THE PLACE OF NEW ZEALAND
AS A SECURITY PARTNER FOR AUSTRALIA

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I affirm that this sub-thesis is my own work
and that all sources used have been acknowledged.

I wish to thank Alan Burnett for his advice in the preparation of this sub-thesis.
Naturally, full responsibility for its contents lies with the author.

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INTRODUCTION

Until recent years it was common for commentators on either side of the Tasman to speak of the congruence of the security outlooks of Australia and New Zealand. This view was founded not just on geostrategic considerations, or on the formal alliance dating from 1944, but on a range of perceived similarities between the two countries, historical, ethnic, cultural, economic, political. It was cemented by a tradition of intimate military co-operation, and the associated Anzac mythology. Nevertheless, Australia and New Zealand have never had identical security outlooks, as has lately become better appreciated. The catalyst has been the policy of the Lange and Palmer Governments in New Zealand towards nuclear defence, and specifically towards visits of nuclear armed or powered ships and aircraft in New Zealand. However, this is only the clearest expression of the dissimilarities between Australia and New Zealand which have existed as a counterpoint to the trans-Tasman security relationship. The relationship endures, but its shape is changing as the two nations develop in sometimes divergent directions.

This sub-thesis builds on this background to examine the place of New Zealand as a security partner for Australia; the viewpoint is that of Australia. There is consideration not only of the alliance between these two states, but also of the broader relationship of which security is only part. Attention is given (in Chapter 3) to military security, but it is first placed in its proper context. Chapter 1 identifies the characteristics of Australia and New Zealand which cause their security outlooks to align in some respects and to differ in others. Chapter 2 continues the emphasis on a broad view to consider the non-military elements of Australian and New Zealand security. The final chapter summarises the Australian Government's handling of the effects of New Zealand's new security policy since 1984,
recapitulates New Zealand's value to Australia as a security partner, and considers potential or actual Australian domination of the partnership.

A definition of security

Australia and New Zealand have a range of security concerns. Neither needs give priority to internal security. Occasional acts of terrorism, strikes, civil protests, or natural disasters requiring military aid to the civil power scarcely constitute a threat to internal order. The likelihood of military attack is judged to be low, so that military defence and alliances, though important to both countries, also occupy only part of their respective security spectrums. It is necessary, therefore, to go beyond conventional ideas of security and to adopt a wide definition which encompasses the other preoccupations and activities which bear on the two countries' security, including their economic wellbeing; their responses to nuclear defence and the system of superpower alliances; arms control and peacekeeping; developments in, and their relationships with, neighbouring countries. Security is here defined in this wider sense.
CHAPTER 1: INFLUENCES ON AUSTRALIAN AND NEW ZEALAND SECURITY OUTLOOKS

As recently as 1983 the New Zealand Government spoke thus of its security relationship with Australia:

The two countries constitute a single strategic entity. It is inconceivable that Australia and New Zealand will set radically divergent courses in defence and strategic policies...Our interests will overlap but may not always coincide with those of Australia.1

Shortly after, then Australian Minister for Defence Gordon Scholes wrote:

Similarities in Australia's and New Zealand's social and cultural origins, political institutions, and economic development, make them as alike as any two separate nations can be...it is quite legitimate to describe Australia and New Zealand as constituting a single strategic entity...2

This view has continued as part of the gospel of the trans-Tasman relationship. Former Australian Foreign Minister Bill Hayden, for example, said "it is hard to think of two countries anywhere in the world whose ties are closer. Blood is thicker than water".3 In 1990 Australian Prime Minister Bob Hawke spoke of "...the links between our two nations [which] are so numerous, so deep, so close and above all, so natural...The basic truth of the Australia-New Zealand relationship is that we are as close as any two nations can be."4 Australia's 1987 White Paper stated that

3 Department of Foreign Affairs, Australian Foreign Affairs Record (Canberra: Australian Government Publishing Service) (hereafter cited as AFAR), May 1985, p. 394.
4 Bob Hawke, speech to the Auckland Chamber of Commerce, 1 February 1990, "Prime Minister salutes NZ", in Department of Foreign Affairs and Trade, Australian Foreign Affairs and Trade: The Monthly Record (Canberra: Australian Government Publishing Service), February 1990, p. 75.
"Australia and New Zealand share a defence relationship which is of basic importance to the security of both countries, because of our common history and traditions, our proximity and our shared strategic concerns."  

Dr Stuart Harris, former Australian Secretary of Foreign Affairs and Trade, called New Zealand Australia’s only natural ally, the only neighbour with a common language, culture, institutions and history. More recently, former New Zealand Secretary of Defence Denis McLean and leading Australian commentator on strategic affairs Desmond Ball opined that the two countries should co-operate because their security outlooks, though not identical, are closely similar. They too referred to common cultural heritage, overlapping geostrategic interests, the tradition of co-operation in security, similar concepts of defence contingencies, and small populations and defence resources.

The natural closeness of Australian-New Zealand security relations was and is a conventional perception, but not a comprehensive one. To be fair to those quoted here, they did not claim that the two countries’ outlooks were indistinguishable. In the passage already quoted, New Zealand’s Defence Review 1983 spoke of an overlap rather than a coincidence of interests. Similarly, Gordon Scholes said that "however much interests are similar, they are not identical" and he summarised the dissimilarities. To assess New Zealand’s standing as a "natural" collaborator for Australia, and to understand why their security policies differ, it is necessary to follow his lead.

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8 Scholes, p. 15.
Dissimilarities between Australia and New Zealand

There can be no mistaking New Zealand's smaller military and economic potential. Its population of 3.3 million compares with Australia's 17 million, and the proportion is shrinking: New Zealand's population grew by 6.2 percent during the 1980s, Australia's by 15.0 percent. Similarly, the Australian economy is some six times as large - a greater preponderance than that of population. Briefly said, Australia has advantages of greater raw material resources and greater industrial output and expertise. With the significant exception of the South-West Pacific context, New Zealanders cannot deny their smallness, whereas Australians can speak with some justification of their country as a middle power, certainly in any regional context.

The lesser significance of New Zealand is manifest in other respects. The joint United States-Australian strategic installations involve Australia in the global power structure to a degree unparalleled in New Zealand. Similarly, New Zealand's natural resources do not compare with the strategic significance of Australia's minerals. New Zealand's prosperity is founded on its primary industry, which

12 This point is made by David Campbell, The Social Basis of Australian & New Zealand Security Policy (Canberra: Monograph No 5, Peace Research Centre, Australian National University, 1989), pp. 25-6.
14 Ibid., p. 123.
could conceivably be a strategic prize, but given New Zealand's isolation and the difficulty of mounting an invasion it is scarcely credible that another country would find New Zealand worth fighting to gain.\textsuperscript{15} This isolation is an asset for New Zealand's security, but it means that New Zealand is irrelevant to global strategy. New Zealand Prime Minister David Lange said that "...we are at least half a world away from just about anywhere that is considered to matter in global terms."\textsuperscript{16}

Australia is closer to historical and potential conflict. Australia, not New Zealand, was attacked by the Japanese during the Second World War, and Australia was on the edge of later conflicts in South-East Asia. Boat people still reach Australia. Australians may further be uneasy because the parts of their continent closest to Asia are the least populated and, though inhospitable, they are the scene of new developments of mineral wealth. While both Australia and New Zealand have a history of more or less credible invasion scares, there is greater point to Australians' fears that their empty spaces are a constant temptation to overpopulated Asia.\textsuperscript{17}

According to David Campbell these geostrategic considerations have impacted on the two countries' ideological and racial prejudices. The confrontations with Asian communism from the 1950s to the interventions in Afghanistan and Cambodia were physically closer to Australia, and intersected not only with the anti-Asian fears already alluded to, but with a more bitter political battle with domestic communists. New Zealand did contribute to the struggle against Asian communism, but in Campbell's view the ideological/racial prejudice did not assume an equal virulence in New Zealand, both because of the country's remoteness from Asia and because

\textsuperscript{15} Michael McKinley, \textit{The ANZUS Alliance and New Zealand Labour} (Canberra: Canberra Studies in World Affairs No 20, Department of International Relations, Australian National University, 1986), p. 25.


\textsuperscript{17} McKinley, pp. 66-7; McMillan, p. 63.
domestic communism did not appear as threatening as that in Australia in the 1940s and 1950s. It is suggested also that New Zealand's more restrictive immigration policies (except for Pacific Islanders), no doubt themselves inspired by racial prejudices, have stifled anxiety that New Zealand might be swamped by Asians.

Public perception and security

In Australia and New Zealand there has been public opinion polling for some 20 years on questions of security, and the resulting data are used here as a guide to popular, and government, views.

The data confirm the differences in the security outlooks of Australia and New Zealand. At a basic level, one poll found that Australians consider that they have most in common first with the United States, then with the United Kingdom, and third with New Zealand. By contrast, "Australia was the country that New Zealanders felt they got on best with, and the country for which they should make the most effort to be on good terms with", in each case followed by the UK and then

18 Campbell, pp. 29-30; also McMillan, p. 63.
20 This section depends largely on the poll data and interpretation gathered together in David Campbell's The Social Basis of Australian & New Zealand Security Policy.
21 There are some caveats on these data. It is prudent not to rely on the precise results even of polls conducted with statistical propriety, since the responses gained are those of only a sample of the given population at a single moment (for this reason detailed statistics are not quoted here). Nor do public views necessarily align with those of decisionmakers. Further, the polls have focussed on only part of the security spectrum, especially the armed forces, the alliance with the United States, and visits by nuclear-capable ships. It is moot, too, to what extent one may identify the causes of opinions. There is inadequate information as to how the population or decisionmakers form their perceptions of security, and it would be difficult, for instance, to demonstrate a link between the geostrategic and historical circumstances described earlier and public opinion. Nevertheless, these data cannot be ignored, and they do tend to bear out the relevance of the circumstances previously mentioned.
the US. This suggests that New Zealand might become the junior partner with Australia not only because of the imbalance in population and wealth but because the warmth of the two populations’ reciprocal sentiment is imbalanced. Also it may have been less traumatic for New Zealanders to countenance cooler relations with the United States than it would have been for Australians.

According to the polls, on average nearly half of Australians perceive a threat to Australia's security, with fluctuations evidently in response to Australian interpretations of international events. Popular alarm peaked, for example, after the Soviet intervention in Afghanistan in 1979, was low during detente in the 1970s, and may again be declining now. At different times the countries widely considered threatening have been the Soviet Union, China, Vietnam, Indonesia and Libya, with Indonesia currently ranking highest and the USSR and China at historic lows. The public evidently agrees with the defence establishment that terrorism and small raids are more likely than invasion or nuclear war.

New Zealanders feel more secure than Australians. Again, lower-level contingencies are thought more likely than higher-level, though New Zealanders consider nuclear war more likely than do Australians. The USSR is considered most threatening, but then comes the US and France, with Asian countries barely figuring. While fear of the United States figures in the Australian polls it is consistent with the two populations’ differing regard for the United States that this fear is stronger in New Zealand. New Zealanders’ focus on the Pacific (and on the Rainbow Warrior affair) in respect of France is not replicated in Australia, just as

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22 Campbell, p. 17.
23 Ibid., pp. 7-9.
24 Ibid., p. 8.
25 Ibid., p. 18.
New Zealanders evidently do not share Australians' fear of Asia. This is a recurrent distinction in the regional outlooks of Australia and New Zealand.

In view of their active threat perceptions, it is not surprising that Australians have supported the alliance with the United States and its consequent obligations. Until the late 1980s support for existing or possible US defence facilities in Australia was well established, exceptions being non-support for landings of B-52 aircraft possibly carrying nuclear weapons, and the even division on whether to assist with the MX splashdown in the Tasman. During New Zealand's dispute with the US over ship visits, Australian support for their alliance with the US was undiminished, most of those polled believing that New Zealand's policy had damaged ANZUS. This support is probably still the majority view.27 It is possible, however, that it is falling as threat perception moderates. The polling indicates that substantial minorities consider the risk of attack on Australia increased because of the alliance, and that the US gains more from it than does Australia.28

Australia has been better disposed towards involvement in nuclear strategy than New Zealand, although opinion in both countries has moved against such involvement. Until the 1980s there was generally majority support for Australia to have nuclear weapons, or to host US ones, but it appears that these views are held now only by small minorities.29 Disapproval of French nuclear testing dates back further, to the early 1970s. Those opposed to visits by nuclear armed and powered ships have become a majority,30 leading Campbell to speculate that "....support for an alliance

29 Campbell, pp. 15-6; Mack, p. 25.
commitment like the bases could be in the process of being decoupled from the continued, in principle, support for the alliance."31

In New Zealand there is also a history of support for membership of an alliance, with strong approval for partnership with Australia. The Corner Committee reported that 92% thought Australia important to New Zealand's defence and security, 68% supported an alliance in which Australia is a partner, and 81% thought New Zealand should go to Australia's aid in all or most security emergencies. Quoted in Ross Babbage, The Future of the Australian-New Zealand Defence Relationship (Canberra: Working Paper No 113, Strategic and Defence Studies Centre, Australian National University, December 1986), pp. 1-2.

By the time of the current Labour government, a certain form of alliance was preferred, one which did not involve New Zealand in nuclear strategy or require visits by nuclear powered or capable ships.33 The 1986 Defence Committee of Enquiry found that, when this preference was deleted from the polling (in recognition that the US would not accept it), a majority favoured retaining the American alliance at the cost of accepting ship visits, but by June 1989 this opinion was reversed. Opinion specifically on the visit of nuclear armed vessels reversed between the late 1970s and the mid 1980s from 2:1 support to 2:1 opposition, though paradoxically visits by nuclear powered vessels continue to receive majority support.34

These changes in opinion had roots in a long-established antipathy to nuclear weapons. There have never been majorities in favour of using nuclear weapons in the country's defence, let alone acquisition of such weapons by New Zealand itself. In 1963 a National Party Government resolved never to permit the storage, testing or manufacture of nuclear weapons in New Zealand. Nuclear powered vessels were banned from 1969 to 1976 under governments of both parties, originally on safety grounds, though the Rowling Government maintained the ban after that issue was

32 Ibid., pp. 18-9; NZFAR, July-September 1986, p. 7.
33 Ibid., pp. 18-9; NZFAR, July-September 1986, p. 7.
34 Campbell, p. 23.
resolved. New Zealanders have been more inclined, like the current Government, to see nuclear weapons as the problem, not the solution for insecurity. It is asserted, for example by New Zealand Secretary of External Relations and Trade Graeme Ansell, that New Zealanders’ small perception of military threat intensifies their feeling against nuclear alliance with the US and French testing at Moruroa, because these are considered the only vital menace to New Zealand’s security. As a whole, the Government’s nuclear ships policy now evidently commands an 84 percent approval rating, and even the opposition National Party proposes, at Parliamentary level, to continue the Government’s policy. Apparently that policy is becoming entrenched politically and in public opinion.

Australians are more likely than New Zealanders to approve large defence expenditures and establishments. According to the polls, a majority of Australians consider their military defences inadequate and favour conscription for young men; "all questions on defence spending have shown majorities in favour of an increase". New Zealand polls in the mid 1980s found opinion evenly divided on, or opposed to, increases in the size and/or budget of the armed forces, already proportionally smaller than Australia’s.

36 Campbell, p. 22.
37 G. K. Ansell, "The Defence Policy of New Zealand", Journal of the Royal United Services Institute of Australia (Canberra), December 1985, pp. 41-2; also McMillan, pp. 36-8.
40 Campbell, pp. 9-10; Mack, p. 27.
41 Campbell, p. 20; McKinley, p. 54.
To summarise the poll data, Australians have a more acute perception of threat than New Zealanders, and they see ANZUS as reassurance against their insecurity. They have accepted the joint facilities, visits and so on as a practical expression of the alliance. For New Zealanders, nuclear concerns have taken precedence over the commitment to ANZUS, and led to an unwillingness to sustain the already modest contribution to the alliance of ship visits. Opinion in both countries is moving towards lower threat perceptions and lower support for the alliance, nuclear defence and a strong military, with New Zealand opinion having gone further than Australian. Campbell and Mack convincingly identify the difference in threat perception as the root of the variance in other opinions; Mack also points to the greater effectiveness of the peace movement in New Zealand, and to a generational change. Younger people are less committed to alliance security and their memory is more likely to include the Vietnam debacle than being "saved" by the Americans in 1942. In New Zealand they were heavily represented in Lange's Government of 1984.

Public opinions indicated by polls are not necessarily identical with government policy, though in these democracies one would expect the two to move approximately together. In New Zealand they do merge. Since 1984-85 public opinion has solidified in favour of the Government's policies. In Australia the Government's official views are less prone to anxiety than those of the public, and real defence spending is falling. While the alliance with the United States is considered to confer many benefits, the Government values unlikely combat assistance less than it does help in the diplomatic, intelligence or logistical fields. The trend of public opinion appears to be towards the less alarmed view held by the

42 Campbell, pp. 32-5; Mack, pp. 27-9.
43 Ibid., p. 29.
Government, though there has not been an effort to proselytise public opinion like that in New Zealand.

**Domestic politics**

There are characteristics of the political systems in Australia and New Zealand which bear on the two countries' different security outlooks. That most frequently noted is the difference between the simplicity of New Zealand, and the complexity of Australian politics. New Zealand has no state governments, no upper house and no formal constitution, and the first-past-the-post electoral system makes it difficult for smaller parties to gain representation. There are few checks and balances. New Zealand is susceptible to rapid political change, like that effected since 1984.

Added to this, the circumstances of the New Zealand Labour Party (NZLP) facilitated the cause of those who opposed participation in nuclear defence under ANZUS. The NZLP is less factionalised than the Australian Labor Party (ALP). Activists on this issue could obtain support across the whole party, especially as the party right was preoccupied with economic concerns. Whether or not there was an explicit trade-off, the outcome was that the reformist economic programme was effected despite the misgivings of the left, while the Parliamentary leadership endorsed the anti-nuclear policy.46 The leadership’s anxiety to avoid conflict with the left on matters of security was revealed in its diffidence in deciding to buy Anzac ships.47 It is noted also that, unlike the ALP, NZLP resolutions are not binding on the Parliamentary party, so that conservative Parliamentary leaders did not consider

46 Mack, pp. 6-7; Burnett, pp. 27-8, 95.
it necessary to challenge the anti-nuclear sentiment expressed in remits in favour of neutrality and non-alignment.48

In the more factionalised and complex ALP it did not prove possible for the Left to effect anti-nuclear policies like New Zealand's. There were some exceptions to this generalisation, such as the withdrawal of the offer to assist with the MX splashdown.49 Generally, though, the matter had been decided by Hayden's replacement by Hawke and then the new Government's decision, defended and promoted by Hayden, to remain in ANZUS. The pro-alliance, pro-United States Right led by Hawke evidently has control of security policy in the ALP.50

Alan Burnett51 says that ALP leaders were critical of the NZLP leadership for inadequately handling the anti-nuclear pressure within the New Zealand party, and feared that the New Zealand example could inspire a party challenge to Australia's own policy.52 The NZLP decided, or was persuaded, to affirm that its policy was not for export.53 After the MX affair the New Zealand party became concerned that Hawke's position might be undermined by the Left, and sent representatives to Australia to support him.54 This was in their interests because the NZLP Parliamentary leadership had more in common with Hawke than with the ALP Left, and because of Hawke's tolerant reaction to the developments in New Zealand. The

48 McKinley, p. 47; Mack, pp. 9-10; Alan Burnett and Peter Jennings, "The future of Australia/New Zealand relations", The Australian Quarterly (Balmain), Autumn 1989, p. 40.
49 Brigadier P. J. Greville, "ANZUS kept alive, but dangers from the Left", Pacific Defence Reporter (Kunyung, Victoria), October 1985, p. 33; McMillan, pp. 115-6, 122.
51 Visiting Fellow in International Relations at the Australian National University.
52 In this connection one might note that one of the interpretations of the leaking of Hawke's letter to Lange in January 1985 is that the Australians tried to pressure New Zealand to resile from its anti-nuclear policy. See McMillan, pp. 80, 120.
53 Burnett, pp. 105-7.
54 McMillan, p. 123.
Australians could understand how New Zealand’s policy had arisen, and the policy even strengthened Hawke’s position by demonstrating to the ALP Left and to the electorate the costs of following a strong anti-nuclear course.\textsuperscript{55}

While Australia repeatedly stated its disagreement with New Zealand’s interpretation of its ANZUS obligations, Australian spokesmen, especially Hayden, rejected Opposition calls to pressure New Zealand to give up its nuclear ships policy. "New Zealand would be unmoved by bluster," he said. New Zealand’s"...prompt response at any attempt to use this bully-boy tactic would prove how mindless and counter-productive it was."\textsuperscript{56} The Australian Government instead adopted the policy of "...safeguard[ing] Australia’s interests in our relations with both the United States and New Zealand, whatever may occur in relations between the United States and New Zealand" without Australia becoming embroiled in the dispute.\textsuperscript{57}

In New Zealand, the National Party found itself isolated in 1984 as the only main party to favour nuclear ship visits, and it has decided, at Parliamentary level, not to sustain this position in the face of shifting public opinion. During the 1987 election campaign National proposed a temporary ban on nuclear powered vessels until their safety was established, and would not permit any nuclear weapons in New Zealand. With this proviso, nuclear capable vessels would be permitted to visit under neither-confirm-nor-deny terms. In these circumstances, the Nationals hoped, New Zealand could return to full ANZUS membership. In 1990 even this compromise was abandoned in favour of the Government’s nuclear ships policy. The Nationals claim still to differ from the current Government in desiring active alliance participation\textsuperscript{58}

\textsuperscript{55} Ibid., pp. 115-6, 130; Burnett, pp. 102-3.


\textsuperscript{57} Senator Gareth Evans, Hansard, vol. S. 110, p. 1095.

\textsuperscript{58} Long, p. 9.
but it is hard to see that their new policy would permit any greater participation than that now possible.

In Australia the Liberal-National Coalition rates New Zealand's economic and political importance to Australia somewhat more highly than its ALP counterparts. It sees more likelihood of a threat to Australia and places greater emphasis on Australian participation in Asia-Pacific security and on the dependability of ANZUS as a source of help in an emergency. In sharp distinction with the Government, Coalition spokesmen were constant in decrying New Zealand's policy as "...a sell-out by New Zealand of its old Anzac partner..." and "...proof that New Zealand is not prepared...to meet its international obligations." By "unravelling" ANZUS, it was said, New Zealand "...has diminished Australia's security and added to regional instability." Though Australia's bilateral link with the United States remains, the Coalition thought it irresponsible of the Government to allow ANZUS as a trilateral partnership to collapse without attempting to resolve the dispute between other partners, whether by mediation or by pressuring New Zealand. Some of the suggested mechanisms for that pressure were economic sanctions, the obstruction of Closer Economic Relations, the denial of social security payments to unemployed New Zealanders in Australia, and the review of defence agreements.

The Labour Government in New Zealand has been fortunate that, for all its six years in office, its counterpart in Canberra has also been a Labor Government. The inter-
Party relationship has operated as an important element of the wider trans-Tasman fellowship. Though the relationship was not untroubled, the Australian Government had a fundamental comprehension and tolerance of the developments in the New Zealand Party. That tolerance becomes evident in comparison with the Coalition's attitude.

Conclusion

The purpose of this chapter has been to scrutinise the conventional perception of closeness between Australia and New Zealand. It has been seen that there are many differences in their circumstances, which parallel the differences in their respective security policies. One of these, concerning nuclear and alliance defence, has the potential to diminish significantly the "natural" working of the partnership, and to require it to be managed with more care and formality than before. But it is possible to overemphasise the differences. Most have existed for a long time without impeding the intimacy of the partnership, which not only endures but is becoming yet more intimate in some respects. Certainly, the partnership was never unmixed and is perhaps becoming less "natural", but Australia and New Zealand still find reason for close collaboration. The following chapters investigate this collaboration.
CHAPTER 2: THE BROADER CONTEXT OF SECURITY

The economic relationship

Stimulated by a series of formal agreements, most recently the 1988 extension to the Australia New Zealand Closer Economic Relations - Trade Agreement (ANZCERTA), the two economies have been ever more closely merged. The cumulative effect is that "from 1 July 1990 [there have been] removed virtually all the impediments to achieving a single trans Tasman market."\(^1\) The Preamble to the Agreement itemised its expected benefits: an expansion of trade, the strengthening of links in investment, marketing, the movement of people, tourism and transport, a more effective use of resources, all giving confidence for investment and planning regarding the whole trans-Tasman market, and giving economic and social benefits and improved living standards to the two peoples.\(^2\) There is an almost free movement of labour, and further steps are probable.

These agreements have sparked an increase in investment and trade. Long the largest foreign investor in New Zealand, Australia’s investment began to accelerate in 1985/86, while New Zealand investment in Australia quickened in 1984/85, to become the sixth largest. Australia’s investment in New Zealand totals about twice New Zealand’s in Australia.\(^3\) Likewise, trade has flourished:

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Table 1: Australian Trade with New Zealand

($A million)

| Year | Merchandise | | | | | |
|------|-------------|-------|-------|-------|-------|-------|-------|
|      | imports     | -718  | -685  | -907  | -1108 | -1446 | -1427 | -1737 |
|      | balance     | 289   | 429   | 486   | 432   | 51    | 350   | 442   |

| Year | Services | | | | | |
|------|----------|-------|-------|-------|-------|-------|-------|
|      | credits  | 434   | 438   | 494   | 471   | 571   | 840   | 1166  |
|      | debits   | -423  | -450  | -501  | -612  | -715  | -810  | -919  |
|      | net      | 11    | -12   | -7    | -141  | -144  | 30    | 247   |

| Year | Income | | | | | |
|------|--------|-------|-------|-------|-------|-------|-------|
|      | credits | 135   | 125   | 183   | 208   | 289   | 338   | 71    |
|      | debits  | -43   | -97   | -76   | -96   | -125  | -216  | -196  |
|      | net     | 92    | 28    | 107   | 112   | 164   | 122   | -125  |

| Year | Unrequited transfers | | | | | |
|------|----------------------|-------|-------|-------|-------|-------|-------|
|      | credits              | 53    | 45    | 83    | 83    | 96    | 179   | 309   |
|      | debits               | -33   | -45   | -47   | -57   | -67   | -59   | -62   |
|      | net                  | 20    | 0     | 36    | 26    | 29    | 120   | 247   |

| Year | Total exports/credits | | | | | |
|------|-----------------------|-------|-------|-------|-------|-------|-------|
|      | 1629                  | 1722  | 2153  | 2302  | 2453  | 3134  | 3725  |

| Year | Total imports/debits | | | | | |
|------|----------------------|-------|-------|-------|-------|-------|-------|
|      | 1217                 | 1277  | 1531  | 1873  | 2353  | 2512  | 2914  |

| Year | Balance on current account | | | | | |
|------|----------------------------|-------|-------|-------|-------|-------|-------|
|      | 412                        | 445   | 622   | 429   | 100   | 622   | 811   |

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio of exports/credits to imports/debits</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>1.34</td>
<td>1.35</td>
<td>1.41</td>
<td>1.23</td>
<td>1.04</td>
</tr>
</tbody>
</table>


The bilateral trade is a larger component of New Zealand's global trade than of Australia's (for merchandise about 18 percent against about 5 percent5), but New Zealand ranks as Australia's fourth market, and the only significant one for Australian manufactures.6 There is no question of the importance of New Zealand to Australia in this respect, especially when the balance of payments is a touchy political issue in Australia. The health of this trade is important to both countries' prosperity, especially New Zealand's.

The significance of the economic relationship extends further. Especially for New Zealand, the conjunction which began with the New Zealand Australia Free Trade Agreement (1965) represents not just the seizing of an opportunity for progress, but also a deliberate attempt to defend against threatening external economic developments. One of the motivations in 1965 was the recognition that alternatives to the British market would be needed if Britain joined the EEC. New Zealand also sought relief from a balance of payments crisis.7 Now, Australia and New Zealand seek to augment their ability to compete internationally, and to strengthen their bargaining power with, and find alternative markets to, the large and potentially protectionist economic blocs now emerging. Bob Hawke has spoken of the two countries' "...shared interest - and it is an absolutely vital interest - in supporting and strengthening the open multilateral trading system".8

6 Alan Burnett and Peter Jennings, "The future of Australia/New Zealand relations", The Australian Quarterly (Balmain), Autumn 1989, p. 35.
8 Bob Hawke, speech to the Auckland Chamber of Commerce, 1 February 1990, "Prime Minister salutes NZ", in Department of Foreign Affairs and Trade, Australian Foreign Affairs
Implicit in this is that the two economies are similarly placed as global exporters and that the two governments have international economic interests in common. Both countries rely on exports of primary commodities (mainly agricultural and mineral for Australia, agricultural and forest for New Zealand), with relatively small manufacturing export sectors whose international competitiveness they are trying to improve. In part this similarity impedes close conjunction, since the export sectors frequently compete against rather than complement each other. Nonetheless, the two have some history of co-operation in third markets even when competitors, and the diversification of their exports has opened reciprocal market opportunities. Both countries recognise their conjunction as a major step in helping their economies become more competitive internationally. In 1990 Hawke described Closer Economic Relations as "...serving a wider purpose than enhancing economic co-operation across the Tasman, important though that is. It changes business...

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9 Bollard, McCormack and Scanlan, p. 27. The shape of the two countries’ export sectors is indicated by the following table:

**Australian and New Zealand Exports by Product Classification**
(Australian data for 1988-89, New Zealand for 1986-87)

<table>
<thead>
<tr>
<th>Product Classification</th>
<th>Aust</th>
<th>NZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, beverages and tobacco</td>
<td>32.6</td>
<td>48.2</td>
</tr>
<tr>
<td>Crude materials, inedible</td>
<td>24.2</td>
<td>24.2</td>
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<tr>
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<td>1.7</td>
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<tr>
<td>Chemicals and related products</td>
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<td>4.9</td>
</tr>
<tr>
<td>Manufactured goods</td>
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<td>14.0</td>
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<tr>
<td>Machinery and transport products</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Other</td>
<td>4.1</td>
<td>0.9</td>
</tr>
</tbody>
</table>


10 For instance, it is said that Tasmania’s agricultural economy has been disadvantaged by imports from New Zealand under the ANZCERTA, while the New Zealand manufacturing base has shrunk in favour of Australia. Bollard, McCormack and Scanlan, pp. 101-2; *Export News*, March 1990, p. 30.

11 Alan and Robin Burnett, p. 108; Lloyd, p. 154; Bentick, p. 7.
psychology; it schools us in international competition; it gives us experience essential in going out to compete - as we are - in the wider region and the world."12

These developments have great importance to the security of Australia and New Zealand. It lies not just in finding solutions to potential economic distress, or in founding future prosperity. Beyond that, the process of economic conjunction stands as probably the strongest element in "...a general and, in many ways, inevitable movement towards closer trans-Tasman cooperation and understanding over a broad front - political, defence and economic", as the New Zealand Parliament stated in 1965.13 The security relationship can be measured against this background. It is moot how long the two governments and peoples could, or might wish to, avoid treading the same path of merger in the security field. As Lange said in 1988, "...you cannot move to a relationship as intimate as that in terms of economic policy and then go completely your own way in other fields, such as external relations and our security."14 Conversely, New Zealand’s Minister of Defence Peter Tapsell considers "it is utterly naive to believe that...[if] our defence relationship with Australia deteriorates, that that will not slowly rub off into other areas, for example trans-Tasman trade."15

12 Hawke, "Prime Minister salutes NZ", p. 77.
13 "New Zealand’s Trade with Australia", p. 15.
15 Tapsell, addressing a conference of the Royal Australasian College of Surgeons at Rotorua, 21 May 1990, quoted in "NZ Minister goes on the attack over defence ties", The Canberra Times, 22 May 1990, p. 6.
ANZUS and the Western Alliance

The Labour Party Government elected in New Zealand in 1984 has a conception of security for New Zealand which collided with the accustomed recourse to security through alliance. It rejects an alliance relying in part on nuclear deterrence. It asserts that, not only is nuclear deterrence irrelevant to New Zealand and the South-West Pacific, but that nuclear weapons are themselves the greatest danger to world peace. The perceived decline of the bipolar world implies that a country's best interest no longer necessarily lies in solidarity with an alliance.

Critics of New Zealand's policy claim that it shows naivety and/or hypocrisy, and that it has divorced New Zealand from the Western community. The first of these charges relates to the view of the New Zealand Government that its severance of its connection with nuclear defences was inconsistent neither with the trilateral operation of ANZUS, nor with New Zealand's continuing membership of the Western community. The Government affirms that nuclear defence is nowhere specified in the Treaty, and that New Zealand therefore is not obligated to participate in it. Officially, New Zealand discharges its ANZUS obligations by promoting the security of its own region through non-nuclear means. New Zealand denies that it

16 There have been many enunciations of this view, for example David Lange, "Calling a dead letter a dead letter", *New Zealand International Review*, July/August 1989, p. 24; David Lange, "New Zealand's Security Policy", *Foreign Affairs* (New York), Summer 1985, p. 1011; *The Defence Question: A Discussion Paper issued as Background to the Public Submissions on Future New Zealand Strategic and Security Policies* (Wellington: Government Printer, 1985), p. 4.


has redefined its participation in ANZUS or been to blame for disrupting its proper workings. It considers the United States has done so by insisting on a nuclear component not originally stipulated.19

In rebuttal, it is said that by the Treaty's signature in 1951 the United States had deployed and used atomic weapons, and that successive New Zealand governments acquiesced in United States nuclear deployments in the Pacific.20 In this interpretation New Zealand has indeed unilaterally redefined the way in which the alliance works, and has reduced to its parts the wide-ranging security alignment which transcended the letter of the Treaty.21 Even if one agreed with the New Zealand Government's case, it would still be difficult to credit its assertion that New Zealand continues to function, using non-nuclear means, as an ANZUS partner. The trilateral alliance has lacked substance since the United States suspended its security obligations to New Zealand in 1986. Even before that the political outlook in the United States, and the impracticality for the US of defending New Zealand without nuclear capable (not necessarily nuclear equipped) ships and aircraft, rendered Wellington's non-nuclear alliance unconvincing.22 Lange was attempting to be realistic in stating in 1989 that "there is not and cannot be any security alliance between the United States and New Zealand".23 It is hard to avoid concluding that the New Zealand Government has been naive or hypocritical to pretend otherwise.


22 As McKinley has pointed out ("Labour, Lange and Logic", pp. 135-6) the spread of nuclear capable (not necessarily nuclear equipped) ships and aircraft through the United States Navy means that in practice almost any US maritime operation would involve such assets.

23 Lange, "Calling a dead letter a dead letter", p. 25.
Similarly, the New Zealand Government affirms its continued membership of the Western community. Lange has listed New Zealand's credentials as a Western country, including its security contributions,24 and, under the 1987 White Paper, collective security remains fundamental to New Zealand defence policy - though with the focus now on Australia and the South-West Pacific.25 It is not always clear that identification with the West means security co-operation. Helen Clark, now New Zealand's Deputy Prime Minister, claimed that an anti-nuclear policy could mean an end to formal military ties without implying "...a basic change of...orientation away from any previously held eastern or western identification."26 The label applied to this line is "qualified alignment", described as "...alignment in sentiment but with the right to opt out on particular occasions."27 While this does not necessarily indicate official policy, it might provoke uncertainty about interpretations in senior New Zealand political circles of New Zealand's commitment to the West.

In New Zealand the non-nuclear policy is seen as suited to regional circumstances, and the only way a small country can help prevent nuclear war. There is no great perception of a Soviet threat. New Zealand's critics emphasise New Zealand's membership of a global alliance, withdrawal from which harms all members including New Zealand. In these terms the disruption to ANZUS was a threat "...to break another link in the worldwide chain of security treaties that defend America and its allies...If New Zealand goes non-nuclear, there would be political fall-out in a dozen or more nations..." more important strategically than New Zealand.28 To

25 Defence of New Zealand, p. 8.
26 Clark, p. 184.
28 James Wallace writing in the United States News & World Report, quoted in Clark, p. 180. See also, for example, George Shultz, quoted in Templeton, p. 13; Andrew Mack, "Nuclear
lessen this criticism (and the concerns of the Australian Labor Party) Wellington disclaimed any intention to export its policy. The outcome, it appears, is that New Zealand continues to be accepted as a Western country, and as a defence collaborator. The United States is still imposing some punishment, but confined to the security sphere. Even there New Zealand is not completely barred from purchases from or co-operation with the United States. The small, troubled New Zealand economy was vulnerable to American retaliation, but Washington refrained from such action. As United States Secretary of State George Shultz said, there was no wish "...to transform an ally into an enemy."29 Australia maintained its security links, and both it and the United States saw no benefit to the West in undermining New Zealand’s military capability.30 Equally, there is no returning for New Zealand to the pre-1984 intimacy with the United States. The shift since then in public and political opinion in New Zealand has made it impossible, and in any case the Americans would hardly have confidence in an ally whose commitment might date only from one election to the next.

Australia too has experienced tremors in its relationship with the United States, for example the rescinding of assistance with the MX splashdown, the lack of support for the 1986 bombing of Libya, and the sharp response to the dumping of American wheat and sugar in Australian export markets.31 Australia too sees a decline in the paramountcy of American-Soviet bipolarity.32 But there is no rupture like that

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involving New Zealand. For the United States, Australia is a less dispensable ally. It was plausibly suggested that the Americans resolved to respond mildly to Australian acts to avoid provoking Australian opinion to follow the New Zealand example. Most important, Australian opposition to United States policies did not impact as directly on Australia's alliance membership, and Australia ensured it was "...carefully explained and not permitted to take expression in forms or in circumstances which would cause unnecessary embarrassment, irritation or disadvantage..." to the United States.

Australia states unequivocally that it is "...part of the Western community of nations", of which its ANZUS membership is an expression, and it emphasises that "the Treaty continues to support fundamental security interests that Australia shares with New Zealand and the United States." It has an explicit agreement with the United States that their bilateral commitments under ANZUS remain intact, and officially it hopes "...that circumstances could be changed to permit an early return to the full range of trilateral ANZUS activities." Australia does not seek to avoid nuclear defence. It "...accept[s] the need for strategic deterrence. Australia will not


resile from its firm support for the Western Alliance, with the corollary that the global nuclear balance can be maintained only through a credible United States nuclear deterrent" coupled with balanced nuclear arms reductions.39 Like New Zealand, Australia stopped the visit of nuclear powered warships on safety grounds (in Australia from 1971 to 1976)40 but otherwise it does not share New Zealand's nuclear-ship policy. Australia "...regards access to Australian ports for United States vessels as being essential to the effective functioning of ANZUS", and "...understands and accepts the "neither confirm nor deny" formula with regard to the possible carriage of nuclear weapons."41

Australia disagrees with New Zealand and considers it, not the United States, at fault for the disfunction in ANZUS. Australia could not, Hawke told Lange in 1985, "...accept as a permanent arrangement that the ANZUS alliance had a different meaning, and entailed different obligations, for different members."42 Nevertheless, Australia has proved able to substitute two bilateral relationships for the one trilateral. While the Liberal-National Coalition has sometimes called for a new bilateral treaty with the United States, the Government has made no public attempt to do so. As has been seen, the Australian Labor Government responded tolerantly to the policy of its counterpart in New Zealand, and Ministers denied that ANZUS could, or needed to be, replaced. Whether either the Government or the Opposition would wish to move towards a new treaty would probably be conditioned by estimates of the domestic anti-nuclear or anti-United States feeling which might be aroused, plus the reluctance of the US Senate to enter into new security (or trade) treaties, and the prospect that it would insist on more demanding obligations on

41 Hawke, *AFAR*, February 1985, p. 120.
42 *AFAR*, January 1985, p. 52.
Australia than those of ANZUS. No doubt they would also be influenced by estimates of whether a future National Party Government in New Zealand would find sufficient Party support to carry through the anti-nuclear ships policy decided by the Parliamentary Party in 1990.

In one respect the disagreement between Australia and New Zealand may cause Australia to reduce the attention it gives New Zealand. Insofar as Australia now operates two bilateral relationships instead of one trilateral, its relationship with New Zealand will usually yield precedence to that with the United States. At an intellectual or moral level some New Zealanders might find distasteful close security links with a member of an alliance relying in part on nuclear deterrence, and an exporter of uranium.

More immediately, the trust which Australia could formerly place in New Zealand as a security partner was somewhat shaken. The Quigley review team reported concern that New Zealand "...will not fulfil its regional defence obligations and commitments, leaving Australia alone to protect Western interests in the area", and, as has been seen, Coalition spokesmen have accused New Zealand of selling out its old ally. Despite their public reticence, Australian Government figures may share these doubts about the policy of the New Zealand Labour Government. This emerges most clearly in a leaked report by Lange in which he said that the then


44 McKinley, *The ANZUS Alliance and New Zealand Labour*, p. 71.

Australian Minister for Defence Kim Beazley worried that "...unlike Australia, New Zealand did have the option of going neutral and designing its armed forces to a police type force of operation. There was a clear warning in Beazley’s comments that if we chose the latter option it would have a very detrimental effect on our overall relationship with Australia."46 Similarly, Australia’s Minister for Foreign Affairs and Trade Gareth Evans has publicly characterised the New Zealand Government as indifferent to global or even wider regional security concerns, although he said that "...it remains committed to a role in the South Pacific and undertakes many constructive activities there. It is to our advantage to encourage New Zealand’s involvement in our substantial areas of shared interest, and to cooperate with it in those areas."47 These remarks tend to bear out Quigley’s impression that Australia wants closer security ties with New Zealand because of anxiety that the New Zealand Labour Government might drift towards neutrality.48 In fact neutrality or isolation have received no support from the Lange or Palmer Governments. Such options were dismissed by the 1985-86 Defence Committee of Enquiry49 and are barely mentioned in the 1987 White Paper.50 The Australian Government’s attitude no doubt contributed to Lange’s rejection of New Zealand’s "...becoming the Albania of the South Pacific".51

Arms control and peacekeeping

Here, as with alliance security, New Zealand’s anti-nuclear stance has introduced

46 The report dated from August 1988 and was from Lange to his Cabinet. Quoted in Burnett and Jennings, p. 43.
47 Australia’s Regional Security, p. 11.
49 The Defence Question, pp. 5-7.
50 Defence of New Zealand, p. 30.
51 Lange, "Tightening the trans-Tasman knot", p. 21.
divergence into formerly similar outlooks. Although Australian opinion has been less opposed to the possession of nuclear weapons than has New Zealand opinion, both countries jointly sponsor a United Nations resolution for a Comprehensive Test Ban. They are co-operating in a worldwide network for seismic monitoring of nuclear tests.52 Both routinely oppose French nuclear testing. Australia has an Ambassador for Disarmament, New Zealand a Minister for Disarmament and Arms Control. Both oppose the Strategic Defense Initiative. Both are parties to the Treaty of Rarotonga. Australia has been the more active in some areas such as its efforts for a chemical weapons ban, and its broader geostrategic horizons are reflected in its interest in an Indian Ocean Zone of Peace and a settlement in Cambodia.53

Australia and New Zealand operate in distant theatres in multilateral peacekeeping operations, and for similar reasons - to play an active role in world events and to contribute to Western collective security at a scale appropriate to them.54 At the military level close co-operation continues in the Anzac tradition, most recently in the Multinational Force and Observers in the Sinai. In New Zealand there is, perhaps, a heightened interest in assisting global peace by this means now that its contribution through the alliance system is problematic.55 Australia has more and larger deployments, for example the 304-man contribution in Namibia. This is not just a matter of scale. It sometimes reflects Australia's more exposed geostrategic

52 AFAR, June 1986, p. 56.
55 The Defence Question, p. 15; Defence of New Zealand, p. 24.
position. The proposals in 1989 to deploy up to a brigade group to Cambodia make more sense in terms of a specific strategic interest in stability there than of the relatively disinterested desire for global stability which normally motivates peacekeeping operations.

An equal abhorrence of nuclear war on the part of Governments of like political colour has produced quite different policies on their alliance membership, and on the visit of nuclear armed and powered ships and aircraft; that difference is consistent with the distinctions in the characters of the two countries, described in Chapter 1. The Lange Government pursued a radical course under which anti-nuclear concerns took priority over the existing practice of New Zealand’s alliance arrangements. The Hawke Government adopted a less emotional, less disruptive, bipartisan policy, accepting nuclear deterrence as a present necessity and working within the alliance system for arms control. Australian politicians see arms control as a matter for "tedious", "tortuous", "painstaking" work, not for grand gesture. Not only the policies but the different characters of the two Governments divide the two countries in this respect.

A regional focus for security

Australia and New Zealand do not confine themselves to regional horizons - the preceding sections have discussed more extensive security interests - and some of

57 See for instance Hawke’s statement cited at note 39.
58 AFAR, June 1986, p. 537, quoting Hayden; Beazley, speech to the Counterpointforum, "Winning the Peace: Australia's Role in Arms Control", Murdoch University, 12 June 1986 (Perth: Murdoch University, 1986), passim.
their activities are global, especially trade. But they see their influence and power, and all but the least likely military threats, as most credibly placed in a regional setting. The two countries first spoke formally of a joint "regional zone of defence" in the 1944 Agreement Between Australia and New Zealand (the Canberra Pact). More recently the two have separately redefined their regions, which overlap but are not congruent. Paul Dibb defined an "area of direct military interest" within which Australia should be able to apply independent military power. It comprises the archipelago to Australia's north, the nearer islands of the South-West Pacific, and New Zealand. Beyond and including that is a "sphere of primary strategic interest", developments within which can affect Australia's regional security, and which includes South-East Asia, the South-West Pacific and the eastern Indian Ocean. New Zealand defines an "area of direct strategic concern", stretching from Australia to the Cook Islands and from Antarctica to the equator. Australia and New Zealand each include the other in their respective perimeters. All three zones are enormous, covering respectively 10, 20 and 16 percent of the globe. Australia, still more New Zealand, could hardly control these areas militarily in a crisis. The means by which they give effect to their perimeters are reviewed later; here the different priorities which they place on their neighbouring areas are examined.

The South-West Pacific

Here the Australian and New Zealand zones overlap. Australia's strategic interests were defined as the sea lines of communication (SLOCs) to Asia and North America, the region's proximity to Australia's populated east coast, concern at the economic and military fragility of the small states, and the operation of the South

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59 The citation is from paragraph 13. The text of the Agreement is found in Robin Burnett, The Australia and New Zealand Nexus: Annotated Documents (Canberra: Australian National University, 1980), p. [201].1.

60 Review of Australia's Defence Capabilities, p. 37.

61 Defence of New Zealand, p. 12.

Pacific Nuclear Free Zone (SPNFZ). For New Zealand this region has been the explicit focus since the 1978 White Paper. Its interests are analogous to Australia's but include also its constitutional obligations for the security of the Tokelau and Cook Islands and Niue, its historical, geographical, ethnic and immigration links with Polynesia, and the fact that the islands constitute the most credible avenue for military attack on New Zealand's home territory. The Pacific may figure larger as New Zealand's Maori and Pacific Island character becomes more prominent.

This region is the locus of perhaps the closest Australia-New Zealand co-operation, in which New Zealand has perhaps its greatest contribution. Here, more than in any other context, Australia concedes equality or even leadership to New Zealand. Australia could, according to former Foreign Minister Bill Hayden, gain from New Zealand "...a considerable fund of information. The New Zealanders have had a much more extensive and much longer experience in the South Pacific than we have had" (except in Papua New Guinea). Paul Dibb said that "in co-operating [with New Zealand] in pursuit of our desire to assist South Pacific states, we should not attempt to provide a rival focus of support." In its military deployments Australia "...shall maintain close liaison with the New Zealand Defence authorities to ensure that our efforts and their similar deployments are complementary." Both Lange and former New Zealand Minister of Foreign Affairs Russell Marshall considered that New Zealand's regional responsibilities are shared with Australia. Other declarations like these could easily be cited, and they are borne out by the similarity of the two countries' strategic outlooks and their activities in this region.

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63 *The Defence of Australia* 1987, pp. 16-7.
64 *Defence of New Zealand*, pp. 5-7, 12; *The Defence Question*, p. 4.
66 *Review of Australia's Defence Capabilities*, p. 47.
67 *AFAR*, February 1987, p. 75.
Both subscribe to the idea that the South-West Pacific is decreasingly tranquil. David Lange recounted incidents during his time in office, including political assassination, kidnapping, hijacking, sabotage and gunrunning (as well as the Fiji coups) and concluded that "it would be naive to assume that we shall be able to avoid further problems. And we may face situations for which diplomatic solutions alone may not suffice."69 Extending the argument, Rawdon Dalrymple, when Australian Ambassador to the United States, warned that the South-West Pacific might become permeable to non-Western outsiders if disturbances like French nuclear testing and the fishing disputes with US tuna boats continued.70 It was anxiety about a Libyan incursion, for instance, which sent Hayden on his nocturnal dash to Ohakea to consult Lange in May 1987.71

Australia and New Zealand co-operate to ensure "...the basic interest that the Pacific Island region should remain stable, well-disposed and prosperous", an interest in which, according to Towards a Pacific Island Community (the Henderson report), "it is difficult to envisage circumstances where New Zealand policies would substantially diverge from, or not take account of, Australia’s views and interests."72 Australia and New Zealand usually align diplomatically, as towards the SPNFZ and towards French activities in the region, and have reached joint positions on environmental issues of concern in the islands, like drift-net fishing and the Greenhouse Effect. Both have military training and exercise programmes (diminished since they severed this relationship with Fiji in 1987), and both make technical and logistic contributions to other regional military or police forces. They provide maritime surveillance for military and resource protection purposes, and

71 AFAR, May 1987, p. 248.
have increased their coverage recently. Both countries assist with hydrographical charting, again for military as well as civil purposes, and both are on hand in the event of natural disaster. Both navies have port visit programmes. At the more military end of the spectrum, Australia and New Zealand have moved towards institutionalised co-operation. They have prepared standing guidelines for joint operations in an emergency, and after the poor co-ordination of their reactions to the first Fiji coup the two governments co-operated in planning their responses to the disturbances in Vanuatu in 1988 and Bougainville in 1989-90.

Naturally there are also divergences, in part simply because of size. For instance, although New Zealand concentrates its aid spending here, that is less than a quarter of Australia's. New Zealand cannot match Australia's $A 61.7 million Pacific Patrol Boat project, nor can one take seriously the claim that the RNZAF and RNZN give "comprehensive" coverage to the 11 countries within their surveillance network. On the other hand, in a region of small states even New Zealand can be a big power, as Wellington has recognised. And here, largeness is not necessarily an advantage. Australia has noted that the imbalance in size between itself and the island states, together with its broader global interests, causes difficulty in fitting in


78 *The Defence Question*, p. 8.
as one among equals.79 Australian Ministers have found it necessary to deny any desire to establish "an Australian Brezhnev Doctrine for the South Pacific"80 or that Australia is an external power in the region.81 The New Zealanders, by contrast, stress their "light footprint". They say that their modest military forces "...pose no threat, they are there to help" while Australian policy under Beazley became more assertive.82 New Zealand also points to its links to Polynesia to support a claim to be an island nation like the others.83 The Henderson report spoke of a "central point of difference" between Australia and New Zealand, with New Zealand allegedly being seen in the islands "as a country in, and of, the region" in a way that Australia cannot be.84

It is not clear to what extent these New Zealand views are shared by island leaders. Admittedly, say Australian writers David Hegarty and Peter Polomka, "...there remains an implicit acceptance and appreciation at a fundamental level of the support both Australia and New Zealand can provide, and the role they can play, in promoting South Pacific security" but "despite its protestations New Zealand still tends to be linked with Australia by the "inner circle" of South Pacific Forum member states as part of the region's "Big Brother" problem."85 Both are alleged to lack a genuine commitment to Pacific interests and aspirations, to be pushy with

79 Australia's Relations with the South Pacific, p. 165.
84 Towards a Pacific Island Community, p. 67.
their own interests, and to constrain local independence and confidence. It is said that in some island states, such as Fiji, there is unease at the possible use of New Zealand forces for military intervention in the islands. Jioji Kotobalavu has referred to India's involvement in the Maldives, though at Maldivian invitation, as a disturbing precedent for what New Zealand could do in the South-West Pacific, yet this instance is cited by New Zealand as a model for an intervention which would be welcomed by island governments.

On the other hand, the Henderson review group found that "...New Zealand's defence presence in the region is not just accepted, but welcomed as natural and necessary. In several cases, New Zealand assistance is preferred over that provided by others." Island governments were said generally to be "comfortable with New Zealand's style of operation".

Similarly, in its handling of the nuclear-capable ships issue and the Fiji coups, it is uncertain how New Zealand is regarded in the islands.

According to an Australian report the cessation of the ANZUS relationship between New Zealand and the United States diminished the former's standing with South-West Pacific countries, especially the Polynesians. It is said that these countries generally valued the ANZUS arrangement because the security of the three participants was considered to underwrite their own security. Sir Thomas Davis of the Cook Islands roundly criticised New Zealand for the consequences of its anti-nuclear policy (though this has not prevented New Zealand forces since being

86 Ibid.
88 Ibid.
90 Towards a Pacific Island Community, pp. 67, 209.
91 Australia's Relations with the South Pacific, pp. 148, 196.
welcomed there on exercises). Countries important to New Zealand - Fiji, Western Samoa, Tonga, Papua New Guinea, the Cook Islands - have policies on nuclear vessels contrary to New Zealand's, and Fiji moved in the opposite direction in 1985 by lifting its former prohibition on nuclear ship visits. Only Vanuatu and the Solomons have policies similar to New Zealand's. If this suggests that New Zealand fell out of step with island countries, the Henderson report differs. It "...found that New Zealand's non-nuclear policy was acknowledged and generally well understood throughout the region. It is not, as the 1989 Australian Parliamentary report stated, a matter of concern to Pacific Island Governments."

Perhaps the view expressed by island spokespeople varies according to the nationality of the questioner. While it might not be certain that island leaders are concerned by New Zealand's policy, nevertheless most have decided not to follow New Zealand's example on this issue.

In dealing with the coups in Fiji, New Zealand and Australia were similarly placed in condemning Rabuka's racial politics, in being able to consider military intervention, in cutting military ties, and in sanctions by their trade unions. The two countries' policies since then have been parallel, both resuming aid to Fiji but not military co-operation, and both maintaining their dissatisfaction with political developments there, but Australia's approach has been less strident than New Zealand's. For example, Australia's protests at the Internal Security Decree in June

94 Towards a Pacific Island Community, p. 194.
95 W. T. Roy, "The Fijian coup - causes and consequences", Pacific Defence Reporter, July 1987, p. 8; Australia's Relations with the South Pacific, pp. 154, 211.
96 Australia's Relations with the South Pacific, p. 216; Towards a Pacific Island Community, pp. 59-63.
1988 were more measured than Lange's description of Fiji as a police state and talk of New Zealand having to "fundamentally realign" its relationship with Fiji.97 Bob Hawke avoided criticism of Fiji's new constitution at the South Pacific Forum meeting in September 1988 whereas then New Zealand Deputy Prime Minister Geoffrey Palmer attacked perceived shortcomings and said there would be "no easy way through" to improved bilateral relations.98 There has been island criticism of "the gap in perceptions between the Island nations and New Zealand"99 in respect of the coups and their aftermath, but again it would be difficult to demonstrate that island leaders consequently regard New Zealand significantly worse than they do Australia.

It would be inaccurate to portray New Zealand as without positive links in the South-West Pacific. Even if one doubted the impartiality of the Henderson report or the rigour of its research, one could not ignore the substance to New Zealand's claims to be at least close to, if not part of, the region. Hegarty and Polomka's findings tend to confirm this. However, evidently there are at least some island spokespeople who have reservations about New Zealand's military role in the South-West Pacific, or the extent to which New Zealand is in step with island opinion. One can argue that there is now no "natural New Zealand constituency" in the region, as Lange admitted.100 Probably there are still grounds for Australia to view New Zealand as a guide or major partner in the region, but this status is not now unquestionable. The 1989 Australian Parliamentary report is, perhaps, a symptom of this. Further, one might speculate that Australia's increased activity in security matters in the South-West Pacific (not just military deployments and co-operation but also, conspicuously, Beazley's visits to island countries) revealed an Australian desire to reinforce its presence at a time when the region was becoming less tranquil and

98 The Sydney Morning Herald, 22 September 1988, p. 16.
100 Lange, "Facing realities", p. 7.
when, under Lange as both Prime Minister and Foreign Minister, New Zealand’s standing in the region was becoming less certain. 101

South-East Asia

South-East Asia has more significance for the security of Australia than of New Zealand. It is closer to Australia. For two generations it has experienced instability, and it is considered the most likely origin of any attack on Australia. The region falls within Australia’s sphere of primary strategic interest but not within New Zealand’s area of direct strategic concern. Australia maintains joint security measures, with Malaysia and Singapore through the Five Power Defence Arrangements (FPDA), and with those and other countries including Indonesia under its Defence Cooperation Program. New Zealand’s parallel links do not match the breadth of Australia’s. Australia’s activities here probably bring it greater military benefit than its unequal security exchanges with the South-West Pacific. 102 In 1988 Beazley described the FPDA as a valued means of influencing the regional strategic environment. 103

Further, Senator Evans has made far-reaching claims for Australia’s future as part of South-East Asia: "the region is primary for Australia because it is where we live...It is where we must find a place and a role if we are to develop our full potential as a nation...[Australia’s objective is] to be fully accepted as not just in the region, but of

101 This interpretation is consistent with the reported Australian concern that the New Zealand Labour Government might cease to be a reliable partner in bearing Western security interests in the region, and with Australia’s preparedness to assume a heavier burden to sustain its defence relationship with New Zealand following the latter’s rift with the United States. These matters suggest an Australian willingness to expand their activities to compensate for any contraction in New Zealand’s, or for any disruption caused by the implementation of the new foreign and security policies of the New Zealand Government.


Evans recommends that Australia build on its existing military co-operation so that "...if a more structured regional defence community ever eventuated, Australia would be a natural participant...To be excluded would relegate us to a secondary role in the region." In the light of these comments, and of its longstanding strategic interest, Australia’s continuing membership of the FPDA is unsurprising. However, it is far from certain that the security community envisaged by Evans will eventuate, or that Australians could, or would wish to, operate within it. Such an orientation by Australia would depart from its traditional association with the West, and would imply a return to some form of forward defence - perhaps foreshadowed by the interest in an operation in Cambodia. There is little sign of public or political backing for these shifts.

Likewise, there is little sign that the New Zealand Labour Government shares the outlook of its Australian counterpart. For New Zealand’s former Foreign Minister, Russell Marshall, South-East Asia was simply "along one rim of the Pacific." The region had strategic importance, in his view, because of the SLOCs to North-East Asia, as a trading partner, and as a source of tourists, immigrants and investment capital, but it was no longer "New Zealand’s front line." In these terms a military role there for New Zealand, and the retention of its battalion in Singapore, had been anachronistic since the 1978 White Paper placed priority on the defence of New Zealand itself and the South-West Pacific. Continuing membership of the FPDA is inconsistent with the definition of the area of direct strategic concern. On the other hand, now that the battalion has been repatriated, membership entails no great outlay (unless Malaysia or Singapore call for armed assistance), and New Zealand recognises that it cannot ignore potential instability in the "Western Pacific Rim", as

104 Evans, "Australian Foreign Policy", p. 9.
105 *Australia's Regional Security*, pp. 20-1.
Peter Tapsell put it. The alternative, he said, "...is that we will gradually come to be seen as just another inconsequential Pacific island state."\(^\text{108}\) Even if New Zealand had no remaining interest in the region it would probably have been unnecessarily provocative to leave the FPDA as well as to withdraw the battalion. It would no doubt have damaged relations with Malaysia and Singapore, and could have been interpreted by Australia, other Western countries and the South-West Pacific as confirmation that New Zealand was no longer a reliable security partner.

Australia and New Zealand appear likely to remain in the FPDA despite the different priority which they place on the region, and they may become active partners in other respects. It is reported, for example, that Australia sought a New Zealand contingent in its proposed deployment to Cambodia.\(^\text{109}\) Nevertheless, it is improbable that New Zealand could be more than a junior partner for Australia in South-East Asia.

Other regions

Australia's interests in the Indian Ocean have been defined as:

- securing SLOCs (the Indian Ocean covers about 40 percent of shipping movements to and from Australia\(^\text{110}\));
- avoiding instability which might attract outside military presences;
- protecting the western coastline, islands and offshore resources;
- encouraging the Zone of Peace; and

\(^\text{108}\) Tapsell, quoted in "NZ Minister goes on the attack over defence ties", p. 6.

\(^\text{109}\) Klintworth and Babbage, p. 15.

\(^\text{110}\) Michael McKinley, ""...At Anarchy's Rim..." Australia and the Indian Ocean", paper given to the Conference on Australia and the World: Prologue and Prospects, Australian National University, 6-9 December 1988, p. 4.
There is growing consciousness of the development of India as one of the "major global influences" of the future. New Zealand's interests may be more narrowly, though still importantly, defined as the SLOCs to Europe and trade with the Middle East. Except for Australia itself the region is outside New Zealand's area of direct strategic concern, though occasionally New Zealand forces have operated there. Nonetheless, even for Australia "...the Indian Ocean has generally been more down the priority scale than up" and the development of the two ocean navy is explained more in terms of South-East Asia than of the Indian Ocean. It is not apparent that Australia has a clear security or foreign policy agenda for the Indian Ocean, and to this extent the potential variance between Australia's and New Zealand's involvement here remains dormant.

The two countries have like policies towards Antarctica and the Southern Ocean. Both value the demilitarisation provisions of the Antarctic Treaty and desire continuing freedom from political and strategic competition in the south. But there is growing interest in the exploitation of mineral resources, and Third World states are said to want to replace the Antarctic Treaty with a United Nations administration in which all countries could share. There are rumours, also, of South

112 Australia's Regional Security, p. 4. See also, for example, Ministerial Document Service, news release by Michael Duffy, former Australian Minister for Trade Negotiations, 5 June 1989; "Seeking better ties with India", The Canberra Times, 5 March 1990; ibid., p. 70.
113 Couteau-Begarie, p. 915.
114 Backgrounder No 463, 27 June 1984, speech by Bill Hayden.
African and French plans to monitor missile tests from Antarctica. Australia and New Zealand could have difficulty finding means to preserve the tranquillity of their southern environs in the event of disturbance; Dibb is no doubt correct in regarding Antarctica as "beyond an effective defence effort." Despite their differences on mining in Antarctica, the two countries’ security interests appear identical.

**Peaceful means to security**

Australia, and still more New Zealand, could not exert military control over their huge security perimeters, nor would they wish to employ military force except in a serious emergency. Both use a number of means to prevent a military emergency, some of which (like alliance membership or arms control) have already been described.

Other means, sometimes employing the armed forces, have in common an intention to promote "a shared sense of strategic interests" with regional countries. In Evans’ words, national security depends not just on defence preparedness, "...but also on achieving a stable and attractive political and economic environment: a harmonious set of individual relationships in a harmonious larger regional context." The 1987 *Defence of New Zealand* saw contributions to disaster relief, fisheries and resource protection, hydrographic survey as well as more narrowly military co-operation, as all part of New Zealand’s strategy of denial in the South-West Pacific. By building goodwill, New Zealand hopes to prevent outside powers

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121 Evans, "Australian Foreign Policy", p. 8.
finding amongst its neighbours fertile soil for anti-New Zealand sentiments. The twin objectives are to have neighbours which do not oppose Australian or New Zealand strategic interests (or better, which regard those countries as friends and partners), and to ensure that neighbouring countries are not subject to instability which could provide opportunity for interference by unfriendly outsiders. The regional accent noted earlier continues in this context.

Australia's and New Zealand's neighbours are almost all developing countries, some of which are too small and poor to maintain military forces. Military co-operation may not be the most useful means of fostering goodwill. Diplomatic support may be more valuable, especially for Pacific countries too small to maintain large foreign ministries. New Zealand has responsibility for the foreign and defence affairs of the Cook and Tokelau Islands and Niue, and Australia and New Zealand can assist other island states, for example with the United States over tuna fishing. Results in this respect are not unmixed, however, witness the periodic friction between Wellington and Rarotonga, or the irritation of Vanuatu and Kiribati at Australian and New Zealand advice on dealing with the Soviets.

In the South-West Pacific there is increasing emphasis on economic security. New Zealand's 1987 White Paper acknowledged this while the Australian Parliament's Joint Committee on Foreign Affairs, Defence and Trade "...recognised that aid/technical assistance is a matter of influence and thus of strategic


124 As an example see Hegarty and Polomka, the articles by Hegarty and Polomka, Kotobalavu, and Vakatale.

125 Defence of New Zealand, p. 13.
importance". Gareth Evans speaks more generally of economic linkages "...creat[ing] mutual interests and interdependence" which may restrain military conflict, and of avoiding domestic political dissatisfaction caused by economic privation. The different regional emphases of Australia and New Zealand are evident in these aid figures. New Zealand's attention is more concentrated on a single region:

Table 2: Australian and New Zealand Official Aid Expenditure
(Australian data for 1989-90 (budget estimate); New Zealand for 1988-89)
(Percentage of national spending to destinations)

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Papua New Guinea</td>
<td>26.6</td>
<td>54.1</td>
</tr>
<tr>
<td>South-West Pacific</td>
<td>7.3</td>
<td></td>
</tr>
<tr>
<td>South-East Asia</td>
<td>11.9</td>
<td>6.3</td>
</tr>
<tr>
<td>East Asia</td>
<td>1.8</td>
<td>0.6</td>
</tr>
<tr>
<td>South Asia</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Africa/Middle East</td>
<td>6.1</td>
<td>0.6</td>
</tr>
<tr>
<td>Rest of World</td>
<td>0.9</td>
<td>4.1</td>
</tr>
<tr>
<td>Multilateral</td>
<td>37.0</td>
<td>29.1</td>
</tr>
<tr>
<td>Administration</td>
<td>6.5</td>
<td>4.5</td>
</tr>
</tbody>
</table>

The emphasis on building a friendly and stable region is carried into military activities like Australia's Defence Cooperation Program (DCP) and New Zealand's Mutual Assistance Programme (MAP). Bill Hayden stated the DCP's "broad


objective" as "...to promote the national independence of the participating countries".\textsuperscript{129} Especially in the South-West Pacific its direct military benefits figure less than broader gains of expressing Australia's interest in its neighbours' security, fostering friendly attitudes towards Australia, and promoting political stability and economic growth.\textsuperscript{130} The MAP is aimed at enhancing the effectiveness and self-reliance of civil as well as military authorities in the South-West Pacific. It focuses on technical skills, not directly on military assistance or hardware.\textsuperscript{131} Much of this development work becomes indistinguishable from civilian aid,\textsuperscript{132} and even activities conducted for military reasons, like maritime surveillance or hydrographic survey, may have spin-offs in economic development. South-East Asia is the more natural area for explicitly military co-operation like the FPDA. Military security counts for more there than in the Pacific, and the military establishments are more able to co-operate on equal terms with Australian or New Zealand forces.

Australian and New Zealand reluctance to respond militarily to disturbances in the South-West Pacific raises the question of what regional role their forces should play. For Australian forces Evans has defined "military diplomacy" by means of regional security arrangements, and envisages Australia helping its neighbours through its own stability, just as Australia profits from stability in them. He has enumerated necessary conditions for Australian military involvement in a neighbouring country: the agreement of recognised domestic authorities; a manifest threat to Australian security; a finite time frame; a clear and achievable operational objective; and the concurrence or participation of other regional states.\textsuperscript{133} There might be misgivings as to whether Australia's neighbours consider its military strength benign,\textsuperscript{134} or

\textsuperscript{130} Australia's Defence Co-operation, pp. 5-6.
\textsuperscript{131} Ansell, p. 45; Towards a Pacific Island Community, pp. 209-10.
\textsuperscript{132} Australia's Defence Co-operation, pp. 5-6.
\textsuperscript{133} Australia's Regional Security, pp. 17-22.
\textsuperscript{134} There is a school of thought which finds the growth in Australia’s military strength threatening to neighbouring countries and ill-suited to Australia’s needs. See Graeme Cheeseman and St
whether in a crisis Australian politicians and public opinion would coolly follow Evans' precepts. New Zealand has not been as explicit, but its thinking is similar. Any military action, it says, could occur only after consultation with regional governments. "Close consultation, co-operation and contact are New Zealand's preferred way"135 though again there might be doubt as to whether New Zealand would gain regional backing.

Australia and New Zealand are, then, in closely similar positions in this area. In its objectives and its methods New Zealand remains a compatible partner for Australia.

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Australian-New Zealand defence co-operation is well established in history and in the sentiments of the two countries. Australian colonial troops saw service in the New Zealand wars, and since then Australian and New Zealand servicepeople have many times shared battlefields. Bob Hawke has spoken of "...the immortal legend of ANZAC [forged] on the inhospitable shores of Gallipoli." Recent experience and current military planning suggest that additions to this record are likely, in a peacekeeping operation, through a multilateral commitment like the FPDA, or through a bilateral response to a regional emergency. The battlefield relationship has been accompanied by collaboration in defence policy which has accelerated in recent years after its beginnings in the 1933 decision for the exchange of information between Chiefs of Staff. There are now many bilateral defence arrangements. Both on the battlefield and in policy Australia and New Zealand have evolved an intimate, broad and increasingly structured defence relationship.

1 Bob Hawke, speech to the Auckland Chamber of Commerce, 1 February 1990, "Prime Minister salutes NZ", in Department of Foreign Affairs and Trade, Australian Foreign Affairs and Trade: The Monthly Record (Canberra: Australian Government Publishing Service), February 1990, p. 78.

2 The agreements over the last 20 years include:
- Prime Ministerial pledges in 1970 and 1976 to engage in the closest possible consultation on planning, purchasing, equipment standardisation, training and operational procedures;
- annual meetings of the two Ministers of Defence, and of their civilian and military heads;
- the creation of a system of bilateral committees, including the Australia-New Zealand Defence Policy Group; the Australian-New Zealand Defence Supply Co-operation Working Group; the Australia-New Zealand Exercise Planning Group; the Australia-New Zealand Combined Communications Inter-operability Board; and the Operational Logistics Working Party;
- Memoranda of Understanding on defence supply co-operation (1969); on defence scientific co-operation (1981); on defence logistic co-operation (1983); on the exchange of information relating to a new class of submarine (1983) and of the ANZAC ships (1987); and on defence communications and electronic co-operation (1985);
Since 1984, however, the relationship has had to cope with the difference on nuclear defence and the rupture between New Zealand and the United States. For some commentators these imperil the partnership's future. For instance, Australian commentator on defence Ross Babbage warned in 1986 that "the time when fundamental differences in perspectives and priorities could be papered over with flowery rhetoric is gone" and that the relationship could "waste away".3

Officially, though, Australia remains committed to the partnership. The joint communique after the 1985 meeting of the two Defence Ministers emphasised that "...it was all the more important to build on the bilateral relationship..." because of the disarray in ANZUS,4 and then Australian Minister for Defence Kim Beazley added that "...the essential task facing our two countries now is for each to concentrate on minimising the effects of our differences, so that our efforts in support of shared interests will continue to be complementary, mutually reinforcing and effective."5 Beazley went on to emphasise traditional foundations for continuing defence ties with New Zealand:

- cultural and historical ties;
- the tradition of military comradeship;
- shared interests in the South-West Pacific;


4 Department of Foreign Affairs, Backgrounder (Canberra: Australian Government Publishing Service), No 473, 10 April 1985, p. A2.

- New Zealand's geographical proximity to Australia and to its SLOCs to Asia and North America; and
- New Zealand's contribution to Western collective security in the South-West Pacific and South-East Asia.6

"These are national interests of major importance," he said. "They are not to be sacrificed. This is why Australia is continuing and developing bilateral exercises, intelligence exchanges and other forms of defence co-operation with New Zealand."7 Moreover, the increasing strategic complexity of the South-West Pacific is "...an important reason why we ought to be strengthening, rather than loosening, our ties with New Zealand."8 It has already been noted that there may be a fresh justification for a close defence bond in Australia's concern to prevent New Zealand drifting into neutrality. According to the Quigley review, "this concern was so great that Australia has indicated it is prepared to incur additional costs to prevent this from happening."9

The new United States-Australia-New Zealand relationship does impose a burden on Australia. Australia has stressed to New Zealand that it "...cannot realistically be expected to provide a substitute for the United States as a security partner for New Zealand",10 but it accepts additional costs in running separate relationships with its two allies, for instance in having two separate exercise programmes, and in filtering

6  Ibid.
out American intelligence material from that which it supplies to New Zealand.\textsuperscript{11} Australia maintains the "extremely intimate" intelligence relationship,\textsuperscript{12} but because of the United States requirement that its material not be shared with New Zealand, in the field of intelligence "Australian officials [are] forced to treat New Zealand officials more like foreigners than had ever been the case before".\textsuperscript{13} It is said that Australia has assumed New Zealand's responsibilities under the Radford-Collins agreement, and the increase in RAAF and RAN deployments to the South-West Pacific has also been interpreted in this light.\textsuperscript{14} These are not overwhelming burdens but in a period of tightening defence budgets in Australia they do not go unnoticed. In 1988 (before New Zealand's decision on the Anzac ships) the Opposition spokesman on defence said that New Zealand "...has cost Australia a great deal of money because [it] has failed to meet its responsibilities". More bluntly, it was said that "New Zealand is in danger of becoming a "bludger" nation...", it was "taking a free ride", its policy was "...hard luck Jack, I'm all right while others pay for my security."\textsuperscript{15}


\textsuperscript{12} Desmond Ball, "The security relationship between Australia and New Zealand" in Desmond Ball (ed.), \textit{The ANZAC Connection} (Sydney: George Allen & Unwin, 1985), p. 46.


On the other hand, in some respects Australia has profited from New Zealand's rift with the United States. Now that Australia is the United States' sole effective ally in the South-West Pacific its standing in Washington may have increased, especially since it has proved able to sustain the ANZUS grouping at least as two bilateral axes.\textsuperscript{16} Because of this success, there is no pressure on the United States to seek rapprochement with New Zealand.\textsuperscript{17} In Wellington Australia's standing is almost certainly higher. To quote Alan Burnett, Visiting Fellow in International Relations at the Australian National University, the ANZUS rupture revealed "...that it is Australia and not the United States which provides for New Zealand's security."\textsuperscript{18} Australia has emerged as the pivot of the new three-country order.

New Zealand too is still committed to the Anzac partnership. The 1987 White Paper stated that it "...remains a key element in New Zealand's defence strategy"\textsuperscript{19} while Ministerial statements stress that "...the security of Australia and New Zealand are inextricably bound up together"\textsuperscript{20} and that it is "virtually unimaginable" that either would act militarily without the other in response to a regional emergency.\textsuperscript{21} While such remarks could have been made before 1984, now they have a different context. Australia is now "Hobson's choice - but not a bad one" as an ally for New Zealand.\textsuperscript{22} The New Zealand Labour Government's decision on the Anzac ships discounted the possibility that it would reject alliance altogether, so there is no

\begin{itemize}
\item \textsuperscript{16} Alan Burnett, "ANZUS: Developments in the Relationship with New Zealand", paper given to the Conference on Australia's Defence, Fabian Society, August 1986, p. 8.
\item \textsuperscript{17} Young, \textit{ANZUS: Requiescat in Pace?}, p. 17.
\item \textsuperscript{18} Burnett, "ANZUS: Developments in the Relationship with New Zealand", p. 4.
\item \textsuperscript{20} Peter Tapsell, New Zealand Minister of Defence, addressing a conference of the Royal Australasian College of Surgeons at Rotorua, 21 May 1990, quoted in "NZ Minister goes on the attack over defence ties", \textit{The Canberra Times}, 22 May 1990, p. 6.
\item \textsuperscript{21} Ministry of External Relations and Trade, \textit{New Zealand External Relations Review} (Wellington: Ministry of External Relations and Trade) (hereafter cited as \textit{NZERR}), April-June 1989, p. 16.
\end{itemize}
evident alternative to being content with Australia as an ally, however inadequately it can replace the United States.

This is an awkward position for New Zealand. Australia is New Zealand's only credible partner, but New Zealand is for Australia much the weaker of two. True, in important respects New Zealand could be a more useful partner than the United States for Australia. New Zealand would probably provide forces more readily than the United States for the defence of Australia, while for political reasons United States forces could be less welcome in a regional emergency than New Zealand forces. Still, Australia sided against New Zealand's case on nuclear ship visits, and New Zealand is even less convincing than Australia as a substitute for the United States. When Australian resources for co-operative activity are limited, New Zealand can expect to be "second cab off the rank".

This will apply the more if New Zealand fails to maintain military interoperability with Australia. Yet already, it is said, both military establishments are concerned that "...a gap may begin to appear between the capabilities of the ADF [Australian Defence Force] which continues to work with US forces, and the [New Zealand armed forces] which are precluded from doing so." If the NZDF slips behind the ADF's proficiency in areas significant for handling the most likely, low level contingencies, it may become harder for the two to fight together - perhaps preventing future joint operations - and it may become harder for the New Zealand Defence Force to maintain its status as a credible partner for Australia. This depends on having equipment of comparable military effectiveness and people of equivalent professional standing; the equipment should certainly be compatible and preferably the same or complementary. Defence of New Zealand, p. 17; Burnett, "ANZUS: Developments in the Relationship with New Zealand", p. 12.

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24 Jennings, The Armed Forces of New Zealand and the ANZUS Split, p. 73.
25 This depends on having equipment of comparable military effectiveness and people of equivalent professional standing; the equipment should certainly be compatible and preferably the same or complementary. Defence of New Zealand, p. 17; Burnett, "ANZUS: Developments in the Relationship with New Zealand", p. 12.
Zealanders to offer any benefit to the Australians from peacetime contact. The Australians might feel further compelled to shoulder Western interests if the New Zealand Defence Force (NZDF) became unable to do so.

Australia has made clear since 1985 that sustenance of the partnership "...would require additional commitment of resources" by New Zealand, and Beazley has warned that if the New Zealand Government does not implement its 1987 White Paper's commitment to spend on defence, Australia might rethink its co-operation with New Zealand. As he said in 1987, "the [Australian] Government regards it as important that New Zealand retains the military capability to operate with us, both in our mutual defence and in aiding our neighbours in the South Pacific." At about the same time, he reportedly nominated capabilities which Australia expected New Zealand to maintain - long range maritime patrol aircraft, a blue water navy with anti-submarine capability, and a deployment and support capability for the Ready Reaction Force (RRF). These warnings proved effective. Recent procurement decisions have moved New Zealand towards meeting these requirements, with many of New Zealand's purchases being made in Australia. New Zealand acknowledges a need to make a significant contribution. The New Zealand Minister of Defence now bluntly warns that "...New Zealanders ha[ve] to get used to the idea that the relationship [is] not cheap."

Similarly, New Zealand politicians accept the need to help defend Australia, if asked, in return for a reciprocal Australian commitment. "This is what regional collective security is all about, a confidence that were New Zealand's independence

27 Backgrounder No 473, 10 April 1985, p. A2, quoting the joint communique after the meeting of the two Defence Ministers.
29 Jennings, The Armed Forces of New Zealand and the ANZUS Split, pp. 77-8; Barber, p. 13.
30 Tapsell, quoted in "NZ Minister goes on the attack over defence ties", p. 6.
ever directly threatened Australia could not and would not stand back. The reverse of this is true for New Zealand."\(^{31}\) It is explicitly said that New Zealand will help defend the Australian mainland.\(^{32}\) New Zealand was already obligated under ANZUS to do so, but this explicit commitment further discredits any fears that New Zealand is headed for isolation if the Labour Government is re-elected. As Lange said, "...just as it is impossible for us to limit our Pacific horizon to the Kermadecs we cannot regard our interests in Australia's security as confined to this side of the Blue Mountains."\(^{33}\)

**Military co-operation**

In the military context there is a similar picture of continuing but reshaped co-operation. Recent planned deployments such as to Vanuatu in 1988, Cambodia in 1989 and Bougainville in 1990 have all envisaged joint Australian-New Zealand forces.\(^{34}\) After much agonising, New Zealand is participating in the Anzac ship programme. RNZAF Skyhawks will soon begin a combined training programme at Nowra, N.S.W., with the RAN.\(^{35}\) New Zealand has kept second place, behind the

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United States, as an exercise partner for Australia. Against these one might quote failures to co-operate, like Australia’s decision not to buy New Zealand’s mortar ranging calculator, New Zealand’s purchase of Minimi machine guns from Belgium instead of waiting for Australian production, or the failure to share pilot training between the two countries. These episodes exemplify the truism that Australia’s and New Zealand’s interests are not identical, and in this sense disagreement is not always remarkable. However, these cases do reveal limits to the partnership. It appears, for instance, that the pilot training idea was dropped because New Zealand, and perhaps Australia, would not forfeit control over their respective programmes. It is also said that the NZDF is reluctant to participate in planning for the defence of continental Australia because it fears becoming an appendage of the ADF. Evidently the smaller partner is determined to keep its independence although, as the 1987 White Paper acknowledged, the withdrawal of United States co-operation has raised the importance of the links with Australia.

The NZDF faces a difficult task in balancing independence of the ADF against the intimacy desirable for co-operative or joint operations. The task is complicated by


41 *Defence of New Zealand*, pp. 14-5.
the different levels of capability and technology at which the two forces operate.\textsuperscript{42} New Zealand recognises a need for "...capabilities which are credible in their own right. These capabilities will [besides allowing an independent military role] demonstrate to Australia that we are a partner able to contribute to the security and stability of the area, thereby confirming our interest in the region."\textsuperscript{43} In practice, though, New Zealand has been content with defence budgets slimmer than Australia's, in relative terms as well as absolute.

**Table 3: Australian and New Zealand Defence Expenditure\textsuperscript{44}**

<table>
<thead>
<tr>
<th>Year</th>
<th>Local currency current prices $ million</th>
<th>US dollars 1988 prices and exchange $ million</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aust NZ</td>
<td>Aust NZ</td>
<td>Aust NZ</td>
</tr>
<tr>
<td>1980</td>
<td>3247 426</td>
<td>4827 687</td>
<td>2.6 1.9</td>
</tr>
<tr>
<td>1981</td>
<td>3767 549</td>
<td>5070 768</td>
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</tr>
<tr>
<td>1982</td>
<td>4371 628</td>
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<td>1983</td>
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<td>1984</td>
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<td>6298 825</td>
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<td>1986</td>
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<td>6166 845</td>
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<tr>
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<td>7535 1357</td>
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<td>2.4 2.1</td>
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<tr>
<td>1989</td>
<td>7715 1404</td>
<td>5692 879</td>
<td>2.4 2.2</td>
</tr>
</tbody>
</table>

\textsuperscript{42} There is no New Zealand equivalent, for instance, of Australia's guided missile destroyers and frigates, its submarines or its F-111 aircraft.


Further, there are characteristics of New Zealand which would impede efforts to enhance its armed forces - its small population and industrial base, its current economic problems, its volunteer military system and its need to emphasise costly sea and air capabilities. Thomas-Durrell Young concludes that

unfortunately for New Zealand and all nations which have small, relatively sophisticated defence forces, attempts at attaining high levels of independence will be limited by the cold fact that without economies of scale, they are destined to remain essentially dependent on external powers for the development of new weapons and in some cases, subsequent logistic support and updating programs as well.

The outcome is that the New Zealand forces have many material deficiencies. They have been tartly described by Michael McKinley as a "working museum". True, there has been progress in implementing the 1986 capital equipment programme. The Army has received trucks, the Hamel light gun, Steyr rifles and the Minimi, so that it is reasonably equipped for a low-threat operation, the Navy has acquired a tanker and ordered Anzac frigates, and will receive new command and control systems and sonars for the existing vessels, the Air Force has modernised its Skyhawks and Orions and ordered Aermacchi MB 339Cs to replace the

45 Michael McKinley, The ANZUS Alliance and New Zealand Labour (Canberra: Canberra Studies in World Affairs No 20, Department of International Relations, Australian National University, 1986), p. 29.
Strikemasters,\textsuperscript{50} and there is a new defence communications network compatible with Australia's.\textsuperscript{51} New Zealand's defence budget climbed in dollar terms, as a percentage of GNP, and in proportion to Australia's spending, as the Lange Government reacted to the loss of United States support and to the preceding years of underspending, and sought the independent capabilities to effect its self-reliant policy. The level of spending, and the record of purchases of equipment, are both above the achievement of the Muldoon Government.

But the defence budget is capped at $NZ 1.4 billion annually and it is problematic whether forthcoming projects, like the second pair of Anzac ships, the LSS, replacement helicopters, replacement patrol boats, and replacements for the Andovers and Skyhawks will be funded. Jennings supposes it unlikely that the capital equipment budget will exceed $NZ 2.25 billion over the next ten years of which four Anzac ships, if acquired, would consume half to three quarters.\textsuperscript{52} The South Pacific Policy Review Group recorded its concern that the 1990 defence budget could be 20 percent below the level needed to implement the 1987 White Paper.\textsuperscript{53} A succession of acquisition proposals will arise, with no guarantee that all will receive the endorsement of future Governments. The Army has foregone comparatively inexpensive items like medium artillery and anti-armour weapons because they were considered incompatible with low level contingencies;\textsuperscript{54} the Skyhawk replacement in particular could be attacked on similar grounds.

The point here is not to denigrate the contribution which the NZDF could make, even in a serious military contingency. Alan Burnett argued in 1988 that "...New

\textsuperscript{50} "PDR Newsletter", Pacific Defence Reporter, March 1990, p. 21.
\textsuperscript{51} Denis McLean and Desmond Ball, The ANZAC Ships (Canberra: Working Paper No 184, Strategic and Defence Studies Centre, Australian National University, June 1989), p. 15.
\textsuperscript{52} Jennings, "New Zealand Force Modernisation", pp. 60-1.
\textsuperscript{54} Jennings, "New Zealand Force Modernisation", pp. 52-3.
Zealand has assets which can enhance Australia's defence perhaps by twenty to twenty five percent"\(^{55}\) and in view of the problems which the ADF could face in covering the continent and its approaches, those assets could be welcome. Nor is it to suggest that sophisticated weaponry, or familiarity with the operational techniques of the United States military, should have high priority for New Zealand (or for Australia) when low level contingencies in the small island countries of the South-West Pacific are considered the most likely. Nevertheless, McKinley's remark has relevance in two respects. First, the effective handling even of a low level contingency might require advanced capabilities in certain fields, such as surveillance, communications and intelligence. In more conventional respects, too, the NZDF may be seriously deficient. Peter Jennings, commentator on Australia-New Zealand military affairs, found that the credibility of New Zealand's priority on deployments in the South-West Pacific could be undermined because "...it would not be realistic to regard the RRF as having a force projection capability for operations much above the level of providing aid to the civil power".\(^{56}\) A logistic support ship (LSS) and adequate communications and transport are lacking. Formerly a great power ally might have made good the NZDF's material deficiencies but now the NZDF could count only on the ADF, itself likely to be stretched logistically.\(^{57}\)

The second respect in which McKinley's view has relevance concerns the Australian Government's expectations, made clear by Beazley, that New Zealand maintain certain military capabilities. There is a prospect that, if the NZDF fails to satisfy those expectations, it will cease to be regarded by the ADF as anything but a nominal partner. As the price of sustaining the partnership, the NZDF may be

\(^{55}\) Burnett, "ANZUS: Developments in the Relationship with New Zealand", p. 10.


disposed towards placing greater priority on the capabilities expected by the
Australians than would otherwise be so.

It is probably not greatly relevant to the NZDF's most likely deployments that it no
longer shares the ADF's access to the United States military; nor have Australia's
reported expectations included capabilities greatly beyond those already possessed
by the NZDF. With the exception of a few areas (like the LSS) in which there is a
need for augmented capabilities, the NZDF's task is just to modernise its existing
equipment. But the whole of the re-equipment programme would have to succeed
even to achieve this. This success cannot be predicted with certainty, and so it is
questionable whether the NZDF will be able to maintain a balance of independence
and intimacy with its Australian counterpart.

Both Australia and New Zealand desire self-reliance within an alliance. Each
accepts responsibility for its defence and at least since the Guam doctrine they have
known that they cannot rely on United States combat assistance except in the most
serious contingencies. Both recognise, however, that there are limits beyond which
they will benefit from, perhaps depend on, at least peacetime support from allies, as
well as lesser collaboration with other countries. The New Zealand Labour
Government does not endorse Australia's view that self-reliance is possible only
because of American support, and since 1986 New Zealand has been denied US
assistance in any contingency. On the other hand, in view of the overlap of New
Zealand and Australian interests in many respects, New Zealand might benefit
indirectly from whatever support the United States gave Australia during an
emergency.

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58 Jennings, The Armed Forces of New Zealand and the ANZUS Split, pp. 53, 62; The Defence
Question: A Discussion Paper issued as Background to the Public Submissions on Future
New Zealand Strategic and Security Policies (Wellington: Government Printer, 1985), pp. 4,
12; Review of Australia's Defence Capabilities: Report to the Minister for Defence by Mr
Paul Dibb (Canberra: Australian Government Publishing Service, March 1986), pp. 44-7, 57-
8.
The idea of self-reliance intersects with the two countries' regional outlooks, since each expects to meet regional emergencies without calling on outside help. It also intersects with the ordering of levels of contingency, with those at low level (not necessarily military) considered the most likely. The concept was formulated by Paul Dibb and evidently has been taken into New Zealand's military thinking though New Zealand was already according similar priority to low-complexity conflicts. The Quigley review retained a three-tier construct, labelled primary, secondary and supplementary objectives, but looked more broadly to New Zealand's security interests instead of just to military contingencies. In contrast to Dibb, peacekeeping was a primary objective (Australia's interest in an operation in Cambodia hints that peacekeeping may be rising in Australia's priorities) and the Five Power Defence Arrangements were considered supplementary.

The Quigley review also introduced the restructuring of the New Zealand defence establishment effected by the 1990 Defence Act. To clarify lines of responsibility and to ensure the primacy of civilian input into decisionmaking, New Zealand has divided the military and civilian headquarters functions, with the Secretary responsible for policy, funding, procurement and performance assessment of the NZDF, and the Chief of Defence Force responsible for operations and the administrative and financial running of the forces. Critics claim that the separation of the two halves will require informal links to be developed in practice, and perhaps duplication of policy and administrative branches. They say that the two heads have the wrong functions, the Secretary becoming "the expert on strategic/military issues"

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59 See Defence of New Zealand, pp. 6, 31.
60 The Defence Question, pp. 17-20.
62 Ibid., Chapters 6 and 7; New Zealand Defence Act 1990 (Wellington: Printed under the authority of the New Zealand Government, 1990), Part III.
while the Chief is "saddled with" administrative tasks. The new structure also contrasts with Australia's unification of military and civilian responsibilities. It appears true that at present the NZDF and the Ministry are preoccupied with administering this system, and their financial responsibilities under the 1989 Public Finance Act. Further, one might doubt that documents like the 1987 New Zealand White Paper or the Quigley review can claim an intellectual standing or grounding in experience equal to, for instance, the Dibb report or Cooksey's *Review of Australia's Defence Exports and Defence Industry*. Former New Zealand Secretary of Defence Denis McLean may be an interested party, but he appears accurate in saying of the Quigley review that "in the strategic domain there was clearly none of the careful analysis and intellectual give and take with Defence professionals which characterised the preparation of the Dibb Report...the published document signifies mainly that the review team largely failed to get to grips with the subject." The current turmoil in New Zealand's defence establishment may be only a temporary by-product of the Government's attempt to define a new defence policy, but it contrasts unfavourably with Australia's parallel but less radical review process during the 1980s.

*Complementarity in defence equipment and technology*

This is frequently identified as an area from which Australia and New Zealand can, or should, profit. It has been covered in Memoranda of Understanding on logistic co-operation (1969 and 1983), defence scientific co-operation (1981) and co-

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64 Interviews by the author with officials of the NZDF and Ministry of Defence, April 1990.

65 McLean, pp. 25-6.
operation in electronic communications (1985), though the ANZCERTA provided
that nothing in it would prevent either country acting "...to protect its essential
security interest".66 There is a close relationship between the Australian Defence
Science and Technology Organisation and the New Zealand Defence Science
Establishment.67

There are two main benefits from co-operation in this regard, economic and
operational, which almost inevitably flow unequally to Australia and to New
Zealand.

Economically, New Zealand is disadvantaged by its tiny potential for defence
industry and science. The Defence Science Establishment does make an alliance
contribution by its work on the detection of submarines,68 while a Defence
Manufacturers' Association has been established to inform New Zealand industry of
opportunities in the defence field.69 There are a few defence products like the
mortar calculator and part-production of the Steyr rifles, plus whatever is gained in
the Anzac ship project (likely to feature software engineering and low-technology
fabrication of superstructures and cabins, fire-fighting and air conditioning
equipment, electrical items, rafts, lines and wires70). But this hardly amounts to a
defence industry. The current Government professes no wish to see exports in
volume.71

66 Commonwealth Department of Trade, Australia New Zealand Closer Economic Relations -
67 James Rolfe, "Trans-Tasman defence co-operation", New Zealand International Review,
September/October 1987, p. 12.
69 "NZ launches marketing agency", Jane's Defence Weekly (Pacific Rim Edition), 27 May 1989,
70 Jennings, The Armed Forces of New Zealand and the ANZUS Split, p. 82; Barry Dyer, "Trans
Tasman Defence Industry Participation in the ANZAC Ships...Myth or Reality?", Australian
71 David Clarkson, "New opportunities for Kiwi defence industries", Pacific Defence Reporter,
May 1986, p. 35; Clarkson, "Regionalism may benefit local manufacturers", p. 2.
The Australian Government encourages defence exports and joint projects with foreign industry. The current account deficit, within which there is a deficit in defence goods and services, provides a compelling justification; Beazley is quoted as saying in 1986 that "the tolerance of governments for a billion dollars worth of overseas defence purchases per annum is now wearing very thin indeed." The industry benefits from having exports meet a share of development costs and workload, and the stimulation of a high-technology defence industry is consistent with the Government’s ambition to make Australia "the clever country" (and with Beazley’s interest in sophisticated weaponry). These economic benefits flow into wider security gains. Defence sales are considered a means of building the goodwill, recognition of Australia’s prowess and shared strategic outlook which Australia seeks to foster among its neighbours. More specifically, there would be military advantage in Australian control over components and technology used by neighbouring forces. One might suppose that there would be particular advantage with respect to New Zealand, insofar as the purchase of Australian equipment would reinforce New Zealand’s acceptance of a role as a military collaborator with Australia. Defence exports were facilitated by streamlined regulations announced in June 1988 and by Australia’s participation in the Co-ordinating Committee on Multilateral Export Controls. Cooksey estimated the value of defence exports for

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73 Ibid., p. 254.


76 Ibid., p. 23.


1986-87 at $A 250 million, which he thought could be doubled. As well, the average local content in equipment acquisitions is expected to rise from 30 percent in 1983 to 70 percent in the 1990s.

New Zealand is a logical target for Australian defence exporting. There are lucrative opportunities in its re-equipment programme. Despite the exception written into the ANZCERTA, the trend of economic conjunction makes New Zealand an easy market in which to work, and sales there could "...establish[...] credibility and provid[e] potential customers with an example of a sale to recognised professional Armed Forces." Australia is further favoured by being able to pressure the New Zealanders. Burnett said in 1988 that

there seems little doubt that the New Zealand Government came to understand in the course of 1986 that the going might be very hard for New Zealand during the review of [the ANZCERT] Agreement, scheduled for 1988, if it were unenthusiastic about the proposition that New Zealand should regard Australia as the primary source of supply for defence equipment

while Cooksey speaks of a "window of opportunity" for Australia to press for redress of New Zealand's advantage under the ANZCERTA.

New Zealand is likewise susceptible to Australian persuasion on military grounds. There is no dispute that it is essential that the ADF and NZDF be interoperable if they seriously contemplate joint operations and, among other things, they must have compatible equipment. This point was made by Dibb and by both 1987 White


81 Dyer, p. 31.


83 Cooksey, p. 264.
Papers, and the Quigley review looked forward to further rationalisation in training, stockholding, and repair and maintenance. But the argument is sharpened by the pressure on the NZDF to keep up with the capabilities of the ADF, or at least to maintain its existing relative capability. This became obvious with the Anzac ships. Senator Evans said that the relationship could not be "cost-free": "...New Zealand has to bring some significant defence capability to the defence relationship with Australia," and Hawke reportedly made it clear to both Lange and Palmer that if New Zealand did not make a contribution which Australia found acceptable, "...it will raise questions not only about our defence credibility but what we mean when we talk about our closer relations with Australia generally." In this case Australia pressed for not just compatible but common equipment, albeit with different optional fittings, presumably because of the economic benefits for Australia of having both countries' vessels built there. The military considerations merged with the economic, and with the wider future of New Zealand as a partner for Australia.

This being said, it would be incorrect to regard New Zealand as exploited. At least in smaller items, like the Minimi machine guns, it has been able to buy from elsewhere than Australia. Joint projects like the Anzac ships and the Steyr rifles bring work to New Zealand industry, and the NZDF may have the opportunity to input into the design and selection processes. Even if this is not so both parties can benefit from longer production runs and rationalisation of logistic and training infrastructure. New Zealand firms now have access to Australian defence business and sometimes secure contracts, like that of Air New Zealand for the maintenance of


RAAF Hercules aircraft. Most substantially, with the Anzac ships New Zealand extracted "a deal that left the Aussies squealing". Evidently Australia too is willing to pay a price for trans-Tasman co-operation in this field.

Conclusion

In their bilateral alliance and the broad relationship which surrounds it, Australia and New Zealand both still consider that they gain. Evidently their expectation is of continued and more intimate partnership. Their military planning assumes future joint operations, and they continue to elaborate the formal framework for co-operation.

Yet the balance of benefits and costs is shifting. Australia has increased financial cost and inconvenience from running two bilateral relationships. It has subsidised New Zealand's re-equipment programme, to benefit its own industry, but also from concern that New Zealand might abandon the task of upgrading its forces, and with it any intention or ability to act as a serious defence partner for Australia. These costs are probably offset by enhanced political standing with both its ANZUS allies, and by greater ability to influence New Zealand's defence purchases and to export defence goods and services there.

87 Department of Defence, News from Defence (Canberra: Directorate of Public Relations, Department of Defence), No 227/89.
88 Bob Tizard, quoted in "Frigates deal pleases Kiwis", The Canberra Times, 31 August 1989, p. 2. Australia committed itself to a fixed price for New Zealand's ships, with the payment schedule tailored to New Zealand's budget, and New Zealand will pay a disproportionately small share towards project infrastructure and overheads. There is an assurance of a direct New Zealand content of more than $NZ 750 million in the 10-ship programme. For New Zealand the project cost is 30 percent below the 1986 estimate. See also "Beazley adroit on frigates", Trans Tasman, December 1988, p. 3; News Release by the Minister for Defence, No 127/88, "Anzac ship project - joint communiqué", 14 July 1988; "Frigate deal still probable", Trans Tasman, 17 August 1989, p. 3; NZERR, July-September 1989, p. 16, Palmer addressing Parliament on 7 September 1989; "PDR Newsletter", Pacific Defence Reporter, November 1989, p. 43.
For the New Zealanders the partnership has increased in value in the sense that Australia is now their only material ally. They too face increased costs. Financially, there is the cost of updating their military equipment, made somewhat more difficult by the curtailment of favoured treatment by the United States defence establishment, and under the self-reliant policy the augmentation of pre-1984 capability is required in some areas. There has already been internal political strain in bearing this cost, and it is problematic whether there will be enduring political support even to modernise current capabilities.

Attempts to avoid these budgetary and internal political strains would have the potential to expose New Zealand to Australian political pressure. A declining contribution to the defence partnership, or simply an Australian perception that New Zealand's contribution was inadequate, would likely give New Zealand declining weight to influence Australian policy in security or other arenas or, more specifically, to act independently of Australian wishes in operational or force structure planning. There may be more insistent repetitions of pressure like that applied over the Anzac ships.

In sum, there are new costs in sustaining the partnership, and it has the potential to become more subject to Australian influence.
CHAPTER 4: CONCLUSION

This sub-thesis opened by describing the conventional perception of natural Australian-New Zealand partnership. It was seen that this perception's accuracy has limits, many of which predated the conspicuous divergence over nuclear and alliance defence. Nevertheless, New Zealand is the neighbouring state which most resembles Australia historically, ethnically, culturally, economically and politically. Although the nuclear issue, and indeed other matters (for instance their dissimilar regional emphases or unequal interest in advanced weaponry) divide their policies on security, the overwhelming impression is of similarity. The nuclear issue is the only crucial exception. Otherwise policies are almost indistinguishable (like the interests in Antarctica or the employment of peaceful means to security), or the similarity is more fundamental than the dissimilarity. To take the examples quoted, Australia and New Zealand fundamentally share regional concepts of security, and envisage the use of their differing weaponry in joint operations in response to contingencies of which they have similar expectations.

Additionally, there is increasing intimacy in the relationship. It occurs in matters specifically relating to security, like the establishment of standing arrangements for joint deployments, but most important is the economic conjunction, with the consequent momentum towards conjunction elsewhere.

These two factors give enduring relevance to the "natural", or at least usual partnership. Australia and New Zealand may look for each other's co-operation with the justifiable expectation that their interests will be compatible.
The nuclear issue remains an exception to this, and a diminution of the partnership. As New Zealand’s policy unfolded, there became possible several consequences disadvantageous to the Australian Government and requiring careful management by it. At the Party level, New Zealand’s example might have brought enough support to the ALP Left to enable it to threaten the Government’s defence policy confirmed in 1983. From the national point of view there were apparent possibilities of, for instance, a withdrawal by New Zealand into neutralism, the destruction of ANZUS and the Anzac partnership, the atrophy of New Zealand’s defence capabilities, or the compromise of the wider process of trans-Tasman conjunction.

In fact the most worrisome possibilities did not transpire. Generally, the Government’s policy on defence and security was not disrupted within the Party. While Australia’s security relationship with New Zealand is somewhat more costly and inconvenient because of the New Zealand Government’s policy and its consequences, these effects are relatively minor, and they are balanced by some advantages which have come to Australia. The New Zealand Government is now clearly committed to a strong security relationship with Australia. Anxieties that Australia’s regional security might unravel because of New Zealand’s actions have proved to have been exaggerated. Though there was apparently some concern that the New Zealand Government might move or be pushed by the NZLP left towards neutralism, that too has proved unwarranted.

The Australian Government contributed to this satisfactory outcome by its decision to adopt a tolerant response to New Zealand’s policy rather than a confrontational one. Its dealings with its New Zealand counterpart, through both Party and Government channels, were characterised by restraint and by a basic understanding of the developments in the NZLP. The ALP itself had experience of anti-nuclear sentiment. Thus, while the Australian Government explicitly disagreed with New Zealand’s policy on visits by nuclear capable or powered ships and aircraft, it did not
follow the lead of the United States, or the urgings of the Australian Opposition, to attempt to pressure New Zealand to change its policy. Probably correctly, it concluded that such an attempt would both fail, and arouse New Zealand resentment against Australia. The example of the United States’ measures against New Zealand clearly indicated the practical limitations, imposed by wider political and diplomatic considerations, to the means which could be employed to punish or to pressure New Zealand. Insofar as a confrontational response to New Zealand would probably be fruitless or counterproductive, the remaining option for Australia was to accept, and where necessary to adapt to, New Zealand’s policy. The Australian Government followed this course in its support for New Zealand, militarily and in helping to dissuade the United States from more severe action against it.

One might suppose that Australian Ministers had need for patience in dealing with the relatively young, enthusiastic and inexperienced New Zealand Government as it sought quickly to implement its reformist policies. Lange’s mercurial and sometimes incautious temperament might also, perhaps, have been an occasional irritation. The influence of the less reserved style of the Lange Government can be detected in New Zealand’s policy, for example in the difference between the Australian and New Zealand responses to political events in Fiji since 1987, or in their respective approaches to the work of global arms control.

No doubt there was self-interest as well as goodwill in the Australian Government’s tolerant response to the New Zealand Government’s actions. Any American punishment against the New Zealand economy, for instance, would certainly have been opposed by Australia because of its interest in avoiding a precedent for the interruption of trade with the United States which might one day be used against Australia. And, as has been seen, Australia probably benefited from the reshaped three-country order with Australia as its pivot.
The Australian Government complemented its tolerance towards New Zealand with some blunt speaking. It is said that the Australians sharply criticised the NZLP Parliamentary leadership for its handling of the anti-nuclear issue within the Party, and gained the New Zealanders’ agreement to dissuade NZLP anti-nuclear activists from proselytising within the ALP. No doubt the Australians welcome the greater discipline within the NZLP apparent under Palmer. There appears little doubt, also, that the Australians bluntly made it clear that New Zealand could not evade the costs of its policy - that New Zealand had introduced an impediment to Anzac intimacy, and that there were limits to Australia’s ability and willingness to replace the United States as a security partner for New Zealand. During his visit to New Zealand in December 1986, Bill Hayden gave a public glimpse of views like these which the Australian Government evidently was putting to its New Zealand counterpart. It was in respect of New Zealand’s military capability that the blunt expression of Australia’s expectations of New Zealand became most evident. In 1987 Kim Beazley nominated capabilities which Australia expected New Zealand to maintain. Then the decision on the Anzac ships came to be seen by the Australian Government, and by others, as a touchstone of the New Zealand Government’s intentions for its relationship with Australia. The Australian Government did not scruple to apply pressure to ensure that the New Zealand Government followed a course satisfactory to Australia.

Though it may not be possible to determine precisely the influence of the Australian Government on individual decisions of the New Zealand Government, to judge by the satisfactory resolution of the problems which might have arisen from New Zealand’s actions, the Australian combination of tolerance and bluntness has been successful. There can be little doubt that the Australian Government chose correctly in rejecting confrontation with New Zealand in favour of acceptance of the need to adapt to New Zealand’s policy.
While the similarity of Australia's and New Zealand's security policies predisposes each to look to the other as a partner, there are also specific considerations which make New Zealand valuable to Australia. New Zealand offers Australia a unique balance of effectiveness and reliability. Though New Zealand's military forces and diplomatic influence are small in global terms - much smaller than that which Australia's other ally, the United States, could offer - they might suffice for the most likely, low level contingencies. In a more serious contingency, in which Australia's forces could become stretched, an interoperable New Zealand military contribution 20 or 25 percent of Australia's own could be welcome. New Zealand's familiarity with the South-West Pacific is unmatched by the United States. Perhaps most important, a New Zealand involvement in a regional emergency would entail far fewer political complications with regional and extra-regional countries than an analogous United States involvement. It is unlikely that, except in the most serious emergency, Australia would wish to introduce superpower activity into its regional surrounds. In practice, Australia might find New Zealand's contribution more valuable than a larger, but politically less useable, contribution from the United States.

Although there were doubts in Australia as to New Zealand's reliability as a security partner, the New Zealand Labour Government has avowed its willingness to help defend the Australian continent, and it has substantially complied with Australian wishes on the purchase of military equipment. More broadly, New Zealand shares Australia's interest in, and methods of preserving, stability in neighbouring regions, particularly in the South-West Pacific and the Antarctic. In all likelihood New Zealand would be more responsive to Australian concerns in an emergency than a larger but more distant power.

New Zealand is located on the flank of Australia's east coast and its communications to Asia and North America. Within one of Australia's regional focusses, the South-
West Pacific, it is the richest and militarily most capable state. Even if there were no record of trans-Tasman co-operation, for these geostrategic reasons it would still be profitable for Australia to ensure that New Zealand was not an impediment or rival to its regional activities, and preferably that it was a friend and collaborator. Economically, New Zealand is an increasingly important partner, and constitutes a major market for Australian arms exports. New Zealand remains a fellow Western state and a frequent associate in Australia's diplomacy. Though less often enumerated than the "natural" grounds for partnership with New Zealand, these are substantial considerations.

There is a question as to whether the Australia-New Zealand partnership can be equal. Australia's greater size, wealth, military power and strategic importance have long given it the capacity to preponderate, and in recent years Australia has gained new means to exert pressure on New Zealand - New Zealand now has no plausible alternative ally, and can afford interruption to Closer Economic Relations less than Australia. The Hawke Government employed these advantages to pressure New Zealand concerning the latter's military capabilities and purchases. Such actions imply an Australian expectation of leadership in defining joint military capabilities.

The partnership might become unequal if the New Zealand Defence Force's ability to operate with, or to retain the professional respect of, its Australian counterpart should erode. This could flow into political weakness for New Zealand, if Australian leaders feel less need to accommodate the wishes of a less capable New Zealand.

Against these things, the idea that Australia wishes to dominate is not substantiated by Australia's behaviour towards New Zealand during the latter's rupture with the United States. This would have been an opportunity to coerce New Zealand, but the Hawke Government did not attempt to punish New Zealand. Instead it lent New
Zealand some support, at some cost to itself. Further, even in equipment procurement, the New Zealand Government has exacted a price for compliance with Australian wishes, as it did with the Anzac ships.

Though Australia evidently sometimes expects New Zealand to follow its lead, there is thus no evidence of a general and conscious intention to dominate. Sometimes, in the spirit of Hayden’s reference to blood being thicker than water, the traditional fellowship might moderate any such intention. And, just as the Americans decided it would be counterproductive to pressure New Zealand too firmly, Australia might find it so - as it did in 1985-86. Although New Zealand is seldom more than a small partner, it has value for Australia, and it would be imprudent for Australia lightly to weaken New Zealand’s enthusiasm for the partnership. After the Anzac ships affair, perceived Australian coercion can be expected to arouse resentment and domestic opposition in New Zealand, at least on the part of a vocal minority. There might be opposition from sections of the Australian public or of the Australian Labor Party which sympathise with New Zealand’s anti-nuclear policy, and Australia’s reputation as a friend to other small regional countries could suffer.

In short, Australia as well as New Zealand gains from the partnership, and both would lose if it were placed under stress. It is therefore unlikely that Australia, knowing New Zealand’s probable reaction, would attempt greatly to exert dominance over the partnership.
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