

CURRENT HISTORY

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*“Where once Australians felt remote from global power,
they now find themselves closer to it.”*

Australia’s Emerging Global Role

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As a sparsely settled continent on the edge of Asia, dependent on global markets for its prosperity and on distant allies for its security, Australia has faced as the central question of its foreign policy not whether it should engage actively with the world, but how it should do so. The impact of globalization and the shifting global security environment are changing the answers to that question. What once seemed to Australians like distinct alternatives—support from distant allies, developing regional ties, or multilateral engagement—now appear more deeply interconnected.

In foreign policy, Australia was a late developer. Even after the continent’s six colonies joined together to become the Commonwealth of Australia in 1901, external relations remained in Britain’s hands. The first independent Australian diplomat was not sent overseas until 1940. This reluctance to take responsibility for its own external relations stemmed, above all, from a sense of vulnerability. By the turn of the twentieth century the new Australian commonwealth was making an audacious claim to a continent the size of the United States with fewer than 4 million people and an economy heavily dependent on trade with Britain and its empire. It was located far away from its main protector but close to a largely unknown and threatening Asia.

Australians never had that sense of separateness from the Old World that was such an important element in the development of American political thought. They also lacked the confidence of an American-sized economic base. The early European settlers expected that the new land would reveal itself to them as richly and abundantly as North America. But while the country may have stretched from sea to shining sea, at its core lay timeworn

deserts rather than the mighty rivers, vast lakes, and great plains they expected to find. One result of that experience was to give Australian political culture a more cynical and fatalistic edge than that of the United States. Australians may be sentimental, but they are not romantic.

Still, the sense of vulnerability that Australians felt never led them to see isolationism as a sensible strategy for their protection. They have consistently taken the view that their national security is tied up with global security. Almost every town and small village in Australia hosts a memorial listing the names of local citizens killed in distant lands during wars. In the First World War, just over a decade after federation, more than 8 percent of the young country’s population took part. (Asked by a testy Woodrow Wilson at the Versailles conference whom he represented there, the Australian prime minister, Billy Hughes, replied that he spoke for 60,000 Australian war dead—more than the number of Americans killed in the conflict.)

This was powerful evidence that Australians felt that their safety would not be assured by remaining aloof from world events and that the global balance of power mattered to them. This attitude has remained a central element in Australia’s view of the world, as well as a key to its involvement in the two world wars, Korea, Vietnam, and two Gulf wars. It lies behind a long tradition of activism in Australian foreign policy.

THE THREE SOLUTIONS

But just how this involvement should be pursued has been a far more contestable question. As Owen Harries, a longtime observer of Australian foreign policy, has pointed out, three different solutions to the question over time have presented themselves. The first was for Australia to seek the security of a powerful ally, to associate itself closely with one of its “great and powerful friends,” as Australia’s

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longest-serving prime minister, the Liberal Party's Sir Robert Menzies, put it.

The second solution came later, especially after the Second World War broke the will and capacity of European colonialism in Asia and transformed Australia's immediate neighborhood into a region of new and independent nations. This approach put the emphasis not so much on powerful external patrons as on the development of closer relations with nearby countries as a means of preserving security. As expressed by the most recent Labor prime minister, Paul Keating, Australia needed to find its security "in Asia, not from Asia."

The third solution to the search for security was multilateral and internationalist. This reflected the belief that, as a middle-sized power, Australia alone could not shape the world and that the country's interests were best served by encouraging the development of international norms and laws that would help balance Australia's relative weakness. This approach can be characterized as support for what former Foreign Minister Gareth Evans called "good international citizenship."

The first solution—the notion that Australia needs a powerful external patron—gen-

erated a strong sense of identification with the British Empire, and a heavy reliance on the power of the Royal Navy for the country's defense. This belief was fundamentally shaken by the fall of Britain's great naval base in Singapore to Japan in 1942. Contemplating a direct threat of Japanese invasion, the Australian prime minister, the Labor Party's John Curtin, announced that "Without any inhibitions of any kind, I make it quite clear that Australia looks to America, free of any pangs as to our traditional links or kinship with the United Kingdom." Curtin was drawing on older, widely held feelings of affinity with the United States.

One of the elements that has made the US alliance such an enduring feature of Australian foreign policy ever since is the fact that it is not solely identified with one side of Australian politics. Both major parties can claim ownership: Labor through the wartime alliance and the Liberal Party through the subsequent negotiation of a mutual defense agreement, the ANZUS treaty, in 1951.

Political attitudes toward the alliance have waxed and waned, often in response to the policies of individual US administrations, but it has always drawn on a deep reservoir of public support. The alliance

with America offers Australia security guarantees (albeit limited) and access to technology and intelligence that it could not develop on its own. From this experience, Australia has learned the importance of alliance management. It takes the job of being noticed in Washington seriously and for a smallish power has managed over the years to carve out a disproportionately effective role for itself.

IN THE TIGERS' DEN

The attitude of the Australian public toward Asia has been more uncertain. It has swung between a sense of threat and a sense of opportunity. The threat was historically seen in economic as well as security terms: hard-working Asians would undercut the wages of Australian workers, while the region's teeming masses were likely to covet Australia's empty spaces. These fears led to the development of an exclusionary immigration policy—the "white Australia" policy—that lasted in various forms to the early 1970s and left an enduring residue of suspicion toward Australia in parts of Asia.

Just as the experiences of the Second World War changed the attitude toward Australia's principal ally, so its aftermath

changed attitudes toward Asia. One by one the colonial powers in the Dutch East Indies, Malaya, and Indochina departed and Australia was forced to come to terms with a radically different regional environment of independent states. This historic shift coincided with (and helped to drive) the emergence of a genuinely independent Australian diplomacy and the establishment of its own foreign service.

With Asia's economic growth, the natural economic complementarity between Australia's resources of minerals and agriculture and the needs of a rapidly developing region became clearer. Asia was no longer seen as an economic threat but as an economic opportunity. First with Japan from the 1950s, then South Korea, and now China, Australian iron ore, coal, and other resources helped to fuel Asia's growth. Australia also deepened its military involvement with the region, particularly in Vietnam. And with the end of the discriminatory immigration policy in 1972, Australian demographics began to change. More than one-third of new immigrants to Australia now come from Asia.

As the Asian "economic miracle" took off and the cold war ended, engagement with Asia became a more dominant strand in Australian foreign pol-

Alliance with a great power, engagement with Asia, and global rule making all seem like interrelated avenues to security.

icy. Yet, both geographically and culturally, Australia stands offshore from Asia. It is not a natural member of regional institutions. It has to work to assert its place in them and to demonstrate the value to its neighbors of its participation.

The third approach to the search for security—internationalist and idealist, relying on multilateral institution building and changing norms—has been strongest on the left of Australian politics, but variations of it are found throughout the political spectrum. For example, Australian international economic policy has always been powerfully driven by the belief that a strong, multilateral, rules-based international trading system compensates Australia for its relative weakness. Even under its current government, which is philosophically skeptical of multilateralism, Australia remains one of the most active participants in the work of the United Nations and other global institutions.

From these three themes the tapestry of Australian foreign policy has been woven. They have never been mutually exclusive. The random pressure of events in the world, the tides of domestic politics, and the philosophical disposition and diplomatic skills of individual political leaders affect the weight given to particular elements and help determine their operational success. But Australia's interests, however they are perceived by particular governments at particular moments, have consistently directed Australian foreign policy back toward some sort of equilibrium among the three strands.

FINDING ASIA

As its first century of federation was ending, however, Australia faced a new set of challenges that have occasioned new responses. Two pivotal events, each reflecting the transforming importance of globalization, have shaped recent Australian foreign policy: the 1997 Asian financial crisis and the 2001 terrorist attack on the United States. These changed Australia's economic and strategic environment more deeply, and certainly more immediately, than the larger geopolitical transformations 10 years earlier that accompanied the end of the cold war.

In 1997, after a decade of rapid economic growth in Asia, a capital account crisis spread like a virus from Thailand through South Korea to the other so-called Asian tigers, bringing growth to a shuddering halt. Before the crisis ended, Asia experienced one of the sharpest falls in output in the developing world in 30 years. The economies of the five countries most affected—South Korea, Thailand, Indonesia, Malaysia, and the Philippines—shrank by 18

percent and 15 million people were pushed below the poverty line.

At various speeds the Asian economies recovered, but not before the financial crisis had redefined the politics of East Asia. First, it transformed Indonesia, the main subregional power in Southeast Asia, by helping to bring about the fall of the New Order government of President Suharto in 1998 and eventually leading to independence for Indonesia's troubled province of East Timor.

In addition, the crisis saw China emerge in a more dominant economic and political position. Isolated by its closed capital account from the surrounding financial storms, Beijing powered through the period of turmoil. When foreign investment returned to Asia, it went to China. Southeast Asia, in turn, became more closely integrated with, and dependent on, the Chinese economy. The crisis provided the first opportunities for a newly confident China to assert its claim to regional political and economic leadership.

For Australia the implications were significant. Politically and strategically, Indonesia is the most important of all the Southeast Asian states to Australia. With its 230 million people it is the most populous Muslim country in the world, and its archipelago stretches across Australia's northern approaches. It is always a necessary preoccupation of Australian foreign policy. Now, after 30 years of authoritarian but predictable rule, it was a democratic state, facing serious social and economic challenges.

When violence bloodily disrupted a referendum on independence in East Timor organized by Indonesia in 1999, Australia moved quickly and effectively to coordinate and lead a peacekeeping force under UN auspices. The Timor operation strained relations with nationalist elements in Indonesia, which blamed Australia for the "loss" of East Timor, but its success strengthened Australia's reputation as an effective regional power.

The financial crisis also strengthened Australia's economic reputation. Singapore Prime Minister Lee Kuan Yew's widely quoted taunt in the 1980s—that Australia was in danger of becoming the "poor white trash of Asia"—was never true, but it stung at a time when Asian growth rates were substantially outperforming Australia's. But, as with China, the Asian crisis barely dented the performance of the Australian economy. A decade of rigorous economic reform in the 1980s deepened Australia's integration with the world economy by abolishing foreign exchange controls, floating the Australian dollar, and sharply reducing trade and investment

barriers. The Australian economy has been growing now for 14 straight years, faster than all of the other major developed economies, including America's. Australia's economy is richer, and its attractiveness as a partner for Asian countries has increased.

Finally, and perhaps most important, the reshuffling of Asian economies as a result of the financial crisis reinforced the growing importance of China to Australia's future. Fast-growing China is now Australia's second-largest export market and its third-largest source of imports. Resources account for nearly 60 percent of Australia's goods exports to China and they will grow further with the signing of a new long-term supply contract with China for liquefied natural gas. The economic complementarity extends to the services sector: China is now the number one source of foreign students studying in Australia.

LINKING WITH WASHINGTON

The second transforming development in Australian foreign policy in recent years was the terrorist attack on New York and Washington on September 11, 2001. Australian Prime Minister John Howard had arrived in Washington a day earlier for his first meeting with President George W. Bush. He and his advisers recognized immediately how deeply the assault would change American attitudes and actions in the world.

Since his election in 1996, Howard had wanted to strengthen Australia's links with Washington, but he had not found traction with the Clinton administration. His grand strategy was to tie Australia more closely to the United States, which he believed would be the dominant power in the world for the foreseeable future, and which shared Australian values. Now America needed allies that would demonstrate their support and Howard had discovered in Bush a political ally who shared his agenda.

Howard immediately invoked the ANZUS treaty for the first time in its history and Australian troops joined the war in Afghanistan. As it became clearer during 2002 and early 2003 that the US administration wanted to move next to Iraq, Australia quietly but clearly signaled its support. When the invasion came, Australia joined the United Kingdom as the only significant members of the "coalition of the willing" to contribute ground forces. Two thousand Australian military personnel took part. But Howard also made clear to Bush from the beginning that he did not expect large numbers of Australians to stay for the occupation phase.

In his public justification for joining the United States in Iraq, Howard placed particular emphasis

on the "insurance premium" argument. "The Americans have helped us in the past," he said, "and the United States is very important to Australia's long-term security." Although public opinion polling showed that most Australians were opposed to the Iraq War, the case for Australian participation as an exercise in alliance management was clearly persuasive to them. Howard showed none of the intense, moralizing fervor of British Prime Minister Tony Blair or the transforming ambitions of American neoconservatives. Howard is careful, deliberate, and not given to inspirational flights of rhetoric. "Practical" and "realistic" are two of his government's favorite adjectives in foreign policy pronouncements, words that reflect the pragmatism of the Australian public.

Together with the withdrawal of most Australian troops during 2004 and the absence of Australian casualties, this meant that Iraq was hardly an issue in the Australian elections of October 2004, which returned Howard's government to power easily. If anything, Iraq was a negative for the opposition Labor Party, whose leader made a rash promise to bring Australian troops "home by Christmas," leaving him open to charges that he would damage the alliance.

But Howard and his colleagues were also seeking to bring about structural changes in the relationship with the United States. Government decisions in areas such as intelligence cooperation and joint training, planning, and missile defense research were directed specifically at deepening the links between the Australian and US military forces.

Howard was looking for an economic analogue to the defense relationship as well. Toward that end, Australia negotiated a free trade agreement with the United States that came into effect at the beginning of 2005. The long-term impact of the agreement is unclear (apart from agriculture, both economies were already open to each other), but Howard and the supporters of the trade agreement see it as leading to deeper integration between the two economies, especially through investment.

THE GOOD NEIGHBOR

In addition to the impetus it gave to the US relationship, 9-11 helped refocus Australia's foreign policy on problems of state weakness and terrorism in its own region. This lesson was reinforced a year later when terrorists targeting western tourist sites on the Indonesian island of Bali killed 89 Australians in October 2002.

In operational terms the response saw a deepening of police and intelligence cooperation with

other states in the region on counterterrorism. Australia negotiated formal counterterrorism agreements with most regional governments.

More alert to the consequences of ignoring the ailments of failing states, Australia also began to adopt a more activist and interventionist approach to the problems of the small island states of the southwest Pacific. Here, Australia is the regional superpower.

By the beginning of 2003, the Solomon Islands, a former British colony of just over 500,000 people lying about 1,000 miles off the Australian coast, was showing all the attributes of a failed state. Corrupt elements in the police force and criminal gangs operating extortion rackets had brought government operations nearly to a standstill. The country's economy had shrunk by 24 percent since 1998. In April 2003, the Solomons' prime minister, Sir Allan Kemakeza, wrote to Howard asking for help. Howard was keen to act but wanted broad regional cover for any actions. A meeting of the main regional organization, the Pacific Islands Forum, was held in Sydney in June and the Solomon Islands parliament unanimously passed a motion supporting the request for assistance.

The result was the establishment of the Regional Assistance Mission Solomon Islands (RAMSI), a security and aid package designed to address some of the country's long-term economic and governance problems. A force of 155 police officers and 90 public servants was sent to Honiara, the capital, in July 2004 under the protection of 1,500 Australian troops.

RAMSI was received enthusiastically by most Solomon Islanders. No shots were fired. The force conducted a successful firearms amnesty collection program and arrested a number of militants. Law and order were restored and Australian public servants began working in key economic agencies. The number of defense personnel has since been reduced substantially, although the murder of an Australian police officer in December 2004 resulted in the return of some 100 Australian troops.

"OUR HOME IS THIS REGION"

Australia's other troubled South Pacific neighbor, Papua New Guinea, is a greater and longer-term issue. The largest of the South Pacific countries and just a few miles away from Australia's northernmost tip, Papua New Guinea's population of 5.7 million is deeply divided tribally and linguistically. About

800 of the world's 6,500 different languages are spoken there. Eighty-five percent of the population live in rural villages. The result is a state that largely lacks the vital underpinning sense of a nation.

Since gaining independence from Australia in 1975, Papua New Guinea has remained democratic in form, almost chaotically so, but the delivery of government services has continued to decline with rising levels of corruption and civil violence.

This matters to Australia. Proximity means that issues ranging from crime to health can affect Australia directly. Australia's security is also involved: Papua New Guinea borders Indonesia's sensitive Papua province, which has a long history of resistance to Indonesian control.

Past Australian policy toward Papua New Guinea has alternated between periods of active intervention and relative distancing. The question always was which approach would lead to the most effective results. With further problems emerging, the Howard government decided in 2004 that the time had come for a more interventionist strategy. It committed an additional \$620 million over five years to an

enhanced cooperation initiative. As with the Solomon Islands, the effort is distinctive not for the quantum of aid it provides but because it involves putting Australian police officers and public servants (210 and 64 respectively) into key island agencies to work directly with their Papua New Guinea counterparts.

In both the Solomon Islands and Papua New Guinea, the challenges and the risks are considerable, but the actions mark a new assertiveness in efforts by Australia to shape the region around it. The outcomes are still unclear, but the policy that Australia has adopted will require decades, not years, to have an effect.

After Howard won office in 1996 the government went through a period of distancing itself from the Asia policies of its predecessor. The Labor government of Prime Minister Paul Keating had been "obsessed" with Asia, Foreign Minister Alexander Downer said. A number of clumsily handled policy changes and some false rhetorical notes strained relations with regional leaders for a time, including Howard's gratuitous defense of Australia's right of preemptive action against terrorism in regional countries, which recently caused a new bout of irritation in Southeast Asia.

Since his 2004 reelection for a fourth term, however, Howard has refocused Australian policy on

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Asia, and in a highly personalized way. In October 2004 he made a significant gesture in attending the inauguration of the democratically elected Indonesian president, Susilo Bambang Yudhoyono, and then took part, for the first time, in a summit meeting of the Association of Southeast Asian Nations (Asean) and other Asian leaders.

When the tsunami hit the shores of the Indian Ocean on December 26, 2004, Howard's response was immediate and skillful. He announced a massive five-year, \$775 million aid package to Indonesia as part of an Australia-Indonesia Partnership for Reconstruction and Development that he and the Indonesian president will personally oversee. Howard's language has changed too. On his first visit to Jakarta in 1996 his speeches emphasized that "Australia is not Asian." By January 2005 he was saying "Charity begins at home, our home is this region, and we are saying to the people of our nearest neighbor that we are here to help you in your hour of need." The emotional weight of his words had shifted.

BETWEEN AMERICA AND CHINA

But it is two even larger countries that will most challenge Australia's future policy making—the United States and China. Managing the relationship with each is the central task of Australian foreign policy.

Recent developments will make the United States a closer military partner of Australia, and—if the free trade agreement lives up to the hopes of both countries—a more integrated economic partner. As China grows, as the dangers on the Korean peninsula work themselves out, and as Japan begins to move to a more "normal" military posture, the United States will provide an irreplaceable strategic balance in the region.

China will be vital to Australia's future, too. For Australia, China represents economic opportunity, not economic threat. The two governments are discussing the early negotiation of a free trade agreement. And as its regional influence increases, China becomes more important to Australia's participation in new regional institutions. Asia's regional architecture is changing. Neither Asean nor the broader Asia Pacific Economic Cooperation (APEC) forum can adequately cope with the range of new economic and security issues facing East Asia.

A new economic and political organization seems to be emerging around the Asean-plus-three (China, Japan, and South Korea) grouping formed after the Asian financial crisis. In the security area, something may emerge from the format of the six-party talks

on North Korea's nuclear program involving the United States, Russia, China, Japan, and the two Koreas. Australia will be affected by these developments. If it has a seat at those tables, it will be in a much better position to protect its interests in economic integration and regional security.

This political landscape means that one of the most important issues Australia faces is how it can resolve the tensions that might arise between China, a critical trading partner and increasingly the dominant political voice in East Asia, and the United States, Australia's key ally, as China emerges as a great power.

The strategic competition between Beijing and Washington might first come to a head over Taiwan. It is hard to think of a more unpalatable choice for Australian policy makers than to be asked to choose sides in such circumstances. Foreign Minister Downer said in Beijing in late 2004 that Australia would not automatically be involved militarily in any conflict over China. He was making a technical point about the language of the ANZUS treaty, but it is unlikely to have been read that way in Beijing or Taipei. The United States, for its part, would likely expect more than neutral detachment from its Australian ally.

Effective management of this issue will not be found in old approaches. The three historical strands in Australia's search for security were never as separate as they sometimes appeared in political debate. By the beginning of the twenty-first century, they bore fading relevance as strategic options for responding to the circumstances that Australia faces. Globalization in all its dimensions, from economic integration to transnational terrorism, has conflated what formerly looked like policy alternatives. Alliance with a great power, engagement with Asia, and global rule making all seem like interrelated avenues to security.

Also, where once Australians felt remote from global power, they now find themselves closer to it. Australia's markets are nearby. Great and powerful friends are emerging in Asia. Globalization drives the need for international rule making. And since the economic reforms of the 1980s and 1990s opened Australia up to the world and strengthened the Australian economy, the feeling of vulnerability that was such a driver of Australian foreign policy has diminished. The question "How should Australia engage with the world?" remains central for the country. But one answer that seems to be emerging from its experience in dealing with the twenty-first century world is: more confidently. ■