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“Foreign Policy in an Interdependent World: A New Zealand Perspective”

(As prepared for delivery)

Ladies and Gentlemen,

It's an honour to share some thoughts with you, report on the NZ, Australian and US relationship and put it in a historic, then global and regional context.

I do this with some trepidation. I spent the first forty years of my life trying to get into the media and have tried ever since I was appointed trying to keep out of the media. If an ambassador is in the media, he or she is probably doing something wrong. It's been said that a diplomat is always precariously poised between a cliché and an indiscretion. Staff up here remind me often, a little too often, that I'm not our chief negotiator, even less am I the Minister.

I want to express my affection for our Aussie mates and partners. In particular I want to put on record my admiration for Ambassador Beazley.

No one could wish for a better mate, personally and professionally.

We meet here, knowing in a few days we will recognise and honour ANZAC day, that tragic time when in fire, blood, mud and tears we were joined together in a terrible bond at Gallipoli. From that disaster our nations were forged. Crises and hardship don't just build character, they reveal character.

No two nations have sailed, marched and flown further to defend freedom than the ANZACs.

There have been so many wars, emergencies and police actions where Australia and NZ have been involved.

A contingent from New South Wales, 734 strong with some New Zealanders, went to the Sudan in 1885.

In 1901 Australians were part of the occupation forces in China after the Boxer rebellion.

We both went to fight during the Boer War. We sent 6495 troops, Maori and Pakeha, the Aussies sent 16,175.

During the First World War, 42 percent of New Zealand males between the ages of 19 and 45 fought, with a casualty rate of 58 percent. 40 percent of Australian males fought with a casualty rate of 68.5 percent.

Similar figures were true of the Second World War. NZ had a larger share of its GDP devoted to that war, larger percentage of men in uniform, a higher percentage of casualties than any allied nation except Russia.

From the conflicts in Korea, Bougainville, to Vietnam, Iraq, the Gulf War, Afghanistan, the Solomon Islands, Somalia, Rwanda, Papua New Guinea/Bougainville, Timor Leste, the Sinai, Kashmir, Cyprus, what was Rhodesia, Haiti, Lebanon, the former Yugoslavia, you will find New Zealanders and Australians.

We have been in places and situations many Americans have never heard of. We called it an "emergency" not a war when, with Britain and others in the 1950s, we successfully defended Malaya from the Communist insurgents. It was not called a war but "confrontation" when a newly created Malaysia faced a threat from an anxious, belligerent Indonesia in the 1960s.

At the time of the Suez crisis, a NZ cruiser was despatched but that scrap was over before we got there.

At the time of the Falklands war, NZ sent naval vessels to the Indian Ocean... thereby relieving British ships.

We have been in wars that didn't happen. When Lloyd George wanted to have another go at the Turks in the 1920s, NZ quickly said, "We are in" only to discover that the British cabinet changed its mind.

Not all of this was without controversy. The NZ and Australian Labour leaders who supported the Second World War were opposed to what they called an imperialistic First World War. Some MPs who became Cabinet Ministers had been done for sedition, some went to prison, jailed for their pacifist beliefs. Other wars divided our country as much as the US was divided at the time. Still true. That is the nature of healthy democracies.

Because of these sacrifices, because we know that we are not isolated from great events, we in NZ have a history of internationalism and of seeking a durable peace through engagement and international institutions.

At the League of Nations we raised the issues of the Italian invasion of Abyssinia and the Japanese invasion of Manchuria. We were appalled at the appeasers and said so, when that was not popular to say, upsetting the great powers of the day. Our representative at the League of Nations wanted a treaty to ban the new-fangled threat of aerial bombardment.

We gifted a battle cruiser to the British after World War I. At the height of the Great Depression NZ gave a million pounds for the defence of Singapore.

New Zealand's Prime Minister, Peter Fraser, and Australia's Foreign Minister Doc Evatt argued for the rights of small nations and against the veto powers of the Security

Council when the UN was formed. We are good citizens of the UN, we pay our dues and more and deploy our people in peace keeping and peace making.

We know that no nation, mighty or modest, can hope to enjoy clean air, manage airlines, run a tax system, enjoy security, grow, alleviate poverty, combat climate change or manage a fisheries regime and fight terrorism without the co-operation of others. Thus we know that to be good nationalists, we have to be internationalists, hence our commitment to those global institutions such as the UN, WTO and global arrangements such as the Antarctic Agreement and the law of the sea.

I wish to speak of the US/NZ relationship. New Zealanders feel very comfortable here in the US, we are all just a few generations away from a farm and a boat. We are nations of immigrants. We were all boat people at some time or another, and no one came to NZ, Australia or America without a memory.

So, we feel a common heritage and trace our history back to the Magna Carta, the Chartists, the Bill of Rights, the British Glorious Revolution, and your own revolution. Your heroes are our heroes. We too, are moved when we go to the Lincoln or King Memorial.

We should occasionally celebrate our success, the great ideas of freedom, representative democracy, freedom of religion, freedom from religion, the rule of law, property rights, the genius of the limited liability company, bankruptcy law, labour rights, women's rights, the virtues of social mobility, much of which is famously expressed in the US Constitution and in the evolution and practice of this great experiment with justice and freedom; both personal and economic.

We ought not to lose our nerve now when we know that more wealth has been created over the past 60 years than the rest of human history put together. Millions have been lifted out of extreme poverty, and the more open the society the better the outcome. The darkest places on the planet, where people are treated the worst, are the closed economies and societies.

People, when given the choice, choose freedom in the polling place and the market space. Even after the greatest economic recession since the Great Depression, we are coming back. Those who predicted the end of democratic capitalism and the exhaustion of social democracy will be disappointed. The trading system did hold. Because we learn from history, we adjust.

A mature, normal relationship is where family members can disagree, where every request is not seen as a test of friendship and where either side can say yes and no, without ramifications.

We can be optimistic when we reflect on the substantial progress made. The relationship is the best in a generation. We are building on years of hard work by others.

The highpoint of the past 18 months has been the visit of our Prime Minister who had a successful and productive meeting with President Obama, and the visit to NZ of Secretary of State Clinton. The Wellington Declaration now forms the platform for our fresh strategic partnership.

Everywhere I go, it's often the first such meeting in a generation: the first meeting between our Minister of Defence and the top brass in Hawaii, the first meeting a few weeks ago with top US officials in a strategic dialogue. We didn't have a Defence Secretary alive who had attended such a meeting.

When Labour Leader, I had the great German leader Willy Brandt to my party caucus room. He was asked by an aggressive MP, well not quite asked. "Willy", this MP demanded, "Why don't you get out of NATO and get rid of the nuclear deterrent? (or words to that effect) "Ah NZ" he said, "I have found in a long political life that idealism increases in direct relationship to your distance from the problem." We don't have one percent of the world's population but we sure have more than one percent of the world's opinions.

9/11 changed everything. We are not naïve; we too are committed to the life and death struggle against the forces of reaction and its violent medieval terrorist face forces that reject all we have learnt from and since the days of the enlightenment. It makes no moral difference if a Kiwi is murdered in NZ or at the Twin Towers, in Madrid, Bali, the London underground or on a Norwegian island. We lost people in each of those obscene attacks. These were attacks not just on innocent people, but on the very idea of our civilisation.

We get it. We know our resources and influence are modest. But as always we stand with the forces of reason against the forces of reaction. This is the rent we pay for our way of life, it is the cost of civilisation and always has been. Whether it's a Kiwi in charge of the fleet to combat piracy off Somalia, joint humanitarian work in the Pacific, or maritime surveillance to check on the fisheries in our region, our Navies are working and will work together as are our men and women in Afghanistan where we have responsibility for Bamiyan province. A policy that has been supported by several NZ Governments.

We are not isolationists, nor are we neutral to the great events that are shaping our world. The hottest place in hell is reserved for the neutrals. How can we be neutral or indifferent, given our values and interests to global poverty and injustice, human rights, labour rights, women's rights, nuclear proliferation, the law of the sea, freedom of navigation or the fresh hopes we have for Burma?

Given our interests, we can never be passive to the opportunities offered for global and regional prosperity offered through opening trade through the WTO and the Trans Pacific Partnership.

We cannot be neutral or passive bystanders to the needs of our brothers and sisters in the Pacific who still endure much poverty and live in fear of climate change and see their resources under stress. For them the Pacific Islands Forum is their leadership summit. It is their G20. In the past only two or three Americans attended, but at the last Forum over 50 Americans participated, and we welcome the US territories, in all their historic, complex, constitutional configurations with the US, becoming observers to that body.

Here I must pay tribute to the energy and commitment of the Assistant Secretary of State, Dr Kurt Campbell, and thank him and his team. Kurt made an historic visit through some of the Pacific Islands and was deeply moved and troubled by a number of things. We are working together to resolve some of them, not the least being the number of unexploded World War II ordinances that litter the beautiful beaches, green forests and lonely, lovely atolls in our region.

Like other nations, we are proud of our independent foreign policy, like other nations we will make our decisions based on our obligations, values and interests. Having said that, we don't live in a vacuum. Nations are not NGOs. You cannot project and protect your values and interest without the cooperation and understanding of others. This has always been so. Perhaps it's more so now given our greater interdependence in a globalised world.

Small nations need rules-based systems more than great powers - the law is the great equaliser. We all know, to our great cost, the dangers posed by the soft option of isolationism, and the dangers inherent in both an economic and political sense. The two are intertwined, and economic isolationism makes us all poorer and inevitably leads to something more dangerous and dreadful. Globalisation is not new. Its not a policy dreamed up in Wall Street or at Davos. Globalisation ought not to be demonised or idealised. It will not be stopped any more than you can stop men thinking. There have been dark times in history when it has stalled. The great depression was made more lethal, prolonged and deadly because of protectionism and isolationism. From that great reaction came the twin tyrannies of the last century, Fascism and Marxism. Inward looking, tribal, nationalistic, racist and murderous.

But a world without walls cannot be a world without rules, standards and values. A market without rules, standards and values is not a free market but a black market. We fear deglobalisation, which is what a recession or depression really means. This is another reason, beyond commercial self-interest that NZ places such an ambitious premium on the Doha Development round and a successful, evolving WTO. For those who are too idealistic about globalisation and the death of history, I commend a book written by Norman Angell in 1909, entitled "Europe's Optical Illusion." He argued that Europe was so economically integrated war was impossible. He wrote "new economic factors clearly prove the inanity of war.." and of "the commercial disaster, financial ruin and individual suffering of a European war.."

"Why," he wrote, "if Germany and Britain went to war, British insurance companies would be required to compensate the Kaiser for his sunken tonnage." His small book was translated into 22 languages and sold over a million copies. He was knighted and won the Nobel Prize for peace.

War is not inevitable but neither is peace.

Patient, prudent, principled, predictable engagement at every level is the only golden rule. Isolationism both political and economic breeds the conditions for suspicion and opens the possibilities for misunderstandings which can prove dangerous.

Like others in our region we welcome the US signing the Treaty of Amity and co-operation, joining the EAS, and pursuing a balanced diplomacy and engagement with China. How can we be neutral and indifferent, given our interests and values, to engaging and encouraging our partners and friends in China to play a leadership role in global affairs and global governance commensurate with her history, culture, growth and power.

The China/American relationship is the central and most profound relationship of our age, it will impact on everyone everywhere.

We have an excellent and growing relationship with China.

We are proud that New Zealand is the first developed country to have a free trade deal with China, and our experience is positive.

We were the first developed nation to agree to China's condition to join the WTO. The first to accord them market economy status.

The highlight of my time as Director General of the WTO was helping China navigate its way into the WTO as a full member.

I get too much credit for this in China, but I don't care.

Given our values, interests and limitations, we hope we are playing and can continue to play, a modest role by finding ways where we can work collectively together.

In my reports to my capital I speak of my experience here in DC. At every level of contact, at every level of government, colleagues speak of engagement with China. No adult talks of containment. It misreads the past, misreads the present and misreads the future.

You can no more contain China than you can contain the Atlantic or the Pacific Ocean. King Canute exposed that theory some time ago. It's a throwback to the Cold War. We don't fear a strong, growing and prosperous China. And for those who fear China's growth, let them think about the harm to our economies and our region of a slow growth, fractured and fractious China.

We see stability, progress, growth and jobs with a strong China, a strong India Japan, Europe and Russia. And of course a strong, confident, growing, engaged US.

We have confidence in the future of the US and reject those who speak of an American decline.

Let's look at the facts.

US share of global GDP is just about where it was in the 1970's. Even if military expenditure slows, the US still will be spending more on defence than the next 17 countries put together. Forty percent of all university spending is here in the US; 30 of the top 50 universities are in the US, 70 percent of Nobel Prize winners live in the US. We celebrated with you the Korean, Colombian and Panama free trade agreements. We were excited by the President's commitment made at APEC for the Trans-Pacific Partnership – the TPP - when he called for an ambitious deal to be on the table this year. The words "comprehensive" and "eliminating tariffs" were used by Leaders. These are big ambitious words. We too are ambitious for a high quality 21st century deal. We too want to take the jack boot of regulations, red tape and compliance costs off enterprise, to speed business and create jobs and know that its small business more than big business that needs predictable, transparent rules of engagement.

This will not be easy, but we know issues of IP, transparent rules for State Owned Enterprises and understandings on labour and the environmental intersections are a necessity. But to address 21st century subjects we also have to finally resolve 20th century

issues. TPP has always been an expansionist model. It started with just two countries. Already the group of nations involved, collectively represent America's third biggest trading destination. We want other friends to join up to its high ambitions.

We too, are anxious not to lose momentum or to lower ambitions. This will require courage, stamina and vision. Boldness is our friend.

Let's hope we don't go into deadlock over the definition of catfish, old problems of textiles, sugar or dairy, and lets concentrate on the future, because the past isn't all it's cracked up to be. We are all bigger than this. Among our many mutual domestic problems it's the employment of the young, those locked outside, their faces pressed against the window that worries our leaders the most. For us the future is to be faced, not feared.

I want to end with a note of thanks. 2012 for us is an historic year, its 70 years since the US Marines came to NZ.

This year we will welcome the US Marines back home to say thank you, to pay down this large debt of honour. If any American has to pay for a beer that week, I will be ashamed of Kiwis.

My report therefore to my Prime Minister and Minister of Foreign Affairs and Trade is that our relationship is in fine shape, and I know they would want me to thank the American and Australian friends here for all you did to help us when the earthquake hit Christchurch.