



AUKUS: **ASSUMPTIONS** **& IMPLICATIONS**

15 - 16 AUGUST 2024
CANBERRA, ACT

INTRODUCTION

What follows is an authorised summary of the conference, hosted by the Academy of Social Sciences in Australia, held at the Australian National University on 15 and 16 August 2024.

Four Fellows of the Academy were convenors: Emeritus Professor Joan Beaumont, Professor Chris Reus-Smit, Emeritus Professor Tim Rowse and Emeritus Professor Hugh White AO. The Academy Secretariat supported the event administratively.

Professor Garnaut has revised his paper and it is presented here in full. The papers in Sessions 2-8 have been summarised by Professor Rowse, using a transcribed audio record of the proceedings.

Every paper summary in Sessions 2-8 has been checked and corrected by its author. The presenters have also been given the opportunity to check the summary of the discussion of the session in which they presented.

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DAY ONE, SESSION ONE

ROSS GARNAUT

'Australia's 20th Century Reorientation'

I began a presentation to a conference in Tokyo on ANZAC Day this year by mentioning the painting in the Australian war memorial of the Japanese naval ship HIJMS Ibuki, protecting Australians as they moved across the Indian Ocean to that fateful encounter at Gallipoli. The painting raises two big questions for thoughtful Australians who know a little about history in the years before and after 1915. What on earth were we doing at war with Japan only a generation later? And why on earth were we sending young Australians to be maimed and killed attempting to invade a country that had close and friendly relations with our British Empire in the immediately preceding years?

Once the shooting starts it is unpatriotic to ask why we are in the fight. After catastrophic loss, our duty is to mourn and be thankful for the sacrifice of our dead and maimed. But a century on, we can ask the questions, and the answers can help us to understand the value of forethought. In truth, for the soldiers of the Ottoman Empire to be firing down from the hills onto Australians as they landed on a beach opposite ancient Troy required failure of policy, diplomacy and foresight of Homeric dimension. In this case, British failure, with Australia following.

And in truth, Australians' own ignorant and dogged pursuit of a narrow and distorted view of our place in the world helped to create the conditions for Japan's embarkation on the Pacific War. At the Peace Conference in Paris in 1919, Australian Prime Minister Hughes led opposition to the racial equality clause in President Woodrow Wilson's charter for the League of Nations. Hughes was effective, playing on Australia's disproportionate sacrifice in the war. He reminded Wilson that Australia had more dead than the United States. We also had more dead than loyal and more populous Canada. And two and a half times more dead as a share of population than Belgium, the defence of which had been the immediate trigger for the war.

The attack against the racial equality clause played well to a domestic political audience invited to see it as defence of the White Australia Policy. Cheap politics at home. Expensive consequences in the international system in which future Australians had to make their ways.

Bix's subtle and authoritative biography of Emperor Hirohito informs us that the nineteen-year-old Crown Prince was strongly influenced in his views on conflict with the west by the discussion of racial equality at Paris and Versailles in 1919 (Bix, 2000). Japan was an ally of the victors. The racial equality clause was Japan's most important demand and expectation from the Paris peace agreement. Denied racial equality, Japan sought and received as compensation from Wilson the German colonies in China. China was also an ally—although late, like the US joining the war in 1917. The return of the German colonies had been promised to the Chinese delegation as their own reward. An indignant China refused to sign the Versailles Treaty. More importantly in history, the decision on the German colonies triggered the May 4 demonstrations in Peking, still celebrated by the Chinese Communist Party as a foundational event in modern China. Amongst much else, May 4, 1919, brought into politics a hitherto unknown young librarian at Peking University: Mao Zedong.

The long sweep of history can give us perspective on and insights into contemporary international policy choices. My task today is to provide some of that perspective. I would not teach you anything worth knowing if I talked about submarines. I hope to learn about them from others at this conference.

I aim to provide perspective on Australia's adjustment from being a distant corner of the British Empire, to a sovereign democratic country making its way in immensely diverse Asian and Southwest Pacific neighbourhoods.

Ours is a uniquely diverse international environment. As I said in Australia and the Northeast Asian Ascendency 35 years ago:



Australia is strikingly different from any country in Asia. But we are not uniquely different: no more different from China than is Indonesia; no more different from Japan than is Malaysia; no more different from the Republic of Korea than is India. The efforts required for Australia to build a secure and prosperous future in a substantially Asian environment are hardly as challenging as Singapore's as it makes its way successfully as a Chinese island in a Malay-Islamic world.

In the Western Pacific there are many unique states. ...The challenge of each nation in an increasingly interdependent Western Pacific is to know its environment, marshal its own strengths, define its objectives and work with others in the attainment of shared goals.

Garnaut 1989, p 319

I did not include in this reference to diversity our closest neighbours, in the arc of island states across our northwest, north and northeast. That arc runs from Timor Leste, across the island of New Guinea to the other states of Melanesia, backing on to the tiny Polynesian island states. These are centrally important to our security. These days they only enter Australian minds when there are unusually large riots, or environmental scandals, or efforts by China to build closer relations. And then they cross our devices and minds for a fleeting moment, and we go back to other things. Our closest neighbours are now amongst the poorest countries on earth, with broken national governance, and hopelessly low and declining standing in measures of wellbeing and development. PNG ranked third from the bottom of all countries in access to health services in 2021, just ahead of Somalia and Chad, having fallen a dozen places in half a dozen years (World Health Organisation and World Bank, 2023). Papua New Guinea is not a tiny country. We don't know its population after yet another failed census, but it is two and possibly more than three times as large as New Zealand and growing much more rapidly than Australia. The failure of development in our northern arc will be a consuming strategic challenge once our neighbours stir from current silent impoverishment into expression of discontent.

There is much talk in Australia about the strategic environment being the most dangerous since the second world war. For a minority of those expressing anxiety, there is fear of Chinese military aggression. You don't hear similar expressions of fear in the major countries of South and Southeast Asia. The strategic environment there is challenging, as it always is. Some Southeast Asian countries have longstanding difficult border disputes with China and resent increasing Chinese assertion of power. The border tensions with the only US ally in Southeast Asia, the Philippines, have been acute since the election of President Bongbong Marcos in 2022. Unlike Australia, countries in South and Southeast Asia generally are not home to expression of fears of Chinese military aggression. People there would prefer that China not press reunification with Taiwan to the point of military action. But if war comes to the Straits of Taiwan, they do not see themselves as parties to it. The greatest danger is from being caught in the economic and political wash from conflict between China and the US. Any action by another country that dragged them into the conflict— for example through use of their archipelagic waters for passage of ships of war--would be hostile and unwelcome.

In 2024, the international conflict of greatest concern to many people in Southeast and South Asia is the humanitarian catastrophe in Gaza. This is top of mind for the region's large Moslem populations - including people in Indonesia, the most populous country in Southeast Asia and in the Islamic world. There are harsh comments about hypocrisy in American and Australian profession of concern for human rights and a rules-based order. That is a matter of profound unhappiness. But it is not seen as a threat to sovereignty.

Our US ally and many Australians feel threatened by the rising economic and political strength of China. China's rise should not be a surprise to Australians at least. The trajectory of Chinese growth is no higher than that traced in Australia and the Northeast Asian Ascendancy three and a half decades ago (Garnaut, 1989) or in other widely read published work (Garnaut, 2018). It is slower than that traced in Australia in the Asian Century over a decade ago (Commonwealth of Australia, 2013). Sustained economic growth over recent decades and continuing today at rates well above the developed world has made China the biggest economy in the world in purchasing power. The US remains bigger on the number you get when national accounts data are converted into the same currency at today's exchange rate—while US output and the dollar exchange rate are held high by the largest budget deficit the world has ever seen in peacetime outside deep recessions. Others at this conference can comment on the extent to which China's increased relative military expenditure exceeds its increase in relative economic size.

We have other Asian countries to be worried about if we are concerned about the increase in strategic weight that comes with economic size. India is already several times bigger than the biggest of the homelands of the defunct European Empires. Indonesia is bigger than France or the UK. Other Asian economies are on the way to being bigger than any of the Europeans. Looking ahead, current demographic trends suggest that more than half young humans will be African later this century. It is likely that a good proportion of them will live in countries that are economically much larger than Australia today.

Future generations of Australians will be living in a world in which the distribution of economic and strategic weight bears no relationship to that in which Australians so far have made their ways. Or Americans. There is no future for our two peoples and there may be no future for humanity unless our US ally can get used to being one of several powerful states in a world that allows primacy to none of them.

There have been changes in Chinese assertion of strategic weight since the accession to office of General Secretary Xi Jinping that go beyond those that inevitably accompany increased economic size. These have been expressed less forcefully more recently. It is important that we respond analytically to such changes as they occur over time.

Can our country be an effective sovereign entity in its own different liberal social democratic skin in a vibrant region characterised by differences in cultures, political institutions and economic strengths? My own thought and work on Australia's relationship with Asia over six decades tells me that we can. For this conference: will AUKUS help us to build that comfort, or get in the way?

The Empires from Modern Economic Development

The Imperial system was broken irrecoverably by the two world wars. Australia's foreign relations were dominated by the disintegration of Empires in the several decades after the Japanese conquest of Southeast Asia in 1941. Australia turned to America for military and to some extent cultural security, and began to build productive relations with many countries in Asia. Over the half century after the disintegration of Empires, more and more of post-Imperial Asia began to participate in modern economic growth, and became a much more rewarding economic partner of Australia. Conflict between the security relationship with the US and the economic and increasingly broadly based interaction with Asia was at the margins of both relationships until well into the twenty first century. Over recent years, and especially during the Morrison Prime Ministership, the conflict has come into the centre of our foreign relations. That is dangerous to Australian security and prosperity. Because broadly based prosperity underpins a successful democracy, it is also dangerous for our democracy.

Modern economic development emerged in Britain a quarter of a millennium ago. It spread through adjacent countries in northern Europe after the Napoleonic wars. It was absorbed quickly into the countries in which recent European settlement displaced indigenous populations in North America and Australasia. It trickled through eastern and southern Europe through the nineteenth century.

Modern economic development brought extraordinary military strength to the countries in which it first emerged. That distinguished the nineteenth century from the old European Empires starting with Portugal and Spain. The Empire of Britain, the original home of the industrial revolution, was largest and strongest; amongst the Netherlands, France, Germany, Belgium and lesser Imperial lights. The United States under President Theodore Roosevelt joined the Empires in 1898 when it assisted nationalist revolution against Spain in the Philippines and fought a war against the Filipino nationalists to stay. Japan joined the Imperial powers from 1895.

The military power that came with modern economic development allowed one percent of the world's population in Britain in 1800 to rule a quarter of the earth's surface and population by the end of the nineteenth century. Imperial rule became more structured and confident through the middle decades of the nineteenth century.

There were great tensions within China and Japan through the mid-nineteenth century over whether to resist or utilise the powerful forces driving the rise of the west. In China, the Qing Emperors (and Empress Dowager) and the governing elite were confident of the incomparably successful Chinese ways of governance, and defeated the forces for change into the twentieth century. In Japan, the Meiji Emperor was restored to effective power in 1867, initially to resist the inclination of the Shogunate to defend independent sovereignty by adopting many western ways. Meiji quickly reassessed the geo-strategic realities, and led his country into absorption of the conditions for modern economic development (Keene, 2005).

The pace of Japan's economic and military development under the new policies was stunning. In 1895, defeat of China allowed Japan to colonise Korea, Taiwan and part of the Liaodong Peninsular on the Chinese mainland. The UK-Japan alliance in 1902 gave both countries greater security in their respective Imperial spheres. Japanese defeat of Russia in a naval battle off the Pacific coast in 1905 destabilised Czarist rule and added territory claimed by Russia to the Japanese Empire.

While Japanese expansion augmented and strengthened the international Imperial system, the defeat of Russia in particular encouraged nationalist movements challenging the European Empires everywhere. Without the world wars, we would probably have seen the gradual weakening of the European Empires through the twentieth century, with the spread of knowledge about the foundations of western power. The two wars broke them quickly. The British, French and Netherlands Empires in Asia received mortal blows in the second world war. The US chose to grant Independence to the Philippines after the Japanese surrender in 1945. In the two richest colonies in Southeast Asia--the Netherlands East Indies and French Indo-China-- nationalist Independence movements resisted the return of Imperial rule after the surrender of Japan. Soekarno declared Indonesia's Independence on August 17, 1945, two days after Emperor Hirohito's broadcast to the Japanese people marked the surrender. Ho Chi Minh's declaration of the Democratic Republic of Vietnam came two weeks later, on September 2. The old Empires fought back. Dutch attempts to re-establish colonial rule were defeated by the nationalist resistance. Indonesian membership of the UN was accepted in 1946 and became effective four years later-- with Australia and India jointly sponsoring resolutions. The Viet Minh won a decisive battle against the returned French in 1954 and looked forward to reunification under the Geneva Accords of that year.

The Indian Independence movement led by Jawharlal Nehru's Congress Party had offered Britain support for the war against Nazism in exchange for postwar Independence. UK Prime Minister Churchill, however, responded that he had not become the King's first minister to dismantle the British Empire. Nehru and other leaders spent much of the war in jail. Splinter groups split from the Congress party into active collaboration with Japan. The Attlee Labour Government saw the future of India differently, and from its election in 1945 accepted Independence. There was no colonial war in India--just the murderous chaos of partition as India and Pakistan became separate sovereign entities.

Churchill had rallied the British people during the Battle of Britain with the stirring declaration that "if the British Empire and its Commonwealth lasts for a thousand years, men will still say, "This was their finest hour"". Yes, it was their finest hour. But the Empire didn't last for a thousand years. Independent India and Pakistan were proclaimed as the clock passed midnight on 15 August 1947.

Attitudes and feelings of racial superiority grew with European economic and military strength through the nineteenth century. At the beginning of our modern English heritage, Shakespeare, far from colour-blind, did not see a race-based hierarchy of ability, quality or value. Adam Smith in the *Wealth of Nations* at the beginnings of modern economic development in 1776 saw rising incomes occurring amongst people everywhere once they established open trade and the right balance between moral concern for others and the role of an effective state, on the one hand, and incentives for private gain on the other. But a century after Smith's great work, wealth and power were associated in European minds with the white races that sat at their apex.

That was the world into which Australia was born on the first day of the twentieth century. Empire and race were intertwined more tightly in Australia than in Britain. London preferred more nuance, recognising the White Australia Policy's problems for governing a multi-racial Empire, and for alliance with Japan. I recall dropping around to the Japanese Ambassador's residence to meet visitors from Tokyo one evening in the late 1990s. After others had departed, I asked the Ambassador why Japan had not yet committed to contributing a gift to commemorate the centenary of Federation. "For Japan, Federation meant the White Australia Policy", he said.

"Land of hope and glory, Mother of the free", we sang at Monday assembly in a Perth state primary school in the early 1950s. Our Mother wasn't in Parliament House Perth or even Government House Canberra. "Wider still and wider, shall thou bounds be set". And to make it clear that the bounds went way beyond the eucalypt forests of WA, we sang for "God of our fathers known of old, Lord of our far-flung battle lines" to preserve our "dominion over palm and pine".

Before Federation, less severe London perspectives on race constrained Australian excess in some places and at some times. Australia had the great good fortune that William Pitt the Younger, friend of William Wilberforce, was Prime Minister in 1788 and determined that there would be no slavery in New South Wales. The new colony was unusual in the overseas Empire for the absence of slavery, and definitively different from the recently lost Empire in North America. I visit the graves of Pitt and Wilberforce, side by side in Westminster Abbey, when I can manage it on trips to London. British oversight sometimes constrained barbarity in treatment of Indigenous Australians in places reasonably close to the main urban centres.

Some white Australian minds were always prepared to reflect on the high qualities of non-European people, and on the possibility of Australia having a comfortable place in a non-Imperial world. But independent Australian nationalist sentiment generally emphasised white identity.

The young John Crawford in a volume edited by CSIRO founder Ian Clunies-Ross wrote ironically of Australia's view of its place in Asia:

Australia...is a small power with a large territory, a small population, a high standard of living, a not unprovocative immigration policy based on racial discrimination, and a comfortable feeling that, as a member of the British Empire, all these things are secure possessions.

Crawford, 1935

The European heartlands of Empire were deeply wounded by the first world war. The British economy moved from being the world's largest creditor to the world's largest debtor. It never recovered. The interwar years saw economic stagnation, made worse by hopeless attempts to restore indicia of old glory. Chancellor of the Exchequer Winston Churchill decided to follow City of London sentiment and to restore the UK to the gold standard at the prewar exchange rate. This guaranteed continuing high unemployment (Keynes, 1925) until the country descended into the Great Depression.

Britain's economic expansion through the nineteenth century had been premised on free trade. This was a reflection of British confidence and a source of dynamism and growing incomes and wealth. The young Winston Churchill left the Conservative Party in 1904 when it toyed with Imperial preferences and tariffs on imports from outside the Empire. The Liberal Party had no such thought, and Churchill joined it. Britain's view of its place in the world had changed by 1932. Dragged down by economic decline, Britain supported Imperial preferences at the British Empire Economic Conference in Ottawa in 1932. The preferences saw Australia raising tariffs on imports from Japan, other Asian neighbours and the US above those on Empire goods. The preferential arrangements tied Australia even more closely than before to the underperforming British economy, and magnified that source of Australia's own economic underperformance. Removing preferential tariffs and achieving undifferentiated trade liberalisation became a central US trade policy objective, later embedded in the postwar international trading system and the General Agreement on Tariffs and Trade (GATT).

Australia took Imperial sentiment and preference one step further in 1936. The UK was Australia's largest trading partner. Japan was Australia's second and most rapidly growing export market. The Lyons Government embarked upon the trade diversion episode. In a precocious application of Trumpian logic, import licensing and higher tariffs were imposed to reduce imports on "bad customers", led by the US, which exported more to than they imported from Australia. By this criterion, Japan should have been the best of "good customers", with imports from Australia several times as large as exports to Australia. That didn't save them. In an episode of selfless love for the mother country, Australia imposed higher tariffs and restrictions on imports from Japan with the explicit aim of diverting purchases from Japan to the UK. To the Australian government's surprise, our exports fell both to the UK and Japan. The trade balance with Japan fell from overwhelming surplus prior to trade diversion, to unprecedented deficit in 1937-8. Australia responded to that surprise by reversing the trade diversion import policies. Pre-1936 levels of exports to Japan did not return until the 1950s.

Australia in the Disintegration of Empire

The Japanese attack on Pearl Harbour on 7 December 1941 led to the US declaration of war on Japan on December 8. It allowed President Franklin Roosevelt to win Congressional approval for war on Germany on 11 December.

We are all familiar with the sentence in Curtin's article in the Melbourne Herald on December 27, about looking to America (Curtin, 1941). The article is worth re-reading in 2024 for its wider context. It was a recognition that while Australian and UK interests have much in common, they are not identical. And to the extent that they conflict, Australians must serve Australian interests. Curtin's article was Australia's declaration of independence from the UK:



We know the problems that the United Kingdom faces. ...but we know too that Australia can go and Britain can still hold. Australia's external policy will be shaped towards obtaining Russian aid and working out, with the United States, as the major factor, a plan of Pacific Strategy, along with British, Chinese and Dutch forces.

Curtin, 1941

Early in the New Year, Curtin stood up to Churchill's different strategic preferences and ordered the 7th Division of the Second Australian Imperial Force to return from the Middle East to the defence of Australia. Any residual Australian comfort as part of the greatest Empire on earth ended with the surrender of UK and Empire forces to Japanese in Singapore in February 1942.

Australians spent the next several decades coming to grips with the disintegration of Empire. The Curtin and Chifley governments, in step with the Roosevelt and Truman opposition to Imperialism, accepted it and played a significant role in adjusting policy to the new circumstances. The Menzies government mostly resisted it, but with cross-currents within the government on some important issues.

President Roosevelt wanted his support for Britain during the war to be followed by the end of Empire and preferential trade. British Prime Minister Churchill quietly but determinedly resisted. The Chifley Government welcomed the Attlee Labour Government's agreement to Indian Independence in 1946, and joined India in sponsoring Indonesian Independence to the United Nations. This was helpful to relations with India and Pakistan and of immense positive value for future relations with Indonesia. It was deeply controversial in Australia.

Kim Beazley senior was a member of the ANU's Council through the 1960s and took a pastoral interest in the four young Western Australian undergraduates. At dinner in the Parliament House dining room in 1964, I asked him what stood out most in his memory from his early years as successor to John Curtin in Fremantle, as a backbencher in the Chifley Government. "Menzies as leader of the opposition in full flight against Australia's support of Indonesian Independence", he said. "Menzies said that for Australia not to support white rule in Asia was the ecstasy of suicide" (Menzies, 1947).

Prime Minister Menzies did not visit our near neighbour Indonesia through his first decade as Prime Minister, despite frequent flights over on the way to London. However, some Ministers in his Cabinet took important steps to develop closer relations with newly independent countries in Asia. Australia's Foreign Minister through the 1950s, Percy Spender, played a major role in forming and nurturing the Colombo Plan. This provided many Australians with their first close personal contact with people of Asian background.

Postwar relations with Japan were initially coloured by bitterness from war. Spender secured the ANZUS Treaty in 1951 to assist in defence against any resurgence of Japanese militarism. For the US, ANZUS was clearly and deliberately not the comprehensive security guarantee that was embedded in NATO.

The Australian Government had wanted more from ANZUS, and sought to extend its scope by talking as if it said more than it did. The boundaries were tested twice as Southeast Asian decolonisation proceeded through the early 1960s. In 1961, President Soekarno sought to conclude the integration of the whole of the former Netherlands East Indies into Indonesia through absorption of West New Guinea. The Australian Government initially opposed this action. The US did not want to stand in the way of reunification and made it clear that a request for support under ANZUS would be unwelcome (Barwick, 1961; Viviani, 1973). Indonesia had opposed the integration of the British dependencies in Malaya, north Borneo and the Straits Settlements into Malaysia at the time of Singapore Independence in 1963. Australian and New Zealand joined British troops in skirmishes with Indonesian "volunteers" and then regular troops along the border in Borneo. Soundings with Washington advised the Australian Government that it would be unwise to request military support under ANZUS.

Meanwhile Vietnam was sliding into internal armed conflict after it became clear that the process of reunification set out in the Geneva Accords would not proceed. By then, the Cold War was dominating US perspectives on Asia. There was no suggestion that the commitment of Australian troops in May 1965 was within ANZUS. Vietnamese reunification followed US withdrawal in 1975.

There were important developments in Australian trade relations with Asia through this period. Country Party Deputy Prime Minister John McEwen, supported by Secretary for Trade John Crawford, secured the Australia-Japan Trade Agreement in 1957. Both countries agreed to reduce trade barriers on goods that were important to each other without discrimination against others. Non-discrimination remained important in Australian, Japanese and Western Pacific trade policy until the end of the century. Following the trade agreement, an embargo on Australian iron ore exports dating back to prewar tensions was eased with a licence for a single cargo in 1960, before being removed completely in 1966.

The relationship with China was constrained by a Cold War overlay. Trade policy was determined independently of political sentiment and US wishes. Australia rejected US restrictions on trade and exported large quantities of wheat.

Meanwhile, drumbeats from the old home of Empire continued to generate responses.

Australia was offered a more prominent place as a partner as Britain weakened. When Egyptian President Nasser nationalised British and French ownership of the Suez Canal in 1956, Australian Prime Minister Menzies accepted a request from British Prime Minister Eden to lead a mission to Egypt to seek the transfer of ownership and management to an international body. President Eisenhower said that the US would not support the use of force if negotiations broke down. Nothing came of the initiative beyond the humiliation of the principal participants.

In 1961, the UK announced that it would seek entry to the European Economic Community (EEC). This was the UK's declaration of independence from Australia. The Australian Government objected strongly. In 1962 a Minister, Leslie Bury, was dismissed from the Menzies Government for opining publicly that UK membership of the European Economic Community was good for the west, and that fears of damage to Australia were "far-fetched". British entry into the EEC was vetoed for a while by French President Charles de Gaulle, but completed on 1 January 1971.

On the security relationship, too, the UK moved away from Australia. In 1968, the Wilson UK Government announced its withdrawal from military commitments "east of Suez".

Re-orientation to a Post-Imperial World

For young Australians interested in public policy in the mid-1960s, Australian attitudes and policy on race were the main impediment to Australia living to the best of its values, and to its security and prosperity. These were the big issues of our day. There was much to change: the exclusion of Indigenous Australians from participation in national life; the White Australia Policy; being the only country actively supporting South Africa's insistence that apartheid was a legitimate approach to managing its affairs and no-one else's business; the prioritisation of relations with Britain and the US alongside the absence of depth and trust in relationships with great polities in Asia; recognising the Kuomintang regime in Taiwan as the Government of one China; committing Australian troops to war in Vietnam on grounds that were wrong in fact and moral principle; failure to prepare for successful independence in our New Guinea colonies; and tardiness in reorientation of our trade relationships from a sluggish Britain to an increasingly dynamic Asia.

As it happened, we paddled hard on a rising tide. Sir Robert Menzies retired on January 20, 1966, after 16 years as Prime Minister. There was comprehensive change in Australia on all of these issues over the next decade.

Under Prime Minister Holt in 1967 and with bipartisan political support, Australians voted overwhelmingly to remove references in the constitution that discriminated against Indigenous Australians.

Prime Minister Menzies said in his memoirs that late in his long period in office he realised that the White Australia Policy would have to change one day, but did not see why it had to be while he was Prime Minister (Menzies, 1967). The first softening of White Australia came early in the Holt Government, in 1966. The Whitlam Government in 1973 removed explicit racial discrimination within a smaller immigration programme. The numbers of non-white immigrants grew with Prime Minister Malcolm Fraser's Coalition Government welcoming large numbers of refugees from war-torn Indo-China. The Hawke government maintained non-discrimination while substantially raising the scale of immigration. The Hawke Government held the policy line against strong negative reaction from parts of the Parliament and community.

Whitlam ended Australia's defence of South African apartheid. Fraser led effective Commonwealth opposition to a white minority post-Imperial regime in Zimbabwe. Hawke played a substantial role in the transition from apartheid to majority rule in South Africa.

Governments of major Asian countries were treated with respect and became important focuses of Australian political and diplomatic effort. The Whitlam Government transferred recognition of the government of China from Taipei to Beijing.

Coalition External Territories Minister Andrew Peacock began preparation for independence of Papua New Guinea in 1972 and Whitlam completed the process. We now know that the Australian Government actively encouraged the original US military engagement in Vietnam. Australian strategists thought or at least hoped that this would entrench the US militarily more deeply in the future security of the Western Pacific. Thoughts were wrong and hopes disappointed. In establishing the political framework for withdrawal from Vietnam, President Nixon articulated the Nixon Doctrine in Guam in July 1969. Henceforth, each US ally could rely on the US nuclear umbrella. Beyond that, each ally had primary responsibility for its own security. Whitlam ended participation in the Vietnam war in advance of US President Nixon in the US.

The Whitlam (1972-5) and Fraser (1975-83) governments together completed the formal removal of race as a barrier to productive relations with Asia. Reform to prepare the Australian domestic economy for making full use of its Asian opportunity awaited election of the Hawke Government in 1983.

Australia in the Era of Global Modern Economic Development

Modern economic development works for people of many cultural backgrounds and all races once the conditions for it have been established. The end point of successful modern development is average productivity and living standards within the range of the currently developed countries. The conditions include the provision of a range of services by an effective state. This was much more easily established in Asian countries with a long tradition of an over-arching state, than in Africa and Australia's northern arc. The conditions included openness to international knowledge, trade and investment. This was difficult in countries in which recent anti-colonial struggle created inclinations to inward-looking approaches to development.

Japan was the first to show that modern economic development was not the preserve of people of European background. Over time, the essential conditions were met in more places: from the 1960s in Hong Kong, Taiwan, the Republic of Korea and Singapore; from the 1970s in Malaysia and Thailand; from 1978 in the Peoples' Republic of China; from the eighties to the mid-nineties in Indonesia and other Southeast Asian countries; from 1991 in India; and in the early twenty first century from more developing countries, especially before the dislocation of the Global Financial Crisis in 2008. The inclusion of more and more countries in an international trading system and economy has expanded opportunities and supported economic development in all of them.

As the Asian economies grew rapidly and increased in size, Australia was favoured by its economic resources being closely complementary to them and by its proximity.

In 1983, Australia entered a golden age in influence on international arrangements affecting security and opportunity. Landmarks included playing a leading role in establishing peace in Cambodia after the Indo-China wars; bringing Western Pacific interests to account in launching the Uruguay Round of global trade negotiations with agriculture covered for the first time; establishing Asia Pacific Economic Cooperation and hosting its first meeting in Canberra in 1989 and its elevation under Prime Minister Keating to a heads of government meeting in 1992; with Japan and Indonesia within the APEC framework, establishing non-discrimination as a feature of trade liberalisation through the Western Pacific region in the period of rapid trade expansion from the late 1980s to late 1990s; leading international agreements constraining nuclear proliferation; leading an international agreement to exclude mining from Antarctica; providing important support for East Asian developing countries through the Asian Financial Crisis; playing a significant role in cooperation on the Global Financial Crisis and securing Australia's place in the G20; effectively, if maladroitly in handling relations with Indonesia, leading a United Nations mission requested by Indonesia to assist in establishing order in East Timor through the transition to independence; and providing the conceptual basis for successful global cooperation on climate change after the failure of attempts at top-down agreements from Kyoto to Copenhagen.

We prospered after Britain's withdrawal from our region liberated us to pursue our own interests. New export industries focused on supply of growing Japanese industry supported much better economic performance in the 1960s than the 1950s, which was itself decisively better than the interwar years. After being close to the bottom of growth in productivity and output per person amongst the countries that are now developed through the first eight decades from Federation, we led the developed world in the 1990s. Productivity growth relative to other developed countries was less stellar in the first dozen years of the twenty first century, but we remained at the top of incomes growth through the impact of the China resources boom to 2012.

The success with modern economic development of populous developing countries has led to massive shifts in the global balance of wealth and power. That has brought new economic and cultural opportunity to the initial beneficiaries of modern economic growth in what are now the democratic developed countries. The opportunities are greatest of all for Australia.

Some Australians were always frightened about the spreading of wealth and power from the old developed democracies into the developing world. Some always saw its advantages for Australia as well as the global community and were comfortable with it.

My report to the Prime Minister and Foreign Minister in 1989, *Australia and the Northeast Asian Ascendancy*, was aimed at expanding understanding of the shift of global wealth and power towards Northeast Asia—Japan and Korea as well as China— and of the benefits for Australia from managing these changes well. The public discussion of Australia and the Northeast Asian Ascendancy and the adoption of many recommendations by Commonwealth and State Governments accelerated the internationally-oriented reforms that had been proceeding under the Hawke Government since 1983. This was the first official Australian document to support free trade. It recommended non-discriminatory free trade, accompanied by active diplomacy to secure expanded non-discriminatory access to markets of neighbouring Australian countries. It led directly to the last and largest step in Australian trade liberalisation, announced by the Prime Minister in a statement to the Parliament in March 1991.

The balance has shifted back towards the frightened. Alan Renouf's "The Frightened Country" (Renouf, 1979) summed up our perception of reality early in the period of global development, and Alan Gyngell's "Fear of Abandonment" late (Gyngell, 2021). We no longer lead global and regional cooperation initiatives directed at expansion of trade and wider economic cooperation. John McCarthy's recent Anthony Low Lecture at the ANU (McCarthy, 2024) draws attention to the decline in Australian official effort and understanding on productive relations with Asia in recent times and to the damage that does to fundamental Australian international policy interests.

There are exceptions against the run of play. The Turnbull Government's work with Japan to rescue the Trans-Pacific Partnership as a vehicle for regional trade co-operation without the US after the Trump administration's withdrawal is an important example.

We have drawn closer to US defence and strategic policy. This in itself has had positive elements, but costs for productive relations with Asia as a whole.

Parts of our community always yearned for the old certainties of Empire and white supremacy. The focus of the yearning shifted in the second half of the twentieth century from the United Kingdom to the United States. Some strands of support for AUKUS can be seen as a contemporary reflection of the yearning. Some can be understood as an attempt to come to grips with new realities of power. This conference can sort out what is what.

We have retreated from open and non-discriminatory trade and investment policies in the twenty first century. If we reverse the policies on open, non-discriminatory trade and investment that gave us rising productivity and incomes, we should not be surprised if the favourable effects are also reversed. Whatever the justification of the reversal, it has contributed to real wages and the living standards of the general run of Australians being lower in 2024 than in 2013. The stagnation of living standards came later in Australia than in the US and UK following Australia's 1980s reforms and the links to dynamic Asia, but we now share the conditions that are unsettling democracy in the larger parts of the English-speaking developed world. We are becoming a cranky and divided community. Our sixth Prime Minister in 11 years is facing a grumpy electorate.

One economic policy issue with large implications for future Australian living standards intersects with the AUKUS discussion. The non-discriminatory open trade that was embodied in the 1957 Japan–Australia Trade Agreement, in Asia Pacific Economic Cooperation and Australia's own trade liberalisation in the late twentieth century suits Australia's interests now, as it has over the past seven decades. Non-discriminatory free trade suited Britain in its times of greatest success before the first world war. It was abandoned when Britain was in decline in 1932. It suited the United States in its period of greatest success in the second half of the twentieth century. It was abandoned by the US to preferential trade from early this century and more comprehensively since 2017.

Australia cannot do well if it is dragged or walks willingly and innocently into a world of protection and trade discrimination. The Australian Government has said recently that some defined security interests require restriction of trade and investment (Kennedy, 2024). Shiro Armstrong analysed the limits on the security case for restriction in a public lecture at the ANU last month (Armstrong, 2024). It is crucial for Australian prosperity that security-based restrictions on trade and investment are defined narrowly and rigorously. Kennedy and Armstrong both pointed out that security mission creep would undermine Australian prosperity. That means it can also undermine our democracy. Securing Australia's interests requires Australian governments to stand up for Australian interests against intense pressure from our great and powerful friends. The positive models are Menzies and McEwen on the China wheat trade in the 1960s, and Hawke and Hayden on farm trade liberalisation and US export subsidies in the 1980s. The negative examples are Empire preferences at Ottawa in 1932 and Lyons trade diversion in 1936.

I should add that free trade only delivers rising living standards for most people if it is accompanied by policies directed at equitable distribution of income, as it was in the early postwar period in the US and through the Australian reform era of the late twentieth century (Garnaut, 2021).

Open, non-discriminatory trade is important for global success in defeating climate change. Widespread distortion of international trade in products crucial to reducing greenhouse gas emissions would damage the global climate change mitigation effort.

Australia stands out in the world as the country with strongest comparative advantage in a wide range of industrial inputs with zero emissions—green iron and other metals; green transport fuels; green fertilisers; green explosives. Without Australia supplying these products in immense quantities to countries with poor renewable energy and biomass resources relative to economic size, there is no prospect for Northeast Asia and Europe achieving zero net emissions by mid-century. Get this right, and Australia makes it possible for the world to hold temperature increases to well below 2 degrees. Get it right, and Australia has the opportunity for one or two generations of full employment with rising incomes for a growing population. Australia playing this role will need to draw on large quantities of equipment and capital from China. Australia playing this role will require large expansion of exports of zero-carbon goods to China as well as to Korea, Japan, Europe and eventually Southeast and South Asia.

Here, China stands out in the world as the country with comparative advantage in nearly all of the equipment required for the net zero transition: solar panels, wind turbines, other electrical equipment, hydrogen electrolyzers, electric cars and much else. Without China supplying these products in immense quantities to countries with comparative disadvantage in industrial equipment, there is no prospect for much of the world achieving zero net emissions by mid-century.

The Biden administration has generally maintained a productive relationship with China on climate change (Garnaut, 2024a). That has weakened through interaction with the Trump election campaign. US trade with China in climate-related products will be heavily compromised through the next presidential term. That will not stop US decarbonisation if Biden support for new industry is maintained under the next President. But the highly protectionist elements of Biden climate policy will be a problem if others follow. Australia will come under great pressure to join preferential trade. No harm in accepting capital or market access on favourable terms for products headed for the US market. Big harm in arbitrarily restricting trade with other countries.

Australian Interests and Values in the Global Community

These are not the best of times for policy processes or outcomes in any of the AUKUS partners. In Australia's case, the initial decisions on AUKUS were taken through dysfunctional processes that excluded knowledge, experience and analytical capacity related to our economic and foreign policy interests. That proves nothing about AUKUS. But it does tell us to keep our analytic lights on now, as they were at the beginning.

Is AUKUS a reversal of the UK's decision more than half a century ago to end its military commitments east of Suez? There is no suggestion that this is a possibility. Would the UK join a war with China over the status of Taiwan? In the mid-1980s I watched at close quarters from the Australian Embassy in Beijing as the Thatcher Government bedded down the agreement on return of Hong Kong to China in 1997. There was no interest in accepting costs to secure an outcome of a different kind than that which was agreed with China. No, Britain will not join a war with China east of Suez. For the UK, the submarine component of AUKUS is an opportunity for an economy impoverished by Brexit to increase exports from a struggling industry.

The US for the time being is committed to a military role west of Honolulu. Will that commitment survive for long the challenges to democracy at home after four decades of stagnation of ordinary Americans' living standards? Maybe, and maybe not. Rigorous strategic analysis requires focus on all possible outcomes, so we should look at the maybe not as well as the maybe. For as long as the commitment survives, one can see the value of AUKUS for the US. Unquestioning support from Australia becomes more valuable as US relative strength declines, just as we saw with the UK over Suez in the 1950s. If the maybe holds, Australia is a valuable bit of real estate for any intercontinental military engagement by the US (Ball, 1980). And as Richard Armitage, then security adviser to Presidential candidate George W. Bush, later Deputy Secretary for State, told three of us at a reception before the US-Australia Leadership Dialogue in Sydney in 2000, if American boys were bleeding to death alone on Taiwan beaches in a war with China, Australian boys must be there bleeding with them. Australians must be there because no others would. "Are you ready?", Armitage asked Dick Woolcott, Stuart Harris and me. We looked at each other. "As a matter of fact", responded Stuart. "We're not". Armitage had in mind a neo-conservative war to assert and extend US democratic values in its uni-polar moment. As it turned out, 9/11 gave the neo-conservatives an opening to make Iraq democratic by invasion, and war with China faded from discussion for a decade. Australia was there in Iraq. That may have been immoral, illegal and a geo-strategic mistake that greatly strengthened Iran's influence in the Middle East. But it was much less costly than being there in Taiwan would have been. The current US President and the two candidates for the Presidential election seem to agree on only one big policy issue: the second Iraq war was a disaster for the US, and each one of them had opposed it from the beginning.

Others remember history, even if we don't. The return of Taiwan to China after the defeat of Japan was agreed by Churchill, Roosevelt, Chiang Kai Shek and Stalin at Cairo in 1943 and carried into the founding agreements for the United Nations. The Government of the Republic of China in Taiwan sat as a permanent member of the Security Council from 1949 until 1971 because it represented one China, and not a small island off the Chinese mainland.

McCarthy's Low Lecture discusses how foreign policy reflects values and interests. (McCarthy, 2024). McCarthy was a distinguished Head of Mission in Washington, Tokyo, New Delhi, Jakarta, Hanoi and Bangkok. His sobering assessment is that Australia has been much less effective in pursuing either its values or its interests in Asia in recent times than in the preceding decades. McCarthy also notes that the soft power of the west in general and the US in particular has declined in the global south, which will be highly influential in the outcome of US-China rivalry for global influence. How well our own democracies work for ordinary people is the most important determinant of the outcome of that systemic rivalry, as it was in the West's victory over Soviet Communism in the Cold War.

McCarthy mentions a number of reasons for the decline in US and western relative to Chinese influence in recent years. One is the much more rapid growth of trade and investment from China. Kennedy's presentation contains a chart, attached here as Appendix 1, illustrating how China has overtaken the US as the main trading partner of most countries. The Trump and Biden policies of protection and large budget deficits raise the US real exchange rate, reducing America's international competitiveness and the scale of its foreign trade (Corden and Garnaut, 2018). The expansion of Chinese relative to American soft power from this source is likely to accelerate.

Support for democracy reflects a fundamental Australian value. Support where we can be effective is what matters. That is most important at home, and in near neighbours in which our influence is greatest. In Papua New Guinea and East Timor, Australian intervention has been distinguished more by its indifference to the travails of democratic governance—and at times by negative actions—than by efforts to nurture democracy.

It is an Australian democratic value to respect citizens' views on great matters of state. To go to war without the informed consent of citizens is undemocratic. It is also a mistake that risks dividing the community and reducing the chances of victory. We have not started to have the discussion about AUKUS that could support informed consent. This conference helps.

On both values and interests, systemic competition with increasingly strong states that do not share our liberal social democratic values is a contemporary fact of life. The best and good chance for liberal social democracy flourishing into the long term future in Australia is the gradual emergence of a system of international pluralism in this region of different states and societies (Drysdale, 1989). International pluralism is the foundation of ASEAN. Close and productive relations with Indonesia and ASEAN takes us a long way towards good outcomes. Chinese hegemonic domination of Asia would be inimical to Australian as well as ASEAN and South Asian interests. Others in our region do not think that Chinese hegemony and preparation for war are the only possibilities. Nor should Australians. The alternatives will take hard thought and hard work, but are within our reach. A little thought advises us that the large polities of Asia, India and Indonesia first of all, are wary of entangling military alliances. They are also in a strong position to resist any one country's hegemonic control. And thought informs us that China has good reasons for avoiding hegemonic over-reach. It has the world's longest and most challenging borders that will always be its first security concern (Raby, 2020). And while China is likely to increase its economic and strategic weight relative to the US for a number of years, it will soon go beyond the peak of its relative weight against the other large states of Asia.

We are wise to do all we can to understand others' values and interests where they intersect with our own, however challenging that may be. I have been close to the matter for long enough to know that in a changing world, one thing that doesn't change is that any government in China will be determined never to allow Taiwan to emerge as an independent state. We could say as much about Indonesia in West New Guinea, sad though that may once have seemed to many people. We want the people on Taiwan to live under a political system as close as possible to that preferred by most of them. That is an important issue in itself, which ultimately must be worked through by Chinese on the mainland and in Taiwan. It would be costly politically and in many ways for China to seek reunification through militarily coercion. That reality has led to caution over a long period. All caution would disappear if there were a move to formal independence. Chinese on both sides of the Straits have good reason to seek a solution short of war. Friends of the US need to explain to Americans who want to enhance the welfare of the people of Taiwan that it is dangerous to encourage independence, Ambassador Kevin Rudd has been explaining (Rudd, 2024). Meanwhile, it is a dangerous mistake to see reiteration of China's longstanding refusal to rule out the use of force to prevent independence of Taiwan as a test of its willingness to use military force against other states. That is a different matter.

I should not conclude this introductory presentation without mentioning one specific question about sovereignty for this conference. Is AUKUS consistent with preservation of Australian sovereign independence in future decisions on war and peace? Prime Minister Anthony Albanese says that it is. I am sure that is what our Prime Minister thinks, and his access to information and advice place him in a good position to be right. But whether in practice our Prime Minister at the future time when the big calls are made can really choose, depends on whether relevant Americans see Australia legitimately as having a choice. We know that it is possible in principle for a country to remain in good standing as an ally and choose not to participate in an American war that does not pass its tests of values and interests. The UK, Canada, Japan and the continental European states did not join the war in Vietnam. Canada, Japan, Korea and the main continental European states did not join the twenty first century war in Iraq. But does the US see us, like other allies, as having a choice? Has our history of joining wars with the US right or wrong created an expectation that we will join the US in any war, independently of our own judgement of whether the war is just, or in our national interest? If so, the false impression must be corrected. What Curtin said about Australia being conquered and Britain holding is highly relevant. America would be damaged by war with China over the status of Taiwan, but, short of a major nuclear exchange debilitating both great powers, its sovereignty would not be at risk. Australia's would be. Indeed, I doubt that Australia could survive as a sovereign entity the isolation from most of Asia that would be likely to follow anything other than a decisive and quick US victory in a war in which our military was engaged. Maybe I will learn from the conference something about the probability of such a victory.

Finally, the biggest strategic issue of all should be in our minds through the conference. Once great powers with immense stocks of nuclear weapons confront each other in war, the approach of victory with conventional weapons for one is likely to generate pressure for escalation into use of nuclear weapons by the other. These might be tactical nuclear weapons directed at bases in allies at first, to reduce the risk of direct nuclear retaliation. But that is unlikely to be the end of the matter. I was at the memorial service at the ANU for my old friend from the mid-1960s and longstanding colleague, Professor Des Ball. A letter from former President Jimmy Carter was read, saying that the world had avoided nuclear war because of the analytic work of a small number of people. One of these was Professor Des Ball at the ANU. Des demonstrated that in the fog of war, an initial nuclear strike using tactical weapons was likely to escalate into a major direct exchange. The astro-physics tells us that there are yet many tens of millions of generations to live before high entropy removes from the earth the conditions that make our sort of life possible (Greene, 2022). So overwhelmingly the biggest strategic issue is making sure that those of us who happen to be alive now and soon do not destroy the otherwise practically endless possibilities for later generations of our species. So, I hope to learn from the conference whether the nuclear submarines make nuclear war more or less likely.

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DISCUSSION

In response to two questioners, Professor Garnaut said that while Australians have been susceptible to identifying with and believing too much in Britain and the USA as global powers, we should distinguish between the perspectives of the Australian people—increasingly diverse in heritage and outlook—and the perspectives of the political and security elite.

A questioner proposed that one option for Australians to consider is armed neutrality. Professor Garnaut said that he would not advocate armed neutrality. There is a spectrum of options between armed neutrality and uncritical support for all actions of the more powerful alliance partner.

Asked to elaborate on security-based limitations on trade, Professor Garnaut urged his audience to read an *Address to the United States Studies Centre* (19 June 2024) by Dr Stephen Kennedy PSM.

Asked about differences in the values guiding Australian foreign policy and the foreign policies of other nations in Asia, Professor Garnaut said: 'We need an international system that respects difference so that we can be true to our own values.' Australia needs to distinguish, better than it has in the past, countries where we could hope to promote democracy and countries where our own actions would be futile or even counterproductive. He mentioned Timor-Leste and Papua New Guinea as nations in which Australian efforts to reinforce democratic practices would have been effective. Professor Garnaut remarked that, unfortunately, some Australian companies were more comfortable dealing with authoritarian and corrupt political elites. In answer to a related question about ASEAN, later in the discussion, Professor Garnaut saw strength in ASEAN's diversity of political systems and cultures. He added that Australia should pay much more attention to Indonesia; in particular, it should better appreciate the significance of its transition to democracy.

If Australia engaged in military action in relation to Taiwan, what would happen to our exports to China? Professor Garnaut said Australia would come under pressure to cease such exports. In any scenario, war over Taiwan would be hugely disruptive, and Australians' living standards would certainly fall.

Could AUKUS become an avenue for military partnership and technology exchange with Japan and South Korea? Emphasising the economic significance of South Korea, Japan and China to Australia, Professor Garnaut's response included: 'I'm not sure that the most productive way of building more productive relations with Korea and Japan is to start with that.'

Responding to the suggestion that the inception of the AUKUS policy illustrated a non-democratic tendency in the behaviour of the executive, Professor Garnaut called for more high-quality public debate. War powers reform might contribute to this, he acknowledged, but debate about Australia's military commitments must precede (in order to inform) a parliament endowed with 'war powers'.

DAY ONE, SESSION TWO

'What is the vision of international order underpinning AUKUS?'

CHRIS REUS-SMIT

Professor, International Relations, University of Melbourne. Chris Reus-Smit writes on the theory and practice of international relations. He is co-editor of the Cambridge Studies in International Relations book series, former editor of the journal International Theory, and editor of the multi-volume Oxford Handbooks of International Relations.

The Albanese Government has not spelled out its understanding of international order to which AUKUS is meant to contribute. Is 'order' whatever results from great power competition or is it an institutional construction, effected through negotiation? In the Albanese Government's understanding of international order, we see both ideas in play, but 'competition' seems dominant. The government refers to the international order as 'rules based' but is unable to point to an agreed formulation of those 'rules'. Its approach to diplomacy is 'quiet competition': a focus on security agreements at the expense of attention to strengthening international institutions. There are recent policy documents on defence, but we await a white paper on foreign policy. Professor Reus-Smit said that order-building diplomacy: (1) recognises that 'in times of change, rules-based orders can only be defended through their evolution'; (2) 'seeks to contain and manage potentially destructive competition, not fuel it'; (3) 'focuses on critical political cleavages'; (4) 'engages friends and adversaries in processes of conflict management, if not conflict resolution'; and (5) 'seeks to develop new rules and norms that contain competition below the threshold of conflict, rules and norms that attract mutual buy-in by privileging common interests in the elementary goals of international social life, physical security, the sanctity of promises and the stability of possession'. The rationale of Australia's military initiatives (such as AUKUS) should be a policy of negotiated order-building. Too many foreign policy eggs are in the military strategic basket. 'This not only departs from a longstanding tradition in Labor foreign policy, but it also violates what we know about the existential interests of middle powers.'

'What is the vision of international order underpinning AUKUS?'

SAM ROGGEVEEN

Director of the International Security Program at the Lowy Institute and author of The Echidna Strategy: Australia's Search for Power and Peace, which criticised AUKUS as unnecessarily provocative and tying Australia too closely to US strategic objectives

The question for this session may be a 'category error' if we view AUKUS as 'a technological sharing program and nothing more'. However, AUKUS substantially changes ANZUS—not so much through the agreement to acquire submarines but more because of the adjunct military base arrangements: submarine rotational force west (up to five British and American nuclear-powered submarines at HMAS Stirling) and the accommodation of US strategic bombers at RAAF Base Tindal. The US could launch hostile missions from these bases, which makes them important targets in a war. Acknowledging that the internal polarisation of the USA makes it difficult to predict US foreign policy, we need to ask: What kind of order will Washington try to forge in Asia? To maintain its hegemony in Asia? Notwithstanding AUKUS, the US lacks the capacity to be hegemonic in Asia, as we can see if we review what has changed and not changed in the global structure of US military capacity since the early 1990s. However, China is not likely to become Asia's hegemon, for there is no significant push within the USA for retrenchment of its military presence in Asia. A steady drift away from US hegemony does not necessarily give rise to China's hegemony because it would be costly for China to apply military force to hasten US withdrawal. The US is likely to maintain its most solid basis of support in Japan, in Korea and in Australia. For those countries, it's still easier to be protected by the United States than to go their own way. While AUKUS adds to Australia's military capacity, 'If you were designing an Australian Defence Force to independently defend Australia, you wouldn't start with AUKUS.' Faith in AUKUS is symptomatic of our political elite's habits of dependency. 'Australia can succeed and can prosper even in a region that's not dominated by the United States.'

DISCUSSION

In answer to a question about differences between statements by Senator the Hon Penny Wong and by the Hon Richard Marles MP, Professor Reus-Smit characterised Marles as more 'hawkish' and Wong as putting more emphasis on diplomacy. He reiterated the argument in his paper for greater effort in the diplomacy of institution building, particularly in contemporary East Asia. Mr Roggeveen named politicians who, in his view, had adhered to policy orthodoxy while in office but had found the freedom, after leaving office, to speak with more nuance. Professor Reus-Smit added that in the speeches of Prime Minister Albanese, he had not found 'definitive statements' of Australia's position on foreign and defence policy or on world politics. James Curran (in the audience) commented on this judgment. He had studied Albanese's foreign affairs statements (and published his findings in the Australian Financial Review), noticing a less critical view of the USA 'about 2007-2008 when he started attending meetings of the Australian American leadership dialogue'. Albanese's statements about China had been much less confrontational than Morrison's, Professor Curran added.

Responding to the observation from an audience member that the joint Parliamentary Committee on Intelligence and Security 'has really no power of investigation of our security agencies' and that it was dominated by Labor and coalition MPs, Mr Roggeveen pointed to the growing number of MPs from neither Labor nor the coalition; this was likely to make parliament a more critical forum, in his view.

Responding to the suggestion from the floor that the Labor Government's relationship with Israel displayed 'no real regard for international law', Professor Reus-Smit argued that we should distinguish between 'international law' and the 'rules-based international order'. The Albanese Government feels obliged to state its position on matters of international law (for example, the International Court of Justice's statements about Gaza) but it is able to refer to the 'rules-based international order' without ever saying what it understands those rules to be.

Responding to the argument that 'The US is seeking to maintain its hegemony, but, with AUKUS, it's getting Australia to do its dirty work and to bear all the risks involved', Mr Roggeveen said that a hegemon cannot sub-contract in that way. The power of a hegemon, he argued, rests on subordinate powers' belief that the hegemon is prepared to sacrifice its own interests in the pursuit of the order over which it presides.

To a question about the future of NATO—in particular, its possible inclusion of Asian and Pacific states—Mr Roggeveen replied that NATO was too distant and too preoccupied by security problems in Europe to be ‘a significant strategic presence in Asia’. Mr Roggeveen continued that he also doubted the significance of the Quad: its member nations were too differentiated by geographic factors to have strategic interests in common.

‘Did the Albanese Government misuse the concept “collective security” when giving its rationale for AUKUS?’ one audience member asked. Professor Reus-Smit agreed that what the government meant was ‘common security’. ‘Collective security’ in 20th century history had meant something more specific: formal institutions governed by rules designed to avoid or limit conflicts between member states. Were Australia to put more effort into strengthening such institutions, it would be pursuing ‘collective security’ in that historical sense, he added.

From the chair, Professor Beaumont observed that the United States has done much to destroy a rules-based international order and that such ‘rules’ were no guide to the future conduct of its foreign relations. Professor Reus-Smit referred to two research projects. One, on Donald Trump, characterised his ideology as ‘redemptive nationalism’. The other, on US diplomacy in the 1940s, challenged the conventional view that the USA was the major author of that decade’s new international institutions and human rights doctrines, pointing to the significant influence, at that time, of other powers, including the nations of Latin America. In our histories of the international system, Professor Reus-Smit suggested, we should be careful not to overstate the power of the United States in shaping international relations.

Mr Roggeveen characterised ‘Trumpism’ as a critical response to the USA’s postwar foreign policy failings, blaming them on political, financial, legal, scientific and journalistic elites. While Trump himself has been an isolationist since the 1980s, research has identified three categories of likely advisers of a Trump administration, and the faction that would reinforce Trump’s inclination to retrenchment will not necessarily prevail in the struggle to determine the foreign policy of the USA.

To a question about the significance of possessing capacity to manufacture advanced digital technology, Mr Roggeveen, after referring to the Biden administration's attempts to weaken China's capacity, expressed doubts about the efficacy of such strategies. Historically, nations have shown that, in a crisis, they can rapidly transform their economies to acquire technologies relevant to their military capability. 'The distribution of the technological balance between [China and the United States] will not be decisive in this contest. This is ultimately a contest of status and resolve.'

Asked about the efficacy of multilateral diplomacy, Professor Reus-Smit said that much depended on the kind of problem that was to be solved. For example, East Asia needs an institution dedicated to resolving territorial disputes in its region—a parallel to Europe's Helsinki Accords. To satisfy that need would require multilateral, not 'mini-lateral' action.

Asked whether the world now faces 'a new cold war', Mr Roggeveen argued that the USA now faced, in China, an adversary much more powerful than the USSR had ever been. It was not in the interests of the USA to confront China in the way that it had confronted the USSR. Indeed, he added, there is not enough at stake for the USA. Even if China were to become dominant in Asia, the USA would remain very secure because of its geography (oceans to its east and west, friendly nations to its north and south), its economic strength and its technological dynamism. Professor Reus-Smit added that Cold War bipolarity is no longer possible because there are not disciplined blocs of nations (led by the USSR and the USA) as there once were.

DAY ONE, SESSION THREE

'What political and bureaucratic processes does AUKUS require?'

GARETH EVANS

*Former Australian Foreign Minister and Chancellor of the Australian National University,
President Emeritus of the International Crisis Group*

Professor Evans focused on the politics of the submarine component of AUKUS. Bipartisan agreement—in the USA, the UK and Australia—is a condition of AUKUS delivering first the Virginia-class submarines, and, later, those being designed and partly built in Britain. It is hard to imagine politics in Britain upsetting its commitment, but the USA is more difficult to predict. In Australia, AUKUS aligns with coalition policies, but Labor's motives for immediately agreeing in September 2021 included its wish to pre-empt coalition criticism that Labor was not fully committed to the alliance. When Labor came to office, it should have reviewed the decision to support AUKUS, but the Albanese Government has merely continued to implement the policy, with no review. There is no assurance of delivery on schedule, so we face the risk of a 'capability gap'. Even with timely delivery, there will be too few submarines for the area of strategically significant ocean. Their cost will erode our ability to acquire other armaments necessary for Australia's self-reliant defence, including the defence of sites (Stirling, Tindal) whose strategic significance will increase under AUKUS. That AUKUS includes 'integrated deterrence' means that 'Australia will have no choice but to join the US in fighting any future war in which it chooses to engage anywhere in the Indo Pacific region, including in defence of Taiwan'. Professor Evans's own experience as Foreign Minister taught him that the USA assumes Australia's compliance and will enforce it. However, AUKUS does not bind the USA to defend Australia. It is not too late to reconsider AUKUS, and Australia should explore buying submarines from France, with the option of them being nuclear-powered. However, we should have no expectation that will buy us insurance: ANZUS does not bind the USA to militarily defend Australia. However, Australia is very unlikely to renege on AUKUS, and whoever is elected US president is likely to allow us to acquire the 'Virginias' because of the money Australia has already committed to submarine construction in the US, and because the US will consider these craft as effectively part of its fleet. He sees no sign that current Labor leaders will reconsider AUKUS—one of the worst policy decisions that an Australian Government has ever made.

'What political and bureaucratic processes does AUKUS require?'

STEPHAN FRÜHLING

Professor, Coral Bell School of Asia-Pacific Affairs, Australian National University

Under AUKUS, Australia needs to develop new bureaucratic structures, habits, processes and policy guidance, learning from other countries' experience and drawing on its own experience of collaborating with allies. Often, in past weapons acquisition, we have been junior partners with other countries. Australia's involvement in SSN-AUKUS will be economically important for the viability of the British submarine industry, but Australia will have to have the ability to make its own judgments on design—'a tall ask'. Australia must also develop a workforce and organisations capable of 'nuclear stewardship' at standards set by our AUKUS partners. Professor Frühling expressed confidence in the Australian military's ability to achieve such competence through 'close, formal and informal integration and cooperation with the stewardship systems of the US and UK'—partly by including senior officers from the UK and USA in our defence bureaucracy. As reactor safety is a key to continuing political support (domestic and international), Australia must develop a nuclear-powered submarine safety regulator that is trusted by the US and the UK. The nuclear submarines (and Stirling base) will require mixed crews, with arrangements that ensure sovereign control by the flag nation. As the UK is experienced in designing such arrangements, their advice will be crucial. AUKUS compels Australia to rethink its defence bureaucracies, and we have already initiated agencies that specifically address AUKUS's demands. That these often bypass the general defence systems and organisations raises concerns about whether the non-AUKUS parts of defence are fit for purpose.

'What political and bureaucratic processes does AUKUS require?'

MARGARET SIMONS

Author and journalist, the biographer of Foreign Minister Penny Wong and the author of an essay on the political consensus behind AUKUS in Australian Foreign Policy (issue 19, October 2023)

Journalists pride themselves on being 'insiders' and 'savvy'—'that quality of being shrewd, practical, hyper informed, perceptive, ironic with it, and unsentimental in all things political'. And 'a key part of the journalist's value is her ability to find and cultivate sources' (to quote Professor Jay Rosen). In the case of the defence and security establishment, the sources acquire skill in 'handling' journalists, so that their reports affirm the source's version of reality. The recent revelations regarding Mike Pezzullo's text messages, together with evidence he gave before a parliamentary committee last year on his relationships with 'trusted' defence and security journalists, are an example of senior public service and security establishment sources keen to manage access to information and skilled in 'handling' journalists they regard as assets. Journalists keep secrets about their sources' identities, ideally to allow them to reveal a larger truth. But in doing so, they withhold a key part of the truth and the context from their public. This should impose a duty of care but given there are now only about six journalists covering Australia's defence policy, such source or journalist relationships can be internecine and lack transparency. 'The AUKUS public conversation, or rather, the lack of a public conversation, intersects with the problems of journalism more generally.' The audience is more fragmented than 30 years ago; there are fewer journalists. Most of them are complicit in an emerging consensus between political figures and the security community, and this has militated against public discussion of the inception and execution of AUKUS. 'More people, including some of you, should be talking to more journalists more often, and journalists...should...seek out a plurality of sources.' While there have been many suggestions about how to address the collapse of the media business model, there has been 'almost zero political action by governments of both colours'. The public will remain too little informed about AUKUS and therefore unready for the huge demands that the policy's implementation will make of them.

DISCUSSION

To the question: 'Would there be a conflict of interest if the Minister for Defence were responsible for both the nuclear-powered submarine safety regulator and the program for the delivery of the nuclear submarines?' Professor Frühling responded: 'I don't think that there is a conflict of interest as such.' That arrangement would align with what other nations do when distinguishing the regulation of the civil nuclear technologies from the regulation of the military nuclear technologies. A civilian regulator may lack understanding of the operation of the nuclear technology in its military setting. A new regulator must establish its institutional authority, the trust and the deep expertise required.

An audience member spoke of his bewilderment, dissatisfaction and anger 'at the secrecy, deception and obfuscation that surrounds AUKUS'. He listed a series of questions that, in his view, the government was unable to answer: about Australia's choice of 'aggressive' weapons, about the overstated fear of China, about the risk of nuclear proliferation, about the disposal of nuclear waste, and about the secondary priority given to the climate crisis. Professor Evans responded that they were fair questions that the government should try to answer, but he warned against 'saying no [military] capability is justified, and we're being excessively militaristic in even contemplating the necessity for a sophisticated modern armoury'. He favoured a defence policy that maximises self-reliance and that did not concede Australian sovereignty to allies. Professor Evans later returned to the question of the public's low knowledge and engagement (in his assessment): 'I'm pessimistic. I would love there to be more agitation and discussion and generation of debate and driven by media and driven by willingness to engage in parliamentary statements and open up the issue in a way that hasn't been happening. I'd love all that, but I'm afraid I'm pretty sceptical that's going to happen anytime soon.'

To a question about improving public deliberation on issues of defence and foreign policy, Margaret Simons elaborated on her 'fragmented public' argument. Social media have both good and bad effects. Politicians seem uninterested in supporting reforms to the media industry that would address the collapse of the business model and ensure the public is informed. Challenged by an audience member who did not agree with her negative assessment of the public discussion of AUKUS ('If you're complaining about the quality or the state of the debate, that's a good sign that you're losing'), Margaret Simons said 'that the fact that just about everybody has the means of publication these days has led, among many pathologies, also to a well-informed debate...but it tends to be confined to those of us who are, in any case, networking and who, as part of our jobs, try and be well informed'. Responding to another audience member, she added that she did not herself feel powerless, as she had the capacity to seek and analyse information. But she would like public conversations to include more that were 'local'—'among workforces and the people who are going to be directly affected by the national transformation'. Many who will be implicated in AUKUS's changes do not yet understand what's in store for them.

Professor Frühling said that the Australian Government was not the only government finding it difficult 'to engage with their population again about the realities of major war'. He pointed to Norway's use of defence experts to persuade the public about difficult steps such as increased expenditure and expanding conscription. In Australia, 'the instinct seems to be to say as little as possible, which is not very helpful'. He discerned a discrepancy between the messages issued by AUSMIN and defence policy statements. 'It should not be beyond us to have a conversation about capability implications of what we see in the region in terms of submarines, the SSN threat to Australia itself, and what capabilities are required to meet that kind of threat.' The public needs a better understanding of the differences between nuclear-powered and conventionally powered submarines. Australia will also have to consider conscription, he later added, to overcome negative trends in recruitment, just as European countries had to after Russia's occupation of Crimea. 'We have never tried to defend Australia, against the great power, with an all-volunteer force.' He expressed confidence that the public awareness of AUKUS would gradually change into a more informed appreciation of threats and of the means to deal with them.

Another observation from the floor argued that the difficulty of engaging the public arose partly from the fact that Australians' living standards have been falling since 2013. 'But can Australia tackle simultaneously,' this person asked, 'the demands of AUKUS and the raising of Australians' living standards?'

Professor Evans reflected critically on the quality of advice from the bureaucracy on which the government was acting. Governments since 1996 have encouraged the bureaucracy to be obedient, eroding the 'fearless contestability that really is critical if we are to have a serious quality public service'. The Albanese Government has commenced the recovery of Australia's bureaucratic capability, he observed, but there is still a long way to go.

To a question about developing the skilled workforce that AUKUS will require, Professor Frühling, in a series of comments, pointed to several initiatives—some of them preceding the inception of the AUKUS policy—that he believes will be effective. Australia's 'defence industrial expertise' has diminished since the 1980s, he said, and so it has to be rebuilt. However, 'We do have some time; there is a plan.' He hoped that a 'whole of government' approach would emerge, so that it would become routine to consider investment in infrastructure in the light of its implications for defence planning. For example, 'We're spending all this money on the NBN, but why don't we just lay glass fibre up in the north where we know we're going to need a military communication platform? We need to consider the defence implications of everything we do.'

On the 'workforce' question, Professor Evans pointed out that Australia would need to find a much larger submarine crew, psychologically capable of spending longer periods undersea—'which just adds another dimension of uncertainty, credibility, to this whole enterprise'. Another contribution from the floor emphasised the large number of occupations and professions—for example, 'electricians, crane operators, environmental technicians'—whose training would have to change to deal competently with the nuclear technologies of AUKUS.

DAY ONE, SESSION FOUR

'What military capability would AUKUS bring and is it what Australia needs?'

HUGH WHITE

Emeritus Professor of Strategic Studies at the Australian National University

Australia's Collins-class submarines are aging. Assuming that is good reason to replace them with crewed submarines, should they be nuclear-powered? While Professor White doubted that the AUKUS program can deliver nuclear-powered submarines, his core question was whether we need them. 'What is now the most cost-effective way of carrying the weapons and sensors required to within range of the target?' While nuclear-powered submarines are far superior to conventionally powered submarines in speed, stealth and (as long as the needs of the crew can be met) time away from surface or port, they are also far more expensive. As well, acquiring and maintaining them is a more complex and risky task of management. 'Conventional boats are bloody hard to get right. Nuclear boats are much, much harder.' Cost and risk are two considerations that should enter our decision-making. Whether the costs and risks are worth it depends on what we plan to use the submarines for. Australia has difficulty reconciling two visions of the ADF's purpose. One is 'to support the United States as the United States seeks to perpetuate its position of the leading power in East Asia by threatening to go to war with any major power that challenges it'. The other is 'to defend Australia from a major Asian power independently'. Some armaments would serve both purposes, but our consideration of other armaments—such as submarines—requires greater clarity about their envisaged use, for we cannot afford (financially) to be equally committed to both purposes for the ADF. For Australia to choose nuclear-powered submarines would make sense if we intend to use them as the US uses its nuclear-powered submarines: to hunt the adversary's nuclear-powered, missile-firing submarines and to protect surface ships from the adversary's submarines. Used in this way, Australia's nuclear submarines would add marginally to the effectiveness of the US fleet. But is this the best use for Australia's submarines? We would get more protection from a submarine fleet that could sink ships in waters where our own surface ships and aircraft can't reach or where they would be at great risk. In that role, nuclear-powered submarines are not distinctively, decisively better than conventionally powered submarines.

From the currently expected submarine purchase budget (\$368 billion), we would get a small number of nuclear submarines (eight) or a larger number of non-nuclear-powered submarines (40). Professor White suggested that 24 would be a good size for a non-nuclear submarine fleet. In choosing non-nuclear, there are also fewer risks of non-delivery or delayed delivery of the submarines. Also relevant to this choice is where each kind of submarine has its optimal operating area—an aspect of the question that the government has not been clear about. For a non-nuclear fleet, Australia would get optimal use by deploying them close to the Australian continent (for example, within the Indonesian archipelago). However, if our purpose were to help project force close to China (or another adversary far distant from home port), then a smaller nuclear-powered fleet would be the better choice.

'What military capability would AUKUS bring and is it what Australia needs?'

PETER CLARKE

Rear Admiral Peter Clarke retired from the Royal Australian Navy in 2003 and has since made a second career as a management specialist and advisor/mentor of chief executive officers

Rear Admiral Peter Clarke said he was presenting 'the simple sailor's view of things' of how to supply our unquestionable need for a deterrent force that is credible to a potential adversary. Nuclear submarines make Australia 'a maritime power with the ability to strike at the heart of an adversary, to really cause damage and...to make it much more difficult for an adversary to plan operations—it's much more risky'. The key to a nuclear-powered submarine's deterrent effect is 'its ability to remain on station undetected for long periods' and to strike a land or sea target. The nuclear reactor is the crux of this ability to remain undetected. Admiral Clarke then outlined the technical attributes of a non-nuclear (conventionally powered) submarine that make it essential for the commanding officer to be constantly aware of how much energy remained in the battery, with nightly battery recharging a prudent routine, where possible. A nuclear submarine is designed with an entirely different philosophy. Unlike a conventionally powered submarine, for which everything must be optimised for minimal power consumption, the nuclear boat can be designed and operated for optimal effectiveness, regardless of power use. Because a nuclear-powered submarine has 'virtually unlimited power', its power consumption 'is never a consideration'. This affords operational options to a nuclear submarine that a commander of a non-nuclear submarine is more hesitant to use. In a nuclear-powered submarine, 'all of the thinking can go into gaining the tactical advantage, being in the right place at the right time'. This includes evading enemy anti-submarine forces if counter detected. A nuclear submarine, speeding from where it has indicated its position to be (for example, by firing a missile), can quickly impose on the pursuer a very large search area. This increases the nuclear-powered submarine's chance of survival. A conventional submarine has a significantly lower chance than a nuclear-powered submarine of returning from a mission. Rear Admiral Clarke later, in discussion, put this more starkly, saying that once a diesel-powered submarine had fired its weapon (and revealed its position) 'its options become very limited', whereas a nuclear-powered submarine would be able to conduct many more missions.

Rear Admiral Clarke doubted that even a large fleet (40) of conventionally powered submarines could provide a protective circle around Australia and would not have deterrent value. 'By signing up to AUKUS, Australia has demonstrated that it's serious about defending its interests wherever they might be threatened, and that alone is a powerful part of deterrence.' The world has become more complicated and unpredictable in its threats, but the very fact of having nuclear-powered submarines makes war less likely, not more likely.' Rear Admiral Clarke doubted that AUKUS would compromise Australia's sovereignty: when Britain went to war in the Falklands, Australia was at the time operating a fleet of British-built submarines (indeed, one was commanded by a British Royal Navy officer). Nonetheless, Australia declined the invitation to become involved in the Falklands War and even pulled out officers that were then serving in British ships—a really good example of Australia maintaining its sovereignty'.

DISCUSSION

An audience member who is professionally engaged in Australia's nuclear stewardship asked what level of nuclear knowledge the crews need to have to work on a submarine. She noted that 'Nuclear science is not normally taught at undergraduate levels anywhere around the world.' Rear Admiral Clarke replied that, in his experience, as long as the officers and sailors responsible for the operation and safety of the reactor were highly trained in nuclear engineering, the remainder of the crew—focused on the submarine's military operations—could function with much less training in nuclear engineering. 'We could take a sailor from a conventional submarine, give him or her a three or four week-course, put them into a nuclear submarine, and they'd be doing the same job, just as well.'

A question addressed to Professor White asked whether Australia could be defended by the non-nuclear-powered submarine fleet that he favoured. Pointing to the capacity of Chinese submarines to threaten sea lanes on which Australia is dependent (for fuel, for example), he asserted 'You still need to have SSNs that keep your sea lanes free.' And, 'If we don't do it for ourselves, we really put ourselves at the mercy of the Americans.' It would be optimistic, he challenged, to assume that America would devote resources to the waters of the Indian Ocean or the South Pacific. Responding, Professor White agreed that Australia's defence should not be dependent on the US taking actions that it may choose not to take. He argued that if Australia chooses nuclear-powered submarines, it will have too small a fleet (two or three in the water at any one time) to be an effective presence in the seas of strategic significance to Australia's defence. Australia should not aspire to sea control but be content with 'sea denial'. Another audience member—provoked by the scenario in which Australia is cut off from its oil imports—argued that Australia should hasten its transition away from oil dependence. There is a strong economic case for Australia becoming self-sufficient in zero emissions transport fuels and to become a globally significant exporter of such energy. This would oblige other nations to keep sea lanes open, to assure their own energy imports from Australia.

A question from the floor asked about the cost and practicality of purchasing submarines, in the near future, to replace the Collins-class fleet. Professor White named South Korea and Germany as possible sources. Rear Admiral Clarke expressed concern about the possibility that the AUKUS arrangements will not deliver submarines soon enough. Australia may find itself over-extended, he said, by having to assemble and/or maintain (and crew) three different kinds of submarines: Collins, Virginia and the British SSNs. The last thing we need is to bring another class into the mix. Australia's best option, he said, was to stick with AUKUS Pillar One and make it work. Professor White doubted that Australia could meet its submarine needs by purchasing more Virginia-class submarines, as the United States has no Virginias to spare if it is determined to maintain primacy in East Asia.

Another question from the floor doubted the deterrent effect of the small number (two or three) of nuclear-powered submarines that Australia would have in the water at any one time. Rear Admiral Clarke, while agreeing that four submarines would be better, reaffirmed that the deterrent value of nuclear-powered submarines rested on the fact that the adversary never knows where they are. 'So, two will do.'

An audience member said that the assumption underpinning AUKUS seems to be that the Australian submarines will be deployed in combination with the US fleet. That is, in committing to AUKUS, Australia has already conceded its sovereign right not to participate should the US go to war over Taiwan. Professor White speculated that Australia would not be allowed to have the nuclear-powered submarines unless the United States understands Australia to be committed to combat whenever it is asked. Rear Admiral Clarke, referring to the Falklands War, reaffirmed the practicality of an Australian Government not combining force with the United States.

A member of the audience suggested that AUKUS was actually a commitment to an offensive posture, without the backing of strategic analysis that argued that such a shift was now in Australia's interest. Professor White replied: 'It is important to distinguish between being operationally offensive and strategically offensive.' In order to be strategically defensive (which he favours), it may be necessary to be operationally offensive—that is, to have the capacity 'to reach out and hit the force of the aggressor where it inconveniences him most'. Rear Admiral Clarke agreed that AUKUS was 'offensive'. By adding to and complicating an adversary's uncertainty, this would deter their aggression.

Asking about nuclear contamination, a questioner raised the possibility of combat damaging a submarine's nuclear reactor. Admitting that radioactive material might then leak out, Rear Admiral Clarke said that it was more likely that the reactor—very strongly built—would remain intact and 'end up sitting on the bottom'. This person asked also how—even in the absence of combat—the wastes created by the fleet's reactors were to be disposed of. This point was not addressed by either speaker during the session. However, during the break, according to an email from Rear Admiral Clarke to Professor Rowse, 20 August 2024, Rear Admiral Clarke explained to the questioner that there is very little contaminated waste from an operational pressurised water reactor because it's a sealed unit. Any water discharged during start-up is similar to background radiation and similar to what we find naturally in the oceans. He also explained that U235 is used up during the reactor's lifetime and we would not expect there to be a great amount of it left at decommissioning. That said, there would be about a dustbin full of radioactive fission products and they would have to be safely stored for many years.

DAY TWO, SESSION FIVE

'What are the diplomatic correlates and implications of AUKUS?'

KAI HE

Professor of International Relations at Griffith University, specialising in the interplay between international institutions and great power politics

Professor He opened his paper by contrasting two theories about international relations: 'balance of threat' (Stephen Walt) and 'institutional balancing' (Kai He). Viewed through the lens of 'balance of threat' theory, what is important about AUKUS is its military and security focus, though AUKUS is not a formal, trilateral military alliance. China is not perceived as an existential threat to all three members, so AUKUS is not as 'hard' a 'balance of threat' strategy as it could be. If the perceived threat from China rises to existential level, AUKUS could transform into a formal military alliance. Military balancing is costly, so states are more likely to use an institutional balancing strategy. Viewed through the lens of institutional balancing theory, AUKUS is an exclusive institutional balancing mechanism aiming to counter China's growing power and influence in the region. Institutional balancing strategies can be either inclusive or exclusive. AUKUS is 'exclusive' in the sense that it does not include China and does not seek to develop a shared normative framework that would constrain China. The military cooperation intended by AUKUS includes building nuclear submarines. This requires a high degree of technological, strategic, bureaucratic and political cooperation, and this is possible because AUKUS consists of only three nations, with much shared heritage and outlook. The question, however, is how much deterrent power it can add to the military balance against China. The easiest kind of cooperation between the members of AUKUS is their agreement on the terms of their diplomacy with China. However, AUKUS is an exclusive institution—not only of China but also of other actors who hope to influence China's behaviour. AUKUS is too small to be diplomatically influential over China. It adds little to the influence that the G7 already exercises over China. And, as it is composed of Anglo countries, it may make Asian nations uncomfortable, alienating them. AUKUS is unlikely to be effective in influencing China. From the standpoint of 'balance of threat' theory, AUKUS is not a powerful military alliance. From the standpoint of 'institutional balancing' theory, the exclusive nature of AUKUS makes it distinct from other Asian institutions and gatherings that seek to influence China's behaviour. AUKUS might even be seen as an unwelcome challenge to Asian multilateralism, such as the East Asia Summit and also the ASEAN Regional Forum. In short, according to the balance of threat theory and the institutional balancing theory, AUKUS is ambiguous in military deterrence and weak, or even counterproductive, in diplomacy. AUKUS is a category mistake, and Australia should reconsider it.

'What are the diplomatic correlates and implications of AUKUS?'

JOANNE WALLIS

Professor of International Security in the Department of Politics and International Relations and Director of the Security in the Pacific Islands research program in the Stretton Institute at the University of Adelaide

Professor Wallis's topic was Australia's relationships with Pacific Island countries and with New Zealand. The Australian Government says that its development of nuclear-powered submarines will comply with the Treaty of Rarotonga (1986), which established the South Pacific nuclear-free zone. Because Australia did not consult any Pacific leaders, the AUKUS announcement surprised them. Immediate reactions varied, some critical, others not, reflecting the Pacific's political diversity. Australian diplomacy since the announcement has reassured Pacific leaders. Doubts that remain may be less to do with the submarines than with the prospect of worsening strategic competition. Professor Wallis gave examples of Pacific leaders seeking to take advantage of rivalry between China and the nations that have formed AUKUS: the funding of police forces (Solomon Islands) and of electrification (PNG). Knowing that Australia negotiated the Treaty of Rarotonga to allow US nuclear submarines to traverse the region, Pacific leaders realistically appreciate the importance that Australia attaches to the US alliance. Professor Wallis's own research, Regional Perspectives Research Project, has not found, at the popular level, concerns about AUKUS. People are more concerned with their own material development, and they have positive views of both Australia and China. Australia gave New Zealand advance notice of AUKUS, and New Zealand will not allow Australia's nuclear-powered submarines into its territorial waters. Under its new government, New Zealand has expressed concern about China, and the possibility of joining AUKUS Pillar Two has become part of broader debates about New Zealand's foreign and strategic policy. Professor Wallis said that, in her opinion, whatever security policy New Zealand adopted, its security was, in fact, strongly influenced by Australia's policies. She cited an article by Rob Ayson, who argued that New Zealand would likely provide support if Australian forces were attacked in the Pacific Islands region, but nothing guarantees that it would support Australian forces deployed in East Asia. In current debate in New Zealand about whether to participate in AUKUS Pillar Two, as a contribution to burden-sharing under the alliance, AUKUS figures as more than a technology-sharing agreement. And in Australian debates, the significance of AUKUS has expanded over the last three years beyond military capability into all elements of our security apparatus, with AUKUS becoming the cornerstone of our foreign and strategic policy. This perspective has also permeated the New Zealand debate. Professor Wallis mentioned recent contributions to the Australian debate about AUKUS, lamenting that the small size of Australia's foreign and strategic policy community is constraining Australia's discussion.

'What are the diplomatic correlates and implications of AUKUS?'

JAMES CURRAN

*International Editor, Australian Financial Review, and Professor of Modern History,
University of Sydney*

Professor Curran directed our attention to the febrile atmosphere surrounding AUKUS. The announcement of AUKUS in September 2021 was characterised by self-congratulation and strategic bravado. It appealed to a desire that Australia 'punch above its weight'. South-East Asia—Indonesia in particular—reacted more coolly, asking if AUKUS would destabilise the region and contribute to nuclear proliferation. The Albanese Government has succeeded in assuring the region that Australia will neither cross the nuclear threshold nor transgress its international non-proliferation obligations. Some advocates of AUKUS now concede that its intentions, processes and challenges must be explained to the Australian public. However, the government seems unable or unwilling to mount a coherent strategic case, though ministers have referred to job creation, the protection of sea trading routes to China, strategic equilibrium and the deterrent effect of 'impactful projection'. Professor Curran doubted that Australia's submarines will add significantly to the deterrent effect of the USA's East Asian deployment, but he invited the audience to take up the question of AUKUS's deterrent effect. Australia now appears to be locked into US grand strategy for Asia, including its nuclear-powered submarines potentially being used in a Taiwan war. However, it is rare to hear the US policy elite express genuine confidence about its capacity to meet the China challenge, and perhaps one purpose of AUKUS is to rally domestic support for the US's continuing Asian primacy. AUKUS has also allowed some in the British political establishment to believe that they are back in Asia, with Australia as an asset and all too willing subsidiser of its submarine industry. Remarking on other uncertainties surrounding AUKUS, Professor Curran said that promoting fear of China may encourage Indonesia to develop nuclear industry and weapons.

DISCUSSION

A speaker from the floor, after commenting on the dearth of knowledge of China in the AUKUS debate, suggested that China may be more provoked than deterred by AUKUS. In her view, AUKUS is 'driven by people who see it in their interests to promote military build-up and warmongering, rather than to develop and put resources into diplomacy and peacebuilding'. Professor He agreed that AUKUS is promoted by organisations that benefit from it. Professor Wallis observed that, despite Australia's commitment to liberal democracy, there has been little political debate about AUKUS.

Professor Curran said that Australia's promotion of the China threat narrative had won many admirers, in other countries, of its willingness to 'push back'. A rising proportion of the Australian public believes China to be a threat. Between 1972 and 1996, Australia improved its diplomacy towards Asia, seeing it less as a source of threats, and dealing with countries and cultures of the region in a new way. However, fear of Asia has been easy to revive, observed Professor Curran. A binary approach to global affairs makes the world easily intelligible.

Another speaker from the floor suggested that the armaments industry and foreign governments fund think tanks whose views are reported in the media, thus promoting ideas that suit the interests of the makers of weapons. Professor Curran took this up, saying that evidence to support this could be found on the websites of the Australian Strategic Policy Institute and the United States Studies Centre. He added that it has become increasingly difficult for many to accept that Australia can act independently of the alliance with the USA. The Australia-US leadership dialogue has been influential in shaping the policy options for politicians and journalists. Alternative views are at risk of being seen as disloyal. Domestic political competition (Labor versus conservative parties) after World War One—in which disloyalty to empire was a potent accusation—had constrained debate about foreign and defence policy then, rendering Australia totally unprepared when war broke out in 1939. Was Australian politics now encouraging a similar fear?

A speaker from the floor asked how to make the wider public aware of and care about policy debates conducted among academics and experts, so that foreign and defence policies become election issues (which they have rarely been). She also noted the ethnic and religious minorities within Australia that differ from the government's approach to China, and to Israel and Palestine. Where do we publish and how do we cut through? Professor He responded that the gap between academia and the policy community was a problem, not only in Australia. He hoped that the Academy was one bridge across it. Professor Wallis commented that it was particularly hard for Chinese-Australian academics to express views departing from the China threat narrative. She also wondered about the impact of the currency of the China threat narrative on the public: Did, for example, low rates of ADF recruitment mean that 'the average punter' was not yet persuaded of the threat?

Another speaker argued that Australia should match defence preparedness with greater diplomatic effort towards a China that was particularly sensitive to diplomacy in the Pacific. He warned against hopelessness, pointing to the vision and commitment that had brought about the Treaty of Rarotonga and that had given 'global traction' to the prohibition of nuclear weapons. Australia should aim to demilitarise the Pacific. Professor Wallis agreed and said that Australia's Pacific diplomacy had improved in recent years: Australia should continue to bolster the Pacific Islands Forum as a means for competition to be managed. Professor Curran also praised the Albanese Government's diplomacy to improve Australia's relationship with China. Guardians of the China threat narrative look on this with suspicion: It may amount to 'appeasement'.

A speaker from the audience asserted that the China threat served certain material interests (weapons makers) and was sustained by 'love' and 'fear'. We need to consider the effect of certain emotions. She went on to ask whether some clumsy and aggressive actions by China towards Australia and Southeast Asia had helped sustain the China threat narrative, here and abroad. Professor He responded that, while he agreed that China's 'warrior diplomacy' had increased support for such policies as Australia's membership of the Quad, we should remember that Australia's behaviour appears aggressive to the Chinese. Professor Wallis cited her research on Australian policy discourse that showed that when China was framed as a threat, some of its actions had the effect of reinforcing the credibility of that framing. Professor Curran said that while Australian Governments had exaggerated the vulnerability of Australia's democratic institutions to Chinese influence, they had been correct and effective in drawing clear lines on foreign interference and protecting critical infrastructure. He went on to say that Australians have tended to assume that because Britain and the USA are close to us culturally, their strategic interests and ours must align. AUKUS illustrates that assumption, but it will put it to a test, as we cannot be sure that Britain and the USA will see their interests as we would wish.

Ross Garnaut, referring to the written version of his conference paper (Session One), drew attention to the persistence of poverty in Melanesia, 'a region of development catastrophe'. Conditions in Timor-Leste and Papua New Guinea may become 'the only security thing we think about'. We worry too much about whether Pacific nations are getting aid from China. Professor Wallis agreed, citing population projections for Papua New Guinea and referring to an article that she has written about Australia's refugee processing centre on Manus Island, which concluded that it had contributed to undermining democracy in Papua New Guinea. She has also researched partner countries' 'state craftiness' in the Pacific, pointing to differences between those partners engaging with governing elites compared to governed people in Pacific nations.

DAY TWO, SESSION SIX

'What is the relationship of AUKUS to nuclear non-proliferation?'

MARIANNE HANSON

Associate Professor of International Relations, University of Queensland, concerned about Australia's democracy and defence trajectory

The Australian Government frequently makes two statements about the rules-based global order: that China's military build-up is the largest and most ambitious of any country since the end of the Second World War, and that the strategic environment in the Asia Pacific has changed unprecedentedly for the worse, so we must respond accordingly. Associate Professor Hanson challenged both claims. The USSR (c. 1962–mid-eighties) and the USA (1949–early 1970s) built up arms very rapidly. The world responded with arms control diplomacy, leading to treaties that involved both authoritarian and democratic nations. Almost every one of the arms control agreements have now either been suspended or discarded, and diplomacy is now seen as a weak option.

AUKUS is solely a policy of offence. We do not have to see the military build-up of authoritarian China and China's provocations—in trade, in the South China Sea, in domestic interference—as necessitating such a military response. Rather, we need a cautious, creative and nuanced approach to a rising hegemon which does not pose a direct military threat to Australia. In the absence of arms control diplomacy and a greater emphasis on collaboration and confidence building measures, we risk becoming a more militarised society.

Associate Professor Hanson then referred to the government's reassurances: that AUKUS has nothing to do with nuclear weapons; that Article 14 of the safeguards agreement, which follows on from the Nuclear Non-Proliferation Treaty, is not a loophole; that transfers of highly enriched uranium (HEU) between a nuclear weapon state and non-nuclear weapon states were always anticipated; that it's not unprecedented for a nuclear weapon state to give HEU to a non-nuclear weapon state; that this highly enriched uranium will be in sealed submarines and subject to IAEA safeguards.

However, in accepting large quantities of weapons-grade HEU, we are setting a clear precedent. The preferential treatment being shown to Australia fuels the sense of grievance felt by many non-nuclear weapon states that already see the Nuclear Non-Proliferation Treaty as an unfair institution. Why reinforce a view that the NPT exists only to privilege a small handful of nuclear weapon states, especially the UK and the US, which are bestowing nuclear privileges upon Australia? Associate Professor Hanson argued that by 'activating a previously dormant international provision loophole', AUKUS effectively weakens the barriers to proliferation. While AUKUS does not violate the treaty technically, it violates the spirit, which is the collective desire to minimise highly enriched uranium stocks around the world. By minimising and eliminating HEU stocks, states lower the risks that non-state actors might acquire HEU. AUKUS also cannot guarantee that this nuclear material can be managed safely, by IAEA safeguards, while submarines are at sea. It would be difficult to remove the nuclear material from the submarines, but, as some have warned, not impossible. Australia will also be faced with the proliferation risk of nuclear waste, after the submarines' lifespan, as the waste could be used for nuclear weapons. Will Australia's neighbours, including Pacific nations, be satisfied with Australia's assurances that, in the long term, all will be safe?

‘What is the relationship of AUKUS to nuclear non-proliferation?’

MARIA ROST RUBLEE

Professor Maria Rost Rublee, University of Melbourne, is an award-winning scholar of international security, with expertise in nuclear politics, maritime security, and gender and diversity in national security

Professor Rublee’s topic was Australia’s approach to the disposal of nuclear waste. Nuclear waste from the dismantled submarines must be properly disposed of for millions of years. The Australian Government takes seriously that AUKUS is a nuclear stewardship responsibility. Professor Rublee outlined the different kinds of waste and their different degrees of danger and disposal difficulty. Australia does not even have storage for low to intermediate waste coming from medical and research uses. There will be additional low to intermediate waste from the operation of the nuclear ports and production facilities. Communities near the HMAS Stirling facility that will open in 2027 have just woken up to this. Then, at the end of the life of each nuclear submarine, we’ll have a large amount of HEU left over, 93 per cent enriched. Because it can be used for bombs, it comes under our Nuclear Non-Proliferation Treaty obligations. The government plans to store that waste on defence land, which raises the question of safety in its transportation. The reactor itself, about 2000 tons per submarine, depending on the submarine, will also have to be disposed of safely.

Nuclear waste storage is technically possible, but it needs a social licence. ‘Social licence’ is ongoing, popular and political support for and confidence in the technical, political, social and economic plans for nuclear waste storage. Our AUKUS allies have not yet gained social licence for the disposal of their own waste (such as decommissioned submarines). Indeed, their failure has given rise to the acronym DADA: decide, announce, defend, abandon. Research shows that in a democracy, technical experts will fail to obtain social licence if they talk down to the public about risk. We should study the Finnish case, as they have obtained a social licence, but bear in mind that levels of trust in government vary from nation to nation. In Australia, with public awareness of the Maralinga tests, First Nations engagement has to be the top priority in gaining social licence. As well, the AUKUS partners will have to be assured that Australia has a strong nuclear safety culture, or they will not transfer the technology.

'What is the relationship of AUKUS to nuclear non-proliferation?'

RICHARD TANTER

Senior Research Associate at the Nautilus Institute, former President (2016-17) of the Australian Board of the International Campaign to Abolish Nuclear Weapons (ICAN)

The topic of 'AUKUS and non-proliferation' is itself a problem, suggested Professor Tanter. AUKUS is but part of a wider restructuring of the place of Australia in United States alliance arrangements, that might be termed 'AUKUS-plus'. US-aided doctrines of 'integrated deterrence' to reshape Australia's force posture heighten integration with US combatant commands, e.g., through new submarine bases, space surveillance capabilities at Northwest Cape, expansion of Pine Gap, and deployment of B-52 nuclear-capable bombers to RAAF Base Tindal. These shifts are critical to understanding where Australia stands in relation to nuclear proliferation but are obscured by conventional thinking about nuclear proliferation in terms of 'horizontal' and 'vertical' dimensions.

Horizontal proliferation is reduced to the question of which countries have the bomb or seek to acquire it. This discourse is flawed—indeed, incapacitated—by double standards. Even more conceptually underdeveloped, vertical proliferation is presented as a matter of a state having more bombs or building better bombs, with glances to the nuclear energy infrastructure underpinning weapons acquisition. In reality, argued Professor Tanter, vertical proliferation properly understood includes acquisition of critical 'non-nuclear' infrastructure that enables use of nuclear weapons. In the US case, this includes globally distributed technologies of support for nuclear operations, including delivery systems, command, control, communication and intelligence capabilities (NC3I), precision-strike targeting, space-based surveillance and missile defence.

Australia's new nuclear posture combines the historical specialisation in nuclear command, control and intelligence with new joint basing arrangements and 'non-nuclear' support enabling US nuclear operations. The most obvious strategic objective of both the submarine and bomber basing projects is the provision of enabling support for the threatened elimination of Chinese deterrent capabilities, carrying enormous risk for Australia, magnified by the positive embrace of entanglement of nuclear-capable and conventionally armed strategic weapons platforms.

Australia's deepening involvement with properly understood US vertical proliferation is a geographic—and political—kind of 'horizontal' proliferation. Australia may not yet be hosting US nuclear weapons but recall that there are currently no legal or policy impediments to the introduction of nuclear weapons into Australia.

On the basis of Australia's involvement with both US NC3I and active base support for strategic power projection, and the compromised sovereignty of unaccountable Australian defence decision-making exemplified by the AUKUS process, it is now possible to conceive two future plausible Australian pathways to US nuclear weapons in Australia, based on straightforward changes of current US policy:

- AUKUS submarines operating from Australia could be armed with US nuclear weapons at the stroke of a presidential decision; and
- US strategic bombers based in Australia could be nuclear-armed, as, in fact, USAF nuclear safety regulations permit in crisis already.

These are not fanciful considerations—certainly conceivable, technically and politically, and not implausible.

DISCUSSION

One audience member asked Professor Rublee about China's approach to disposal of waste from its nuclear arsenal. Did China's approach to obtaining a social licence point to the path that democracies might follow? Professor Rublee responded that because China was not open about its approach to nuclear waste disposal, there was little research on it. While the Chinese Government is not known for obtaining community consent, we know a lot about the difficulty of obtaining it in democracies.

Another audience member asked Richard Tanter what difference would an Australian withdrawal from AUKUS make to US use of its Australian facilities. Mr Tanter replied that it would probably not alter US behaviour, but it would be a political crisis because the United States is accustomed to Australia not saying no, and there are some parts of Pine Gap which are irreplaceable for the United States. He went on to say that he doubted whether Pine Gap's operations could be rearranged so that Australia could comply with Article One of the Treaty on the Prohibition of Nuclear Weapons. The Pine Gap operations that the US would have to give up were too strategically valuable in a nuclear war, and, as well, some of the operations relevant to this question are not staffed on site but operated remotely.

A question to the whole panel: Would it not reassure Australians and their neighbours about the risks of nuclear proliferation via AUKUS if Australia were to sign the Treaty on the Prohibition of Nuclear Weapons? Associate Professor Hanson agreed that to sign this and perhaps other agreements would 'put guard-rails' around a part of AUKUS causing concern: the acquisition of nuclear propulsion. A future Australian Government would be constrained by the legislative ratification of the commitment. Professor Rublee agreed that this would be a good move for the Australian Government, but she doubted it would happen as long it is very difficult to talk about things that may be perceived as disloyal to the United States. Mr Tanter agreed that it would be good for Australia to make such a commitment, but he said that there was not a strong enough social movement to mandate or compel an Australian Government.

In another question about social licence, an audience member pointed to the possible significance, to the public's thinking, of the distinction between civilian and military stewardship. We need more research funds to understand the way the public thinks about the ethical, legal and social implications of the different social forms of nuclear stewardship. Professor Rublee agreed, referring back to her paper's point about the Australian Government hoping that the public would accept 'defence land' as the appropriate site for waste disposal. Research could also explore the merit (or expose the ineffectiveness) of 'transactional' approaches to social licence. Mr Tanter commented on 'defence land' by reminding the audience of how slowly the Department of Defence acknowledged the problem of PFC pollution on some military bases. Parliamentary oversight of such matter— including scrutiny of the AUKUS policy itself—has been very weak in recent years. Associate Professor Hanson added that there is a fundamental deficit in terms of consultation and what we would call real engagement. She finds it bizarre that anyone would suggest that universities share the responsibility to develop the social licence for nuclear waste storage.

One audience member challenged Associate Professor Hanson to justify her criticism of Australia's approach to the Nuclear Non-Proliferation Treaty. Australia is not the first country to explore its latitude. He mentioned Canada and Brazil, asking: 'Why is it that Australia's acquisition of nuclear-powered submarines is posing such a risk to the NPT and the non-proliferation regime more broadly, especially when the IAEA has repeatedly said they don't see an issue at this stage and they're thankful for Australia's engagement?' Associate Professor Hanson replied that the rejection of Canada's proposals, 40 years ago, exemplified that the NPT was to be respected, not worked around. Brazil, producing its own nuclear materials, was not a parallel to the Australian case, which was about transfer of materials between nations. She disagreed with the Gillard Government's decision to sell uranium to India, when India was not a signatory of the NPT. This had damaged the spirit of the non-proliferation regime. Australia should consider submarines using low-enriched uranium, to give a slightly better insurance against the risks of proliferation. 'Highly enriched uranium, weapons grade material, is really a step too far, and I don't think there's a convincing case for it. And the problem is not necessarily what will happen tomorrow, what will happen next year. We're talking about a long-term issue that we cannot have full control over, that it would be a bit arrogant of us to think that this can always be controlled.'

From the chair, Joan Beaumont reminded us that Australia's different regions were not uniformly affected by the AUKUS policy. Highlighting South Australia, she asked whether there were 'local political cultures' that might lead states to differ in their handling of the social licence question. Some states will be more vulnerable than others, Professor Rublee agreed, mentioning the Nuclear Fuel Cycle Royal Commission conducted by South Australia in 2015-2016. She went on to express confidence that Australian Governments could develop—by co-design and good communication—a social licence for storage of radioactive materials. As an example of how to do this badly, she pointed to the storage facility that will serve HMAS Stirling. If you don't do it well, you end up with DADA. The research literature is full of examples of how this isn't working, including in the US and the UK. If they don't do it properly, we're going to end up with extremely dangerous material stored in intermediate facilities, open to leaks. And there'll be non-proliferation concerns as well.

A question to Richard Tanter asked for more detail about what could be subtracted from the US facilities in Australia to enable Australia to comply with Article One. He referred to Northwest Cape ballistic missile submarine communication, the B-52 transits through RAAF Tindal, and access to the Stirling base for nuclear submarines. Mr Tanter endorsed that list, adding, 'Australia could begin to make a very substantial move towards compliance without reducing its own security...or that of the United States.' He alluded to a forthcoming paper by himself and Vincenzo Scappatura on B-52s. [Nuclear-capable-B-52H-Stratofortress-final-23-08-2024.pdf \(nautilus.org\)](https://nautilus.org/23-08-2024.pdf).

DAY TWO, SESSION SEVEN

'What are the economic implications of AUKUS fiscal policy, industry policy, research and higher education policy?'

JOHN QUIGGIN

Professor John Quiggin (University of Queensland) is an economist who has undertaken critical analysis of the costs and benefits of naval expenditure

The primary motivation for AUKUS, as put forward by Prime Minister Albanese, is the creation of '20,000' union jobs. This ambitious claim reflects a longstanding aspiration that has yet to be fully realised, the establishment of a robust domestic defence industry.

Bent Flyvbjerg's *Megaprojects and Risk: An Anatomy of Ambition* highlights the complexities and challenges inherent in multi-billion-dollar ventures of this kind. These projects are often characterised by significant cost overruns and delays. Changes in scope and political imperatives, along with the sunk cost fallacy, frequently exacerbate these issues. The allure of defence projects lies in their unique characteristics and challenges. These projects are directly under public control, bypassing the typical market tests that other ventures undergo. This lack of market scrutiny can lead to inefficiencies, especially in naval projects, where there is often no relevant prior experience to draw upon. The motivations behind these projects are multifaceted, ranging from national security to technological advancement, and they often lack a clear, singular objective. This complexity contrasts with Tinbergen's principle of one target per instrument, highlighting the difficulties in managing and executing defence projects effectively.

Much of the political appeal of projects like AUKUS rests on nostalgia for 'an Australia that made things'. In the mid-20th century, manufacturing was a dominant sector in Australia, but it has since experienced both relative and absolute declines in output and employment. Today, manufacturing accounts for around 6 per cent of the country's economic activity, with a significant portion concentrated in relatively low-tech industries such as food and beverage production and minerals processing. However, political discussion remains focused on 'elaborately transformed manufactures', the characteristic products of an industrial economy. This sector, dominated by equipment and machinery, notably in the transport industry, represents approximately 1.5 per cent of employment and output.

'What are the economic implications of AUKUS fiscal policy, industry policy, research and higher education policy?'

JOHN QUIGGIN

Manufacturing nostalgia is particularly prevalent in South Australia. The motor vehicle industry, which was heavily protected by tariffs, played a central role in the region's economy. Efforts to replace the motor vehicle industry have included initiatives such as the development of submarines, which have become central to policy decisions and reversals in the region. The industrial economy of South Australia has since evolved, with the Tonsley Innovation Park, located on the former site of the Chrysler/Mitsubishi plant, serving as a hub for niche manufacturing and residential redevelopment. Despite these advancements, there remains a sense of nostalgia for the era of heavy industry.

Nostalgia often evokes a longing for a real or imagined past, typically centred around the time just before or during one's youth. For many, this period is remembered as a time when popular music was perceived as superior and the manufacturing industry was thriving. However, the industrial economy of the 20th century is gone for good. The focus now should be on identifying niches where comparative advantages exist or can be developed. One promising area is the clean energy sector, which offers numerous opportunities for economic growth and transformation.

In the context of job creation and job diversion, it is important to recognise that in sectors experiencing skill shortages, what is often termed 'job creation' is actually job diversion. Skilled workers are frequently attracted from other industries, which can exacerbate existing housing and infrastructure crises. The challenge for Australia, therefore, is to decide whether it wants to be a country that primarily makes things or one that builds things. This decision will have significant implications for its future economic policies and workforce strategies.

The industrial policy underpinning AUKUS is naive, embodying the characteristics of a poorly conceived megaproject. It is driven by a nostalgic view of industry, focusing on the past rather than the future. This massive expenditure is poised to yield negative economic benefits, underscoring the misalignment between the ambitious vision for Australia's future and the regressive nature of its industrial strategy.

'What are the economic implications of AUKUS fiscal policy, industry policy, research and higher education policy?'

SIAN TROATH

Postdoctoral Fellow at the Australian National University, studying the politics of emerging weapons technologies and Australian foreign and defence policy

Dr Troath announced her topic as 'The Australian military industrial academic complex'. She has developed a data set of universities' public responses to AUKUS. Certain universities have said that they have much to gain from AUKUS, continuing a trend since 2016 in which defence industry and academia have grown increasingly close. The universities most frequently represented in public discourse supporting AUKUS are: ANU, UNSW, the University of Newcastle and the three South Australian universities (Flinders, Adelaide, UniSA) and Monash University. Their senior officers have contributed op-eds to newspapers. This is part of a trend, visible before AUKUS, as indicated by the four-fold increase in Department of Defence grants given to universities from 2014-2021, and eight-fold increase in the amount of money involved (excluding the funds for the Australian Defence Force Academy at UNSW as an outlier). Recent investigative reporting <https://declassifiedaus.org/2024/04/18/revealed-the-pentagons-infiltration-of-australian-universities/> demonstrated that funding to Australian universities from the US Department of Defence went from 1.7 million in 2007 to 16 million in 2022.

Support for AUKUS from universities has come in the absence of a coherent strategic rationale. 'Who is AUKUS for?' is as important a question as 'What is AUKUS for?' Pillar One is tied to an imagined dream of the nation-building project, bringing the country together to achieve something great, and requiring significant parts of the economy, both material and intellectual. It expresses a desire to reinvigorate Australian manufacturing, consequently, new opportunities for industry and academia. Pillar Two is more complex, due to its more diffuse and undefined nature and to the dual use capacities of the technologies involved. These technologies draw in new industries and experts who may not necessarily have worked on defence projects in the past. Its materials overlap with the materials of the green transition. Our response to AUKUS affects our capacity to imagine possible futures which don't rely on militarism. Universities' responses to AUKUS may pre-empt their occupying a critical space of inquiry into AUKUS and its assumptions. The Group of Eight's submission to the Defence Strategic Review pushed for a closer relationship between universities, industry and government, and they lobby for more funding on the basis of their existing 'defence' strengths. Such thinking uncritically aligns AUKUS with 'the public interest'. Universities Australia has argued in similar terms, while also upholding other missions for the universities: the 'soft power' arising from its training of people from other nations, and universities' capacity to inform Australians about regions of interest. However, the goal of building mutual understanding between peoples is undercut by the universities conceiving the public interest through the lens of militarism.

'What are the economic implications of AUKUS fiscal policy, industry policy, research and higher education policy?'

STEPHEN GRENVILLE

Non-Resident Fellow at the Lowy Institute, former Deputy Director of the Reserve Bank of Australia. He has worked for the OECD, the International Monetary Fund and the Department of Foreign Affairs

Economists and security people rarely meet, and when we do, we talk past each other. Today, I'm going to try to explore why that's so. Advocates of defence spending evoke its existential necessity to the nation and decline to consider costs. 'We can't put a price on freedom.' In the guns versus butter debate, guns have first dibs. What's left over can go for butter. Defence advocates do not recognise the central objective of economics: the efficient allocation of scarce resources between unlimited competing aims. How are economists to debate? Neo-liberal appeal to market forces gets them nowhere, but the government has initiated a Future Made in Australia (FMIA) policy, and beyond FMIA, Treasury concedes that the market test can be put aside, within limits, to support industry policy, provided the case is adequately argued. The largest industrial policy is the Defence Department's Integrated Investment Framework, whose dominant element is the domestic construction and sustainment of nuclear submarines under AUKUS. Such big project defence decisions should go through the same evaluation process as FMIA. Considerations relevant to a hard-nosed reconsideration of the commitment to building submarines in Australia include: the demonstrated vulnerability of Russia's Black Sea fleet; the evolving technology of missiles, drones and uncrewed submersibles; the Echidna Strategy (Sam Roggeveen) alternative; the questionable capacity of the US and especially the UK submarine industries; the damning assessment of the Coles Report 10 years ago; and the despairing reports of an auditor general frustrated by government secrecy. Security threats that submarines cannot help Australia to deal with include: cyber and other threats to our vulnerable communications, including ocean cables; and climate related issues, including large-scale global refugee flows, as recently set out by Admiral Chris Barry. Any increase in employment in submarine building will be at the expense of some other part of the economy. There are no prospects for exporting submarines which might give us scale and efficiency. There are no exit ramps from this 30-year commitment, if it proves to be too hard or if priorities change. Submarine building will not increase our sovereignty, as we will continue to import much of our military and other assets (computer chips, medicine). Supply resilience comes from diversification of sources, not from a futile striving for unattainable self-sufficiency. This project—more than 30 times bigger than the much-criticised Snowy Mountains #2—lacks the discipline of the private sector. Mr Grenville concluded by joining John Quiggin in recommending another book by Flyvbjerg: *How Big Things Get Done* by Bent Flyvbjerg and Dan Gardner. Mr Grenville's review: <https://www.loyyinstitute.org/the-interpreter/why-big-projects-fail-climate-change-aukus-submarines>.

DISCUSSION

The first question from the floor asked Mr Grenville whether Australia was likely to fund the AUKUS program by loans as well as by taxes. Mr Grenville said that even if the annual expenditure were affordable without borrowing, the question to be answered was: Is this the best use of that money?

An audience member recalled Sir Arthur Tange (Secretary Department of Defence 1970–1979) explaining to him that he avoided involving economists because using economic reasoning to justify a defence policy would provide ground for Treasury to question it. This audience member's own recent experience as an economist advising government included discovering that some expenditures in the name of 'security' were placed beyond economic scrutiny. He asked: Has Treasury had access to the costings of \$368 billion? We might not know what the result is, but do Treasury and Finance have a role in assisting Defence in the evaluation of such investments? Professor Quiggin agreed that the scope for Treasury and Finance scrutiny diminished the more that the objective of Defence spending was asserted to be averting an existential threat to Australia. Mr Grenville added that the FMIA framework offers at least a tiny hope that Treasury might get a say. Economic research had negatively evaluated investment in solar panels manufacture, but there was a political decision to go ahead with it, which we should respect. But at least there was an economic case that had to be considered.

An audience member endorsed the argument that expenditure on defence has an opportunity cost: it diverts resources from projects that create economic value. Spending on green export industries will generate economic product, but expenditure on submarines won't. We will make more honest choices about defence expenditure if it is funded directly from raised taxes. There is risk of financial instability, of raising the real exchange rate and making every export and import competing industry less competitive.

An audience member asked Dr Troath about her empirical study: Were all the cases of university commentary on AUKUS positive about AUKUS? Dr Troath described her case definition and search parameters, acknowledging that there was a small number of items critical of aspects of AUKUS in her data set.

An audience member asked how the capabilities created under the AUKUS policy would mesh with the rest of our economic system and the rest of our defence structure. Mr Grenville took this as an opportunity to set out his criteria for industry policy: investment needed some prospect of comparative advantage in the long term. He mentioned green hydrogen and batteries. Whether they'll succeed or not is still an open question, but there is some hope that we will develop comparative advantage in these industries by some initial government support. But there's zero chance that anyone would ever want to buy our submarines. Professor Quiggin commented that AUKUS diverted resources that would more usefully be allocated to the clean energy transition. Dr Troath said that the economic benefits to Australia of both Pillar One and Pillar Two had been overstated.

Addressing Dr Troath, an audience member speculated that self-censorship was an increasing risk in universities that were publicly looking to AUKUS as an opportunity. Has Dr Troath seen any evidence of this? Dr Troath responded that her study had produced nothing more than anecdotal 'evidence' of this. But, having experienced such pressure herself, she believes it to be likely.

Another question put to the panel began by referring to 'climate change as a competing interest on the Australian taxpayer's dollar'. If climate change is a threat, then shouldn't we take into account the trade-offs we're making, in terms of risk and potential benefits, when we consider our solutions to the different risks facing Australia? Another member of the audience said that if we don't deal with climate change, we will get disruption of the international order of a magnitude that will remove our sovereignty. He pointed, in particular, to the likely disruption of Papua New Guinea and of the densely populated delta regions of South-East Asia and South Asia. He continued that we have to presume there will be a breakdown in international order, but he acknowledged that it is hard to predict how that will come about. That's not a risk, he said, that's a certainty, unless we deal with the climate problem. Not only must Australia do its share of reducing carbon emissions, we should also realise our comparative advantage in all industries that use energy and biomass in the zero carbon world economy. We can reduce global emissions by 7 per cent by using our own renewable energy resources and biomass to process ores (currently exported) into metals, and to make transport fuel zero in emissions. That's probably the most important 7 per cent in the global decarbonisation effort, because that's what Europe and North-East Asia won't be able to do themselves. Another speaker—noting that the discussion had turned to climate change—pointed to the world's military forces' carbon emissions, estimated to be about 5 per cent of total global emissions. Mr Grenville said that while he did not know the basis of that figure, he agreed that we should be pushing on all fronts against global temperature rises.

A questioner asked Professor Quiggin to return to the idea of 'economic nostalgia': how important was nostalgia for certain kinds of manufacturing—particularly in South Australia—in the endorsement of AUKUS? Professor Quiggin said that such nostalgia coincided with the recent disillusion with, and retreat from, neo-liberalism. He believes that such psychological forces contribute to the making of economic policy.

A final comment: An audience member, after noting that much of the conference had expressed criticism of the decision-making processes that have led Australia into AUKUS, said that the quality of the discussion at this conference demonstrated that there are, within Australia, intellectual resources that can be applied to government. There are 'perverse incentives' influencing those leading the universities, but at least the Academy was providing a space for critical reflection.

DAY TWO, SESSION EIGHT

'What does AUKUS say about how we see ourselves?'

MARILYN LAKE

An Australian historian whose books include [Drawing the Global Colour Line: White Men's Countries and the International Challenge of Racial Equality](#) and [Progressive New World: How Settler Colonialism and Transpacific Exchange Shaped American Reform](#)

Apprehension of an assertive China has a long history in Australia. Australia, the United States and the UK—'white men's countries'—are once again locked in a solidarity revived by AUKUS, and they are not easily able to accept the power of China. Historian and politician Charles Henry Pearson's book *National Life and Character: a Forecast* (1893) was prescient in pointing to the future challenge posed by China as a global power, a warning that fed into the White Australia Policy. He predicted that 'white men' would have to deal with an ascendant China, humiliating their 'pride of place'. In the early 20th century, Australian politicians also expressed apprehension about another 'Asiatic' power in a rising Japan. Despite later advice to 'live with Asia', we can quickly revert to this apprehensive mindset. In recent British, US and Australian strategic thinking about China, white men's solidarity rules once again. Professor Lake then referred to a 2005 John Curtin lecture advocating a 'confident and distinctive' foreign policy, presented by Dr Ashton Calvert (former Ambassador to Japan and Secretary of the Department of Foreign Affairs and Trade 1998–2005). Calvert argued for maintaining a clear-sighted view of how Australia's national interests might differ from those of our allies. He noted both the Western character of our society and the imperative of close engagement with Asia. His advice included leaving open the possibility of reunification of Taiwan with the mainland, avoiding a situation where Taiwan declares independence. Professor Lake commented that Calvert's career in foreign affairs—beginning in 1970 when returning from a Rhodes Scholarship, he turned his back on Europe and embarked on immersive language training in Japan—epitomised the closer intellectual engagement that had occurred between Australia and Asia—through diplomacy, trade, travel and education—in the years between the 1970s and 2010s. These ties had been discouraged and weakened in more recent times. Moreover, actions and statements by US President Biden and Nancy Pelosi had departed from the prudent diplomacy of 'strategic ambiguity' on Taiwan. She concluded by saying that committing to AUKUS shows Australia to be neither as confident nor as distinctive as we had been in the early 20th century, when other nations (including the United States) admired and to some extent emulated our pioneering social democracy. Democracy has since evolved very differently in Australia and the USA, so we should not assume that the two nations necessarily have 'shared values'. The values we do share are not a reason for embracing AUKUS.

'What does AUKUS say about how we see ourselves?'

DAVID LOWE

Deakin Distinguished Professor and Chair in Contemporary History, Deakin University, researches security and development aspects of modern world history, including Australia in the world

Australians' thinking about their place in the world has recently been dominated by alliances and preparing for big wars. What our historical consciousness lacks, but could have, is an alternative case book of mostly open-minded active diplomacy that we can point to as something of an Australian tradition. Our history shows that many Australians have understood options in foreign and defence policy to include regional engagement and building security institutionally and organisationally. In the early 1950s, for example, some public servants worked with a strong sense of international liberalism and regional opportunity, while others viewed the changing world more through Cold War lenses. In Menzies's thinking, the two world wars set the parameters for Australia's role in the world. Thus, in 1951, he assumed that Australian forces might soon be called upon in the Middle East, to defend British air bases.

Although Australia was soon confronted with the excitement and messiness of ongoing decolonisation and the dynamic possibilities of new relationships in Asia and the Pacific, the overriding policy setting of the Menzies Government anticipated big wars in which Australia formed part of grand alliances. This framing has not gone away. It was evident in a Richard Marles speech in July 2023, saying that the alliance was at the centre of Australia's national security; he extolled shared values and recalled shared involvement in the Second World War. Marles has also repeatedly said that we are living in the most dangerous times since the 1930s. Such rhetoric closes off ways of thinking about Australia's options outside of the alliance. Under the Howard Government, the National Security Committee has gained primacy among other agencies shaping Australia's overseas policies. Canberra has fostered an increasingly administrative understanding of national security, undermining our institutional capacity to think imaginatively about Australia and the world. Ten agencies now form what is officially called Canberra's National Intelligence Community. There has been much 'anti-terrorist' legislation and expenditure on anti-espionage. This approach to 'security' has weakened the Department of Foreign Affairs and Trade. John Howard also linked Australia's foreign policies to Australian identity—the Anglosphere rolled back into life.

Neo-conservatives have urged the championing of Australian values as an ideological responsibility and as a national security concern. Critics of such thinking have risked the accusation that they are apologists for the Communist Party of China. Such binaries have shut down other ways that Australians can think about the world, including acting through non-government organisations. We need to recall moments when Australians have thought more laterally and regionally, such as our peacemaking efforts in Cambodia in the late 1980s-early '90s, the broader public's response to disasters in the region such as the multiple Indian Ocean tsunamis on Boxing Day 2004, and Australia's response to the Tohoku earthquake and tsunamis of March 2011. Professor Lowe named some of Australia's ambassadors and Canberra-based bureaucrats who exemplified ways of thinking about Australia's global agency outside 'the alliance'. We need histories of such thought and action—some new, easily digested and emotionally attractive stories aimed at wide readership. Australians 'turning up'—an idiomatic phrase—is the essence of these stories. In its popular resonance, this theme has the potential to challenge narratives of Australia participating in wars. 'Turning up' certainly captures those who put in long hours in international organisations, building bilateral relationships.

'What does AUKUS say about how we see ourselves?'

WANNING SUN

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About 5.5 per cent of Australians (or about 1.4 million) identify as having some kind of Chinese heritage. Professor Sun spoke to two questions: 1. What does the AUKUS discussion mean for the Chinese Australian communities? 2. What are the implications for Australia's social cohesion? She proposed the term 'coalition of securitisers' to refer to government, political elites, security and intelligence agencies, universities and the media. The Cold War mindset has returned, and much of the China threat narrative is informed by it. The Australia-China Relations Institute (where she works) does an annual poll about how the Australian public looks at Australian-China relations. Three years in a row, we found that four in 10 Australians think that the Chinese Australian communities could be mobilised by the Chinese Government to harm Australia's national interest. Such distrust gives rise to the Chinese community's feeling that they are excluded, particularly the 'PRC community' of about half a million persons. We know that there was anti-Chinese feeling during COVID, but such xenophobia persists. Citing Osman Chu, Professor Sun referred to three features of Sinophobia. Sinophobia requires ethnic Chinese people to act in ways that are not expected or demanded of any other ethnic groups in Australia. Sinophobia denies or minimises the significance of discrimination against Chinese Australians. Sinophobia requires Chinese Australian people to criticise the CCP much more vociferously than the general public, or they will be seen as 'pro-China'. The effect of Sinophobia is that Chinese find it more difficult to get security clearance (for public service employment) and research funding. If you are part of any Chinese association in Australia, you will be suspected of being linked with the United Front. Professor Sun reported results of her own survey of 700 Mandarin-speaking first-generation PRC migrants: their experience of this Sinophobia. She asked them their dominant feelings when reading China threat narratives in the media. 63 per cent said they felt helpless, 35 per cent said they felt angry, 25 per cent said they felt puzzled, and 20 per cent said 'sad'. She also asked them if they trust Australian media's coverage of China, and 78 per cent said they do not. They trusted Chinese state media even less. Her respondents reported that they are very concerned about the talk of war with China: It could lead to war and to their internment as aliens. Professor Sun believes that 'social cohesion' is not a priority concern of the Australian Government. This conference should have involved more China Study scholars, as what they can tell us about contemporary China is relevant to our evaluation of AUKUS.

DISCUSSION

The first question was about whether the speakers could see any way that the Australian Government could come up with a face-saving justification for reconsidering commitment to AUKUS. Professor Lowe said that time was needed and perhaps a change in leadership. Professor Sun speculated that if Trump becomes president, he might withdraw the US from AUKUS.

Another audience member asked Professor Sun how the China threat narrative could be challenged and how Australia could distance itself from the leaders of the US. She replied that there was too little 'China literacy' in Australia: We need to hear more from China experts. As well, we need to hear more about the differences—in history and in values—between Australia and the US. Professor Lowe commented that in his talk, he also had been driving at the latter point: more emphasis on Australia's distinct history.

An audience member pointed to the influence, in Australia, of a 'Hobbesian view of conflict'. He wondered whether, in China, that way of thinking about the world was as influential. Philosophies of conflict were not likely to be discussed by speakers from the disciplines represented at this conference. But this conference is a good beginning, as there has been so little critical discussion, to date, of the thinking behind AUKUS.

An audience member identifying himself as Chinese recounted his recent experience in China, of trying to convene a discussion among Chinese scholars, with a Bloomberg journalist present. The scholars had been reticent on topics such as Taiwan and trade, and their statements had been as if scripted by the Chinese Government. He asked the panel whether Australia's foreign policy elite was interested in engaging the Australian public. Professor Lake agreed that there was some distance between the elite conversations and the wider public. Another audience member pointed to a forthcoming speech by Penny Wong for which there were registrations in excess of the capacity of the venue. He agreed that we need to hear much more from Chinese and from people informed about China. He thought that the 'common values' of the USA and Australia were overstated and that the common values of Australia and China needed more exploration and emphasis. Professor Lake pointed to a relevant book by John Fitzgerald, *Big White Lie: Chinese Australians in White Australia* (2007). Her own book, *Progressive New World: How Settler Colonialism and Transpacific Exchange Shaped American Reform* (2018) had explored differences in values between the USA and Australia, as perceived by reformist intellectuals at the dawn of the 20th century. She went on to say, in support for Professor Lowe's argument that Australia's participation in wars loomed too large in Australians' historical consciousness, that her own work included a co-authored book critical of the prominence of the ANZAC legend. Professor Sun commented that exploring similarities between Chinese and Australian values would be a good research topic for an anthropologist. She reported interviews with Chinese in Australia in which they expressed appreciation of many features of life in Australia and so affirmed a sense of belonging to Australia.



AUKUS:
ASSUMPTIONS
& IMPLICATIONS