

Lowy Institute Paper 15

howard's decade

AN AUSTRALIAN FOREIGN POLICY REAPPRAISAL

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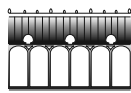
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Introduction

John Howard is an unlikely prime minister to have made a decisive contribution to Australia's foreign policy and national security. Before he assumed office in 1996 Howard's 22 year career in parliament had been conspicuous for its focus on domestic issues and limited attention to the wider world. Yet a decade later Howard's foreign policy was a defining aspect of his prime ministership and the basket of foreign-defence-security policy had assumed a saliency in Australian public debate and elections not witnessed for a generation. Howard believes foreign and security policy is one of the main achievements of his government.

Any current assessment of Howard's foreign policy record begins with the qualification that it is incomplete. This is a more important qualification than normal because Howard's record looks remarkably different according to the point in his prime ministerial timeline when he is assessed. For instance, Howard's record in 2006 looks far more impressive than in 2001 or 2003 after five years or seven years in office. However, there is no denying that definitive judgements on his policy will await the outcomes from the interventions in Afghanistan and Iraq and progress in the long war against Islamist terrorism where he aligned Australia so closely with the policies of President George W Bush. While Iraq's future is uncertain it is difficult to believe that Bush, if given a second chance, would have launched his invasion. So this paper, while it surveys the entire decade, remains an incomplete project.

In my view prime ministerial government is the central organising feature of our governance.¹ One aspect of the system is the prime minister's shaping of foreign and security policy. This trend, in its modern form, has been pronounced since Gough Whitlam who spent his first year as both prime minister and foreign minister. His successors, Malcolm Fraser, Bob Hawke and Paul Keating, each left a defining imprint on foreign policy. Howard, after an initial hesitation, recognised that he had no choice. He learnt it is no longer possible to be a successful Australian prime minister without an effective foreign policy profile. Over the decade, however, Howard became an innovator in his renewal of the US alliance, in his bilateral integration of Australia's ties with America and Asia, in the range of his military and police deployments abroad and in his creation of national security machinery. Indeed, he changed the office of prime minister with his focus on crisis management and a national security profile.

Howard's international policy is shaped by his beliefs and style. There is a multitude of criticism of Howard's policy but little analysis of his motivation and objectives. It is a critical defect. Only by grasping what Howard aspires to achieve can a full assessment can be made of his policy. Has Howard sought to downgrade relations with Asia? Has he made Australia into a regional deputy sheriff of the US? Has he changed radically Australian foreign policy from the Hawke-Keating era? Convictions in each case that he has constitute frequent critiques of his policy yet such critiques are curiously detached from any convincing assessment of what Howard has tried to achieve and his reasons for doing so.

Howard came to power as a foreign policy novice but with deep foreign policy instincts. He was passionate about his beliefs yet unsure of his policy, a dangerous juxtaposition. The Howard conundrum is that he is the common man but an uncommon prime minister. Over time he created a foreign policy, more complex than recognised, yet his 'common man' appeal to Australian values invited simplistic explanations of his policy. While Howard is not a sophisticated thinker he is, in my view, the most complex prime minister of the past 30 years to analyse. He speaks in the vernacular of the common man and too rarely intellectualises

his approach for the opinion-making class. This poses challenges in evaluating his foreign policy. There is no single feature or theme to explain Howard's policy and most efforts to capture him fail precisely because they are too one-dimensional. Howard is an unusual combination of ideologue, pragmatist, populist, traditionalist and reformer. He dresses for the occasion and adopts each stance as required.

Such complex elements mark his approach to international policy. There is, for example, a belief in tradition (witness his fidelity to allies such as the United Kingdom and the United States), a commitment to practical economic gains (witness his attachment to closer economic links with China, Asia and the US), a penchant to project national power including military power to achieve political goals (witness his remarkable expansion of Australian Defence Force deployments during the decade), a sanctioning of foreign policy positions by invoking Australian values (witness his populist rhetoric and cultivation of public opinion to legitimise his actions), a conception of foreign policy anchored in state-to-state relations (witness his preference for bilateral methods and scepticism about multilateral institutions) and, finally, there is his relentless quest for political advantage (witness his use of foreign, defence and security policy for electoral gain at the expense of the Labor Party).

In his initial foreign policy outings Howard was the amateur with attitude. As a non-foreign policy professional Howard dismissed the notion of foreign policy making as an exotic art form. He felt it was about common sense. He shunned intellectual exposition, distrusted utopianism and loathed diplomatic gesture at variance with public sentiment. For Howard, foreign policy was an exercise in practical politics based upon the national interest and Australian values. Over 10 years he never changed from this basic formula.

The key to Howard's foreign policy lies in the depth of the attitudes that he carried into office in 1996. What changed was that his judgement improved with experience. Over time his policy was refined but his attitudes remained remarkably untouched.

Howard knew what he believed — that the bond with America was our special national asset, that Japan was our best friend in Asia and

China was our greatest opportunity, that Australia's success originated in its British heritage, that our national values were beyond compromise and that national identity was beyond political engineering, that Indonesia was a flawed giant that should not monopolise our attention, that Europe cared little for Australia and had entered its afternoon twilight, that Israel must be defended for its values and its history, that nationalism not regionalism was the main driver of global affairs, that globalisation was an golden opportunity for Australia's advancement, that Australia's prestige in the world would be determined by the quality of its economy and society and not by moral edicts from the human rights industry and, finally, that Australia's tradition of overseas military deployment reflected a timeless appreciation of its national interest.²

Such attitudes were an amalgam of his ideology, background, judgement and prejudices united by a pervasive stubbornness. The story of Howard's foreign policy is the story of his attitudes being translated into words, policies and deeds. Often it was not easy. But Howard reconstructed a Liberal Party view of Australia and its role in the world after 13 long years of Labor administration. He came with a new vision as well as a new dogmatism. This Liberal Party view was a synthesis of Australia's foreign policy tradition and Howard's attitudes.

Howard framed his international policy in close partnership with Alexander Downer, his foreign minister for the entire decade and the politician whom he replaced as liberal leader in 1995. The Howard-Downer partnership has been remarkable. Their collaboration is unrivalled for trust, intimacy and longevity between a prime minister and a foreign minister. Downer became Australia's longest serving foreign minister while Howard experimented with five different defence ministers, Ian McLachlan, John Moore, Peter Reith, Robert Hill and Brendan Nelson.

Unknown abroad when he assumed office, Downer was conscious of comparison with his predecessor, Gareth Evans, famous and sometimes infamous for his energy, intelligence and penchant for initiatives. Downer, like Howard, improved with experience. He learnt from his early blunders, drew upon his previous career as a diplomat, developed a grasp of the issues and was usually liked by counterparts. He survived

mishaps caused by his compulsion for self-parody and matured into a formidable foreign minister and a resolute political warrior. Howard and Downer had shared views and contained their differences. Their intimacy was deepened by their war decisions, notably Iraq, where they were the two principal figures. Divided by temperament, Howard and Downer were united as politicians. Downer told colleagues Howard was the most important Liberal leader since the party's inception.

Howard arrived in office with few international contacts, no regional network and a suspicion of the Department of Foreign Affairs and Trade for its affinity with the Hawke and Keating governments. He had little conceptual grasp of foreign policy and little empathy with Asia, such impressions being almost universal among the officials who advised him, including those who later became admirers. Downer was left with the impression that he would have to carry the policy. 'Foreign policy isn't my highest priority', Howard told a senior official. However the inexperience in foreign affairs that marked Howard's early efforts shocked many professionals and ignited a critique of his policies from which Howard took years to recover.³

The government suffered a series of early setbacks. Relations with China plummeted after Downer's public support for President Clinton's March 1996 naval deployment in the Taiwan Strait. The abolition of the Development Import Finance Facility (DIFF), a concessional finance scheme for developing nations, provoked a political furore that weakened Downer. Australia's failure to win election to the United Nations Security Council was a humiliation for the new government beyond its control.

But the most damaging early event was Howard's appeasement of independent MP, Pauline Hanson and her brand of racial chauvinism, cultural xenophobia and economic protectionism. Hanson's eruption was a shock, yet the trauma was accentuated by Howard's initial refusal to see Hansonism as a foreign policy issue. His response was driven by electoral politics and the culture war. This was the decisive event in establishing the view of Howard as a fundamental departure from the foreign policy orthodoxy.

Once created, this interpretation operated as a compelling telescope to explain Howard's policies. His actions, outlook and

failures were 'fitted' into the perception of Howard as dismantler of the orthodoxy. This gained credibility with regular 'shocks' such as his promotion of East Timor's independence, his conspicuous lack of interest in East Asian regionalism, his narrowing of the cultural horizons that encompassed Australia's engagement with Asia. From 2001 onwards he realigned Australia closer to the US, sent troops to Iraq in the most contentious military decision since Vietnam, qualified Australia's multilateral trade policy by espousing preferential bilateral free trade agreements (FTAs)⁴ and used the Tampa to impose a punitive policy on asylum seekers arriving by boat that represented his most dramatic and for many people his most inexcusable break from orthodoxy.

An influential framework for understanding Howard's policy and the reaction it engendered is that of a challenge to the Foreign Policy Establishment. This Establishment has a loose identity among the retired public servants, retired senior military officers, intellectuals, academics, economists and journalists involved in the international policy debate. The notion of an Establishment does not deny the pluralism of Australia's debate but it suggests an orthodoxy emerged during the Howard era in opposition to Howard's policy, an interpretation affirmed by Howard's adviser, Ashton Calvert, a former DFAT (Department of Foreign Affairs and Trade) head.⁵

The Establishment's core beliefs circa 1996 can be summarised in these terms — that engagement with Asia and within its regional institutions was the supreme task for Australian policy and constituted a test of national maturity; that the US alliance was of diminishing importance and should be managed with an independent discretion to assist Australia achieve its regional foreign policy goals; that Australia should enhance its multilateral diplomacy relying on the UN to legitimise military interventions and the World Trade Organisation as the vehicle to deliver global trade liberalisation; and that these policies constituted an enlightened and bipartisan national interest not to be compromised by domestic politics.⁶

These ideas were entrenched in the 24 years between 1972 and 1996 when Labor governed for two thirds of the time. They had served

Australia well and were implemented, most of the time, by effective politicians and capable public servants and ministerial advisers. Such ideas arising from Australia's political, economic and military experience over a generation constituted a received wisdom that had been tested in action. From 1996 onwards Howard challenged each of these orthodoxies on a sustained basis. This is the reason his foreign policy was contentious and divisive.

One consequence was that Howard attracted advisers who disputed various aspects of the orthodoxy with prime examples being his initial foreign policy adviser and later ambassador to the US, Michael Thawley and Ashton Calvert.

Howard's alienation from the Establishment or the received orthodoxy is symbolised best by the tension between the government and three figures, former DFAT Secretary, Dick Woolcott, Australia's most influential trade policy economist, Professor Ross Garnaut and the former Chief of the Australian Defence Force, General Peter Gration. In their respective domains Woolcott, Garnaut and Gration argued that Howard's adventurism was irresponsible. They represented not just themselves but a wider body of opinion that constituted an intellectual case against Howard. It is difficult to identify another time in the past half century when the policy leaders of one generation turned so comprehensively against a successor government.

As the most influential diplomat of his generation Woolcott, an archetypal symbol of the DFAT professionalism, was initially used by Howard and Downer to review their 1996 policy, as an envoy to Malaysia and Indonesia once they were elected and an adviser on their 1997 Foreign Policy White Paper. Yet Woolcott emerged as one of the government's sharpest public critics complaining that it downgraded Asian ties, moved too close to the US with its unwise Iraq commitment, weakened Australia's support for multilateralism and deceived the public too often. In early 2006 Woolcott said: 'Australia today is not the country I represented, with pride for some forty years. This country of such great potential risks becoming a land of fading promise. I travelled extensively in 2005 and I observed how our standing has been undermined in much of the international community and some

important countries in our own region. Our standing is suffering because of a recrudescence of those atavistic currents of racism and intolerance that we have inherited from our past. With our participation in the Iraq War, the Howard Government has also reinforced the image of an Australia moving back to the so-called Anglosphere.⁷

Woolcott's critique was widely and passionately shared by much of the policy-making generation across the Whitlam to Keating period.

The best documented evidence was the 8 August 2004 statement by the group of 43 former government officials attacking Howard's Iraq policy and calling for a more honest and balanced approach. This group included two former Australian Defence Force Chiefs, three former service chiefs, four former DFAT chiefs, a former head of the Department of Prime Minister and Cabinet and a former head of the Defence Department. The group's spokesman, Peter Gration, said 'this is the first time in my memory' that so many Australians who had held 'very senior positions' had spoken out in such a manner. 'I had to speak out' Gration said, complaining that 'we seem to be just following along endorsing everything that comes out of Washington'.⁸

Gration said Iraq broke from Australia's post-Vietnam military culture because it risked deployment in pursuit of unattainable political goals (the Vietnam blunder), that the resort to military force was legitimised by neither self-defence nor UN authorisation (another Vietnam defect) and that it involved the effort to 'subdue or control the population of other nations' (a further Vietnam blunder).⁹ While Iraq was the ultimate symbol of the Establishment's anger, the origins of its disenchantment with Howard came earlier in his Asia policy.

Alarm about Australia's demise in Asia was registered in 2001 at the end of Howard's second term in a statement by three Australian National University (ANU) academics deeply versed in government policy and Asian relations, Garnaut, former DFAT chief, Stuart Harris and Japan specialist, Professor Peter Drysdale. The force of their critique was remarkable. 'Australia's official relations with the Asia-Pacific region are more fragile and less productive than at any time for several decades', they warned. 'This has jeopardised Australia's national security. It also threatens the prosperity that has accompanied

productive economic relations with countries in our neighbourhood over the past decade Our failure in the Indonesian relationship is now well known internationally. It weakens our standing throughout East Asia. There it compounds the doubts created by the "deputy sheriff" episode ... the awful reality in November 2001 is that we are less effective in advancing the interests in Asia of Australia and its allies than for a generation'.¹⁰

As an economist Garnaut was not an initial critic of the Howard Government and felt that corrections were required to the Keating legacy. He also believed Howard's approach to China was highly successful after the opening year mishaps. However Garnaut saw Howard's gradual embrace of preferential trade bilateralism, best represented in the FTA initiative with the US, as a strike against one of Australia's intellectual edifices — its policy and political contribution in underwriting global trade liberalisation. Garnaut was unimpressed by loose talk of getting closer to the US. For Garnaut, Howard's pursuit of bilateral deals undermined Australia's national interest by compromising on the superior global liberalisation model where freer access applied by law to all 140 plus World Trade Organisation (WTO) nations. Even worse, the US FTA was a regional policy blunder. 'It is the wrong moment to compound a drift in regional sentiment against Australia by introducing discrimination against East Asia into our trade relations with the US', Garnaut argued.¹¹

Later in 2003 Garnaut identified precisely the risks in Howard's departure from the orthodoxy. He wrote: 'Two premises that have been widely shared amongst the foreign policy community for thirty years have been violated in recent foreign policy conduct and rationalisation. One is that close and productive relations with major Asian countries are critically important to Australian security and prosperity. Another is that the established ANZUS Treaty has served Australia well and works best for both Australia and the United States over the long haul if Australia exercises independent judgement about its national interest'.¹²

This idea of Howard as a departure from the former Liberal-Labor orthodoxy was accentuated further when his predecessor as Liberal

prime minister, Malcolm Fraser, became a trenchant critic of Howard's foreign policy.¹³ As recently as July 2006 Fraser said Howard acted as though Australia was 'irrevocably tied to support of American policy worldwide' and that if such subservience was the only relationship Australia could devise then he would prefer 'to forego the alleged benefits of ANZUS'.¹⁴

This highlights two of the important questions of the Howard era. Did Howard seek to change the fundamental basis of Australia's foreign and security policy? And, regardless of the first answer, did Howard preside over such a change anyway?

For much of the Establishment at various times, the answer seemed to be 'yes'. The answer, however, is complicated by a phenomenon of the Howard decade — the dynamic global and regional events that called forth new Australian responses. The focus of Howard–Downer foreign policy moved, in succession, from East Asia's financial crisis, to East Timor's independence, to the US alliance post 9/11 and the Iraq war, to the China boom, to a new form of Australian regional leadership, to renewed ties with Indonesia and an effort to harmonise at a more intense level Australia's ties with both China and America. Each shift of focus prompted a further reassessment.

These shifts offer the vital insight into Howard — that he is best understood as a response agent. His policy unfolded as a series of responses that saw his instincts applied to rapidly changing events. The world altered fundamentally on Howard's watch presenting him with challenges and opportunities not available to many of his predecessors. He was lucky because many of these changes were advantageous to him. The foreign policy novice finished as a veteran because, like one of his favourite US presidents, Harry Truman, he had no choice. No recent prime minister has learnt so much in office about international policy. The combination of Howard's growth and the changing agenda is basic to the wildly fluctuating assessments of his performance. The point is that his performance over a decade did fluctuate greatly.

Consider the major changes on Howard's watch — the Asian financial crisis and Australia's immunity decisively altered regional

economic perceptions in favour of Australia; the China boom enabled Howard to exploit the huge economic complementarity between the two nations to invest Australia with a new priority in China's thinking; the demise of President Soeharto led to a democratic Indonesia and the opportunity to promote the independence of East Timor; the election of George W Bush and the September 11 attack on America enabled Howard to realise his goal of a closer strategic nexus with the United States; the Iraq War showed both the risks Howard ran as hostage to a US war strategy and his caution in seeking to limit such risks; the eruption of the failed state syndrome in the neighbourhood saw Howard reinterpret Australia's responsibilities as a regional leader; and the demise of Malaysia's leader, Dr Mahathir Mohammad and the emergence of a new Indonesian leader, Susilo Bambang Yudhoyono saw Howard and Downer take Australia into the new East Asian Summit. In foreign policy Howard was at his best responding to events. He was an adroit opportunist.

With a decade's perspective a fuller judgement is that Howard and Downer have made significant changes to the balance, priorities and style of Australian policy but they have not changed its fundamental strategic basis. This is because Australia's policy has strong bipartisan foundations, namely, that Australia is a regional power with genuinely global interests and that its historic quest is to reconcile its US alliance with its Asian engagements. Howard believed in these foundations and sought to reinterpret them for his own time. Howard operated as an agent of adaptation on the traditional template.

There are three symbols that highlight the strategic continuity represented by the Howard Government. The most important was Howard's sustained diplomacy to integrate Australia's bilateral ties with both the US and China. This is probably the main long-run challenge for Australian policy and his success, assessed in 2006, was conspicuous. One of the defining moments of the Howard era came in October 2003 when, over successive days, President Bush and China's President, Hu Jintao addressed the Australian Parliament. For Howard, the message was Australia's ability to harmonise these two relationships in the national interest. This is a challenge without precedent for Australia

because China, our future main trading partner, is unaligned with the US and is often seen as America's main 21st century state rival.

Second, the Howard Government effectively ended the debate about Australia's exclusion from East Asian institutions by winning a seat at the inaugural East Asian Summit (EAS) in Kuala Lumpur in 2005. This issue of Asian regionalism won an inflated status during the Howard era as alleged evidence of Australia's rejection by Asia. If Keating began the debate then Howard finished it — by supporting existing institutions such as the Asia-Pacific Economic Co-operation (APEC) forum and winning entry into the new EAS. To the end Howard played down the import of Australia's EAS membership while Downer merely said the negotiation (that he spearheaded) was one of Australia's historic successes. The utility of the new forum remains in question.¹⁵ The bigger point, however, is that in a changing region a number of nations, notably Japan, Singapore, Indonesia and Vietnam wanted Australia's involvement and the retirement of Dr Mahathir along with his notorious veto of Australia, had transformed the climate.

Third, while Howard's embrace of Asian engagement was slow he was driven by irresistible national interest imperatives that saw him, eventually, lay claim to his own brand of engagement. Howard had to discover Asian diplomacy for himself. Limited by a lack of affinity with Asia, Howard still sought to build personal relationships and to identify shared national interests. His first success was with China's President Jiang Zemin that created the upward trajectory of China-Australia ties. Another was with Japan's enigmatic Prime Minister Junichiro Koizumi, which saw a deepening of Australia-Japan ties in their era. The most advertised was Howard's personal link with Indonesia's President Yudhoyono forged in the wake of the Bali attack and enhanced after Yudhoyono's election victory and visit to Australia. Another such example was Howard's emphasis on India given its economic emergence.

The upshot was that by 2005 Australia's ties with China, Japan, Indonesia and India, while not immune from difficulty, had been advanced along the national interest path demanded by Establishment orthodoxy. Howard had put his own stamp on the Asian engagement

project. By 2005 it was hard to depict him as a fundamental departure from Australia's engagement orthodoxy.

In short, the recent foreign policy outcomes suggest that Howard is best understood as an agent of rebalance and adaptation.

This is also how Howard sees himself. With the invaluable benefit of longevity Howard over 2004-6 delivered a series of speeches that offered a mature appreciation of his policy.¹⁶ He argued that he had obtained the right 'balanced alignment' on the fundamentals. Howard did not present himself as a break from tradition or orthodoxy but rather as a leader who adapted the tradition and orthodoxy to the new events and challenges that he confronted.

In these speeches Howard made clear his acceptance of Australia's strategic foundations. He said that 'Australia's most immediate interests and responsibilities will always be in our region' but that 'we have global interests that require strong relationships with all centres of global power.' At the same time he saw no conflict between China as 'a large and growing partner for Australia' and the US relationship that was closer than ever.¹⁷ Indeed, he was relentlessly optimistic about US-China ties rejecting talk about 'some inevitable dustup'.¹⁸

The key to grasping Howard's role, therefore, is to see him as an agent of synthesis. The idea of synthesis lies at the heart of his efforts. The first synthesis he sought was between the Australian orthodoxy and a changing world — he had to incorporate into Australian policy the vast challenges that occurred on his watch including the Asian financial crisis, the escalating rise of China, the national security imperative post-9/11 and the impact of globalisation. It would be idle to pretend such challenges did not demand significant policy readjustment and rebalancing.

The second synthesis Howard sought was between the national interest and Australian values and character. In this sense Howard was both a foreign policy realist and a foreign policy values practitioner. He was attacked on two grounds — that he gave insufficient weight to principle and morality (the classic critique of realism) and that he pandered to community prejudices (an uncomplimentary way of saying he ran on values and character).

In Howard's approach, domestically and internationally, he constantly aspired to affirm Australian values. It was one of his deepest political insights and cardinal cultural differences with Labor. Howard did not criticise Australian values. He presented his policies only as affirmations of Australian values. This was part of his tactical genius (since some of his policies such as industrial relations did aim to alter those values).

For Howard and Downer, the synthesis between realism and values was a permanent theme. It was reflected in the 1997 Foreign Policy White Paper called 'In the National Interest' that Howard read and changed as a prelude to cabinet approval. This located Australian values within the Western liberal tradition and argued there was no conflict between Australia's history and its geography. In 2003 the second White Paper called 'Advancing the National Interest' said on its opening page the task of foreign policy was to promote the national interest 'in accord with the values of the Australian people'.¹⁹ But the most dramatic illustration of this synthesis was Howard's response to the 9/11 attack when he fused interests and values in his declaration of support for the United States.

This synthesis, however, had a deeper originating source. Howard, more than any Australian leader since R G Menzies, saw foreign policy as an extension of domestic politics. The distinctive hallmark in his foreign policy was its nexus to domestic politics. This reflected his pragmatism, traditionalism and populism. Howard, even more than Bob Hawke, saw the people as the legitimising authority of his prime ministership.²⁰ In Howard's hands the notion of popular will became an instrument of both domestic and foreign policy. He said 'foreign policy cannot be conducted over the heads of the people' and he was prone to a populist rhetoric (witness his response to Hanson and his statements on regional pre-emption) that threatened sensible policy responses. Howard acknowledged the classic argument advanced by figures such as Alexis De Tocqueville and George Kennan that pandering to popular opinion threatened sound foreign policy, but he disagreed with them. Howard insisted instead that the elected leader's responsibility was to 'promote the values of the people' and he spent more time discussing foreign policy with the people than any other leader.²¹

The third synthesis he sought was between nationalism and internationalism. Howard was the most nationalistic and the most internationalist Liberal prime minister in Australia's history. This sounds a fantastic claim but it is true. Indeed, this synthesis lies at the heart of his governance and policies. Convinced that class was collapsing as the defining fault line in Australian society, Howard created a new position for the Liberal Party based upon mainstream values, economic aspiration and a resurgent nationalism first reflected in his 1996 election slogan 'For all of us'. One of Howard's insights was to discern a rising nationalism in Australia and to convert this into electoral capital. He sought to make Australia's institutions and society more distinctly Australian and was sceptical about the norms of so-called 'global citizenship'. He often applied a blunt nationalism to dealings with Asia and opposed efforts to limit Australia's sovereignty by resort to United Nations instruments, human rights conventions and international law.

At the same time Howard, like Keating, knew that Australia's future depended upon its ability to succeed in the globalised age. He believed in economic liberalism and free markets, though his policy did not match his words. However his framework was manifest — the quest for freer trade, macro-economic policies to achieve high growth, a competitive tax system, industrial relations deregulation, competition policy and deeper integration into global markets. The Government's 1997 White Paper boldly declared: 'The two most profound influences on Australian foreign and trade policy over the next fifteen years will be globalisation and the continuing rise of East Asia'.²² This was an assessment Howard personally stamped in his second year of office.

Howard felt that Australia had only one viable national strategy — to succeed in the global marketplace. But with his ear for community resentments he heard the backlash provoked by pro-globalisation policies. Howard's response was to devise a synthesis — to seek greater international engagement from his platform as an Australian nationalist. For Howard, this was the key to 'our people doing well and doing good in the age of globalisation'.²³

It was Howard's fourth attempted synthesis that is the most contentious — his adaptation of the US alliance to the post-9/11 world.

Judgements on this pivotal aspect of Howard's prime ministership will depend heavily upon the success of US strategy in the long war against Islamist terrorism and the omens in 2006 are not promising.

For Howard, the 11 September 2001 attack on the US was an epoch changing event, a judgement from which he never wavered. Over the next 48 hours he made some of the most important statements in the history of ANZUS pledging that Australia would fight alongside America in its military retaliation that Howard knew would be global in scope. In so doing he invested ANZUS with a broader application beyond the Pacific region than that conceded by any previous leader in its 50 year history. It was Howard's personal decision, revealing his faith in the alliance as an instrument of Australia's national interest.

This Howard-Bush concord saw ANZUS invoked for the first time as a result of an attack on America, not Australia. It saw the alliance engaged against an entirely new enemy, never envisaged by the Treaty's originators, Islamist terrorism. In the process Howard accepted the radical, almost revolutionary implications of the Bush doctrine, and participated in the US-led 'coalition of the willing' to overthrow the government of Iraq thereby endorsing a new doctrine of preventative action outside of UN authorisation. These constituted the most significant changes to the alliance since the end of the Cold War, historic in scope, uncertain in their strategic utility, divisive within Australia.

As a practitioner, Howard shunned analytical theory and dismissed conceptualisations suggesting that Australia had to make choices between its past and future, between its history and its geography, between Asia and America or between global and regional strategies. As a politician, Howard liked to make choices but never liked to close off his options. He played both sides of the fence — he presented the choices as proof of his convictions and the options as proof of his flexibility. This is how he conducted his foreign policy, a point his critics invariably missed.

Consider the record. Howard is our greatest champion of the US alliance, yet he has brought Australia into a deeper relationship with China than any previous prime minister. A sceptic about Asian regionalism, he brought Australia into the East Asian Summit. He made

the most expeditionary military commitments for 40 years (Iraq and Afghanistan) outside the region, yet pioneered the most interventionist military policies within Australia's immediate region for a generation. Having slammed the door shut to the Tampa refugees and boat people in a stance assumed to champion the monoculture, he presided over a sustained immigration intake that saw the greatest inflow of Asian migrants in our history. He was dubious about the utility of the United Nations and multilateral instruments, yet he engineered in East Timor Australia's most successful peace-keeping venture under UN authorisation in that organisation's history. Ridiculed by Keating in 1996 as an aspiring PM whom Asian leaders would boycott and long criticised for downgrading Australia's relations with Indonesia, Howard after a decade in office, had made 12 visits to Indonesia and was proud to call President Yudhoyono his 'good friend' in an association that outshone the Soeharto link about which Keating had been so proud.

It is almost as though Howard, over time and in response to changing events, specialised in disproving both his own predilections and the standard critiques of his policy. This is called pragmatism. It reveals a complexity rarely appreciated whose origins lay not in foreign policy wisdom but in professional political judgements. As Howard's domestic political success grew, so did his foreign policy judgement. This statement stands with a sharp proviso — the ultimate resolution of his realignment towards the US post 9/11.

The content and style of Howard's foreign policy is best analysed under six themes — his concept of state power, his faith in cultural traditionalism, his view of Australia as an economic power, his projection of military power, his intimacy with America and his growing ownership of Asian engagement.

Howard's concept of state power

In philosophical and practical terms Howard saw foreign policy as the management of state-to-state relations. This reflected his Burkean conservatism, his nationalism and his scepticism about supra-national organisations. Faith in state power permeated every aspect of his policy. He followed the Menzian cynicism towards the social democratic internationalism of the United Nations.

Howard had long distrusted both the EU and ASEAN as regional organisations. For him they risked diluting national authority for lowest common denominator results. He disliked the EU's cumbersome machinery and its agricultural protectionism. He believed Asia's regional machinery was weak and given too much deference in Australia. Of course, as a pragmatist he operated within the Asia-Pacific Economic Cooperation (APEC) and saw its value as a regional body. Yet Howard loathed what he regarded as Australian hand wringing over its exclusion from the ASEAN plus three group. He vetoed Downer's negotiation with the EU for a trade treaty because of Europe's policy of inserting a human rights obligation upon Australia.

For Howard, the key to a better world lay not in the UN but in competent, responsible and non-corrupt national governments. He believed global problems stemmed more from national weakness than national power. He was suspicious of international innovations that compromised national sovereignty from the Kyoto Protocol to

the International Criminal Court. While allowing Downer to pilot Australia's entry into the latter, he remained uncompromising on the former.²⁴ Howard's scepticism meant he showed little interest in the Labor tradition of Australian multilateral diplomacy as a middle power championed by figures such as Gough Whitlam and Gareth Evans.

In trade policy Howard added a sharp bilateralism to our multilateral and APEC strategies. The 1997 White Paper referred to these three options and said: 'Each has a contribution to make. None offers the only way ahead and all three will be needed if Australia is to improve its trade performance.'²⁵ This reflected the global trend in trade policy, the new government's keenness to innovate on trade and its determination to alter priorities. Howard was more sceptical than the Hawke-Keating orthodoxy about getting liberalisation within the WTO and APEC.

As usual, however, Howard awaited his moment. The triggers that launched Australia's new bilateralism were, first, the spectacular failure of the WTO talks at Seattle in 1999 that transformed the worldwide atmospherics and drove political leaders towards bilateralism and, second, the election of President George W Bush. The trend of US policy was set before Bush — with the earlier Clinton-inspired three way NAFTA agreement spanning America, Canada and Mexico. This was not just a trade deal; it was a strategic instrument designed for political reasons, namely, to improve US-Mexican relations and address the border problems. It heralded the arrival of Bush who saw trade deals in political/strategic terms.

In short, Howard's bilateral bias was reflected in the global trend and Australia followed that trend as well as contributed to it. Howard's bilateralism was motivated by several forces — trade liberalisation, strategic objectives and domestic politics. The bilateral FTAs pioneered by the Howard Government in Asia, starting with Singapore and extending to include negotiations with China, were a strategic device to demonstrate the government's Asian engagement credentials. In strict trade terms, they were a third best response.

For Howard, state power usually had a democratic legitimacy absent in most international organisations. He grasped that globalisation was not eroding the nation state but empowering national governments

with fresh responsibilities and opportunities. Unlike Keating, his mind was not drawn to regional architecture. The idea of Howard proposing APEC as a regional initiative would have been inconceivable because his mind was geared to bilateral action not multilateral talk. His emphasis on state-to-state relations reflected Howard's cast of mind and desired operating mode. There are many examples — with the US, he wanted to build an economic structure onto the security structure; with Japan, he sought to graft a security relationship onto the economic partnership; and with China, he wanted a broader relationship beyond economics and trade. With most South East Asian nations Howard and Downer deepened bilateral ties by formal agreements.

As usual Howard's bilateralism picked the trend — he governed in an era that saw multilateral institutions lose credibility. His critics were correct in saying this hurt Australia's interest but Howard, unlike his critics, was not driven by international idealism. Outside the Doha trade round, he saw little purpose in fighting for a multilateralism whose benefits, he believed, were too marginal.

Engagement with Asia as a cultural traditionalist

The paradox of Howard's attitude towards Asia was that he upheld Keating's stance of engagement yet he broke decisively with Keating over the meaning of engagement. On Asia, Howard was an agent of the status quo yet a messenger of change, a stance that confused others and sometimes revealed a confused government. The best way to grasp this conundrum is to realise that Howard approached Asia as an Australian cultural traditionalist.

Cultural traditionalism was integral to Howard's political character and personal essence. For 10 years it was a defining feature of his domestic and foreign policies. Howard did not describe himself by this term, yet it is the best expression of Howard's outlooks that saw him champion the constitutional monarchy, reject ethnocentric views of multiculturalism, repudiate the 'black armband' view of Australian history, oppose an apology for past injustices upon the indigenous peoples, extol the virtues of the traditional family model, promote a nationalism from the foundations of ANZAC, mateship and the common man and champion the 'Australia way of life' and the institutions that had made Australia, in Howard's view, into the most successful nation on earth.

The Labor tradition assumed that culture and strategy were related. Labor's thrust into Asia was tied to the belief that Australia must free itself from the psychological constraints imposed by our great and powerful friends, Britain and America. Kim Beazley argued that Labor

believed these constraints 'were not imposed by those powers' but 'had been self-imposed psychologically'. That is, Australia had to save itself from its cultural inferiority and the strategic mindset this imposed. In his explanation of what Hawke and Keating were doing, Beazley said: 'It was their belief that a new nationalism was possible: it would take pride in Australia's capacity to be an effective middle power'.²⁶ Howard rejected this Hawke–Keating–Beazley position because he had a different conception of nationalism and culture. For Howard, there was no conflict between Australia's Western cultural tradition derived from Britain and America and its conduct of an independent nationalist policy in Asia.

Meanwhile at home Howard understood that his Australian cultural tradition was under assault from the left-progressives originating in the Whitlam era. For Howard, this was a serious struggle over the values that would define Australia. The reason Howard was detested by the opinion-making class from the time he launched his 1988 manifesto 'Future Directions' with its homage to 'A Plain Thinking Man' was because, more than any other figure in politics, he offered an alternative cultural position. This battle intensified in the 1990s when Keating, as a sophisticated strategist, sought to energise the Labor Party and the nation with a vision of cultural renewal based upon the 'republic, reconciliation, engagement' with Asia as a national mission and the benefits of a multicultural society. This was a decisive national moment. It meant there was a subtext to Howard's 1996 victory — he came to repudiate Keating's cultural vision.

At the same time Downer had devised a foreign policy whose most important plank was engagement with Asia. Downer in his first major speech as foreign minister said: 'I want to give an unequivocal message to the region: closer engagement with Asia is the Australian Government's highest foreign policy priority.' There was no qualification. Downer meant exactly what he said. Indeed, he tried to claim partial ownership of the engagement idea for the Liberal Party through its 1950s foreign minister, Richard Casey, a champion of Asian ties. Downer argued there was a 'national consensus on the importance of Australia's engagement with Asia' and 'a strong recognition that no side of Australian politics

"owns" the Asia vision'. It was a preparation for running a status quo foreign policy towards Asia. For Downer, this made sense because he wanted a smooth transition of power devoid of troubles in the region.²⁷

This was Howard's own message. As prime minister, his first visit was to Indonesia and Japan. The first foreign leader he met (at home) was Malaysia's Dr Mahathir Mohammad, the purpose being to show that Howard could engage with the Asian leader that Keating had alienated. On Howard's first day in office, within hours of his swearing-in, he announced at Downer's initiative that Woolcott would be their envoy to Kuala Lumpur to set up the meeting. Howard and Downer wanted to upstage Keating, given his election claim that Asian leaders would not deal with Howard. Downer told DFAT to maintain its campaign to win entry into the Asia–Europe summit process. Even more than Howard, Downer was driven by the compulsion to upstage Keating on Asian engagement.

Howard genuflected to Australian diplomatic continuity — he signalled that relations with Japan and Indonesia were priorities, he visited China before he visited America. The leader whom he met most in the first part of his prime ministership was President Jiang. The first foreign leader he met abroad was President Soeharto and in Jakarta Howard was explicit — he endorsed the Keating–Soeharto Security Agreement and said he was building upon the work of his predecessors.

However the tensions between cultural traditionalism and Asian engagement plagued Howard from the start. At the Jakarta banquet Howard propounded his cultural traditionalism in a speech that was inept and confusing. 'We do not claim to be Asian,' he said (as though Indonesians were ever confused about this). Howard said: 'I do not believe that Australia faces a choice between our history and our geography – between our links with Europeans and North America societies on the one hand and those with the nations of Asia on the other'. It was Howard's first enunciation on Asian soil of the doctrine that would define his leadership. Yet it was really a message to Australians, not Asians. Howard told Suharto that in the bilateral relationship neither country would be asked 'to deny its history,

principles or culture' as though this had been a worry for Indonesians when dealing with Canberra.²⁸

Howard left Jakarta having implanted his seeds of equivocation — he was for Keating's engagement but rejected Keating's understanding of engagement. It was less about foreign policy and more about Australian values. No wonder Asia would be left confused.

This Keating–Howard cultural battle ran through domestic and foreign policy during the 1990s. In foreign policy it was a contest not over the mechanics as much as the way Australia approached Asia.

Keating had been careful and measured in his case for engagement. 'We do not, and cannot, aim to be "Asian" or European or anything else but Australians,' he said.²⁹ For Keating, however, the heart of engagement was a changing Australia and national identity. His idea was that 'we can and should aim to be a country which is deeply integrated into the region around us'. For Keating and Evans, this integration would be achieved by Australia better equipping itself with Asian language skills, having a national culture that 'is shaped by, and helps to shape, the cultures around us', becoming a more valued part of Asian's business landscape, developing a model multicultural society and becoming a republic.³⁰ For Keating, engagement was not just about foreign policy; it was about Australia's outlook and identity. This was an ambitious and sensible construct.

The trouble for Keating arose when he projected this vision as a political weapon against the Liberal Party. This scaled comic yet deadly levels in early 1992 when he sought to de-legitimise the Liberals as a 'cultural museum' beholden to Britain, apologetic about Australia's own culture and tied to the past.³¹

At this point the iron entered Howard's soul. He set himself against the Keating construct and, upon becoming PM, he was dedicated to this task. Howard believed the weakness in Keating's position was the tension between his cultural progressive supporters and mainstream public opinion. The extent of this division was highly debatable but Howard accentuated the gulf because he enshrined this assumption at the heart of his prime ministership. The media badly misread Howard. He was not a Menzian throwback but, rather, a radical populist attacking Labor's cultural

orthodoxy — the first such leader in the history of the Liberal Party.

For Howard, engagement was about foreign policy, not about identity. He argued that Australia would fail in Asia if it tried to adjust its identity. This stance was basic to Howard's domestic strategy — winning the Howard battlers and splitting Labor's base vote. Cultural traditionalism, therefore, was a vehicle that linked foreign policy to domestic politics. It helped to make Howard's foreign policy popular but it created problems for regional sensibilities.

From the day of his election Howard, even when his policy was the same as Keating's, would insist it was different. He was running a foreign policy and fighting a culture war. Howard scoffed at the Evans formulation of cultural 'convergence' between Australia and Asia and the idea of Australia as an 'East Asian hemisphere nation'. For Howard, Australia and Asia were cultural opposites; this was just common sense. He didn't want Australia changing to be like Asia. His purpose at home and in the region was to highlight the cultural differences and the limits they imposed and, as a result, to construct a realistic relationship based upon these differences.

Above all, Howard saw the dangers of Australia suggesting to Asians that engagement depended upon Australia changing itself and meeting a series of tests such as becoming a republic. Since Australia was unlikely to become a republic for many years this was a technique to cripple ourselves. For Howard, it was a trap that devalued Australia's current and past achievements and handed Asia an excuse to exclude Australia from regional engagements. When Dr Mahathir said that Australia had to become Asianised to be accepted in the region, Howard's reply was that Australia's identity was non-negotiable, thank you.

However Howard found this synthesis of engagement with Asia and championing cultural traditionalism difficult to manage. It introduced old and familiar tensions into Australian foreign policy that plagued his prime ministership.

They first emerged over the Hanson issue with Pauline Hanson's demands that immigration be halted 'in the short-term' and that multiculturalism be abolished. Hanson warned that 'we are in danger of being swamped by Asians' in a rejection of Australia's status as a

liberal, non-racist, immigration nation.³² Her campaign to reintroduce race into Australian politics was a challenge to morality and the national interest with serious foreign policy consequences

Howard understood the sentiments guiding Hanson's false prescriptions and said some of her remarks 'were an accurate reflection of what people feel'.³³ Having framed the debate in domestic not foreign policy terms, Howard was reluctant to accept it was hurting Australia in the region. His mistake was to allow himself to be defined by an amateur like Hanson. The consequence was that the ferocious assault on Howard by Labor and media was translated direct to the region where it was taken up by Asian politicians and the Asian media often with the inevitable yet absurd allusions about a return to White Australia.

The Hanson debate provoked tensions within the government with Downer and Trade Minister, Tim Fischer, breaking from Howard by making statements repudiating Hanson. These ministers, dealing with Asian leaders on a regular basis, understood the risks for Australia. DFAT was alarmed and felt that Australia's reputation was being damaged. While Howard did launch a critique of Hanson in his May 1997 Asia Society speech, he never retreated from his belief that it was best to avoid confrontation with her. Indeed, in this speech Howard sought to salvage his position of engagement as a cultural traditionalist.

After declaring that engagement was 'a vital part in my government's overall strategy' where success would depend upon 'our knowledge of the region' Howard said of Australia that 'we do not come as a supplicant' to Asia. He argued that Australia's record 'for tolerance and acceptance is regarded as an example to the world' and its people 'resent the suggestion that Australia has to change its identity in order to play an effective role in the region'.³⁴

The Hanson saga exposed the limitations of Howard's position. It translated into a stubbornness that rekindled Asian memories of an old-fashioned racist Australia. Howard seemed reluctant to accept that the contemporary relationship with Asia did rest upon a repudiation of Australia's racist past. Having convinced himself that Keating was a 'supplicant' in the region, Howard created the opposite problem for himself by suggesting Australia would not accommodate itself to Asia.

This was expressed in Howard's claim that he ran an 'Asia first' policy in contrast to Keating's 'Asia only' stance, a distortion for political effect. Overall, Howard seemed inept in using 'soft power' as a diplomatic device to promote Australia's image in the region.

Throughout the decade there were periodic problems with Asia triggered by Howard's cultural traditionalism and refusal to genuflect before regional sensitivities — he insisted that Australia, if necessary, would take pre-emptive military action in the region to combat a terrorist threat; he failed to kill the US 'deputy sheriff' idea when first put to him; he was reluctant to offer Australian concessions to win membership of regional institutions; he depicted the East Timor intervention as an end to Australian appeasement of Indonesia; and he refused until the penultimate moment to sign ASEAN's Treaty of Amity and Cooperation having previously dismissed it with scorn. Howard, so adroit in deploying symbols when dealing with Britain and America, was often unable to see the power of symbols in dealing with Asia.

Defending his East Timor policy Howard ridiculed Labor's preoccupations, saying: 'We have stopped worrying about whether we are Asian, in Asia, enmeshed with Asia or part of a mythical East-Asian hemisphere. We have got on with the job of being ourselves in the region. In turn, the region has recognised that we are an asset'.³⁵

This provides the key to understanding his Asian policy — Howard wanted the region to accept Australia largely on his terms. His calculation was that Australia's hard power assets — economic, trade, political, military and educational — constituted a realistic basis for national interest cooperation. He believed the dramas that arose from his cultural traditionalism, such as the furore over his handling of Hanson or his comments on pre-emption would fade away. He calculated that the 'hard power' ties had not been hurt and he believed the subsequent course of events vindicated his judgement. Howard concluded that such troubles were mainly limited to South East Asia and he felt South East Asian sensitivities had been given too much airtime in Australian policy anyway.

Within DFAT there was a school of thought best represented by Ashton Calvert, a Japanese expert, that the political primacy accorded

South East Asian sentiment had been too excessive for too long. This was a critique of the Woolcott school. Indeed, Calvert believed that the promotion of South East Asian ties had almost assumed the status of a moral cause for Australia and that it had become unhealthy. He said publicly that the orthodoxy had misallocated priorities between South East and North East Asia and he felt that the Howard Government was rectifying this mistake.³⁶ The reality was that Japan and China seemed largely unaffected by the furore that arose from Howard's cultural traditionalism.

Over time bilateral and regional ties improved within South East Asia. As relations were 'normalised' Howard concluded his judgement was correct — that national interest, not cultural perspectives, would govern regional ties. He saw East Asia's 2005 invitation to Australia to join its new summit as further evidence of this reality. In a sense the decisive event was Howard's political strength at home. As Asian leaders saw him win election after election they realised his policy had the endorsement of the Australian people.

In summary, Howard sought to maintain Asian engagement yet to alter its political chemistry. He knew and accepted that engagement was basic to the national interest. His experiment of cultural traditionalism carried distinct risks for Australian policy but they diminished over time. However, it had a tangible negative — it contributed to the decline of Asian studies in Australia. The Howard Government abandoned previous commitments to Asian studies in a counter-productive stance that prompted the ANU's Professor Tony Milner to lament that while the nation still faced a 'great historic challenge' with Asia there had been 'a narrowing of cultural horizons on the part of the Australian community.'³⁷

Howard and economic power — The Asian crisis legacy

Fundamental to Howard's outlook is that Australia's international role depends upon economic success at home. This mentality was sharpened by the post-1983 economic reform era in Australia and was a driver of Hawke–Keating foreign policy. It was re-energised by the Asian financial crisis.

Like a whirlwind, the Asian crisis destroyed regional confidence, undermined the so-called Asian economic miracle, transformed the region in favour of China and terminated the Soeharto era in Indonesia. For Howard, it was a challenge and his first major foreign policy opportunity.

The crisis shattered entrenched stereotypes to Australia's advantage. As the Howard Government responded to the crisis, it gained for the first time, a sense of ownership of the engagement with Asia strategy. It was no longer merely following the Hawke–Keating path but pioneered new policies provoked by the crisis. The crisis was a psychological gift to Australia that stayed strong while most of Asia faltered. It was a shock to many Australian politicians, businessmen and opinion makers who accepted the orthodoxy that Australia's economic fate was a function of East Asia's.

The crisis checked this orthodoxy with consequences that were both liberating yet deceiving. Economic fortunes suddenly conspired to offer a lethal affirmation of Howard's cultural traditionalism. During the crisis Howard said Australia's economy made it 'the strong man of

Asia', an unfortunate concession to hubris yet an insight into Australia's psychological transformation.

This impact can hardly be exaggerated. The Asian crisis, coming in the early years of the Howard Government, left an imprint on Howard, Peter Costello and Downer destined to last as long as they held office. Costello and Downer, years later, revealed the patronising attitudes displayed to them in 1996 and 1997 by Asian politicians. Australia, to a considerable extent, was seen within South East Asia as a rich nation in decline, the most famous revelation of this sentiment being Singapore's Lee Kuan Yew's earlier taunt of Australia as 'the poor white trash of Asia'.³⁸ Visiting Australia in 1994 Lee seemed lost in a time capsule, lamenting Australia's 'deep-seated problems of work ethic, productivity, enterprise, bloody-minded unions protecting unproductive work practices, feather-bedding and inflexibility in wages'.³⁹ Yet his remarks were friendly compared with the Asian chauvinism of Malaysia's Dr Mahathir who saw Australia as a flawed nation unable to adjust to its geography.

Recalling his first trip to the region as treasurer to attend the APEC Finance Ministers meeting in March 1996, Costello said: 'We were given a polite welcome but we were not respected. Australia was tolerated much as a fading uncle is tolerated at Christmas dinner: there out of politeness and past association rather than present or future expectation.'⁴⁰ Downer was just as scathing, describing the attitude of Asian ministers when he first met them as 'patronising' to Australia.⁴¹

The economic contractions in East Asia were some of the most severe since the Great Depression. In 1998 Indonesia's GDP shrank by 13%, Thailand's by 11% and South Korea's by 7%.⁴² In the worst affected country, Indonesia, it took seven years for *per capita* income to return to its mid-1997 level.

Australia's survival was a function of economic innovation and political tradition. The Reserve Bank let the dollar depreciate rather than defend it by higher interest rates — the precise Asian response that led to calamity. A crude but true simplification is that the float saved Australia. Its success, ultimately, testified to the superiority of its governance compared with the Asia model, its rule of law, market economy and accountability mechanisms. It would have been hard to

devise a better proof of Howard's belief in Australia's political tradition, its economic reforms and its British based institutions.

The Asian financial crisis that began in mid-1997 occurred in nations that had economic performances ranging from sound to brilliant. This was, in essence, a crisis of governance. Its lesson was that global capital flows had outpaced the institutions of the Asian state. Capital flows to emerging markets rose from about \$US 9 billion annually during the 1980s to more than \$US 240 billion just before the crisis, the modern version of fool's gold. The governance crisis had a dual source — the financial systems had grossly inadequate supervision and the political systems faltered when called upon to confront their nation's economic plight.⁴³

The Asian crisis was a private debt crisis. It began in Thailand in July 1997 when the Thai economy was trapped with too many short-term loans by lenders calculating they could extract speculative profits from the share and property markets before the bubble burst. Thai monetary authorities faced their own trap — an over-valued fixed exchange rate pegged to the US dollar that was unsustainable and prone to the 'Electronic Herd'. The problem was that 'once the currency doubts started, short-term lenders knew that if they could get their money out fast enough they would minimise currency losses and loan losses'.⁴⁴

These dynamics saw the International Monetary Fund (IMF) negotiate bail-out packages for three nations, Thailand, South Korea and Indonesia though the regional impact was far wider. The IMF specified conditions that manifestly infringed national sovereignty to regenerate national income and repay loans. Such conditions mirrored its faith in fiscal austerity, deregulation of markets and the influence of the US Treasury.

Australia's response was driven by two forces — the political recognition that Australia had to assist its neighbours and the economic conviction of the Reserve Bank that the IMF's prescription for Indonesia was a major blunder. This led Downer and Costello to the same conclusion — that Australia had to be supportive and interventionist.

As a result of the initiative taken in August 1997 by Reserve Bank Governor, Ian Macfarlane and his deputy, Stephen Grenville, Australia's

contribution to Thailand's bail-out was doubled to US\$1 billion. Costello and Downer took this decision agreeing that Australia had to participate and that its contribution must be substantial. Costello was the key figure in this decision. This set the Australian benchmark and US\$1 billion was offered in the next two packages as Australia became a formal creditor to the region.

While the South Korean crisis posed the gravest threat to the global economy the worst affected nation was Indonesia. At this point Howard, hardly favourably disposed towards Soeharto, embraced the Australian diplomatic tradition and became a champion of Indonesia's cause. In one of its obscure yet fascinating stances the Howard cabinet, with Howard, Costello and Downer as enthusiasts, challenged the IMF and the Clinton Administration.

The collapse of Indonesia's currency and economy was one of the worst of the twentieth century. The World Bank later said: 'No country in recent history, let alone one the size of Indonesia, has ever suffered such a dramatic reversal of fortune'.⁴⁵ Indonesia's problem was corruption, collusion and nepotism, starting with the Soeharto family. But Soeharto was no kleptocrat like Zaire's Mobutu Sese Seko or President Marcos of The Philippines, a distinction verified by the progress of his nation. The Indonesian tragedy had no heroes — just the IMF and the decaying Soeharto Government in a dialogue of the deaf. After the failure of the first IMF agreement of October 1997, the crunch came with the second agreement of 15 January 1998, one of the most contentious in IMF history. The agreement followed President Clinton's call to Soeharto from Air Force One on 8 January urging him to sign, a message Howard conveyed in his own call to the Indonesian leader. The January agreement occasioned a twentieth century public relations disaster, a photograph of Soeharto signing the document while IMF chief, Michel Camdessus, a lapsed French socialist, stood behind him, arms folded, dictatorial yet disapproving. It flashed around the world, a symbol of Asia's subjugation before the West.

The IMF package transcended exchange rate stabilisation and constituted a socio-economic redesign of Indonesia according to the values of Western liberalism. It struck at subsidies, cartels and monopolies,

such as Tommy Soeharto's car project in a virility display for financial markets. It was shock therapy that the IMF wrongly believed would check the rupiah's fall. The package lacked political and financial credibility. Soeharto signed without conviction; people familiar with Indonesia realised it was a sham that would never be implemented. The essence of the problem, excessive private debt, was ignored with no plan to suspend or reschedule payments, precisely the arrangement the US had insisted upon for South Korea the previous year.⁴⁶

For Australia at this point financial and strategic concerns overlapped perfectly. The cabinet at a February 1998 meeting accepted Macfarlane's frontal intellectual assault upon the IMF, namely, that the problem was short-term speculative capital about which the Fund remained in denial. At the same time the government was alarmed that the crisis and the IMF's agenda threatened not just Soeharto's regime but Indonesia's political stability. Australia's political objective of Indonesian stabilisation also conflicted with the views of the US Treasury. While the Clinton Administration never subscribed to regime change as policy, some senior officials saw Soeharto's demise as a bonus.⁴⁷

The Howard cabinet authorised a campaign to represent Indonesia in Washington, a city where it was the largest most friendless nation on earth. The brief was carried by Downer who in April 1998 saw Camdessus, World Bank chief, Jim Wolfensohn and had one of the celebrated meetings of his career with US deputy Treasury secretary, Larry Summers. Downer warned that if the IMF persisted it might bring down the Indonesian political structure, an idea that seemed to appeal to Summers. They agreed to disagree after a bracing exchange.

The IMF-US nexus was beyond penetration and events far outpaced the speed of Western politicians. Soeharto was forced to resign in May after anti-government riots escalated. The capital flight demanded a governance solution that fell outside the range of Soeharto's political experience or his static conception of the Indonesian state. Australia's influence was somewhere between nonexistent and marginal. Ironically, Howard and Downer developed an effective relationship with new President, B J Habibie.

The Indonesian saga is significant for the political threshold it represented. The Howard Government challenged US assessments on economic and, to an extent, strategic grounds. It put Indonesian interests before Washington's orthodoxies (though it knew much of Washington's foreign policy apparatus agreed with its own strategic view). Howard acted in political fidelity to Indonesian relations and to Australia's national interest.

In the end, the economic legacy was more important. Costello recalled the 1999 APEC Finance Ministers meeting: 'Australia had won a great deal of respect. The region knew that Australia was a success story. Now we had people talking of the "Australian model". Many ministers who I had met at previous meetings were unable to attend — some were in jail, some were under house arrest, many had been dismissed. But Australia has shown itself stable, reliable and strong'.⁴⁸ Downer believed the crisis was a watershed for Australia in the region — that it terminated the era of Australia knocking on the region's political doors.

Such remarks contain an element of self-serving exaggeration. They were, however, held with both intellectual conviction and passion. The point is that the Asian crisis had a profound impact on a young government that had struggled through a difficult first term. The crisis left Howard, Costello and Downer, the three most important ministers, with a sense of empowerment in relation to economic and foreign policy and a conviction that under their stewardship Australia was on the right path, contrary to the chorus of critics at home and abroad who had assailed their first term.

Howard used the Asian crisis to claim vindication. He told the Parliament: 'When this Government came into office, some commentators said that Asia would not accept us. The comment was revealing in its assumption that Australia had to be invited into a regional framework. It was a view of Australia that underestimated the strengths of Australia's institutions, our economy, our capacity and our will to achieve national goals'. Howard was correct to say these strengths had been under-estimated. But his implication that Australia would define its own role in Asia was misleading since this had to be a joint endeavour.

The Asian crisis, however, had a deeper impact. As Howard, Costello and Downer saw the damage at close quarters their national strategy for Australia in the globalised age was affirmed. Following logically from the Keating period, this strategy is that Australia as a free standing nation that will never enjoy the security of an economic union (such as the EU nations) must succeed by running an open, competitive market economy to maximise GDP in a framework of social stability. This is buttressed by an international approach, globally and regionally, to build a series of economic, political and security partnerships creating networks of inter-dependence as the best means of ensuring Australia's control over its own destiny.

In its regional impact, the Asian crisis delivered Australia some of its most enduring benefits since World War Two. The crisis encouraged ASEAN to strike a deal with North East Asia that produced, initially the ASEAN plus three group but, eventually, the East Asian Summit in which Australia became a member. It eroded ASEAN's exclusion mindset towards Australia so that, after an initial retreat into introspection tinged with anti-Australian sentiment, it agreed to negotiations with Australia and New Zealand over a regional free trade zone. It triggered the removal of Soeharto, an event that worked to Australia's gain because it facilitated Indonesia's transition to a democratic constitution. It encouraged the rise of China since China was both quarantined from the crisis (without capital account liberalisation) and had pursued a constructive regional diplomacy — the upshot being that Howard was well positioned given his strong ties with Beijing. Finally, the crisis for a short but decisive period, brought to a zenith the idea of America as the 'hyper-power' since Asia's fall was matched by the ongoing IT boom, vast American prosperity and an emphasis on America's accumulation of military, technological and financial power that convinced the Howard Government its original instinct to move closer to the US was being affirmed by history.

The East Asian crisis brought Australia and Asia closer together in collaborative measures, yet its more subtle impact was to distance Australia and the region in cultural terms. South East Asia and Indonesia, in particular, were the losers in soft power appeal and business traction. Australia's leaders and its public were reminded of how different

their society was from that of South East Asia. The political crisis in Indonesia, the performance of Dr Mahathir, the emphasis on cronyism and the spectre of rising deprivation qualified the previous story of Asia's success. Australia's vision of Asia, moulded by Howard from the crisis, was less romantic, more guarded and tinged with an assertion about its own values, a distance from the Keating outlook.

Howard and the projection of military power

After a decade Howard's record is defined by the number and variety of his overseas military commitments. His willingness to project national power and military force is the most intense since the 1960s. It is a sharp departure from the 'era of peace' over the previous generation. Howard's policies challenged the prevailing 'peace' culture of the armed forces, the strategic community and the Australian public. Howard did not say Australia was at 'war' yet he institutionalised a new premium on national security and force projection that is likely to prevail for a long time.

This was a surprising development, totally unexpected in 1996 when he took office. It was triggered by events that saw Howard defined, once again, as a response agent. His response, however, was not a surprise but, rather, an expression of his character and faith in Australia's military tradition. Howard had supported defence from the start, exempting its budget from the 1996 spending cuts, an immunity not extended to health or education.

The transition has been intense. One senior official said: 'When Howard came to power the Defence Department regarded the deployment of 100 personnel to Bougainville as a major operation yet a decade later Australia had nearly 4000 personnel abroad in about 10 operational missions'.⁴⁹ The tempo and strategic outlook of the ADF had been transformed. The Chief of the Army, Lieutenant General

Peter Leahy said: 'Over my thirty four years in the Army we have never enjoyed such a high degree of respect and support from the Government. Nor have we been accorded such a relatively high priority within the overall scheme of Commonwealth resources as we are today.'⁵⁰

During Howard's first term the novice PM was twice prepared to authorise significant military deployments. The first was in 1997 in Papua New Guinea during the Sandline crisis in defence of civilian rule.⁵¹ The second was in 1998 when Cabinet's National Security Committee authorised the commitment of 150 special forces to back President Clinton's subsequently abandoned strike against Saddam Hussein. In this case and in support of a President he hardly knew, Howard's tangible view of the alliance was evident. He went far beyond the Hawke cabinet's 1991 Gulf War commitment that had excluded ground forces. Howard's global perspective was obvious. This decision was elemental — it was at this point that Howard, in effect, told the Defence Department the old order was finished and that Australia would be far more robust in projecting military power.

However the critical chapter in Howard's evolution as a prime minister prepared to project force was the 1999 East Timor saga that saw an Australian led United Nations intervention. This was the origin of Howard's reinvention of himself as a national security leader. It was a threshold event for Howard — he had to negotiate with world leaders, manage a regional crisis and establish a close relationship with the ADF.

The combined impact of Howard's 1998 re-election and the successful negotiation of the East Timor crisis took Howard's prime ministership onto a different plateau. Before East Timor Howard hardly launched a foreign policy initiative; after East Timor he felt seasoned in negotiation and confident in judgement. The rest of his prime ministership must be interpreted in the light of East Timor including his response to 9/11.

The East Timor saga was a story of confusion, unpredictability and changing objectives. The Howard Government, on balance, succeeded in both diplomatic and military domains, though this remains a contested assessment. The point is that Howard and Downer at an early stage in 1999 embraced an independent East Timor as their strategic objective and it was achieved. Critics will argue this objective was misplaced

— but keeping East Timor part of Indonesia would have guaranteed its own tale of unresolved woes with even greater risks for Australia–Indonesia relations.

This was Australia's most serious foreign policy crisis since the 1960s. For Howard, however, it contained a series of golden opportunities — it saw him break decisively from Labor's former regional policy; it represented a synthesis between national interest and Australian values; after a false start, it became a classic in US alliance collaboration; and finally, because Australia's intervention was under the UN umbrella, this smothered any serious political critique. Such remarks, however, conceal the degree of political and military risk at each stage.

Throughout this story Howard and Downer struggled to reconcile two potentially competing objectives — to promote a new nation of East Timor and to preserve a relationship with Indonesia that meant, in the extreme, avoiding war with Jakarta. Their ability to strike this reconciliation, while less than optimal, was impressive.

In a strategic sense East Timor heralded a change in Australia's view of its region. The East Timor deployment was the event that convinced Australia the recurring instability in its immediate neighbourhood constituted a serious military problem that would have to be addressed in terms of planning and restructuring of the ADF. It was also the origin of the regional leadership vision that Howard and Downer would embrace, formally, in the subsequent Solomon Islands crisis.

The irony of the East Timor story is that Soeharto's demise, long feared for its dire consequences, was good news for Australia. His successor, BJ Habibie was an eccentric technocrat with an international perspective. It was Habibie's decision to offer free elections and review East Timor's status that forced Australia's policy re-assessment. The sequence is critical — it was Howard who followed Habibie.

In domestic terms Howard also followed Labor since its shadow foreign minister, Laurie Brereton, had pioneered a policy reversal with Labor supporting a self-determination process.

Howard's December 1998 letter to Habibie was a compromise to 'buy' time for Jakarta yet require a self-determination ballot down the track. This position was devised within DFAT under Ashton Calvert's

guidance at Downer's request. It was both evolutionary and radical. The pivotal point was Howard's support for a ballot, an historic change in Australian policy that raised the spectre of independence despite the smoothing noises. Habibie grasped its real import and, for once, Australia under-estimated its influence on Jakarta. With an audacity that defied his status as a transition president and in response to a range of forces, Habibie leapt towards a final resolution by deciding to offer East Timor autonomy or independence. Indonesia's cabinet decision of early 1999 shocked its own nation, Australia and the world. Habibie, sensing the fluidity of the moment in Indonesian politics and the shaken certitudes from the financial crisis, called the bluff of the old establishment. There was spite in his stance — if East Timor refused to be reconciled it would be severed like a rotten branch.

By early February 1999 Downer was betting on independence. In a subtle yet decisive manoeuvre Howard and Downer stayed formally pledged to autonomy yet privately assumed independence was the likely outcome. Downer worked hard to achieve it. As a ballot became more certain they were sure its outcome would be for separation. It is a mistake, therefore, to think Howard was forced to accept an Indonesian policy that he did not want. Howard and Downer decided to torch the Keating orthodoxy and make history. By implicitly backing independence they were finally bringing East Timor policy into line with Australian values (a big factor for Howard) and also liberating Australia-Indonesia relations from the intractable difficulty caused by its incorporation (a big factor for Downer).⁵² Such views were not universally shared in Canberra, notably in the Defence Department.

In the domestic and international debate that raged about pre-referendum security the Howard Government initially misjudged the prospects for violence. The Defence Department knew Indonesia could not be trusted to keep the peace yet Downer knew that Indonesia's political system would not tolerate foreign peace-keepers. Howard tested this issue when he convened a meeting at Bali with Habibie in April 1999 and was rejected when he raised the issue of peace-keepers. Habibie told Howard he would not survive as President if he made such an agreement. The same month Habibie told a delegation of Australian newspaper

editors that, if foreign troops were imposed, he would quit East Timor without any political settlement and leave it to civil war.⁵³

The Clinton Administration never sought or believed foreign peacekeepers were a viable option.⁵⁴ While Howard won limited concessions from Habibie at Bali for more police numbers, efforts by Australia to shame or persuade Jakarta to curb the pro-Indonesian militias failed. From its intelligence the Howard Government knew that the Indonesian military (TNI) was encouraging the violence. In this climate the moral case for proceeding with the ballot lay in the insistence of the East Timorese leaders that this was their preference. The issue was whether to proceed with the ballot or use the absence of foreign peace-keepers as the rationale for its abandonment.

After a vote with 78.5% support for independence the cheering in Dili surrendered to gunfire and then an assault on the East Timorese, UN staff and local infrastructure. This included an ominous mass relocation of people. These events triggered a hurried round of head of government diplomacy. In response to UN chief, Kofi Annan's request Howard said that Australia would be prepared to contribute to a multinational force on the condition that it assumed the leadership. Australia was ready to deploy given an earlier initiative from Defence, driven by ADF Chief, Admiral Chris Barrie and deputy secretary, Hugh White, that had seen cabinet lift the alert status of the Darwin brigade. The fact that the Howard Government was on alert, militarily and diplomatically, was the necessary condition for Australia's swift intervention and such a successful UN operation.

From the vote Howard took control of the crisis management, domestic and international. He was quick to define the conditions required for Australia's intervention — a Security Council mandate, the prior consent of the Indonesian Government, a mission of short-term stabilisation, Australian leadership and a substantial regional component in the UN force. Given the horrific images from East Timor, public opinion in Australia was inflamed and demanding action. Howard's judgement was superior at this point to most of the media clamour. He grasped the essential point — intervention had to be sanctioned, not opposed by Jakarta. It was the line between peace-keeping and war.

There was an initial hiccup with Clinton. When Howard asked Clinton for a commitment of US ground forces he was told that 'we can't offer troops'. Howard was caught out, disappointed and irritated. In fact, he had misjudged the military relationship and the Defence Department, far closer to the Pentagon, had no expectations of US combat forces. But Howard and Downer vented their concerns provoking a celebrated Downer-Albright phone exchange. Fortunately the APEC meeting was being held in Auckland and Clinton and Howard quickly moved onto the same wavelength.

Clinton imposed enough political pressure to break Habibie's will and win his acceptance of the UN Security Council resolution and intervention. The US pledged logistical support. It altered its satellites to assist coverage of any Indonesian action. When US Defense Secretary, William Cohen went to Jakarta he warned Habibie that Indonesia must not contest the Australia-led UN force and that, if required, it would be reinforced by US marines in the Pacific. It was a threat. Australia went to East Timor operating under a firm US guarantee. There should be no doubt about this — the alliance underwrote the entire East Timor operation.⁵⁵

The 5,500 strong Australian force under Major-General Peter Cosgrove entered a region where there were upwards of 30,000 Indonesian and pro-Indonesian forces in East and West Timor. The UN force, in any conflict, was far outnumbered. Australia's main concern was that pro-Indonesian militias in East Timor would follow their own rules. The bigger question, however, was whether elements of TNI would contest the intervention. Based on his briefings, Howard felt that casualties would eventuate. 'My thought was that the sort of casualties we would encounter would be, potentially, in the scores', Cosgrove said.⁵⁶

This was Australia's most substantial and most dangerous ADF deployment since Vietnam. It was the first time an Australian had commanded such an international force. Within his common touch, communication skills and concern for his men, Cosgrove was Howard's perfect commander; he sought both to intimidate the pro-Indonesian troops yet extend an olive branch of cooperation to the TNI commanders. Cosgrove said the close links built over years between Australian and Indonesian militaries proved to be critical.⁵⁷

Howard achieved his aims of separating East Timor and avoiding war with Indonesia, a far-reaching result. This opened a new chapter for him as a military and security prime minister. Australia's military role in East Timor enhanced its prestige around the world as a model for UN action. But East Timor revealed, for the first time, the link in Howard's persona between military deployment and populist politics. At home the Left watched agog as Howard, its political demon, secured the 'liberation' of East Timor, a leftist dream for a generation. The orchestration of the troop farewells, the welcome home and Cosgrove's nightly reports for television meant the East Timor commitment far transcended a UN exercise and triggered an affirmation of the ANZAC ethos with Howard invoking 'the spirit of Australia's military tradition' in which 'our troops are going to defend what this society believes to be right'. He could have been discussing either world war.⁵⁸

Howard was too triumphant in Indonesia's humiliation, depicting his government as repudiating decades of failed appeasement of Indonesia. By presenting himself resolute against Jakarta, Howard offered a populist exaggeration of the intervention's redemptive restoration of Australian honour and values. There was an obvious and superior alternative — to stress that Australia was working with a newly democratic Indonesia. The reality, however, is that in South East Asia despite murmurs of alarm, respect for Australia reached a new peak due to this demonstration of resolution and power.

In the end Indonesia tore up the Security Agreement negotiated by Soeharto and Keating. Indonesia's former ambassador to Australia, Sabam Siagon said: 'My interpretation is it is Australia's position to establish a beachhead in archipelagic South East Asia'.⁵⁹ For a while Jakarta became Australia's regional opponent resisting its political and economic initiatives and Howard conceded the 'repair process' would take time.

East Timor was the first main event that gave literal expression to Howard's vision of uniting the national interest with Australian values. Indeed, Howard told Parliament that Australia's objective cannot be 'to maintain a good relationship with Indonesia at all costs or at the expense of doing the right thing according to our values'.⁶⁰ The critics

who said Howard exploited the intervention for domestic gain missed the larger portrait — this was Howard's synthesis of domestic politics and foreign policy. For him, it was the natural order.

At a practical level East Timor launched Howard's prime ministerial relationship with the ADF and with the military chiefs. It institutionalised a decisive link — between the prime minister and the chief of the defence force. This began under Chris Barrie; it reached its zenith under Peter Cosgrove; and it continued under Air Marshal Angus Houston. The institutional link was critical. It went beyond just a Howard–Cosgrove personal association fused at this time. Howard would now have more dealings with the ADF chief than any prime minister since John Curtin.

In December 2000, influenced by the East Timor experience, the government released its Defence Policy White Paper authorised after a sustained cabinet debate. This put the defence budget on a 3% real growth over the decade, anchored at 1.9% of GDP providing a long-term basis to defence planning. The document represented a strategic synthesis between the 1980s 'defence of Australia' doctrine and a recognition that Australia needed the capability both to deploy forces in the region and, beyond the neighbourhood, to participate in 'international coalitions of forces'.⁶¹

This was the defence policy expression of Howard's evolving belief that Australia must integrate its continental, regional and global defence responsibilities. The White Paper, significantly, said that Australia must have the capability to defend itself 'without relying on the combat forces of other countries'. This was a break from the Menzian 'great and powerful' friend tradition that had been driven by concern that Australia could not defend itself. It was also a projection of the US alliance as an indispensable instrument (in terms of intelligence and inter-operability) in enabling Australia to defend itself. While Howard enshrined the defence of Australia as the major priority, he authorised a strategy that envisaged a greater projection of the ADF in the region and in the world. The language was explicit — and it proved to be prophetic.

The new intimacy — Howard and Bush as partners

John Howard achieved a new intimacy in Australian–American relations, a study in political opportunism. The new intimacy was the product of the Bush–Howard personal bonding and the new strategic situation created by the 9/11 attack upon the United States, a strike that occurred when Howard was in Washington.

The origins of the new intimacy lay in Howard's unfashionable early view that the post-Cold War era would create fresh opportunities for a deeper Australia–US alliance. Few analysts agreed with this interpretation; it was mostly dismissed as old fashioned. But Howard was convinced that the Keating–Clinton concord concealed defects in Australia–American relations that a Coalition Government would repair. 'From the moment of our election in 1996, as a deliberate act of policy, my Government intensified Australia's post-Cold War relationship with the United States', Howard said.⁶²

At the start, however, Howard was strong on words but weak on ideas. There was no immediate rush to reorientate Australian policy towards the US. His two early meetings with Clinton, in 1996 and 1997, were strained and unproductive with disputes over lamb and talks brief enough to be embarrassing. Meanwhile Downer dressed up some modest upgrading of defence cooperation as the 1996 Sydney Declaration and got on well with his counterparts, notably Clinton's final Secretary of State, Madelaine Albright. In his May 1996 alliance outlook Downer

offered some prophetic comments — that ‘shared values’ enshrined the partnership, that economic and investment ties were a priority, that the security side of ANZUS should be enhanced and, finally, that political dialogue must be upgraded.⁶³

The government boasted about its good relations with the Americans yet the longer Clinton governed the more their private criticism grew — that Clinton belonged to the other side, that he lacked resolution and, finally, that he betrayed his leadership obligations over free trade at the 1999 failed WTO meeting at Seattle.

In this environment Downer during a US visit, advised that Texas Governor, George W Bush, was the likely Republican candidate for the coming election, flew to Austin for a successful meeting. He reported to Howard that Bush was their kind of candidate. This inaugurated a fateful saga — an Australian investment in a Bush presidency.

The Howard Government, in private and with passion, cheered Bush to his narrow victory in the 2000 election over Democrat, Al Gore who was seen as a left-wing protectionist uninterested in Australia or Asia. Howard knew the father, President George H Bush and had convinced himself, accurately, that he would bond with the son. In anticipation the Howard cabinet took a bold decision — to seek a bilateral free trade agreement (FTA) with the United States. Among senior ministers expectations about a Bush Presidency were dangerously high.

This decision and mood was partly fashioned by the new ambassador to the US, Michael Thawley who enjoyed Howard’s trust. Destined to become one of our most influential ambassadors in Washington, Thawley believed it was time for a more muscular Australian foreign policy that moved closer to the US. Drawing upon his contacts among the incoming Republicans Thawley told Howard that a bilateral FTA would be possible under a Bush Presidency. Downer and Calvert were enthusiasts for this initiative.

The Bush victory created a potential but no guarantee of a deeper partnership. It highlighted, however, the different visions of Howard and Keating for the alliance. Keating had enjoyed a relationship with the Clinton Administration that he leveraged for Australia’s advantage. Howard, however, had a different approach.

There were three core differences. First, Howard put a premium on values with an enthusiasm that Keating that did embrace. For Howard, values were an authentic driver of his policy towards the US. Yet Labor was more equivocal about American values, qualified by its belief in enlightened multilateralism and, at the edges, an anti-American sentiment in its constituency. Keating, more a pure disciple of *realpolitik*, did not fancy values derailing his foreign policy.

Second, Keating and Howard had different strategic conceptions of the alliance. Keating (following Hawke’s own approach) crafted an APEC diplomacy, dazzling in scope, in which he persuaded Clinton and Soeharto as the prelude to carrying the region. This mobilised the alliance to advance Australia’s goals on regional architecture by persuading Clinton to back the Australian vision. Howard’s view of the alliance was more elemental — that such an asset should be deepened. His answer to the question ‘What should you do with the alliance?’ was unhesitatingly simple — you add layers of value. This was informed by a strategic belief that US power was on the rise and would be as decisive in the coming century as it had proved in the last century. For Howard, this meant the alliance was a greater prize than ever. Yet Howard’s answer was radical because much of the foreign policy establishment felt that moving closed to Washington was a mistake for Australia that would penalise its Asian policy.

The third difference in the Howard–Keating mindset arose from the contrasting eras in which they governed. The imprint on Keating’s mind was the Asian economic miracle and Australia’s participation in this project. The influences for Howard were scepticism about the Asian model reinforced by his cultural faith in the Western tradition.

It is easy to assume, therefore, that Howard was engulfed in a pro-American romanticism — easy yet false. This notion has been advanced by some Howard critics to explain his pro-US policies and his Iraq commitment.⁶⁴ It is a complete misreading of Howard who has never been infatuated with America or its history, literature or society, unlike sections of the ALP right wing represented, with distinction, by Bob Carr and Stephen Loosley. Howard disliked the US gun culture, its absence of a social safety net, its Hollywood libertarian extravagances

and much of its political system from its separation of powers (between executive and legislature), its constitutionally guaranteed system of rights, the power of its judiciary and, indeed, much of its presidential system. Claims that Howard wanted to Americanise Australia were wrong, polemics rather than analysis. In his emotional and intellectual formation Howard, like Menzies, falls within the British tradition. His conduct of a pro-US foreign policy, for better or worse, was driven by political calculation not sentiment.

The Howard cabinet's motive with the FTA transcended trade — it was an effort to institutionalise an economic partnership that matched the security partnership institutionalised by ANZUS. This is one reason Australian free market economists such as Ross Garnaut objected. They opposed preferential arrangements based upon trade discrimination and they believed the use of trade policy for broader strategic factors would prove to be counter-productive in economic terms. But the new Bush Administration understood. US trade representative, Bob Zoellick who enjoyed close ties with Australia, said the US response would be dictated by Australia's status as a close ally, as distinct from its response to New Zealand.

Howard's most important overseas visit was his September 2001 trip to the US where he met Bush for the first time on 10 September and secured the President's qualified support for the FTA. The importance of the meeting, however, lay in the political transformation that it represented. The Bush Administration gave Howard respect, time and attention. The informal barbeque hosted the previous evening by ambassador Thawley, attracted an A-list, the Cheneys, the Powells, the Rumsfelds, military chiefs, supreme court judges and cabinet members.⁶⁵ A decision had been taken about Howard utterly different from his treatment by the Clinton Administration. Howard was being inducted into the sanctum of valued foreign leaders. The essence of this transition was politics; the Bush Administration had decided that Howard was the sort of friend with whom it would do business. The next day Howard had five hours with Bush, a ceremony, a drive together, a chat, formal talks, a joint press conference and lunch. Before lunch, the normally cautious Howard told the media that he and Bush 'are very close friends'. Bush said 'if

there's any place that's like Texas, it's Australia'. A dubious claim, but the Howard-Bush bandwagon was rolling.

The personal connection between Howard and Bush, therefore, dated from 10 September. Its origins lay in the symmetry between them — as an Australian Liberal and an American Republican, as radical conservatives, free traders, politicians with the common touch, champions of social conservatism and when tested, as security hard-liners. Howard and Bush would become political soul mates.⁶⁶

The strategic connection, in an historical coincidence, came the next day 11 September with the Al Qaeda attacks on the United States. After Howard left his morning media conference at the Willard Hotel he saw smoke rising from the Pentagon where he had met Rumsfeld the previous day. Relocated to the Australian Embassy, he drafted a message of support for Bush saying he felt the tragedy 'even more keenly' being in Washington. Over that day and the next Howard made some of the most pivotal statements of his prime ministership.

He declared support for 'our American friends' and said: 'We will stand by them. We will help them'. Howard believed, at once, this was an epoch changing event, a judgement from which he has never wavered. He said: 'I've also indicated that Australia will provide all support that might be requested of us by the United States in relation to any action that might be taken'. He had not spoken to Bush and the US had made no request. In response to questions he said: 'We would provide support within our capability'.⁶⁷

There was no qualification to the principle. In response to a situation that no Australian leader had ever faced Howard made a commitment that no Australian leader had made — to join in military action against this unknown enemy that had attacked America. His reaction was measured and deliberate. This was an ultimate exercise of prime ministerial discretion. Howard was not required to make this call; he could have limited himself to fulsome expressions of support. He chose, deliberately, to stand with America in its military retaliation. The origins of Australia's commitment to Afghanistan and Iraq reside in this pledge. In a radio interview Howard said the attack was 'an appalling wilful act of bastardry' that was 'in some respects worse than Pearl Harbor'.⁶⁸

This situation elicited from Howard his ultimate synthesis of interests and values in foreign policy. 'Of course, it's an attack on all of us', he said immediately. This insight guided his policy for years. The attack was only 'on all of us' because of shared values since Australia's territory had not been attacked. From the start Howard saw this as an assault on liberty, democracy and the common heritage that united the Anglo-American-Australian world. He articulated this vision with conviction, saying the assault was 'upon the way of life that we hold dear in common with the Americans'. He could not have been more explicit.⁶⁹ It was a statement about his attitude.

At the same time Howard offered a strategic response, sensing this was a defining moment for America. For Howard, the alliance was two-way street; a compact that applied not just to threats to Australia but attacks upon America. He sensed, immediately, that America would identify its true friends by responses to this event, a view Howard would hold for years. He felt Australia's national interest lay in a political and military commitment to the US side in the coming conflict.

Flying across America in Air Force Two en route home Howard was informed that the provisions of the NATO alliance had been invoked. After talking with Downer and with US ambassador, Tom Schieffer who was on the plane Howard decided in principle that ANZUS should also be invoked. This was formalised at a special cabinet meeting on 14 September. It was an Australian initiative taken 'in consultation with the United States' but only triggered by the NATO precedent. Howard said the circumstances 'quite clearly' applied to Article IV of the Treaty and the decision was taken 'to demonstrate our steadfast commitment to work with the United States in combating international terrorism'.⁷⁰ Asked whether it was essential Howard said: 'It has both a symbolic resonance but it also means something in substance'. He argued the 9/11 attack was a direct threat to Australia saying 'this could easily have been an attack on a large building in a major Australian city'.⁷¹

These statements constituted a significantly wide interpretation of ANZUS, a treaty that seemed technically restricted to the 'Pacific area'. This testified to Howard's global view of Australian security policy, an outlook shaped by his Empire and Cold War perspectives. Howard saw

ANZUS in global as well as regional terms. This was also the view of the Bush Administration, an outlook that pre-dated 9/11 with the Director of Policy Planning in the US State Department, Richard Haass, saying in mid-2001 that the US saw ANZUS not so much as a regional alliance but as 'two countries joined in a global partnership'. Throughout its life the Bush Administration has seen ANZUS in global terms. This view of the Treaty, embedded in many of the shared decisions over its history (witness the installation of US bases in Australia in the 1960s) reached its zenith after the 9/11 attack.⁷²

The immediate consequence was Australia's military commitment to Afghanistan announced in October 2001 following talks between Bush and Howard. This involved special forces, aircraft and naval support. Bush's aim in deposing the Taliban was not just to pursue Al Qaeda but remove regimes that harboured the terrorists. Downer was specific about the war's justification — the US action was validated under the self-defence provision of Article 51 of the UN Charter in addition to the Security Council resolution passed immediately after 9/11. The Afghanistan campaign was swift and successful, at least in deposing the Taliban regime. It had bipartisan support in Australia and wide global backing, yet the bipartisan nature of Bush's broader war disintegrated as a result of the Iraq invasion.

The consequence was that Howard's most contentious policy became his Iraq war commitment in the context of Bush's 'war on terrorism' later branded the long war. Taken in increments over 2002 and 2003 with the final decision in March 2003, the Iraq war was the most difficult decision on Howard's watch. It was a traditional Australian response to a non-traditional war. It was a faithful reflection of Australia's deepest strategic instinct — fighting abroad in a US-led coalition. Just as Howard believed in the twentieth century application of this strategy in every major war fought by America, so he believed in the relevance of this strategy for the twenty-first century in a new war. It is no surprise whatsoever that John Howard declined to break this Australian tradition and make himself famous by becoming the first prime minister who decided not to fight with America. Staying aloof from Iraq would have defied Howard's history, values and instincts. It

would have violated his political essence. This was the start and the end of his Iraq decision — it was based on attitude.

The irony for Howard is that the America to whom he pledged was a different America. During 2002 Bush revealed himself, in strategic terms, as the most radical US leader since World War Two using the 9/11 event to break the continuity of US policy. He expanded the 'war on terrorism' beyond non-state actors to include the 'axis of evil' rogue states of Iraq, Iran and North Korea; he signalled that America was prepared to use military power to depose regimes; he argued that deterrence and containment, the ideas that had guided the US to its Cold War success, were largely outdated; and he unveiled a new doctrine of preventative war in which 'America will act against such emerging threats before they are fully formed'.⁷³ Bush was motivated, above all, by the post-9/11 fear that terrorists would acquire a WMD capability and that the US margin for error in dealing with rogue regimes and non-state terrorists had reduced alarmingly.

For the first time since the inception of ANZUS, Australia's senior ally adopted a revolutionary strategy. This created a dilemma for Howard who was pro-American but, unlike Bush, was not a foreign policy revolutionary. The upshot was a strategic equivocation from Australia.

Howard and Downer accepted Bush's doctrine but they had reservations about its application. For example, Howard rejected Bush's regime change argument as a basis for the Iraq War. Howard's main justification for the war was measured and almost cautious, namely, that 'disarming Iraq is necessary for the long-term security of the world and is therefore manifestly in the national interest of Australia'.⁷⁴ Howard and Downer, like British Prime Minister, Tony Blair, advised the Bush Administration to seek UN authorisation for the Iraq intervention. Downer urged the US to give more consideration to Iraq's structure after the fall of Saddam Hussein. Such differences, however, were seen by Howard and Downer as means of assisting Bush not of breaking from him.

If Howard intended to excuse Australia from the war then he had to create such expectations during the early part of 2002. But the government took the opposite course — encouraging the Bush Administration to believe that it would participate and despatching

Australian military personnel to attachments within the US Middle East command in Florida. Howard, in effect, signalled his political commitment to Iraq before the strategic implications were apparent. The October 2002 Bali attack was the final opportunity for Howard to reposition and withdraw from US war planning but he displayed not the slightest inclination to do so.

The Iraq war decision revealed four defining aspects of the Howard Government. First, it revealed an audacity and self confidence in Howard and Downer as political decision makers that should demand deeper analysis. The novices of 1996 had been transformed into the adventurous veterans of 2003. They carried their swords before them. It was a leadership driven war, by Bush, Blair and Howard. It was driven neither by the intelligence agencies nor the military. In Bush's America the intelligence agencies and the military were subordinated to the ideological dictates of the Administration. Like most wars, it was driven by the politicians.

During the twists and turns towards war in 2002 and 2003 there was no sign that Howard seriously wavered though he could hardly have been unaffected by the events. The war decision revealed in Howard a political mettle and 'an Australian conservative mindset of astonishing durability'.⁷⁵ This decision came from the political stomach of the Howard Liberal Party. As one senior official said: 'Even if advisers had mounted strong arguments against the war, Howard would not have been swayed by them'.⁷⁶ Howard's belief system was engaged — his faith in the alliance, his conviction that the West faced a new epochal challenge; his view of Australia as a partner that accepted its responsibility; and his reliability since he had given his word. Any offsetting doubts inspired by *realpolitik* would have hardly prevailed. All of Howard's personal, ideological and political essence was bonded to this decision with a contemporary force and a conviction that more than 100 years of Australian strategic practice that began at Gallipoli would not now be denied. Howard and Downer demonstrated the sheer depth of the Liberal Party's vision of an Australian role in the world anchored to the US alliance.

Second, the war decision was pivotal to Howard's pre-9/11 ambition to achieve a deeper US alliance during his prime ministerial watch.

While Howard's decision was about Iraq, it was even more about the US alliance. Before 9/11 the Howard Government had embarked on a strategic realignment towards the US best represented by the proposed FTA, yet not limited to this instrument. Howard aspired to an intimacy in political, security, intelligence and economic spheres convinced that US power would become more and not less important in the world. It was a view founded in *realpolitik*. The 9/11 attack was the opportunity to realise these ambitions, so Howard seized his chance.

Iraq, therefore, was an instrument of deeper purpose. It was the most difficult in a series of decisions Howard took over 2000–05 to realign towards the US. Howard was not merely following Bush; he was realising his own vision. As a consequence Howard could have abandoned the Iraq project only by abandoning his core strategic objective. Howard, therefore, had much to lose by absenting himself from the war as well as much to risk by attending the conflict. It is wrong to see Iraq as the price Australia paid for the alliance. It was the price Australia paid for Howard's more ambitious alliance — witness his 2002 statement to the US Congress that America had no better ally than Australia.⁷⁷

Third, the Iraq decision showed the Vietnam mentality had been purged from Australia's psychology though the consequences of this liberation for the Liberal Party were equivocal. When the Hawke Government in 1991 made a limited commitment to the first Gulf War to free Kuwait from Saddam Hussein's invasion, the Australian debate was dominated by the Vietnam analogy. It was a bizarre discussion in an obsolete framework. The shadow of the 1960s had extended into the 1990s, an obsession exposed as ludicrous by the brevity and success of that 1991 war. But the Vietnam ghost had disappeared on Howard's watch. It was lost, finally, in that matrix of incremental Australian military commitments of the previous decade that included Cambodia, Bougainville, East Timor and Afghanistan.

The irony for Australia, however, is that in its miscalculations Iraq seemed to mirror Vietnam. The issues the Howard Government should have considered in 2003 were similar to those the Menzies Government should have considered in 1965. Observe the list: the need for a proper appreciation of the real enemy in Iraq; an understanding of Iraq's

history to assess its reaction to foreign intervention; the viability of US war aims and the linkage between political and military aims; the capacity to bring democracy to a damaged society; the extent of popular support for our Iraqi allies; and for Australia, an assessment of the consequences of any US defeat or failure to realise its full aims. The check list is almost identical with Vietnam from four decades earlier. Yet the Liberal Party, historically, had refused to concede the errors of the Vietnam intervention. The Howard Liberal Party was defined not by 1960s introspection over Vietnam but by 1990s triumphalism over the West's Cold War victory.

Fourth, Iraq showed the endurance of the 'Australia way of war' — a calculated and limited military commitment as part of a US-led coalition designed to minimise Australian casualties and maximise its political leverage. Iraq documented Howard's skills as a practitioner of this technique. He was more cautious and less adventurous than Blair and devoid of Blair's idealistic enthusiasm for the project. Howard told Bush at the start and won his agreement for an Australian contribution at the sharp end but avoiding any long peace-keeping operation (plans Howard had to modify when the insurgency dictated an extended Australian commitment).

Iraq saw the deepest Australian military integration into the US command. Senior Australians were installed in the US headquarters in Tampa, Florida; when the war began Brigadier Maurie McNarn held a senior and influential post in coalition headquarters in Qatar; in 2004 Major-General, Jim Molan, became deputy chief of operations of coalition forces in Iraq.⁷⁸

Such senior placements, however, cannot gainsay the limited Australian commitment. Howard, as Greg Sheridan argues, 'never really wanted to make a sustained big contribution'.⁷⁹ The scale of Australia's effort was humble compared with the military commitment made by Blair. Howard declined to duplicate the Vietnam model that meant Australia would have assumed a provincial responsibility in its own right. He achieved his purpose — for a modest military commitment that minimised Australian casualties Howard maximised his political dividends. Critics who bemoaned the lack of anti-war intensity in Australia compared with

the US and UK overlooked the main factor – it was because Howard was clever enough to choose a more modest commitment.

The decision saw the acquiescence of Australia's official advisers in Howard's war. The view was taken at the highest levels of the public service that advisers assist the government achieve its strategic aims rather than resist those aims. The Iraq decision showed no sign of the so-called frank and fearless advice that theoreticians expect public servants to provide. It was a reminder that there is no Australian tradition of senior officials trying to dissuade their political masters against war. The governance culture over 2002 and 2003 saw the major institutions genuflect before Howard's will (though this did not prevent Russell Hill from warning him in detail about the dangers facing Australian forces from Iraq's assumed WMD capability).

The strategic culture saw advisers reflecting the approach and priorities of the Howard Government. For instance, in his report on the WMD intelligence failure, Philip Flood concluded there was 'little evidence' of 'systematic and contestable' challenging of assumptions. In a more serious finding, however, Flood found that intelligence reports focused on narrow and operational issues rather than the complex and bigger strategic questions such as the international consequences for Australia of the Iraqi commitment.⁸⁰ As an insider with Howard's confidence Flood's report concludes the intelligence assessment process was too narrow and too passive. This, however, is linked with a deeper failure — the absence during the decision-making process of a strategic scepticism from the departments of foreign affairs, prime minister and cabinet and defence.

The Howard Government's focus was about the war's tactics rather than its strategic merits. During 2002 with the Afghanistan victory so recent, Howard had reason to think that Iraq would merely be a larger yet similar exercise. The focus from Howard, Downer and Defence Minister Hill was on the nature of Australia's commitment, the risks to the forces and the prospects for a swift US-led military victory. As far as is known, the government gave little weight to the strategic arguments publicly mounted against the intervention. These were that the chance of a stable democratic Iraq emerging was problematic, that

deterrence and containment were still viable policies to restrain states like Iraq from resort to WMD use, that the intervention might only accentuate Islamist hostility towards the West and that Bush's reliance on preventative war would be destabilising in relation to other 'rogue states' such as North Korea and Iran. The government, therefore, gave little attention to the most cogent arguments against the war — that the strategic negatives from invasion may outweigh the gains. Former *National Interest* editor, Owen Harries, argued that US adventurism ran multiple risks and created new problems for its allies. Yet Howard viscerally distrusted this type of conceptual analysis that seemed to violate his practical, functional approach to policy-making.⁸¹

There is no question that Howard, his cabinet and his military believed that Iraq had a WMD capability. Frequent media claims that Howard lied about the Iraq war have not been substantiated and the Flood report contradicts such assertions. This was a US intelligence failure but America was not alone. Most governments including those that opposed the invasion accepted the WMD threat. As Flood said: 'The only government in the world that claimed Iraq was not working on, and did not have, biological and chemical weapons or prohibited missile systems was the Government of Saddam Hussein'.⁸²

The US intelligence mistake, however is far reaching — having announced a WMD threat that did not exist the US undermined its legitimacy the next time a similar situation arises. Australian intelligence took its cue from the US. It may be unpalatable but it is unrealistic to expect Australian intelligence to have found the flaw that every other nation missed. Given our reliance on foreign-sourced intelligence this prospect was even more remote. Flood concluded that Australian agencies 'drew the most likely conclusions from the available information'.⁸³

It is tempting to see Iraq as a watershed for US global policy but of far less significance for Australian policy. Iraq became the defining issue of Bush's foreign policy, a test for his own doctrine, of US military power, strategic judgement, nation building and of its ability to carry the battle of ideas in the Islamic world. By 2006 it was apparent that the setbacks in Iraq had vast consequences for US policy and had prompted a significant revisionism during Bush's second term. It is

likely that Iraq becomes, not the template for US policy and Bush's Doctrine, but the exception.

As the setbacks intensified, the different natures of the US and Australian commitments became apparent. The Australian public, never enthusiastic about the Iraq war, remained disengaged from the conflict. The contrasting atmospherics over Iraq in America and Australia were dramatic. This was not just because of the lack of Australian casualties but because Australia as a junior partner did not accept commensurate political responsibility for the success or failure of the intervention. However, the consistent unity within Howard's Liberal Party over the entire war was a pivotal element in reducing any political backlash.

The Iraq war, finally, demonstrated the alarming gap that had opened up between US leadership and UN authorisation in the 12 years since the first Gulf War. This was highly relevant for Australia. As Kim Beazley explained, the Hawke Government did not commit to the first Gulf War under alliance auspices but, rather, under UN authorisation. The distinction was critical. In 1991 Hawke told the Parliament: 'We are not sending ships to the Gulf region to serve our allies; we are going to protect the international rule of law which will be vital to our security however our alliances may develop in the future.'⁸⁴ Labor was attracted, in Beazley's words, by 'a flowering of the possibility for a real international community under the United Nations with the end of the Cold War', a deep-seated Labor aspiration.⁸⁵ In the early 1990s there was no conflict for Australia between its alliance outlook and its global citizen responsibilities. But George W Bush's policies shattered this overlap creating a new divide. While Howard chose to support the US alliance, Labor stayed with the UN and opposed the Iraq war.

For Howard, the trend of global politics in the five years post-9/11 affirmed his strategic outlook, but no subsequent event was more important than the Jemaah Islamiyah (JI) Bali bombing in 2002. In Howard's view Australia faced 'its most challenging and turbulent security outlook since the mid-1960s'.⁸⁶

His national security response reflected his view of Australia as a democratic state that belonged within the Western tradition. And in the war on terrorism, his government adopted an activist approach

that reflected the Australian strategic tradition. It launched a series of counter-terrorism initiatives at home that upgraded intelligence, border security and law enforcement under the umbrella of Cabinet's National Security Committee; it seized the opportunity offered by Bush's Long War to deepen Australia's strategic and military involvement with the US; and, off the back of the Bali attack, Howard and Downer pursued a strategic re-engagement with Indonesia and a region-wide counter-terrorism agenda.

Howard also aspired to create a new national security synthesis provoked by rapid changes in the nature of warfare and threat, given the risk of WMD proliferation, the rise of non-state terrorism and the dangers posed by failed states. This synthesis saw new investments in the security and intelligence services, the Australian Federal Police and the Australian Defence Force, a stronger coordinating role for the National Security Committee of Cabinet (NSC) as the principal decision-making forum, a premium on strategic flexibility and a new willingness to project power including military power.

Howard — a new form of Asian engagement

Despite the intensity of his ties with the US, the final years of Howard's decade have been distinguished by a concentrated Howard–Downer Asian diplomacy that drew upon both their strategic convictions and changed events in the region. Howard, in effect, claimed ownership of his own engagement with Asia. This sense of ownership was palpable.

It had two defining features. First, it was with a different Asia — Indonesia with a democratic constitution, China as a power transforming the region, Japan moving towards 'normalisation' as part of a nationalistic assertion and India evolving as an economic power.

Second, it was an engagement in which Australia operated far more conspicuously as a US ally than had occurred under Labor. For example, Howard and Downer sought closer strategic links to Japan within an overarching US alliance framework; Howard's closer ties with India were explicitly linked with the historic new relationship that the Bush Administration had opened with India; on climate change the Howard Government worked with the Bush Administration to realise the US idea of an Asia–Pacific partnership on clean development and climate that included China, India, Japan and South Korea; and even in Australia's assistance to Indonesia after the 2004 tsunami the Howard Government was linked with the 'core group' proposed by the Bush Administration that included India and Japan.

Howard was comfortable with Asia's new directions. They took place on his watch and he was a participant in the evolving regional politics. By 2004–06 there was evidence that Australia's bilateral ties with Japan, China, India and Indonesia had rarely been as soundly based despite the manifest challenges they confronted.

The two great obstacles retarding Australian public attitudes towards Indonesia had been removed — the Soeharto regime and Jakarta's repression of East Timor. The accord between Howard and President Yudhoyono was close. Howard began to act as a confident leader with Indonesia, putting his own stamp on the relationship, virtually inviting himself to Yudhoyono's inauguration and demonstrating an astute diplomacy with his generous response to the tsunami that had struck early in the Yudhoyono presidency. This was reinforced by cooperation at the police level in the aftermath of the Bali attack and Downer's concerted diplomacy with Jakarta and his efforts to win a new security agreement with Indonesia.

The 'tsunami' diplomacy was a case study of the new regionally-confident Howard. He moved quickly, Australia's contribution in *per capita* terms was the highest of any nation, the UN was ruled out as the immediate coordinating body because it would have been ineffective and the Howard Government fitted into the Bush Administration's plan for a 'core group' to spearhead assistance. It was a study in multilateral cooperation outside the UN with Australia and the US at its centre.

However Australia–Indonesia relations were qualified by mutual public distrust revealed by the Schapelle Corby issue, the trials of Australian drug traffickers and tensions arising from Papuan asylum seekers. On Papua, it was stunning to witness the role reversal — Howard, the populist on East Timor, was branded an Indonesian appeaser by the media. He failed with his proposal to limit Australia's acceptance of Papuan refugees, his bill the subject of a rare Coalition revolt and out of step with public sentiment. The coalition parties had accepted the Iraq war but drew the line at the Papua refugee restrictions.

This cast Howard in the Australian tradition — as prime minister championing bilateral ties with Jakarta in the teeth of populist, media and political rejection. That Howard embraced this traditional role

testified to the enduring responsibility of the prime minister in dealing with Indonesia and the alarming alienation of Australia's public and media from a democratic Indonesia that it saw as untrustworthy, erratic and explicitly Islamic.

From the start Howard accorded Japan a foreign policy priority yet struggled to give expression to his ambitions. The depth of his pro-Japan sentiment arose from the trade links, Japan's security alignment with the US and the Menzies Government's historic 1950s role in creating a different Australia–Japan relationship. Howard aspired to broaden these ties and he met a willing partner, finally, in Prime Minister Junichiro Koizumi under whom Japan's tensions with China deepened while its ties with the US strengthened.

Japan, keen to balance the rise of China, backed Australia's entry into the East Asian Summit. Australia supported Koizumi's deployment of peace-keepers abroad and Australia and Japan cooperated for the first time in a shared mission in Iraq's al-Muthanna province. Howard supported Koizumi's more assertive foreign policy. An upgraded ministerial level trilateral security dialogue involving America, Japan and Australia met for the first time in Sydney in early 2006, an initiative over which Howard and Downer were enthusiasts. China was concerned and those concerns are unlikely to be assuaged by US Secretary of State, Condoleezza Rice's assurances that America was not seeking to 'contain' China. Significantly, each of the three allies had different views about China.

Meanwhile Downer in mid-2006 raised a bilateral security agreement with Japan, saying later that 'this was by far the best trip I have had to Japan as Foreign Minister' and declaring that 'we are now seeing a complete change in Japan's attitudes from where they were previously'.⁸⁷ Downer seemed remarkably optimistic that Australia could manage both closer collaboration with Beijing and deeper security ties with America and Japan.⁸⁸ For Howard, Japan's strategic emergence was a 'quiet revolution' that Australia supported in the belief that 'Japan was assuming its rightful place in the world and in our region'. It was an Australian stance of deep strategic import. This was also the position of the Bush Administration.⁸⁹

In another echo of a Liberal Party tradition Howard devoted growing attention to India, a relationship encouraged by its technocratic Prime Minister, Manmohan Singh. For Howard, the India connection was a further means of demonstrating his Asia policy credentials. This was driven by India's sustained economic growth trajectory, its aspiration for a strategic role in Asia and the new concord between Washington and New Delhi. But Howard was conscious of the shared democratic values and traditions, including cricket, an advantage that India used in its soft power diplomacy.

Howard gave support to Bush's path-breaking deal with India to provide nuclear technology and fuel to assist India's nuclear energy program while India retains its nuclear weapons, developed outside the Nuclear Non-Proliferation Treaty. This signalled, again, an Australian approach to India influenced by the US alliance framework. The unresolved tension was whether Australia would break its long standing nuclear safeguards policy and sell uranium to India, a position backed by Howard, Bush and Singh yet resisted by Downer. The likely result is that Howard will prevail in a policy rethink.

However, it was Howard's sustained China diplomacy that was the centrepiece of his success in Asia. Nowhere was his transition from novice to veteran as striking. China policy was fundamental not only to Howard's success in foreign policy but to his success as prime minister. This was an outcome neither predicted in 1996 nor apparent from Howard's past but the result of his political professionalism. Howard was lucky because China's dramatic rise as an economic power with a structure complementary with Australia was an historical bonus.

Howard exploited this opportunity in two ways. First, as prime minister he spearheaded efforts to maximise these economic ties and he presented China to the public as a positive for Australia's future. Second, he aspired to a broader political relationship with China that reflected an independent Australian discretion as a US ally. In both sense he extended the Australian foreign policy tradition from Whitlam to Keating.

Indeed, the first foreign policy lesson that Howard absorbed came over China. It was triggered by the sharp deterioration in bilateral relations in 1996 prompted by mutual mistakes in Canberra and Beijing.

In September 1996 China put relations into a freeze. Confronting the prospect of a failed relationship with China, Howard took an urgent strategic decision — that he must repair relations and devise a framework for their progress under his prime ministership. This was achieved in his initial bilateral with President Jiang in the corridors of APEC in late 1996 and more extensively during his March 1997 visit to China, probably his second most important overseas trip as prime minister.

This was when Howard 'discovered' China from its industrial boom in Shanghai to its national interest politics in Beijing. He feigned neither intimacy nor let the word 'friend' pass his lips, yet this visit changed Howard forever. He decided, in effect, that a partnership with China was a necessary element of any successful prime ministership.

During this visit Howard offered China a partnership based upon 'the twin pillars of mutual interest and mutual respect'. His framework recognised different societies and different values but preferred to focus on shared interests. When Howard referred repeatedly to the 'national interest' he spoke a language invented by the Chinese. Its leaders realised that Howard was different from the Americans — rather than campaigning against China's lack of freedoms, he said: 'We haven't come here to hector and lecture and moralise'.⁹⁰ Howard's message was that differences were 'inevitable' and relations must be based upon realism not mystique, reliability not unpredictability. Ross Garnaut said: 'Howard followed in Hawke's footsteps and this is the reason he succeeded.' Howard, like Hawke, got swept up by China's potential but, unlike Hawke, he did not grow emotional about the Middle Kingdom.

The upshot was a new bilateral management of the human rights issue without public criticism, a drive from future Premier, Zhu Rongji to expand economic ties, a growing trust between Jiang and Howard and, as the years advanced, a China more apparently relaxed about Australia's US alliance. Once again, Howard was assisted by events. The Asian financial crisis boosted China's leverage in the region, an event that actually worked to Australia's advantage. The 9/11 attack brought US-China ties onto a better plateau than they would have enjoyed otherwise, another bonus for Howard. Within Australian politics the China policy was bipartisan, in contrast to the divisions triggered by President Bush.

In 2003 China relations scaled a new pinnacle with President Hu Jintao's visit to Australia and his speech to the Australian Parliament. This coincided with Bush's visit. Their speeches coming on successive days created a dramatic political juxtaposition orchestrated by Howard. It was the first such honour bestowed upon a non-US foreign leader; Hu had a platform not previously extended to any British or Japanese prime minister. For Howard, the message was manifest — that Australia was enjoying successful ties with the two nations likely to dominate the next century.

The political chemistry was intoxicating. Bush came as a war leader assuming Australia's loyalty, appealing for support in his 'war on terrorism', lecturing about good and evil and devoid of any vision for the Asia-Pacific. Hu came as an agent of peace and prosperity, a friendly stranger proposing a mutually beneficial economic experiment yet signalling that China would demand its trade-offs and that this started with Australia's support over Taiwan. Hu stood for 'mutual respect' of different political systems while Bush sought a crusade in the cause of democracy. When the choice was framed in this manner Australia's political instinct favoured a flexible adaptation to both templates. Despite the Australia-US FTA it was China's trade policy that exerted a greater pull. During the Howard era Australia's trade with China trebled and China became Australia's third largest trading partner.

These visits revealed how much the politics of China played differently in Australia and the US. Contrasting public perceptions and strategic outlooks were embedded in the political cultures of Australia and America. This institutionalised different responses towards China.

Over the years Howard, Downer and Costello elaborated their China framework. Its unifying principle is to focus on what the nations have in common and to play down their differences, unlike Bush. While America was fixated on China as a potential 'strategic competitor' Howard said the rise of China was good for the world. While the US had a formal commitment to Taiwan, Australia had no such commitment. While America, a global power with its tradition of Wilsonian idealism, aspired to bring democracy to the world, Australia had no such tradition of imposing its own values. While American politics was alert to the

threat posed by China's exports, Australia was more disposed to see China's economy as a good news story. Nor did Australia automatically take the US side in currency and trade disputes with China. Finally, while America saw China from the other side of the Pacific, Australia located China as a neighbour within the project of East Asian regionalism.

Howard incorporated into the US alliance framework a more independent discretion for Australia's China policy. There is no doubt his close ties with the Bush Administration purchased him a political immunity in this task. Indeed, the same China policy followed by another Australian government without Howard's level of trust with Washington (such as a Labor government that opposed the Iraq War) would have provoked US concerns.

There was, however, one flashpoint – during Downer's visit to China in August 2004. Offering an historical view Downer said the two greatest political events of the past half century were the collapse of the Soviet Union and the rise of China. After his talks with Premier Wen Jiabao, he said Australia and China had agreed to build a 'bilateral strategic relationship' and, when asked, said that in any war with Taiwan ANZUS did not 'automatically' trigger Australia's involvement. This was a conclusion better left unsaid. It provoked the US with the implication that Australia might not support America over Taiwan. It encouraged China to believe that Australia could be decoupled from the US. Despite being a blunder, it had a redeeming virtue — it signalled that Australia's political system had no taste whatsoever for a war over Taiwan. Labor leader, Kim Beazley, made a similar point.⁹¹

Over 2004–06 Howard elaborated Australia's strategic position in relation to the US and China. It had three elements — Australia rejected any 'inevitable' clash between the two giants and refused to entertain the scenario that it would have to choose between them; Australia told China that it was an aligned nation with the implied message being the alliance was immutable and non-negotiable and that China, therefore, should forget any dream of Australia's Finlandisation; and Howard assured China that the alliance is 'not in any way directed against China', a critical statement. This was an effective formula overall for Howard in his time. Its durability is an open issue.

The contrasting Bush–Howard perspectives on China were revealed by the two leaders in their joint White House media conference of July 2005 when Bush, referring to China, said Australia has got to act in her own interest.⁹²

This may become a prophetic comment. The tantalising question raised by Howard's China diplomacy is whether, as a conservative prime minister and the most pro-US leader in our history, he is entrenching bipartisan foundations for a long-range partnership with Beijing consistent with our US alliance tradition. This might become his ultimate success as an agent of synthesis. If so, Howard's principal bilateral legacy may yet become his deeper China ties rather than his deepening of an established US alliance. It would be a singular irony for his critics but, perhaps, not too much of a surprise for Howard.

The future strategic outlook

Australia's challenge is to integrate successfully the US alliance with the rise of China and the Long War against Islamist terrorism. These two developments constitute the greatest change in global politics since the Cold War. This challenge will be compounded by an inevitable event — the end of the 'new intimacy' of the Howard–Bush era.

It will be difficult for the next generation of leaders to retain Australia–US ties at their existing intensity. As this paper argues, the personal and political affinity between Howard and Bush has been essential in creating the 'new intimacy'. This bond was made by two radical conservatives. Will it outlast this radical conservative era? Special relationships such as Howard–Bush, because they are special, do not reoccur. On the other hand, the institutional ties these leaders bequeath in military, intelligence and economic arrangements are broader and deeper than before, giving US–Australia relations a stronger platform.

In Australia, the alliance has rarely been contested in the Howard era. The public complained that Howard was too close to America and it disliked Bush — but such upsets did not translate into rejection of the alliance. The debate, rather, is about the alliance's meaning and its implementation. Support for the US alliance in Australia is likely to continue at a strong level given the complexities involved in China's rise and the struggle with Islamist terrorism.

In the region, there are two guiding stars to Australia's future. One star leads to closer economic, political and regional links with China enabling the Middle Kingdom to exert more leverage over Australia's foreign policy. The other star leads Australia to become closer to its traditional partners, America and Japan, in the evolving Asian balance of power. Is there a conflict between the directions of these stars? It would be wrong to assume the strategic tensions are incompatible. But achieving harmony between these stars presents Australia with an unmatched test of its foreign policy.

As Howard knows, the test transcends foreign policy. It penetrates to his foundational claim that Australia faces no conflict between its history and its geography.

The test is whether Australia and the US will share a strategic view about how to manage the rise of China. The US is aware of Howard's refrain 'that ANZUS is not in any way directed at China' but America, under pressure, will respond according to its own interest, not according to Australia's.⁹³

The related test is how far Australia supports the 'normalisation' of Japan and whether this extends to revision of article nine of its constitution in which 'the Japanese people forever renounce war as a sovereign right of the nation'. It is likely that Japan-China tensions will outweigh America-China tensions as potential problems for Australia. Any suggestion that Australia's support for Japan extended to this constitutional revision, now firmly on Japan's political agenda, would be a turning point in Australian history with grave risks for China relations.

Australia's future role in the Long War is likely to become more region-centric. After the commitments to Iraq and Afghanistan are completed, Australia is likely to shift the balance in its military policy towards its own region. This trend is apparent now under Howard; it will only gain greater traction under a future Labor government. Since Australia lives in a heavily Islamic neighbourhood its interest is to limit Islamist militancy in South East Asia and work closely with Indonesia and other regional governments in this task. As a US ally in the South East Asian region, Australia has a deep interest in ensuring America adopt more successful tactics against the jihadists. The worst

result for Australia would be a growing polarisation between the West and the Islamic world that saw ongoing recruits to the militants and a radicalisation of the neighbourhood.

American intelligence is pivotal in combating Islamist terrorism. But the utility of the US alliance for Australia in its positive and negative dimensions will be an evolving issue in the Long War. Central to this question will be how the US modifies and re-interprets the Bush Doctrine, how it conceptualises the struggle in terms of intelligence and policing, the future of pre-emption, the extent to which the US relies on alliance-based strategies, how it seeks legitimacy for future military action and, finally, the balance it strikes between the 'hard' option of military power and the 'soft' option of persuasion and partnerships with the Islamic nations.

In a changing global environment alliances may become more flexible, linked to improvised coalitions-of-the-willing, facing more unpredictable situations. Assuming that terrorism, rogue states, WMD proliferation, natural disasters and health pandemics are the main threats, alliances will become less static, more mobile and geared to operational offensives. While Australia has deepened its military ties to the US, the future political question is whether in a more flexible alliance system Australia still needs to fight in each of America's wars.

Much of this answer may depend upon Australia's success as a leader in an unstable region. The Howard era has seen a necessary increase in Australia's regional responsibilities. These are only likely to intensify, given the situation in East Timor, multiple uncertainties in the Pacific and the risk of systemic failure in Papua New Guinea. While Howard significantly lifted the intensity of military operations both global and regionally, the pressure upon resources and the need to prioritise strategy means the balance is likely to move in favour of the region.

The Howard legacy, with Downer as his main partner, has altered the character, priorities and style of Australian policy. It is not a foreign policy revolution and it was not conceived as a foreign policy revolution. The policy was less radical than it seemed because Howard had to respond to new challenges that his critics minimised in order to champion the established orthodoxy.

Where have we finished in 2006?

Howard would probably say that under his leadership Australia stood up for what it believed. That would serve as a reminder that his abiding pursuits were Australian values and the national interest and that he struck a new balance around them.

With a 10 year perspective Howard's main achievement is obvious — to deepen Australia's ties with East Asia and the US. Yet this was also Keating's main achievement though he got there by a different path. The lesson, therefore, is the extent of an Australian strategic view of its place in the world. This view is more bipartisan and more entrenched in the national outlook and policy culture than recognised. In the Howard era foreign policy discontinuity has been the news yet continuity has been more the story.

Having said this, Howard was an Australian who viewed the world in different ways to his predecessors. He has multiple legacies whose shelf-life defies prediction. As argued in this paper his main legacies are a foreign policy founded in cultural traditionalism, a preference for bilateralism over regionalism and multilateralism, a conviction that economic success underpins Australia's influence, an assertive yet calculated projection of military power, a conviction that America is more and not less important to Australia, and above all, a strategic optimism that Australia can simultaneously deepen its integration with Asia and America, an optimism that arises because Howard, eventually, achieved this on his own watch.

Notes

- ¹ Paul Kelly, Re-thinking Australian governance — The Howard legacy, Cunningham Lecture 2005, Academy of Social Sciences in Australia, Occasional Paper Series 4/2005.
- ² These views reflect conversations with Howard over the years, his public remarks and speeches and assessments offered by former advisers.
- ³ These conclusions are based on a number of interviews with senior and retired public servants.
- ⁴ The free trade case against the Howard Government's FTAs was not their bilateralism but their preferential nature, that is, they discriminated in favour of one partner and against other partners.
- ⁵ Paul Kelly, All the world's a stage, *The Weekend Australian*, July 5–6, 2003.
- ⁶ While I believe the establishment concept is a useful device to understand reactions to the Howard Government I am not suggesting this establishment had any formal structure nor that it convened at any time or place. It is best understood as reflecting a set of core ideas that were not necessarily unanimous. For example, one disagreement has been in Australian priorities between North East Asia as opposed to South East Asia where figures such as Dick Woolcott and Ross Garnaut held different positions.
- ⁷ *The Age*, 21 January 2006.
- ⁸ The ABC, AM program, 9 August, 2004.
- ⁹ Paul Kelly, *The Australian*, 11 August 2004.
- ¹⁰ Garnaut, Drysdale, Harris, *The Australian*, 7 November 2001.

- ¹¹ Paul Kelly, *The Australian*, 9 December 2000.
- ¹² Russ Garnaut, *The Australian*, 28 July 2003.
- ¹³ However one characteristic of the Howard years is that it seems to have disguised the extent of past Coalition–Labor differences over foreign policy.
- ¹⁴ Malcolm Fraser, *The Age*, 26 July 2006.
- ¹⁵ There is considerable evidence that China will seek to keep the ASEAN plus 3 as the real engine-room for regional decision-making.
- ¹⁶ Refer Howard's March 2005 Lowy Lecture on Australia in the world, his August 2004 Asialink address on Australia's engagement with Asia: A new paradigm, and his June 2004 address to the Australian Strategic Policy Institute.
- ¹⁷ John Howard, Lowy Lecture on Australia in the world, 31 March 2005.
- ¹⁸ Howard–Bush joint press conference, 19 July, 2005.
- ¹⁹ In the National Interest, Commonwealth of Australia, 1997 and Advancing the National Interest, Commonwealth of Australia, 2003.
- ²⁰ See Paul Kelly, How Howard Governs, in *The Howard factor*. Nick Cater (ed.), Melbourne, Melbourne University Press, 2006.
- ²¹ John Howard, Lowy Lecture on Australia in the world, 31 March, 2005.
- ²² In the National Interest, Australia's Foreign and Trade Policy White Paper, August 1997 page v.
- ²³ John Howard, Lowy Lecture on Australia in the world, 31 March, 2005.
- ²⁴ Downer's achievements as a multilateralist have rarely been given the credit they deserve given the difficulties he faced with Howard on these issues.
- ²⁵ In the National Interest, Australia's Foreign and Trade White Paper, August 1997.
- ²⁶ Kim Beazley, Foreign Affairs and Defence, in *The Hawke Government*. Susan Ryan and Troy Bramston (eds), Melbourne, Pluto Press, 2003 p 365–66.
- ²⁷ Alexander Downer, Address to the Foreign Correspondents Association, Sydney, 11 April 1996.
- ²⁸ John Howard, Official Banquet Speech, Jakarta, 16 September 1996.
- ²⁹ Paul Keating, Asia–Australia Institute Address, Sydney, 7 April 1992.
- ³⁰ Paul Keating, Asia–Australia Institute Address, Brisbane, 26 October 1994.
- ³¹ Paul Keating, House of Representatives, 27 February 1992.
- ³² Paul Hanson, House of Representatives, 10 September 1996.

- ³³ John Howard, speech, 22 September 1996 and interview with 2UE, 30 September 1997.
- ³⁴ John Howard, speech to the Australia–Asia Society, 8 May 1997.
- ³⁵ John Howard, House of Representatives, 21 September 1999.
- ³⁶ Paul Kelly, *The Weekend Australian*, 5–6 July 2003.
- ³⁷ Professor Anthony Milner, What's left of engagement with Asia? AIIA Lecture, Canberra, 26 November 1999.
- ³⁸ Greg Sheridan, *Tigers*. Sydney, Allen & Unwin, 1997, p 70.
- ³⁹ Ibid p 72.
- ⁴⁰ Peter Costello, The Australian revival speech, 1 March 2006.
- ⁴¹ Alexander Downer, personal discussion with author, 2006.
- ⁴² The Robbins Lectures, The international financial system, crises and reform, Stanley Fischer, London School of Economics, October 29–31, 2001.
- ⁴³ Hall Hill, Indonesia: The Strange and Sudden Death of a Tiger Economy. *Oxford Development Studies*, vol. 28 no. 2, 2000.
- ⁴⁴ Ian Macfarlane, Address to the East Asian Economic Summit, 14 October, 1998.
- ⁴⁵ World Bank, Indonesia in Crisis: A Microeconomic Update, 1998, Washington DC.
- ⁴⁶ Ibid. p 211–217.
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- ⁴⁸ Peter Costello, The Australian revival speech, 1 March 2006.
- ⁴⁹ Senior official, personal interview, February 2006. In July 2006 figures from the Defence Department showed there were 3900 ADF personnel deployed on overseas operations, the main ones being 2000 in East Timor, 1400 in Iraq, 310 to the coalition against terrorism mainly in Afghanistan and about 160 in Solomon Islands.
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- ⁵² This assessment is based on extensive private discussions with the key figures in 1999 and more recently.
- ⁵³ Paul Kelly, *The Australian*, 21 April, 1999. The author was at this meeting where Habibie spoke both on and off the record.

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- ⁶⁶ While Bush–Howard similarities were strong, the differences were also significant. They became most apparent in macro-economic policy where Bush's budget deficits would horrify the Howard Government.
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- ⁷⁸ Greg Sheridan, *The Partnership*. Sydney, University of NSW Press, 2006, p 11–12, 70–73, 111–127.
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- ⁸⁰ Report of the Inquiry into Australian Intelligence Agencies, by Philip Flood, see p 19–31.
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- ⁸⁹ John Howard, Lowy Lecture Australia in the world 31 March 2005.
- ⁹⁰ John Howard, press conference, Beijing, 1 April 1997.
- ⁹¹ Paul Kelly, *The Australian*, 25 August 2004.
- ⁹² Joint Press Conference, The White House, 19 July 2005.
- ⁹³ This was the form of words that Howard used in front of Bush at their joint press conference at the White House on 19 July 2005.

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