsible bilateral representations on human rights violations because we recognise that a right not defended is a right easily lost. In doing so we do not seek to prescribe cultural conformity or a specific form of government. We recognise that the advance of human rights and democracy will in some societies involve a creative blend of universal values and deeply rooted national traditions. Our objective is to affirm values which in the United Nations Charter and elsewhere, have been recognised as genuinely universal, and which are at the core of our sense of human dignity. Not only does this endeavour have intrinsic merit; but the pursuit of human rights, including the freeing up of political institutions and economic and social controls, is arguably essential to successful modern economies, which place a premium on adaptability; free flows of information, dissent and debate; unfettered scientific research and technological change. Persistence in all this does, moreover, bring results, in individual cases and more generally. Not the least of President Gorbachev's dramatic announcements in his speech at the UN last December was his forthright support for the Universal Declaration on Human Rights, and his actions since then have not undermined his credibility in doing so.

Good international citizenship is perhaps best described, not least for the cynical, as an exercise in enlightened self-interest: an expression of idealistic pragmatism. Our refugee program, for example, shows how we can be faithful to humanitarian concerns and, in the process, also acquire for Australia human resources and skills which strengthen our economy and enrich our society. The balance between idealism and pragmatism in the pursuit of good international citizenship will vary from issue to issue. This Government has been active in support of international efforts against apartheid, not because it serves any direct Australian commercial or strategic interest, but because the system of apartheid stands so far beyond the pale and is so manifestly immoral that we cannot just wash our hands of it on the comfortable but indecent justification that it is too far away from narrow Australian interests. Our policy on apartheid also reflects, and demands, an honest attempt to come to grips with our domestic situation where Aboriginal Australians have been victims of racism. In opposing apartheid we are signalling that racism has no part to play in domestic Australian policies, and that historical wrongs need to be righted. Here as elsewhere, we cannot be expected to be taken seriously abroad if we are not seen to be getting our own house in order.

If we are both to fulfil the inherent responsibilities of good international citizenship, and avoid the charge that our interests in international cooperation and development assistance are just pious platitudes, then Australia must maintain a credible overseas aid program. I am concerned at the way in which levels of Australian aid have been steadily declining - quite dramatically as a proportion of GNP - over the last several years. The economic circumstances that forced those cuts are obvious and understandable enough, but I would

certainly hope that in coming Budgets we can see this trend reversed. At a time of increasing economic interdependence globally, Australia cannot sidestep its international obligations as a developed nation and as a strong supporter of international cooperation.

Realism and Idealism in Australian Foreign Policy

I have been referring, in the context of our international citizenship objectives, to the need to blend realism and idealism in our policy. I would like to conclude on that theme in the broader context of Australia's overall foreign policy.

We are realists because we have to take note of that injunction - often all too devastatingly true - from Machiavelli: "... how we live is so far removed from how we ought to live, that he who abandons what is done for what ought to be done, will rather learn to bring about his ruin than his preservation". A further reason for Australia to be realistic is that - unlike Florence in the fifteenth century - a country of our capacity must always acknowledge that our impact on events outside our national territory will rarely be decisive.

We are idealistic because it is the nature of men and women who live by the precepts of democracy to believe that they can change the world for the better. But in Australia's case there are some additional special reasons. Established as we were as a gaol for the discards of British society, and with a significant proportion of our present population derived from those fleeing persecution or seeking a better life, at least part of the national psyche is profoundly committed to notions of reform and improvement. And being of the size and weight that we are, it is in Australia's national interest that the world should be governed by principles of justice, equality, talent and achievement rather than status and power.

I feel sometimes that when observers discern a lack of "vision" or "idealism" in present circumstances, they are missing an essential point. The war-time and post-war years were full of the idealism of sacrifice and the vision of a better world, but there were also the anguished cries of a world in conflict. What we have had, in the years of pragmatism since the ending of the war in Vietnam, and especially just in the last two years or so, is a prospect opening up of peace and prosperity in the Asia-Pacific region and elsewhere which, if it can be sustained, promises a better life for ordinary people. And this is an ideal which is no less powerful for lacking the eloquent if rigid rhetoric of the Cold War years.

In a sense the dichotomy between realism and idealism is a false one. The issue is one of means and ends; tempering what we want with what we can deliver and at what cost - social, economic and political. To take global environmental issues as just one example, it involves weighing the ideal and necessity of environmental protection against other needs like job creation and economic growth, and fixing on a policy which tries to balance costs as well as benefits.

I observed at the start that the tides of ideological conflict are receding everywhere, as governments are forced to acknowledge that ideologically-founded visions and ideals, however powerfully expressed, do not provide improved living standards or even, in some cases, do not sustain existing standards: the indices of economic progress have a way of resisting cosmetics. This is an irreducible fact of international life in the last part of the 20th century and it is forcing governments and peoples everywhere back to basics, to doing the best with what they have got, not expecting that the world is going to be reformed overnight but working so that it can be changed, slowly, for the better.

So, in fact, there is a vision to which, consistently with all that pragmatism, we can and should still aspire. It is the vision of a peaceful and prosperous Australia and a peaceful and prosperous world. It is a vision of change which, while realistic rather than romantic about human progress, is consistent with the democratic instincts of people and their capacity to manage change successfully. It is a vision of a world which allows nation states to develop their own distinctive capacity and individual personality. And it is a vision which, while acknowledging the need to balance out means and ends, does pick up and incorporate the momentum of some of the liberating ideas of the 1960s and 1970s, including racial equality, equal opportunity for women, and, again, the protection of the environment.

It is a vision which does not distinguish between internal and external policies, as if the rules of international behaviour are somehow different from the rules governing other human behaviour. In Australia's case, there is a notable consistency at present between our aspirations to govern our society by consensus at home, and our international aspirations to resolve problems by consultation and cooperation rather than confrontation - and that is a consistency we shall try very hard to maintain.

It is a vision to which the Hawke Government is totally committed, and to which we will remain committed as we continue to determine foreign policy priorities in an ever-changing world. And at this pivotal period in world history, when opportunities really do seem to be present for fundamental new approaches to the conduct of international affairs - it is a vision which stands an excellent chance of becoming a world-wide reality.

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* "Australia's Place in the World: The Dynamics of Foreign Policy Decision-Making", address to ANU Strategic and Defence Studies Centre Bicentennial Conference, 6 December 1988. To be published in Desmond Ball (ed.), Australia and the World: Prologue and Prospects.