LOWELL DITTMER AND BAOGANG HE

Introduction: Australia’s Strategic Dilemma

In the past 20 years, China has risen to become the second largest economic power in the world. Its GDP surpassed that of Canada in 1999, Italy in 2000, France in 2005, the U.K. in 2006, Germany in 2008, and Japan in 2009. In 2012 it surpassed the United States as the world’s largest trading nation (the U.S. remains the largest importer). China is now the number one trading partner of Australia, Japan, South Korea, and the first or second trading partner of the 10 nations in the Association of Southeast Asian Nations (ASEAN), not counting the EU. Growing economic dependence upon China, however, raises long-term security issues for all Asian trade partners, given their strategic proximity to ambitious China. This is also true for Australia, just 200 kilometers from Indonesia at their closest points. Canberra, unable to shore up a security guarantee from Beijing, has increased its purchase in the security insurance policies of Washington.

It is interesting to note that in the Asia Pacific a bilateral relationship often turns into a trilateral relationship. China’s bilateral relationship with Australia has evolved into a triangular relationship with the U.S. Similarly, China’s bilateral relations with Japan, South Korea, Singapore, the Philippines, and Vietnam have evolved into triangular relations as well. Typically, this exhibits a pattern in which the middle or small country relies on the U.S. for its security, while it is heavily dependent upon China for its trade and economic growth. This raises the issue of the relationship between economic growth and military power. It would seem they are not directly commensurable, but they are clearly linked, in both the short term (e.g., trade relations can suddenly be cut off) and the long (i.e., a nation’s military power derives from...
foster closer cooperation among the U.S., Europe, and Japan. There is now a new form of trilateralization emerging that is driven by relations between a rising China, the U.S., and Australia. This form of trilateralism does not have a formal tri-lateral institutional structure: the parties involved largely engage each other in bilateral terms. This begs the question whether some form of institutionalized trilateralism is needed to manage conflict and promote cooperation. Trilateralism is thus a goal, an optimal arrangement of relations with normative implications. In this context, it represents Canberra’s effort to develop a cooperative trilateral relationship with a rising power (i.e., China) and a relatively declining “hegemon” (the U.S.).

But the above understanding of trilateralism does not encompass all the possible relations that might arise. A more comprehensive and open-ended framework, clearly set forth by Liu and Hao below, is that of the “strategic triangle.” Within any set of three actors, assuming their relations may be positive or negative and are bilaterally required, there are but four possible configurations: a “marriage” of two against one, a “romantic triangle” in which one has good relations with the other two who have mutually negative relations, a “unit-vero” triangle in which all relations are negative, and a “ménage à trois” in which all relations are positive. The defining feature is that each bilateral relationship is also affected by relations with a third party. Thus, trilateralism can be nested within a strategic triangle as a normative model moving toward an inclusive positive outcome—a “ménage.”

Formally speaking, however, it is not the current configuration. The current configuration is a “marriage” or security alliance between Australia and the U.S. It is not explicitly directed against any third power, but it does not include China. Understandably, this makes China somewhat uneasy, Chinese spokespeople have sometimes groused that efforts to strengthen the alliance “play China for a fool,” or have even criticized the alliance itself (this, however, was later disavowed). The nature, scope, and limits of the Australian-American defense alliance in the context of booming Sino-Australian trade relations are exhaustively explored here by Bill Tow. The

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alliance has potential costs as well as benefits (both to the viability of the alliance and to Australia’s national security interests), and Australian prime ministers have varied along a continuum between the “deputy sheriff” position of loyal adherence (as in the Howard, Rudd, and Gillard administrations) and a more neutral or conditional commitment (as in the Hawke-Keating era). One point of divergence hinges on the Taiwan issue: does Australia’s commitment include Taiwan? or does the alliance only come into play when either of the two alliance partners’ security interests are threatened, as in former Foreign Minister Alexander Downer’s interpretation, but Canberra has also differed with Washington over Sae, Vietnam, and Indonesia. Those advocating greater independence from the alliance argue not only in terms of appeasing Beijing, though China’s recent and massive growth surge is certainly a factor, but also in terms of the advantages of Australia’s greater integration with Asia. This so-called “middle power diplomacy” conceives of Australia and other such middle powers organizing a multilateral position between the two superpowers. This notion dovetails with Hugh White’s controversial proposal for an Asian “concert of powers” that would “enmesh” the two superpowers in a multilateral web and thereby play down the rivalry between them.

For middle power diplomacy to be a viable option presupposes that Australia shares interests with a group of such powers. It is true, as noted, that Australia in common with a number of Asian middle powers (Indonesia, Vietnam, Korea, Japan) has since the turn of the millennium developed thriving trade ties with China while maintaining security relations with the U.S. Yet, if we look more closely, we see differences as well. Australia’s security relationship with China, if the Taiwan (and perhaps the Korean) issue can for the moment be disregarded, is largely untroubled, in contrast to Japan’s and that of many Southeast Asian nations who have disputes with China over sovereignty claims in the East and South China Seas, respectively. “Australia is the only Western power without any direct strategic conflicts with China in the region,” in Derek McDougall’s words. At the same time, it is probably no secret that Australia’s security policies, like those of the U.S., are implicitly oriented (inter alia) to a China contingency. This comes through fairly clearly in Chad Ohland’s informative discussion of cooperation in space, where he finds that collaboration is mostly bilateral in “all three space arenas, civil, commercial, and military.”

Economically, too, Australia’s trade relations are quite distinctive. Actually, all China’s trade with its Asian partners is asymmetrical, simply because China is the largest trading nation in the world, and in that sense each bilateral relationship is smaller and less significant to China than to its trade partners. Yet, as Nick Bishley points out, three other aspects of the trade relationship offset Australia’s trade dependency. The terms of Sino-Australian trade are in Australia’s favor, generating a large foreign exchange surplus. Second, although the trade is essentially “neo-colonial” (Australia exports raw materials and imports manufactures), the substitutability of Australian exports (mostly iron ore and coal) is low—China can buy elsewhere, but only at a higher price or for lower quality. Third, while China has become Australia’s largest trade partner, China’s FDI has lagged behind—mainly due to Canberra’s caution.

Meanwhile, Australia faces the same issues of substitutability and relative cost with regard to security. Canberra has never had a Yoshida Doctrine per se, but as junior partner in the U.S. alliance, Australia has derived many benefits over the years including extended nuclear deterrence, enhanced naval force projection, information collaboration, and reduced defense budgets. In space and high-tech weapons development as in other security domains, Ohland makes clear, Australia’s relationship with the U.S. is stronger than most, indeed, it is one of the oldest and strongest of the five U.S.-Asian bilateral security alliances. For Australia to either follow New Zealand’s lead and abrogate the alliance, or just informally de-emphasize it in the interest of greater engagement in middle power diplomacy (and to appease Beijing) would entail “a much more serious approach to defense policy than any Australian government has taken for a generation,” in White’s estimate. A much higher level of defense spending would be required to give Australia any weight in the new Asia. Yet, the choice may not be Canberra’s—as the U.S. continues its relative political-economic decline, it may opt to push its allies out of the nest, in a replay of Nixon’s Guam Doctrine. Analogous bilateral high-tech military collaboration has yet to take off between Beijing and either Canberra or Washington, according to Ohlands.

From Australia’s perspective, relations with the two key great powers in its arena are cause for concern because they are out of balance: the relationship with China is essentially economic while relations with the U.S. focus on security. And the sense is that security relations outweigh economic relations. This gives rise to PRC resentment, especially as the trend-line points to the continued burgeoning of trade with China. One way of resolving this is to take the liberal position that economics and politics are separate,
that Sino-Australian business is politically and strategically neutral. This
accords with China’s principled position throughout much of the reform era,
but since the end of the Cold War, the U.S. has increasingly resorted to trade
sanctions as a tool of political coercion (usually enforcing U.N. Security
Council resolutions). In the past few years, Beijing has followed suit, as in the
2010 embargo on rare earth elements or the 2012 boycotts of Philippine
bananas or Japanese automobiles. To preclude this eventuality (however
remote, given the terms of trade), Australian political leaders have sought to
minimize any seeming inconsistencies between economic and security ties.
Some have even vowed that Australia will not enforce ANZUS provisions if
they conflict with Chinese interests (as, for example, in a Taiwan contingency).
Washington has resisted this tendency to tailor the alliance to fit Beijing’s
preferences.

And which Chinese preferences might conceivably conflict with ANZUS?
Liu and Hao relate that since the 17th Party Congress in 2007, Beijing has
sought to formulate its “core interests” in three terms: first, the stability of
the Communist Party of China (CPC) leadership and the socialist system;
second, sovereign territorial integrity and national unification; and third,
China’s sustainable economic and social development. Stated in the abstract,
neither Canberra nor Washington takes exception to any of these core
interests—indeed, President Obama explicitly agreed with them in his initial
2009 visit to China. But China’s empirical definition of its maritime terri-
torial boundaries overlaps those of many of its neighbors, and since around
2009 China has become more assertive in attempting to enforce these claims.
Underlying the three core interests is an even more long-standing goal: to
restore China’s regional national primacy—not as a “hegemon,” but as a
great power of a new type.” Stubbornly opposing this goal is many Chinese
eyes has been the hegemonic power of the U.S. On the American side, despite
recurrent rhetorical denials of any “China threat theory” in which the U.S.
seeks to thwart China’s rise, China’s growth surge has inspired “power transi-
tion” anxiety. This creates what Gilbert Rozman calls a “national identity
gap” between China and the U.S., as reflected in polarizing media rhetoric and

4. This is a theory first articulated by Organski in 1968 but more recently applied to the China case
by Measham. It posits that major war is most likely to break out during the period when a rising
power approaches the capabilities of an established major power. See A. F. K. Organski, World Politics

5. Yu Changwen, “Asdiyi da Zhongguo jiuqi de renhu ya fanying” [Australian views and
reactions to China’s rise], Dangdai Yu Tai [Journal of Contemporary Asia-Pacific Studies], 4 (2010),
pp. 97-112.
for China to judge the extent to which participation in regional organizations is strategically useful.

Australia’s attempt to build a peaceful and prosperous trilateral relationship with a rising power and a relatively declining one is indeed challenging. But it is an issue apt to confront many of its Asian neighbors as well, in each case with its own nuances. This Asian Survey Special Issue, assembling the best analyses of the Australian triangular dilemma, may thus have wider regional relevance.

COLIN MACKERRAS

China and the Australia-U.S. Relationship

A Historical Perspective

ABSTRACT

This paper analyses China’s impact on Australia-U.S. relations from 1949 to 1996, including how far Australia’s China policy followed the American lead. The conclusion: American influence was dominant, but Australia’s own initiative was enough to belie the suggestion that it was no more than a blind follower.

KEYWORDS: trilateralism, Australian foreign policy, China, United States, bilateralism

INTRODUCTION

In 2010, Professor Hugh White of the Australian National University proposed a theory of “power shift.” He meant that power in the Pacific was moving toward China, with resultant rising Sino-American tensions. He suggested a “concert of Asia” in which regional powers, especially China and the United States, would recognize each other’s legitimacy. Australia, White said, should try to persuade the powers, especially the U.S., to support this new arrangement.

White’s proposal is discussed in much more detail elsewhere in this special issue. The present paper provides historical analysis from the time Australia signed a security treaty with the U.S., when both countries were hostile to China, to the end of the twentieth century, with a brief update to 2013. It shows that trilateral relations between Australia, China, and the U.S. were extremely important well before the Hugh White debate and the circumstances that form the core of this special issue.

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