*PERSPECTIVES*

# Australia, the US and East Asia: Are Close Ties with the Bush Administration Beneficial?

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No ally of the United States could claim to be more enthusiastic, reliable or obliging than Australia. Since World War II, when the US replaced Britain as Australia's principal "great and powerful friend" and guarantor of Australian security, generations of Australian policymakers from both sides of politics have made the cultivation of close ties with America a non-negotiable, sacrosanct part of public policy. Even now, those who question the merits of this relationship inevitably incur accusations of strategic illiteracy at best, mindless anti-Americanism at worst. And yet as Australian troops play an essentially tokenistic part in American-led "coalitions of the willing" in Iraq and Afghanistan—conflicts which have little immediate strategic relevance to Australia—it seems an appropriate moment to assess the benefits and impact of this relationship, both in terms of Australia's own national interest, and from the perspective of the wider international system of which both countries are a part.

In what follows I argue that the purported benefits to Australia have always been debatable and overstated; they are especially so at present. The government of John Howard has given unconditional and enthusiastic support to the Bush administration's foreign policy agenda, encouraging the ill-judged intervention in Iraq and giving momentum to the erosion of a multilateral international order that better suits the long-term interests of a smaller power like Australia. Not only has Australia played a part in undermining the old international system but its close, unequivocal, allegiance to the US may make it difficult to accommodate a new East Asian regional order in which China looks certain to play an increasingly prominent role.

## Of anxious and indispensable nations

Australian foreign policymakers are congenitally anxious.[1] In some ways, perhaps, this is unsurprising. Resource-rich Australia's geographic position adjacent to industrializing Asia may now be seen as a remarkable stroke of

1 Anthony Burke, *In Fear of Security: Australia's Invasion Anxiety* (Sydney: Pluto Press 2001).



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good fortune, but for most of Australia's history it was a source of great angst. Generations of Australian policymakers have fretted about the threat from the north and the possibility of invasion. During World War II what had been a very remote prospect suddenly became a real one as the Japanese swept through Southeast Asia, throwing out the British as they did so. The fall of Singapore was a watershed in Australian foreign policy and signalled an abrupt shift in strategic orientation as Britain was revealed as incapable of underwriting Australian security. The pragmatic turn to the newly ascendant US marked the beginning of an alliance that has become the bilaterally supported centrepiece of Australian security.

While it is unsurprising that Australian policymakers might seek to ally themselves with the most powerful nation on the planet, the cost of this insurance policy has been high. Australia has dutifully taken part in wars in Korea, Vietnam, the Gulf, and the continuing conflicts in Iraq and Afghanistan. The first point to make about all these conflicts is that none of them directly impinges on the security of Australia and Australians. Indeed, if the central concern of the Australian government is the protection of the Australian people then it is clear that the security of the Australian population has actually *decreased* as a direct consequence of its participation in recent conflicts. Certainly the perpetrators of the Bali bombings and the attack on the Australia Embassy were keen to emphasise that they should be seen as payback for Australian participation in the war on terror and support for the Bush administration.[2]

This raises a fundamental question about the value of close ties with the US: one of the key arguments made in favour of the alliance is that without such ties Australia would be deprived of vital intelligence, on the one hand, and would have to spend significantly more on its own defence on the other. Both aspects of this argument look increasingly unpersuasive. It is now painfully clear that the entire justification for the continuing conflict in Iraq was based on intelligence that was either alarmingly poor or systematically manipulated or both. As far as intelligence that might be of more immediate importance to Australian citizens is concerned, the first Bali bombing made it clear that it was either inadequate or not acted upon. Even more troublingly, perhaps, Australia's intelligence services have become increasingly politicized and closely aligned to the policy objectives of the Howard government, rather than sources of objective advice.[3]

The other major advantage that supposedly flows from close strategic ties with the US, we are encouraged to believe, is the reduced cost of defence. Without access to American weapons systems and the presumed security

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2 Commonwealth of Australia, *Transnational Terrorism: The Threat to Australia* (Canberra: Commonwealth of Australia, 2004), ch. 6.

3 A major inquiry into Australia's intelligence services judged them to be seriously inadequate and in need of greater objectivity. See Cameron Stewart, "Extreme makeover urged for ONA," *The Australian*, 23 July 2004, p 4.



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guarantee that flows from the alliance generally, and the ANZUS Treaty in particular, Australia would have to spend far more on defence than it does at present. However, this kind of argument depends on how potential threats to Australia are actually defined. Even the Howard government's own major strategic review in 2000 conceded that a direct military attack on Australia is unlikely.[4] However, if there are no immediate or even imaginable conventional threats from other states, then the rationale for acquiring prohibitively expensive fighter aircraft, submarines and tanks, not to mention regionally destabilizing cruise missiles, becomes a lot less compelling. Likewise, Australia's participation in an unproven missile defence system that is not simply ruinously expensive but widely regarded as irrelevant to the sort of threat Australia actually faces looks similarly unsupportable.

This is not to suggest that Australia does not face dangers or that there are not those that wish to do Australia harm. Plainly, there are — especially as a consequence of Australia's high-profile participation in the war on terror. And yet such threats would seem to emanate primarily from terrorists, pirates, illegal fishers and people smugglers, not from a major power determined to take possession of Australian assets. The logic of the contemporary system suggests the latter possibility is increasingly unthinkable: not only would the US presumably not look upon such a development with equanimity—with or without the ANZUS Treaty, but control of Australian assets can be achieved far more easily through foreign direct investment with significantly lower transaction costs—as China's recent investment in Australian gas resources reminds us.

It is significant that where Australia actually has faced a real threat in its immediate vicinity— during the crisis in East Timor— the Americans refused to get involved despite direct requests from the Howard government, revealing the latter's complete overestimation of its importance to, and leverage with, the US. Nevertheless, in a significant recasting of the rationale for its security policies, the Howard government's latest *Defence Update* informs us that "Australian security interests are not defined by geography alone," and that "by virtue of its effective integration into the global community Australia has security interests far distant from its shores."[5] While it is possible to question whether military intervention is the best way to create—or is reflective of—a "global community," the main point to emphasize here is that we have seen a major shift in rhetoric that is plainly designed to justify Australia's participation in coalitions of the willing "far distant from its shores." Under *these* circumstances there may, indeed, be a rationale for the purchase of new equipment to facilitate the sort of "inter-operability" that is

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4 Commonwealth Australia, *Defence 2000: Our Future Defence Force* (Canberra: Department of Defence, 2005).

5 Commonwealth Australia, *Australia's National Security: A Defence Update* (Canberra: Department of Defence, 2005).



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a pre-requisite of fighting alongside the US wherever and with whomever it may be militarily engaged.

It is not necessary to rehearse the widely noted, diplomatically inept "deputy sheriff" saga to make the general point that the Howard government's closeness to the US and its enthusiastic adoption of the latter's ideas—like the misguided suggestion that Australia reserved the right to take pre-emptive military action in Southeast Asia—have made regional relations more difficult than they need to have been. Howard's reluctance to sign ASEAN's Treaty of Amity and Cooperation is another example of the way the privileging US ties has compromised good regional relations. Under such circumstances it is not unreasonable to ask whether unconditional support of, and allegiance to, the US is the best way to ensure the defence of the nation and its citizens, or the stability of the international system more generally. But before we look at the bigger picture which provides the supposed rationale for such policies, it is important to consider a more parochial but immediate and tangible impact of the alliance on Australia: its negative impact on the economy.

**The price of free trade**

It might be supposed that given Australia's long-standing, unswerving loyalty to the US, the least Australians might expect in return is some reciprocal recognition of their efforts. But for all the claims about the influence Canberra currently has in the United States, we can assume that most Americans are completely unaware that Australians are actually playing a prominent role in the war on terror. Americans—like Australians— are not usually terribly interested in their own foreign policy, let alone anyone else's. More significantly, even in Washington, where Australia's influence might be expected to be most unambiguously realized, the capacity to translate alleged influence into demonstrable benefit is conspicuously absent. Not only did Secretary of State Condoleeza Rice twice cancel visits to Australia because of more important business elsewhere, but for more than a year the US government failed to even appoint an ambassador to Australia. But it is in the area of economic relations that the underlying asymmetries of the relationship are most apparent.

The bilateral "free trade" deal signed with much fanfare between the US and Australia in 2004 was anything but. In reality, the principal attraction of bilateral trade deals is that they are discriminatory and allow for the exclusion of certain economic sectors or industries. Unlike the multilateral trade regime that the US played such a critical role in creating in the period after World War II, bilateral deals are not rules-based and non-discriminatory. Consequently, they offer significant potential advantages to the larger economy. It has long been recognized that a hegemonic temptation exists, in that powerful countries can exploit their economic—and in America's



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case, strategic—leverage to coerce smaller countries into conceding economic advantages. It is to the credit of the US that for much of the post-war period, it has been able to resist this temptation and to underwrite a multilateral trade system that protects the interests of less powerful countries like Australia, which must rely on an inclusive, rules-based system if they are to gain equal access to foreign markets.

Unfortunately for Australia, the Bush administration has chosen to exploit its economic leverage by increasingly pursuing bilateral trade agreements and freeing itself of multilateral obligations. The Bush administration's desire to remove itself from multilateral constraints is one that extends beyond the trade arena to include the International Criminal Court, the Anti-ballistic Missile Treaty and the Kyoto Protocol. But while there are signs that the costs of such unilateral actions are becoming belatedly apparent, what is significant here is that Australia has often been a sympathetic ally in America's repudiation of multilateralism. Revealingly, Australia was the only other country beside the US to opt out of the Kyoto agreement, despite the generous deal it was offered. However, the potential limitations of this sort of policy for a small country like Australia have become painfully apparent as a consequence of the free trade deal.

Australia is one of the few countries in the world that actually runs a trade deficit with the US, and its trade negotiators were consequently especially keen to ensure that Australian farmers gained access to America's heavily protected markets. And yet, despite Australia's significant contribution to the conflict in Iraq, Australia negotiators were unable to achieve a favourable deal, much less an inclusive one. Not only were key industries like sugar simply excluded, but others were given limited or deferred access. Indeed, so unwilling was the US to compromise and risk alienating its own, far more powerful domestic constituencies, that Australian negotiators were reportedly "stunned" by the Americans intransigence and failure to offer even the smallest concession.[6]

Predictably enough, the consensus amongst Australian economists was that the deal would significantly disadvantage Australian economic interests. Even Australia's own trade negotiators advised against signing on. What is more surprising is that Howard chose to override the objective advice of his own officials and conclude the deal despite the very obvious disadvantages to Australia. The reason for this willingness to sacrifice Australia's economic interests is not difficult to discern: after investing so much political capital and direct military assistance in the bilateral relationship, the Howard government had little choice but to sign *any* agreement or risk the perception that the entire relationship was disadvantageous for Australia.[7]

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6 Christine Wallace, "Bush rebuff stunned negotiators," *The Australian,* 25 February 2004, p 6.

7 Ann Capling, *All the Way with the USA: Australia, the US and Free Trade* (Sydney: University of New South Wales Press, 2004), p 75.



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A year has passed since the deal was signed and the subsequent trade figures confirm the worst fears of the pessimists: US exports to Australian have grown by 4 percent, while Australian exports to the US have actually *fallen* by the same amount.[8] It is thus fortunate for Australia that its principal economic relations lie not with America but with Asia. In 2005, 41 percent of Australia's trade was with Northeast Asia, with ASEAN accounting for another 12 percent. The US, by contrast, made up only 8 percent of trade activity, making it a relatively unimportant part of Australia's overall foreign trade, despite the importance attached to it by the Howard government.[9] Indeed, Australia is currently experiencing a resource boom driven primarily by rapidly expanding demand from China. While this has proved a welcome boost to Australia's economic fortunes, it highlights a fundamental tension in Australian foreign policy: how to reconcile potentially competing strategic and economic imperatives, and the very different futures that close relations with America and China might represent.

**Living with Leviathan**

Since World War II all Australian policymakers have made close ties with the US the centrepiece of foreign policy. Given Australia's history, strategic position and the particular dynamics of the Cold War, this was understandable enough, perhaps. But when Australia faces no direct conventional threat, and when its security appears to be *diminished* rather than enhanced by a close allegiance with the US, then a re-assessment of the overall impact of the alliance seems warranted. This is especially the case when American foreign policy under the Bush administration is increasingly associated with the erosion of the rules-based, institutionalized international order that—theoretically, at least—constrained the actions of the powerful and protected the weak.[10] Such an outcome cannot be in the long-term interest of a middle power like Australia with little capacity to influence international economic and political outcomes.

It may not be in America's broadly conceived national interest either. One of the most under-appreciated aspects of America's post-war hegemony has been its role in shaping the overall international order and influencing the actions of other states. In this context the experience of China—the other pivotal actor as far as Australia's long-term strategic and economic policy is concerned—is instructive. China has been increasingly integrated

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8 Michael Costello, "Done like a dinner on free trade deal," *The Australian*, 6 January 2006, p 10.

9 See, Commonwealth of Australia, *Trade 2006* (Canberra: Commonwealth of Australia, 2006), ch. 2.

10 Mark Beeson and Richard Higgott, "Hegemony, institutionalism and US foreign policy: Theory and practice in comparative historical perspective," *Third World Quarterly*, vol.26, no. 7 (2005), pp. 1173-88.



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into a global capitalist economy that is still dominated by the US, and many Chinese policymakers appear to have been socialized into the norms and practices of the international community as a consequence.[11]

As far as Australia is concerned, the ideological divisions and strategic constraints that made cordial relations with China so difficult during the Cold War have given way to a much more pragmatic relationship that seems certain to underpin Australia's foreseeable economic future. Without the wider transformation in the international system that was partly a consequence of an earlier phase of American dominance, neither the recent improvement in relations between Australia and China, nor the remarkable economic development that has made it so vital, might have been possible.

But if Australian policymakers can differentiate between various regimes in Beijing, they might apply the same sort of dispassionate calculation to their relations with Washington. It is not necessary to rehearse debates about the Bush administration's policies in the Middle East—in which Australia has played a prominent and arguably unnecessary part—or its increased predilection for unilateralism, to recognize that US foreign policy can be ill-conceived and possibly not in America's own long-term interests, let alone anyone else's. Consequently, the assumption that there is an inevitable coincidence of values or world views between the Australia and the US is not as compelling as John Howard suggests.[12]

There may be powerful arguments in favour of fortunate nations like Australia fulfilling their duty as good international citizens and confronting threats to international stability, but these might be achieved less problematically under United Nations auspices—something even the US seems to be belatedly recognizing.[13] The alternative may be to leave Australian foreign policy hostage to that of the US, and any abrupt, domestically inspired change of direction that might ensue from the increasingly unpopular conflict in Iraq. Howard's promise not to "cut and run" might look even more implausible if the US decides the electoral damage from Iraq has become too great to bear.

As far as Australia is concerned the nightmare scenario will be having to choose between China and the US in the event of conflict over Taiwan. In many ways it would be a choice between its economic future and its geopolitical past. But it is a choice it may be pressured into making as a consequence of America's desire to incorporate both Japan and Australia into its increasingly confrontational approach to China. It is inconceivable,

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11 Alastair I. Johnston, "Socialization in international institutions: The ASEAN way and international relations theory," in G.J. Ikenberry and M. Mastanduno, eds., *International Relations and the Asia-Pacific*, (New York: Columbia University Press, 2003), pp. 107-62.

12 For a detailed consideration of some of the theoretical implications of this possibility, see Mark Beeson "The declining theoretical and practical utility of 'bandwagoning': American hegemony in the age of terror," *British Journal of Politics and International Relations* (forthcoming).

13 David E Sanger, "Bush's shift: Being patient with foes," *New York Times*, 10 July 2006.



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given Australia's history and the predilections of the Howard government, that Australian policymakers would do anything other than fall into line with the US—as they have in every other major conflict that America has been involved in. But when foreign Minister Alexander Downer suggests that such loyalty cannot be counted on in quite the way it once could, and when as trustworthy, uncritical and reliable an ally as Australia even begins to *think* of taking a more independent line as a consequence of the growing economic importance of China,[14] then it is testimony to how much things have changed at both the regional and the bilateral level. It is also indicative of how counterproductive American policy has been under the current administration. It is rather ironic that Australia's unequivocal, unconditional support for the Bush regime has helped bring this state of affairs about.

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14 Sushil Seth, "Australia is China's new spokesman," *Taipei Times*, 6 October 2005, p 8.



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