

Center for Strategic and International Studies

TRANSCRIPT

Online Event

“In Conversation with Senator the Hon. Penny Wong”

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FEATURING

Senator the Hon. Penny Wong

*Leader of the Opposition in the Senate and Shadow Minister for Foreign Affairs,
Commonwealth of Australia*

CSIS EXPERTS

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*Transcript By
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Dr. Charles Edel: Hello and good afternoon to our viewers here in the United States, and a very early morning welcome to those tuning in from Australia. I'm Charles Edel, a senior advisor and the inaugural holder of the Australia chair here at the Center for Strategic and International Studies in Washington, D.C., an independent, bipartisan think tank dedicated to defining the future of national security.

President Biden recently declared that the United States has no closer or more reliable ally than Australia. I can tell you that interest here in Washington in Australia is sky-high. Conversations across the administration, with members of Congress, with media, and with the industry partners all underscore the amount of attention Australia is now getting. One of the reasons that alliance is so strong is because both the United States and Australia are vibrant democratic nations who share many interests and values. And I say that because Australia's a vibrant democracy that happens to be having an election coming up quite soon.

To discuss those values, those interests and the Australian election, I'm thrilled to welcome Senator Penny Wong. Penny Wong is a senator from south Australia and leader of the opposition in the senate. She is shadow foreign minister – or, she is shadow minister, excuse me, for foreign affairs. She was first elected to the senate in 2001. In 2013, she was appointed leader of the government in the senate, and after the change of government she was appointed leader of the opposition in the senate. Senator Wong is the first woman to hold both of those roles. It's a real honor to have her wake up so early and to join us here today.

A quick word on format. Senator Wong and I will discuss the Labor Party's approach to foreign policy and national security, Australia's evolving security environment, and the U.S.-Australian alliance, among other topics. We'll do this for about 40 minutes or so, after which I'll pose some of your questions directly to Senator Wong. Now, if you're tuning in, on the webpage for this event there's a form to submit questions. Please do so, as they'll be fed into us and we have a lot of ground to cover.

So let me start with a real hard question. Based on my time living in Australia, I can say that it was clear that every Australian politician needed to answer one question. Senator Wong, what is your favorite AC/DC song?

Senator Penny Wong: Well, to be honest, I wasn't really an AC/DC fan. I probably was more an INXS fan when I was younger. But, you know, I think "Highway to Hell" played at a lot of parties I went to when I was younger. But I'd suggest "Don't Change" from INXS is probably my song from that era. (Laughs.)

Dr. Edel: OK, a dodge and an answer at the same time, really useful. (Laughter.) Look, onto the important matters of this and the substance. And I promise that they're all softballs after the INXS and AC/DC question. As we look around us we can see a world that's rapidly changing. Obviously in Ukraine and Europe, but also in the Indo-Pacific. I'd like us to start by taking a step back and getting your assessment of the evolving security environment and what that means for Australia. How do events in Ukraine and the upgraded relationship between Russia and China change your overall approach to Australia's foreign policy?

Sen. Wong: Look, that's, you know, a central question of the times. But can I just start this by saying, Charles, what a pleasure it is to be here. And to congratulate you and CSIS on having you as the inaugural chair for – inaugural Australia Chair. It's a time where we really need to add weight, add more granularity to our relationship given what's happening. And this is a very welcome development, so thanks for the opportunity.

Well, self-evidently, we live in a much more risky, a much more dangerous world. We no longer face theoretical threats. I wrote a couple of years ago that Australia faced the most challenging strategic circumstances – external circumstances – since the end of World War II. And I think since I wrote that article things have only deteriorated. And we all know some of the drivers of that. That includes China's much more aggressive posture. And essentially we're living in a period where our region is being reshaped and the global order is seeking to be reshaped. And we have to work out how we respond to that and how we deal with that.

So Russia's decision to invade Ukraine, as all of your viewers would know, you know, does represent a nation state determining to abrogate the commitments that the world gave each other – we all gave each other at the end of World War II, to not invade or not to threaten or use force to compromise territorial integrity or sovereignty. So I think we all understand what this means for the post-World War II settlement and what that means for the environment for all nations, as well as the tragedy that it is for the Ukrainian people. And it is an immoral, unjust, and illegal war.

But you asked the really central question, which is the no-limits partnership between China and Russia. And that is a major strategic development and, I think, a very challenging set of events for the world, for the United States, for Australia, for, you know, all countries who have an interest – and I would argue every country has an interest – in stability and peace. We've been very deeply concerned by the implications of that.

(Background noise.) I'm sorry. That's the parliamentary bells being tested at 7:05 a.m.

But we've been very deeply concerned about some of how that has been given effect in the context of Ukraine, that it has led China to step away from its own precepts of foreign policy, which is the respect for sovereignty and territorial integrity.

They've obviously compromised their position on those decadal foreign policy positions as a consequence or as a result of the no-limits partnership. So, you know, the departure from Communist Party foreign policy orthodoxies, which has been a consequence of that no-limits partnership, I think presages what may well come. I would make this point, I think given China's – given Russia's isolation, and given the engagement in war crimes that Russia has engaged in, I do think it has really been problematic for China internationally. And you have seen that in some of their – in some of their language and some of their behaviors. So I think it is problematic when you're in a no-limits partnership with someone who essentially an international pariah and is engaging in the sort of aggression on men, women and children, on hospitals and homes, that Mr. Putin's engaging in.

Dr. Edel:

Let me just follow up with that for a second, because as we're watching this rapidly evolving situation, I'm curious what lessons you are drawing from this. You know, for the world generally, for the Indo-Pacific region more specifically, but for Australia especially, what are the lessons that we should be drawing out of what's happening now?

Sen. Wong:

Well, I think the first lesson is an analytical one, isn't it? Which is the sort of theoretical proposition that many have observed, which is the global order and multilateralism being reshaped or fraying, the pressures on the world order that we have enjoyed, really, since the end of World War II. I'm not suggesting there haven't been conflicts and so forth, but it has been the most peaceful and prosperous period in human history. So, you know, what this demonstrates in – I suppose, in real time, is the reality of that.

What does it mean in terms of action? I think you wrote in a piece recently, Charles, that nations must act early, and they must act in concert. And I think that really is the central lesson, actually. That if we are to stand together to ensure that our children and their children inherit a region and a world in which sovereignty is respected, a world where there is peace, where prosperity is enabled, where rules of the road – which is my shorthand way for, you know, rules-based order – where the rules of the road are observed, you know, we can't be passive.

And we also need to be intelligent and creative about how we bolster the rules of the road and the norms and principles that we want. And my view has been, you don't bolster them, you don't buttress them simply by rhetoric and simply by talking tough. We need, particularly in Asia, in the Indo-Pacific but particularly, I would say, in Southeast Asia but also in the near Pacific, we

need much deeper, more aligned partnerships around shared interests. And we need to work, I think, very conscientiously and creatively to develop those.

Dr. Edel:

Well, you've teed up the rest of our questions right here, because one of the things that we should talk about – you know, for Americans who are listening, and one of the things that they might not know is that Australians pride themselves on being very bipartisan minded in terms of national security and foreign policy, within limits. But we do have an election coming up. And it's time to begin sharpening the differences about choice one versus choice two. And so one of the questions I think you have a lot of viewers here in Washington, D.C., wondering is, what does a Labor foreign policy agenda look like on day one? What stays the same? What changes? And what looks quite different?

Sen. Wong:

(Background noise.) Well, again my apologize for the testing of the parliamentary bells, which is well timed isn't it?

Dr. Edel:

I hope you don't have to go vote at 7:00 a.m.

Sen. Wong:

No, no, no, no. They just test them before people come in. But I'm here, obviously.

Well, the first point I'd make is there is a long tradition, as you have correctly identified, of bipartisanship around foreign policy in Australia. And the core of that remains. So, you know, the bipartisan support for the U.S. alliance, the bipartisan support for a defense budget at 2 percent, bipartisan support for AUKUS – these are all things which are not in contest. So I do want to be very clear about that.

Now, obviously there have been differences in emphases historically. Probably historically we have, my party, has been more focused on what used to be called Asia, but certainly Southeast Asia. We have a different view around climate change, and that's probably the starker difference. And, you know, we would – we also have a view that the government has neglected some of the drivers of statecraft, some of the capability that's required to navigate what is a much more challenging and risky world. So, you know, if I were foreign minister I would be focusing, in part, on development assistance and diplomatic capability.

But if I were to summarize it, what are the sort of three things that I would want to prioritize in addition to those areas where there's bipartisanship? Firstly, projecting the reality of modern Australia. I think we can do a far better job in the region projecting who we are. We're a multicultural nation. We have an extraordinary First Nations heritage, which I think could contribute substantially to building our relationships and soft power in the

region including through international broadcasting. I would want stronger trusted partnerships. We've already announced a high-level Southeast Asian envoy. And thirdly, as I said, capability. We need to improve our capability.

If I could take a step back, what I'd say to you is, you know, what are the purposes of foreign policy? You have to advance Australia's interests and values. You have to ensure our security. You have to ensure our economic strength. And you have to shape the world for the better. And you need to do it at a time – we need to do it at a time which, as you and I have identified, our world is being reshaped. So my view is this generation of leaders, and, you know, thought leaders as well as political leaders, we have a responsibility to influence that reshaping. And the question is, how do we most do that?

Dr. Edel: All right. Again, this is a great conversation where you've laid a lot of groundwork. And so that I understand, I just want to – you said that the alliance – the 2 percent kind of budget as a floor and AUKUS are off the table because those are all likely areas of continuity.

Sen. Wong: Correct.

Dr. Edel: OK.

Sen. Wong: And I think – and most – and as importantly there is a great degree of bipartisanship on the assessment of the challenges China poses.

Dr. Edel: Yes. And I want to dig into where we see the Australian-American relationship going first. Because we've seen rapid movement, not only bilaterally over the last couple years but trilaterally, we could say, with AUKUS, but also with the Japanese. Quadrilaterally, with both the Japanese and the Indians as well. But starting with just bilateral core, where do you see the relationship developing? What types of obstacles is it likely to face? And where would you like to see it go from here?

Sen. Wong: First, just again to be clear, this is our most important relationship. And it is – has always been important. And I would say it's probably even – you know, after 70 years it's entering a phase of even greater importance. And the centrality of this strategic relationship and our alliance – I was pleased to reinforce Labor's views on that when the leader, Anthony Albanese, and I met with Secretary Blinken and Ambassador Campbell prior to the Quad ministers – foreign ministers meeting last month.

If I could just make this point, you know, the United States remains the indispensable nation. However, the nature of that indispensability has changed. Obviously, what it now means is that other nations need to work together with the U.S. to ensure that the reshaping of the region and the

world that we are seeing is in accordance with our collective interests. Now, in terms of the alliance, I think one thing that would change is you would see from a Labor government, were we to have the privilege of being elected, a much stronger position on climate. And I'd make a couple of points about that.

First, obviously, climate change is a real and is a present reality. And we have to continue to steer the world towards the objectives that the majority of the world has articulated, which is net zero by 2050, but also near-term action. I would make a strategic point about climate change, though. And, you know, I speak to you at a time when we here in Australia have seen Solomon Islands – a draft arrangement between China and Solomon Islands hit the media. Not as yet official, but it does demonstrate a very concerning development.

It is very important to recognize that for Pacific island nations, regardless of their political perspective – so it's not a sort of – I always forget the terms in the U.S. because you use liberal in a different way – (laughter) – but conservative divide on this issue. This is a lived reality for Pacific island nations. When – I think it was the bit – the declaration a few years ago, the Boe Declaration, when they – when those leaders said, climate change is our number-one national security issue, we needed to listen.

So I do believe that a more forward-leaning position from an Australian government on climate is not only the right thing to do for Australia's, you know, national interest. It also is the right thing to do in terms of our engagement with Pacific island nations, who have been calling for years under the current government for us to do better both domestically but also how we operate internationally.

Dr. Edel:

Got to return to Solomon Islands, because it's been all over the news. And I've gotten a lot of questions on that. But, you know, staying on what would be different in the U.S.-Australian alliance if Labor assumes government in May, can you give your viewers here in Washington a sense of what should Australia expect from the U.S., politically, diplomatically, militarily? What is the expectation from Canberra under a Labor government, but in general too? What are the expectations on the U.S. at this point?

Sen. Wong:

The single priority that I'd like to emphasize is when the U.S. looks to consistent and constructive engagement in the region, which is what we all want, a critical piece is an economic strategy. And I emphasize that because if we look to particularly the countries of Southeast Asia, but the region more broadly, they are developing countries that have a set of interests around development and economic prosperity. And in the context of China being the number-one trading partner for the majority of the region, it is – we are – it is critical, as we approach this regional reshaping, that there is a demonstration of the economic interests that nations have as well, though the United States' engagement in the region.

So the one message I give every American that I meet is it's really critical that there is an economic strategy for our region. Certainly from Australia's perspective, obviously. You know, we can do better as well in terms of diversifying our export markets and what we export. So, summary, the U.S. is indispensable in our region. There is – as the region is being reshaped, the U.S. is critical to underpinning the direction of that reshaping, the architecture of that reshaping. Secondly, to do that, that is not just a bilateral point. That's a regional point. So what I would want is us to continue to work together, not just as bilateral partners around strategic issues, but within the region around strategic and economic issues.

Dr. Edel:

Well, first of all, let me just tip your hat to your lovely reference to Madeline Albright's discussion of the U.S. as the indispensable partner, now that we've just lost her over here. But I think the agenda that you're teeing up, a climate agenda under a Labor government and how that would have both climate and strategic effect, an economic – a more proactive economic plan. One thing you hear consistently from the Australian embassy is the United States needs to get in the game better on the economic space, and also making sure that that bilateral alliance goes beyond Australia and the U.S. into the region. I want to stick, though, with one more element of the bilateral relationship before we leave it behind, which is, you know, with our Defense Posture Review, with the defense budget that was submitted just hours ago from the administration to Congress, there's been a lot of talk of an increased more permanent U.S. military presence in Australia beyond the Marine detachment out in Darwin. And I'd like to hear your ideas about whether or not you see that being a good idea, and what principles should really guide the expansion of the U.S. presence in Australia.

Sen. Wong:

Well, look, I haven't seen, obviously, what's gone to Congress. That's breaking news for me, so that's – look, Bob Hawke, a former Australian prime minister, talked about calling the term self-reliant within the alliance. And that is, I suppose, the lodestar of Labor's approach, and also – if I could venture, also an observation that the Americans on both sides of the aisle would make to us, you know? That, you know, we have to be partners. Obviously, we're a strong partner.

When I was a member of the Cabinet under the Gillard government we established the rotation of Marines through Darwin. I think that was a good thing. And as I – as you and I both referenced, obviously the Labor Party has delivered bipartisan support for the AUKUS agreement. And, you know, that's, obviously, had broad support across the political spectrum. And that's a good thing. We want to take that out of partisan contest. I mean, I probably won't get into hypotheticals about what might or might not happen, but do I think that deepening our strategic relationship is a good thing? Yes, I do.

Dr. Edel:

You know, it's – I won't push you on this one, but I will note that, as I say to everyone here in Washington, some of the details about where we might go are hiding in plain sight. And all you have to do is Google the AUSMIN deliverables of this past year, when we begin to talk about what an expanded footprint might begin to look like. Although we've not necessarily answered the question here of what circumstances might prompt that.

You have teed us up really well on the Solomon Islands. I have to tell you, I feel like shades of Vanuatu all over again. You know, we were living in Sydney when the Vanuatu story broke. For those of you who are not familiar with the Vanuatu story, there was stories that broke in the news that the Chinese were in discussions for setting up a dual-use facility in Vanuatu, right on the northern approaches to Australia. And you had the government, you had Labor, yourself, you had New Zealand even saying that this would be antithetical to the interests of all nations concerned. Because as you have laid out, I think very well, in the opening comments, this creates – begins to create a situation that looks if not existential, very similar to what it did six or seven decades ago. All right. That's my kind of overarching statement.

I want to get a little more specific about the news that we've been watching play out over the last couple of days in the Solomon Islands. We know that there's going to be a speech later today by the prime minister up there. I'd like to get your assessment about why you think the Solomons are proceeding with what looks to be basing and transit rights for Beijing? And, you know, easy questions for you, but I'd also like to know how do you think a Labor government would respond to this? You talked about having a climate agenda, but this challenge of contesting expanding Chinese influence and access and military presence in the Pacific. I'd be keen to hear your thoughts on that one.

Sen. Wong:

Well, first, you know, I always preface – I would always preface my remarks about Pacific island nations' decisions to say, you know, obviously, countries have the right to make their own security arrangements. And second, I would make this point, which is if you look historically, including at Solomon Islands, where Australia had a presence for many, many years, the Pacific family has been capable of delivering security arrangements for each other. And what we would continue to articulate, from an Australian government's perspective, with other Pacific island nations, and I think that's critical, is that that Pacific family, of which we are a part but others are a part, has always been able to look after itself together. And that approach should continue.

And a development which introduces a sharper edge of strategic competition into that region, what I would say, is not in the interest of other Pacific island nations. More broadly, this is a reminder in many ways of the point I made earlier about economic engagement in the region. If you're going to – if we're

going to have deep, trusting partnerships, we have to approach those relationships with consistency, with integrity, and demonstrating that we are engaging because we do care about the interests of those nations, and we see alignment in those interests, not just a sort of frame of strategic competition.

Because if you're a leader of developing nation which is struggling to deal with the effects of climate change, the economic effects of COVID, and so forth, you obviously have a range of objectives that you – and responsibilities that you have. So I think it is very important that we engage on this issue not only with Solomon Islands but with other nations in the Pacific region. I don't want to, for your audience, to step away from underscoring just how serious a development this is. This is a deeply troubling development from Australia's perspective, and from the U.S.'s perspective.

Dr. Edel:

I want to stay on the framing point that you brought up, because I think it's a really important one, about how we talk about things matters. That rhetoric isn't the only thing that matters, but rhetoric is the way that we begin to orient our policies and therefore our forces too. In the past, I know that Labor has been somewhat reluctant to enter into framing the competition that we see in ideological terms, as an ideological competition between democratic and authoritarian powers.

You know, at the top of our conversation, Senator Wong, you discussed the no-limits friendship. It's a relationship between Xi Jinping and Vladimir Putin that knows no limits, so we're told, three weeks before the invasion of Ukraine. And I'd like to hear your thoughts about whether or not you think we're heading into an era that is increasingly defined by ideological contest, and what that might mean?

Sen. Wong:

Well, ideology always, you know, has a role to play. But I suppose I come from a school which says you look to nations' interests to try and understand why something is happening. And you also try to assess your own interests and values when determining your foreign policy, which is the purpose of foreign policy. It's to advance your interests and values. So I don't – I think there is an ideological element. You know, there is obviously a convergence of views, interests, and values between – you know, two essentially authoritarian nations against the liberal democratic values which really underpin our current international – our current world order.

But I simply – the point I'd make is a very pragmatic one. And it comes in part to the recognition that the region in which we live, you know, has a range of different government and political systems, and a range of different cultures. So if we are going to engage in the way we need to, whether or not putting it entirely in a sort of ideological frame is the most effective way. If we think about this as a Venn diagram – (laughs) – all right? So, you know,

we share with many nations that don't share our liberal democratic character.

But we share with many nations in our region who have different sort of views about democracy or different versions of democracy, we share an interest in a region which is not hegemonic. We share an interest in a region where there are rules of the road, where outcomes in terms of maritime law or trade are not determined by power alone. And we share those interests regardless of whatever ideological difference we have.

So we should never step – we should always be advancing our values. We should never step away from them. But I make a pragmatic point about how you articulate the challenge in a way that most engenders alignment. And the alignment of interests seems to me to be really the key objective in terms of how we articulate those issues.

Dr. Edel:

I won't ask for your opinions on Venn diagrams. I tried to leave those behind. But I am really interested about this framing, right, as both a – as you have put out, a policy frame for how we proceed smartly, but also one that is, of course, political. How do we call on ourselves, as democratic societies, to put forth the efforts that we need both in resources but also potential sacrifices that we're willing to make? And I'm curious if framing it not as a contest between democratic and authoritarian powers, if you think that allows the requisite amount of resources to be called for forth from our publics?

Sen. Wong:

Look, I think the Australian community absolutely understands what we're living through. So when we talk about the reshaping of the region, when we talk about what's happening in Ukraine, when we talk about China under President Xi Jinping becoming much more aggressive, our people understand that the nation is called to act. So I don't – you know, from a domestic sort of perspective, I don't think – you know, people are very clear about what's required to advance and protect Australian issues and values at this time.

And we've been the subject of economic coercion as a consequence of a set of decisions, many of which – well, all of which, really, were bipartisan. I was part of the government which excluded – which didn't allow Huawei to build our national broadband network. You know, we opposed the China extradition treaty. We supported the government on the exclusion of Huawei on 5G. We – you know, all of these and many other issues, you know, have contributed to the situation of bilateral relationship which Australians are aware of. So I don't – I don't think from our domestic political perspective – and, obviously, you know, we're not the world's superpower – (laughs) – so it is a sort of different set of imperatives. I think people understand we're living in a time of great change. And the task is how do we maximize Australia's power and influence at this time?

Dr. Edel: You know, I want to take us, like, to a land before time, or at least before the pandemic, because I'll say that, you know, if we can even remember that far back. But your point is really well-taken that when I would have great strategic conversations with other think tank analysts, with government officials, with elected officials, I'd say that these were not conversations that were totally removed from the conversations that I would have in the pub and with my neighbors. I thought there was a fair amount of tracking, at least in broad stroke, about these issues, and a real hunger from people to know what was happening and what could be done about it.

You know, I want to pick up on something that you had said about bipartisan

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Sen. Wong: And can I just -

Dr. Edel: Yeah.

Sen. Wong: Yeah, can I just come back to one point, which I should have made in the previous answer, which you would be aware of? It's very instructive, isn't it, that the leaders – key leaders in Southeast Asia, Prime Minister Lee I think a couple of years ago and others since, made very clear to – in public statements that Southeast Asia doesn't want to be asked to choose, in terms of the strategic competition. And I notice the language from Secretary Blinken and Ambassador Campbell, you know, and others – I think the secretary of defense most recently – that we need to frame what is happening very much in the context of what sort of region do you want to live in. And make sure that those areas where there is – you don't like the Venn diagram – but where there is – you know, where interests align – Law of the Sea, which is a South China Sea point; in WTO or trade relationships, which is an economic coercion point – that we maximize the alignment on those issues in terms which really make sense, if you consider where those nations are.

Oh, I'm sorry, I took you off track, Charles.

Dr. Edel: No, this is fine. We can go on multiple tracks here at once, because we really are covering a broad topics here. One of the things that you had said is, look, on core issues there is some variation. That's good and that's healthy. But there has been a fair amount of bipartisanship, be it on AUKUS, be it on the Quad, be it on foreign interference and BRI, be it on technology infrastructure. You talked about Huawei. But one area where you have been particularly critical of the government is comments from Minister Dutton, when he said it would be inconceivable that Australia would not join the U.S. in a future war over Taiwan.

You don't have to respond to his comments, you guys have already hashed that out. But I'm curious about what you make about the counterargument that strategic ambiguity is less useful than it was in the past, and that moving away from that has value. I'm really curious how you think about the increasing problem sets that we have dealing with Taiwan here, and what's likely to be helpful.

Sen. Wong:

I'd make this point: A conflict in the Taiwan Straits has the potential to be catastrophic, not just for the region but for the world. So let's understand the context in which we're dealing. The second point I'd make is this is not an abstract, theoretical discussion that leaders should engage in. So I have no difficulty in people from CSIS and others having, I suppose, a theoretical argument or a discussion about the utility or otherwise of strategic ambiguity.

But it is a different thing for leaders to start shifting position. And my concern about Mr. Dutton doing that was I think that was not a strategic shift, but a rhetorical shift driven by domestic objectives. And I would note that it was not language echoed by the prime minister or the foreign ministers. So my observation about, I suppose, red lines is we – let's not articulate them unless there is a very clear decision to do that.

Dr. Edel:

Thank you for the clarity on that. You know, on Taiwan, one of the most challenging sets that we're trying to deal with and trying to think through is how we actually get to a firmer footing on deterrence issues. This is one that was ripe and rampant in every conversation I had in Australia and every conversation we are having now in Washington, D.C. And I'm curious how a country like Australia begins to think about deterrence. Is it willing to fund it, and fund beyond where we are right now, given other priorities that a democratic polity wants to make – such as health, climate initiatives – when we see that the balance of power in the region has shifted dramatically?

Sen. Wong:

There's a number of points in that question, but I'll just deal with the last bit, which is the consequence of the strategic environment in which we find ourselves. And, yes, the hard reality is, at a time where, you know, we have some fiscal challenges, obviously, because of COVID and, I would argue, because of the previous terms of this government where debt is increased, we face a period where inevitably whoever's in government is going to have to spend more in defense. But that is – and that, you know, I'm the former finance minister. So the consequence of that is less expenditure on other areas. And that's a hard decision to make, but I think it's the decision that has been made by both parties of government.

Dr. Edel:

How useful is it – so one of the things that I find really interesting, when I'm asked about Australia here – leaving, of course, I speak with the wrong accent, I'm just doing my best to translate – is that Australia's been a

fascinating example about, in a time of austere budgets, in a time of the pandemic, a recognition of a changed security environment and the defense decisions that need to flow from that. I'm curious if you can, you know, tell us a little bit about in your conversations outside of Australia, in the region but then beyond, how much this message resonates? That is, we have a dramatically shifted security environment, and therefore policy needs to radically change, along with budgets, as you've said. Is that a message that has any purchase beyond Australia, the United States, Japan, and a couple of others?

Sen. Wong: Well, and those are important nations – (laughs) – to have in the same – in the same place.

Dr. Edel: Indeed.

Sen. Wong: But this really comes back to the discussion about partnerships and alignment that we had earlier. When you're engaging with other nations, with other countries, and other leaders across the spectrum, you have to have a very good sense of where they are, not just where you are. And I would make this point, we should not underestimate the extraordinary challenges that particularly the nations of Southeast Asia, but also Pacific island nations but if I could focus for a moment on Southeast Asian nations – the enormous challenges they face.

I mean, they go into the pandemic with varying degrees of economic resilience, at different points in terms of economic development. A pandemic which is a global economic shock on top of, you know, many of them don't have the same sort of public health systems that, for example, we have here in Australia. And so leaders, not just the leader but, you know, political community leaders, are struggling with multiple challenges.

So in part, what we have to do, and we should do, is do better across the multiplicity of those challenges, whether it's in terms of vaccine rollout, assistance in primary care – with the primary care architecture, as well as, you know, broader economic issues, hence my discussion about economic strategy for U.S. engagement in the region. We have to recognize the plethora of challenges that these nations are facing because if we only have a strategic competition discussion, it's very easy for nations to not feel that we understand and share – understand and share their objectives for greater prosperity and economic resilience for their people.

Dr. Edel: A point well-taken. You can really see the shift that's coming out of Washington to meet that demand, I think, over the past year-plus.

Sen. Wong: I think so.

Dr. Edel: That we had no affirmative agenda. That's what the Quad is now intended to do, at least in the public space. That is an affirmative –

Sen. Wong: Yes, and I should have – I should have mentioned that. I mean, I do think there are implementation questions that we all have to take responsibility for, particularly, you know, obviously whoever's in government. But the Quad shifting to, you know, including the vaccine rollout, for example, as part of its agenda, I think that is a positive move.

Dr. Edel: Absolutely. You know, staying on Southeast Asia, which you've mentioned several different times, you know, for years Australian policymakers have really talked about closer economic and political relations with the nations of ASEAN, especially always underscoring Indonesia. Your neighbor, a country whose security, stability and well-being matters more than almost any other country to Australia. I'm curious if that's still a goal and a priority focus of Labor's, and what you would do, if in government, that's different from past governments for the region, but specifically on Indonesia too.

Sen. Wong: Yes. Well, you know, you're correct to identify the position Indonesia has for us. I mean, all of the Southeast Asian nations, and ASEAN as entity, are important because they – we live in this region. And the stability of those nations and the stability of ASEAN as an entity matters to us in very direct terms. But the central nation, in part because of its size, in part because of its location for Australia within Southeast Asia, obviously historically has been Indonesia. I'm from Malaysia, so, you know, I think – originally. So, you know, obviously, there are many other nations in Southeast Asia which we would want to deepen our relationship with. But Indonesia has, for Australian foreign policymakers, been central.

And I think that is an example of a nation where the kind of broader approach that recognizes what President Jokowi and his colleagues are grappling with is necessary. Unfortunately, we went into the pandemic with the government having cut development assistance to Indonesia in terms of support for health, which, you know, in hindsight was a very unwise decision. We have said we will increase development assistance. Obviously given the discussion about defense and our fiscal circumstances will mean we can't do that overnight.

We've already announced a climate infrastructure partnership with Indonesia. Mr. Albanese, the leader of the Labor Party, announced that a few weeks ago now. And the logic of that is to recognize the importance of trying to work with Indonesia to increase its climate resilience, you know, given its geography, you know, as an archipelago. There was a lot of – and its, I suppose, vulnerability to some of the consequences and effects of climate change.

Dr. Edel: Thanks. Right before I left from Australia, you and I were seated next to each other at a dinner, if you remember.

Sen. Wong: You've got a good memory. (Laughs.)

Dr. Edel: You were beating up on me – not really, just we were having a great conversation –

Sen. Wong: That's harsh. That's harsh. It's just Australians are frank, aren't we? I think Americans are more polite. (Laughs.)

Dr. Edel: New Yorkers are also frank, so you're in good company.

Sen. Wong: OK. We're OK.

Dr. Edel: But one of the questions that you put to me, I'm hearing, you know, your articulated thoughts on about whether or not we could develop a smarter policy for Southeast Asia. One of the most challenging areas to develop a smarter policy on is pushing back against economic coercion. I've gotten a lot of questions on this in the queue. Matt Schrader at IRI asked this particular one. But this is an obvious problem. You've already alluded to the fact that most Australians, all Australians probably, are cognizant of the economic hammer coming down on Australia across so many different sectors.

And yet, the answer that we have beyond market mechanisms – i.e., to diversify who you sell to – have not been as forthcoming as we all might like. And I'm curious to hear a little bit more of your thinking about what type of collective responses should there be from Australia's partners, not just the U.S., to help make sure that smaller countries, like Australia but also like Estonia, can conduct trade with China without fear of capricious economic coercion? I'm not sure – frankly, this is a challenging question – I'm not sure we have a good set of policies yet to address what is a clear challenge in front of us.

Sen. Wong: Well, I think the world is grappling with how to deal with a nation that has been very clear about its willingness to integrate economic and strategic objectives. So if I just step back for a minute, if you think about Prime Minister Howard, who would probably be still known to your participants, he used to speak explicitly about, you know, the two domains in terms of Australia's relationships with China and the U.S. So our strategic relationship with the United States, and our – you know, the largest economic relationship, not in investment terms, but in terms of trade – with China. And that model served Australia pretty well. China obviously was pretty hungry for our commodities. There was a set of economic interests which

overlapped between China and Australia for many years under Mr. Howard's government and under our government, to some extent, which continued.

We don't live in that world anymore. We live in a very different world, where the distinction between the strategic and the economic is really no longer apposite. And all nations, obviously likeminded nations, but all nations all need to grapple with this, because it represents a very substantial shift from the way in which international trading arrangements have operated under the multilateral system, you know, over the decades, through its various iterations – GATT, WTO, et cetera, since the end of World War II. So we all have to work together to work out how we deal with that.

Now, in part it is us reinforcing, perhaps improving, the architecture of our trading arrangements. In part it is – we've been clear about the – in terms of the TPP, the comprehensive – the CPTPP. That's such a difficult acronym, that one. Which, you know, obviously sets important standards and obligations on parties. But in part, there is a collective assertion of the necessity of all powers complying with their own international obligations, honoring their own international obligations. And all that is very difficult. (Laughs.) I would also say, from a – you sort of referenced diversifying your exports markets.

And I think there is a parallel but related set of questions about economic resilience for Australia. And they involve not just diversifying export markets, but diversifying what we export, because what you export is as important to your market diversity as just simply your export markets. So there is an economic transformation point that we are very serious about, if we were to be elected. We see an opportunity past the pandemic to really focus on targeted industry policy to develop those jobs and industries which enable that diversification. And I would make the point that climate is really important here from our perspective. I see that as a real driver of economic transformation.

And, you know, I think those are – at the second point on that front is supply chain resilience, which has been, I know, a subject discussed in the United States as well. I think the economic shock of the pandemic, combined with some of these other strategic issues, have reminded us of some of the fragility global supply chains and the importance – oh, sorry – the importance of making sure that in key areas – you can't make everything in Australia; we're not that big – but in key areas where we have a greater resilience for – in terms of economic – in terms of our supply chains.

Dr. Edel:

Thanks for beginning to take on such a really large question that we're grappling with. I remember in summer, which means your winter, 2019, having written a report with John Lee, a colleague in Australia, about the future we're heading towards – one, by the way, which none of us would

have took on ourselves but which inevitably we seem to be moving towards. We have exited the era of unfettered geoeconomics, and we are rapidly moving into one where geopolitics trumps geoeconomics. And no matter how many businesses I wanted to talk to about this, I was told: It's OK. We're not there yet. And yet, as we saw over the year that followed that, under duress, Australian businesses and exporters were indeed able to scramble and find new markets. But as you had said, under duress is not how we do strategic planning for other governments or for business, as we move forward.

Sen. Wong: But it's also an opportunity, isn't it?

Dr. Edel: It is.

Sen. Wong: Like, I guess you're right. I mean, we always would prefer to be strategic rather than reactive, but sometimes shocks, disruption can generate innovation, creativity, and insight. And I think that if we take the right lessons from both the pandemic and what we have seen in terms of our trade challenges, then we could, from Australia's perspective, we could really set the country up for a much more economic resilient path over the next decades. And that's certainly our objective.

Dr. Edel: No, I really – I take your point. Shocks have the opportunity not only to shock us but to generate unseen and impossible previous opportunities. Look, I really appreciate all the time that you've spent with us. I just wanted to ask you one final question here, because I know it's one that you've thought a lot about. And you mentioned the importance of retaining our own democratic character. The fact that Australia, like the United States, is a multicultural society.

And one of the real challenges I think that both of our countries face is balancing dealing with rising authoritarianism and democratic backsliding in our own regions, while maintaining social cohesion and accepting immigrants from countries into places like Australia and the United States. We can't just wish away some of the challenges that we have here. And I'm curious, how do you think about getting that balance right, to make sure that we are protecting people who come into our countries who are ethnic minorities?

Sen. Wong: It's a very good question. And it reminds us of the responsibility of leaders. And that words matter. And I can tell you that the Chinese-Australian community in Australia has found some of the ways in which this has been debated domestically very challenging. I would step back and say again, from Australia's perspective and I think it's the same for the United States – we see our diversity as a strength. We see the fact, like the United States, that we have people from all over this world who've come to Australia and built a life

here, brought all of the heritage and culture and entrepreneurialism and energy to this country as a great strength.

And that, and our First Nations people, are integral to Australia's character and Australian – the reality of modern Australia. And I think leaders always have to be very careful about the consequences of their rhetoric. Responsible and careful, and to always seek to unite rather than to divide. And the tradition of my party, if you look at it over decades, has been we do believe we are much stronger united than we are divided.

Dr. Edel:

Well, what an important note to close on. And I just really do want to take a second to thank you for, yes, waking up early, but really kind of spanning the water line. That was an awful lot of issues. But for your American audience, for sure, this is a really well-articulated view of how Labor sees the challenges, where it might go forward if it, indeed, wins the election. So I'd really like to thank you for taking the time. You staff as well, I'm sure, who were having a lot of fun prepping this. But on our end too, the CSIS staff, for making sure that this went off so well.

So look forward to seeing you next time I'm there or next time you come to visit CSIS. For those of you who are watching, as we stand up the Australia chair here, please stay tuned for a ton more programming in this space. So again, before I sign off, just, Senator Wong, thank you very much for your time.

Sen. Wong:

Thank you. It's been very interesting and very enjoyable. I much appreciated it.

Dr. Edel:

OK.

Sen. Wong:

Bye-bye.

Dr. Edel:

Bye.