

JOHN CURTIN'S WORLD AND OURS
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The John Curtin Prime Ministerial Library Anniversary Lecture
Curtin University of Technology
Perth
5 July 2002

Paul Keating uses the 2002 John Curtin Memorial Lecture to sketch out his views on political leadership: how Prime Minister Curtin had urged Australians to think about a new world: one of engagement with our neighbours, guided by an Australian foreign policy operating from an Australian national economy. In the address he further develops his theme on the need for a representative and cooperative world structure where the vast states of India and China are given a place in the institutional power sharing, and how US exceptionalism of the George W Bush variety could not suffice as an organising principle of world governance. In the address Paul Keating also speaks of the long waves of world economic growth, suggesting that the then current growth phase, which had begun in 1982, would end 25 years later, in 2007. The address was given six years before the Global Financial Crisis of 2008.

Even if we are able to interrogate the people involved, even if we take part ourselves in the events we describe, the causes and consequences of human actions will always be wrapped in doubt and seen quite differently by different observers. Perhaps this is especially true of political actions, which play across so much broader an arena of human activity than most.

So those of us looking back from 2002 need to approach John Curtin with due caution.

Leaders are significant in history. There is more to history than the determinism of events; personalities do matter, the scope of their minds matters, their courage matters, their capacity to make people believe, matters. And leaders carry that singular burden, responsibility. Being trustee of the nation's safety and its future directions, and the pressure that that involves, makes a leader's thought processes different from other ministers or officials.

Those of us who have been in public life know that an important decision can emerge from an unlikely juncture of policy, fact, reflection and emotion. A Cabinet discussion can veer from one point to another guided by contributions which can propel an argument way beyond or way beside that which might have been expected when the discussion opened.

The same with leaders. While most who matter develop their minds with the gymnastics of the issues they encounter, and the vagaries of public life in general,

they are, in the end, all prisoners of their own DNA: their own prejudices, their own experiences, their upbringing.

Talking about leaders today is difficult enough; talking about them 60 years ago is little more than speculation. We know things they said and believed, the events they were associated with, even the ambience that surrounded them. We can get at certain things, their motives, etcetera. But we cannot know them. We may revere them, and that may be important to us, but we cannot know them.

I became Prime Minister in December 1991, a few weeks after the fiftieth anniversary of Curtin's appointment as Prime Minister. My four years as Prime Minister tracked his four years, from the fiftieth anniversary of the fall of Singapore in February 1992 right through to the fiftieth anniversary of VP Day in 1995, though he, of course, had gone by VP Day. Through each twist and turn of the Pacific War I felt I was in the lee of Curtin's trajectory or at least, in some way, connected to his consciousness of the events. As much as I thought I knew of the Pacific War, the punctuation of those four years by anniversaries of events of strategic significance drove the meaning of it home to me more poignantly.

A number of people have remarked that, next to Curtin, among Australian Prime Ministers, I had made more speeches on the war than anyone else and I am sure this is true. I do not claim anything by it other than that it gave me a much closer idea of the travails Curtin endured and the sequence in which he endured them.

And they make a second point—that history is made but often not as the makers should like it. John Curtin would have much preferred to have been a great peacetime Prime Minister, whereas I was never more at home than when my back was to the wall. Not that in my ministerial life I had not spent much of my time in that position—I had—but I might have enjoyed some more competent enemies than the remnants of our failed upper class, the Liberals with whom I seemed to be slated to always deal.

So it is difficult to pin Curtin down. We can talk about the ebb and flow of events; we can discern some coordinates. There is a certain clarity to them and some of the general experiences that Labor governments have had.

For one reason or another, Labor governments somehow seem to end up with the rough end of the historical pineapple.

The Labor government of Hughes found itself in the mayhem of the First World War. Scullin inherited the whirlwind of the Depression. The Whitlam government came to office virtually at the end of the postwar wave of growth, as inflation was beginning to accelerate. The Hawke government came to it after years of structural and fiscal neglect by Fraser and Howard, with investment falling and inflation flying, though fortunately at the beginning of another long technological wave of activity.

There have been three such long waves of growth and development in the twentieth century: 1904 to 1929, 1947 to 1974 and 1982 until now. Each has a duration of about 25 years. The first was driven by the internal combustion engine and petrochemicals, the second by aviation, plastics and consumption and the third by

the information revolution, the personal computer and the growth of digital technology generally and by more open international product and financial markets.

Curtin was around in the trough between 1929 and 1947. And not just the trough, the dumper of the Second World War. Conscripted to serve in the political vacuum created by Menzies, his first ministerial job was that of Prime Minister.

Curtin was, I believe, correct in calling the return of Australia's Sixth Division Australia's Dunkirk and in saying that the 'fall of Singapore opens the battle for Australia'.

In many respects his predicament was very much akin to Churchill's. Churchill became Prime Minister in 1940 when the strategy of the Conservative government of Chamberlain collapsed. The Conservatives hated Liberals more than they did Labor people and even though Churchill had rejoined their ranks they regarded him as illegitimate; an unrepentant adventurer, a bounder. They hated giving him the job. The British establishment was torn between what it might have to do—defend Britain—and what it preferred to do—come to terms with Hitler. But in their own conniving way they knew there could be no terms without the ability to fight on and that Halifax, their favourite man, was not up to it.

So they took Churchill. Within weeks, Hitler had subjugated Holland and Belgium and was already controlling northern France. The standoff at Calais and Dunkirk followed.

In a similar way, Curtin got the job after Menzies' leadership had collapsed, just before the Japanese overran the Malaya Peninsula and Singapore. He expected the battle for Australia at the same time that Churchill had expected the Battle of Britain.

Island nations, both of them, Australia and Britain were shrouded by a screen of enemies. Britain's battle did come; Australia's was thwarted by our defence at Kokoda, by the Americans in the Coral Sea and at Midway where Japan's naval projection capacity was dealt a terminal blow. But Curtin was not to know these things when Singapore fell and the Dutch East Indies was overrun. He had to steel himself for the fight and the country with him.

A tough call for a fellow who for a large part of the 1930s was left loitering on the political periphery.

John Edwards, in a lecture last year, made the important point that Curtin not only provided the leadership through the worst of the war, he also provided it for the coming peace. Curtin, thinking of Australia as a continent and all of those within it as one nation, believed we should have a national economy, with a national income tax and a central bank. Instruments that allowed the Commonwealth government to run fiscal and monetary policy on a national basis.

The Curtin political meteorite burnt its way across the heavens broadly straddling two other significant political events: Menzies' collapse in 1941 and his renaissance in 1949. The four years of Chifley were largely filled with the postwar reconstruction

which began with Curtin's White Paper and the putting in place of the mechanics of a return to a peacetime economy.

The greatest direct political beneficiary of Curtin's leadership was Menzies. He left Curtin in the maelstrom of history in 1941 and, being the complete opportunist, climbed back to power on Curtin's insightful economic work and Chifley's painstaking efforts in reordering the economic pieces.

A political dandy of the Edwardian kind, Menzies ingratiated himself to an electorate tired of sacrifice and hankering for easier and better times.

But history's prizes go to the leaders who make the turns and it was Curtin, and Chifley with him, who made the turn. The strategic turn away from Britain to the United States and the economic turn from six state economies to a national one. And with the migration policy, a recognition that Australia had to engage the world, that it could not exist in splendid isolation, that it had to eschew exclusiveness in favour of magnanimity and not go on conjuring distinctions between the civic and the human community. These were very big changes.

By dint of conscientiousness, passion and commitment Curtin served Australia with high distinction and built up a huge head of goodwill for the Labor Party and for his administration.

Words are the currency of politics and John Curtin understood the power of words. He had a good turn of phrase, a sharpness of mind, a 'studied elegance', according to the *Sydney Morning Herald* at the time. He was a storyteller.

One of the important jobs of political leaders is to interpret the future to the present. At its essence this task means knowing deep within oneself what the story is and then conveying it in words sharp and potent enough to seize the attention of an electorate that is half-listening at best and persuading them to it.

But words can be used either to obscure or to clarify. To fudge debate or to sharpen it. As we can see in Australia at this moment, words are being used to blur meaning and to distort reality. Phrases like 'Pacific solution' or 'practical reconciliation' or 'queue jumpers' come to mind.

In public life there is nothing more noble than the well argued, articulate political speech. A political personality is developed to think, to reason, to explain and to propose matters of state. The political speech, old as it is as a medium, is hard to beat. It deserves to survive political spin, the ten-second grab, the simple, uncritical, anonymous questions at the doorstep. All the devices that absolve the politician from explaining, indeed, thinking.

Curtin used language to turn a nation's head; to divine a new world and to lead Australia into it.

If we think of the indelible stamp Curtin left on Australia it is, most obviously, in the area of foreign policy. The war, I suppose, as much as what he made of it, did that. And in particular, the turn to the United States, notwithstanding his deep reluctance

to rely only on that commitment. A turn made necessary by Japan's attack on Australia; a turn made possible by Japan's attack on the United States. But it changed everything that came after.

Foreign policy is, of course, always a continuum. It has to deal with the world as we really find it rather than one we might prefer. Before Curtin, Australia never really had a foreign policy. Today it is the way we define ourselves to the world; a mosaic which comprehends, or should comprehend, the manifest complexities that the modern nation must deal with.

Australian foreign policy has been conceived taking into account the many issues and influences. Perhaps the primary one has been the limited scale of our population. Currently there are nineteen million of us and perhaps we have always seemed larger by virtue of the fact that, unique to us, we inhabit a continent.

Population has invariably been the driver of GDP and with a limited population Australia has had, in world terms, modest levels of gross domestic product. In other words, we have never possessed the economic power to either defend ourselves or to project military power. So the unilateralist option has not been one for us.

It is fair to say that both sides of the political debate recognise that reality. But notwithstanding the reality, two distinct or contending ideas have emerged as to how Australia secures itself in the world.

The conservative side of politics has largely kept to the view that Australia, in Menzies' phrase, needed 'great and powerful friends' to protect us.

The long thread of this policy began with the conservative view that Australia did not need a foreign policy at all because the policy of the imperial government was the relevant policy; the one upon which we were entitled to rely.

Indeed, in 1938 RG Casey, the conservative External Affairs Minister, said:

'As to a foreign policy for Australia, personally I am against those who say we should have an Australian foreign policy simply for the sake of having it. British foreign policy may be regarded in a very real sense as Australian foreign policy.'

Following the fall of Singapore and the collapse of British power in East Asia, the imperial policy view was no longer credible. Almost seamlessly, Menzies' Liberal Party switched to the United States, investing that country with the role of our new protector-in-chief. And you do not need to be a political scientist to know that that view has been maintained with the Harold Holt mantras about LBJ and more latterly, John Howard's ambition to be the regional deputy.

The alternate contending view is that we should use our limited economic and strategic strength to build coalitions with likeminded countries, especially those in the region, rather than to bet everything on a strategic guarantor. This view largely characterises the Labor side of the discussion from Bert Evatt's work at the founding of the United Nations, through that of John Dawkins in establishing the Cairns Group on global trade, or of Gareth Evans in developing the ASEAN Regional Forum.

Indeed, my own work in establishing the APEC Leaders' Meeting goes to the very core of what coalition-building and regionalism is all about.

But there is not a definite template here; after all, a Labor prime minister, John Curtin, established the alliance with the United States. However, it is clear that the first approach—the great and powerful friends one—has broadly been championed by conservative governments, while the coalition and institutional pathway has been broadly followed by Labor governments.

But you can also cut the debate about Australia's place in the world in a different and more complex way. In some ways the Australian community seems to divide into four main groups, crossing traditional political categories.

The first group—the Hansonites at the extreme end—want to isolate both the economy and the society from the outside world. Their economic agenda is to rebuild the tariff walls, their social one to keep out the foreigners and to return to a mythical golden age of Aussie values.

The second group—the anti-globalisation demonstrators and elements of the Democrats and the Greens—want to internationalise social issues but nationalise the economy. They oppose globalisation in its economic manifestation—free international trade, easy foreign direct investment—but are perfectly comfortable supporting extra-territorial claims for human rights or environmental action.

A third group believes the reverse. Parts of the Business Council of Australia and many in John Howard's Liberal Party would find a home here. They are all in favour of internationalising the economy, giving free rein to the free market, but they are damned if they think foreigners and international bodies like the UN should have anything to say about social policies here in Australia.

A fourth group—and it's obviously the one to which I belong— believes that for a country like Australia, with a small population tucked away in a corner of the Asia Pacific, economic openness, social inclusiveness and engagement with the outside world is the only way in which we can hope to prosper. The only approach that will give us the economic growth, the social confidence and the physical security to survive over the next century.

And we are going to need all of that, because the world we are entering looks increasingly dangerous.

With the end of the Cold War the Americans cried victory and walked off the field.

The ideological and geopolitical ambitions which began at the turn of the twentieth century played themselves to a standstill in 1989.

From 1990 onwards, the Americans and the rest of us had the chance to think about a new world in which ideology had essentially evaporated and we had the opportunity for the first time to think about running the world cooperatively.

In 1945, the American administration of Franklin Roosevelt had made a magnanimous effort to try to reshape Europe and the world. This time, however, it isn't the spirit of FDR in charge but the ghost of Manifest Destiny.

As the decade ended and the new millennium began it was clear that we were living in the Age of the Americans.

We found ourselves in a unipolar world where the US could make decisions about its strategic power outside any multilateral context. Once the Cold War ended, and the check of Soviet power was removed, the US was able to intervene with impunity—and so it did, with a frequency unmatched during the Cold War, in Panama, the Gulf War, Somalia, Haiti, Bosnia and Kosovo. New technologies such as smart missiles made such interventions more feasible and less costly in terms of men and treasure.

The size of the US economy is around \$10 trillion in GDP. Japan is \$5 trillion, half its size. And Europe is about the same as the US.

But this does not give us a multipolar world.

The two largest single economies are the United States and Japan. Never in world history have we seen a position where the second-largest economic power has been a strategic client of the largest economic power. But we have witnessed this with Japan now for 50 years. This situation has let Japan rebuild itself, but it has denied it the confidence to stand on its own feet as a pole in its own right in what might otherwise have been a multipolar world.

The single market in 1992 and the advent of the euro have produced a Europe-wide economy for the first time. But while Europe is integrated economically it is not integrated politically. Certainly not militarily.

As a consequence, Europe has lacked the political and military unity to mark itself out as a strategic power. And the largest state in the EU, Germany, has for 50 years remained outside the permanent membership of the UN Security Council. Its capacity to act internationally in other ways was also impeded by the Allied settlement of 1945.

Only one large nation has the confidence and inner sense of itself to stand up and be counted. And this is China, the largest country in the world. China will inevitably be the epicentre of East Asia and a pole in its own right, but for the time being it is poor and preoccupied with its own development.

The 1990s saw the spread of globalisation and the huge accumulated attendant benefits to the US. Washington promoted the economics of globalisation—free and open product and financial markets. And it needed to have its savings augmented. It wanted a high-growth economy and therefore required its current account to be funded. Globalisation provided the wherewithal for this. But the US does not understand that a globalised economy requires a polity of similar scale to support it. That you cannot expect to draw benefits from integrated, interdependent markets while operating in a world that is unrepresentative and which is not run cooperatively.

Then came September 11. The terrorist attacks did not change the world. But they did change the United States. They also revealed the world more clearly and the trends in the international system which had been developing since the Cold War ended.

On the one hand, and in some parts of the globe, it was clear that the nation state had never been stronger. Not since the Roman Empire have we seen one country so dominate the world as the United States does now. It is the largest economy in the world and the only country with global military reach.

It spends as much on defence as the next eight highest-spending countries in the world combined. The entire GDP of Russia, its Cold War competitor, is just slightly more than American defence spending alone.

And despite the weaknesses revealed by the collapses of Enron and WorldCom, the US has a flexible and dynamic economy, and dominance in important technologies including IT and biotech.

Above all, it has willpower, a quality essential to any great power. FDR called it its 'righteous might'.

But elsewhere, a different world exists. A world in which the writ of the nation state does not run, where the rule of law cannot be enforced, where poverty, anarchy and disease destroy hope. Space where terrorist groups like Al Qaeda can grow and thrive.

Looking at the AIDS-devastated swathes of Africa or the ruins of Afghanistan or, in Australia's own front yard, the growing anarchy in Solomon Islands or Papua New Guinea, we see a world in which notions of national sovereignty are entirely artificial. Where the nation state does not provide the bare minimum of protection for its citizens.

To this point, I think most observers of the international situation would agree with the analysis.

Where the disagreement comes is over what we can or should do about this new form of unipolarity.

The emerging Bush doctrine, endorsed by John Howard, devalues deterrence in favour of pre-emption.

The sophisticated argument goes this way. You can only use military deterrence when there is a state able to be deterred. You can only use international law and multilateral rules where you have nations able to abide by them. And because the parts of the world where terrorists spawn often have no governments to deter, the US is entitled to take pre-emptive action in order to protect its own people.

The blunter—but perhaps more honest—argument goes like this. The United States has never been more powerful; its central strategic objective, therefore, should be to

minimise any constraints on its power, whether in the form of direct competition from other states or pressure from multilateral organisations.

Either way, the emerging reality is that the old rules of national sovereignty, built up fitfully over centuries, no longer apply in large parts of the world; or, rather, they do not apply where the US determines they no longer apply.

So we have seen the US trying to weaken multilateral treaties that might otherwise constrain the undisciplined ambitions of many states. These make a long list now: the Anti-Ballistic Missile Treaty, the Comprehensive Test Ban Treaty, the Chemical Weapons Convention, the International Criminal Court, with potentially devastating implications for peacekeeping in Bosnia and elsewhere, the Kyoto Protocols and so on.

But the problem for the rest of us is that this unilateralist response from the US administration is not just to the anarchic world in which Al Qaeda can operate. It is also a response to the world where the nation state continues to operate—where the growing interconnections of a globalising economy and the information age make multilateral cooperation more important than ever before.

We need to ask ourselves whether US exceptionalism is an adequate central organising principle on which to build a new world.

Is it an enduring model that will help—in twenty, in ten, even in five years' time—Australia to understand the world better and to fund a place in it?

Does a war on terrorism provide a sufficient framework for understanding the role of the developing countries in the international community?

Does it help Australia to deal with the part of the world of greatest importance to it—Asia and the South Pacific?

Above all, does this model offer a way forward?

I do not think it does.

Australians are among the closest allies the US has. We share aspects of its culture and understand it better than most of the world does. There is great sentiment between us. But the US is the last remaining ideological great power. Does President Bush's rhetoric speak to us? I don't think so. And if it does not speak to us, how can it speak to the other great cultures—China, India, Africa? What can it say to them?

I'm in favour of pursuing terrorists globally. I'm in favour of Australian participation in a coalition to do it. I'm even in favour of preemptive action, including sometimes, in some limited circumstances, military pre-emption.

But why is the debate we are having couched only in terms of military pre-emption? Other forms of pre-emption exist. They are harder, though, and require knowledge, commitment, statecraft of a high order and sophisticated diplomacy. They do not

always deliver quick results. But, as I suspect we are about to find in Israel and Palestine, and perhaps in Iraq too, they last longer.

Noting that ‘America’s founding fathers warned against the perils of power in the absence of checks and balances’, the American scholar Kenneth Waltz asks, ‘Is unbalanced power less of a danger in international than in national politics?’

And the answer is, of course, it isn’t.

In 1944 Curtin said this:

‘Our remaining task is to think and plan so that [the] world [of our sons and daughters] may in truth be a new world. There can be no going back to the good old days. They were not good and they have truly become old. We have to point the way to better days.’

Nearly 60 years on, his new world is our old one. The world of the Bretton Woods institutions laid the foundation for economic stability and postwar prosperity; the GATT promoted free trade and helped us avoid the disastrous protectionism of the 1920s and 1930s; the United Nations, for all its faults, helped us to think of the world as a global community and, at times, to act like that.

But the world is still set up on the victory of the Second World War. Germany and Japan—the world’s second-largest economy and the largest European economy—are not in the UN Security Council. Vast states like China and India have no institutional place in any power-sharing structures. The Group of Eight is a rich countries’ club that includes Italy but not Brazil.

The great achievements of the IMF and the World Bank have run into the sand. The IMF became an arm of US foreign policy, as we saw in the disastrous demands for conditionality that it imposed on Indonesia, and from which our nearest neighbour is still recovering.

The IMF’s prescriptions in times of economic crisis have caused far more human suffering than they have resolved economic problems.

Those are not my words, or the words of a radical student demonstrating on the streets but those of the Nobel Laureate for economics and former Chief Economist at the World Bank, Joseph Stiglitz. Yet the proposals for change in the IMF we heard after the Asian financial crisis have drifted out of sight.

The GATT, now the WTO, helped provide the basis for the most rapid and extensive period of economic growth the world has ever known. But China’s entry to it is about the only bright light on the international trade horizon.

Faced with the understandable demands of the developing economies for reform of the agriculture and textiles market, the developed countries got cold feet and the new Doha Round looks sick before it properly begins. We are seeing a rush back to bilateral and even unilateral arrangements.

Australia's salvation does not lie there. A Free Trade Agreement with the United States that requires us to abandon the social safety net of the Pharmaceutical Benefits Scheme, as the American pharmaceutical industry is demanding, is not worth having.

George Bush has increased punitive tariffs of up to 30 per cent on steel. US farm-subsidy programs have risen by 80 per cent. New tariffs have been imposed on Canadian timber, despite the existence of a Free Trade Agreement. Entirely new subsidies have been imposed on commodities such as peanuts. Recalling these developments, the *Financial Review's* Peter Hartcher recently described the past four months as the 'bitterest betrayal of free trade hopes'.

We should know by now that events constantly happen to disrupt our complacent view of the natural order. We would be fools to think that the unipolar moment we now see will endure.

Australia's security and our prosperity, as always, will be best found, and most easily negotiated, in the region around us, in Asia and the Pacific. That is where Australia's interests coalesce and no amount of squirming or denying or pitiful claims by the Howard government that Labor had an Asia-only policy can change that.

We can maintain, and must maintain, our traditional linkages with the United States. But we must tell them, and show them, that unilateralism can never be a satisfactory world model. We must argue the case for cooperative management of the world and for inclusive institutions.

The United States will be a major power in the world for as far ahead as any of us can see. But it will not be the only power. It may think that it can exist like a gated community behind the golden padlock of national missile defence, with a military able to strike out at offenders in a Mad Max world left outside. But that will not secure its people, and it will certainly not secure us.

If Australia is not a foreign-policy maker, we will end up a foreign-policy taker. As John Curtin said: 'we have to point the way to better days'.

The government and Labor will both put forward White Papers on Australia's foreign policy before the next election. Whether they think about it often or not, Australians have a deep interest in the outcome of the debate.

John Curtin began us thinking in our own terms, and this is probably his long-term legacy. We should take the lessons to heart knowing that, essentially, we are on our own. That our safety and prosperity can only be guaranteed by our engagement with the rest of the world, by our energy, our ingenuity, our self-respect, our confidence in ourselves and our charity. I should think Curtin might regard this as memorial enough.