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The Crawford Australian Leadership Forum brings together 150 of Australia’s top leaders—50 each from business, the public sector and politics, and the research and advocacy community—to address the major public policy issues confronting Australian policymakers, and the responses we need to make.

The Forum focuses on the geopolitical and economic issues of most immediate contemporary significance—both internationally and domestically. Discussions are designed to be practically focused, and directly relevant to the interests of business and public sector practitioners.

Each session is introduced by international and Australian speakers who are world-class leaders in their fields. Ample time is allowed for fully interactive discussion.

The limited number of participants and the careful design enables every participant to engage fully in the debates to the extent that she or he wishes.

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The rules of the game

Since the global financial crisis we have seen an erosion of trust in our political and economic systems. While many have benefited from global economic integration, there is a perception that integrations has favoured some more than others. International institutions have struggled to keep pace with global realities and this is a potential source of instability.

Institutions like the UN and WTO were not designed for the current and emerging geopolitical circumstances. Demographic changes, convergence and the shift to a multipolar world order will require more dynamic, adaptive institutions. Clubs of like-minded nations may offer better prospects for cooperation than does multilateralism.

New institutional settings are needed to help sovereigns to cooperate. Principles, rather than rules-based approaches provide flexibility and adaptability. Representation, diversity and accountability are important for the legitimacy of new institutions. The G20 offers a promising example of a leader-led forum.

New institutions, such as the AIIB, are emerging and may compete with the Bretton Woods regime. We need to decide how to engage and whether to participate.

Indonesia under Jokowi

While still strong, the relationship between Australia and Indonesia has faced new challenges. Both leaders have adopted policies that are popular domestically but have challenged the bilateral relationship.

Democratisation is continuing in Indonesia, which bodes well for future cooperation with Australia. Mutual respect will be important to restore and nurture the relationship.

There is room for cooperation in global forums (e.g. MIKTA) and on issues such as terrorism where domestic and international interests align. The New Colombo Plan looks promising in the longer term, but personal relationships between leaders will be of the utmost importance in the short term.
India under Modi

The world is still watching to see what direction India takes under Modi. Initial impressions are that he is a modest man and focussed on his people; his appetite for making India a major global economic player is still unknown.

With the rise of India there is a huge opportunity for Australian business to enter the India market. Work is underway to assist Australian businesses entering the Indian market.

The dynamics of North East Asia

There are challenging tensions in the region, particularly maritime and territorial disputes and the DPRK nuclear threat, as well as historical animosities. Economic interests, particularly around trade, tourism and education are helping to change public opinion but nationalism and competition remain strong.

A new security framework is needed to manage great power relations in the region.

(L-R) Yao Yunzhu, Moon Chung-in and Yoichi Funabashi
China's internal challenges

China is undergoing a transformation from a manufacturing and exporting economy to a domestic demand, innovation and knowledge economy. Central leadership and an increased focus on market-driven reform is edging out collective leadership.

The most pressing challenge China faces is associated with the transition from a rapidly growing economy to a more normal economic growth rate. If not managed well there is the possibility that China may go into recession with unknown consequences for the rest of the world.

China faces a number of big long-term challenges, including urbanisation, pollution, inequity, climate change, governance challenges and foreign policy challenges. There is a risk that without mechanisms to resolve conflict and grievances (e.g. between business and the environment), that elites will lose confidence in the government. Doing business with China remains difficult due to the lack of certainty provided by current legal institutions.

Under President Xi Jinping, China will no longer be “hiding its brightness and biding its time”, adopting a more ‘muscular’ approach to foreign policy instead.

Leading the world: if not the US, who?

The world still needs a leader. China is not yet ready to lead – its focus remains development. Continued US leadership is likely, but it will need to embrace new forms as power relations in the world change.

Sources of power and influence have changed, including as a result of technology (e.g. Arab Spring). There are signs that the world could re-polarise.

The G20 provides a useful forum to discuss crises and common interests but it is too big to successfully address some issues.
The Defence of Australia

The next Defence White Paper will need to capture and address the strategic and real risks posed to Australia. Of the concern is the time lag in the acquisition of platforms to address these risks.

More recent threats such as terrorism, including cyber terrorism, will have a profound effect on the type of Defence Force Australia needs. These emerging threats will redefine what national defence is. The ability to respond to these threats will be critical, requiring significant investment. Threats are evolving at a pace never experienced previously.

Disruptive technology

The speed, scale and scope of digital innovation pose challenges for businesses and policymakers. As old business models are overturned, adopting a mindset of denial is not productive; change and the opportunities it offers need to be embraced.

Australia produces good ideas, but turning these into great businesses and growth has proven difficult. There were a variety of views on how to facilitate the commercialisation of research and the roles of governments, industry, universities and venture capital.

Rapid structural change can have a human cost if it leads to lower job security and lifts structural unemployment. With high youth unemployment in Australia and jobs increasingly tradeable, this was seen as a genuine concern.

However, the impact of this wave of innovation on productivity growth and living standards is not yet clear. While some aspects of the current period of change are indeed unprecedented, they may provide less of a boost to living standards than electricity and other innovations.
Fiscal pressures and future prosperity

Australia faces significant fiscal pressures now and in the longer term. Addressing these is made more difficult by slowing income growth, as the benefits of past reforms and dividends fade. Australia’s future prosperity is not assured.

Reform is needed to promote growth, but must also be consistent a broader social contract. However, there were a variety of views on reform priorities and what fairness entails. Further, in the current fiscal environment, ‘losers’ will likely far outnumber ‘winners’ in the short-term.

Reform is made difficult by the lack of a trusted voice in politics, business or elsewhere. Options need to be kept on the table for an open and nuanced discussion of policy merits.

Agriculture

There are great opportunities for Australia as a producer of high quality food within the region – building on growth in Asia and the opening up of new markets through free trade agreements.

Agriculture would benefit from better-targeted research, the dissemination of best practice and a more entrepreneurial mindset. New Zealand was seen as ahead of Australia in many respects. Environmental pressures pose challenges, but also provide opportunities to build on a green image.
Climate change

The lack of a domestic (let alone global) consensus on our response to climate change is problematic, as long-term policy certainty is needed to facilitate investment and innovation.

Numerous issues need to be considered to achieve policy consistency. These include how to build a sustainable consensus among businesses, the value the community places on the salience of policy responses and distributional issues.

Globally, the 2015 United Nations Climate Change Conference in Paris is crucial not only for what it achieves, but the paths it lays out for future. There have been more promising signs prior to this conference, including from deals between great powers.

(L-R) Howard Bamsey, Warwick McKibbin and Steven Sargent
While the overarching theme for the forum was ‘Global realities, domestic choices’, discussions of domestic policy regularly ran up against domestic realities. These included:

> **Limited metrics** – which make it difficult to assess the benefits of digital innovation or progress on other issues we might care about, such as the environment, security and broader sustainability.

> **Limited mindsets** – which may undermine entrepreneurship and growth through the fear of failure and a denier rather than disruptive business culture.

> **Community expectations** – which must be considered in discussions of the fairness of fiscal reforms, salience of action on climate change and responses to foreign investment and security issues.

> **Policy uncertainty** – which undermines investment and seems in part driven by political and media cycles.

> **A lack of trust** – globally and across government, business and the broader community, which makes it harder to prosecute reform.

We need to work within some domestic realities but should challenge and change others. In particular, we need to rebuild trust if we are to pursue and gain community acceptance for reform.

Crawford Forum would like to thank the Sir Roland Wilson Foundation Fellows Nathan Deutscher, Shane Johnson, Eliza Murray and Rick Zentells for their contribution in this report.
Crawford School is Australia’s leading public policy school, recognized as world-class storehouse of expertise and experience in economics, political science, environmental management and development, and on the key Asia Pacific countries, especially China, Japan, Korea, Vietnam and Indonesia. It is The Australian National University’s focal point in contributing to national public policy research, education and public debate.

Crawford School’s location in the national capital, alongside the Parliament and Government, together with The Australian National University’s reputation for excellence in research, education and public policy development, means that the Crawford School enjoys strong relationships with all levels of government. Its graduate and executive educational programs have trained the region’s leaders for several decades, while its research has had a direct and demonstrated impact on national policymaking.

The Australian National University is a world-leading university in Australia’s capital city, Canberra. Our location points to our unique history, ties to the Australian Government and special standing as a resource for the Australian people. Our focus on research as an asset, and an approach to education, ensures our graduates are in demand the world over for their abilities to understand, and apply vision and creativity to addressing complex contemporary challenges.

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