

Australia, America and Asia

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Since the end of World War II, common heritage, history, shared strategic interests and political values have tied Australia to the United States across the Pacific in much the same manner as Britain to the US across the Atlantic. Australia's inherent strategic vulnerabilities in a region perceived as an "arc of instability" and its predominantly European society's traditional fear of being "swamped by Asians" in a region that is home to populous and powerful nations underlie Australia's historic quest for alignment with "a great and powerful friend," first Britain, and then the US. To the US, Australia's importance as the closest ally in the Pacific is evident from Canberra's unquestioning support of Washington not only throughout the Cold War but also all its post-Cold War strategic moves, from the Iraq wars to the missile defense initiative, and the global war on terrorism (GWOT). The US-Australia partnership reached new heights in 2004-05 following the successful conclusion of major economic and military deals that made Australia the only treaty ally in the Asia-Pacific to have a free trade agreement (FTA) with the US that reinforces a 55-year old mutual defense pact.

However, this period of such close cooperation has also revived debate within Australia about the costs and benefits of the US alliance. While the Iraq war sparked this debate, China's rise has intensified it. This article examines the changing nature of Australian-American relations in the aftermath of the Iraq imbroglio and China's rise—two issues that dominated Howard-Bush talks in May 2006. It examines the proposition that China's rise has the potential to divide Australia and America but concludes that Beijing will not succeed in driving a wedge between Washington and Canberra. The subtle differences in Australian and US approaches toward China notwithstanding, shared values and strategic interests ensure broad support for the US alliance.

The Iraq War Sparks Debate

Soon after the 9/11 attacks, Australia's decision to invoke the 1951 ANZUS (Australia, New Zealand and US) Treaty—for the first time in the treaty's history—was tantamount to saying that the attack was also against Australia. This led to the Australian Defence Force (ADF) deployment first in Afghanistan and then in Iraq. The October 2002 Bali bombing (in which 88

Australians died), and the attack on the Australian Embassy in 2004 in Jakarta reinforced Australia's support for US anti-terrorism efforts. For both countries, the GWOT is a battle of ideas, values, beliefs, and above all, a fight between theocratic and secular ideologies. A recent opinion poll revealed that despite their concerns about the Iraq war, Australians overwhelmingly support the US alliance, with 72 percent seeing it as either "very important" or "fairly important."

Despite the congruence of Australia-US interests at the global level, geography and power asymmetry necessarily generate different threat perceptions at the regional level, primarily because Australia is a regional power while the US is a global power with global interests and responsibilities. That reconciling the regional interests of a regional power like Australia with US global interests and strategy remains a major challenge for policymakers at both ends of the Pacific Ocean was further illustrated throughout 2004, which saw the alliance relationship becoming the focus of Australian domestic political debate in an election year, and a major source of discomfort for Washington. Critics charged the Howard government with turning Australia into an American satellite, while neglecting relations with Asia. In particular, the Iraqi quagmire is cited as undermining rather than promoting Australia's security. The Howard government came under sharp attack for sending forces to Iraq in the absence of an unambiguous UN mandate. The 2004 election campaign showed that the alliance could come under stress and strain if a careful mutual calibration of interests and domestic political constraints is not undertaken.

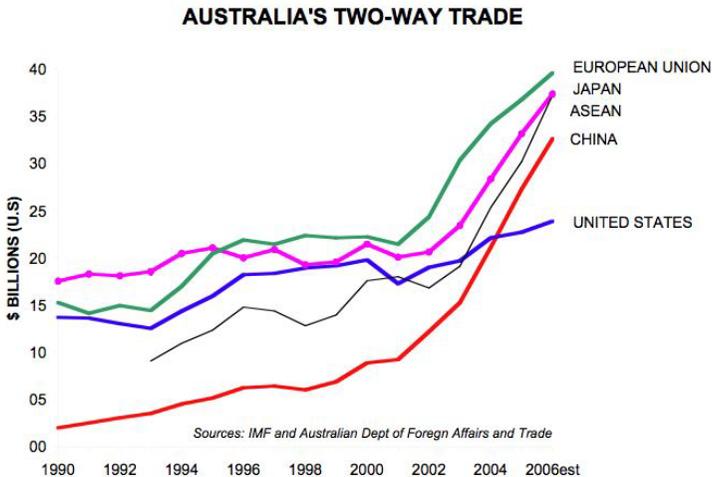
Admittedly, many criticisms of the Bush administration's unilateralism (e.g., the rejection of the Kyoto Protocol and the International Criminal Court) are not limited to Australia alone but have been voiced by others as well. Some criticisms are, however, Australia-specific, as certain US policies (with respect to the Doha trade round and the APEC forum) adversely affect Australian interests. While some may be dismissed as a middle power's misplaced optimism about the utility of multilateralism, others are a reflection of the isolationist "fortress Australia" mentality that seeks to avoid entanglement in other people's wars. Of particular concern, however, is the perceived strategic gulf between Australia and the US over China that is supposedly now casting a dark shadow on the Australia-US alliance, so much so that the current concord over the war on terrorism is said to obscure strategic divergences vis-à-vis China.¹ That Canberra sees China in a somewhat different light from its two closest allies, the US and Japan, became evident at the March 2006 trilateral Australia-US-Japan foreign ministers' summit where Australia was seen as distancing itself from any idea of ganging up on China, claiming it had a "very good and constructive" relationship with

¹ Paul Kelly, "Australia poised between giants," *Australian*, 23 July 2005.

Beijing.² What makes Australians take a somewhat benign view of China's rise?

Dragon's Shadow over the Alliance

The management of Australia's US alliance while strengthening its strategic economic relationship with China is shaping up as the toughest foreign policy task for Canberra in the twenty-first century. Notwithstanding Howard's recent statement that "the strength and the depth" of Australia's US alliance would "in no way affect Australia's...lasting partnership and friendship with China," observers ponder over the significance of the fast-changing dynamics underlying the Australia-US-China triangular relationship.³ China is now as critical to Australia's economic security and prosperity as the US is in terms of Australia's military security. In 2004-05, the combined Australia-China two-way goods trade exceeded the value of Australia-US trade. China is expected soon to overtake the US as Australia's largest trading partner. China's increasing imprint on its region makes it imperative for Australia to seek a mutually beneficial accommodation with the Asian giant.



Confronted with a dramatic expansion of the US military power (hard power) all around China's periphery post-9/11, Beijing responded by unveiling its "soft power" strategy and the notion of "China's peaceful rise."

² Steven R. Weisman, "Rice and Australian Counterpart Differ About China," *New York Times*, 17 March 2006.

³ Hugh White, "A rising China tests Australia's ties," *Age*, 18 March 2006.

Beijing also let it be known that it viewed America's Asian alliances as outdated and "relics of the Cold War era." The US forward military presence constrains not only China's reunification with Taiwan, but also how Beijing manages Japan, Australia, India, the Koreas and ASEAN. As a great power, China seeks freedom of action and does not want any government to take any action contrary to Chinese interests. With Washington preoccupied with Iraq and Afghanistan, Beijing has been busy carving out a large sphere of influence for itself by seeking to subdue Japan and weaken South Korea's US alliance in Northeast Asia, by skilfully using multilateralism and economic integration to establish a pro-Beijing regional order in Southeast Asia, by strengthening Beijing's military alliances with Pakistan, Burma and Bangladesh in South Asia to contain India and gain access to the Indian Ocean and by making significant inroads in the South Pacific under the cover of a China-Taiwan contest for diplomatic recognition.

Despite Howard's rejection of any "inevitable dust-up" between the US and China, Australia has become acutely conscious of the conflicting interests of Asia's rising superpower and the world's reigning superpower. The Howard government places a high premium on relations with China, with which it is currently negotiating an FTA. Though still a close ally of Washington, Australia has in recent years diverged from the US over China in several areas.

While Australia sees China as a constructive power, US officials emphasize the need to prod China to become a "responsible stakeholder" and cooperate with Washington in dealing with trouble spots, ranging from North Korea to Burma to Iran to Sudan. That requires Beijing to abandon its mercantilist foreign policy and resist the temptation to exploit regional crises to China's strategic advantage. While Canberra paints an optimistic picture of China's world role, Washington describes the China relationship as "complicated," with problems looming over China's currency value, soaring trade surplus, Taiwan, proliferation, and double digit growth in military spending for 17 consecutive years. In contrast, China's burgeoning and opaque defence spending evokes no criticism in official Australian statements.

While Australia would rather concentrate on its economic relationship with China, Bush urges Howard to work together with the US to make China accept certain political values as universal. But Canberra, vocal in supporting democracy in the Middle East, remains silent on China. Even in the trade arena, critics maintain that Australia has given the Chinese a pass on intellectual property rights violations and murky monetary policies, declaring them a market economy when manifestly they are not. Besides, Australia's recent decision to supply uranium to China but not India—on the legalistic grounds that China is a signatory to the Nuclear Non-Proliferation Treaty while India is not—disregards Beijing's deplorable nuclear proliferation practices. Australia has also maintained a moratorium on ministerial level visits to Taiwan. In fact, Taiwan is *the* key issue over which cracks seem to be emerging.

Will Taiwan Divide Australia and the United States?

The possibility of a US-China confrontation over Taiwan could confront ANZUS with its greatest challenge. Much as Canberra would prefer a Sino-US “strategic partnership,” the reality is that many Americans view China as a long-term strategic threat and one that Australia will be expected to confront along with the US if future Sino-American crises over Taiwan materialize. The nightmare scenario for Canberra is a military confrontation that would mean choosing sides and lining up with Washington against Beijing.

Beijing has put Canberra on notice that China expects Australia to remain neutral should a conflict break out. Even minimal Australian support will invite maximum Chinese retaliation. For their part, several Bush administration officials have emphasized their expectations for Australia to support an American defence of Taiwan should such a confrontation occur. Debate on Australia’s posture in the event of conflict over Taiwan remains polarized between those who urge caution and are wary of “the American neoconservatives’ view of China,” and those who do not want to abandon the economically prosperous and democratic state to the bullying tactics of Communist China. Others advocate “calculated ambiguity.” Most argue that Australia’s response to any crisis should reflect *how* that crisis emerges, and then decide *whether, to what extent or under what conditions*, it would support the US if China moved against Taiwan.⁴ For example, was a Chinese attack provoked by reckless behaviour on Taiwan’s part, or was it an opportunistic, sudden strike by the Beijing leadership to take advantage of perceived US preoccupation elsewhere?

Some influential Australians contend that the alliance must allow scope for disagreements over some issues and that the US should understand Australia’s non-participation in a future conflict across the Taiwan Straits in the same manner as it did Britain’s non-involvement in the Vietnam War or Canada’s in the Iraq war.⁵ Seeing China as Australia’s next “great and powerful friend,” some want to dump “fading superpower America.” Australia’s rapidly growing pro-China lobby contends that Chinese commercial ties have now become too important for Canberra to risk alienating Beijing over Taiwan, or other issues that may rupture Sino-US relations. For its part, Beijing is dangling the carrot of lucrative business deals (such as the \$25 billion natural gas deal) so as to ensure Australia’s neutrality. Whether Australia will get a free pass on Taiwan would depend on the origins of the conflict and on who controls the White House at that time. Obviously, growing economic dependence on China constrains

4 Geoffrey Barker, “Australia must be clear about Taiwan,” *Australian Financial Review*, 20 March 2000.

5 These are Hugh White, Stuart Harris, Warwick Smith, and ex-prime ministers Paul Keating, Bob Hawke, and Malcolm Fraser. See John Kerin, “Canberra’s catch-22: the US or China,” *Australian*, 8 May 2004.

Australia's policy choices and restricts its freedom of action in disputes involving China.

In August 2004, Foreign Minister Alexander Downer caused a stir when he suggested that the ANZUS treaty would not apply in the event of a US-China conflict over Taiwan. Downer's somewhat disingenuous interpretation of the treaty evoked a sharp rebuke from the US State Department spokesperson who countered that "Articles IV and V of the treaty specifically say that an armed attack on either of the treaty partners in the Pacific would see them act to meet the common danger." With Washington making Canberra's treaty obligations "pretty clear," Downer quickly backtracked, stressing that Australia always maintained a position of not commenting on the position it would take. Downer's contradictory and ambiguous remarks did, however, indicate a shift from Canberra's clear-cut stand taken in 1996, when it supported the dispatch of two US carrier groups to the Taiwan Strait. This shift is attributed to China's rapidly rising economic clout, and Beijing's sweet talk of "strategic economic partnership" with Canberra, which is aimed at turning even a conservative staunchly pro-American Australian government into a doubting ally seeking to distance itself from a key US strategic posture. Domestic discord over the alliance emboldened a senior Chinese diplomat, He Yafei, to publicly demand in March 2005 that the Howard government review its 50-year-old military pact with Washington. China also has the potential to divide Australia and Japan, as Tokyo increasingly appears willing to risk China's wrath over Taiwan and other issues while Canberra seems reluctant to displease Beijing. Tokyo has lately been quite explicit that its long-term security concern is China.

The Australia-US-China Triangle: Divergent Interests or Misconceptions and Myths

Aforementioned developments have created the *perception* that Australia is going soft on China. Many interpret divergent Australian-US perspectives on China as a reflection of different interests.⁶ However, this article contends that these different perspectives are, in fact, premised more upon some highly skewed, fallacious assumptions and beliefs, misconceptions and myths that have lately come to underlie Australia's China policy rather than divergent Australian-US interests.

A major assumption is that economic interdependence would constrain China's ambitions and moderate its behaviour. But the experience of 1914 is a reminder that economic interdependence alone cannot ensure peace. Those who claim that "the behaviour of Chinese policymakers has already

⁶ Paul Dibb, "Don't get too close to Beijing," *Australian*, 2 August 2005; Bruce Jacobs, "Appeasing China's leaders not the way," *Age*, 30 June 2005; and Kelly, "Australia poised between giants."

changed significantly for the better” overlook negative developments, such as anti-Japan riots, Beijing’s divide and dominate tactics in multilateral forums, opposition to UN Security Council reforms, dilatory tactics on the North Korean and Iranian nuclear issues, territorial claims, and China’s support for pariah regimes in North Korea, Iran, Sudan, Burma, and Zimbabwe. Some even make the spurious argument that in the age of economic interdependence, while economic security is indivisible, military security is not. Contending that security issues (such as terrorism, oil supplies, sea lanes safety, proliferation or China’s military expansion) concern only the US and not Australia, some advocate insulating Australia from global security issues in order to have mutually beneficial ties with regional economies, especially China.⁷ No logical explanation is offered for the rise of jihadi terrorism in states as diverse as Canada (where a plot to behead Premier Steve Harper was foiled recently) and Switzerland, despite their opposition to the Iraq war and well-established neutrality.

The rise of a great power—especially one with an authoritarian government nursing historical grievances—has always been destabilizing for the international system. China is no South Korea or Japan. Values matter more than trade. Regimes that do not share power at home or accept institutional constraints on the exercise of power at home are unlikely to respect the rights and interests of others in the international system. The optimistic view that China’s craving for world acceptance of its great power status would make it play by the rules of the game alone cannot be the basis of a prudent China policy. Recent developments belie the myth that geoeconomics trumps geopolitics in the era of globalization. While everyone hopes that China will indeed have a “peaceful rise,” hope alone cannot be the basis of policy. It would be wise to develop options for all contingencies.

Another faulty assumption is that a balance of power or military containment is both alien to Asian historical experience and outdated in an interconnected world.⁸ Proponents of this view have obviously not heard of Sun Zi’s *The Art of War* and Kautilya’s *Arthashastra* [*Statecraft*]. This view also presupposes that a balance of power is time-specific or country-specific. Rather, it is an age-old, natural, biological concept rooted in human nature and the single most important element of statecraft since time immemorial. Beijing has always practised balance-of-power games by forming alliances to serve its interests. If the US efforts to shore up security ties with Japan, Australia, India, Vietnam and Indonesia are vintage Cold War, then so are China’s attempts to establish a worldwide “coalition of autocracies” with Russia, North Korea, Cambodia, Burma, Pakistan, Iran, Saudi Arabia, Sudan, Zimbabwe, Cuba, and Venezuela. While China’s economic boom offers profit

⁷ Mark Beeson, “Australia, Asia and American Hegemony.” Unpublished paper, October 2005.

⁸ Alan Dupont, “We need to tell Condi some blunt truths,” *Australian*, 15 March 2006.

and opportunity, Beijing's strategic ambitions and efforts to lock up Central Asian, African, Latin American, and Russian energy resources and minerals for China's exclusive use generate suspicion, fear and uncertainty. This largely explains why most countries on China's periphery (including Australia) are strengthening their security ties with the US as part of a hedging and balancing strategy even as they become increasingly dependent on the Chinese market for trade and prosperity.

Finally, the argument that Australia needs China on its side in order to have good ties with Asia is a skewed one because it confuses and equates Beijing's growing economic influence with Chinese hegemony.⁹ The reality is that China arouses regional unease because of its history, size, proximity and power. Besides, the memories of the Middle Kingdom syndrome and tributary state system have not completely dimmed. Historically, there has never been a time when China has coexisted on equal terms with another power of similar or lesser stature. Asians worry more about China than about the US or Japan. Being a distant hegemon, the US still remains the balancer of choice for Southeast Asians as well as others on China's periphery—Mongolia, Japan, Taiwan, and India.

That Asians remain wary of Beijing's ambitions to establish a China-led "East Asia co-prosperity sphere" became evident from their invitation to India, Australia, and New Zealand to the inaugural East Asia Summit held in December 2005, despite Beijing's strong opposition.¹⁰ Most Asian countries show no desire to live in a China-dominated Asia. The fear of China's growing military muscle is driving them to court India and Japan even as they seek to preserve and strengthen existing security alliances with the US. Much like Washington, Canberra's interests lie in ensuring that Asia is not dominated by any one major Asian power, and that the overall balance of power remains in favour of liberal democracies, not autocracies. To this end, close strategic ties among Australia, the US, Japan, India and ASEAN would give the Chinese a clear-cut choice between the benefits of conciliation and accommodation on the one hand and the dangers of belligerence and overreach on the other.

Obviously, Australian and US policymakers do not have the luxury of planning for one future; they must plan for alternative futures of China. Neither Australia nor the US can afford a commerce-led geopolitical inertia to determine its China policy. Despite booming economic relationship, differences in political cultures and values explain the lack of strategic congruence. Therefore, hedging seems to be the appropriate strategy at a time when China is in a state of transition, oscillating between confidence and insecurity, assertiveness and accommodation, prosperity and poverty.

⁹ Peter Hartcher, "A menace looms for best of mates," *Sydney Morning Herald*, 22 July 2005.

¹⁰ Mohan Malik, "The East Asia Summit," *Australian Journal of International Affairs*, vol. 60, no. 2 (June 2006), pp. 207-211.

Engagement Brings Entanglements

The nature of Australia-US-China ties is also being influenced by the roles of Japan, India, the two Koreas, and ASEAN. China's growing power coupled with Australia's deepening regional engagement increases the likelihood of Canberra's entanglement in issues that might force it to support other nations in their quarrels with Beijing. Already, Australia is caught in great power rivalry not only between China and the US and China and Japan, but also between China and India.

Since US supremacy is closely linked to its Asian alliances, Washington's priority is to ensure that Australia and South Korea do not leave their independent orbits around the United States. As Secretary Rice indicated at the trilateral summit in March 2006, the Bush administration would like Canberra to co-ordinate its China policy with Washington and Tokyo. Tokyo's all-out support for US policy initiatives post-9/11 has turned Japan into "Australia of Northeast Asia." Japan plans to deepen Tokyo-Canberra ties by concluding a bilateral security agreement that is similar to the pact the Howard government is seeking with Indonesia. Some Australians may wonder if it is in their interests to get involved in regional conflicts but if the past is any guide to the future, involvement in the region has never been a question of choice for Australia, for Australia cannot pretend that it can maintain good relations with China even as Beijing's relations with two of Canberra's closest allies—Japan and the US—turn acrimonious. Nor can Australia afford to entertain or preach the notions of neutrality and abstinence when all its current and future force acquisition decisions will have the effect of tying it closely to the US military. In the event of a conflict, Australia would side with the United States because opting out would be contrary to Australian strategic culture.

In conclusion, none of Australia's Asian relationships is as robust and strong as its American tie nor can they match the scope and depth of the strategic benefits that flow from it. China now looms large in alliance calculations and the pendulum of Sino-Australian relations is likely to swing back and forth between appeasement/accommodation and acrimony. While Australia's economic future pulls it toward China, its strategic interests and political values tilt it toward the US, Japan, and India. The harmonizing of Australia's political values and strategic interests with economic interests will require an astute, sophisticated diplomacy.

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