

Stuart Harris, AO

Secretary of the Department of Foreign Affairs, 1984–87, and Department of Foreign Affairs and Trade, 1987–88

Background

Stuart Harris was secretary through a time of considerable upheaval in the Australian Public Service: changes that also had a major direct impact on the Department of Foreign Affairs. From 1983, the Hawke Government instituted major reforms to the Canberra bureaucracy seeking to make it more performance oriented, better focused on client service and, generally, more efficient and effective. As secretary, Harris was determined to introduce these reforms into the department on the grounds that it could not remain aloof from such changes as it might have in the past.

The second upheaval resulted from the 1987 changes to the Administrative Arrangements that saw the Department of Trade broken up and all its external components brought into Foreign Affairs and renamed the Department of Foreign Affairs and Trade. As a former Deputy Secretary of the Department of Trade, Harris was well placed to oversee this transition, but the pressures that this generated cannot be underestimated. Eventually, this reform was regarded as a considerable managerial triumph and was emulated by some other foreign ministries. The reforms changed the culture of DFAT for at least the next two decades. Despite the 'pain' of absorbing budget cuts consistently over many years (often more than other departments in Canberra), the 1987 changes left the Department 'competitive' with its overseas counterparts.

Internationally, these were times of unusually rapid political, economic and technological change. Gorbachev's perestroika reforms in the Soviet Union, the growing success of China's 'open door' policies and transforming economic growth in the other 'newly industrialising countries' of East Asia, all had some impact on Australia. Managing Australia's alliance with the United States as the differences emerged between the relatively new progressive Labor Government in Canberra and a conservative administration in Washington, represented a particular challenge for the Department.

Australian diplomacy had to adjust to an increasingly globalised world, where issues were inter-related and where managing the implications of technological change confronted governments everywhere with difficult choices. While he was the first non-career diplomat to head Foreign Affairs in forty years,¹ as an

economist, Harris was comfortable dealing with economic aspects of international relations that were increasingly impinging on traditional foreign policy concerns.

Stuart Harris was the author of the Review of Australia's Overseas Representation in 1985. Since his retirement as secretary, he returned to The Australian National University where he has written extensively about international affairs.

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On my first day at what was then the Department of Foreign Affairs, I naturally wondered, as one does, what aspect of Australia's role in changing the world, bringing about peace or at least stopping World War Three, I would be involved in as secretary of the Department.

Well, as it happened, on my first day I was involved in averting a potential *lock-out* by the union because of a dispute over asbestos found in some plumbing refurbishment in the basement of the Foreign Affairs building. My first instruction from the minister a day or two later was to stop the leaks of confidential cables to the press. My second ministerial instruction was to put an end to the queues outside the Sydney passport office that were featuring graphically in Sydney newspapers. I am pleased to say success was achieved in each case — but, although it had stood me in good stead, I did not expect what I thought of as my considerable experience in international negotiations — bilateral as well as multilateral — under J. G. Crawford and successive ministers including John McEwen and Doug Anthony, to be brought into play in this way.

The passport office exercise was an interesting one, in that Prime Minister Hawke subsequently brought in a consultant to improve governmental efficiency and his approach was, as is the approach of efficiency experts, to reverse whatever was in place. In this case, this meant undoing the changes we had made successfully to improve the operations of the Sydney office. We simply pretended to follow his instructions — and while I was not yet ready to lie for my country, I could at least lie for my new department.

Those experiences illustrate a point Peter Henderson made in his presentation — that being head of Foreign Affairs was substantially an administrative task and, particularly, one of managing the diplomatic network. I will refer to some of the administrative changes that I introduced as secretary — some of which have stayed, some not.

I was, of course, an outsider appointed to head the department, but I was given loyal support from most in the department and exceptional support from some, particularly Geoff Miller and Mike Costello and later David Sadleir.² I was appointed, partly, I imagine, because of the Government's interest in a greater economic focus; partly, again, because when I left the Trade Department, where I had been a deputy secretary, and went to The Australian National University,

I had been talking about the implications for Australia's governance of global changes that later came to be called globalisation. This seemed to me to have substantial implications for the way we operated in the world, not only in economic but also in political and security contexts.

In that context I had pointed to the logic of combining the trade and foreign affairs departments, provided internal policy debate remained strong. I was concerned, however, about the potential risk this created for suppressing internal debate within a combined department — as I still am.

Globalisation had, and still has, a great many consequences. Foreign relations were increasingly fragmented and diffused. The communication changes, for one, meant that the information process became much more open, with the media and elements of civil society (NGOs) often ahead of formal intra-government reporting. The 'bean-counters', in their unwisdom, saw the CNN factor implying a reduced role for the department — and therefore argued that we needed fewer resources. In practice, the department needed more resources to be able to analyse CNN-type reports — to confirm, to elaborate, to interpret and to respond — for the government. Growth in travel — by tourists, representatives of business and various non-governmental actors — also had an impact on Australia's foreign relations. This, together with the growing complexity of foreign relationships, put added demands not only on the head office in Canberra, but especially on its overseas representatives, who needed, particularly, to deepen their understanding of what was happening in their areas of responsibility. Environmental issues were becoming more salient (whales, Antarctica) as were human rights, and some bad phenomena were emerging, including diseases and crime, not all of which were as evident as they have since become, but were prevalent enough even then to need greater attention.

It was evident that, in managing international interdependence, policy-makers needed to operate in a wider variety of contexts, to link up more with other governmental and non-governmental actors and to respond to growing public interest in international issues. All of this was to have significant implications for foreign policy coherence. The reality was that a growing number of departments had international connections. Increasingly the gap between domestic and international policies was diminishing and would continue to do so. Many more departments had international units — desirably so — but this increased the importance of having a coherent international voice.

Part of the consequence of the increased competitive environment of globalisation was that Australia needed to speak with one voice — something it often did not do — and it was by no means just trade and foreign affairs that was involved. That was something that John Menadue, then head of Trade, and I sorted out quite amicably, as was to be the case later with Primary Industry with the help of the secretary there, Graeme Evans, and the minister, John Kerin. But, more

generally, I resuscitated and renegotiated the Prime Minister's Directive to Australian Heads of Mission which affirmed the overriding responsibility of the Australian Ambassador as the senior governmental representative of Australia in any country.³ That seemed to work well at the time and I assume that it is still in place.

I was asked by my minister, Bill Hayden, to undertake a review of the foreign service which the government had made a commitment to carry out. Although this would represent number ten, or so, of reviews of various aspects of the foreign service in recent years — usually designed to cut staff numbers — I took it seriously — as did the many departmental officers who helped me. The review tried to set out how, in the new international circumstances, foreign representation should operate efficiently and what that meant for overseas representation generally. Looking at it again recently, I was surprised at how well it stood up. It made a lot of recommendations based on the expectation — which I think has been borne out, and contrary to the superficial views of a lot of commentators — that globalisation would increase the demands on the external departments and not reduce them.⁴

The Minister for Finance at the last minute indicated to Hayden that he wanted the review to show where substantial cuts could be made. So that is what the review did, but it also showed what the consequences of any cuts would be. One of those has, in my view, become even more important — our increasing dependence on analyses and information provided from overseas by those whose interests often differ substantially from those of Australia.

I am second to none in my admiration for many aspects of the American system and society, but when the alliance is lauded for our access to US intelligence, one does wonder what this means when the intelligence was so wrong in guiding the decisions on the invasion of Iraq and subsequently.

We also assume, without critical thought, when we talk about sharing common values — and not just with the United States — that, when articulated, we attribute the same meanings for those values such as freedom and democracy. Yet such terms have gone beyond shared ideals to become ideological terms in the approach of political groups such as the neo-conservatives; they have been de-linked from reality, their meaning defined and simplified, imbued with absolute truth and pursued with passion.

My role in administering the department was a major one. Some changes that I thought important included more equity and transparency in promotions of personnel, re-establishing a critical policy planning process, increasing interaction with academics; introducing a policy roundtable mechanism for and by junior staff, and initiating a system whereby those in disagreement with a line being recommended to the minister by the Department could question it and, if necessary, have the alternative referred to the minister (it was never necessary

to do so, but it helped to stop leaks) and supporting the independence of what is now AusAID and was then the Australian International Development Assistance Bureau (AIDAB). But administration was not my only function, so let me talk briefly about some of the substantive issues of the day.

In my time, the Prime Minister and (the Foreign Minister) Mr Hayden⁵ had different interests and accepted that each would take the running in their own areas of interest in what was, nevertheless, and despite the recent history,⁶ a professional and cooperative relationship. Thus the Prime Minister was particularly concerned, but not exclusively, with the United States, China, the Middle East, the Commonwealth and the South Pacific and also with international trade; Hayden was concerned with arms control, nuclear non-proliferation and disarmament, the United Nations and Southeast Asia, especially Indo-China. A particular role I had was to respond to the concerns of both in order to heighten Australia's economic priorities and to give overseas representation a more commercial focus.

Before joining the department I had been closely involved in the Asia-Pacific economic cooperation process with colleagues from the ANU, including Sir John Crawford and Dr Peter Drysdale in such developments as the Pacific Economic Cooperation Council (or PECC). Although the process had an ostensibly economic focus, it also had a large security overhang. In that context, Saburo Okita, the one-time Japanese foreign minister and I had discussed on several occasions the need for an official institutional process to follow up on the kinds of conclusions being reached in PECC. Discussions in Canberra took this further to become the embryo of the APEC proposal floated by Hawke in Korea shortly after I left the department.

My contact with Bob Hawke had begun when I was head of what is now the Australian Bureau of Agricultural and Resource Economics (or ABARE), then the Bureau of Agricultural Economics (or BAE). As head of the Australian Council of Trade Unions (ACTU), Hawke would ask for information to use in his annual basic wage cases. He was similarly concerned about Australia's slow reaction to global change. As head of the department, I would travel more with Hawke than with Hayden in order to maintain the communication link between the two when the Prime Minister was travelling. As part of the process of delegation of responsibility to Division Heads that I had introduced in the department, it was more appropriate that Mr Hayden, when travelling, should have with him the subject or area specialists, usually those responsible for the relevant geographic area.

I was involved therefore with the international aspects of the government's reform program, including moves to make Australia more market-oriented and the further development of relations with China, an interest of mine since my first official visit there in 1973. I was also concerned to raise the level of policy

attention to Northeast Asia where I considered most of our future economic prospects — and our political interests — lay.

That I was more closely linked to the issues in which the Prime Minister involved himself was also partly a consequence of my previous background of international negotiations with multilateral institutions — such as the GATT, UNCTAD⁷ and various other UN groups and in the regional cooperation processes; it was also because Mr. Hayden was a hands-on minister who was very involved and knowledgeable on the issues in which he was particularly interested and my direct and detailed involvement was less necessary.

The government at the time was multilaterally-oriented. This reflected the trend that, with globalisation, issues increasingly needed to be dealt with collectively in the international sphere — fewer and fewer issues could be dealt with by a country acting alone. Moreover, even where there was a choice, as with trade relations, economic analysis points to the greater protection for smaller countries in multilateral measures than in bilateral measures. The need for this is greater now than ever, which is why the current difficulties with the Doha Round are disturbing.

There was also an economic rationality bias among the ministers involved in international issues, not just the Trade and Foreign Ministers, but also including others such as the Treasurer, Finance Minister and the agriculture and resources ministers. The Prime Minister was particularly active in foreign policy, always wanting extensive briefing — which he read and remembered. He also held strong views that at times led to vigorous — indeed robust — argument in which you were expected to hold your own.

This was an interesting and important period of major change in Australia. The government's reform program was helped in practice by the support of the Opposition that made the reform program a largely bi-partisan one. In its first major step, the government freed up the exchange rate. More broadly, it moved away from what the journalist Paul Kelly referred to as 'the Australian Settlement': centralised wage setting, protection of industry, state paternalism and immigration.⁸ The reforms opened up substantial opportunities generally and had significant international ramifications, most notably in the international trade context.

It was also a significant time internationally as, among other things, the Cold War moved to its close. Having closely followed developments in the Soviet Union for some time, I had given a conference paper talk in 1986, cleared with Hayden, saying Gorbachev should be taken seriously. This attracted strong criticism from the media and from some in Defence. It was a view, however, that Hawke took with him when we went to Moscow in 1987, despite criticism from the Opposition. We were eventually proved right.

Both the Prime Minister and the Foreign Minister were involved in different aspects of Australia's relationship with the United States. This was a time of suspicion and concern in Australia over the Reagan administration's attitude to nuclear war. The relationship became important for me in respect of the testing of MX missiles and especially in handling communications between the New Zealanders and Australia when New Zealand disengaged from the ANZUS treaty.⁹ Despite some adverse implications for us, in practice our alliance value increased. But although the New Zealanders did not make it easy for us, it was important not to dump on the New Zealanders as there was no doubt a lot of public sympathy in Australia for the little guy, given the wide perception that the United States had over-reacted.

Other aspects of ANZUS were the regular meetings of defence and foreign ministers that, although symbolically important, were too formulaic to be very useful and would have gained from greater preparation and discussion rather than as the set pieces that usually eventuated. And yet, this was also a time when Australia had its own strong views on China and on the Asia-Pacific region. Perhaps surprisingly, the State Department in the Reagan Administration listened to and, indeed, sought, Australia's views on those issues. The State Department's Asian team under Secretary of State George Shultz and Gaston Sigur — and in the White House, among them Jim Kelly — was particularly strong.¹⁰

Even so, the US administration was singularly uninterested in our views on nuclear test bans. They were also unreceptive, moreover, when in the face of aggressive subsidised US competition consciously targeting Australia's agricultural markets in Asia and elsewhere, we put economic issues on the ANZUS agenda. These arguments were listened to politely but with absolutely no effect. Whatever our strategic importance, in compartmentalised US administrations, we were fair game for US economic interests — I do not think that has changed.

The 1980s was a difficult period for Australia's trade not only because the United States was targeting our agricultural export markets as, for a while, were the Europeans. The US-EU subsidy war forced world agricultural prices down generally. We also had problems in our resources trade with Japan. Japan was playing 'hard ball' on our coal and iron ore prices: the global economic downturn had led to an oversupplied market, to which Japan's own activities had contributed. Together with their unified negotiating tactics, this gave them a strong bargaining position.

At this time, we had frequent joint ministerial meetings with Japan and those meetings tended to revolve about resource trade issues. I had had a long experience in dealings — not always successful — with Japan, a country and people I like very much, and that experience was important in dealing with a situation where we had evidence that a major Japanese company had breached a firm Japanese prime ministerial commitment given to Australia. The choice

was, as some suggested, confronting the Japanese authorities publicly with this information or taking an approach that saved the face of the responsible minister. After long discussion, under my urging and with Hayden's support, we took the latter course, resolving the issue but avoiding generating long-term resentment.

These ministerial meetings had been essentially economic in substance but, during this period, we started the first interchange with Japan on political issues, although these subsequently seemed to fall by the wayside until more recently. Not all ministers found the Japanese as easy to interact with as other countries in Northeast Asia, such as the South Koreans and the Chinese, and I often found it necessary to make the point that, difficult or not, Japan would long be the major market for our exports.

Commonwealth meetings at the time were mostly quite interesting since South Africa and apartheid was a central topic. Hawke was active in this environment, since his opposition to racism was deeply held. South Africa was also targeting Australia in trying to entice sports teams to visit South Africa to get around our sporting boycott policy. I felt we were losing the argument within Australia and first the minister and then I gave several public presentations that explained why that was a problem.

Robert Mugabe at this time was still running what was then a more or less showcase, tolerant country. One Commonwealth meeting, however, discussing a report on Africa, revealed differences between the British Foreign Secretary, Geoffrey Howe, and the Prime Minister, Margaret Thatcher, that, for more politically sensitive observers than I, were the kind of differences that ultimately led to her losing Britain's leadership. South Africa also brought Hawke and Indian Prime Minister Rajiv Gandhi close together and I will always remember Gandhi's extreme courtesy.

It was during the 1987 Commonwealth Heads of Government meeting in Vancouver that, after consultation with Jim Wolfensohn, then a New York banker, we fashioned an approach to financial sanctions on South Africa that, elaborated in detail by a Treasury officer, was subsequently judged influential in tightening substantially banking sanctions on South Africa's apartheid regime and contributed to its ultimate demise.

As I noted earlier, the Prime Minister's reform program included reduced tariff protection and this became an important part of the government's international agenda. The Uruguay Round was in its early stages and the promise by Hawke to lower tariffs and bind them was significant in restoring our substantially diminished credibility in the GATT negotiations. The full burden of the Uruguay Round came later after the two departments of Trade and Foreign Affairs were amalgamated.

This came in 1987 and, although I was consulted and agreed with the move, it was not my idea at this specific time. I could see its advantages, but I was worried about the costs and about how balanced the outcome would be. Some of the reasoning behind the change involved recollections of conflict, which although once undoubted, were largely a matter of past history, while other bureaucratic conflicts had emerged — such as those between the departments of Trade and Primary Industry. The perception of the Department of Trade having served as what was seen, not without justification, as a Country Party ‘secretariat’, remained in some ministers’ minds and Trade had, as a consequence, been considerably reduced in size and had lost much of its effectiveness and clout.

We had very little time to prepare for the change, but I thought it important to make the change swiftly. By the formal date we had a new name on the building, new stationery and a new organisational structure in place. The specifics had been worked out cooperatively by working groups with equal representation of the two old departments — a very constructive bonding exercise.

Together with an outstanding group of senior colleagues — Philip Flood, Peter Field, Mike Costello and Mike Lightowler¹¹ — I was concerned that, although we acknowledged that two different departmental cultures existed, there was to be no ‘we’ and ‘they’ in the amalgamated department, the importance of which I had learned from the difficulties of the comparable Canadian amalgamation. I think we substantially achieved that and, to a large extent, this ceased to be a major issue.

There was a lot of stress, nevertheless. The Department of Finance had its own agenda of cuts of staff and functions that had been in their sights for a long time, such as the journalists of the Australian News and Information Bureau. We saved some of them — but far from all — and concerns about career futures became more widespread.

What the amalgamation did do was to enable us to perform much more effectively in the Uruguay Round with great economic benefit to Australia. It became possible to utilise the diplomatic network in particular — which responded positively. The great strength of the Trade Department was its culture of immensely thorough preparation for negotiations. It is almost certainly true that the Australian delegation was better prepared than any other delegation: it had detailed studies available to it from the BAE, which we fed into the negotiation process and were then taken up by the OECD; we chaired the new service sector negotiations; and Peter Field, the overall leader of the Australian delegation, was probably more knowledgeable and experienced on the issues than the leaders of other major delegations. With the backing that the Cairns Group and our ministers gave him, he became an important player in the negotiations. Unfortunately, Peter was taken seriously ill towards the end of the negotiations,

in my view a consequence of the considerable stress associated with the negotiations, and could not complete them.

The Cairns Group itself was an important initiative from the Trade department. We were asked by the Minister for Trade, John Dawkins, to advise on its feasibility. I favoured it, but suggested that Hayden test it out on the ASEAN ministers that he would shortly be meeting — where the response was positive. As a coalition of the willing, it eventually proved especially effective as a ‘third force’ in the negotiations, despite problems with our Canadian colleagues that I had foreshadowed to Dawkins.

These are just some of the issues of the day that affected my role as secretary. Some of them, and others I have not dealt with, remain and many new issues have arisen. I think that the department is now potentially much better equipped through the amalgamation to deal with the range of current issues. I do wonder whether the less open atmosphere of the current public service enables that potential to be fully realised. And I do not see this ‘less open atmosphere’ as necessarily associated with an appropriate increase in ministerial control compared with earlier post-war decades. No-one would suggest that Hayden had anything but full control.

I certainly found a strong internal debate to be critical to getting things as right as one could. It was also what made the job so interesting. Without that interest, I suspect the really high level of intellectual capacity needed to advise ministers on how to pursue effectively Australia’s national interest internationally will not stay in the department to rise to senior levels, but will be tempted to move out after a few years of developing contacts and gaining saleable experience.

Fortunately that was not a problem for me when secretary of the Department of Foreign Affairs and Trade.

ENDNOTES

¹ *Diplomacy in the Marketplace: Australia in World Affairs 1981-1990*, ed. By P.J. Boyce and J.R. Angel, Longman Cheshire, Melbourne, 1992.

² Miller, Costello and Sadleir served as deputy secretaries in the Department. At that time, there were three deputy secretary positions.

³ This directive, signed by the Minister, was presented to each head of mission as they took up their assignment and was to be their mandate in their job. The directives were tailored to each country and each head of mission and, among other things, reaffirmed the head of mission’s authority over officers from other departments who were stationed in the Australian mission.

⁴ *The Review of Australia’s Overseas Representation* was published by the Australian Government in 1985.

⁵ Bill Hayden was Minister for Foreign Affairs from 1983-87, Minister for Foreign Affairs and Trade from 1987-88, and Governor-General from 1989-96.

⁶ A reference to Hayden’s removal as party leader by Hawke on the eve of the 1983 general election.

⁷ GATT is the General Agreement on Tariffs and Trade, the predecessor of the World Trade Organisation. UNCTAD is the United Nations Conference on Trade and Development. Both organisations are based in Geneva.

⁸ Paul Kelly, *The End of Certainty*, Allen and Unwin, 1992.

⁹ New Zealand was suspended from ANZUS Treaty in 1985 after the New Zealand Labour Government under Prime Minister David Lange refused to permit visits by nuclear warships.

¹⁰ Gaston Sigur and James Kelly were, successively, Assistant Secretary of State for East Asian and Pacific Affairs in the Reagan Administration. Kelly also worked on the National Security Staff of the Reagan White House.

¹¹ Deputy secretaries after the merger of Foreign Affairs and Trade, Lightowler and Field had come from the Department of Trade. For a period, DFAT also had an Associate Secretary, Geoff Miller, former Secretary of the Department of Primary Industry.