

Speech to the Educating for Asia Summit 2011

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In the two decades after 1990, Australia led in the world in greater depth, variety and volume than at any other time in its history.

By the year 2000, it had lower barriers to international trade and investment than any other developed economy, whereas for most of the twentieth century it had some of the highest.

Australia's trade, which was just over a quarter the size of its economy in the 1960s, had grown to 42 percent of the size of a much larger economy by 2000.

The flow of investment into Australia in 2006 was twenty times as large as in 1990.

By 2008 over half a million foreign students were studying at Australian schools, colleges and universities, a twenty percent increase from the previous year – in line with the average percentage increases every year for the previous decade.

By the mid-1990s over 100,000 people were migrating to Australia every year, making up over half of the country's annual population increase for the first time since the early twentieth century. The population passed 22 million at the end of September 2009.

The last million were added one year faster than the previous million, and nearly two years faster than the million before that.

Over one-quarter of Australians were born overseas, and as far back as 1996 the number of Asian-born Australians passed one million.

The number of Chinese-born citizens increased six-fold since 1990, and the number of Indian-born quadrupled. Two and a half million Australians speak a language other than English at home.

Over one-half of all marriages in Australia each year are between people born in different countries.

The last two decades also saw Australians go into the world with a confidence, frequency and impact they've never had in the past.

The flow of investment out of Australia grew by ninety-five times its 1990 levels by 2006, with year-on-year growth in external investment averaging 12 per cent between 2002 and 2007.

That year the country exported twice as much capital as it imported, and Australian investment abroad reached three-quarters of the amount of global capital invested in Australia.

On any given day, there are around one million Australians living in or visiting another country.

In the first six months of 2010, 6.8 million Australians – more than a quarter of the population – travelled overseas, translating into 31 international journeys per hundred Australians, compared to just 12 per one hundred in 1990.

Australians' wanderlust has been increasing at an average of 11 percent every year since 2003, to reach the point that its numbers of short-term departures outnumber short-term arrivals by over a million a year.

This has never happened before.

And Australians have begun leaving on a long-term basis in ever-increasing numbers.

Over the course of the past 20 years, long-term departures increased by on average 13 percent each year, and Australian expats were playing ever more prominent roles in the world.

A 2004 Lowy Institute study of the Australian diaspora produced an impressive roll call of prominent Australian expats:

In business, Australians head up McDonald's, Rio Tinto, Pizza Hut, Santos, Dow Chemical, News Corporation, Polaroid and British Airways, and hold senior executive positions in IBM, Merrill Lynch, Kellogg's, DuPont and UBS. The iconic American companies Coca-Cola and Ford were, until recently, run by Australians. The editors of the *New York Post* and *The Times* of London are Australian. The President of the World Bank was born an Australian, as was the Crown Princess of Denmark. The secretary general of the Pacific Islands Forum Secretariat is an Australian and another will soon be solicitor-general of Papua New Guinea. There are 20 Australian born and educated professors at Harvard University and the Massachusetts Institute of Technology alone. Australians and former Australians have worked in senior positions at United Nations Headquarters, in 10 Downing Street and the White House. An Australian was, until recently, Vice-Chancellor of the University of Cambridge in the UK, while another presides over the Royal Society. NASA has sent an Australian into space. Australians are prominent in Hollywood, both in front of and behind the camera, and are influential in Asia's film industry. Our success in the British arts world is just as notable: Australians run London's South Bank Centre, its Philharmonic Orchestra, its Science Museum and the Sadler's Wells Theatre. They also direct Britain's Royal Ballet School, the Royal College of Music, Edinburgh's International Film Festival, and Cardiff's Millennium Centre.

The world has always been important to Australia, but during the past twenty years it has become steadily more so.

A much larger proportion of its prosperity relies of global markets and investment.

More Australians work and live outside of the country than ever before.

The fulcrum of world affairs has inexorably moved closer to its own shoreline.

And yet during a visit to Brussels to meet Asian and European leaders in October 2010, the Australian Prime Minister said, "Foreign policy is not my passion. It's not what I've spent my life

doing ... I'd probably be more (comfortable) in a school watching kids learn to read in Australia than here in Brussels at international meetings.”

The remark attracted little criticism or comment.

Months earlier, the Leader of the Opposition had stated that international affairs was not his area of expertise.

During the federal election campaign in August 2010, the world outside Australia's shores was barely mentioned.

A desultory debate between the major parties' foreign affairs spokespeople attracted little attention.

The two international issues that featured in the campaign were the war in Afghanistan and the arrival of asylum seekers by boat in Australia's north-eastern waters.

But a studied lack of interest in or vision about the world appeared to count little against either leader in the minds of voters.

The idea that international issues are not something that Australians care much about has been steadily growing as an accepted wisdom among the country's political class since the early 1990s.

When I asked about his portfolio responsibilities in 1998, then Opposition foreign affairs spokesman Laurie Brereton began his reply with “Well there's no votes in foreign policy”.

Prime Ministers who are deemed to become too enamoured with international issues are judged harshly for it.

Paul Keating's perceived obsession with Asian engagement was seen to play a big role in the electorate's judgement that his pursuit of “the big picture” had come at the expense of the concerns of ordinary Australians.

John Howard told a prominent journalist during his first overseas trip as Prime Minister that “Frankly I don't want to get involved in foreign policy”

Kevin Rudd's big foreign policy initiatives and not unusually hectic international travel schedule soon earned him the sardonic nickname “Kevin 747” – and his expertise and comfort with international affairs came to be interpreted as a lack of engagement with domestic issues.

Julia Gillard and her opponent Tony Abbott would have been well aware that their statements about a lack of interest and expertise in a major element of a Prime Minister's job would carry little risk of damage to their popularity.

Imagine the leader of an Australian political party proclaiming a lack of interest or expertise in the economy, or health, or education.

The deepening insularity of Australian society has allowed governments of both sides of politics to systematically disinvest in the primary instruments through which Australia deals with the outside world.

In March 2009, detailed research by the Lowy Institute showed that Australia's budget for foreign affairs and diplomacy has progressively shrunk in real terms during the very decades that Australian society has grown more and more dependent on the outside world.

By 2009, Australia had fewer diplomatic missions than every other developed country, with the exceptions of Finland, Luxembourg, New Zealand and Slovenia.

Further Lowy Institute research in 2010 showed Australia's investment in international public broadcasting was just a fraction of that invested by countries it likes to compare itself to: the United States, United Kingdom, France, Germany, South Korea and Japan.

Even a smaller and more secure country like the Netherlands outspends Australia in broadcasting to the rest of the world.

But even as they accepted an erosion of Australia's capacities to influence the world it was enmeshing with, the voters accepted and rewarded a dramatic investment in measures and agencies designed to keep the country safe from the outside world.

The message that connectivity meant vulnerability grew as a steady drum beat during the last decade.

In the years between 2000 and 2010, the budget of the Department of Defence increased by 62 percent; that of the Australian Secret Intelligence Service (ASIS) by 437 per cent; that of the Office of National Assessments (ONA) by 471 per cent; and that of the Australian Security Intelligence Organisation (ASIO) by 562 per cent.

By the 2010 election, concern about terrorism had been forgotten, but hysteria about the threat from asylum seekers arriving by boat reached fever pitch.

Despite just twenty-six thousand asylum seekers arriving by boat over the past thirty-four years (an average of 1,300 each year) both government and opposition vied with each other to throw money at the problem.

In the 2010 Budget Papers the total visible pledge to addressing the asylum seekers issue is almost \$654 million – a figure that does not include the substantial proportion of the Defence, Intelligence and Federal Police budgets devoted to the issue.

The Opposition pledged to reopen offshore detention facilities on Nauru, a measure estimated to have cost more than \$1 billion between 2001 and 2007.

These figures are depressing when compared to Australia's spending on its diplomacy, which is funded at just over \$1 billion, or its international broadcasting budget of just \$34 million; they are bizarre when they show a willingness to spend over \$100,000 for each of the nearly 6,000 boat-borne asylum seekers that arrived in 2010.

It's always risky to try to analyse the public mind, but Australia's internationalisation-insularity paradox is too stark to leave unexplained.

Australians can be forgiven for being more than a little cynical about the importance of the world to their daily lives.

For decades they have been told that big changes are coming that will affect them profoundly. Since the 1960s, commentators have warned that the rise of Asia would challenge Australian society in profound ways.

In 1989, the eminent economist Ross Garnaut wrote in a report for the Prime Minister that the economic rise of Northeast Asia and its transforming effect on the world economy.

This presented great opportunities for Australia, argued Garnaut, but only if its society was prepared to make a demanding and unaccustomed transition: “the challenge of the Northeast Asian ascendancy to Australia includes the need to comprehend Northeast Asian social, economic and political institutions and languages.”

For Prime Minister Paul Keating seven years on, a booming Asia challenged Australia: “if Australia does not succeed in Asia it will not succeed anywhere. But success clearly requires more than the traditional tools of foreign policy ... our external relations can no longer exist in a separate box marked “foreign relations” or “foreign policy” - largely unconnected with the domestic policies which are needed to build a society which is both open and competitive and cohesive and strong.”

According to Keating, to make its way in its region, Australia needed to become a republic.

The common thread to each of these arguments – and to dozens more in between – was that Asia was rising and Australians would have to change to avoid disaster or to make the most of it.

But Australia didn’t change.

Australians kept their alliance with the United States and their marked comfort with western values and societies over Asian societies.

Lowy Institute polling has consistently shown Australians overwhelmingly support the alliance with the United States.

They consistently feel more warmly towards western countries – New Zealand, Canada, France, the United Kingdom and the United States – than Asian countries.

Those Asian countries they prefer are the most westernised – Singapore and Japan.

Since Garnaut’s call for Asia literacy in 1989 there has been a relative decline in the numbers of Australians studying Asian languages.

While Japanese is still the most widely studied foreign language and demand has surged for Mandarin Chinese, the number of people studying other Asian languages is either stagnant or declining.

Schools and Universities have reduced their investments in the teaching of Asian languages.

Neither did Australia become a republic, with close to 55 per cent of voters rejecting a 1999 referendum proposal for an Australian head of state.

The world didn't punish Australians for their obduracy.

Even as the alliance with the United States thickened, no destabilising competition with China or Russia threatened its shores.

The nuclear attack that many had warned would come due to Australia hosting American satellite bases never eventuated.

The Koreans and Japanese, soon to be joined by the Chinese and the Indians, continued to buy Australia's resources and visit its resorts.

The economy boomed, and Australians became more wealthy than ever despite their lack of interest in the cultures, histories or languages of the people they were trading with.

Far from being shut out of the region, Australia participated in the founding of regional organisations in spite of retaining Queen Elizabeth II as its formal head of state.

Indeed, practically every international issue that really worried Australians at some stage over the past 60 years has seemed to simply fade away without even a whimper.

Their major fears after the Second World War were over a resurgent Japanese militarism and the creeping tide of communism.

But Japan turned out to be the most benign of great powers, adopting a stance of extreme pacifism and being consistently – and almost unbelievably – reasonable whenever provoked.

Instead of a threat, Japan became Australia's closest partner in Asia, collaborating with Canberra in the founding of a range of regional bodies.

While the Communist menace lasted longer, by the end of the 1970s it also was a waning force. Beijing had coupled its market reform with a strictly pragmatic and non-provocative attitude to its international affairs; Vietnam had become embroiled in a bitter war in Cambodia; and the Soviet Union, China and Vietnam seemed more intent on fighting among themselves than in spreading world revolution.

Australia's strategic experts got the jitters about the Soviet navy in the Pacific and Indian Oceans and the Russian invasion of Afghanistan from time to time, but the rest of the population paid it little attention.

Neither did the United States succumb to the isolationism that many feared would follow its defeat in the Vietnam War, leading it to pack up its alliances and go home.

Another deep fear many Australians held was that crowded, poor Asian countries would suddenly discover their resource-rich, sparsely populated country and invade in great numbers.

Fears were particularly deep about the big societies in Asia – Indonesia, China and India.

But while deep fears about the vulnerability of Australia to sudden massive inflows of poor Asians remains and animates the hysteria over boat-borne asylum seekers, perceptions of Asian societies as crowded and poor have been eroded by a growing awareness of the Asian economic miracle.

Stereotypes of East Asians could not but change in the face of large inflows of well-heeled tourists arriving and underpinning a booming sector of the economy, a growing number of Australians aware of their country's (and their own) economic good fortune is based on rapid development in Asia, and the obvious wealth of Asian migrants and students.

Despite the recent outburst of xenophobia that described the arc of Pauline Hanson's political career, the visceral discomfort of most Australians with the influx of Asian immigrants has largely been on the wane. Australia's non-discriminatory immigration policy has not resulted in the country being "swamped by Asians" as Hanson predicted.

Another concern, though mostly confined to the policy wonks, was that Australia would be shut out of the Asian markets on which it had become so dependent by the rise of a closed shop Asian regionalism.

But yet again, the threat just disappeared.

All of Asia's regional bodies failed to produce what they'd been set up to achieve, and as they lost momentum they succumbed to bright shirts and bland communiqués.

With neither global nor Asian trade talks able to deliver freer flows of goods and investment, Asian countries began to pair off and sign economic agreements together.

Mahathir is long gone, and no Asian leader could hope to argue for an exclusive bloc that suddenly cuts all of these meticulously negotiated trade deals.

In hindsight, the world has appeared to become more benign with each passing year.

All of Australia's disputes with its neighbours – over East Timor, tourist advisories, the jailing of Australian businessmen and drug couriers, bashed students, standing up for whales – seem to just blow over despite the dire warnings of foreign policy experts.

Nielsen global polling has found Australians' levels of economic optimism among the highest in the world, surrounded by the societies of booming Asia, while Americans, Japanese, and Europeans plumb the depths of economic pessimism.

Nothing from the outside world seems to have worsened the safety, health or wealth of Australians.

They can go pretty much wherever they want on earth, and get pretty much what they want.

Worrying about the outside world is too much like hard work.

There is also a double disincentive that helps to suck the public's interest out of world affairs: Australia is too far away to be affected, and too small to make a difference.

It is a strong undercurrent that, paradoxically, seems to become stronger as the world becomes more complex and immediate.

Social researcher Hugh Mackay argues that Australians have become more insular in recent decades as they see their lives prey to powerful forces that shape their fortunes but are beyond their control.

Their disengagement reflects not lack of interest or concern, but a sense of powerlessness: "the happiest people ... were those whose horizons were most limited, whose concerns were unremittingly local, immediate and personal."

A growing sense of powerlessness has led to a hedonistic determination just to enjoy life: "Australians are ready to leave politics to the politicians, economics to the economists and international relations to the diplomats. They want to disengage from the national agenda so they can get on with having a good life in the best, safest country on earth."

CULTURE OF SERENDIPITY

BIPARTISAN AGREEMENT