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With Friends Like These:
Reassessing the Australia-US Relationship

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Abstract: This paper critically analyses the impact of Australia's increasingly close relationship with the United States. Focusing on the recently concluded 'free trade' deal and Australia's security relationship with the US, the paper argues that the costs of this relationship may in fact outweigh the conventionally understood benefits – a situation that has potentially negative connotations for both parties.

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Introduction

For more than fifty years Australia's alliance with the United States has been the generally uncontroversial mainstay of Australia's strategic and foreign policy. In the aftermath of September 11, however, and partly as a consequence of Australia's prominent position in the 'coalition of the willing' that invaded Iraq, the alliance has been subjected to more critical scrutiny. For the first time in recent history, clear divisions have opened up between the Australian Labor Party (ALP) and the Liberal-National coalition government of John Howard. Nor has debate been confined to the merits of the strategic dimensions of the relationship: the 'free trade' agreement negotiated between the US and Australia also had the effect of subjecting the economic side of the relationship to new, unaccustomed criticism. In short, and despite continuing bipartisan affirmation of the continuing importance of relationship, bilateral ties have become more controversial, and their merits more contested than ever before.

Although Australia is not strictly part of East Asia,[1] it provides an illuminating counterpoint to the Asian case studies in this volume. The Australian case highlights a number of issues that are pertinent to the more broadly conceived 'Asia-Pacific' region, which includes both the US, Australia and East Asia. Indeed, one of the things that a consideration of the Australia-US bilateral relationship in a regional context reveals is that bilateral relations have implications for other relationships and need to be seen in a broader context. This is especially true of a 'middle power' like Australia, which finds itself caught between strategic obligations toward its hegemonic ally on the one hand, and the reality of its regionally-determined economic future on the other. In such circumstances, balancing possibly competing regional and bilateral ties, as well as economic and strategic imperatives, has proved a major challenge; it is not one that has always been handled well.

The discussion of US-Australia relations is organized in the following way. First, I briefly sketch the historical evolution of the relationship and the assumptions that have generally made it a sacrosanct part of Australian foreign policy. Next, I detail the quite distinct, but interconnected debates that have revolved around the strategic and economic dimensions of the relationship. In the course of this discussion I consider I the different positions that have emerged toward the relationship since September 11,

and the impact of recent events on Australia's relationship with its Asian neighbors and with the US itself. The point that emerges from this analysis is that in the evolving, post-Cold War environment in which global and regional processes are helping to redefine 'national interests', it is no longer clear that 'Australian' interests are as closely bound up with or served by a close, uncritical relationship with an increasingly assertive, unilateral hegemonic power.

Great and Powerful Friends

All nations are different, of course, but Australia's history and particular geo-political environment give it an especially distinctive place in the international scheme of things. Australia's origins as a settler society and an artifact of European colonialism meant that it has, from its relatively recent outset, been something of an alien outpost of westernization and whiteness. The looming mass of 'Asia' and its pullulating populations to its north, when combined with the formidable distance from the 'mother country', meant that isolation, vulnerability and anxiety were the dominant themes of Australia's early domestic and foreign policies (Walker 1999). It is, perhaps, unsurprising therefore, that political elites in the nineteenth and early twentieth centuries might have been preoccupied with security and determined to maintain close relations with Britain; Britain provided the bulk of migrants to Australia and it was the hegemonic power of the era. What is more surprising is the extent and durability of this basic approach to international relations: not only did Australians not even take responsibility for their own foreign policy until the exigencies of World War II compelled it, but the tradition of cultivating good relations with the 'great and powerful friend' of the time persisted.

World War II made it unambiguously clear that Britain was no longer capable or interested in underwriting Australia's security. The ALP's war time premier, John Curtin, had no hesitation in abruptly transferring the country's primary strategic allegiance to the United States, which had assumed Britain's former hegemonic mantle (Millar 1978). Such pragmatism, as we shall see, remains a hallmark of the present government's foreign policy, and is rhetorically invoked to legitimate what has on occasion been a controversial relationship. The underlying rationale also remains the same: Australia is situated in a potentially unstable part of the world and incapable of defending itself on its own; without the support of the most powerful country in the world, Australia can neither afford or guarantee its own defense, the conventional wisdom has it. While this argument may have been compelling at the height of World War II when the Japanese appeared capable of invading Australia, it is less clear that the same logic or imperatives obtain in the current post-Cold War environment. Nevertheless, as far as the strategic element of the relationship is concerned, it continues to enjoy largely uncritical bipartisan support.

The benefits and importance of the economic relationship with the US have been even less clear, especially when seen in historical context. Indeed, one of the central dilemmas of Australian foreign policy since World War II has been reconciling its potentially contradictory economic and strategic goals. Whether Australian policymakers have liked it or not, the inescapable economic reality and consequence of the 'Asian miracle' and the concomitant rapid industrialization to Australia's north has been to profoundly reconfigure Australia's economic relations (Tweedie 1994). When Japan eclipsed Britain as Australia's largest export market in 1967, it

symbolized a new economic order in which ‘Asia’ had become a major economic opportunity, rather than a poorly understood, distrusted threat. Even though the US has recently become Australia’s largest single economic partner, it is important to recognize that Australia’s most important export markets are located in Northeast Asia, and that the seemingly unstoppable rise of China promises to underpin Australia’s economic well-being in the 2000s in much the same way that Japan did for much of the post-war period (Walters 2004). In such circumstances, the way in which Australia’s potentially quite different strategic and economic imperatives are managed will be a crucial foreign policy challenge, and one that requires as much flexibility and room for maneuver as a peripheral, medium size economy can muster. The alliance with the US has always placed a constraint on Australian foreign policy; in the aftermath of September 11 and the Howard government’s enthusiastic, open-ended support of American foreign policy, it may lock Australia into policies that are not necessarily in the long-term ‘national interest’, however that over-worked, imprecise concept is defined.

The strategic calculus

The strategic alliance with the US has been the central pillar of Australia’s security posture for more than half a century. Given Australia’s history and the US’s dominance of the post-World War II order this was entirely predictable. The principal formal expression of this relationship was the ANZUS Treaty of 1951. Despite the fact that generations of Australian politicians have routinely stressed its importance to Australia, as has been widely noted, the Treaty in fact commits the partners to do nothing more than ‘consult’ in the event of one side being attacked. Revealingly, the rather vague provisions of the Treaty were never actually activated until John Howard invoked it in the aftermath of September 11. In doing so he ‘assumed the greatest foreign policy risk of any Australian government in living memory’, according to one leading observer of the alliance (Tow 2004). At first blush, there is something slightly preposterous about Australia coming to the aid of the world’s most powerful nation, but it was an action that highlighted a number of underlying strategic realities and assumptions about the bilateral relationship and its purported benefits.

First, Australian politicians have always been willing - even enthusiastic - supporters of the alliance and taken pains to demonstrate their sincerity and loyalty. The premium for this insurance policy has generally been costly, however. In Korea, Vietnam, and both conflicts with Iraq, Australia has assumed a prominent position amongst America’s allies. While the merits of all of these conflicts are debatable, the significant point to emphasize is that Australia participated despite the absence of a direct threat to Australia itself. Indeed, it is worth pointing out that the current head of Australia’s armed forces, General Peter Cosgrove, now considers Australia’s contribution to the conflict in Vietnam not to have been ‘sensible’ (cited in Beeson 2003a: 394). What merits emphasis more generally, however, is that Australia’s essentially uncritical support for American foreign policy has repeatedly necessitated its participation in conflicts that pose little direct threat to ‘Australian interests’. On the contrary, not only have close relations with the US occasionally complicated the pursuit of exclusively Australian interests, but Australia’s prominent position in both the Cold War and more recent conflicts has arguably made Australia less secure than it otherwise might have been.[2]

The second initial point to make, therefore, is that Australia's and America's 'national interests' are not necessarily or inevitably congruent. In the Manichean atmosphere of the Cold War when the bipolar strategic order discouraged a more nuanced calculation or understanding of national interests and differences, this was predictable enough, perhaps. What is more remarkable is that in the post-Cold War environment many of the old assumptions about the nature of the purported security threats Australia faces - and the concomitant necessity for great and powerful friends - have undergone little change. As a series of policy documents for and by the government have made clear,[3] though, there are no direct, conventional threats to Australia on the foreseeable horizon. And yet, not only have Australian policymakers continued to align themselves uncritically to American foreign policy despite any obvious benefits for Australia's overall security position but, as we shall see, the alliance may have actually made Australia less secure – and at considerable cost.

The contemporary debate

The current debate about the value of the military alliance with the US has primarily revolved around Australia's participation in the war in Iraq. Not only is the strategic value of Australian participation questionable, but it has highlighted a number of domestic failings, questionable assumptions, and the increasingly politicized nature of the bilateral relationship itself.

One of the reasons that the Iraq conflict has proved so contentious, both in Australia and elsewhere, is because the underlying rationale used to justify it has been shown to have been inaccurate at best, deliberatively deceitful at worst. There is no intention of subjecting the US's motivations for invading Iraq to detailed scrutiny, as exhaustive analyses of this topic have now been developed elsewhere (see, for example, Clarke 2004; Woodward 2004). The point to emphasize here, is that the Australian government's rapid, unequivocal, and open-ended commitment to the US in the immediate aftermath of September 11 not only locked it into support of American policy before it even knew what it might be, but it revealed major shortcomings in the capacity and independence of Australia's intelligence agencies.

This is an especially important consideration given that one of the major justifications for a close strategic alliance with the US has been the purported intelligence benefits that flow form such a relationship, and the advantages this offers in terms of cost savings and security (Ball 2001). Neither of these arguments looked terribly robust as the 'war on terror' gathered pace. At the very least it was clear that the intelligence capacities of both the US and Australia were inadequate: not only were they unable to provide appropriate intelligence about the long-term rise or short-term tactics of Islamic militants, but they provided faulty and tendentious intelligence about the Iraq's weapons of mass destruction (WMD) programs that were the justification for the invasion of Iraq. More troubling from an Australian perspective was the fact that the government's uncritical, politically-driven attitude to security issues generally and to the alliance in particular has led to a significant politicization of the intelligence gathering agencies in Australia.

It is important to stress that criticisms of both government policy and of the politicization and quality of intelligence were not confined to some sort of mindlessly anti-American radical fringe – as it was frequently depicted (Sheridan 2004). On the

contrary, a number of conservative figures from the security and foreign policy establishment drew attention to both the dangers of aligning foreign policy too closely with the US (Harries 2004), and of creating a highly politicized intelligence service that was incapable of providing impartial advice (Dibb 2004). The central points these critics made was that not just that Australia's reflexive, unequivocal support for American policy meant that it gave up potential leverage or influence as a consequence, but that political rather than strategic imperatives were determining the nature of advice from Australia's intelligence agencies. Even Philip Flood's limited investigation into Australia's security services made it clear that, as Paul Kelly (2004a) put it, '…our public service was intimidated by its belief that Howard was going to war and that this shaped the tone, scope and content of its policy advice.'

It was not just the intelligence services that were being politicized as a consequence of the war in Iraq, however: the alliance assumed a prominence and contentiousness in Australia's domestic politics that it had not had since the Vietnam era. At its heart, this debate revolved around the costs and benefits that flowed from the alliance, and the question of whether it actually contributed to Australia's overall security. Again, it is important to emphasize that many of the critics, like the so-called 'group of 43', which issued a statement criticizing the Howard government's approach to both the alliance and the conduct of domestic security policy, were former pillars of Australia's defense and foreign policy establishment (see, Karvelas 2004).

The politicization of the alliance

Breaking ranks in this way is a significant departure from the normally uniform support for the alliance. Even the ALP's recent criticism of the US has been the historical exception rather than the rule. Despite newly-appointed ALP leader Mark Latham's record as a strident critic of the American alliance generally and the competence of George W Bush in particular (Beeson 2003b), it is striking that this position is at odds with the overwhelming bipartisan support that has usually characterized attitudes toward the alliance. What is of greatest significance here is that the alliance was no longer portrayed as the uncontroversial bedrock of Australia's overall security posture, but a an increasingly politicized potential liability that was influencing Australia's domestic politics and raising questions about its contribution to national security. The focus for many of these tensions and differences centered on Latham's pledge to withdraw Australia's troops from Iraq. Given that Australia had less that 1,000 personnel in Iraq, their withdrawal would have had no material bearing on the outcome of the conflict. Indeed, it is important to recognize that Australian troops have *never* been a decisively militarily; their primary significance has always been symbolic and designed to internationalize and legitimate American foreign policy. In such circumstances, and in the aftermath of Spain's withdrawal from the coalition of the willing' in Iraq, Australia's departure would be highly damaging for the US.

It was against this background that the alliance relationship became even more partisan and led to the direct intervention of senior members of the Bush administration in Australia's domestic politics.[4] Following President Bush's depiction of Latham's commitment to pull out of Iraq as 'disastrous' and his fulsome endorsement of John Howard's leadership, Deputy Secretary of State, Richard Armitage, followed up with a detailed critique of the ALP's position, arguing that it

threatened to undermine the entire conflict in Iraq (Kelly 2004b). All of this came on top of the highly partisan interventions of the US's ambassador to Australia, Tom Scheiffer, who had publicly called for the ALP to reconsider its policies at the start of a domestic election campaign. Somewhat surprisingly, given the Australian electorate's normal lack of interest in foreign affairs and the high levels of support usually evinced for the alliance, a majority thought Bush was wrong to directly intervene in Australian politics. Equally significantly, Australians were almost equally divided between those who thought the relationship with the US was 'too close', and those who thought it was 'about right' (Metherell and Allard 2004). What this suggests is that the war in Iraq in particular and the high profile, unilateralist policies of the Bush administration more generally, have had the same sort of impact in Australia as they have in other former stalwart allies and admirers of America across the world, that is, a diminution in support for, and the legitimacy of, American foreign policy (PRC 2004).

The increasingly politicized nature of Australia-US relations tended to obscure other, arguably more fundamental questions about the strategic costs and benefits of the alliance. As noted earlier, no serious analyst of Australia's strategic position, including the government itself, thought there was any credible conventional danger to Australia from other states. And yet Australia's defense spending continued to rise significantly as a direct consequence of its close alliance with the US and its commitment to fill a 'niche role' in any US-led military coalition (Brown 2004). The purchase of Abrams tanks, air warfare destroyers designed to operate with US carrier groups, and an associated commitment to join the US in the development of an unproven, highly expensive 'missile shield', were major initiatives that were undertaken with remarkably little public debate. Not only were the technical merits of and rationale for these acquisitions debatable, but they had the potential to complicate relations with Australia's more immediate neighbors. Indonesia expressed concern about the implications of Australia's participation in the missile defense scheme and its stated intention to acquire cruise missiles – an issue of particular sensitivity given the Howard government's emulation of a US-style doctrine of preemption in Southeast Asia (Fickling 2002).

The question of whether Australia's close alliance with the US had damaged relations with the East Asian region more generally was unclear. While the Howard government eventually repudiated any characterization of itself of America's 'deputy sheriff' in the region, some of Australia's traditional opponents in the region had been able to make diplomatic life difficult for Australia by highlighting its ambivalent position in the region (see, Beeson 2001). But the departure of Malaysia's Mahathir Mohamed from the regional political stage clearly removed a major obstacle to closer regional ties as far as Australia was concerned, a possibility that was manifest in improved relations with both Malaysia and the ASEAN countries (Milner 2004). Similarly, the Howard government trumpeted improved ties with China and the signing of a long-term agreement to supply natural gas to China as evidence of the effectiveness of its 'pragmatic' approach to the region (Murphy and McBeth 2002). And yet the dramatic expansion of the Chinese economy highlighted an inescapable economic reality: East Asia remained an area of critical importance as far as Australia's future economic development was concerned. The only question was how the economic relationships with the region would be managed.

It is clear that balancing potentially competing ties with the rising regional power of China and the extant global power of the US would be the defining foreign policy challenge of the 21st century for Australia. It would also be difficult to finesse – as Alexander Downer's ill-judged remarks about Australia's supposedly neutral policy stance in the event of a clash between the US and China over Taiwan served to demonstrate (Armitage 2004). While Downer may have inadvertently given some insight into government thinking about Australia's 'nightmare scenario', everything the Howard government had done since taking office in 1996 suggested that, in extremis, Australia would fall into line with the US.

Indeed, what distinguished the Howard government from their more Asia-centric predecessors in the Hawke-Keating ALP governments was their determination from the outset to 'revitalize' the relationship with the US, and rebalance relations with the region as a consequence. While the Howard government may have benefited from the rise of China and the demise of Mahathir, the privileging of relations with the US – both strategically and economically – inevitably meant that this critical bilateral relationship would be expected to deliver tangible strategic and material benefits. As we have seen, the strategic benefits are questionable; the economic benefits are even less compelling.

The Economic Calculus

If Australia's participation in the war in Iraq threw the costs and benefits of the strategic aspects of close bilateral ties with the US into sharp relief, the negotiation of a bilateral 'free trade' agreement did the same for the economic dimension of the relationship. To understand why the bilateral deal is so controversial and its merits so contested, it is useful to place it in the context of Australia's recent diplomatic and economic history.

The first point to make is that, as noted above, Australia's major trading partners are located in East Asia. True, the US has recently become Australia's single biggest trade partner, but it is important to note that firstly, Australia is one of a handful of countries that actually runs a trade deficit with the US, and secondly, that this does not off-set the overwhelming importance of the East Asian region when taken as a whole. Six of Australia's top ten export destinations are in the region – seven if we include India. In other words, the initial rationale for making the US the target of a bilateral trade deal is questionable given the nature of Australia's economic ties – even if we put aside the specifics of the deal for a moment. The point to emphasize at the outset is that, the possibly unfavorable terms of the bilateral deal are arguably less important than the longer-term damage the agreement has done to Australia's position as a champion of a multilateral economic order that is arguably more in Australia's long-term national interests.

In this regard it is striking just what a departure the Howard government has made from its predecessors. Whereas the Hawke-Keating governments had championed a multilateral international economic order predicated on non-discriminatory trade liberalization as part of a thoroughgoing process that also incorporated major domestic reform (Beeson and Firth 1998), from the outset the Howard government has emphasized the importance of bilateral agreements. While it is possible to question how realistic the expectations that accompanied high-profile trade initiatives

like the Asia Pacific Economic Cooperation (APEC) forum that Australia assiduously promoted actually were (Ravenhill 2001), what is significant is that the Howard government has moved away from the sort of multilateral, non-discriminatory approach APEC embodies. Two additional points are worth emphasizing in this context: first, the Howard government's lack of enthusiasm about APEC-style strategies is in accord with the America's. Indeed, the US's ambivalence about APEC in particular has seriously undermined that organization's effectiveness and credibility. The second point to make is that the US can use its immense economic leverage to achieve favorable deals with smaller partners but, as we shall see, Australia has no such capacity.

Ann Capling (2001) has persuasively demonstrated that Australia has only ever achieved favorable trade deals and outcomes when it has operated through multilateral auspices to construct regulatory frameworks that actually discourage powerful countries from acting unilaterally or in ways that disadvantage smaller players. Moreover, Australia's effective leadership of innovative lobby groups like the 'Cairns Group' of agricultural trading nations has been compromised and diminished by its switch bilateralism. While it may be possible to argue that this is a 'pragmatic' coming to terms with the evolution of the international trading order, it may in fact be helping to entrench an order from which Australia is less likely to benefit in the long-run – as the agreement with the US demonstrates. It is also important to recognize that for a small country like Australia with limited diplomatic resources, the capacity to negotiate endless bilateral agreements is limited (see, Ravenhill 2003). Of even greater concern is the possibility that, even when Australia's trade negotiators are exhaustively deployed, their advice may be compromised by political imperatives and the necessity of delivering an economic benefit to match Australia's strategic commitment. Before considering the broader implications of this possibility and the overall impact of close ties with the US, it is useful to consider the free trade deal in more detail.

The 'free trade' deal

While the Howard government's preference for bilateralism pre-dates the inauguration of George W Bush's administration, the latter's ascendancy provided the opportunity for a recalibration of Australian foreign policy. Bush's chief trade advisor, Robert Zoellick, was an advocate of a sort of bilaterally-focused 'hub and spokes' strategy that had historically characterized American security policy in Asia (Calder 2004). The motivation from an American perspective was clear enough, as John Ikenberry (2004b: 628) points out:

> Rather than operate within multilateral frameworks, the United States forges a 'hub and spoke' array of 'special relationships' around the world. Countries that cooperate with the United States and accept its leadership receive special bilateral security and economic favours. More so than multilateral arrangements, 'hub and spoke' bilateral agreements allow the United States to more fully translate its power advantages into immediate and tangible concessions from other states - and do so without giving up policy autonomy.

Significantly, Zoellick wanted to use the US's superior leverage to marry strategic *and* economic goals (Capling 2004). It was within this environment that Howard government decided to try and obtain a free trade deal with a more ideologically

sympathetic US administration. The potential confluence of strategic and economic objectives was reinforced by the events of September 11.

From the outset there was great skepticism about Australia's ability to obtain a genuine free trade deal given the existence of powerful lobby groups in the US, and the American government's record of subsidizing and protecting key economic sectors. The passage of the 2002 Farm Bill, which included $US 180 billion in agricultural subsidies for domestic agriculture suggested this pattern was unlikely to change (Eccleston 2002). This was an issue of particular sensitivity given the Howard government's traditional support base in rural Australia. In reality, the US's chief trade negotiator openly boasted of his ability to protect American beef, dairy and sugar producers (Eccleston 2004). The eventual agreement confirmed this claim, completely excluding sugar, and providing a number of protections and safeguards for other agricultural sectors. Yet the nature of Australia's trading relationship with the US meant that any hopes of turning around Australia's entrenched trade deficit – over $A 10 billion in 2003-04 (CoA 2003) - rested on opening up those sectors of the American economy, like agriculture and the fast ferry industry, where Australia enjoyed a significant competitive advantage.

Given the US's history flouting the rule-based multilateral order when it has judged it in its national interest to do so (Bhagwati 1990; Tussie and Woods 2000), it was entirely predictable that the eventual agreement would reflect the enduring political and economic realities that distinguish the relationship and Australia's marginal place in America's economic scheme of things.[5] What is more surprising, perhaps, is that given that the proposed deal had been explicitly linked to Australia's support of the 'war on terror' in particular, and the US's increasingly unilateral foreign policy more generally (Hartcher 2002), Australia's trade negotiators were unable to extract *any* advantage or leverage as a consequence (Wallace 2004). On the contrary, and entirely predictably given the asymmetrical nature of bargaining processes between large and small players, the eventual agreement overwhelmingly locked in the preferences of the American side. In return for partial and interminably drawn out access to the American market, Australia's negotiators offered immediate access to Australia's manufacturing and service sectors (in which the US is especially strong), agreed to compromise Australia's quarantine requirements, and committed Australia to 'harmonizing' its regulatory environment – something that threatened to affect Australia's distinctive Pharmaceutical Benefits Scheme (PBS) (Weiss, Thurborn and Mathews 2004).

Revealingly, the only point of contention generated by the Australian side emerged in the midst of an Australian election in which new ALP leader Mark Latham sought to differentiate himself from the coalition. Although a series of reports from supporters and opponents of the Agreement had made claim and counter-claim about the purported merits of the deal,[6] most concern had revolved around its impact on the PBS and the capacity of American pharmaceutical companies to push up drug prices in a less regulated environment (Uren 2004). Despite the ALPs' limited obduracy, what is most significant is that for both parties, walking away from what most independent observers took to be a bad deal was not an option. Despite the fact that the government's own analysis of an agrement that excluded sugar suggested it might actually be economically negative for Australia, and despite the apparent reluctance of Australia's negotiators to endorse the deal, Howard was politically committed to a

deal that provided legitimation for the entire bilateral relationship more generally (Costello 2004). As Ann Capling (2004) puts it:

> …there was one reason above all why Howard was never going to allow Australia's negotiators to return home empty-handed. Australia's pursuit of the trade-agreement was driven by Howard's desire to strengthen Australia's political and strategic links with the United States, an objective that had assumed even greater importance with the 'war on terror'…As a result, Australia has been lumbered with a trade agreement that is clearly a dud.

Howard's conviction that Australian foreign policy was 'unbalanced' and too 'preoccupied' with its immediate region led to him to pursue a closer relationship with the US. The US was Australia's most important single relationship not simply because of its 'strategic, economic and diplomatic power', but 'of equal, if not more significance [because of] the values and aspirations we share' (Howard 2001). For a government that took pride in its hard-nosed calculation and pursuit of 'the national interest', the willingness to subordinate Australia's economic welfare, to say nothing of heightening the immediate security threat to Australia, was a remarkable indication of just how high a price Howard was prepared to pay to secure such supposedly common values and aspirations. The question of whether it is a price worth paying is taken up in the concluding section.

Concluding remarks: Hegemonic, national and other interests

The key assumption underpinning the Howard government's approach to foreign policy generally and the bilateral relationship with the US in particular, is that Australian and American interests are essentially congruent. The key assumption is that, while there may be short-term costs associated with demonstrating a continuing commitment to that relationship as far as Australia is concerned, the long-term pay-offs justify such sacrifices. Strikingly, this is a position that has generally enjoyed fairly uncritical, bilateral support in Australia, and despite Mark Latham's recent, much publicized criticisms of both American foreign policy and George W, Bush, this has not changed – as the ALP has been at pains to emphasize (Rudd 2003). And yet, as we have seen, in both key areas of the bilateral relationship – security and economic relations – the merits of the deal for 'Australia' are debatable at best.

At one level, this is a consequence of deciding precisely what the 'national interest' actually is in an era of cross border economic integration, and potentially competing domestically- and externally-oriented economic interests. The potential conflicts such enduring, structurally-entrenched economic realities generate was clearly revealed in both the effectiveness of powerful sectoral interests to lobby the Bush administration, and the similar difficulty the Howard government faced in achieving a deal that satisfied all producer groups and industry lobbies in Australia. In the end, of course, given a genuine free trade deal was impossible, the government chose to compensate directly some of the squeakier wheels in the agricultural sector. [7]

Yet even if the Howard government was able to buy-off disaffected domestic interests, the benefits of the deal remain highly contentious when seen in the context of Australia's broader foreign and economic policies. At the very last, the fact that the US was unwilling to make even minor concessions to one of its closest allies and supporters should have alerted the Howard government to the dangers of negotiating

bilaterally with a far more powerful partner, especially one that is especially responsive to its own domestic pressure groups and sectoral interests. More fundamentally, though, Australia's limited diplomatic capacities, and its historical reliance on a rules-based international trading regime that actually discouraged the powerful from exploiting the weak ought to have given pause about the long-term implications of an increasingly bilateral international order. Not only had Australia effectively compromised its surprisingly effective, high-profile leadership role as a champion of multilateralism and trade liberalization, but some argued it also threatened to further alienate Australia from its immediate regional neighbors (Garnaut 2003).

As noted earlier, Australia's closer alignment with the US has proved far from fatal for regional relations, partly as a consequence of Mahathir's disappearance, and partly because other regional leaders are pragmatically seeking closer ties with an American power that remains a decisive force in the region's wider strategic calculations. And yet, it is not clear that the Howard government's good fortune will hold. In the event of the US taking a more aggressive attitude toward North Korea, the regional 'war on terror', or – even more consequentially – China, it is not clear how Australia should react, or how its 'national interest' would be served or defined. China has rapidly becoming the mainstay of Australia's recent economic expansion, and any conflict between China and the US would present Australia with an invidious choice between the apparent guarantors of its economic and military security.

Not only would such a situation highlight potentially quite different Australian and American interests, but it would (or ought to) raise the question of whether the alliance was actually a reliable and cost-effective basis for Australia's domestic security. It is worth remembering that Australia has faced no direct threat (other than the remote prospect of a nuclear strike against the joint facilities during the Cold War) since the Second World War. And yet despite enjoying what is arguably the most strategically begin position in the world, generations of Australian leaders have felt compelled to fight alongside the US in conflicts that pose no immediate danger to Australia. This pattern continues with Australia's participation in the war in Iraq. The only significant consequence of this conflict for Australia appears to have been a heightened consciousness of Australia as a potential target in the minds of international terrorists (Goodsir 2003). The contrast with New Zealand, which has not be threatened with terrorist attacks (or invasion) since being expelled from the American security umbrella is striking.

None of this is to suggest that threats to international stability do not need to be confronted, or that Australia has no part to play in such efforts. The question is how such threats are to addressed. It is not necessary to conduct a detailed analysis of the logic that underpinned the decision to invasion of Iraq or the conduct of the 'war on terror' to realize that on the one hand, egregious mistakes and miscalculations have been made, and that on the other, the Bush administration has been pursuing what it takes to be in its national interests, with little consideration of its impact on the wider international system. It remains to be seen whether the doctrine of preemption which the US has developed - and which Australia has supported and echoed in a regional context – will continue to be pursued in the Bush administration's second term, or whether the high water mark of unilateralism has already been passed (Ikenberry 2004a). Either way, and despite Australia's inability to ever materially influence the

outcome of the conflicts it participates in on such a regular basis, its uncritical, open-ended support has clearly played a small but important role in legitimating American actions and its concomitant repudiation of multilateralism.

Given that both the legitimacy and efficacy of America's recent foreign policy have become deeply intertwined parts of an increasingly contentious whole (Tucker and Hendrickson 2004), Australia's uncritical support in encouraging what have proved to be ill-judged adventures on dubious bases is all the more noteworthy. It is possible to argue that a less uncritical position on Australia's part may have given the US a moment's pause for thought, although it is difficult to imagine that the US would have acted otherwise given the long-held desire of the Bush administration to effect regime change in Iraq (Mann 2004). Notwithstanding Australia's limited capacity to influence the actions of the world's only superpower, the crucial question for countries like Australia is what sort of international order best suits their long-term national interests, however they are perceived. Australia, like the majority of the countries of East Asia, has prospered under the multilateral order that the US was instrumental in creating in the aftermath of the Second World War. The contemporary order is very different and promises to exert very different regional and bilateral effects (Beeson forthcoming). To judge from Australia's recent experience, the benefits of the new order are contentious at best. To calculate the 'national interest' on the basis of politicized intelligence, questionable economic and strategic assumptions, and the pursuit of values that are not necessarily widely shared internationally or even with Australia itself, is to risk replicating an historical pattern that has limited Australian autonomy and locked it into commitments that are subsequently seen as unwise. It is also to risk politicizing a bilateral relationship that clearly remains Australia's most important, but one that is in need of less reflexive, more dispassionate management.

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[1] Interestingly, this is despite the best efforts of former foreign minister Gareth Evans who, at the hight of the ALP's pursuit of 'engagement' with Asia argued that Australia should be considered part of an East Asian hemisphere. See *Far Eastern Economic Review*, Aug 17, 1995: 26.

[2] The 'joint facilities' at Pine Gap and elsewhere in Australia were key part of the US's strategic posture and clearly made Australia a nuclear target during the Cold War. See
Ball, Desmond (1980) *A Suitable Piece of Real Estate : American Installations in Australia,* Sydney: Hale & Iremonger.

[3] There have been numerous review and inquiries into Australia's defence polices. One of the common features has been that Australia does not face any serious, credible conventional threat of invasion or direct attack in the foreseeable future. See, for example, CoA (2000).

[4] Significantly, Howard returned the favour for Bush, endorsing his presidency during the US elections and potentially compromising Australia's relationship with any Kerry administration. See Allard (2004).

[5] Australia is the US 14th biggest export market, representing 1.8% of overall exports, and its 30th biggest source of imports, at only 0.5% of total imports. See CoA (2003).

[6] The tendentious nature of the reports was highlighted by the fact that the Howard government's preferred economic modeller – the Centre for International Economics – made completely unrealistic assumptions about the possibility of achieving completely free trade in agriculture and an unchanged regulatory environment in Australia to support its claims about the alleged benefits of the deal. Neither of these claims is plausible and according to a Senate inquiry report the benefit looks to be in the order of $A53 million – 'a tiny harvest from a major political and bureaucratic endeavour', according to the report's author (quoted in Capling 2004).

[7] The Howard government offered $444 million (about $70,000 for each producer) to Australia's sugar producers to compensate them for their exclusion from the deal. See Capling (2004).