

## **The Second Annual Sir Edward 'Weary' Dunlop Asialink Lecture**

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**Shadow Treasurer**

**(Then Minister for Foreign Affairs, Australia)**

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Over the last half century, if not before, there have been many attempts made by far-sighted individuals and organisations -- and occasionally even governments -- to reduce the distance between Australia and Asia, to get Australians to engage with Asia, and to think of ourselves as part of this region, and partners of the countries within it.

'Weary' Dunlop, that magnificent Australian whose memory we honour in this annual lecture, was one of the most prominent of these pathfinders -- a man not embittered by the horror of his wartime experiences, but persuaded by them that Australia's future depended on our learning to live in, and with, Asia. He was, as a result, among many other things, a pioneer of the Colombo Plan; an adviser to Thailand, Sri Lanka and India; President of the Australian-Asian Society; a man who constantly spoke and wrote in Asia about Australia, and in Australia about Asia; a man who made a real personal difference to the way in which Asians and Australians began to think about each other.

There were other pathfinders as well. The Chifley Government, for example, which gave such strong support immediately after the Second World War to the establishment of Indonesia's independence; the Menzies Government Foreign Ministers Spender and Casey, who introduced the Colombo Plan and steadily pursued the building of diplomatic relations with both old and newly emerging Asian nations; the business groups who pursued our trade relations with Japan, so much so that Japan became by 1970 our largest single trading partner; the many dedicated individuals and groups who at last, by the early 1970s, achieved the end of the White Australia immigration policy; and the Whitlam Government, which between 1972 and 1975 recognised China, ended our entanglement in Vietnam and introduced in a whole variety of ways a new spirit of independence in our foreign policy, which has been maintained by successive governments since.

But while all these were important steps along the way to the forging of a new relationship between Australia and Asia, it is only in the last decade, and more particularly in the last five or six years, that we have been able to claim with any confidence that that relationship is real: that Australians really have come to terms with the reality of their geography. Two specific defining events, in my judgement, have marked the transition.

The first was the immigration debate in 1988, which made it clear, once and for all, that no political party could hope to benefit by being seen to play an anti-Asian card. There might well be some significant racist and xenophobic sentiment out there in the Australian community waiting to be tapped, just as that sentiment can be found in almost every country in the world. But 1988 showed that no mainstream political party could begin to express that sentiment -- or even put itself in the position where it appeared to express it -- without dividing internally, and becoming wholly unelectable in the process.

The second defining event was the demonstration, conversely, in the 1993 election, that a mainstream political party could actually win votes by making an absolutely central theme of its campaign the need for Australia to engage more closely with Asia. A country where political support flows to those who would embrace their neighbourhood, and flows away from those who are seen to reject it, is a country well on the way to being, and being perceived by its neighbours to be, a comfortable member of that neighbourhood.

But neighbours, even good neighbours, do not by themselves a community make. Something more is necessary to bind them together, to give them a sense of common identity and common purpose. And neither in the Asia to our north, nor in the larger region embracing East Asia, Oceania, North America (and, on some accounts, Pacific South America as well) which we refer to as the Asia Pacific, has any such common identity been ever historically evident: in sub-groups like ASEAN, yes, but not in the region as a whole. Now this year isn't over yet, and history always has the capacity to surprise us, but 1994 looks like being the biggest watershed year of them all, marking the transition, from theory to reality, of the idea of an Asia Pacific community -- and moreover, an Asia Pacific community in which Australia is clearly recognised and accepted as a fully fledged participant and partner.

In Bangkok in July there was held the first meeting of a new multilateral regional security dialogue forum -- the ASEAN Regional Forum -- which has brought together for the first time to discuss issues like trust and confidence building, preventive diplomacy, and non-proliferation, all 18 major security players in the region: the six ASEAN countries; ASEAN's dialogue partners (Australia, Canada, Japan, New Zealand, the Republic of Korea and the United States), as well as China, Russia, Vietnam and Laos, and Papua New Guinea as well. Of the significant players, only the Democratic People's Republic of Korea is, for the moment, excluded.

And in Bogor next month will occur the second APEC Leaders' Summit, bringing together the heads of all 18 major economies in the region -- with a good chance of producing a declared commitment to free trade in the Asia Pacific region by an identified date not too many years into the 21st century.

These two meetings should be seen as putting in place and consolidating, respectively, the key elements of a new regional architecture: two institutional structures, dealing with economic relations and security issues, within the overarching concept of an Asia Pacific community.

The journey to this point has been a long one. Developments of this kind would have been unimaginable when the region to our north was taking its present shape in the years following the end of World War II -- indeed through until around the mid-1960s. The tide of circumstance for a long time ran comprehensively against such an outcome. Economically, most new countries of the region fared very badly indeed. The economies they inherited from their former colonial masters were generally ill-equipped to meet the demands independence placed on them. All the economic ills of what was to become known as the Third World were familiar to them -- stagnant growth rates; low productivity; low export earnings concentrating on agricultural commodities which were all too vulnerable to international price movements; high population growth; and a lack of any but the most rudimentary infrastructure and services. They were societies dependent, to varying degrees, on foreign aid flows. Their economic policy-making was, quite understandably, taken up with the here-and-now of survival, and there was little time for thinking about strategic linkages with their neighbours.

Politically, too, many of the new states were in serious trouble. Governments -- and systems of government -- were under threat from many quarters. Regional rebellions challenged the authority of central governments in some cases, echoing the divisions of culture and ethnicity which artificial colonial boundaries had often only papered over. In others, insurgencies and military coups were a major threat to fledgling democracies, and the effort to meet them produced its own distortions in curtailment of freedoms and human rights. Administrations were unstable and often short-lived, posing huge difficulties for the task of planning and efficient management.

Security itself was a fragile thing for the people of East Asia in those years. Internal conflicts were accompanied by conflicts between states, ranging from the horrors of the Korean War with its four million casualties, to smaller-scale disputes and tensions over national boundaries. It would be an exaggeration to describe the region of the 1940s to the 1960s as one where every man's hand was against his neighbour's, but it was certainly a part of the world distinguished by lack of confidence in the possibility of a peaceful future, and one whose leaders had little confidence about each others' intentions or military capabilities.

Looking back to the mid-1960s, it is easy to see how substantial have been the changes three brief decades have brought for most of our neighbours. From being an area of economic depression, East Asia has become one of the powerhouses of global economic growth, rivalling the traditional economic centres of North America and Europe. Everyone knows about the extraordinary performance of the Japanese economy, which was the first to take off and remains the strongest in East Asia, but what is perhaps still not so widely appreciated is the extent to which rapid economic growth has become a feature of the region as a whole. The ASEAN economies, for example, grew at almost 7 percent over the past five years, with their output almost doubling in the last decade -- as compared to Western Europe and the United States, which grew only by about a third. The strongest individual performer over recent years in the region has been China, with annual growth rates of 12-13 percent since 1990.

Together with this, as both a necessary precondition and as a result, has come a vast improvement in the region's stability and security. The threat of war between the region's states has receded into the background. And steadily, country by country over the last 30 years, the threat from internal conflict or disorder has, in most places, similarly diminished, and respect overall for human rights has improved significantly, despite the concerns which obviously continue in a number of countries.

While economic and political progress has been neither constant nor uniformly distributed, there remain only a couple of states -- North Korea and Myanmar -- which remain comprehensively out of step with the trends at work elsewhere, with their economic backwardness, their abuses of the rights of their own citizens, and their capacity to destabilise the security of the countries around them. But there are currently grounds for hoping that even these states may at last be starting to understand the lessons that others took to heart years ago.

Old suspicions and rivalries, though, do die hard in Asia, just as they do in the rest of the world. The barren years of Cold War confrontation left their mark on our region, as elsewhere, and the habits of cooperation and consultation so necessary for the formation of any joint undertaking are relatively recent blooms. The sense of common regional identity -- transcending sub-regional identities like 'South East Asia' or 'South Pacific' -- is a very recent phenomenon. While the concept of the 'Pacific Basin' or 'Pacific Rim' has been around in academic and business circles for some years, the currently preferred terminology of 'Asia Pacific' has really only been in widespread currency since around the time APEC was established in 1989. And the idea of that common regional identity being so close as to constitute an Asia Pacific community is an even more recent one still. But if it started late, the concept has taken hold, and it is spreading with accelerating speed.

The idea of an Asia Pacific community -- straddling at least the major economies of East Asia and North America -- can be traced back to the 1960s, when American technocratic optimists such as Herman Kahn foresaw a century of Pacific prosperity marked by ever tighter integration between the US and the Western Pacific region's economies. By 1965, Professor Kyoshi Kojima in Japan was proposing a Pacific Free Trade Area (PAFTA) involving in the first instance Japan, the United States, Canada, Australia and New Zealand. Ideas for an OECD-style body for the Pacific region were being quite actively discussed by the late 1960s; and the formation in 1967 of both ASEAN itself, with a commitment to sub-regional cooperation and development, and the Pacific Basin Economic Council (PBEC) to bring business representatives in the region together, gave concrete form to some of these ideas.

The process gathered further momentum with the likelihood, at Japanese and Australian initiative, of the Pacific Economic Cooperation Conference (PECC) in 1980, with its tripartite structure -- bringing together government, business and academics -- becoming an important vehicle for informal regional dialogue. The establishment of the ASEAN dialogue process in 1984, in which Australia was the first external dialogue partner, substantially strengthened inter-govern-mental consultations in the region. In the late 1980s the pace quickened considerably, with then Japanese Prime Minister Yasuhiro Nakasone's proposal in May 1988 for a Pacific Forum for economic and cultural cooperation; US Senator Bill Bradley's proposal in December 1988 for a Pacific Coalition on Trade and Development; and Alan Cranston's resolution in the US Congress in January 1989 calling for a permanent Pacific Basin Forum with an annual summit of leaders.

The specific initiative to establish what is now known as the Asia Pacific Economic Cooperation (APEC) process was launched by Australian Prime Minister Bob Hawke in a speech in Seoul in January 1989, and consummated at the meeting of foreign and trade ministers from around the region which I chaired in Canberra in November that year. It has to be said that the evolution from prime ministerial speech in Seoul to ministerial-level inauguration was neither automatic nor painless: it required a fair degree of juggling to balance, on the one hand, the interests of Japan and the United States in being major players

in the process and, on the other hand, the concerns of ASEAN not to be subsumed, and institutionally overwhelmed, in a wider regional process. (One of the reasons for the rather odd nomenclature adopted at that meeting -- which I described in Seattle last year as 'four adjectives in search of a noun' -- is that we could only get APEC off the ground in 1989 by emphasising that what we were doing at that stage was not creating a new 'institution', but simply a consultative 'process'.)

There is no doubt that APEC has now become the region's preeminent economic forum, with a growing list of aspirants for membership. But that said, there is still a great deal of ignorance and uncertainty -- both within the region and outside it, and particularly in the business sector -- as to what APEC is actually about. Let me try and tell you, using for the purpose the rather crude metaphor of a three-tier wedding cake.

The first layer of the APEC cake, which has been in place more or less from the outset in 1989 (and which is now reasonably baked, if not yet fully iced), is OECD-style economic cooperation -- in data compilation, policy dialogue and in the development of cooperative strategies in particular sectors like minerals and energy, transport and communications infrastructure, and in areas such as human resource development, and small and medium enterprise development. All this involves no more than consultative activity -- not the negotiation of formal agreements.

The second tier of activity -- which has only recently begun to gather real momentum following decisions at last year's Seattle Leaders' Conference and Ministerial meeting (in other words, has just started cooling) involves trade and investment facilitation: a series of strategies designed to facilitate trade and investment flows, and reduce costs to business, in areas such as technical standards, certification, mutual recognition of qualifications, customs harmonisation, investment guidelines and the like. The value of this kind of activity should not be underestimated. According to business estimates, for example, differing standards and testing arrangements among APEC members can add between 5 and 10 percent to exporters costs on entering the market for the first time, and these are passed directly on to the consumers; others have put these costs as high as 15 percent of total sales. The other significance of trade and investment facilitation activity is that it involves, if results are to be actually delivered, not merely consultation, but the negotiation of agreed outcomes.

The top tier of the APEC cake, for which the ingredients are only now being assembled, would involve actual negotiated trade liberalisation in the traditional tariff reduction sense. There is a lively debate now proceeding, led by the so-named Eminent Persons Group chaired by US economist Fred Bergsten and on which Neville Wran is our Australian representative, as to whether such trade liberalisation in the region, going beyond what is achievable under GATT processes, necessarily involves the creation of a formal Free Trade Area -- and if so, whether it is possible to construct this on a strictly non-discriminatory 'open regionalism' basis, or whether rather, to advance its purposes, it would need to be put together on a more familiar preferential basis. Thinking on this issue is still very much in its infancy (as it is on all the associated issues that arise about the role of bilateral free trade arrangements, and regional sub-arrangements like NAFTA, AFTA and CER, and the relationship between them). But the important thing at this stage is not the precise details of the emerging trade liberalisation agenda. It is simply that that agenda be given some momentum, and there is every reason to believe it will be at the Leaders' Summit next month.

The basic rationale of APEC is now, as it has been from the outset, the mutual benefit involved in greater cooperation -- particularly on trade and investment facilitation, and trade liberalisation -- among the most dynamic set of regional economies in the world, over 60 percent of whose combined trade is already within the region. But APEC's most important contribution to the world trading economy is probably as an economic organisation building a bridge across the Pacific, counter-acting in the process what might otherwise be seriously divisive tendencies in the ongoing trade policy minuet being danced by the United States and Japan, and providing a new framework within which disputes can be resolved and common interests advanced. While with the successful negotiation of the Uruguay Round, the danger seems for the moment to have receded of the 'nightmare scenario' being realised -- namely the division of the world into three closed and warring trade blocs, based on the Dollar, Yen and Deutschmark respectively, APEC is one of the best guarantees that that danger will not resurface.

In the same way that the countries of the Asia Pacific region have accepted joint, cooperative approaches to economic issues, they are also increasingly seeing the answers to their security needs in cooperation, in areas such as dialogue on specific security problems, transparency in military arrangements and the adoption of trust-building measures such as joint military exercises. In doing so the countries of the region have turned to the creation of a new regional structure, the ASEAN Regional Forum, in which to carry forward dialogue on security matters.

The basic rationale for creating the ASEAN Regional Forum (which, despite its name, is not confined in its deliberations to the South East Asian area) has been to generate a new atmosphere of multilateral cooperation in a security environment that was dominated throughout the Cold War years by the division of the region into major competing blocs, supported in each case by bilateral alliance relationships. When the world changed with the end of the Cold War, so too did the Asia Pacific region, and the momentum has been growing ever since for a new approach to regional security: one which would see not the abandonment of traditional alliance relationships, but their supplementation by multilateral dialogue processes, and the evolution of a real network of new bilateral and multilateral cooperative arrangements.

The development of the ARF is generally acknowledged to have begun with a proposal made at the ASEAN Post Ministerial Conference in Jakarta in July 1990 by Australia (to some extent echoed by Canada) that systematic efforts be made to develop a security dialogue between states in the region: the suggestion was made that if such processes of dialogue were to get under way, and if they were to be successful in enhancing confidence and developing new patterns of cooperation among various groups of countries in the region, then at some stage there might evolve a more formal structure, perhaps an Asia Pacific version of the Conference on Security and Cooperation in Europe (CSCE), part of the Helsinki process which contributed so much to the ending of the Cold War.

Obviously, as was acknowledged at the time, there are no simple comparisons to be drawn between the Europe-North Atlantic theatre and the much more heterogeneous Asia Pacific region, and the initial reaction of the US, in particular, was to say that multilateralism in the Asia Pacific was an idea whose time had not yet come. But since then a more relaxed view has come to be accepted, the turning point being the appearance of an article in Foreign Affairs by James Baker in early 1992 acknowledging the contribution to enhanced stability that multilateral security dialogue might usefully make in an Asia Pacific context, although

emphasising (as we in Australia would certainly accept) the important role that the traditional bilateral alliances would continue to play. The Clinton Administration enthusiastically embraced this approach from the outset.

There is no disposition that I can see in the region to use this new machinery -- and any new processes and institutional structures that might flow from it -- to in any way diminish the role and influence in the region of the United States. Indeed I recently heard Singapore's Information Minister, George Yeo, going so far as to describe the ARF as 'cunningly constructed architecture to keep the US engaged' in the region, reflecting in these remarks the widespread acceptance of the United States presence as, in Dick Cheney's terminology, a 'balancing wheel'. I am not suggesting that there is any rush to embrace Henry Kissinger's preoccupation with power balancing to the exclusion of just about all other forms of prophylactic diplomacy. But there is certainly a consciousness by all of us in this region that this is an area where four major powers, and a number of other significant ones as well, do intersect and inter-react, and that something more than merely cooperative and consultative processes may be helpful in keeping them all on the straight and narrow.

The developments I have mentioned, for all their substance, complexity and momentum, have not yet created a capital-C 'Community' in the Asia Pacific in the sense of the European Community (before it styled itself, after Maastricht, as a 'Union'), and maybe they never will. But we are not very far away from the point when 'community' terminology -- at least in the small-c sense -- will be seen as the most appropriately descriptive to portray the character of the region in which we live.

'Community', after all, is not so much a technical description as a state of mind. Whether those of us in Australia of Anglo-Saxon origins, for example, think of ourselves as 'European', 'Western', 'Caucasian', 'East Asian', or 'Asian' -- or as part of the 'Asia Pacific' -- depends not so much on objectively ascertainable facts as the particular intellectual, emotional or ideological baggage we are carrying. And the same is true for residents in any other part of the region. But right around this geographical region (embracing, as I have said, the countries of East Asia, Oceania, North America and to some extent Pacific Latin America as well), I sense a growing perception, at least among decision-making elites, that the identity which matters as much, if not more, than any other when we are considering our place in the world is our identity as members in common of an Asia Pacific community, with shared interests and aspirations and a commitment to achieving them through cooperative machinery.

Of course there will always be some who will see as wildly implausible the idea of a real sense of community emerging in a region as culturally heterogeneous as the Asia Pacific. The most recent advocate of Kipling's 19th century prognosis that 'East is East and West is West, and ne'er the twain shall meet' is of course, though he dressed it up in more portentous prose, the American scholar Samuel Huntington, who has guaranteed his speaking fees on the rubber chicken circuit for the next few years by coming up with the notion that, with the Cold War over, we now have to face, as the major threat to global and regional security, 'the clash of civilisations'. Australia is suggested to be a particular risk in this respect, living as we do on the potentially bloody 'fault line' between Western and Islamic-Confucian civilisations. I have to say that I regard that kind of analysis as no more than cartoon caricature. While there are different value systems giving different weights, and flavours, and speeds, to the kinds of market-economy democracies existing or emerging in the region, the most overriding sense one has is of convergence: the way in which, in the current political, economic and above all

technological environment, countries with hitherto very different backgrounds are seeing issues more the same way, doing things more the same way, and developing institutions and processes that are ever more alike.

Certainly the proliferation of modern communications technology -- including the widening of the information highway to become a new superhighway -- is forcing the pace, engaging cultures with one another in new and unexpected ways. And the proliferation of satellite broadcasting -- I understand that this talk, for example, is being broadcast by Australia Television into Asia -- is steadily opening up national borders to the free flow of information, to an extent which will be almost impossible to prevent without the most draconian controls on the freedom of individuals. It is entirely understandable that governments should sometimes feel less than comfortable with such trends, just as there will always be tensions between existing and emerging cultures. But whatever these fears may be, they are unlikely in the end to have much influence on the outcomes: however much governments might wish to believe they are calling the tune here, the fact is that the growth and reshaping of cultures is proceeding at a faster rate than they can readily control, or perhaps even apprehend.

The emerging new Asia Pacific community is one of which Australia is unequivocally a part: there has never been much doubt about our comfort with the 'Pacific' part of the equation, but nor can there now be with the 'Asian'. We have had remarkable success in refocussing our economic sights on our region, reflected in the fact that over 60 percent of our trade is now with East Asia -- with South East Asia last year replacing the EU as our second largest regional market (North East Asia, of course, for a long time having been in top place). We have also had considerable success in focusing our diplomatic sights on the region -- in our contribution to the development of APEC and ARF, to the UN peace plan for Cambodia, and to a new closeness in nearly every one of our bilateral relationships. And within Australia we have seen in recent years what can only be described as an explosion in 'Asia consciousness': the media is now full of serious Asian stories and supplements; the schools are full of children studying Asian languages, at the highest rate -- for non-local languages -- of any country in the world; the cities and streets are full of Asian students and tourists, with the immigrant community of Asian origin expected to constitute up to 10 percent of the Australian population within the next generation; the business sector is quickly moving to come to grips with the abundant opportunities of Asian markets; and arts festivals are now deriving at least half their programs and events from Asia. 'Weary' Dunlop would, I think, be delighted at the extent to which his vision of an Asia-literate and Asia-sensitive Australia is now being so comprehensively realised.

I do not want to exaggerate the consequences of these developments, or to suggest that our new way of thinking about Asia, and our new engagement with Asia, means that we are somehow on the way to becoming an Asian country. As Prime Minister Keating said in this Lecture last year:

"Australia is not and can never be an 'Asian nation' any more than we can -- or want to be -- European or North American or African. We can only be Australian and can only relate to our friends and neighbours as Australian."

But while we are and always will be uniquely Australian, we do have something to contribute to the evolution of a new Asian civilisation -- or at least a new cross-fertilised Asia Pacific civilisation -- and that civilisation will in turn be reflected in the further evolution of a new, but still uniquely Australian identity for us. This is the lesson which we hope is also fully

understood within the region: that none of the region's members, jointly or individually, can really afford to go it alone; that none can hope to benefit fully if they are not prepared to contribute, and participate fully in the whole region's economic and cultural richness; and that none can guarantee their security better alone than they can by working cooperatively with everyone else.

I certainly know that Australia's interests will be best served by maintaining and strengthening the trans-Pacific architecture which APEC and the ARF have already put in place. I believe, in fact, that the interests of all the nations of the region will best be served not only through the further evolution of these institutions, but by the emergence of a confident, articulate sense of membership of a common Asia Pacific community. And I believe that, with the events of this year I have described, we are well on the way to achieving that.