

Foreign Affairs Committee

Oral evidence: [China and the international rules-based system, HC 612](#)

Thursday 15 November 2018

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Members present: Tom Tugendhat (Chair); Ian Austin; Mike Gapes; Ian Murray; Mr Bob Seely; Royston Smith.

Questions 59-91

Witness

I: The Hon. Kevin Rudd, 26th Prime Minister of Australia, and President of the Asia Society Policy Institute.

Examination of witness

Witness: The Hon. Kevin Rudd.

Chair: Mr Rudd, welcome to this afternoon's session of the Foreign Affairs Committee, and thank you very much for joining us; it is extremely kind of you. We are looking forward to hearing views from such an esteemed height. I ask Mr Murray to kick us off.

Q59 **Ian Murray:** Let me echo those remarks: thank you so much, Mr Rudd, for providing us with a rather nice distraction from today's politics in the House. May I start by getting your views on this? What would you say characterised your policies towards China during your time as Prime Minister of Australia?

Kevin Rudd: China is a complex challenge for all of us. It is a particular challenge for those of us that are western, liberal democracies. In our period in office, we characterised our approach as a balanced strategy. By "balanced", I mean probably three things. One was, in our dealings with the Chinese, being up front and unapologetic about the fact that for 100 years we have been a robust ally of the United States, and that that is not about to change anytime soon. There are good reasons for that in the history of Australia's national security.

The second thing was to be clear about the fact that we are also a liberal democracy, and therefore do not share China's own set of political values, as reflected in its own political system. We also had a view that those values that we held domestically were also the norms of the international human rights order, reflected in the universal declaration of '48 and other international covenants.

The third element was our economic engagement, where our relationship with the Chinese was one of continuing to negotiate a free trade agreement. It was probably the longest FTA negotiation in recent history—it went on for a full decade-plus before we finally landed it. In fact, it was landed by our successor Government, but we prosecuted it robustly.

During the period when we were in office, our trade with China doubled and the investment relationship flourished, but a number of key investment projects we simply rejected, because we did not judge them to be in the national interest.

So when I say "a balanced strategy," it was one that sought to reflect the complexity of our enduring security policy interests and our political values, as well as the economic interests alive in extracting as much mutual benefit as possible from the engagement we had with the world's second largest economy.

Q60 **Ian Murray:** During that time, what lessons did you learn from your relationship with China that might be relevant to today's debates?

Kevin Rudd: I have never presumed to tell other Governments how they should deal with China, or indeed any other country, because these are



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matters for sovereign Governments and sovereign Parliaments. What I have learned as a China analyst over the years—I began life as a scholar of China, of Chinese language, Chinese politics and Chinese history, was a Foreign Service officer after that, working in our embassy in Beijing for quite some years, and then worked in China as a businessman before going into our own Parliament—is that China respects strength and is contemptuous of weakness; that China respects consistency and is contemptuous of wavering. So as long as those positions are articulated firmly and in a friendly and courteous manner, I think that is a robust conceptual approach for dealing with this very large country, with its increasingly robust military and an economy that is now the second largest in the world.

- Q61 **Ian Murray:** Was your previous relationship with China, before you went into politics and became Prime Minister, of huge benefit to your relationship with China when you became Prime Minister?

Kevin Rudd: I think our Chinese friends expected, because I speak reasonable Chinese, that I would be much more sympathetic to Chinese positions. That is not an unreasonable assumption, sometimes. I am not sure what French-speaking Members of the House of Commons are like and how they are viewed in terms of their attitude to people across la Manche.

Chair: We have different views on France.

Kevin Rudd: But certainly in the case of Chinese speakers—there are not many of us, in the political process, around the world—there would have been an expectation that I would be much more comprehending and sympathetic towards Chinese positions. I think it helped in this sense—for me to understand the background to why China had a particular world-view or a particular attitude to US-China relations, approach to Taiwan and so on. But it also informed me, I think, of where the deep differences lay between their political tradition and ours, their foreign policy tradition and national security policy tradition and ours, and so on.

The art of dealing with our Chinese friends, as with most countries, is to identify where the intersecting sets are and where the sets may never intersect, in terms of different values and interests. I am talking about identifying where there are commonalities, both of values and interest, that you can profitably explore together. I think that having a China background helped with that. But during our period in office I was regularly attacked in the Chinese media, along the lines of, “But Kevin, you’re an old friend of China, so how could you possibly say this or do this?”, to which my response was, “My job is to act as Prime Minister of Australia.”

- Q62 **Mr Seely:** On that point, we are aware of your extensive Chinese expertise and the fact that you are a Mandarin speaker. You talk about consistency and robustness. You said in very strong terms that the Chinese despise lack of consistency and lack of robustness. I find it odd, therefore, and I think the Russians are not dissimilar—I am a bad Russian



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speaker—that we are seen to ignore or underplay our values. I remember, when the Chinese Head of State came here when New Labour was in power, we shut away demonstrators. Are you implying that when we downplay our values, maybe in seeking to further our financial interests, we are not doing ourselves any favours?

Kevin Rudd: I am not a Russian speaker at all, and I have only modest experience of the Russian Federation, although I have travelled there quite a lot since leaving office to try to understand the Russian view of China, which is a complex world in itself.

On the question that you legitimately raise, Mr Seely, about the fundamental importance of the values for which we stand, my experience is that China has an expectation that we would be proud of, and robust in the defence of, our own political traditions, including the political values for which we stand, and in fact it is surprised when western Governments seek to downplay the centrality of those values. It does us no good whatsoever to begin some sort of small “a” apology for that which we stand. We need to be much more robust about those questions. It can be done in a manner that does not turn every single negotiation with the Chinese into a human rights confrontation, but does not resile from who we are and how we have evolved in our own democracy.

Q63 **Mr Seely:** Do you think that is a fair criticism; that sometimes western Governments have tended to downplay our value system to curry favour and gain access to markets, for instance?

Kevin Rudd: There are three elements to this. One is our systems in themselves. As I say to the Chinese, we are a liberal democracy and we have evolved as such, and we are proud of the fact that we are. The second is that China’s own domestic practices have evolved from a different civilisational tradition, which has been authoritarian and hierarchical for 4,000 years and is probably not about to change any time soon. At the same time, we may have observations about the consistency of China’s own human rights practices with the international covenants to which they are a signatory, such as the universal declaration of ‘48. The third domain is what is happening in third countries and whether we are still universalist in our approach to these norms not just being particular to—let us call it—the Anglo-Saxon tradition, but being bedded into the fabric of international law, which we have evolved over many decades.

I actually do not think it really works, in the end, to simply regard this in the back of your heads—anyone’s heads, and I am reflective as much of some of the tensions in our own dealings with China as any other country’s—and think that it is smart to say that two bags of wool can be traded for one bag of human rights. It just does not work that way in my experience, and nor should it.

Q64 **Chair:** If you were Prime Minister today, what would you say about the mass detentions, arrests and rampant human rights violations in Xinjiang?



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Kevin Rudd: I have always said to our Chinese friends, when it comes to domestic human rights problems and abuses, that these exist and that no one in the collective west will resile from expressing a view.

Let me give you an example. When I was Prime Minister, the first speech I delivered in China, which I delivered at Peking University in Chinese, was about human rights problems in Tibet. It was not an entirely welcome speech. It was in the months leading up to the Beijing Olympics of 2008—10 years ago. These things are never welcome—do not expect them to be welcome—but they are a reflection of who we are and the tradition from which we come. I think those principles also apply to China's current human rights challenges, which we see on the ground in various parts of China, including in Xinjiang.

Q65 **Royston Smith:** Thank you for coming to talk to us today. You had no obligation to do so, so we are very grateful to you.

Kevin Rudd: That's okay. I was in Zurich this morning and I will be in the UAE this evening, so I am in London on the way through—your average Australian travel.

Royston Smith: Hopefully this will be as helpful a distraction for you as it is for us. You mentioned in answer to Bob's question that China has been authoritarian and hierarchical for 4,000 years and is not likely to change. With your experience, which is extensive and straddles a great deal of time and different personnel in China, how would you say the Chinese state system has changed under President Xi?

Kevin Rudd: Could I back up slightly and talk about how it has changed recently, and then about how it has changed under Xi? The truth is that the China that I first went to live and work in in 1984 was vastly different from the one it is today. I can confidently say that it is a more liberal environment than it was in the '80s. That is my experience. I lived and worked there, and my job in the Australian Mission at the time was to analyse Chinese politics.

The ability for people to make decisions about where they were educated, what job they would pursue, their sexual preference and those sorts of questions were infinitely more constrained in the '80s China of the early Deng Xiaoping period than they are today. Similarly, if you look at the diversity of Chinese views on questions other than politics, you will see that there is now a greater diversity of expression of views within China than I remember from that time.

Where things have changed under Xi Jinping most recently is the absolute centrality he attaches to the future of the Communist party. A doubling down on the centrality of communist ideology and orthodoxy is now being reflected in what is acceptable or unacceptable in university curricula, in what is acceptable or unacceptable in what we might call the political arms of the media, and in a greater contraction of the space for what I describe as political conversation. There is still a wide space beyond politics, which is much wider now than it was in the China I first went to.



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When I think of China and its impact on individual lives, for the vast bulk of people life is more liberal and open now than it was at the beginning, by which I mean the beginning of the reform period. But on the question of politics and the centrality of the party, it is now a more constrained and censored environment than it was back then.

Q66 Royston Smith: In that case, how would you characterise the rule of the Communist party in China?

Kevin Rudd: Well, the Chinese Communist party is a Leninist party, and it actually makes no apologies for being such. It holds power through the barrel of a gun. It obtained a revolution in 1949 and it sustained its hold on power in 1989 when there was a challenge in Tiananmen Square. Ultimately, it is a regime that describes itself as a revolutionary party. It is very important that when we look at the Chinese political system it is seen through that unromantic lens.

To be fair to our Chinese friends, that is how they self-describe. It has often been slightly misty-eyed western intellectuals who look at the Chinese system and say, "It is slowly evolving into a Singaporean-style democracy." In fact, they lose sight of the fact that this is a Leninist party. At its core, that has not changed. Therefore, the key question in any authoritarian system is who controls the security apparatus, the intelligence apparatus, the armed forces and so on.

In addition, you have this extraordinary economy, which has been performing quite remarkably over the past 40 years under an authoritarian capitalist model, but which is now generating its own set of internal contradictions that the Administration are finding difficult to juggle. That, as you know, is the experience of many other authoritarian systems. When you reach a certain level of per capita income, people expect greater liberalism in their expression of views. Tensions then emerge between a more open economy and a political system that is still closed. China is in the midst of that set of questions now.

Q67 Mr Seely: I have a follow-up question. Do you think that China is therefore "going backwards" in terms of politics, because there is a retrenchment of the one-party state system? Do you think that will last? As you say, one of the internal contradictions may well become about freedom of thought.

Kevin Rudd: China, since '49 and certainly since '78, has done this on multiple occasions—two steps forward, one step back; two steps forward, one step back; one step forward, two steps back—depending on the benchmark. I notice, Mr Seely, that your question related purely to politics and, I presume, freedom of political expression within that.

Q68 Mr Seely: I accept what you say about people having slightly more choice about who they love, where they live, and jobs, but it seems that there is a division between that and how they think or what they are allowed to think.



Kevin Rudd: On the material questions, on opportunities for education, employment and the rest, and on starting up a business and creating wealth for yourself, this is a radically new China compared with the one that we had even in the '80s and '90s. But certainly on questions of political expression, if you were to look at the benchmarks of what was available, in the mainstream Chinese journal literature and academic literature and what was taught in the classroom five or seven years ago compared with what is taught now, it is a more constrained and constricted environment. That is a correct observation in my view.

Q69 **Mike Gapes:** Can I take you to the domestic drivers of Chinese foreign policy? Can you give us your take on how domestic priorities influence the way that China acts abroad?

Kevin Rudd: That is an important question, and it goes to the nature of how the Chinese shape their official world-view. We come back again to the question of the party. If we were to try to conceptualise it in these terms, what are the core priorities of Xi Jinping's Administration at home and abroad? They intersect in this institution called the party. The interest of the Chinese political leadership is for the party to remain in power. That is the No. 1 priority, the No. 2 priority and the No. 3 priority. If anyone had missed that, there is probably a No. 4 priority, which is remaining in power, untroubled by the rest of us in parliamentary democracies who have to face the people from time to time.

On top of that, the Chinese, when they look to the world beyond their borders—which I think is the core of your question, Mr Gapes—the party has a deep interest in enabling the Chinese people to see that China is respected around the world. The reason that is important is that it also enhances domestically the perceived political legitimacy of the Chinese Communist party. In other words, if the rest of the world is saying that China is progressing strongly and firmly and that there is a record of economic achievement and other international achievements, such as holding the Olympics, those things reflect back on the domestically perceived legitimacy of the Chinese Communist party in the eyes of its own people.

There is one further factor: how does that then translate into China's evolving view of what we call the global rules-based order, which we have shared and worked within since 1945? I think that what China has made clear through a number of statements is that it sees an opportunity now to inject greater influence over the direction of the institutions of global governance than was the case in the past, and in some cases to create its own institutions of global governance as well, shaped not out of a Washington consensus but out of what they would describe as a Beijing consensus, hence the Asian Infrastructure Investment Bank, the new development bank and the belt and road initiative.

Q70 **Mike Gapes:** On that issue of global institutions, what aspects of Chinese foreign policy are consistent with the values that western countries have, or that Australia has—I put it in as a western country, even though that is an interesting idea—or that liberal democracies such as the UK and



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Australia have? What are out of line with that, and how do you think that will evolve over time?

Kevin Rudd: Again, Sir, you ask a critical question. It goes to the intersecting sets—or non-intersecting sets—between what we can call Chinese values and those of liberal democracies, as reflected in the international order. One value that we now share is a common concern for global sustainability. That was not historically the case, as China proceeded at a great pace to develop its economy, irrespective of the environmental consequences. However, through its own domestic experience—not enough clean air to breathe, and now being the world’s largest emitter of greenhouse gases—China has now taken to sustainability, frankly, as a value that it shares with the rest of the international community, including the collective west, hence the position it adopted at the Paris conference in 2015 on the global climate change agreement.

Elsewhere, if you ask the Chinese their view of social justice, for example, they have an ideological answer to that on the home front, which is that, yes, they accept that they don’t give people freedom of political expression, but that they have delivered a massive increase in people’s material wellbeing. That is their definition of social justice. Internationally, they say that it is good that we have the sustainable development goals, and that they, through the belt and road initiative, contribute to the funding of the infrastructure needs that the sustainable development goals articulate for the international community.

However, on the questions of what we can call the basic freedoms of expression, of the press and of religious belief unconstrained, China, as a Marxist-Leninist state, parts company. There are significant constraints around those values. That is why the points of intersection and, as it were, conflict between Chinese values and those in the liberal democratic west are at their sharpest, for example, in the Human Rights Commission in Geneva.

Q71 **Mike Gapes:** Countries such as the UK and Australia are engaging with China and its foreign policy. Do you think we actually appreciate how this Chinese foreign policy is made and the domestic and ideological drivers of it?

Kevin Rudd: I cannot comment on the British Government or others, but I can comment on the one that I have been party to. It is a complex question. For the information of the Committee, when I was Prime Minister I initiated the development of an Australian national China strategy at Cabinet level. That took two years. It involved all Government agencies. Frankly, we had to come to grips with, first, the core objectives of Chinese foreign policy as they related to us; secondly, what they were actually doing in the field in relation to us and our neighbours, both positively and negatively; and thirdly, how coherent our response to the above was. I am glad that we went through that exercise, because it forced us to be disciplined about our engagement. At that stage we were finding all sorts of pressures on us, whether through foreign investment applications—



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particularly large-scale mining projects—technology products for the Australian telecommunication system or whatever.

Through our process, I think that we finally came to grips with how China develops its policy and what the content of its strategy in relation to our part of the world was and is. But I am not privy to whether that exercise has been undertaken on the part of Her Majesty's Government and European Governments in relation to China's strategic objectives towards Europe, so I cannot comment.

Q72 Mike Gapes: Can I take you to something that might be internally controversial in Australia? As I understand it, as part of its belt and road approach, the Chinese Government are trying to get agreements not only with Governments at a federal level but with the state government in Victoria. I am not an expert on Australian politics—

Kevin Rudd: Lucky you.

Mike Gapes: However, I am told that that is politically controversial within your federal structure, and also between the Government and the Opposition. Is it almost inevitable that, because the Chinese system is monolithic, ideological and clearly long term, we will have these kinds of conflicts all the time? Would you like to comment on how that affects Australia?

Kevin Rudd: The belt and road initiative is a good example. It begs the question of what it is. I am currently president of the Asia Society Policy Institute in New York, a think-tank that looks in particular at US-China relations. We are looking particularly at this beast called the BRI and it is pretty difficult to tie down. What is its command and control structure? What is the quantum of capital involved? Which projects are in which countries, and what are the specific financial arrangements with individual projects? What is the level of indebtedness? One of China's problems on the BRI is a lack of transparency. It is the opacity of the system that creates part of the problems that many countries are experience with it.

However, let us just say that the BRI exists and that projects are happening, which they are. In the case of what you sign up to, for example, I am not sure what that is in any individual country's case. You might agree with the Chinese Government to become a BRI partner country. I presume that enables the country in question to put forward proposals for investment. Malaysians and Indonesians have spoken to me about the sorts of project proposals they have put forward, and those that they are prepared to accept from the Chinese and those that they are not.

It is unusual for China to target sub-national governments, which has been the case in Australia with the Victorian government. I have been out of the country for a while. There is a Victorian state election due very soon. The Labor party is in office in Victoria and the Conservatives are in office in Canberra. I am sure it is only unique to Australia that sometimes politics is played as well.

Q73 Mr Seely: What would you advise? What was your central learning from



trying to get a cross-Government coalition together, to study a common problem—China, its influence and its importance to you? What would you advise us, if we are trying to do things by getting some cross-Government consensus on understanding the Russian threat, or the Russian opportunity and threat?

Kevin Rudd: I will take Mr Gapes's question with yours, Mr Seely, about how we respond to the challenge of a monolithic system with a long-term strategy, dealing with our political systems, which are not monolithic and which, by definition, turn over Governments through the electoral process. Within the sovereign Governments of western democracies, it is critical that we develop long-term China strategies, so that our permanent mandarinates—our bureaucracies—are in a position to advise incoming Governments, of whichever political persuasion, that this is the collective wisdom of the agencies of state, which we have developed over time and in consultation with other Governments, on how to deal with China's long-term strategy.

There is an upside to what China has to offer the world. If not for China, we would not have got through the global financial crisis as quickly as we did, because they represented by far the single largest contribution to global economic growth at the time. But plainly there are also downsides on the values questions that we have just been articulating. Not knowing what the British Government have gone through internally—and not wishing to know—I would strongly recommend that Governments go through a systematic process to develop, in your case, a long-term British China strategy, so that Governments, whether Labour or Conservative, can consult that and adopt or amend it as a framework, rather than starting with a tabula rasa each time a new Government come in. I think that is the best we can have in our systems of Government, where we have democracies and changeovers of political personnel.

Q74 **Chair:** May I just ask a quick follow-up question? The United Kingdom and Australia have adopted various policies towards China that appear to be less in keeping with those of, say, the United States. There is a growing consensus, even among the Democrats in the United States, on a concern about China. Is there a danger that Australia and the UK will find themselves caught between two stools? When one looks at the new Canada and Mexico NAFTA deals, one sees that they both have a clause in them to say that if you do a deal with China, the deal is invalid.

Kevin Rudd: That has been described as the new neo-colonial clause. Our Canadian friends will be focused on that in future. In the United States, where I live and work and have done for the last three or four years, there has been a sea change in American sentiment towards China—by and large, there is a bipartisan consensus. When Vice-President Pence delivered his speech about the unfolding China threat at the Hudson Institute about six weeks ago, one of the most interesting things was that there was no real reaction from the Democrats, and the business community by and large remained silent. There is therefore what I would describe as an across-the-board, hard-line sentiment in the United States towards China as a military challenge and threat, an economic challenge

and threat and as being inconsistent with America's position on universal human rights.

For the rest of us dealing with the Chinese complexity, given that the United States is our continuing ally—in our case across the Pacific and in yours across the Atlantic—what happens? My judgment is that there has always been an opportunity to engage robustly with the Americans bilaterally, whether or not their deep analytical assumptions are correct. In our national experience, sometimes American analyses of China get it wrong. We are not ill equipped, as national intelligence or policy establishments, to engage with the United States where it may have it wrong. The British Government are equally equipped because of your own extensive dealings with China over a long period of time.

I cannot recommend a course of action for the British, but where we disagree with the American analysis or the policy conclusions from that analysis, internally we have been quite robust. We should not assume that all wisdom proceeds out of Washington DC; it does not.

On the particular phraseology of the trade agreements—I still cannot pronounce whatever acronym has replaced NAFTA—I think wisdom will lie in working that through over time. The Canadian approach is, "Here is the deal they have offered. We don't particularly like this clause but it will be a while yet before we conclude a bilateral free trade agreement with China, so let's see what circumstances pertain at the time." If I were the Canadians, I think I would have reached the same deal under the circumstances.

Q75 Mr Seely: Should we still look to bring China into the international system? If you read *The Economist* and other fine publications, there is a lot of evidence to suggest that it has been manipulating World Trade Organisation laws to its own benefit in a way that now damages free trade. Or is it time to take a more robust line with China?

Kevin Rudd: On the question about trade and what has happened since China's accession to the World Trade Organisation in 2002, by and large any objective analysis would produce a mixed picture. In the case of the Australian bilateral trade experience and investment experience with China in the period we have been in office, we can give you as many good stories as bad ones in terms of how it has unfolded. During that period, we have had multiple barneys—disagreements—with other countries around the world, not least of which is our great and powerful friend the United States.

If you take the overall sweep of things, China's accession to the WTO has been positive, in terms of its contribution to global economic growth; China's trade policies are more open than they were in 2002. But have they therefore been partly undermined by a series of non-tariff barriers behind the borders? That is also true. The Chinese have a marvellous phrase: Shàng yǒu zhèngcè xià yǒu duìcè. It translates as: above, we have policies; below, we have other policies, or counter-policies. In this case the



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policy above is free trade, and the counter-policy is how to undo free trade agreements at an administrative level in countries.

Of course, that is not unique to the Chinese. I have seen other countries do it as well—similarly on investment. I don't think I have a neat answer for you in terms of whether it is all bad or all good. The picture that I have seen in office is a mixed picture.

- Q76 **Mr Seely:** If you wanted, say, to push a new round of WTO to re-engage the United States, to get nations such as Britain and Australia acting together, how would you pitch reform to the Chinese and what would that reform in relation to China and its trading relationship with the world consist of?

Kevin Rudd: There are two elements in need of reform in China's approach to trade—I will leave investment to one side. One is the range of administrative mechanisms that China deploys as non-tariff barriers within the country. The second is the 20-year dispute that we have all had with China on intellectual property protection. Those two things stand out as major impediments to China's practice of free trade under the terms of the WTO.

China has given multiple assurances to various bilateral partners, including us, and we have a free trade agreement with the Chinese. However, there is often a gap between what is declared and what we see operationalised on the ground. If your question, though, is what the two areas of reform under WTO processes are that would be most relevant to opening up Chinese trading practices more completely, it would be those two.

- Q77 **Mr Seely:** If the US-China relationship becomes more confrontational, how should Australia and countries such as the United Kingdom react? I know you covered this slightly with Mr Gapes, but what could Australia and the UK be doing together in our relationship with China?

Kevin Rudd: One of the things we did in office through the Australia-United Kingdom ministerial arrangement—AUKMIN—was to regularly and intensively exchange with our British counterparts, when I was Foreign Minister dealing with William Hague and others, not just raw intelligence but intelligence assessments and policy conclusions about what we were observing. It is important that analytically we sing from the same hymn sheet, and because we are dealing with opacity that is often hard.

Reaching a common analysis of what is emerging in terms of China's challenges and opportunities for the rest of us in the international theatre—Australia, the UK, the US and other allies where possible—is critical. Often these things are allowed to slide through, but unless you have a common analytical framework it is difficult then to construct a common policy response. I think that is axiomatic. In AUKMIN and your equivalent for dealing with the Americans—we call our arrangement for dealing with the Americans AUSMIN—that should be a core item of continuing business.

- Q78 **Mr Seely:** More generally, if you were advising the British Government,



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what should they be doing in the Asia-Pacific to play a positive role?

Kevin Rudd: More.

Mr Seely: What does more look like, Sir?

Kevin Rudd: I do not wish to buy into the Brexit debate.

Mr Seely: Please do; everyone else does.

Kevin Rudd: Well, it is difficult, and I understand where everyone has landed, so you do not want gratuitous commentary from someone who is not directly affected, but for those of us in east Asia and the west Pacific—I have recently been in Japan and speaking to Governments across east Asia, and I have been in south-east Asia speaking to the Singaporeans, the Indonesians and others—Europe disappearing into itself has been felt, observed and lamented across wider east Asia. The absorption of the collective foreign policy energies of the European Union into its own internal challenges has been a net disservice to the long-term strategic stability of east Asia.

Q79 **Mr Seely:** Are you talking about the EU collectively or the individual states of the European Union?

Kevin Rudd: I am making my observation about the EU in general—Europe as it is perceived. The question of Britain itself is of course entirely contingent on what emerges out of the great debate in which you are now engaged. Whatever the outcome is, I strongly encourage Her Majesty's Government not just to prosecute, if you are outside the European Union, a vigorous set of bilateral free trade agreements with the Governments of the region, but to become much more integrally involved in the foreign policy debates of the Asia-Pacific region?

At present, the impression that Governments of Asia have is that both Britain and the other Governments in Europe are primarily preoccupied with the concerns of this continent, and I think the presence, in aggregate terms, is missed. I am not speaking just from an Australian perspective; I think I would say the same speaking from the experience of the south-east Asians and from the perspective of the Japanese. So I would strongly encourage you, once you are through this process, to become—I won't use the term "global Britain", because that is advanced by one side of politics here—fully globally engaged. We need that.

Q80 **Chair:** Would you include in that Britain's involvement in things such as the five-party defence agreement that we signed up to all those years ago, and freedom-of-navigation operations and suchlike?

Kevin Rudd: Whatever capacity that you have to deploy in terms of military capabilities would be, in my judgment, welcome across south-east Asia and more broadly. Don't forget the south-west Pacific as well. It is important, in international strategic relations, that there is not a vacuum—nature abhors a vacuum, and strategy even more so. Therefore, it is incumbent on those who wish to maintain the continuing robust, forward-leaning western presence in multiple theatres around the world to



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physically be there, not simply declare that you are from time to time. That means a lot for the United States. It means a lot for the evolution of Japanese defence and security policy. It means more for us. My Government commissioned the doubling of the Australian submarine fleet, the increase in the Australian surface fleet by a third and its interoperability with a number of regional navies, so we have sought to do that ourselves. As for Europe, it would be good to see continuing operations beyond this continent and this theatre.

Q81 Chair: On the question of presence, let me press you a little on the Quad issue, because your Government of course withdrew from the Australia, India, Japan and US Quad. Was that a question of timing? Would you look at it differently today?

Kevin Rudd: I am glad you have raised it, because I get a little tired of being blamed for the demise of Quad mark 1. For those not familiar with the Quad, the four countries were the United States, Japan, India and Australia. This was a thought bubble of then Japanese Prime Minister Abe, first term around, in about June of 2007. When we were elected at the end of 2007, we decided, through our missions in Tokyo and Delhi, to check with both Governments what their posture was on this being formalised. By that stage, Abe-san had been replaced by Mr Fukuda, and Mr Fukuda's Government made it very plain to us that they were not interested in continuing with it. Mr Fukuda, then and now, has a more benign attitude than Mr Abe to China.

Then we go to Delhi. We were then in the time of the Indian Government under the prime ministership of Manmohan Singh. Mr Singh's Government were not enthusiastic about continuing with the Quad, either. Of course, foolishly, we simply confirmed externally the internal reality and, as a consequence, have been blamed for the demise of something that had already "demised" anyway.

So those were the circumstances then. There is a further factor as well, Mr Tugendhat. In those days, Abe was regularly visiting the Yasukuni shrine in Tokyo. This is of course a shrine that contains the ashes and remains of category A Japanese war criminals—an offence to the Chinese but, frankly, an offence to us as well. This did not help in the overall equation.

Abe-san has now changed his behaviour on that question. I think that's welcome. But what is an open question today—to come to what is happening 10 years later—is this. I have recently been in Tokyo and Delhi myself and have spoken with security policy officials in my think-tank capacity, and there is still a level of equivocation, in both Japan and India, about how far to take the Quad as a military operational reality. You would have seen recently that both Japan and India, through their respective summit meetings with Xi Jinping, sought to take the temperature down in their relationship with China, uncertain which way the Americans would go in the long term. On the Quad for the future, I think it will again depend on how robust our Japanese and Indian friends wish to be operationally, rather than having it as a piece of simple declaratory policy.



- Q82 Mike Gapes:** You have already touched on this a little when you referred to your speech in Beijing. How do we—UK, Australia and countries like us—best influence China? Does it help if we make public statements or criticisms on human rights questions? Do the Chinese react worse or better if that is done in a different way? How do they react to what they perceive as economic pressure?

Kevin Rudd: Badly and badly. That is the answer to those two questions. If the boot was on the other foot, we would too.

Let me put it in these terms, and this partly goes to a question raised before by Mr Seely: I think, and my experience is, that we must be true to ourselves. Who are we? Do we believe in the universality of human rights, as defined in the universal declaration of 1948, or don't we? I contend that we do; therefore, we stand up for those rights. That means articulating them not just at home, but in international forums as well.

Will China like that? Of course China will not like that, as sure as night follows day. But there is a danger if we begin to incrementally qualify our commitment to those principles and to their universality. It is far better for us to have a full-blooded, global debate directly with China about which values can be held to be universal, rather than to pretend that no such debate exists. It is far better to have a transparent debate about those questions.

On the question of effectiveness, what I would also say is that any engagement with China on those questions should always be tempered with a recognition that China has brought 800 million people out of poverty. That is no small thing. Remember, there are three human rights covenants that we have all acceded to—the universal declaration, the international covenant on civil and political rights, and the international covenant on economic, social and cultural rights. Against that latter covenant, Chinese achievements have been frankly spectacular. I do not know of any other country in history that in 40 years has brought 800 million people out of poverty. If you ask those folks in the backblocks of Sichuan—I have met a few over the years—whether they are happier now than they were 40 years ago, they have a fairly simple answer.

I would say therefore that it is always important to temper that direct statement of the liberal human rights tradition we come from with a recognition of China's economic achievements for its people. From China's perspective, that is then seen as a more balanced message, and more likely to be more effectively heard over time.

- Q83 Mike Gapes:** On the question of China's influence, there has been some controversy in recent years about China's use of soft power and media involvement. In fact, in Australia in particular, there has been a quite rigorous debate about this, and legislation was passed by the Senate this year. What is your take on that? I know that you are in the US now, but it would be interesting to have your perception of how China tries to influence Australia's policies.



Kevin Rudd: China, like all states, seeks through soft power to influence the culture of public opinion towards it in other countries. You folks have the British Council and a range of institutions, we Australians I suppose do a few things as well, and the Americans have the United States Information Service—and Hollywood, and a few things like that. We should therefore all be aware that none of us seeks to have a bad image abroad if we can possibly avoid it, and we tend to use and deploy the instruments available to us to burnish our image and, as a consequence, our influence in the international community. That is what most nation states do.

In China's case, that is reflected through a range of methods. China seeks to do so increasingly through its ownership and purchase—directly or indirectly—of Chinese-language newspapers around the world. I am not sure how many of those there are in Britain.

Q84 **Chair:** There are English-language newspapers, such as *The Daily Telegraph*, which has a very strong deal with them.

Kevin Rudd: I would assume that they are Chinese-language newspapers.

Chair: Indeed, but there is a link.

Kevin Rudd: Okay. All I am saying is that, historically, there are 60 million people in the Chinese diaspora around the world. I do not know how many there are in Britain. We probably have a million or so Chinese Australians.

The Chinese-language newspapers in all our countries are important. They have historically always reflected a diversity of views, whether they are pro-Hong Kong, pro-Taiwan, pro-mainland or independent, or are only selling motor vehicles or whatever. It is fairly clear that we are beginning to see a concentration of the ownership of those Chinese-language newspapers in the direction of pro-PRC interests. In terms of the diversity of media ownership in our western democracies, I think we should be mindful of that.

There is also the question of conditionalities attached to Chinese state-funded initiatives for our education and research institutions. There is nothing wrong with China providing—directly or indirectly—funding to academic institutions. However, if there are any conditions attached, in terms of the nature of the research to be undertaken or the quality of the product that is produced at the end, that is where, in liberal democracies, we should draw a line.

Those are the debates that are alive in Australia. The legislation that you referred to was passed after vigorous domestic debate but on a bipartisan basis.

Q85 **Mr Seely:** The Chinese buying up Chinese-language newspapers is perhaps beginning to be mirrored by what the Russians are doing, which is similar. Pro-Kremlin organisations are now buying up Russian-language newspapers; one in France was sold recently. On Chinese influence in



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your country, there is a new form of conflict around social media and about the manipulation of politicians and of truth, and about buying up newspapers. I have just started reading this book, "Silent Invasion". Do you think that is too apocalyptic a view of Chinese influence in your country, or is there some truth in it?

Kevin Rudd: I am always concerned by the legitimate concerns of our security and intelligence agencies, which I respect and worked with intimately in office, on the one hand, and the generation of what I describe as a new McCarthyism on the other. "Have you recently been seen in the company of a Chinese person who may or may not have been in the company of a Chinese communist?" It can be a slippery slope heading from one to the other.

The attitude that we adopted in government, albeit under earlier circumstances than those being dealt with by the current Australian Government, was to fully empower our security and intelligence agencies to do what they judge to be necessary to defend our laws and to take robust measures when necessary, which they did.

I am concerned about too broad a sweep and too wide an accusation being levelled at either people of Chinese ethnic origin or people who have normal commercial dealings with Chinese corporations, as if, by definition, they are all potential agents of the Chinese state. That is what worries me. As a student of Chinese history and of the US-China relationship, I know that we have been through some of these things before.

Q86 **Mr Seely:** Do you think we have got the balance right at the moment? Clearly, you don't want to have some wretched witch hunt that betrays our values. At the same time, there is an argument that, in Britain and elsewhere, liberal democracies are being naive about the new and slightly insidious threat of cyber-savvy authoritarian states using the freedom of open societies either to manipulate or to undermine those freedoms.

Kevin Rudd: In the past, I have also sat on the Parliamentary Joint Committee on Intelligence and Security of the Australian Parliament, and I am aware of the debate that arises when our intelligence and security agencies ask for more powers to deal with precisely the challenges you refer to, and the parallel concerns about where that leads, in terms of underlying civil liberties in our respective democracies. In that Committee, by and large, when all the evidence was presented, I usually came down on the side of the intelligence and security agencies, given the nature of the challenges they face.

So far, I think Australia has got that balance about right, but we should be alert to the fact that the agencies have a continued remit to come back to us with fresh information. Is the nature of the threat changing? Is it being taken into new cyber and digital domains that we are unfamiliar with? If so, what countermeasures—additional powers, I should say—may be necessary to deal with it? Can it be properly considered, deliberated on and determined? That is the way your system operates, to the credit of



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the civil liberties tradition of this country. There are also robust intelligence agencies. So, too, in ours.

I am always very concerned, however, about taking that out of the domain of the institutions and agencies and into a broader public domain that begins the Salem witch hunt. That is what I am always concerned about. I have seen too much of that in history.

- Q87 **Chair:** May I ask the question in reverse? As a former parliamentarian and a still-active politician, although in a different sphere, what sort of things would you advise parliamentarians in Australia or the United Kingdom to be cautious of, in terms of staff interests or travel?

Kevin Rudd: I am unfamiliar with the British system, but on pecuniary interests and conflicts of interest, in Australia there is a mandatory requirement of full declaration of anything. So long as there is absolute transparency in the system, there should be no basis for concern. It is when things are done non-transparently that compromise occurs. I am all for our Members of Parliament travelling to China as much as possible, but I am also for absolute transparency about who the host organisation is, where you went, what you found, who funded it and so on. We should have no qualms about putting all that into the public domain.

- Q88 **Mr Seely:** The Americans have a Foreign Agents Registration Act. If you are acting for a Government or a proxy of a Government, you have to list it. If the Chinese state, the Russian state or any other non-democratic state is acting through proxies in your country, do they have to be listed somewhere?

Kevin Rudd: I understand that that is now the case under the recent foreign interference Act in Australia—I have been living in the United States for several years.

- Q89 **Chair:** I have a final question. President Xi has clearly been in post for a number of years now. I think I am right in saying that, in that time, he has rattled through four Australian Prime Ministers, two British ones and two US Presidents.

Kevin Rudd: It is unfortunately gratuitous of you to say that.

Chair: Forgive me; I do apologise.

Kevin Rudd: But none the less accurate.

- Q90 **Chair:** I am not seeking to cast any aspersions, except to say that our systems are solid enough to survive transitions in leaders. That is the great benefit of our systems: they are very deeply grounded in our society. Is there an advantage, would you argue, to the longevity of the Chinese leadership, or does it inject the usual fundamental weakness of all autocracies—that change, when it comes, is sudden and violent, and not gradual, as it is in ours?

Kevin Rudd: There is a great deep learning in the Chinese system, which comes from the lifetime, career and ultimate demise of Mao Zedong. The



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general consensus is that, if Mao had faded from the scene some time in the '50s, history would record him as one of the great figures of the 20th century. Mao, however, stayed on and became leader for life, and presided over that last outburst of systematic violence against his own people otherwise called the cultural revolution. Prior to that, he presided over the "great leap forward". These are unspeakable in terms of the slaughter brought about by someone who stayed in office for far too long.

The great, deep Chinese learning coming out of the experiences of 1976 when Mao finally went to see Marx—there is a Chinese term, "When you go to heaven, you go to see Marx," though Marx would dispute that—was that they should have a system that limited political terms. That evolved through the '70s and '80s and into the '90s and the '00s.

The Chinese constitution was changed in March of this year to remove term limits for the presidency. We should, however, note for the record that there are still no term limits, and were no term limits, for either the general secretaryship of the Chinese Communist party or the chairmanship of the Central Military Commission. The Chinese defence of what they did in March was to make a complete alignment of the three positions as not having defined terms.

The proof will be in the eating when we get to the exploration of this next five-year term as to whether Xi Jinping chooses to remain or not. I think there is a degree of anxiety at various levels of the Chinese system about the possibility of returning to earlier political practices. Whatever the shortcomings of only two terms—Hu Jintao and, prior to that, Jiang Zemin—by and large there is still considerable consensus in Chinese politics that whatever the rules may say about how long you can be in power, it may not be wise to be in power beyond a couple of terms.

- Q91 **Mr Seely:** Arguably, we have not been as good as we should have been in the last 20 years at understanding other countries, and maybe we have thought about projecting our values a little too much and understanding other people too little. Are the Chinese good at understanding other nations, and understanding how best to play their hand and interact with other nations?

Kevin Rudd: My observation is that Chinese diplomats are among the best in the world, and there is a reason for that: they specialise, like the folk who cover our region. We are in a division of the Chinese Foreign Ministry called the department of North American and Oceanian affairs, which covers America, Canada, Australia, New Zealand and the Pacific Islands.

If you look at the careers of most Chinese Foreign Service officers, that is where they are rotated, and there is a reason for it. We share a bunch of common values and political behaviours. You guys—the British—are not in that particular grouping. What I see, whether in Asia, Japan or other parts of the world—particularly in Africa—is the fact that people pursue continuing careers in those geographical areas. As a result, the expertise that is accumulated is formidable. I sit in a number of foreign policy



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deliberative forums in the Middle East. I do not speak a word of Arabic—Chinese is enough—but frankly I find the number of Chinese diplomats with perfect Arabic extraordinarily impressive.

The specialisations of their systems and the think-tanks supporting the formal foreign policy establishment are such that somewhere in Beijing there will probably be a room full of people who know this country, the United Kingdom, backwards—what the gives and takes of the British political system are, what constitutes a normal political debate, what an abnormal debate is, et cetera.

In our respective Foreign Services we get flipped around the world. I used to be a professional diplomat. I was engaged in the Foreign Service as a Chinese speaker and was then sent to Sweden for two years. That is the sort of thing that happens in our western systems. Our Chinese friends therefore end up with a decisive advantage in understanding the nature of the local cultural terrain in prosecuting Chinese interests.

Chair: May I thank you enormously for your insight? That was a fantastically interesting hour of our time, and we are hugely grateful. Thank you also for agreeing to stay on in private for a moment—that is extremely kind of you.