Australia's Relationship with the United States:

The Case for Greater Independence[*]

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Abstract

A number of recent events – especially attempts to negotiate a bilateral trade agreement and Australia's participation in the conflict with Iraq[1] – have thrown Australia's relationship with the United States into sharp relief. While this relationship has historically enjoyed strong bilateral endorsement, this uncritical support is beginning to unravel. At the very least, the relationship is being subjected to a renewed, more critical scrutiny. This paper argues that a dispassionate analysis of the relationship is appropriate and overdue. Not only are the benefits that accrue to 'Australia' from the relationship debateable, even when judged within the limited calculus of the 'national interest', but Australia's uncritical support for US foreign policy is also helping to entrench potentially damaging aspects of American foreign policy and – somewhat ironically – undermine the legitimacy of its pre-eminent 'hegemonic' position.

Since the Second World War, relations with the United States have assumed an increasingly prominent position in the construction of economic and security policies in Australia. Sentiment toward the US, both on the part of policy-making elites and within the wider public, has generally been positive, and the bilateral relationship, especially its strategic component, has enjoyed strong support across most of the domestic political spectrum. However, the US's self-declared 'war on terror' in

general, and Australia's participation in a conflict with Iraq in particular, have subjected the relationship to widespread scrutiny and criticism. Significantly, in the face of widespread public opposition to the conflict with Iraq, the Australian Labor Party (ALP) has moved to qualify its support. Indeed, some senior Labor figures have launched fairly splenetic attacks on American foreign policy and the Howard government's support of it.[2] While such criticisms may be self-serving and opportunistic, they are indicative of a more generalised and widespread shift in sentiment toward the US and its foreign policy (see *The Economist* 2003).

For a government that came to power promising to 'reinvigorate' the relationship with the US, this is an unhappy, but possibly predictable, turn of events. Even before September 11 and the subsequent reordering of American foreign policy, the Howard government's expectations about what the bilateral relationship with the US could deliver looked likely to prove a triumph of hope over experience: a glance at the recent historical record suggested that the benefits likely to accrue to 'Australia'[3] were likely to be modest at best. By contrast, as I shall argue in what follows, a closer, more exclusive relationship with the US looked likely to have a significant and generally negative impact on Australia's long-term place in the region, its economic position, its political independence, and even its domestic security. In short, recent events and the Howard government's enthusiastic reengagement with the US suggest that a critical and dispassionate reassessment of the costs and benefits of this crucial bilateral relationship is timely, if not overdue. Indeed, this is something that ought to be welcomed even by supporters of American dominance; for one of the great ironies of the Howard government's fulsome and uncritical support of the US is that it has been instrumental in encouraging, or giving a veneer of legitimacy to, policies that appear unsustainable, possibly unachievable, highly divisive and ultimately corrosive of American authority. By contrast, a more critical, less reflexive alliance partner may benefit Australia *and* the US.

In what follows I initially examine the economic dimension of the Australia-US relationship, arguing that by any measure, 'Australia' has not always been well served by either the actions of the US or by the approach of its own policymakers. Significantly, however, Australians have found it difficult to adopt a more assertive or self-interested position, in part because of the overarching strategic context in which

the relationship has been embedded - something that has been privileged by generations of foreign policymakers. The second part of this essay examines this strategic relationship and argues that, while there may be some possible benefits, there is an argument for greater distance in, or at least a reconfiguring of, this part of the relationship too. The argument for greater strategic and policymaking independence is reinforced in the final section, which considers the nature of the US's dominance of the contemporary international system. It is important to remember that when US dominance was arguably most legitimate, constructive and benign in the first couple of decades after the Second World War, it was widely perceived to have assumed a hegemonic position that transcended national interest to provide international public goods (Kindleberger 1973). The US's present determination to use its overweening power to pursue more narrowly defined and supported objectives means that policymakers in allied countries like Australia need to balance what are, in any case, debateable short-term domestic pay-offs against the long-term stability of the international system.

The economic relationship

When thinking about the costs and benefits of Australia's economic relationship with the US, there are a number of possible ways of conceptualising the issues – none of which are without their own difficulties, and all of which necessitate making some contentious normative and disciplinary assumptions. Nevertheless, in an effort to simplify the discussion and highlight what I take to be the key issues, I shall initially outline and discuss the wider international political-economy in which the Australia-US relationship is embedded, before describing and analysing the specifics of the bilateral relationship itself.

The international context

America occupies a unique place in the international economy. Not only is the American economy the world's largest, but the US has played a pivotal role in shaping what is an increasingly interconnected international system and the 'rules of the game' that govern it (Ikenberry 2001; Latham 1997). This may seem an unremarkable observation, but it merits emphasis for a number of reasons. First, the

precise nature of the transnational governance mechanisms and regulatory structures that have emerged under US auspices in the post-war period were not inevitable, nor are they immutable. Although a detailed discussion of this period is beyond the scope of this paper, it is important to emphasise that the original post-war order devised at Bretton Woods and famously described by Ruggie (1982) as the 'compromise of embedded liberalism', has largely been replaced by a very different 'neoliberal' international order.[4] The capacity of states – or at least, less powerful states - to make autonomous economic decisions has been eroded as a direct consequence of the increased influence of increasingly influential inter-governmental organisations like the International Monetary Fund (IMF) and the World Trade Organisation (WTO), and by new non-state actors like credit ratings agencies (Sinclair 2001). Crucially, such changes have not occurred 'naturally' or inevitably. Rather, and this is the second point to stress about the contemporary international economic system, they have come about as a consequence of self-consciously pursued *political* decisions (Strange 1994).

There is no intention here of attempting to resolve complex debates about the relative merits of market-centred or neoliberal systems versus those that advocate a greater role for governments, unions, or have a more general commitment to social welfarism However, it is important recognise, the growing influence of neoliberal ideas and agencies notwithstanding, that alternative forms of capitalist organisation do exist (Coates 2000), and that this has major implications for the domestic and foreign policies of countries that are predominantly rule-takers, rather than rule-makers. While recent generations of Australian policymakers have been active proponents and practitioners of neoliberalism, Australia's physical location and its more limited capacity to influence the behaviour of other countries[5] has given a distinctive character to its international economic diplomacy, one that is frequently made more difficult by American actions, despite an ostensibly similar policy framework.

Important as the economic relationship with the US is, the central reality of Australia's contemporary economic situation is that, taken as a whole, East Asia accounts for the bulk of Australia's trade activity. Brute geography suggests this is unlikely to change. Australia's preferred mechanism for encouraging greater economic integration within the region has been via the Asia Pacific Economic

Cooperation (APEC) forum, an organisation that was initially seen as a way of encouraging the adoption of neoliberal policies in an area primarily associated with neo-mercantilism and wide-spread state interventionism. While it is possible to argue that the expectations held about APEC's capacity to fundamentally reconstitute the region's trading practices were always somewhat naïve (Beeson 1996), what is of greater significance here is that much of APEC's ineffectiveness can be attributed to US attitudes. For the US, APEC has always been of marginal interest, its principal significance being, as Ravenhill (2001, 93-97) observes, as part of a much larger geo-political picture, offering some potentially useful leverage over the European Union, and as a way of containing an exclusively East Asian regionalism. Indeed, one of APEC's most influential champions, Paul Keating (1998), described the US decision to invite Russia to join the organisation - which suited US grand strategy, but which inevitably further reduced APEC's identity and coherence - as 'an act of economic vandalism'.

Revealingly, in the aftermath of the East Asian crisis, the US choose to utilise the IMF, over which it has enormous influence (see Pauly 1997), in an attempt to encourage market-oriented reform in a region that had generally shown little enthusiasm for Anglo-American forms of organisation (Beeson 1999). The significance of this episode was not simply that the US saw the IMF as potentially a much more effective agent of change than APEC - Australia's preferred mechanism - but also that much of the region resented the heavy-handed and intrusive behaviour of the Americans in support of widely criticised policies, which even the IMF now concedes may have been inappropriate (Fischer 2001; see also Stiglitz 2002). As a lonely outpost of neoliberalism in a region largely populated by unreconstructed interventionists, the Howard government – whose Asia credentials and enthusiasm were questionable at the best of times (Milner 2000; Beeson 2001) – faced the prospect of guilt by association. The risks of being cast as an outsider in the region were confirmed by Australia's subsequent failure to secure a free trade agreement with the Association of Southeast Asian Nations (ASEAN) and its exclusion from the potentially important 'ASEAN+3' grouping, which brings together all of Australia's major economic partners – with the exception of the US.[6]

Clearly, it is not possible to demonstrate that Australia's close association with the US has been solely responsible for its recent difficulties in the region and its failure to achieve key objectives. However, it is possible to argue that the enthusiastic privileging of the relationship with America on the basis of supposedly 'shared common values' (Howard 2001), in combination with pronouncements about Australia's supposed cultural incompatibility with East Asia (Downer 2000), will have done little to convince neighbours that Australia is indeed committed politically to the region for the long-term. Indeed, there is a widespread perception in the region that Australia is closely allied to the US and lacks an independent identity or commitment to regional integration (Beeson forthcoming). In such circumstances, the need for the American relationship to deliver clear benefits is all the greater. Unfortunately, the evidence suggests that, in the economic sphere in particular, the principal benefits lie on the American side.

The bilateral economic relationship

It is worth re-emphasising that there are difficult conceptual and normative issues that make an assessment of national economic advantage inherently problematic. Not only are there problems associated with using national accounts figures to draw up a meaningful balance sheet of economic activity in an era when transnational ownership and production structures have rendered such figures increasingly meaningless (Bryan and Rafferty 1999), but there are more fundamental concerns about whether trading surpluses should necessarily be goals or measures of effective and sustainable economic policy (Lang and Hines 1993). Nevertheless, politicians and the unelected arbiters of national performance in international money markets regard them as important, so there are grounds for following suit. Even within the rather narrow calculus favoured by such actors, 'Australia' seems to be seriously disadvantaged.

Australia is one of a select band of countries that actually runs a trade deficit with the US. While American markets have played a pivotal role in underpinning the export-led development of much of the region, and more recently in sustaining a faltering global economy through seemingly insatiable consumer-led demand,[7] Australia has not been a major beneficiary of either of these developments. Although the US is currently Australia's largest single export market (after Japan), many of the products

Australia exports to the US are in 'sensitive' areas and thus subject to trade barriers and restrictions. Across a range of economic sectors and products – dairy, sugar, meat, grain, textiles, fast ferries, steel, commercial vehicles and even banking and finance (see CIE 2001) - there are a range of visible and invisible trade barriers that discriminate against Australian-based producers.

In recognition of the continuing obstacle that trade barriers present, the Howard government has made achieving a free trade agreement (FTA) with the US one of its primary foreign policy goals. Supporters rightly point to the positive impacts such agreements can have on entrenching international law and encouraging peaceful economic interdependency (Oxley 2003). However, even in the unlikely event that an agreement could be reached that included agriculture and which overcame the entrenched opposition of American farmers and their political allies (Eccleston 2002a, 10), the merits of such a deal for Australia's overall position are debateable. As Ross Garnaut (2002) points out, one of the main costs of an exclusive agreement with the US is that it would enhance the perception amongst Asian neighbours that Australia's interests lie outside the region; something that would further marginalise Australia from regional initiatives, and possibly lead to retaliatory action from countries concerned about the trade-diverting impact of such an agreement. As Garnaut (2002, 136) makes clear, 'In discriminating against imports from East Asia, Australia would be balancing the risk of small gains in 10 per cent of its export trade (directed to the US), against the risk of losses to more than half its exports (directed to Asia)'.

More fundamentally, as Ann Capling (2001, 22) reminds us, 'the only significant improvements in Australia's access to the United States market have come in the context of *multilateral* negotiations' [emphasis added]. For a small player like Australia, which has only the most marginal economic significance to the American economy, its individual capacity to overcome powerful vested interests is severely constrained. Australia's long-term interests are best served by negotiating binding, multilateral, long-term agreements that can encourage the US not to use its immense power to pursue discriminatory bilateral deals that inevitably favour its interests and entrench inequitable outcomes.[8] Moreover, even if Australia can reach a bilateral agreement with the US it would also include investment which, to judge by the precedent set by the North American Free Trade Area (NAFTA), would have major

implications for Australian economic sovereignty (Quiggin 2003). The growing importance of American investment in Australia means that any agreement is likely to replicate NAFTA provisions, handing American multinational companies 'unprecedented legal rights' which could be exercised in defiance of local governments like Australia's (Davidson 2002). Whatever the merits of legally enshrining such power, it would make life difficult for a Howard government that has shown a willingness to privilege the 'national interest' where it judges it appropriate to do so.[9]

Debate about a possible FTA looks likely to remain academic, however. Despite continuing positive rhetoric from the US, including implicitly linking trade and security issues as a way of rewarding Australia's strategic commitments (Sheridan 2002a), nothing of substance has emerged. Indeed, Howard has been at pains to hose down expectations that a deal is likely in the foreseeable future (Shanahan 2001). He had little alternative: America's unilateral decisions to subsidise American farmers to the tune of $US 73 billion (Eccleston and Lunn 2002), and impose new tariffs on steel imports,[10] has not only revealed the impotence of Australian policymakers in substantially influencing American policy, but also generated tensions within a coalition government conscious their impact on key political constituencies (Doherty 2002). More immediately, Australia's prominent role in the 'war on terror', and its support for American targeting of Iraq, actually threatened long-standing export markets (Kerin 2002). In such circumstances, the strategic benefits of the Australia-US relationship are thrown into even sharper relief and merit a similarly critical re-assessment.

The security relationship

For all Howard's talk about the need to 'reinvigorate' the relationship with the US, in the security sphere at least, it was hardly in a state of terminal decline. Indeed, one of the most striking features of Australian defence policy since World War II - a period that witnessed a decisive strategic reorientation in Australia from Britain to America as the key 'great and powerful friend' and putative security guarantor - is the remarkable degree of bilateral support for the alliance with the US. During the Cold War such uncritical uniformity may have been an unsurprising artefact of a more

ideologically charged, Manichean era. In the post-Cold War environment such unanimity might have been expected to evaporate. Remarkably enough, however, only when faced with the apparently terminal decline of opposition leader Simon Crean's electoral support did the Labor Party, still shell-shocked from three successive election defeats, withdraw bipartisan support for US-led action against Iraq that was not mandated by the United Nations (Lewis 2002). Before considering the impact of this latest conflict on the alliance in any detail, however, it is worth briefly sketching some of the alliance's more important features.

The ANZUS alliance

The backbone of the Australia-US strategic relationship is, of course, the ANZUS alliance. Despite the fact that the 'NZ' part of this famous acronym has disappeared from the picture, following New Zealand's decision not to allow nuclear-armed vessels to use its ports,[11] the alliance remains 'an integral part of Australia's political landscape and a key component of US global strategy' (Tow and Albinski 2002, 153). It is also well known, firstly, that Australia obtained this coveted agreement with the US in return for not objecting to a 'soft' peace settlement with Japan, and secondly, that the ANZUS treaty does not actually commit either side to do more than 'consult' in the event of an armed attack and 'meet the common danger in accordance with its constitutional processes' (cited in Ball 2001, 251). Quite what this might mean in reality has never been clear, but despite the rather expedient and flimsy nature of the agreement, it continues to occupy a central place in the minds and, more recently, actions of Australian policymakers. In the aftermath of the September 11th attacks on America, the ANZUS treaty was invoked for the first time ever by John Howard (Garran 2001).

Plainly, this was a gesture loaded with greater symbolic than strategic significance, as Australia could add nothing material to America's overwhelming and increasing military dominance (see Brooks and Wohlforth 2002), but it was a gesture that continued an Australian tradition with a venerable heritage. In Korea, Vietnam, the Gulf and more recently Afghanistan, generations of Australian leaders have shown alacrity in supporting conflicts in which America was the major protagonist and in which Australia was part of the militarily marginal but ideologically indispensable

supporting cast. There is no intention of reviewing the merits of these earlier conflicts here, but it is worth pointing out that the current head of Australia's armed forces, General Peter Cosgrove, has now conceded that 'although the Australian army acted in an honourable way, this is not to say that what we did was sensible, taking the widest view' (*AFR* 2001). Laudable as Cosgrove's willingness to confront unpleasant historical realities may be, it simply highlights the importance of subjecting contemporary policies to greater scrutiny than they have generally received in the overwrought, post S11 atmosphere. Before undertaking such a task, it is important to say something about the more enduring aspects of Australia-US relationship generally and of ANZUS in particular.

Why do Australian policymakers attach such importance to ANZUS if it does not unambiguously guarantee American assistance? One of the primary justifications for ANZUS and close military ties with the US revolves around the purported intelligence benefits that accrue to Australia. According to Des Ball (2001, 250) the UKUSA Agreement, which governs the operation of the so-called 'joint facilities' or the intelligence gathering and command and control systems run by the US on Australian soil, is 'the most important agreement to which Australia is a party'. Despite Australian defence planners having ostensibly moved to a more self-reliant defence posture, the rationale for both the continuing existence of the bases and for close ties with the US is that it provides access to intelligence and defence technology that would otherwise be beyond Australia's reach.

It is difficult to say anything sensible about the intelligence benefits that are supposed to flow from the relationship, as they are not subject to public scrutiny. What we can say is that, faced with the sort of threat Australians patently did face in Bali, this sort of information was either inadequate or, as seems more likely, not acted upon (Walker 2002). Either way, recent events beg important questions about the value of the bases to Australia. As far as access to technology that would otherwise be unavailable is concerned, the arguments seem more straightforward. Given that even the government's own defence review concedes that Australia is essentially a 'secure country' and that 'a direct attack on Australia is unlikely' (CoA 2000, ix) the primary rationale for Australia investing in extremely expensive weapons systems that are designed to fight large-scale conventional wars is predicated on maintaining inter-

operability in the event that Australia might have to fight alongside the US. In other words, what Hugh White (2002, 257) describes as Australia's 'idiosyncratic' strategic culture with a 'strong predilection to alliances', continues to lock Australia into ruinously expensive defence spending on equipment that is not in keeping with the reality of the threats Australia actually faces. Indeed, White (2002, 254) argues that it is Australia that is out of step with contemporary strategic realities, and that far from being an irresponsible free-rider,

> industrialised countries around the world will slowly follow New Zealand's lead by moving out of the expensive capabilities needed in old-fashioned wars, and will move further down the road towards forces dominated by light, highly deployable land forces suited to the new tasks which have become so common in the decade since the Berlin Wall came down.

Two further points that flow from Australia's close strategic alignment with the US merit emphasis. First, in addition to doubts about the appropriateness of extremely high cost weapons systems, like the troubled Collins-class submarines and the proposed Joint Strike Fighter program - which will commit Australia to an unproven system that already looks out of place in Australia's rapidly evolving non-traditional, regional security environment (Barker 2002) - it is apparent that the US is prepared to use its monopolistic position as a supplier of advanced military technology to secure direct *commercial* advantages. US Defence Secretary William Cohen's threat to downgrade the military alliance if Australia brought in a major European equity partner to the submarine corporation building the Collins-class submarines (Garran 2000) demonstrates how the Americans are willing to link economic and strategic issues in a way that compromises Australia's independent decision-making and capacity to derive its own commercial advantages from defence spending. It is noteworthy that Australian policymakers have never felt able to exploit the strategic importance of the joint facilities in a similar way (see Ravenhill 2001).

The second point to make about the strategic relationship is that it commits Australia to policies that reflect America's global geo-political priorities, but which may not be in keeping with Australian interests. The most likely conceivable source of 'old-fashioned', inter-state conflict in which some of Australia's more high-profile and

expensive defence acquisitions might actually be used is a conflict between the US and China over Taiwan. However, as Malcolm Fraser (2001, 233) has argued, where Australia's direct security interests and the defence of the nation are not at stake, it would be an 'act of lunacy to participate in a conflict between China and America over Taiwan' – especially as Australian participation could not materially affect the outcome of such a contest. Similar doubts have been raised about the US's proposed National Missile Defence system which, whether it manages to overcome formidable technical problems or not, is likely to fuel a regional arms race that will actually undermine rather enhance Australia's immediate strategic environment (Kelly 2000). The point to re-emphasise, then, is that Australia's and America's position in, and perspectives on, the world are not identical – something that makes the current government's uncritical and enthusiastic support for any American initiatives all the more troubling.

The 'war on terror'

Perhaps the most egregious error of judgement that has flowed directly from John Howard's personal enthusiasm for closer ties with the US came in his now notorious interview with *The Bulletin* (1999). Outlining what was described as 'the Howard doctrine', Howard chose not to disagree with a characterisation of US-Australia relations as one in which Australia would perform the role of 'deputy sheriff' for the US in dealing with regional trouble spots (Brenchley 1999).[12] Although Howard, eventually, sought to distance himself from this construction, the damage to key relationships in Asia had already been done: regional critics who had declared that Australia had never been serious about engaging with, and becoming a more authentic part of, the region had a field day (Milner 2000). As noted earlier, the sort of widely held perceptions that, especially under the Howard government, Australian political elites are primarily interested in 'Asia' for instrumental, economic reasons, but their emotional commitments lie elsewhere, makes it increasingly difficult for Australia to participate in potentially vital regional groupings (Kelly 2002). The key point to emphasise, therefore, is that the perception that Australia's foreign policy is not independent allows those hostile to Australian interests in the region to undermine Australia's position (see Lewis et al. 2003). Despite the fact that much of the region appreciates America's continuing regional engagement, this perception also makes it

more difficult for Australian policymakers to independently engage with the region – a possibility the Howard government seems relatively unconcerned about (Beeson 2001).

Although supporters of the alliance relationship persuasively argue that Australia's close ties with the US contribute to regional stability and actually enhance Australia's Asia credentials (Trood and Tow 1998, 118), the traditional argument that Australia's security and identity is unambiguously reinforced by a close identification with the prominent 'great and powerful friend' of the era has become less compelling. There are crosscutting and potentially competing economic and strategic interests that make any simple expression of the 'national interest' (short of an increasingly unlikely direct military threat to the Australian mainland, at least) inherently problematic and contentious. In such circumstances, the US alliance must carry even greater weight We have already seen that the benefits of the bilateral economic relationship are skewed towards America, which remains quite prepared to use its overwhelming power to pursue its narrowly conceived national economic interests, and which seems unlikely to deliver the sort of economic agreement the Howard government so desperately needs to justify a major reorientation of Australian foreign policy. It should also be noted, however, that even in the strategic area, there is compelling evidence that the Howard government has seriously overestimated its importance to, and influence over, the US and its strategic priorities. In Timor, Australia's most important overseas military deployment since Vietnam, the failure of the US to offer more than tokenistic support at a moment of considerable crisis for one of its supposedly key allies revealed the Howard government as having made 'unwarranted presumptions about the substance of the relationship and the pecking order within it' (Leaver 2001, 29).

Despite the lukewarm support evinced by America toward Australia during the Timor crisis, the Howard government's enthusiastic support for the US generally and for the 'war on terror' in particular remains undiminished. Even before it was clear what precise form the American-led 'war on terror' might assume, or what part Australia might play in it, the Howard government offered unqualified endorsement of American policy (Beeson 2002). This was always a debateable strategy given that, as I argued above, Australia's and America's strategic interests cannot be assumed to

automatically coincide. However, the Bali bombings, and the concomitant spectre of a seemingly well-established terrorist network in the region, has highlighted the potential dangers of a strategy that is so reflexively and prominently supportive of American policies. Some high profile critics of Australian government policy claimed that Australians were deliberately targeted in Bali as a consequence of Australia's support for the US, a proposition Howard vehemently repudiated (Shanahan 2002), but which has since been endorsed by the bombers themselves (Forbes 2003). Whatever the merits of these claims and counterclaims, a more fundamental and unambiguous limitation of the government's open-ended commitment to the US became clear after Bali: Australia's continuing military commitment in Timor, especially when coupled with its participation in the US-led interventions in Afghanistan and later Iraq, meant that Australia's military resources were severely stretched.

One of the more predictable consequences of recent events has been a renewed commitment by the Australian government to spend some $50 billion over the next decade on new naval ships, aircraft, electronics and army equipment (Barker 2002). Yet given that adequate intelligence appears to have been the Achilles heel of both the US and Australia, and given that both countries seem unlikely to experience the sorts of conventional attack such equipment is designed to repel, there is clearly a debate to be had about the wisdom of such outlays. Despite such a major commitment to expand defence funding, however, the Howard government was forced to give explicit recognition to the reality that Australia's principal security concerns were regional and that they necessarily differed from the US's global perspective (Eccleston 2002b). Such recognition is welcome, but does not go far enough, nor does it begin to address a more fundamental long-term issue: the evolving nature of American power and the place of allies like Australia within it.

Australia and American hegemony

One of the most striking paradoxes of the contemporary era is, of course, that at the very moment that American power is widely recognised as unparalleled in human history (Brooks and Wohlforth 2002), the US looks highly vulnerable to increasingly pervasive forms of unconventional attack from non-state actors. Faced with the

challenge of responding to the greatest violation of its domestic security yet experienced it is understandable that Americans would want to react decisively. The key question has always been about the precise nature of that response and the role that allies and inter-governmental organisations should play within it. America's current pre-eminence means that, should it choose to do so, it can act unilaterally as there is effectively no power that can stop it. Before considering the implications of this unprecedented dominance in any detail, it is useful to contrast it with earlier phases of American ascendancy as it tells us much about the nature and possible sustainability of the current world order.

The end of the old order?

In a seminal analysis of the post-war international order which the US helped create, and which enjoyed a substantial degree of legitimacy, Robert Cox (1987, 7) suggested that such hegemony means more than simply the dominance of a single world power. It means

> dominance of a particular kind where the dominant state creates an order based ideologically on a broad measure of consent, functioning according to general principles that in fact ensure the continuing supremacy of the leading state or states and the leading social classes but at the same time offer some measure or prospect of satisfaction to the less powerful. … An incipient world society grows up around the interstate system, and states themselves become internationalised in that their mechanisms and policies become adjusted to the rhythm of the world order (Cox 1987, 7).

Although Cox was operating within a Marxist-derived, Gramscian framework, his fundamental insights have been echoed by scholars working in a liberal tradition. John Ikenberry (2001), for example, has persuasively argued that one of the reasons that US power has become such a central and, until recently at least, largely *unchallenged* component of the contemporary international order is not simply because of America's overwhelming military dominance, but because it has been instrumental in creating a highly institutionalised, rule-based order, which gives tangible benefits to many of its participants. In other words, not only did the US help

to create an array of key inter-governmental institutions like the World Bank and the General Agreement on Trade and Tariffs, which were designed to promote and maintain an open international economy and bind nations together through commerce, but America also agreed to exercise a degree of self-restraint as part of the implicit bargain. It is precisely this broadly supported order that appears to be threatened by both the actions of America's enemies who regard its power as illegitimate and self-serving, and by America's own actions, which may lend credence to such claims. In short, we may be seeing a shift from a form of benevolent hegemony in which America enjoys broad support for its enlightened policies, to a more coercive form of hegemony in which America unilaterally pursues its own narrow national interests with or without widespread support.[13]

Two points are worth emphasising about the old order: first, the ideological consensus that underpinned the US-inspired Bretton Woods regime has begun to unravel as the actions of agencies like the IMF and the WTO are seen as entrenching international economic structures that systematically discriminate against the developing world, and which are seen as failing to address the ingrained inequalities within which terrorism ferments (Beeson and Bell forthcoming).[14] Second, the US itself no longer feels constrained by the transnational regime it helped create. Clearly, the overarching strategic environment from which the post-war international order emerged provided a powerful incentive for the US to act in ways that ensured the continuing loyalty of its allies in its seemingly endless struggle with the Soviet Union (Cronin 1996). However, even before September 11, it was apparent that the end of the Cold War had fundamentally transformed this underpinning strategic calculus, leaving the US less constrained by strategic imperatives and able to unilaterally pursue goals that were in its own national interest, rather than those of the system as a whole (Buzan and Little 1999).

In a range of areas – especially, but not exclusively, under George W. Bush - the US has displayed an increased willingness to pursue unilateral pathways to policy goals. Even during what proved to be the dying days of the Cold War, successive American administrations attempted to resolve their economic problems by applying direct unilateral pressure over key strategic allies like Japan in an effort to resolve economic imbalances that were then considered to result from declining American

competitiveness (Schoppa 1997; Bhagwati and Patrick 1990).[15] Under the Bush regime, this predilection for unilateralism has become more pronounced (Dao 2002) - a development with major implications for the Asia-Pacific region of which Australia is a part (see Beeson and Berger 2003). Indeed, whether it is the refusal to sign the Kyoto Protocol, its withdrawal from the Anti-Ballistic Missile Treaty, its opposition to the ban on land mines and the biological warfare convention, or its antipathy to the International Criminal Court, the US has displayed itself as being increasingly unwilling to be bound by precisely the sort of rules, regulations and institutional constraints that were such a fundamental part of the old order. The change in American thinking and the overwhelming strategic dominance that underpins it, is encapsulated by the US's new doctrine of 'pre-emption', in which the US reserves the right to unilaterally attack perceived threats to American security (Harding and Wolffe 2002). Even where the US appears to take multilateral institutions and the possible benefits of international support for its actions more seriously, it is on the understanding that it is not bound by such actions and reserves the right to act independently (Kagan 2002).

There are a number of important issues that emerge from this brief analysis of evolving American foreign policy. First, we should not be surprised if, freed from earlier strategic constraints, American foreign policy becomes even more reflective of powerful national rather than systemic interests (Trubowitz 1998). Second, although allies like Australia may not be materially necessary components of American strategies, they can play an important role in legitimising particular initiatives and in helping to consolidate American primacy. Although conventional international relations theory has – wrongly – led us to expect that other nations would attempt to 'balance' the US's dominant position in the aftermath of the Cold War (Waltz 1993), this has not happened.[16] On the contrary, America's position has become increasingly dominant and unipolar (Wohlforth 1999). The key question countries like Australia have to confront is whether this is good thing, or whether they would be better advised to try and encourage America to remain voluntarily constrained by the sort of multilateral institutions that were part of the earlier international order. The potential dangers of reflexively and uncritically supporting American policy were revealed when Howard echoed the Bush doctrine of pre-emption, suggesting that Australia

might follow suit – a suggestion that further problematised Australia's already troubled relations with the region (Kerin and Price 2002).

Australia and the new international order

From a parochial perspective, there are a number of aspects of America's recent policies that should have been subject to much greater critical scrutiny than they have hitherto received in Australia. The Howard government's rapid, enthusiastic support for American policy should not disguise the fact that, as Michael Cox (2002, 56) observes, the big lesson to emerge after September 11 was that 'America was able to define an agenda and compel support for that agenda from nearly all the world's more important states'. Even if American policy had been above reproach on normative, strategic or any other grounds, the principle of giving one country de facto responsibility for establishing the collective default policy position on what may prove to be *the* defining international relations issue of the twenty-first century is a dubious one. In reality, America's strategic and political baggage – not the least of which is its unswerving, non-negotiable support for Israel - its insistence on unequivocal commitments for or against the 'war on terror', and the predilection American policy elites display for understanding geopolitics through the prism of 'territory, population and the use of force' (Cronin 2002, 132), leaves American policy, and that of its allies, open to criticism that it is self serving[17] and contributing to a 'clash of civilisations' (Huntington 1996).[18]

Critics on the left have long argued that, for America to maintain domestic unity, support for massive military expenditures, and the support of otherwise potentially fractious allies, 'a threat of some kind is virtually indispensable' (Anderson 2002, 12). Clearly, militant Islam has the capacity to fulfil the role formerly occupied by the Soviet Union during the Cold War as far as America is concerned. However, it is not necessary to subscribe to conspiracy theories to recognise that fundamentalism of some sort – the contested flip-side of American hegemony - could fill an important vacuum in the developing world, for as Bruce Cummings (1999, 368) observes,

The Third World is dominated by the advanced countries in a way unprecedented since the colonial era, and with most of it outside the loop of the prosperity of recent years, it is therefore a prime source of war, instability, and class conflict – but with no convincing anti-systemic model to follow.

The parallels between a post-war Europe apparently menaced by, and drawn toward, an expanding 'communist' empire, and the contemporary period in which America once again confronts an implacable foe supported by its loyal allies is indeed striking. There is, however, one fundamental difference: post-war Europe was given powerful assistance by a hegemonic power that seemed far-sighted and benign. The Marshall Plan was the quintessential expression of a new order that promised to restore lost European prosperity (Milward 1984). By contrast, not only has the 'developing world' never had similar prosperity to lose, but many think that the present world order that America dominates, which has deviated significantly from the vision of its post-war architects, is deeply implicated in perpetuating a profoundly inequitable world order (Hoogvelt 2001). In such circumstances, and absent an initiative of Marshallesque proportions designed to alleviate some of the conditions which, all agree, are at least contributing to the current antipathy toward America and all it stands for, little will change. The dominant American response – unilateralism and the doctrine of pre-emption – threatens to entrench rather than transform the prevailing world order. More worryingly in the longer term, as Robert Manne (2002) notes, if the doctrine of pre-emption does not exist for other states, which feel similarly threatened, US policy 'amounts to an almost formal claim to US world hegemony'. If such a doctrine does apply to all – and absent an overarching proscriptive normative framework that all subscribe to, why should it not? - it threatens to plunge the world back into an era of unconstrained Hobbesian military confrontation.[19]

While some in the developing world may question how benign and benevolent the old US-sponsored international order actually was, key allies like Australia have clearly been in the business of helping the US maintain its dominant position and the system over which it presides. If Australian policy elites remain wedded to this goal they may want to place the welfare of the system ahead of short-term national interest, for as Brian Victoria (2002) has observed,

The rogue nations of this world will never convince the US that it needs to relinquish some of its power to eliminate the existence of double standards in international affairs. Yet the same message, coming from a friend, might receive a more thoughtful hearing.

Whether Australia has the will or the capacity to do so is, however, a moot point. While there are tentative signs of the Howard government taking a slightly more independent line in relation to the UN's role in post-war Iraq, it remains effectively locked into the US's over-arching strategy. Given that even Britain – clearly a more important ally than Australia – is finding it difficult to influence American policy, despite all the rhetoric about 'influence' and 'special relationships', there is little reason to suppose Australia will have any greater success.

Concluding remarks

There is much to admire about America. Many of the norms and values it so assiduously promotes[20] are worthy in themselves and often spontaneously emulated. If the world must have a hegemonic power, there are worse candidates. Successful market economies *are* highly desirable; the problem has always been creating the circumstances in which they can flourish whilst simultaneously overcoming structurally embedded obstacles to development and more equitable distributions of wealth and life-chances. As long as American policy seems – rightly or wrongly - self-serving at best and complicit in the maintenance of a fundamentally inequitable world order at worst, hostility toward the US and its allies will persist. In short, hegemony has costs as well as benefits.

The great advantage of attempting to address some of the world's more pressing problems through rule-based multilateral auspices is that it helps to establish a more broadly based notion of collective responsibility and makes the, frequently selfish and destructive, privileging of national interests more difficult. True, the pervasive nature of American hegemony means that it continues to exert a powerful influence over key inter-governmental institutions, including the much-reviled United Nations (see Cronin 2001). And yet, in an imperfect world, a model that is defensible in principle

but flawed in practice may ultimately be more sustainable (and potentially modifiable) than a model that is indefensible except in relation to a rather brutal form of Realpolitik. The world may indeed be faced with the reality of overweening American power for the foreseeable future; the challenge for the vast majority of non-American countries is to discourage self-serving nationalism and the temptation to use that power to serve parochial interests.

Clearly Australia has a limited capacity to influence American foreign policy. Australia's political elites, especially under the current Howard government, have shown little inclination to divert from the tried and trusted Australian role of enthusiastic and uncritical supporter. There are powerful reasons for questioning the efficacy of this strategy, even when judged from the perspective of short-term political expediency or a narrowly conceived sense of the 'national interest'. In both of the most important elements of its bilateral relationship with the US – economics and security – 'Australia' is clearly disadvantaged by America's willingness to exploit its overwhelming political, economic, and strategic leverage. Whether it is measured by the difficulty of penetrating American markets, or by the impact Australia's high-profile support for American strategic initiatives has on Australia's own regional relationships, the bilateral relationship is the source of a good deal of pain for what are generally fairly nebulous and/or endlessly deferred gains. Unsurprisingly, American policy has always been primarily designed to further American interests. The danger is that given America's unprecedented primacy and a government that is more than willing to exploit it, self-absorption, unilateralism, and an instrumental attitude to allies will become the established order. It is in Australia's and the rest of the world's long-term interests to ensure that it does not.

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[1] This paper was conceived well before the outbreak of hostilities in Iraq. The long-lead times associated with academic publishing mean it is impossible to fully consider what is, at the time of writing, a rapidly evolving and uncertain undertaking. However, the central contentions of this paper are, I think, reinforced rather than undermined by recent events.

[2] A number of prominent Labor figures, including Mark Latham, Lindsay Tanner, Martin Ferguson and Laurie Brereton, have been highly critical of both US foreign policy generally and the leadership of George W. Bush in particular [see Price et al. 2003], prompting a strong response from Washington and direct intervention into domestic Australian political debates [see Kerin and Schubert 2003].

[3] 'Australia' and 'the US' are less than satisfactory shorthand expressions for the complex array of domestic and international factors that culminate in national foreign policy, which limitations of space do not allow me to more fully explore. However, for a discussion of the Australian context, especially the domestic influences on policy see McDougall (1998), and for the US see Trubowitz (1998).

[4] For a useful discussion of neoliberalism and its antecedents, see Richardson (2001).

[5] It should also be noted that the complex array of processes subsumed under the label of 'globalisation' has also made autonomous policy-making more problematic for less

powerful states like Australia. This is all the more reason, of course, for pursuing broader, multilateral-based solutions to the challenge of international governance, rather than relying on the potentially conflicting self-interest of the most powerful country of the era. On globalisation, see Held et al. (1999), on Australian economic policy and globalisation see Beeson and Capling (2002)

[6] For a discussion of this important development, see Stubbs (2002).

[7] This strategy looks increasingly unsustainable on a variety of grounds, not the least of which is normative and central to debates about the inequitable nature of the contemporary international order. On the US economy's problems, see Brenner (2002).

[8] Rogowski (1989) argues that it is actually in a hegemonic power's interests to exploit its position in relation to trading partners and domestic lobbies will encourage it to do so.

[9] If American companies were involved, the decision to disallow a foreign takeover of the Northwest shelf gas project would have been impossible, had such an agreement been in place.

[10] One of *AJPS's* anonymous reviewers rightly pointed out that the Howard government was able to reduce the impact of these tariffs on Australian exports through bilateral channels. While that was a significant development, it does not vindicate a bilateral approach or make 'Australia' any less vulnerable to future unilateral US decisions.

[11] It is worth noting in passing that New Zealand is now routinely characterised as a defence 'bludger' in the Australian press (Niesche and Garran 2001). More pertinently, perhaps, New Zealand's security does not seem to have been noticeably compromised.

[12] Interestingly, senior US military officials like US Pacific commander-in-chief were happy to endorse this role. See Blair (2000)

[13] For a useful discussion of the distinction between benevolent and coercive forms of hegemony, see James and Lake (1989).

[14] Significantly, US Trade Representative Robert Zoellick explicitly acknowledged trade's strategic implications while in Australia for WTO negotiations. See Hartcher (2002).

[15] It is also worth noting that in the post-Cold War era, the US has attempted to impose its preferred economic model and vision on parts of the world that have shown little enthusiasm for it. See Mastanundo (2000).

[16] Interestingly, the 'coalition of the unwilling' between France, Germany, Russia and possibly China, seemed to suggest that a limited form 'balancing' of a sort predicted by realist theorists, may indeed be beginning to occur in response to US unilateralism. See Walters (2003).

[17] It should be noted that a number of critics of American foreign policy have highlighted the strategic importance of Iraq's oil fields and their attractiveness to America's hitherto excluded oil companies. See Morgan and Ottaway (2002). Significantly, Bush had planned 'regime change' in Iraq before he actually won office. See Mackay (2002).

[18] A number of commentators in Australia portrayed the 'war on terror' in these sorts of civilisational terms. See, for example, Sheridan (2002b); Carroll (2002).

[19] Significantly, the big lesson North Korea seems to have drawn from recent events and the US's more assertive and increasingly unilateral military strategy is that

amassing greater quantities of weapons of mass destruction is the only way to ensure independence. See Lunn (2003).

[20] In the aftermath of September 11, the US has embarked on a major attempt to win hearts and minds in the Middle East and South Asia. See de Grazia (2002).

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