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*****CHECK AGAINST DELIVERY*****

Hugh White, who will be known to a lot of you - and who I don't agree with everything he says, but he is one of the brightest analysts in the country and is compelling viewing - makes the observation that today Australia faces the most serious strategic circumstances that it has since the Second World War.

It's a big call, when you think about it. In that period time we've had the Cold War. In that period of time we've had Vietnam. I don't think we're in as fraught a period as we were during the Cold War, and nor are we engaged in a conflict which is seeing the kind of casualties that we experienced during Vietnam. But there is a sense in which his observation his correct, because while the decisions we were making back then were clear, today the way forward for us in the context of our circumstances is not all obvious.

The Cold War was very clear: we were an Alliance partner. In a sense, Vietnam was a binary equation: do we or don't we? What we do now is far less clear, and what we do is going to determine the security and the prosperity for every

Australian through the course of this century.

We are living in an era where we are seeing the rise of China. That's a fundamentally good thing. Our economy has been experiencing uninterrupted economic growth for a number of decades now and the rise of China is part of that story.

And China is not, in a world where people would seek to put black or white hats on one country or another, China is not a country you can put a black hat on. They are not the Soviet Union. We can make our human rights observations about China. China has also been responsible for the single biggest alleviation out of poverty in human history, which is a significant human rights achievement.

But at the same time China is unquestionably seeking to challenge and reshape the global rules-based order. I don't judge it, but I do observe it. You only need to look at what is going on in the South China Sea to witness that.

The global rules-based order, which both ourselves and America adhere to, which America has fundamentally underwritten since the end of the Second World War, is a fundamental plank of our security and our national prosperity, and so in making the observation that it is seeking to be challenged and reshaped, I'm also making an observation about what is Australia's national interest.

The South China Sea is the perfect example of that. The majority of our trade transits that body of water. It is completely in our national interest that the UN Convention on the Law of the Sea as we understand it is able to operate in that body of water.

So, how do we respond to China is not clear.

At the same time, we are looking about the place of America in the world.

Now, as a country which shares values as ours, as a democracy, the rule of law, but importantly seeks to assert a rule of law globally, which has been underwriting the global rules-based order, I actually think in this moment in time the Alliance is more relevant today than it has ever been. In making that observation it's also clear that that's an assessment that we make irrespective of who the prime minister or the president is of our two countries at any time.

It is also true to say that there are many analysts out there, Hugh being one of them, who would make an argument, or raise a question, I suppose, about the ongoing place of America in the world. Now, I actually think predictions of an American retreat are very premature. It is worth understanding that during the course of the first term of the Trump administration there will be an increase in the United States military presence the East Asian time zone, not a decrease.

For those who will make the argument about any supposed American retreat, Exhibit A is the TPP and America's abandonment of it. It's important to understand that's not just Trump. Hillary Clinton and the Democratic National Convention in the lead up to 2016 took a position that America will not be participating in an ongoing way in the TPP, and it is fundamentally important that we, from an Australian national interest point of view, we have an engaged America in this part of the world and in the world more generally.

It is fundamentally important that we have a predictable America. Global trade between China and America is fundamental to the global economy and therefore ours, and therefore our national interests. Again I make the observation that we have a president at this moment in time who would see it as a virtue, in a sense, that he is unpredictable, and maybe that has been a trait which has served him well in his past life, but it certainly does, if nothing else, create for an Alliance partner like ourselves challenges and questions.

So, this is the space in which we find ourselves today. How we navigate is not clear, but as I say, how we navigate it, well or badly, will determine our future.

There are a couple of observations I make in terms of what is absolutely key in

terms of Australia's position in respect of those circumstances.

The first is that we need to be able to have a defence force which has Australia taken seriously. A commitment to spend two per cent of our GDP on defence is absolutely a bipartisan commitment and it is fundamental at this moment in time. If the challenging circumstances I described, in the uncertainty and volatility about them mean anything, it is that we must be making sure that we have the best defence force that we can in order to project Australia in those circumstances. So, that commitment from Labor is absolutely resolute and it is a really important dynamic in Australian politics and public policy today that there is a bipartisan commitment to this.

More than that, it's important that through the spending of that money and the re-equipping of our defence force that we do create a genuine Australian defence industry. It's not the subject of my speech today, but I make the point that it is really critical that in having a defence industry we have one which is underpinned by proper strategic rationale. It is not good enough to simply move down the path of the defence industry because as a particular government you've lost the car industry on your watch and you're using this as a proxy for industry policy in general. That is not a sustainable proposition. There needs to be a proper strategic rationale for why we should be making defence equipment in this country. Labor is committed to that, as we are to having a Defence industry unfold out of this period of re-equipping of the ADF through the spend of two per cent of GDP.

The second point is that we need to enhance – discover, maybe? - the leadership side of Australia's international personality. This is something that I don't think, through our history, we've done well.

There are some notable counter examples to my proposition. Gareth Evans and what he did around Cambodia - fantastic. What we did in East Timor – tremendous. Under the Howard Government, the RAMSI mission in Solomon Islands – great.

But I actually think these tend to be the exceptions which prove the rule.

By and large, we are fantastic Alliance partner. We pull our weight. We're dutiful. We can be relied upon. We have capability and expertise. We're there. Our role in the Middle East is superb and it's acknowledged as such by the world.

But when we're asked to lead, we look at those parts of the world where we are preeminent, at that moment in our history we have tended to be shy. That is not going to get us through the challenging circumstances that we find right now.

It begs the question as to why that would be the case. I think there is a bit of an answer here: we are a New World country which never had an independence movement. Obviously, our indigenous population had tens of thousands of years of history, but the immigrant nation that we largely are today does not have 1,000 years of history like France and Britain which make it clear what they are on about as a nation. Nor do we have a national discussion such as occurred in the United States in the 1770s which made it clear why they wanted to become a nation - or for that matter the kind of discussion that occurred in Papua New Guinea in the late 1960s early 1970s which answered the question as to why they wanted to become a country.

We just kind of happened upon it, and so what we want to do as a nation, who we are and what we're all about, is a question which I actually think is underdone, and we really need to start working on it because it's going to be essential to putting ourselves in a position where we are able to do something – I'm not over-stating our power, but something - to shape the circumstances that we find ourselves in.

All too often I find that the kind of briefings and documents you get from our public service describe the world as though those happening to us as though we have no ability to have a say - and yet we do. We are not the United States, of course, but nor are we a tiny country. We're a middle power which can play big or we can play small. We have choices and we have an ability to shape our

own future.

It's not in making that observation to say that we've been getting this completely wrong. Again, far from it. I think Australia has been incredibly well-governed since Federation and that's evidenced by our prosperity and how wealthy we are relative to our population.

But it is to say that we have blind spots out there and we need to rectify them.

One of them has been the Pacific, and more than any other place the Pacific defines Australian leadership. I put it in these terms: when you think about the relationship that we have with the United States - which is a broad and deep relationship, it covers defence, covers education, covers scientific exchange - by and large it is characterized, not unreasonably, by Australia looking to the US. It's a big country. We're 1/12th its size. It's a global superpower.

But it is actually a mutual relationship. There is one area where invariably the United States look to us for leadership within the Alliance, and that is the Pacific. That is the question on which they say to us 'tell us what it is you think we should do and we, the United States, will follow you'. And yet, by and large, when they've asked us that question over the decades we have stared at them and blinked.

The Pacific defines our leadership. It is the place which shows to America, and indeed to the world, what we look like as leaders, and so we need to be thinking deeply about it. We need to have an agenda there and we need to transformationally change the place of the Pacific in our world view so that it is absolutely front and centre.

Now, what we've seen in the last few months has been really positive about this. It has - the Pacific - started to assume a much greater influence in the way in which we are thinking about the world, but I fear that we need to get the motivation right.

Our engagement in the Pacific should not be motivated by the denial of anyone else. We don't get exclusive rights to the Pacific. Pacific countries are completely free to have relationships with whoever they want. If we turn up in the Pacific and our central proposition is 'we're here because we don't want them there', the cynicism in that proposition will be spotted by our Pacific brothers and sisters in a nanosecond.

Our engagement in the Pacific needs to be a listening engagement. It needs to be about them. It has to be about 10 million people who live in that part of the world and our guiding beacon should not be the prospect of somebody else having a base in the Pacific. It ought to be the fact that this part of the world, during the course of the millennium development goals, the period from 2000 to 2015, performed the worst. What that means is that on current trends by the time we get to the end of the 2020s it will be, in absolute terms, the least-developed part of the world: the poorest nations, the worst social indicators, the highest maternal mortality rate, the lowest life expectancy. That's what we face if we do nothing

I actually think that has something to do with us. There are two countries in the world who got their independence from Australia. They're in the Pacific and they have within them the majority of the population of that part of the world. This has something to do with us.

That has to be our guiding motivation: that we are going to engage in this part of the world for them and our aspiration is seeing their prosperity improve.

We can do that. We can do it through a much more imaginative view about government service delivery. We can do it for a much more generous approach to how people in the Pacific can access our economy. We can do it through a much greater degree of military cooperation.

Leadership, though, is not just defined by what we do in the Pacific. It is also beyond that.

ASEAN is a critical part of the world for Australia. It is a place where our opinion matters and a country like Indonesia is completely fundamental to our future.

Equally, at a time when we do face difficult strategic circumstances another obvious way forward is to be making friends with those countries which share our experience, countries like Japan. The trilateral between US, Japan, Australia greatly important going forward. So too is the Quad, those three countries plus India; Korea, critically important as well. All of that is about broadening our engagement, an engagement which has at its heart our engagement with the United States, to be sure, but which sees us going beyond the United States.

Now, I've never felt quite in the way I do now about the need for all of this, in detail, to be the subject of bipartisanship. There is no fundamental ideological difference between Christopher and I, or indeed anyone in the Conservatives and Labor about these questions. Nor are elections won or fought on these issues, but they are fundamental to our future and we do need to be thinking about not just having a sharing of the broad thrust of what I've been describing. We do that already.

We need to be building mechanisms and architectures within our own system of government which allows that bipartisanship to play out in a detailed way. We need agreement across the Australian polity in detail about exactly how we're going to go forward aspect of these issues; in respect of China; in respect of the United States; in respect of Australia's military capability; in respect of Australian leadership. We need that in detail.

Finally, what I want to say is this: next year we will face an election, and it's an election which I think actually has a fair bit at stake. In the world today, in the democratic world, at least, we are seeing a rise of populism unlike we've seen in my lifetime. By that I mean politicians who come to a room not seeking to win any hearts and minds, just seeking to understand what the room wants to hear and then saying. That's populism. In effect all the government becomes is a mirror. There's no aspiration to try and meet the challenges that our society

faces; to be thoughtful; to think through issues; to make change.

Reforms are not a part of populism. Populism is telling people what they want to hear.

Now, I do think we have seen some populism going on the other side of politics, and in this space. What we witnessed during the Wentworth by-election and the decision to contemplate moving Australia's embassy in Israel was a disgrace. There's not a serious person in this country - I doubt a serious voter in Wentworth - who saw that as anything other than a populist act and it is going to come through enormous damage. We can't afford that. We really cannot afford it.

What I want to say to you about what next May will be about, it is actually about a group of people who are seeking to go about their business - be it in strategic policy, be it in climate change policy, be it in tax reform - who are a serious, thoughtful group of people who are trying to think through the challenges that our country is faced with today and coming up with answers and without fear or favour seeking to make the argument in respect of them to the Australian people.

This next election actually is a contest between thoughtfulness and populism, and it's a contest that is being seen around the democratic world. I think it's absolutely critical for our nation, but I think more broadly, that there is a vote of confidence in thoughtful public policy.

Thank you.

Authorised by Noah Carroll, ALP, Canberra.