

The Keith Murdoch Oration

Asia in the New Order: Australia's Diminishing Sphere of Influence

by

PJ Keating

State Library of Victoria

14 November 2012

Keith Murdoch, in whose name this oration is given, represents an important position in the history of this institution. Chairman of the Board of Trustees from 1939 to 1945, of what was then the Melbourne Public Library, he came to the position from an industry devoted to information, namely, newspapers.

He was appointed editor of the Melbourne *Herald* in 1921 and played a corporate role in the *Herald* acquiring the *Sun News-Pictorial* in 1925, becoming managing director of the *Herald and Weekly Times* in 1928. And so began the entrepreneurial career of the first Murdoch, building the *Herald and Weekly Times*, which sixty years later his son Rupert acquired.

But Keith Murdoch's fame burned brightly long before he became the doyen of Australian newspaper publishing.

He first came to public prominence as a war correspondent covering the First World War and controversially, over his coverage and writings on the Gallipoli campaign. In September 1914, he made a bid to be appointed an official Australian war correspondent by the Australian Journalists' Association but lost narrowly to CEW (Charles) Bean. Imbued by the world-changing dimension of the First World War, in 1915 he managed to have himself transferred to London as managing editor of the United Cable Service of the Melbourne *Herald* and *Sun-Pictorial*.

Having been a reporter covering the then Melbourne-based Commonwealth Parliament before the war, he was on first name terms with Prime Ministers Andrew Fisher and Billy Hughes, as he was with ministers and prominent members of parliament.

It was these associations which led Andrew Fisher and Sir George Pearce to commission Murdoch to investigate the Australian Imperial Force abroad, leading to General Sir Ian Hamilton granting Murdoch permission to visit Gallipoli in late August 1915.

During his four days on Gallipoli, Keith Murdoch sent back dispatches critical of the campaign and upon returning to England had composed and dispatched a

long summation of it to Prime Minister Fisher. This document was perhaps the first to praise the general bravery and resourcefulness of the ANZACs in the context of his otherwise harsh criticism of the British Army and its generalship.

Within a few days of arriving in London, Lord Northcliff, the editor and proprietor of The Times, another paper his son would acquire, had arranged for him to meet British cabinet ministers Andrew Lloyd George and Andrew Bonar Law and other anti-Dardanelles cabinet identities, which lead to the recall of Sir Ian Hamilton as commander in chief and to the eventual evacuation of Gallipoli.

Harshly criticised by Australian and British senior officers for his inflammatory writing, Keith Murdoch was obliged to defend himself before the Dardanelles Royal Commission. The Australian war correspondent Charles Bean would later say that Murdoch's case could well have been made without resort to 'gross overstatements'. Such proclivity for exaggeration and dense colour was no doubt part of Murdoch's DNA. I am sure many would believe that these characteristics lingered in his genes.

At any rate, Keith Murdoch's star shone brightly against the darkened backdrop of early twentieth century Australian history. At thirty, he was hobnobbing in London with the people who ran the world. In those days, before the first long and internecine battle with Germany, Britain was the world's acknowledged superpower. It was not until the war had drained it of wealth and energy that a nascent America emerged to become the force it remains today.

It has always struck me how influential Australia had been in the councils of major powers across the twentieth century. In two world wars, despite our small population, our leaders have sat with those of the most powerful states in the world. Fisher and Hughes during World War One, with Hughes famously at Versailles and Menzies and Curtin, along with Bruce as High Commissioner, in London and Casey in Washington during World War Two.

By dint of our lineage we were, for better or worse, at the centre of things. This broadly remained true after World War Two; we even managed to remain influential during the Cold War. Across the twentieth century we were a paid up member of the Anglosphere, with our dues paid in military commitments in World War One, World War Two, in Korea, in Vietnam, in Iraq and in Afghanistan.

Not bad for a country that did not even have its own foreign policy until 1942. In 1931, the passage of the Statute of Westminster gave autonomy to the whiter parts of the British Empire – Australia, New Zealand, South Africa and Canada. Even after that, we did not ratify the Statute until late 1942 – eleven years later. We were determined not to be tricked into autonomy. Explaining our reticence, Menzies told parliament 'I know that quite a number of

responsible people are troubled about the proposal to adopt the Statute of Westminster for the reason that they feel it may give some support to the idea of separatism from Great Britain’.

Menzies did not have to wait long for the separatism to reveal itself. The fall of Singapore in February 1942 ended the influence in our part of the world, of the principal seat at the high table of the Anglosphere, Britain, and with it, the strategic guarantee on which we had relied since settlement in 1788.

And after the war, when we looked up, our immediate neighbours were no longer European colonial powers but independent nations.

However beset by straitened circumstances and endemic poverty, these states had slipped the yoke of colonialism; no more the British in India and South East Asia, no more the Dutch in Indonesia nor the French in Indo-China.

But just when we thought we had, more or less, to make our own way in the world and in our part of the world, the great freeze took hold: the Cold War.

Despite Franklin Roosevelt’s hope that following a second disastrous world war, a new convergence of world powers could be garnered under the auspices of a United Nations, the vetoes given Soviet Russia within the Security Council damned the world to a new bipolarity which shackled it for fifty years. When the epiphany came in 1989, China was only limping from its isolation and poverty, India had only shown modest inclinations to reform and prosperity, Indonesia was dragging itself from poverty, finding a place in its Non-Aligned status, while the countries of Central and Eastern Europe had breathed their first breath of fresh air since 1939.

Indeed, since 1945, in Australia we had had a reasonable time of it; strong income growth up to 1970 off the back of our trade relationships with Britain, the United States and Japan and then a renewal of activity from 1983. And our strategic circumstances had remained benign mainly because General Soeharto’s New Order government in Indonesia had turned its efforts to constructing ASEAN rather than annoying us.

When I became Prime Minister at the end of 1991, Australian foreign policy was one year short of fifty years old. So brief had been our time on our own, the time we had had to set our own direction and make our own luck. The time we had had to ponder the fracturing of the Anglosphere and the imperatives of our geography. The time we had had to understand the import of the great societies around us, now off and running - India, Indonesia, China – and the impact they would have on the world both economically and strategically.

On the whole, we turned in a patchy performance. Menzies could never make the break from Britain and ended up making a botch of Suez. During the same

period, he committed us to the war in Vietnam, a war we should never have been in. He did not know what to do with Sukarno during Indonesia's period of confrontation with Malaysia; he was relieved by Soeharto's generally benign view of Australia at about the time he left office. Holt went 'all the way with LBJ', Gorton and McMahon occupied the non-threatening wallow provided by Soeharto, not knowing what to do about Vietnam. Whitlam sharply improved the game by establishing diplomatic relations with China, while superintending our withdrawal from Vietnam. He also sought to positively establish a relationship with Soeharto and Indonesia. The Fraser years encouraged Asian immigration to Australia, while Fraser maintained a close connection with the British Commonwealth, with a primary interest in issues such as Zimbabwe as Bob Hawke later did with South Africa and apartheid. Bob Hawke embraced China but he ignored Indonesia. Our relationship across the post-war period with the countries of South East Asia was cordial but you would be searching for superlatives to add more to it than that.

If you distil it, our first fifty years 'on our own' was about the Cold War, great and powerful friends and the backwash from de-colonialisation.

As Prime Minister from 1991, I saw the writing on the wall as to the relative decline of the Anglosphere, perhaps more clearly than my predecessors. More than that, I rejoiced in the diversity around us and the fact that the big and old societies of the East, formerly locked down by colonialism and poverty, were free to go their own way. Not only that, I wanted Australia to go with them; to use a Curtinism 'free of any pangs as to our traditional links or kinship with the United Kingdom', to which I would have added, 'and the United States', but not with any lack of appreciation or the nostalgia which attends our history and culture.

The Soviet Union was dissolved a week before I became Prime Minister. You had to know that new opportunities would abound, that the stultifying bipolarity would lift, that the world was capable of being made anew; certainly made to look something like it was or might have been before 1914 - before the full onset of the violent twentieth century.

For a start, open regionalism became possible as it was impossible under the bipolarity of the Cold War.

The spread of technology and capital, which the new post-Cold War world encouraged, was to have the effect of re-establishing the nexus between population and GDP – where again the largest states by way of population, would again be the largest by way of GDP.

The industrial revolution had broken that nexus but the coming ubiquity of technology and capital would re-establish it. And the effect of that had to mean that for the first time in Australia's history Australia would be situated not

simply in the fastest growing part of the world but among the largest economic states of the world.

That is, Australia would be in the neighbourhood of the emerging geo-economic centre, where for all of its history it had otherwise been on the periphery. And a distant periphery at that.

These vast changes portended a new international order – one completely different from the template of 1947, the one cut by the victors of World War Two.

One hoped a more representative international order than the one represented by the G7 – the United States, Britain, France, Germany, Italy, Japan and Canada – could be constructed; would be constructed.

These new circumstances meant that all of a sudden Australia had the opportunity to move beyond the old pathways, where we had made an art form of managing powerful friends with the slender hand we had been dealt. All of a sudden, if we were game, if we were able, we could strike out on our own – or as I used to say at the time, move to the big canvas.

Before I became Prime Minister, the Australian Prime Minister only attended two international gatherings – the British Commonwealth Heads of Government Meeting and the South Pacific Forum. In no multilateral fora would our Prime Minister sit with the leaders of the United States, Japan, China, Indonesia or any of the states of South East Asia. The leadership of those countries occupied a world beyond us. We were an important fish but only in the most marginal of ponds.

In the early 1990s it was imperative that we understood the signs, even if our greatest and most powerful friend, the United States, was missing them. Imperative that we not let the epiphany at the end of the century dissipate in an orgy of nothingness, only to find ourselves back in our usual place – as marginal players; scammers at the temple of the superpower - watching these world-defining changes play themselves out while conducting ourselves as some kind of passive onlooker.

This was the point where Australian foreign policy had to break out of the mould. If it could mix metaphors, where we had to change gears and move up a cog.

I became Prime Minister ten days before the second only visit of an American President; President George Herbert Bush.

It was President George Herbert Bush who first used the phrase ‘New World Order’, so whatever that was likely to become, I was determined to deal Australia into it.

On New Year’s Day 1992 at Kirribilli House in Sydney, I unveiled a proposal to President Bush for the United States to join with Australia to reach across the Pacific to China, Japan and to Indonesia to create a new regional structure; a new piece of political architecture.

It is history now that I succeeded in that proposal with President Bush’s successor, President Bill Clinton, and that the first meeting of what became the APEC Leaders’ Meeting was held in Seattle in November 1992. Indeed, the twentieth anniversary meeting of the APEC Leaders’ Meeting recently concluded in Vladivostok.

During my discussions with President Bush at Kirribilli House, his national security adviser, General Brent Scowcroft who was present, said that I had articulated a policy of engagement for the United States in the Pacific that the United States had not articulated for itself. General Scowcroft was alluding to the fact that the Cold War had cast a Euro-centricity over US foreign policy and he might have also been alluding to the fact that since the Second World War, the sharp end of US policy in the Pacific had been made by the United States Navy and the Trade Representative, but not the State Department.

I was urging not a one on one but a multilateral basis of engagement by the United States at leadership level, with the leaders of the major East Asian states, namely, China, Japan and Indonesia, as well as those smaller states which had been included in the membership of APEC, the ministerial economic body, which Bob Hawke had been central in establishing in 1989.

Coming from the relatively small state of Australia, this was a difficult thing to do. To succeed I first had to secure the support of the Japanese Prime Minister, then Kiichi Miyazawa. Miyazawa I had known well from my Treasury years but, in those days the Japanese would not do anything other than that countenanced by the United States. Miyazawa told me that he would only come with me if I was able to get Soeharto – not simply the President of Indonesia, but a leading figure in the Non-Aligned Movement: a big call. I made a huge effort with Soeharto; discussion after discussion, but once I had him, I was able to approach Li Peng, the Chinese Premier, to encourage China to come in too. Li Peng was exceptionally suspicious of it, particularly as APEC, the economic body, already had Taiwan and Hong Kong in its membership. But eventually I did get the support of Premier Li Peng for a head of government level, Pacific-wide body, but only after his wife had upbraided me at a dinner for putting unreasonable pressure on him.

After I had added South Korea and Canada to the stock of states in support of the idea, I was able to approach President Bill Clinton for his support for what was virtually a custom made group. Support, I might add, he gave graciously.

Away from multilateral constructs of the APEC variety, I gave enormous time and attention to the development of bilateral relationships, most notably with Indonesia. I think I grasped, perhaps more than any of my predecessors, the singular importance to Australia and to its security, of the vast archipelago to our immediate north. I understood that the advent of General Soeharto's New Order government had brought peace and stability to our region, as it had to support for the building of ASEAN itself. It turned out I had been right in assuming that President Soeharto possessed a generally benign view of Australia, notwithstanding the preoccupation of the Australian media with the events in Balibo two decades earlier. I was completely determined to establish a totally new and durable basis for our relationship with Indonesia other than the one we had which saw everything through the prism of East Timor.

History has well recorded that this period was a high point in Australia's relationship with Indonesia from which I was able to propose and then with President Soeharto, build a political relationship based around regular meetings of a broad ministerial forum and a new strategic relationship built around a defence cooperation treaty of a kind our two countries had never had nor earlier could have contemplated. Called the *Agreement on Maintaining Security*, it was not simply a defence cooperation agreement - it had within it an active element – an agreement to consult one another in the event of adverse challenges and to consider individual or joint measures to respond.

In other words, the *Agreement on Maintaining Security* was, in effect, a contingent mutual defence pact and one negotiated with our nearest largest neighbour. The document was a strategic dream for Australia with at least as much realpolitik and clout as the treaty we have with the United States; ANZUS.

This was get-it-done foreign policy. Australia acting independently and in its own interests, pursuing its own objectives, filling the void which followed the thunderclap which ended the Cold War.

These were the kind of moves which Australian foreign policy was able to make in the 1990s. Gareth Evans, who was foreign minister in both the Hawke and Keating governments, also succeeded in a number of international initiatives; perhaps the most important being the ASEAN Regional Forum, the defence and security dialogue, operating within the aegis of ASEAN; the Cambodia Peace Accords and our sponsorship of the Chemical Weapons Convention.

The point I want to make tonight is that, I believe, this era of effective foreign policy activism has passed. Our sense of independence has flagged and as it flagged, we have rolled back into an easy accommodation with the foreign policy objectives of the United States. More latterly, our respect for the foreign policy objectives of the United States has superimposed itself on what should otherwise be the foreign policy objectives of Australia.

The days when, as Prime Minister of Australia, I was able to wrest the Chinese Premier into a multilateral body shared with the President of the United States, when I was able to bring the virtual head of the Non-Aligned Movement, President Soeharto, into a structure which included the United States, indeed into a structure with China to boot, are behind us.

The United States and China will now not encourage us to propose and build structures of the kind we have in the past. In the twenty years since I put the APEC Leaders' Meeting together, China has become the second major economic power in the world; it does not need us to help construct its foreign policy, any more than the United States needs us to insinuate ourselves onto China to its account. That is not to say we cannot be influential at the margin, on either or both of them – we probably can and should be. But we have been traded down in the big stroke business. Even states like Indonesia are dubious of us because they do not see us making our way in the world or their world other than in a manner deferential to other powers, especially the United States.

This became apparent during John Howard's prime ministership; it has remained apparent under the prime ministerships of Kevin Rudd and Julia Gillard. After playing the deputy sheriff, John Howard had us dancing to the tune of the United States in Iraq and Afghanistan, while upon the release of the WikiLeaks cables, the Chinese discovered that Kevin Rudd, as Prime Minister of Australia, had been advising the United States to reserve the military option against them. During the current prime ministership, that of Julia Gillard, the US President Barack Obama, made an oral and policy assault on China and its polity, from the lower chamber of our Parliament House. This brought immediate pangs of disquiet from the Indonesian foreign minister and later from his president.

The fact is, Australia's former sphere of influence is diminishing.

Our membership of the Anglosphere through the post-War years and down through the Cold War, did give us influence in the temples of power - but that power came from the victory of World War Two and our associate membership of 'the West'. That world has changed. Now, we have to be propelled not by regard of withering associations but by our enlightened sense of self. Knowing who we are and what we are and what we want. And not only what we want, having a solid idea about how we get it.

This discourse leads to one conclusion: we will always be best being ourselves, exercising our ingenuity where it matters most, where we are most relevant, where our interests mostly coalesce and that is in the neighbourhood – the place we live. Recognising that our general membership of ‘the West’ was most relevant to us while ever ‘the West’ was the dominant global grouping – but that that period is now passing. What is not passing and what will not pass is our geopolitical positioning. The immutability of our need to successfully treat with and adapt to the neighbourhood – a neighbourhood which, save for New Zealand, is completely non-Western.

The secular change in the diminished growth potential of the West vis-a-vis that of Asia and South Asia and the ‘catch up’ in productivity and living standards going on there will mean that, from now on, our security linkages with ‘the West’ will seem more incongruous than during the post-War years. While we will always have a close relationship with the United States based on our shared history and our similar cultures, it is obvious that the right organising principle for our security is to be integral to the region – to be part of it rather than insulating ourselves from it, hanging on in barely required faith, to attenuated linkages with the relatively declining West.

From now on we have to concentrate on where we can be effective and where we can make the greatest difference. I believe that is fundamentally in South East Asia. South East Asia occupies the fulcrum between South West Asia and North East Asia; the fortunes of the Indian Ocean and the sub-continent vis-a-vis those of continental Asia, China and the western Pacific. In a geopolitical sense, this region is a place of amity, a zone of peace and cooperation, perched between the two most populous neighbourhoods on earth: broadly, Pakistan and India and their ocean, and China and Japan and their ocean.

Northern Australia is adjacent the fulcrum point. It is completely natural therefore, that Australia be engaged there; certainly, with Indonesia but preferably, with the wider ASEAN. This grouping represents the security architecture of South East Asia, the one with which we can have real dialogue and add substance. In the longer run we should be a member of it – formalising the many trade, commercial and political interests we already share. This is the natural place for Australia to belong; indeed, the one to which we should attribute primacy.

The utility of such a foreign policy would be to distil the essence of our primary national interests, such that the naturalness of it gave it a self-reinforcing consistency. And on that note, I was pleased to see recently the Foreign Minister, Bob Carr, articulate a policy of closer engagement with ASEAN.

We have made some important movements in our dialogue with ASEAN and its member states, among them our inclusion in the East Asia Summit from its

inaugural meeting in 2005. The latter development came about relatively late in the term of the Howard government, when it came to the realisation that closer integration with Asia was an imperative for Australia, rather than being a Keating obsession - a contrary view which had formerly driven its policy. Alexander Downer negotiated our membership of the East Asia Summit, while Kevin Rudd effectively lobbied ASEAN and China to include the United States and Russia.

Good and significant as these changes were, they were of their essence, of a foreign policy kind. What they were not, were policies designed to make our general community more relevant to the nations of ASEAN – to set our broader relationships on firmer foundations.

In recent years, our relations with countries like Indonesia and Malaysia have been focused on transactional issues of marginal long term significance; refugee management and live cattle exports come to mind.

In the meantime, policy towards our nearest, largest neighbour, Indonesia, has languished, lacking framework, judgments of magnitude and coherence. It is as if Indonesia remains as it was before the Asian Financial Crisis – before its remarkable transition to democracy and before the re-firing of its wealth machinery.

How things go in the Indonesian archipelago, in many respects, so go we. Indonesia remains the place where Australia's strategic bread is buttered. No country is more important to us – and it is a country which has shown enormous tolerance and goodwill towards us. Focus on this country should be a major imperative driving our foreign policy.

The fourth largest country in the world, a secular democracy, the largest Muslim state, Indonesia's vast archipelago straddles the air and sea approaches to our country. No major power in or beyond the wider region could hope to have the capacity to project forces towards Australia, certainly to our north and west, without needing to transit Indonesia.

I have always thought Indonesia will become our most important strategic partner. The need of this will become more apparent as its economy gets stronger.

Already, on a purchasing power parity basis, the Indonesian economy is larger than our own. Because population is the principal driver of GDP, particularly with the ubiquity of technology and capital, Indonesia's economy is likely to be at least twice as large as Australia's and in time, even larger. Indeed, a recent study by McKinsey and Company, forecast that by 2030, Indonesia's economy would be larger than either Britain's or Germany's.

How might we feel with a massive economy to our immediate north, in an archipelago approaching 300 million people? And a country, which by then, would probably have naval and air forces commensurate with its economic wealth. The fact is, Indonesia is building the weight to stand on its own feet, both economically and militarily, against anything that might come its way – either from the South China Sea or the Indian Ocean.

The question is what will that weight mean for us? An adversary with whom we failed to come to terms in good and propitious times or a partner to share common cause in our own view of the region and the wider world?

The answer to that question will best be settled by Australia positively discriminating in its attitude and in its efforts towards Indonesia, removing the ambivalence which has traditionally informed our approach. In this way, there is every likelihood that Indonesia would respond in kind, diminishing its own ambivalence towards us.

Whichever way we cut it, Australia must lay a bigger bet on its relationship with Indonesia. And this has to be cultural and commercial as well as political. The Australian people are unlikely to beat a path to Java or to Sumatra without public policy in this country divining the way.

Now that Australia is front and centre in the fastest growing part of the world as never before, our future has to amount to more than simply managing alliances. Effective at that as we have been in the past, we are now compelled to be more relevant to the dynamic region around us. This must mean that our opportunities to exercise independence and independence of action will be greater than they have ever been.

Not to measure up to this challenge would be to run the risk of being seen as a derivative power, perpetually in search of a strategic guarantor, a Western outpost, seemingly unable to confidently make its own way in the world. Surely we have reached the point where we have to turn away from that scenario, recognise the realities of our geography and strike out on our own.