



INDEPENDENT ALLY? AUSTRALIAN ENGAGEMENT  
WITH RISING POWERS, 1908-1998

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## STATEMENT OF AUTHENTICITY

I declare that this thesis is the result of my original work and  
all sources have been acknowledged.



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## ABSTRACT

The rise of China in the Asia-Pacific has focused scholarly attention on the dynamics of structural change in the international system. Dominant theories of international relations suggest that 'junior allies' of a global hegemon will be inhibited from engaging with a rising power. Throughout the twentieth century, however, Australia, as a junior ally of Great Britain and then later the United States, has successfully engaged with rising powers. This thesis examines the Australian case study and the seemingly anomalous foreign policy behaviour of a junior ally that it presents.

The thesis investigates how and when Australia has engaged with a rising power over time, from within the context of its alliance to a dominant global power. It advances three major arguments. First, and most centrally, it argues that the interrelationship between Australia's alliance membership and its foreign policies toward rising powers has historically been more complex than predicted by power transition and traditional alliance theorists. Extensive archival and interview-based research reveals that this interrelationship is best captured by Snyder's theory of the alliance security dilemma, which provides greater discretion for a junior ally's interests in directing its foreign policy. However, to render Snyder's theory more applicable to explaining the dynamics of Australian engagement with a rising power, this thesis outlines a number of supplementary theoretical propositions.

These theoretical propositions encompass the two subsidiary arguments that this thesis presents. The second key argument is that whether Australian policymakers adopted an engagement preference depended on: whether they viewed the rising power as maintaining benign intentions; their perceived incentives to cooperate with that country; and if they believed they would be able to forge a *modus vivendi* with the rising power. The third core argument is that for Australian policymakers to, in turn, translate this engagement preference into an engagement strategy, they needed to believe that their senior ally would acquiesce to this strategy over time. If any of these elements were not present, Australia would tactically withdraw from cooperating with the rising power or not cooperate at all.

These arguments are explored in relation to two sets of cases: Australian engagement with an ascendant America, from within its imperial alliance to Great Britain, between 1908 and 1951; and, second, Australian engagement with China, from within an ANZUS context, between 1971 and 1998. The findings support the theoretical propositions advanced in this study, suggesting that Australia has had greater scope to pursue its interests toward a rising power than what is commonly assumed in the literature. These theoretical propositions challenge traditional conceptions of Australian foreign policy and provide a useful framework from which a more general theory of junior allied engagement could be developed over time.

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## LIST OF ACRONYMS

AJCP	Australian Joint Copy Project
ALP	Australian Labor Party
ANZAM	Australia New Zealand and Malaysia
ANZUS	Australian New Zealand United States
APEC	Asia-Pacific Economic Cooperation
APL	Australian Parliamentary Library
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASP97	Australia's Strategic Planning, 1997
AUSMIN	Australian United States Ministerial dialogue
BHPML	Bob Hawke Prime Ministerial Library
CITIC	China International Trust and Investment Corporation
CPP	Commonwealth Parliamentary Papers
CSCA	Conference for Security and Cooperation Asia
CSCE	Conference for Security and Cooperation Europe
DAFP	Documents on Australian Foreign Policy
DFAT	Department of Foreign Affairs and Trade
DLP	Democratic Labor Party
FPDA	Five Power Defence Arrangements
FRUS	Foreign Relations of the United States
GDP	Gross Domestic Product
INI97	In the National Interest, 1997
LOC	Library of Congress
MFN	Most-Favoured-Nation
NAA	National Archives of Australia
NACP	National Archives College Park
NATO	North Atlantic Treaty Organization
NLA	National Library of Australia
OANZPIA	Office of Australian, New Zealand, and Pacific Island Affairs
OBH	Office of Bob Hawke
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
PRC	People's Republic of China
PRO	Public Records Office, United Kingdom
RAMSI	Regional Assistance Mission to the Solomon Islands
RG	Record Group
SEATO	Southeast Asia Treaty Organization
TCF	Textiles, Clothing and Footwear
UNDHR	United Nations Declaration of Human Rights
UNHRC	United Nations Human Rights Commission
WTO	World Trade Organization



## INTRODUCTION

In October 2003, US President George W. Bush and Chinese President Hu Jintao addressed joint sittings of the Australian Parliament on successive days. The Australian Government had not previously extended this honour to any world leader other than an American President. Hu's address to Parliament was symbolic of China's growing status in Australian foreign policy.<sup>1</sup> As Australian Prime Minister John Howard observed at the time, the event epitomised 'the success of [Australia's] foreign policy in building close relations with Asia while further deepening our already close relationship with the United States'.<sup>2</sup> The Howard Government's ability to intensify Sino-Australian relations at the same time as strengthening the US alliance is often characterised as its greatest foreign policy achievement.<sup>3</sup> Yet, this benchmark is merely representative of a longstanding trend in Australian foreign policy.

Since Federation in 1901, Australian policymakers have frequently engaged with a rising power from within the context of their alliance with a global hegemon. Moreover, they have managed to do so despite the rivalry that sometimes existed between these two great powers. During the first part of the twentieth century, Australia forged a cooperative relationship with a rising America in the context of its imperial ties to Great Britain. It did so notwithstanding Anglo-American competition for influence in the Pacific and even occasional British dissatisfaction with Australian engagement initiatives. Similar trends have been manifest in Australian foreign policy toward China during the latter part of the twentieth century. Australian policymakers have generally engaged with a rising China whilst still seeking to preserve, and even strengthen, their alliance relationship with the United States. They have done so despite oscillating Sino-US relations during that same period.

Such foreign policy behaviour is by no means limited to Australia. Other junior allies of the United States, including Japan, South Korea and Thailand, have also vigorously engaged with a rising China in the post-Cold War era. They have done so

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<sup>1</sup> Hugh White, 'The US, Taiwan and the PRC, Managing China's Rise: Policy Options for Australia', Melbourne Asia Policy Papers, No. 5, Parkville, Vic: University of Melbourne, 2004, p. 4.

<sup>2</sup> John Howard (2003) cited in Hamish McDonald, 'China Supports Our Role In Region', *Age*, 18 October 2003, p. 1.

<sup>3</sup> Paul Kelly, *Howard's Decade*, Lowy Institute Paper, No. 15, Sydney: Lowy Institute for International Policy, 2006; Paul Kelly, 'Poised between giants', *Australian*, 23 July 2005, p. 32; Hugh White, 'Torn between the panda and Uncle Sam', *Age*, 23 March 2005, p. 15; Dennis Shanahan, 'US understands our China dilemma', *Australian*, 16 July 2005, p. 8.

not as a precursor to realigning with that country but in the context of preserving their bilateral alliance relationship with the United States.<sup>4</sup>

This foreign policy behaviour presents an empirical puzzle in the sense that it is anomalous to dominant thinking in international relations. Most international relations theorists argue that a junior ally will primarily seek to preserve the benefits it derives from its partnership with the global hegemon. This tends to exert an overriding and determining influence on its foreign policy.<sup>5</sup> These theorists argue that the junior ally will endeavour to support the global hegemon's leadership in the international system, which generally precludes it from forging cooperative relations with a rising power as its ally's principal political and strategic challenger.<sup>6</sup> Scholars analysing the impact of the rise of China on the Asia-Pacific security landscape have generally adopted this line of thinking. Typically, they posit that regional countries may have difficulties in preserving a healthy alliance relationship with the United States whilst simultaneously accommodating China's growing regional power.<sup>7</sup> They suggest that the United States' junior allies may one day have to choose between the two countries.<sup>8</sup> If such is the case, how then can we explain the ostensibly paradoxical foreign policy behaviour of US junior allies engaging with a rising regional power?

The purpose of this study is to explain how, historically, a single junior ally of a global hegemon has come to engage with a rising power. This is central to understanding the impact of changing power dynamics between a global hegemon and a rising power on the broader international system. It is particularly relevant at a time

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<sup>4</sup> The term 'junior ally' is commonly used within existing international relations literature to denote a materially weaker power in either a bilateral or multilateral alliance relationship. See, for instance, Stephen Dyson, 'Alliances, Domestic Politics, and Leader Psychology: Why did Britain stay out of Vietnam and go into Iraq?', *Political Psychology*, 28(6) 2007, pp. 647–66; Michael Chambers, 'Dealing with a Truculent Ally: A Comparative Perspective on China's Handling of North Korea', *Journal of East Asian Studies*, 5(1) 2005, pp. 35–75; Fred Halliday, 'Exonerating US Policy: The Myth of "Good Intentions"', *MERIP Report*, No. 98, 1981, pp. 20–23; Robert O'Neill, 'Australian military problems in Vietnam', *Australian Outlook*, 23(1) 1969, pp. 46–57. Stephen Haggard adopts the term 'junior partner'. Stephen Haggard, 'The Balance of Power, Globalization, and Democracy: International Relations Theory in Northeast Asia', *Journal of East Asian Studies*, 4(1) 2004, pp. 1–38.

<sup>5</sup> Robert Rothstein, *Alliances and Small Powers*, New York: Columbia University Press, 1968, pp. 30, 62; Robert Gilpin, *War & Change in World Politics*, Cambridge: Cambridge University Press, 1981, p. 30; Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace*, New York: Knopf, 1960, p. 185.

<sup>6</sup> A.F.K. Organski, *World Politics*, New York: Knopf, 1958, pp. 352–54, 368; Gilpin, *War & Change in World Politics*, pp. 24, 30–31, 33, 45; Jacek Kugler and Ronald Tammen, 'Regional Challenge: China's Rise to Power', in Jim Rolfe (ed.), *The Asia-Pacific: A Region in Transition*, Honolulu: The Asia-Pacific Center for Security Studies, 2004, p. 47.

<sup>7</sup> See, for instance, William T. Tow, 'America's Asia-Pacific Strategy is Out of Kilter', *Current History*, 107(70) 2007, pp. 284, 286; David Shambaugh, 'Asia in Transition: The Evolving Regional Order', *Current History*, 105(690) 2006, p. 154; Robert S. Ross, 'Balance of Power Politics and the Rise of China: Accommodation and Balancing in East Asia', *Security Studies*, 15(3) 2006, pp. 355–95.

<sup>8</sup> See, for instance, Shambaugh, 'Asia in Transition: The Evolving Regional Order', p. 156; Hugh White, 'The limits to optimism: Australia and the rise of China', pp. 476–77.

when nuclear weapons have rendered war a less viable option of demonstrating dominance and great powers have instead resorted to cultivating political influence among weaker powers.<sup>9</sup> Understanding when junior allies have engaged with rising powers is also pertinent to both junior allied and great power policymakers as they seek to calibrate their foreign policies to their best advantage in response to regional structural change. In addressing this subject, however, this study adopts a differing departure point from most theoretical and empirical studies, which endeavour to predict when a single junior ally will have to choose between its dominant global partner and the rising power. This study explores the often apparent but generally neglected alternative dimension. It investigates the question: how and when does a junior ally engage with a rising power from within the context of its alliance with the dominant global hegemon?

The two components of this question are interrelated. An understanding of *how* a junior ally comes to engage with a rising power necessitates an understanding of *when* junior allied policymakers will be more or less inclined to do so. Discerning what forces shape the changing dynamics of junior allied engagement with a rising power over time—including, but not necessarily limited to the relative influence of the alliance—is at the crux of the empirical puzzle that this study seeks to explain. Middle and small powers, in particular, often face policy dilemmas during periods of power transition because of their dependence on, or interests in, one or even both of the great powers. This study specifically addresses the Australian case. As will be further elucidated later, Australia presents a useful case study as a junior ally of successive global hegemon that has engaged with rising powers during two of the major regional power transitions of the twentieth century.

To determine the key factors that shaped Australia's engagement with a rising power, this study will pursue three subsidiary lines of inquiry. First, it will examine the extent to which Australian policies toward a rising power were *determined* by considerations of a senior ally's preferences, as power transition and alliance theorists tend to suggest. Second, if the alliance did not exert a determining influence on Australian policy, this study will identify what factors shaped whether it was more or less inclined to engage with a rising power. The third line of inquiry is whether, and under what circumstances, the alliance acted as a *constraint* on Australian policymakers' decision to so engage. The interrelationship between an alliance with a

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<sup>9</sup> Robert Rothstein still provides the most in-depth discussion of the impact of nuclear weapons on relationships between weaker powers and great powers in the international system. Rothstein, *Alliances and Small Powers*, p. 249.

dominant global power and a junior ally's policies toward a rising power may be more nuanced than is generally represented. This may explain the ostensibly paradoxical foreign policy behaviour of a junior ally engaging with a rising power from within such an alliance.

This introduction outlines the aims, contribution, and scope of the study. It will do so by situating the study within the broader empirical and theoretical literature that has bearing on the empirical puzzle driving this research. It also explores how the study builds on this literature by examining its aims, its contributions, and the central argument this study advances. Finally, the introduction details why the study adopted Australia as its focus for analysis, and the methods it enlisted to explore the central research question.

## **Existing Explanations of Junior Allied Engagement with Rising Powers**

### ***Australia: In Search of a Generalisable Explanation?***

As a country that has consistently engaged with rising powers from within its alliances with successive global hegemony, one might expect Australian foreign policy literature to serve as a useful starting point for explaining the puzzling foreign policy behaviour that drives this study. It might offer insights which could be applied more generally to explain how and when junior allies engage with rising powers. In fact, however, the literature is relatively unhelpful in this regard.

Over the past five years, a range of articles have appeared in both scholarly journals and newspapers conjecturing how Australia will reconcile its intensifying relationship with a rising China with the political imperatives of the American alliance. Most of these articles are pessimistic, suggesting that Canberra might have to eventually choose between Australia's primary trade partner and its principal security guarantor.<sup>10</sup> Former Australian Deputy Secretary for Strategy and Intelligence Hugh White observes: '[I]t would be unwise to assume that we can walk both sides of the street in the future. ... While the US-China relationship enjoys the current post-9/11 détente, we can avoid

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<sup>10</sup> See, for instance, White, 'The US, Taiwan and the PRC, Managing China's Rise', p. 7; Michael Wesley, *The Howard Paradox*, Sydney: ABC Books, 2007, pp. 126–30. See also Allan Gyngell and Michael Wesley, 'Regional diplomacy has new impetus', *Australian Financial Review*, 3 April 2008, p. 79; Louise Dodson, 'Don't make us choose, warns Beazley', *Sydney Morning Herald*, 19 April 2005, p. 6. A key exception to this is Stuart Harris. Harris ends his monograph by concluding that although Australia will have to adopt a more nuanced regional diplomacy, this will not necessarily preclude fostering links with both the United States and China. Stuart Harris, *Will China Divide Australia and the US?* Sydney: Australian Centre for American Studies, 1998, pp. 81–85.

tough choices. But if, and when, another source of tension arises, Australia will again be on the rack.’<sup>11</sup> Former Executive Director of the Lowy Institute Allan Gyngell observes that, ‘however much we want to avoid the need to choose between them [China and the United States], we won’t always have that luxury’.<sup>12</sup> This study does not take issue with these claims. Escalated great power tensions may indeed render Australia’s future strategic choices increasingly difficult.

What this study aims to do, however, is to provide a counterpoint. It explores why Australian policymakers have traditionally not felt that they have had to choose between closer relations with a rising power and an alliance with a global hegemon. Understanding what factors, in the past, gave rise to Australian engagement from within an alliance could usefully illuminate when it will more likely be constrained by alliance considerations (and ultimately have to choose between great powers) in the future. To the extent that academics and commentators have addressed this issue, their observations have largely been specific to the Howard Government and made in passing rather than a central focus for analysis. This ad hoc approach has engendered differing and even contradictory explanations as to how Australia has been able to engage with a rising China from within ANZUS. An oft-cited reason for why Prime Minister John Howard was able to successfully manage these two relationships is that he cultivated sufficient goodwill in Washington by offering Australian military contributions to the US-led ‘War on Terror’ in Afghanistan and Iraq. He thus provided an opportunity for discretion in Australia’s policy toward China.<sup>13</sup> However, others contend that the goodwill Australia cultivates with the United States on global issues does not automatically transfer to regional settings. They point to some American policymakers’ expectations of an Australian contribution in a possible Sino-US conflict over Taiwan.<sup>14</sup> Still other commentators suggest that the Howard Government’s success in reconciling Sino-Australian ties with the American alliance was enabled by Washington’s own ambiguous policy toward Beijing.<sup>15</sup> Although helpful to understanding the Howard Government’s approach, these explanations are historically contingent and not necessarily more broadly applicable to Australia’s or any other junior ally’s experiences of engaging with rising powers.

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<sup>11</sup> Hugh White, ‘The US, Taiwan and the PRC, Managing China’s Rise’, p. 7

<sup>12</sup> Allan Gyngell (2003) cited in Michael Gordon, ‘Patriot Games’, *Age*, 25 October 2003, p. 1.

<sup>13</sup> Kelly, ‘Poised between Giants’, p. 32.

<sup>14</sup> William T. Tow, ‘Sino-American relations and the ‘Australian factor’’, pp. 454–55.

<sup>15</sup> Aldo Borgu (2005) cited in Tow, ‘Sino-American relations and the ‘Australian factor’’, p. 454; Kelly, ‘Poised between Giants’, p. 32.

Australian foreign policy scholars have endeavoured to explain longstanding trends in twentieth-century Australian foreign policy. Yet, none of these studies address why Australia has been able to engage with rising powers in an alliance context. To the extent that they do address Australian foreign policy behaviour from within an alliance, their arguments generally reinforce the empirical puzzle driving this study. The dominant stream of thought in Australian foreign policy literature is still the ‘dependency school’. Espoused by T.B. Millar, Bruce Grant, and Coral Bell, this school generally argues that Australia has generally supported its ‘great and powerful friends’ in order to secure these allies’ assistance in a future hour of need. Australian policymakers have thus adopted policies that complement—if not conform to—those of Australia’s ally and have made military contributions to conflicts in which its ally was involved.<sup>16</sup> Dependency scholars have downplayed policy differences between Australia and its principal ally rather than exploring how they came about, why they were pursued, and how Australian policymakers have reconciled them with effective alliance management.<sup>17</sup> This school of thought suggests that there is rather limited scope for Australia to adopt an autonomous foreign policy from within an alliance. How then has Australia engaged with a rising power that is a peer competitor of its ally?

Some Australian foreign policy scholars have identified circumstances in which Australian policymakers have been more inclined to exercise a greater degree of independence in their foreign policy. This has usually been associated with efforts to participate in multilateralism or to build coalitions with like-minded states to effect change on given policy issues.<sup>18</sup> Yet, Australian engagement with rising powers and the intra-alliance discussions that took place over such initiatives mostly occurred in a *bilateral* setting. This school of Australian foreign policy literature suggests that, in these circumstances, Australia’s ability to bargain with its ally and subsequently pursue an autonomous foreign policy toward a rising power will be limited.<sup>19</sup>

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<sup>16</sup> T.B. Millar, *Australia’s Foreign Policy*, Melbourne: Angus and Robertson, 1968, pp. 7–9; Coral Bell, *Dependent Ally*, Melbourne: Oxford University Press, 1988, pp. 2–5, 199–203. More recently, see Bruce Grant, *Fatal Attraction: Reflections on the Alliance with the United States*, Melbourne, Black Inc., 2004, p. 89; Joseph A. Camilleri, *Australian-American Relations: The Web of Dependence*, South Melbourne: Macmillan, 1980, pp. 10–19.

<sup>17</sup> A key exception to this is Bruce Miller’s exposition on *Australia and Foreign Policy*, in which he observes that middle powers maintain some degree of independence because of norms of diplomatic equality, niche assets they provide to the larger powers, specialised knowledge, and the rarity of the use of force in the international system. J.D.B. Miller, *Australia and Foreign Policy*, Sydney: Australian Broadcasting Commission, 1963, p. 18.

<sup>18</sup> Andrew Cooper, Richard Higgott and Kim Nossal, *Relocating Middle Powers: Australia and Canada in a Changing World Order*, Carlton, Vic: Melbourne University Press, 1993, pp. 24–25.

<sup>19</sup> Annette Baker Fox, *The Politics of Attraction: Four Middle Powers and the United States*, New York: Columbia University Press, 1977, pp. 280, 287.

More recently, scholars such as Richard Leaver have pointed to historical trends of Australian policy divergence from a great power ally, even in a bilateral alliance context.<sup>20</sup> This divergence has taken place over a wide range of security and economic issues (although is not specifically explored in relation to Australian policies toward rising powers). Leaver seeks to highlight these trends of divergence, but self-professedly leaves future research to explain how and why they emerged and how Australian policymakers reconciled them with alliance imperatives.<sup>21</sup> He posits relative Australian fears of abandonment by its ally as one possible explanation but does not explore this hypothesis.<sup>22</sup> This study takes up where Leaver's study left off. Discerning how and when Australia has been able to engage with rising powers necessitates understanding what Australian policymakers perceived as their scope for foreign policy autonomy in a bilateral alliance setting. This understanding has implications not only for how we conceptualise Australian foreign policy but, more broadly, for our understanding of the empirical puzzle that Australian engagement with rising powers presents to international relations theory.

### *International Relations Theory and Junior Allied Engagement with Rising Powers*

As the review in Chapter One will outline in greater detail, the principal difficulties of international relations theory in explaining how and when a junior ally, such as Australia, comes to engage with a rising power are twofold. First, most international relations theories that explore power transition focus on the dynamics of great power relationships rather than on how structural change impacts the broader international system. Second, most international relations theories that do examine this impact tend to explore either the dynamics of the alliance relationship or the factors that influence whether states develop cooperative relations with a rising power. They do not address the interplay between these two relationships. A conceptual gap therefore exists regarding how junior allies develop their foreign policies toward rising powers.

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<sup>20</sup> Richard Leaver, 'Patterns of dependence in post-war Australian foreign policy', in Richard Leaver and Dave Cox (eds), *Middling, Meddling, Muddling: Issues in Australian Foreign Policy*, St. Leonards, NSW: Allen and Unwin, 1997, pp. 71–72; Carl Bridge, 'Introduction', in Carl Bridge (ed.), *Munich to Vietnam: Australia's Relations with Britain and the United States since the 1930s*, Melbourne: Melbourne University Press, 1991, pp. 7–8; Joan Beaumont, *The Evolution of Australian Foreign Policy, 1901–1945*, East Melbourne: Australian Institute of International Affairs/School of Social Sciences Deakin University, 1989, p. 3; Carl Bridge and Bernard Attard, 'Introduction', in Carl Bridge and Bernard Attard (eds), *Between Empire and Nation: Australia's External Relations from Federation to the Second World War*, Melbourne: Australian Scholarly Publishing, 2000, pp. 2–3; Neville Meaney, *The Search for Security in the Pacific, 1901–14*, Sydney: Sydney University Press, 1976, pp. 7–12.

<sup>21</sup> Leaver, 'Patterns of dependence', p. 89.

<sup>22</sup> Leaver, 'Patterns of dependence', p. 89.

These deficiencies are evident in the differing assumptions of power transition, alliance, and engagement theorists. Extrapolating from power transition and alliance theories, we can deduce that the alliance will have a determining influence on a junior ally's foreign policy that precludes it from forging cooperative relations with a rising power.<sup>23</sup> This deduction derives from commonalities in the theoretical suppositions supporting each theory. Both power transition and alliance theorists generally assume that the relationship between two central protagonists in the international system (in this case the rising power and the dominant global ally) will be adversarial.<sup>24</sup> They subsequently tend to characterise the international system and the relationships comprising it in stark zero-sum terms.<sup>25</sup> These theorists also commonly assume that junior allies (or coalition partners) of the dominant global hegemon will be primarily concerned with preserving the security or other benefits they derive from that relationship. Accordingly, they will privilege the alliance in their foreign policy and their senior ally's preferences as a key determinant.<sup>26</sup> Both power transition and alliance theorists presume that this will thus exert a preclusive influence on a junior ally's willingness to develop a cooperative relationship with a rising power.<sup>27</sup>

Engagement theorists, meanwhile, encounter an opposite difficulty in explaining the puzzle of junior allied engagement. Empirical work undertaken on East Asian states' foreign policies toward a rising China suggest that junior allies of a dominant global power (in this case the United States) can and do engage with rising powers.<sup>28</sup> By

<sup>23</sup> Gilpin, *War & Change in World Politics*, p. 30; Organski, *World Politics*, pp. 352–54, 368.

<sup>24</sup> On the prevalence of traditional assumptions regarding adversarial relations during power transition, see Charles Kupchan, 'Introduction: Explaining peaceful power transition', in Charles Kupchan, *et. al.*, *Power in Transition: The Peaceful Change of International Order*, Tokyo: United Nations University Press, 2001, p. 7; Steve Chan, *China, the U.S., and the Power-Transition Theory: A Critique*, Oxon: Routledge, 2008, p. 62.

<sup>25</sup> Organski, *World Politics*, pp. 354, 370; Gilpin, *War & Change in World Politics*, pp. 27–36; George Liska, *Nations in Alliance: The Limits of Interdependence*, Baltimore: The Johns Hopkins Press, 1962, p. 12; Stephen Walt, 'Why Alliances Endure or Collapse', *Survival*, 39(1) 1997, pp. 156–58; Arnold Wolfers, *Discord and Collaboration: Essays on International Politics*, Baltimore: Johns Hopkins Press, 1962, p. 29; Eric J. Labs, 'Do Weak States Bandwagon?', *Security Studies*, 1(3) 1992, p. 389.

<sup>26</sup> Organski, *World Politics*, p. 354; Rothstein, *Alliances and Small Powers*, p. 30; Morgenthau, *Politics Among Nations*, p. 185; Liska, *Nations in Alliance*, p. 74.

<sup>27</sup> Organski, *World Politics*, p. 354; Gilpin, *War & Change in World Politics*, pp. 30–36; Jacek Kugler, Ronald Tammen and Brian Efirid, 'Integrating Theory and Policy: Global Implications of the War in Iraq', *International Studies Review*, 6(4) 2004, pp. 164–65; Liska, *Nations in Alliance*, p. 147; Wolfers, *Discord and Collaboration*, p. 32. A key exception to this is Michael Wallace's work on the extent to which cross-cutting relations between poles in an international system are more or less likely to give rise to war. Michael D. Wallace, 'Alliance Polarization, Cross-Cutting, and International War, 1815–1964', *Journal of Conflict Resolution*, 17(4) 1973, pp. 575–604.

<sup>28</sup> See, for instance, Victor Cha, 'Engaging China: Seoul-Beijing *Détente* and Korean Security', *Survival*, 41(1) 1999, pp. 73–98; Michael Jonathan Green, 'Managing Chinese Power: The View from Japan', in Alatair Iain Johnson and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, pp. 152–75; Reinhard Drifte, 'US Impact on Japanese-Chinese Security Relations', *Security Dialogue*, 31(4) 2000, pp. 449–61.



focusing on the nation-state level-of-analysis instead of the structure of the international system, these scholars have identified a wide range of factors besides the alliance that influence if, and when, a junior ally engages with a rising power. These factors include perceptions of the rising power's intentions, whether the rising power offers useful short-term benefits, or whether the engaging state and the rising power share an historical affinity.<sup>29</sup> As a collective school of thought, however, engagement theorists provide a laundry-list of variables that may or may not be important in determining whether a junior ally engages with a rising power. Nor do they sufficiently examine the *constraints* of an alliance on a junior ally's engagement strategies toward a rising power. They do not explore under what circumstances a junior ally will limit or qualify its engagement with a rising power due to alliance considerations. Whereas power transition and alliance theories assign alliances too much centrality in a junior ally's policies toward a rising power, engagement theorists insufficiently examine the impact of alliance membership on these policies.

In this context, Glenn Snyder's theory of the alliance security dilemma is unique. Snyder's theory explores the interrelationship between a state's considerations of alliance management and its various other interests when formulating its policies toward a potentially adversarial power. Snyder observes that, in some instances, an allied state may wish to conciliate with a potential adversary from *within* its alliance.<sup>30</sup> He specifies the conditions under which it will be more or less inclined to do so. Although Snyder generally frames his theory in allied-adversarial terms, his theoretical propositions may have applicability in explaining when a junior ally, such as Australia, will be more or less likely to engage with a rising power and how this outcome emerges. A group of allied states may not deem a rising power an adversary, but even non-adversarial competition between a dominant global hegemon and a rising power can impose constraints on a junior ally similar to what Snyder suggests.

Snyder observes that whether or not an allied state conciliates with a potentially adversarial power (or rising power in this case) is a function of both its intra-alliance bargaining power and its perceptions regarding the alliance security dilemma.<sup>31</sup> These two concepts will be discussed in Chapter One. In sum, however, Snyder argues that, in

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<sup>29</sup> Cha, 'Engaging China: Seoul-Beijing *Détente*', p.76; David M. Edelstein, 'Managing Uncertainty: Beliefs about Intentions and the Rise of Great Powers', *Security Studies*, 12(1) 2002, p. 13; Evelyn Goh, 'Southeast Asian perspectives on the China challenge', *Journal of Strategic Studies*, 30(4) 2007, p.817; Alice Ba, 'Who's socializing whom? Complex engagement in Sino-ASEAN relations', *The Pacific Review*, 19(2) 2006, pp. 163, 168.

<sup>30</sup> Glenn H. Snyder, *Alliance Politics*, Ithaca: Cornell University Press, 1997, pp. 195–96.

<sup>31</sup> Snyder, *Alliance Politics*, pp. 166, 195.

the event a state's preferences (in this case the junior ally's preferences) regarding the other power diverge from those of its ally, the state's perceptions of its relative dependence, commitment and interest become important. The more the state's policymakers perceive their country to be asymmetrically dependent on their alliance, the weaker they perceive that ally's commitment and the lower value they assign to their interests vested in the external power, the more likely that ensuing fears of abandonment will prevail.<sup>32</sup> Under these circumstances, the state will usually support its ally and be less inclined to conciliate with the potential adversary which may be challenging its ally's leadership in the international system.<sup>33</sup>

Snyder observes, however, that even a state that is asymmetrically dependent on its ally may pursue its interests toward a potential adversary if it values them highly enough.<sup>34</sup> By privileging the role of interests as a determinant of a junior ally's policies, Snyder's theory advances on other previously mentioned schools of thought. It does not assume that a junior ally's interests in this power will inherently derive from its senior partner's preferences. Instead, it posits a more complex interrelationship between these interests and alliance considerations in shaping a junior ally's foreign policy. It suggests that a junior ally may be able to pursue these interests in an alliance context while still taking into account alliance considerations.

Snyder's theory may therefore at least partially explain how a junior ally, such as Australia, may be able to forge cooperative relations with a rising power from within the context of an alliance to the global hegemon. As this study will demonstrate, there appears to be a positive correlation between the value Australian policymakers assign to their interest in conciliating with a rising power and their proclivity to engage with that country from within an alliance. As a deductive model of alliance management, however, Snyder's under-specification of interest limits his model's explanatory power in this differing empirical context. Snyder's model privileges the role of a junior ally's interests in determining its foreign policy, but cannot fully explain *when* such interests are more or less likely to favour conciliating with a rising power. Nor does it adequately specify *when* a junior ally will assign a high value to these interests in an intra-alliance context, thus potentially overriding considerations of alliance dependence and commitment. Both elements are critical to discerning *under what circumstances* junior allied policymakers will be more inclined to adopt an engagement strategy toward a rising power from within an alliance. Snyder's theory therefore provides a useful

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<sup>32</sup> Snyder, *Alliance Politics*, pp. 170, 187–88.

<sup>33</sup> Snyder, *Alliance Politics*, p. 184.

<sup>34</sup> Snyder, *Alliance Politics*, p. 171.

starting point for analysis, but does not totally resolve the central ambiguities of the international relations literature in explaining junior allied engagement with a rising power. His theory does not make clear what the most important determinants are of whether, and when, a junior ally will develop an interest favouring engagement with a rising power. There is also still some residual uncertainty as to under what conditions a junior ally will be constrained by alliance considerations from pursuing its engagement strategies. It is within this conceptual gap that this study is situated.

### **Central Aims of the Study**

This study's aim is to further understand how and when a junior ally engages with a rising power by addressing these twin ambiguities. For reasons noted above, Snyder's theory of the alliance security dilemma provides a useful starting point from which to begin analysis. It is the only theoretical framework that explores the interrelationship between an allied state's concerns regarding alliance management and its interests in formulating policy toward a third power. However, the study will build on Snyder's theory to render it more applicable as an explanatory tool for understanding junior allied engagement with rising powers. It will do so by further specifying, first, when a junior ally will develop an interest that favours conciliating (and potentially engaging) with a rising power; and, second, when it is likely to assign a high value to and pursue these interests in an intra-alliance context.

This study fulfils these analytical objectives by presenting a complementary theoretical framework, comprised of two sets of supplementary theoretical propositions. These are derived from, and will be more fully explored in relation to, the Australian case. However, they are presented in the form of general theoretical propositions so that they can be further tested in relation to other cases of junior allied engagement. The first set of supplementary theoretical propositions details when a junior ally will be more or less inclined to develop an interest engendering an engagement preference. These theoretical propositions suggest that the junior ally's interest needs to be treated as a subject for analysis. They specify the relative influence of the alliance, vis-à-vis other factors, in shaping a junior ally's interest and policies toward a rising power. These other factors include images of the rising power, the rising power's material capacity, and communicative practices between the junior ally and the rising power. To understand the relative importance of these factors, the study has documented the decision-making processes of individual Australian policymakers who formulated

policy toward the rising power. By exploring the most important factors that influenced these decision-making processes, the study has been able to generate systematic and empirically-verified theoretical propositions that specify when Australia, as a key example of a junior ally, has been more or less inclined to adopt an engagement preference.

As Snyder would suggest, however, Australian policy preferences toward a rising power did not axiomatically translate into the associated strategy toward that country. For this reason, the study advances a second set of theoretical propositions. These outline under what conditions a junior ally, such as Australia, will be more likely to assign such a high value to its interests toward a rising power that it will pursue them in an intra-alliance context. These propositions further define Snyder's theory as to when a junior ally will pursue its autonomous interests toward a rising power or when it will be constrained by considerations of its relative alliance dependence and commitment. This is a second and equally central component in understanding how and when a junior ally engages with a rising power.

In setting out these theoretical propositions and exploring them in relation to the Australian case, this study does not aim to construct a grand theory of engagement. Instead, it offers theoretical explanation of *when* a junior ally may be more or less likely to develop interests in conciliating with a rising power and may be inclined to translate these into an engagement strategy from within an alliance context. This study's theoretical propositions are based on the Australian case with the *potential* for wider applicability. They warrant testing against other cases before definitive conclusions about junior allied engagement can be drawn. Nevertheless, this is a valuable 'pilot' study. It provides a building-block from which to develop, through future research, a more sophisticated theory of how junior allies respond to power transition.

The study therefore contributes to the power transition, alliance, and engagement literatures. First, it fills a conceptual gap in these literatures regarding both how and when junior allies of a global hegemon come to engage with a rising power. It does so by exploring a junior ally-rising power relationship and an alliance relationship in association with one another. Accordingly, it examines the relative impact of the alliance, as well as other factors, in shaping the dynamics of a junior ally's engagement strategies. It systematises and prioritises which of these have been the most important in determining whether Australia, as a junior ally, has engaged with a rising power. In establishing a set of theoretical propositions based on these findings, the study sets out a framework for understanding the changing dynamics of junior allied engagement. It

thus enhances understanding of the impact of power transition on alliance management and the broader international system. This has particular salience and policy relevance at a time when international relations scholars often suggest that a junior ally may have to choose between the rising power and its dominant global power ally.<sup>35</sup> This study addresses the counterargument: when does a junior ally develop relationships with both the dominant global hegemon and the rising power?

In exploring this counter-argument, the study makes a second contribution that is relevant to policymakers. It does not contest claims that Australia may one day have to choose between China as a rising regional power and the United States as the dominant global hegemon. It does, however, provide a diplomatic history of how Australia has managed this dilemma in the past and draws lessons accordingly. Discerning what factors facilitated Australian engagement with a rising power from within an alliance during the twentieth century could assist Australian policymakers to understand how to engage with a rising China from within the current US alliance. This study's findings may also be of interest to US policymakers. Instead of signalling a weaker alliance connection, the study suggests that contemporary Australian engagement with China is part of a longstanding trend in Australian foreign policy—one of cooperating with a rising power whilst preserving Australia's pre-existing alliance.

Third, the study provides a diplomatic history that, it is hoped, contributes in a meaningful and useful way to Australian foreign policy literature. The question of how much scope Australia has to pursue an independent foreign policy from within an alliance—a question frequently raised by Australian foreign policy scholars—is central to the study. Its findings may, accordingly, have implications for debates on this issue among Australian foreign policy scholars. In positing a nuanced interrelationship between Australia's alliance membership and its engagement strategies toward rising powers, the study supports the postulations of Richard Leaver and various Australian historians who argue that Australia has often pursued autonomous and differing policies to its senior ally even in a bilateral alliance setting.<sup>36</sup> It builds on Leaver's arguments by detailing when and why Australian policymakers have been able to diverge from their senior allies' preferences in engaging with rising powers. It may therefore provide support for a 'third' school of thought in Australian foreign policy studies, detailing

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<sup>35</sup> Shambaugh, 'Asia in Transition', p. 156; White, 'The limits for optimism', pp. 476–77; Tow, 'Sino-American relations and the 'Australian factor'', p. 452.

<sup>36</sup> Leaver, 'Patterns of dependence', pp. 71–72; Bridge, 'Introduction', pp. 7–8; Beaumont, *The Evolution of Australian Foreign Policy*, p. 3; Bridge and Attard, 'Introduction', pp. 2–3; Meaney, *The Search for Security*, pp. 7–12.

Australian autonomy in a bilateral context and juxtaposed against existing dependency and middle power schools.

### Central Argument

This study presents three main arguments which collectively vary from dominant thinking in international relations theory and Australian foreign policy studies. Most centrally, it argues that the interrelationship between Australia's alliance membership and its foreign policies toward rising powers is more complex than what dominant perspectives envisage. Australian policymakers have generally believed that they have had considerable scope to pursue their interests toward a rising power from within an alliance. To the extent that alliances have impacted on Australian policies toward a rising power, they have been a *potential* external constraint rather than an axiomatic determinant. Whether Australia engaged with a rising power has been a function of the same two distinct but interrelated decision-making processes that Snyder identifies in his theory of the alliance security dilemma: consideration of Australian interests in a rising power and whether pursuing these interests could be reconciled with Australia's interests in alliance preservation. The study builds on Snyder's theory by specifying *when* Australian interests supported an engagement strategy toward the rising power.

This study's second main argument is that Australia's interests in, and associated preferences to engage with, a rising power have derived from three key factors. These were: (1) policymakers' perceptions of whether the rising power maintained benign intentions, particularly with regard to Australian interests in regional order; (2) considerations of incentives to cooperate with that country; and (3) whether a *modus vivendi* with that power seemed attainable. How Australian policymakers responded, at any given point in time, to the rising power depended on their relative evaluation of these three factors. If Australian policymakers believed the rising power maintained benign intentions and viewed important incentives to cooperate with that country, they were likely to develop an interest supporting an engagement-based approach—that is, an engagement strategy or only tactical variation from it. When Australian policymakers also believed that they would be able to reach a *modus vivendi* with the rising power's leadership, an engagement strategy was more likely to emerge. Conversely, when Australian policymakers did not think they could reach a *modus vivendi* with the rising power, they were inclined to either tactically withdraw cooperation (or 'disengage') from that power or abandon engagement altogether (or

'non-engage'). The relative configuration of these three factors was instrumental to both the origins and dynamics of Australian engagement with rising powers.

This is not to say, however, that the alliance context in which these assessments were made was unimportant. As a risk-averse junior ally, Australia was conscious to engage with rising powers in such a way that would not jeopardise its alliance with the global hegemon or the benefits it derived from that country. As Snyder's theory suggests, Australia's translation of its interest and preference toward a rising power into a respective strategy depended on the value it assigned to them in an intra-alliance context. If Australian policymakers assigned a high value to their interest, they were more likely to adopt the corresponding engagement strategy. Snyder's theory does not conceptually specify, however, when this was more likely to occur.

This study builds on Snyder's theory in this regard by developing a third main argument: when conducting diplomacy with rising powers, Australian policymakers were more likely to designate a high value to their interest in a rising power if they believed that the senior ally would ultimately acquiesce to Australia's corresponding engagement strategy. In contrast to what Australian foreign policy 'dependency' scholars might argue, this did not necessitate Australian conformity with or even conscious support for the dominant global ally's own stance toward the rising power—simply either an explicit or implicit judgment that the dominant global ally would not strenuously object to Australia's engagement strategy. Australian policymakers were more likely to envision this acquiescence as forthcoming if they did not view their engagement preference as compromising their senior ally's core global and regional interests. They also designated allied acquiescence more likely if their engagement preference was consistent with evolving understandings of alliance contribution.<sup>37</sup> It was Australian policymakers' perceptions of allied acquiescence which influenced the value they assigned to their interests in a rising power. If Australian policymakers believed that their dominant global ally would acquiesce to their engagement initiative, considerations of Australia's relative dependency and commitment impeded less on the

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<sup>37</sup> This concept will be elucidated further in Chapter Two. Briefly, however, it encompasses what Australian policymakers viewed as consensually agreed-upon practices that, if followed, would lead the dominant global partner to designate Australia as a 'good' ally. Although an intra-alliance contribution might comprise military support for Australia's ally in a particular conflict, it could also entail more minor contributions such as 'consultation' rights over specific foreign policy issues. What Australian policymakers interpreted as shared understandings of alliance contribution were subject to negotiation with the ally, inherently dynamic, and usually linked to the evolving purpose of the alliance. As will be further explored in the case studies, these understandings, at times, enabled the junior ally to effectively compartmentalize its relationship with the rising power from its relationship with the senior ally.

policy process. Australian policymakers were able to more easily reconcile engagement with a rising power with their alliance commitment.

It has thus been a combination of Australian policymakers' perceptions regarding a rising power coupled with prospects for allied acquiescence that have encouraged them to transcend the great power divide to which power transition and alliance theorists generally refer. Together, these factors have shaped the dynamics of a single junior ally's engagement with a rising power and go some way to account for the ostensibly anomalous foreign policy behaviour that this study seeks to explain. When supplemented with these arguments, Snyder's theory gains explanatory power in accounting for Australian engagement with rising powers from within an alliance context and, potentially, explaining trends of junior allied engagement.

## Case Study Selection

### *Australia and Regional Power Transition*

If the central purpose of this study is to explore how and when junior allies respond to a rising power, one immediate question is why focus on Australia? A common criticism of research designs based on a single case is that their results are not necessarily generalisable. Findings may be biased by characteristics inherent to the particular country or political actor that is the subject of analysis.<sup>38</sup> However, this study focuses solely on Australia for a number of reasons. Key among these is its principal concern with the changing dynamics of a junior ally's engagement strategy. To explore the various influences that shape these dynamics, the thesis investigates historical cases that highlight variation in a single country's engagement strategy over ninety years. Investigation of several countries' engagement strategies over such a long period is beyond the scope of this thesis and would weaken analysis. By focusing on a single country, the study also controls for external factors that may explain difference in engagement strategies across states but which may have little bearing on temporal variation in engagement—namely geography, culture, or relative military capabilities.

Moreover, Australia presents a particularly interesting and important case study. It presents a *most-likely* case against which to test assumptions extrapolated from power

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<sup>38</sup> Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences*, Cambridge, MA: MIT Press, 2005, pp. 80–81.



transition and traditional alliance theories.<sup>39</sup> According to these theoretical traditions, Australia's significant asymmetric dependence (in the different periods analysed) should have compelled it to closely calibrate its policies towards the rising power with those of its senior ally. The incongruence between Australian foreign policy behaviour and these theorists' predictions suggests a need to modify these theories with respect to how junior allied behaviour is conceptualised during power transition. Australia is also a useful case study because it is one of the few countries that has been a junior ally of successive dominant powers during the twentieth century and has engaged with rising powers in this context.

This study examines the factors that gave rise to change in Australian engagement strategies toward rising powers during two different periods of power transition in the Asia-Pacific. The second part of the study, through three case studies, investigates Australian engagement with an ascendant America between 1908 and 1951. This engagement occurred at a time when the growth of the American economy and the rise of American naval power meant that it was rapidly emerging as a challenger to British regional and global supremacy. How Australian policymakers came to believe that they could engage with a rising America at the same time that the United States presented a potential challenge to the dominance of Australia's ally, Great Britain, encapsulates the puzzle this study seeks to explain.

This puzzle is made more interesting because Australia exercised limited control over its foreign policy during most of this time. Until Australia ratified the Statute of Westminster in 1942, its external policies were subordinate to those of the British Empire.<sup>40</sup> Nevertheless, this study advances a similar interpretation of Australian foreign policy before 1942 to that espoused by many other Australian historians. Despite legal limitations, Australian policymakers made a series of independent forays into foreign affairs during the first part of the twentieth century.<sup>41</sup> Peter Edwards has labelled such forays as part of a 'proto' Australian foreign policy.<sup>42</sup> This 'proto' foreign policy often included Australia's engagement initiatives toward a rising America, some of which were at odds with British preferences.

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<sup>39</sup> For literature on most-likely cases and their utility in single-case research designs, see George and Bennett, *Case Studies and Theory Development*, pp. 80, 121.

<sup>40</sup> The Statute of Westminster vested the British Dominions with the authority to negotiate treaties with foreign powers and to, accordingly, send separate diplomatic representation to overseas posts. Accordingly, it granted the Dominions formal administrative control over their foreign policies.

<sup>41</sup> Beaumont, *The Evolution of Australian Foreign Policy*, p. 3; Meaney, *The Search for Security*, pp. 7–12.

<sup>42</sup> Peter Edwards, *Prime Ministers and Diplomats: the Making of Australian Foreign Policy, 1901–1949*, Melbourne: Oxford University Press, 1983, p. 3.

In another set of three cases, the third part of this study explores the dynamics of Australian engagement with a rising China between 1971 and 1997. A rising China did not pose a strategic challenge to Australia's dominant global ally, the United States, in the same way that a rising America did to the United Kingdom during the early twentieth century. China's challenge was regional rather than global. Even in the 1990s, China still lagged considerably behind the US in material capabilities. Nevertheless, both American and Australian policymakers viewed China as a potential rising power as far back as the 1970s.<sup>43</sup> The *idea* of China as a rising economic and political power became more deeply embedded in Australian policy circles during the 1980s, after China embarked on its extensive program of economic modernisation. As China began to divert some of its economic prosperity to expanding and modernising its air and naval forces during the 1990s, Australian policymakers viewed it as a rising power in the full sense of the term—that is, as a rising political, economic, and strategic power in the international system. Increasingly, Australian policymakers believed that China could potentially challenge American regional primacy in the future.<sup>44</sup> Successive Australian Governments have continued to engage with a rising China, however, despite growing structural competition between the two powers.

At first glance, these two sets of case studies of Australian engagement—during the Anglo-American and nascent Sino-American power transitions—appear vastly different. However, there are sufficient similarities in the operational circumstances they presented to Australian policymakers to render them a relevant comparison. First, although there were significant differences between a rising America and a rising China in terms of the *relative* challenge they presented to the international system, Australian policymakers viewed both countries as rising powers. A 'rising power' is one that increases its material capabilities (both economic and military), improves its position in the international hierarchy of prestige, and gains a capacity to influence the rules that govern interactions between states.<sup>45</sup> Despite the differences in material capabilities between a rising America and a rising China, Australian policymakers *believed* that both countries were developing, or would in future develop along the lines noted above.

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<sup>43</sup> Evelyn Goh documents how the idea of a rising China featured in American policy circles as early as the Nixon Administration. Many of the ideas that US President Richard Nixon floated about China's growing power in Asia were echoed by Australian Labor Party (ALP) officials in Opposition and later in Government after December 1972. For Goh's argument regarding the Nixon Administration's views toward China, see Evelyn Goh, *Constructing the US Rapprochement with China, 1961–1974: From "Red Menace" to "Tacit Ally"*, Cambridge: Cambridge University Press, 2005.

<sup>44</sup> Department of Defence, *Australia's Strategic Policy*, Canberra: Department of Defence, 1997, p. 14.

<sup>45</sup> This definition of a rising power draws on the same components that Robert Gilpin uses to describe governance of, and control within, an international system. Gilpin, *War & Change in World Politics*, pp. 29, 42, 48.

As Neta Crawford, Robert Jervis and Deborah Larson observe, beliefs and perceptions can assume the status of reality and will influence the policymaking process accordingly.<sup>46</sup> On the basis of Australian policymakers' *beliefs*, the two sets of case studies are comparable.

A second commonality across the cases in parts two and three is the nature of the great power relationship. Unlike Great Britain and a rising America, the United States and a rising China have never ruled out the prospect of war between them. Nevertheless, both sets of cases feature a 'cooperative-competitive' relationship between the rising power and the dominant global hegemon. This sort of relationship is neither purely cooperative nor purely adversarial. Instead, it is one in which there are elements of both cooperation and rivalry across multiple dimensions of the relationship.<sup>47</sup> The theoretical conclusions outlined in this study must therefore be considered in terms of the cooperative-competitive great power relationship that served as the backdrop to (and will be further described in) both sets of cases.

Finally, the nature of Australia's security ties with Great Britain and the United States differed. Whereas the security relationship with Great Britain was an imperial and organic one, Canberra viewed the Australian-American relationship as contractual.<sup>48</sup> Nevertheless, both relationships can be characterised as alliances. An alliance is generally associated with a promise between two states which gives grounds for reasonable expectations of either unilateral or mutual support in a specific conflict or other set of circumstances.<sup>49</sup> This promise may be made explicit through a written

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<sup>46</sup> This study uses the terms 'belief' and 'perception' interchangeably. Neta C. Crawford, *Argument and Change in World Politics: Ethics, Decolonization, and Humanitarian Intervention*, Cambridge: Cambridge University Press, 2002, p. 39; Robert Jervis, *Perception and Misperception in International Politics*, Princeton NJ: Princeton University Press, 1976, pp. 8–10, 401; Deborah Larson, *Origins of Containment: A Psychological Explanation*, Princeton NJ: Princeton University Press, p. 22.

<sup>47</sup> David Reynolds coined this term to describe the Anglo-American relationship during the interwar period. This study borrows his definition of the term and applies it more broadly to the two different great power relationships this study investigates. David Reynolds, *The Creation of the Anglo-American Alliance 1937–41: A Study in Competitive Cooperation*, London: Europa Publications Limited, 1981, pp. 2–3, 286–92.

<sup>48</sup> As will be discussed in Chapter Six, Australia's imperial relationship had characteristics that were not evident in Australia's contractual relationship with the United States. The imperial relationship contained elements of shared sovereignty and was supported by the notion of a unified imperial 'community'. Dominion 'nationalism' was situated within, and complementary to, this notion of 'community'. As in a family, imperial commitments assumed a 'moral' dimension. The obligations existing between Great Britain and the Dominions were qualified predominantly by the allies' capacity rather than their will to meet them. This contrasts to Australia's contractual relationship with the United States. This relationship was founded upon shared interests instead of any organic association (as Australian policymakers learned by their unfruitful attempts to form an entente with that country during the first half of the twentieth century). For these reasons, Australian policymakers have not viewed the US commitment to Australia as automatic, qualified by American will rather than US material capacity.

<sup>49</sup> Snyder, *Alliance Politics*, pp. 6–8; K.J. Holsti, 'Diplomatic Coalitions and Military Alliances', in Julian Freedman, Christopher Bladen and Steven Rosen (eds), *Alliance in International Politics*, Boston: Allyn

agreement or may be inherent in the institutional mechanisms and practices of the partnership.<sup>50</sup> Australia's alliance with the United States is fairly straightforward, signified by the signing of the ANZUS Treaty in 1951.

Australia's imperial connection with Great Britain was also an alliance. Even within the Empire, the Australian Government maintained control over Australian armed forces. An alliance existed between Australia and Great Britain because Australian contributions were voluntary, not automatic. In this sense, Australia can be viewed as a sovereign strategic entity—a condition that traditional concepts of alliance presuppose.<sup>51</sup> Australia also carried out practices which suggested that, in the event of war, the British could maintain confident expectations that an Australian military contribution would be forthcoming. These included standardisation of armaments, exchanges of officers, common methods of training, and informal assurances. These practices connoted an alliance between Great Britain and Australia that persisted until and even after the Second World War.

Both the imperial and ANZUS alliance also encompassed senior allied expectations of Australian political support. Although these alliance relationships were strategic ones, they were interlinked with, and significantly affected by, the political relationships between Australia and its senior ally.<sup>52</sup> Frequently, Australian policymakers had to navigate between the political expectations ensuing from their alliance with the dominant global hegemon and their independent interests in a regional rising power. Despite certain differences, both sets of cases thus presented similar circumstances to Australian policymakers, which this study explores.

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and Bacon, 1970, pp. 96–97; T.B. Millar, *Contemporary Alliances*, Canberra: Department of International Relations, Australian National University, 1981, p. 4.

<sup>50</sup> Millar, *Contemporary Alliances*, pp. 5, 7–8; Steven David, *Choosing Sides: Alignment and Realignment in the Third World*, Baltimore: Johns Hopkins University Press, 1991, p. 29.

<sup>51</sup> On this implicit assumption of alliance theory, see Julian R. Friedman, 'Alliance in International Politics', in Julian Freedman, Christopher Bladen and Steven Rosen (eds), *Alliance in International Politics*, Boston: Allyn and Bacon, 1970, p. 9; Holsti, 'Diplomatic Coalitions and Military Alliances', pp. 97, 99; Robert A. Kann, 'Alliances versus Ententes', *World Politics*, 28(4) 1976, p. 611.

<sup>52</sup> Snyder would label this as part of the political 'halo' of the alliance. He argues that 'formal alliance commitments usually have a political penumbra or "halo," extending beyond the narrow contingency ... which activates the commitment to military assistance. Allies expect their partners to support them on a variety of issues short of war, including diplomatic crises, even though there is nothing in the alliance treaty requiring it. To withhold such support, at least when it does not run drastically counter to the partner's own interests is likely to weaken the solidarity of the alliance'. For these reasons, an ally's foreign policy behaviour as well as its strategic commitment becomes important to perpetuating an alliance. Snyder, *Alliance Politics*, p. 8.

*The Individual Case Studies*

Within parts two and three, this study examines individual case studies to discern the most important factors that shaped whether and when Australia engaged with a rising power. Each of these case studies focuses on a period in which Australia either engaged or disengaged with a rising power from within its alliance. Distinguishing between engagement and disengagement is part of the study's contribution and will be further elucidated in Chapter Two. Briefly, however, an engagement strategy is one in which policymakers intentionally seek to enhance long-term cooperation with another state. They do so by widening cooperation across a range of issue areas (broadening) or intensifying cooperation in a single issue area (deepening). This usually encompasses providing material or non-material incentives to the state to give it a stake in the evolving relationship. It may also entail involving the state in dialogue to isolate common interests, define shared expectations, and outline ways of managing difference. Unlike appeasement, however, engagement is conditional on the state adhering to consensually agreed reciprocal obligations. In the event the state does not adhere to these obligations, policymakers in the engaging country may opt for a disengagement strategy.

Disengagement involves temporarily suspending or withdrawing cooperation in response to a specific conflict of interest and corresponding dispute over interpretations of consensual obligations. By withdrawing incentives or even imposing limited sanctions, policymakers hope to compel the target state to alter its position on the issue over which they are in conflict. However, disengagement is usually geared toward suspending relations in a particular issue-area rather than abrogating the relationship completely. Through disengagement, policymakers seek to create a more viable long-term cooperative relationship that better accommodates their interests. It is this factor that distinguishes disengagement from non-engagement approaches such as containment.

Within each set of three cases, this study explores two separate instances of engagement and one instance of disengagement with a rising power. In the first major case of Australian engagement during the Anglo-American power transition, the study explores Prime Minister Alfred Deakin's invitation to the American fleet on its Pacific tour in 1908. This event marked the first Australian effort to cultivate a long-term cooperative political relationship with the United States. The second case study, illustrating disengagement, explores the Lyons Government's trade diversion policy

against the United States between April 1936 and November 1937. As the security situation in the Pacific deteriorated in the lead-up to the Second World War, Australia somewhat paradoxically adopted limited trade sanctions against the US. It did so in response to what Australian policymakers perceived as American violation of trade liberalisation principles and tacit norms of reciprocity guiding the relationship. The third case study is that of the Menzies Government's ANZUS negotiations in 1950 and 1951. Although the fall of Singapore in 1942 caused Australia to view the United States as its principal strategic guarantor, it was not until the Menzies Government assumed office that Australia adopted an intentional, broad-ranging and calculated political engagement strategy toward that power.<sup>53</sup> It did so in order to bring about an Australian security alliance with the United States. Yet, at a time when the US post-war ascendance in the international system should have placed pressure on Australia to either firmly demonstrate its support for Great Britain or, alternatively, realign with the United States, Australia effectively straddled between these powers.

In the second set of cases, the study explores Australia's evolving engagement strategy toward a rising China from within an ANZUS context. The first case is the Australian Labor Party (ALP) Federal Executive's decision to send a delegation to China in 1971 and thus lay the foundations for a more cooperative Sino-Australian diplomatic relationship when it assumed office in December 1972. This visit, and the understandings reached during it, signifies the origins of Australia's engagement-based approach toward China that has persisted for more than thirty years. The second case study is the Hawke Government's response to the Tiananmen Square massacre. On 4 June 1989, the Chinese People's Liberation Army (PLA) killed hundreds of student protestors who had gathered in Tiananmen Square advocating political reform. In response to this blatant violation of human rights, the Hawke Government instigated political sanctions that effectively suspended Sino-Australian relations for close to two years. It was not until the Howard Government developed a new framework to restore and rebuild the relationship after the 1996 Taiwan Strait Crisis, however, that bilateral relations again flourished.<sup>54</sup> The Howard Government's re-instigation of Sino-Australian relations between 1996 and 1998 is therefore the third case study explored in the context of the Sino-American power transition. These engagement efforts, from

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<sup>53</sup> For works on Australia's changing perceptions of its strategic reliance on Great Britain and the United States, see T.B. Millar, *Australia in Peace and War*, Botany, NSW: Australian National University Press, 1978, p. 122; Percy Spender, *Australia's Foreign Policy: The Next Phase*, Sydney: F.H. Booth & Son, 1944, p. 23; Alan Watt, *The Evolution of Australian Foreign Policy, 1938–1965*, Cambridge: Cambridge University Press, 1967, p. 110.

<sup>54</sup> Chapter One elaborates, in greater depth, the details of the 1996 Taiwan Strait Crisis.

within an ANZUS context, took place at a time of intensifying structural competition between China and the US.

Each of these individual case studies signifies a ‘critical turning point’ in Australia’s relationship with the rising power. Most encompass a shift from either non-engagement to engagement or, alternatively, engagement to disengagement. Accordingly, the factors that engendered each of these shifts and which, correspondingly, gave rise to the changing dynamics of Australian engagement with rising powers are apparent. The factors underpinning Australian engagement and disengagement are evident both within each individual case study and across the differing case studies. Although the study does not centrally investigate instances of non-engagement (because these instances did not feature once an engagement-based relationship had been established), shifts that took place between non-engagement and engagement in the Deakin and the ALP case studies help to explain what factors underwrote an engagement as opposed to a non-engagement approach. Through this research design, this study will provide an understanding of those factors which both gave rise to, and shaped the changing dynamics of, Australian engagement with a rising power from within an alliance.

### Case Analysis Methods

To illuminate the most important influences underwriting engagement, this study has adopted a methodological framework encompassing both deductive and inductive approaches to theory-building.<sup>55</sup> In so doing, it has made use of an approach that is similar to what sociologist Derek Layder terms ‘adaptive theory.’<sup>56</sup> In simple terms, it has endeavoured to use deductive and inductive approaches in complementary ways to answer the study’s central research question. Over the course of research, it made use of

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<sup>55</sup> Deductive theory-building involves testing existing theoretical hypotheses to verify the extent to which they are affirmed by empirical evidence or, alternatively, require some modification. Theory is the starting point for research. Inductive theory-building is based on analysis of empirical data to develop generalisable theoretical propositions. Theory-building takes place after research. Derek Layder, *Sociological Practice: Linking Theory and Social Research*, London: Sage Publications, 1998, pp. 134–35.

<sup>56</sup> ‘Adaptive theory’ is a term that Derek Layder adopts to describe theory that has derived from both deductive and inductive approaches to research, interacting in a dialectic manner. Existing theory is used to provide orienting concepts with which to approach empirical data. Simultaneously, however, empirical observations could lead to the reformulation or modification of existing theoretical concepts. As Layder observes, ‘extant or prior concepts and theory both shape and inform analysis of data which emanates from ongoing research at the very same time that the emergent data itself shapes and moulds the existing theoretical materials’. The outcome of this process is a revised ‘adaptive’ theory which is, in turn, subject to revision when applied to other empirical settings during future research. Layder, *Sociological Practice: Linking Theory and Social Research*, p. 166

a deductive approach to examine the relative applicability of power transition theory and Snyder's theory. This approach revealed Snyder's theory as the best theoretical starting point for analysing Australian engagement. However, limitations of Snyder's theory in specifying when a junior ally was more likely to develop an interest supporting an engagement preference as well as when it was likely to assign a high value to, and subsequently pursue, this interest in an intra-alliance context suggested the merits of simultaneously adopting an inductive approach. During the research process, this approach facilitated prioritisation of some shaping influences over others, as well as the discovery of additional factors that have impacted on Australian interests in, and engagement strategies toward, a rising power.

To inductively determine the most important shaping influences on Australian engagement, this study has made use of both historical and comparative social science methods. It enlisted process tracing to discern the most important influences on Australian decision-making within each individual case study, whilst using comparative methods to develop contingent generalisations across the cases. Because the study endeavours to derive theoretical inferences from several differing and complex historical cases, it is difficult to apply social science comparative methods directly to the historical evidence to determine causality. Indeed, there are too many differing factors among the cases that could easily be mistaken for causal ones. Australian engagement strategies also emerged from a confluence of interdependent factors. For these reasons, the study adopted process tracing in order to trace the various causal processes within each case engendering Australian engagement or disengagement with a rising power.<sup>57</sup> This method has helped determine what factors gave rise to Australian interests in conciliating with a rising power as well as how Australian policymakers reconciled this with political obligations ensuing from the alliance.

To discern these factors, process tracing focused on Australian government officials' decision-making processes in each case study. This was the principal milieu through which individual beliefs about a rising power, domestic political factors and systemic factors conjoined to influence the policy process.<sup>58</sup> By focusing on this level of analysis, the study could detect the relative influence of the alliance vis-à-vis other factors in shaping whether and how Australia engaged with rising powers. To guide

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<sup>57</sup> For these uses and advantages of process tracing, see George and Bennett, *Case Studies and Theory Development*, pp. 214–15.

<sup>58</sup> Sprout and Sprout present a similar justification in advocating greater focus on policymakers' cognitive and decision-making processes as a way to enhance understanding of international relations. Harold Sprout and Margaret Sprout, *Towards a Politics of the Planet Earth*, New York: Van Nostrand, 1971, pp. 99–102.



process tracing, historical evidence in each case was framed around four key sub-questions. These were:

- (1) Who were the key decision-makers involved?
- (2) To what extent did Australia's alliance determine Australian policymakers' interests and associated strategies toward the rising power?
- (3) If the alliance did not determine these interests and strategies, what were the most important factors that gave rise to Australian policymakers' decisions to engage or disengage with a rising power?
- (4) What role, if any, did the alliance have as a constraint on the ensuing engagement strategies? How did Australian policymakers reconcile their engagement strategy with the imperatives of alliance management?

These questions enabled the study to test the relative explanatory power of differing theories as well as induce new generalised inferences from Australian historical evidence.

To answer these questions, the study developed a comprehensive understanding of the Australian decision-making process in each of the six cases of Australian engagement or disengagement with a rising power. It drew on extensive primary source material to reconstruct Australian policymakers' decision-making processes in each period analysed. For cases of Australian engagement during the Anglo-American power transition, the thesis relied primarily on archival intra-governmental documents, minutes of discussion, and letters and diaries of the key policymakers involved. Because the sources were written at the time of events and were not directed toward a public audience, they provide the most reliable indicators of policymakers' beliefs.<sup>59</sup> The following three case studies—examining Australian engagement during the nascent Sino-American power transition—relied to a greater extent on oral history and personal interviews with key policymakers or advisors who were involved in either developing Australian policy toward China or in alliance discussions.<sup>60</sup>

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<sup>59</sup> This approach to data-gathering, in order to discern policymakers' beliefs, draws on a similar method presented by Deborah Larson in her study *The Origins of Containment*. Larson, *Origins of Containment*, p. 63.

<sup>60</sup> The use of oral history presents some challenges. These include reconciling conflicting explanations of events, overcoming collective 'myths' or legacies surrounding particular individuals or governments, and simply poor recollection of the finer details of events. However, these challenges have not proven insurmountable. This study sought to mitigate the risk of bias and to discern the most important influences on the policymaking process by prioritising accounts of those ministers or advisors who were most central at the time. It also sought to corroborate various interviewees' accounts as much as possible or to verify them by referring to newspapers of the day, speeches, and pre-recorded oral histories. Used in this way, oral history emerged as a useful and important source of information for periods for which archival evidence is not yet available.

While process tracing was useful in illuminating the most important factors that shaped Australian decision-making in each individual case, the study also made use of comparative methods to derive theoretical propositions across the cases. For those cases that shared a common engagement or disengagement outcome, the study noted similarities in the shaping influences that gave rise to this outcome. It also cross-compared case studies of engagement and disengagement. In comparing these cases, the study uncovered other differences in Australian decision-making processes that may have given rise to these diverse outcomes. These methods are analogous to John Stuart Mill's methods of controlled comparison. The study overcomes many of the difficulties of enlisting these methods, however, by first adopting process tracing to highlight the key causal mechanisms in each of the six cases.<sup>61</sup> This reduces the risk of spurious factors being isolated as causal.

By discerning the commonalities and differences between the shaping influences that gave rise to different Australian strategies, this study inductively derived *initial* theoretical propositions (from the course of research) that specify *how* and *when* Australia has been more likely to engage with a rising power from within an alliance. These theoretical propositions will be more systematically explored and justified in the six Australian case studies. They may, in turn, have application to other cases of junior allied engagement beyond Australia and could be used as a basis for developing a more sophisticated understanding of how junior allies respond to rising powers.

### **Structure of the Study**

This study is divided into four parts. The first part sets out existing theoretical explanations as well as the alternative theoretical framework, which will be explored in relation to the Australian historical case studies. Chapter One situates the study within the broader international relations literature and extrapolates what existing theoretical perspectives would suggest regarding how junior allies should respond to a rising power. It establishes why Glenn Snyder's theory of the alliance security dilemma is a useful analytical starting point, but also highlights the limitations of his theory in explaining junior allied engagement with rising powers. Chapter Two then outlines this study's supplementary theoretical propositions which, by further specifying Snyder's

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<sup>61</sup> Mill's methods of controlled comparison derive theoretical inferences by comparing cases with both similar outcomes (in the case of the 'method of agreement') and divergent outcomes (in the case of the 'method of difference'). For the strengths and weaknesses of Mill's methods of comparison, see George and Bennett, *Case Studies and Theory Development*, pp. 153–60, 214–15.

concept of interest, provide his theory with greater explanatory power in this empirical context. These propositions are presented at the outset of the study so as to provide a framework through which the reader can assess the validity of the study's theoretical inferences vis-à-vis the historical evidence.

The second part of the study will explore the theoretical propositions which are advanced, relative to other theoretical perspectives, in the context of Australian engagement with a rising America during the Anglo-American power transition. It systematically examines whether and how these theoretical propositions account for the decision-making that gave rise to Australian engagement toward the United States and subsequently explain the changing dynamics of Australian engagement over time. Chapter Three explores the Deakin Government's invitation to the American fleet in 1908. Chapter Four examines the Lyons Government's instigation of the trade diversion policy against the US in 1936–37. Chapter Five investigates the decision-making that underpinned the Menzies Government's efforts to adopt an engagement strategy leading to the 1950–51 ANZUS negotiations. These three chapters are then followed by a short synopsis, which evaluates the extent to which, and how, these cases collectively support the theoretical propositions outlined in Chapter Two.

Part Three then explores these theoretical propositions against the changing dynamics of Australian engagement with a rising China during the nascent Sino-American power transition. Chapter Six explores the Australian Labor Party's decision to move toward more cooperative Sino-Australian diplomatic relations in the lead-up to the December 1971 election. Chapter Seven examines the factors that underpinned the Hawke Government's shift toward disengagement in response to the 1989 Tiananmen Square massacre. Chapter Eight details the decision-making processes that gave rise to the Howard Government's efforts to restore and rebuild Sino-Australian relations after the 1996 Taiwan Strait Crisis. Through these case studies, the study analyses the robustness of the theoretical propositions that this study advances in different historical, cultural and alliance contexts. Evaluating this robustness is important to discerning how useful these theoretical propositions may be to understanding junior allied engagement more generally.

The final part of this thesis is a concluding chapter. This chapter summarises the findings of all six case studies relative to the theoretical propositions that the study sets forth and explores the implications of these findings. It then comments on the potential value of these findings for international relations theory, Australian foreign policy studies, and the work of the Australian policymaking community.

PART ONE:

THEORETICAL PERSPECTIVES ON JUNIOR ALLIED  
ENGAGEMENT

## CHAPTER ONE

### JUNIOR ALLIED ENGAGEMENT AND THE THEORETICAL DIVIDE

International relations scholars have recently intensified efforts to analyse how states respond to rising powers. This scholarship has emerged primarily in response to the rise of China in East Asia.<sup>1</sup> However, much of the international relations literature casts doubt on the prospect that a junior ally of the dominant global power will be either inclined or successfully able to form cooperative relations with a rising power. Existing theoretical work generally suggests that, so long as a junior ally wishes to preserve its alliance, its foreign policies will be principally determined by the preferences of its senior partner. This condition precludes it from forging a relationship with the rising power as its senior ally's chief strategic competitor. Other theorists, meanwhile, highlight material and ideational factors that shape a junior ally's engagement strategies toward a rising power, but fail to reconcile this with the constraining influence of alliance considerations—particularly if that alliance is with the prevalent global power. Because existing international relations theories focus on either intra-alliance dynamics or exclusively on general bilateral relations between a junior ally and a rising power, they struggle to effectively explain the particular phenomenon of junior allied engagement with rising powers. This underscores the central research question driving this study: how and when does a junior ally come to engage with a rising power?

This chapter more fully explores the conceptual gap, briefly discussed in the Introduction, that has emerged in the international relations literature on the dynamics of junior allied engagement with rising powers. There are three existing schools of thought—power transition theory, alliance theory, and engagement theory—that touch on some aspect of this question. This chapter outlines each of these theory's assumptions regarding when a junior ally will be more or less inclined to forge cooperative relations with a rising power and the relative impact of an alliance as a constraint. The theories generally focus on one or the other of these two relationships rather than exploring both simultaneously. The chapter then outlines why Glenn

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<sup>1</sup> See, for instance, David Shambaugh, 'China Engages in Asia', *International Security*, 29(3) 2004–05, pp. 64–99; Robert Ross, 'Balance of Power Politics and the Rise of China: Accommodation and Balancing in East Asia', *Security Studies*, 15(3) 2006, pp. 355–95; Robert G. Sutter, *China's Rise in Asia: Promises and Perils*, Lanham, MD: Rowman and Littlefield, 2005.

Snyder's theory of the alliance security dilemma provides a better starting point from which to analyse junior allied engagement.<sup>2</sup> Snyder's theory accommodates a more nuanced interrelationship between a junior ally's interests in a rising power and the constraining influence of the alliance in shaping its policy toward that country. However, there are ambiguities in Snyder's theory of alliance management that limit its explanatory power in the context of junior allied engagement. Outlining supplementary theoretical propositions which address these ambiguities, this study furthers conceptual understanding of the dynamics of junior allied engagement.

### **Explaining Junior Allied Engagement with Rising Powers**

Conceptual debate in international relations today often revolves around realist, liberal, and constructivist schools of thought. These approaches offer important insights about issues that are at the heart of this study—such as when states are more or less likely to engage in cooperation, the relative impact of shifts in material power on patterns of alignment, and the dynamics of alliance management.<sup>3</sup> In most cases, however, these schools of thought outline principles that are too broad to provide specific guidance—or may even provide conflicting predictions—as to how and when a junior ally engages with a rising power.

Instead, this study defines itself in relation to three narrower strands of international relations theory: power transition theory, alliance theory, and engagement theory. These strands encompass realist, liberal, and constructivist perspectives but offer more precise guidance regarding the situational context investigated in this study. This section outlines the strengths and limitations of each of these theories relevant to how and when a junior ally engages with a rising power. It does so by examining each of these theoretical strands' assumptions as to when a junior ally will be more or less likely to favour cooperation with a rising power and the circumstances under which an alliance will constrain these preferences.

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<sup>2</sup> Glenn Snyder, *Alliance Politics*, Ithaca: Cornell University Press, 1997.

<sup>3</sup> See, for instance, Randall Schweller and William Wohlforth, 'Power Test: Evaluating Realism in Response to the end of the Cold War', *Security Studies*, 9(3) 2000, pp. 60–107; Kenneth Waltz, *Theory of International Politics*, Reading, Mass: Addison Wesley Publishing, 1979; Alexander Wendt, 'Anarchy is what States Make of it: The Social Construction of Power', *International Organization*, 46(2) 1992, pp. 391–425; Andrew Moravcsik, 'Taking Preferences Seriously: A Liberal Theory of International Politics', *International Organization*, 51(4) 1997, pp. 513–53.

### *Power Transition Theory*

Power transition theorists focus on the rise and decline of great powers in the international system.<sup>4</sup> Yet, none of these theorists centrally address the ramifications of power transition for junior allies or weaker powers. This is because their starting premise is that the most important determinant of system transformation is the power relationship between the dominant global power and the rising challenger.<sup>5</sup> They argue that the Industrial Revolution provided great powers with the means to generate their own capabilities, thereby reducing their external reliance on other states. While alliances provide a useful basis of support for each of these powers, they are not pivotal to their relative position in the international system.<sup>6</sup> Junior allies and weaker powers are subsequently removed from this theory's focus.

To the extent that these theorists do explore the impact of power transition on the broader international system, they share some common assumptions. First, they generally conceive of international politics in terms of an allied-adversarial divide between the dominant global power and the rising challenger.<sup>7</sup> While the dominant power is portrayed as a 'satisfied' state that seeks to preserve the status quo, the rising challenger is usually characterised as a 'dissatisfied' state that seeks to improve its position in the international hierarchy of material power and political prestige. Second, each of these powers, in turn, leads a coalition of either 'satisfied' or 'dissatisfied' weaker countries.<sup>8</sup> These countries are not necessarily formal allies of the great powers. Instead, they are groups of states whose general orientation is to provide support to one

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<sup>4</sup> Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500–2000*, London: Allen and Unwin, 1987; A.F.K. Organski and Jacek Kugler, 1980, *The War Ledger*, Chicago: University of Chicago Press; Charles Kupchan, *et al.*, *Power in Transition: The Peaceful Change of International Order*, Tokyo: United Nations University Press, 2001; and Steve Chan, *China, the US, and Power Transition Theory*, London: Palgrave, 2007.

<sup>5</sup> Schweller and Wohlforth, 'Power Test', p. 74; Woosang Kim, 'Power Transitions and Great Power War from Westphalia to Waterloo', *World Politics*, 45 (October) 1992, p. 154.

<sup>6</sup> A.F.K. Organski, *World Politics*, New York: Knopf, 1958, p. 345; Jonathan M. DiCicco and Jack S. Levy, 'Problem Shifts and Power Shifts: The Evolution of the Power Transition Research Program', *Journal of Conflict Resolution*, 43(6) 1999, p. 682. This is a key point of difference between power transition and balance of power theorists. Balance of power theorists assign greater causal importance to alliances as determinants of system structure. They argue that alliances serve as either a deterrent to or a facilitator of a rising power gaining hegemony. See Schweller and Wohlforth, 'Power Test', p. 74.

<sup>7</sup> Charles Kupchan, 'Introduction: Explaining Peaceful Power Transition', in Charles Kupchan, *et al.*, *Power in Transition: The Peaceful Change of International Order*, Tokyo: United Nations University Press, 2001, p. 3.

<sup>8</sup> 'Dissatisfaction', as power transition theorists define the concept, will be outlined in a subsequent paragraph. Organski, *World Politics*, p. 370; Jacek Kugler, Ronald L. Tammen, and Brian Efirid, 'Integrating Theory and Policy: Global Implications of the War in Iraq', *International Studies Review*, 6(4) 2004, pp. 164–65; Robert Gilpin, *War & Change in World Politics*, Cambridge: Cambridge University Press, 1981, pp. 11, 19, 24.

power over the other in the international system. This usually entails diplomatic or political support but could also include military contributions in the event of a great power conflict.<sup>9</sup> Third, power transition theorists generally construe this support in zero-sum terms. A satisfied weaker state cannot conciliate with a rising power competitor without simultaneously jeopardising the trust and allegiance of its dominant global ally. As the founder of power transition theory, A.F.K. Organski observes:

Each system [led by the satisfied dominant power or dissatisfied rising power] has its own patterns of behaviour and its own rules, and each would attribute the power and wealth of the world in a different manner if it were dominant. ... Nations may jockey for position within the order to which they belong, and on minor matters they may have considerable freedom of movement. ... But they cannot and do not switch sides lightly, deserting one international order for the other. Great or small, their whole way of life is geared to the order to which they belong.<sup>10</sup>

Power transition theorists are ambiguous about the extent to which a dominant global power influences its weaker supporters' foreign policies. Most suggest, however, that great power structural competition will make it difficult for a satisfied junior ally to cultivate a long-term cooperative relationship with a rising power as it simultaneously seeks to preserve ties with the dominant global power.<sup>11</sup>

Extrapolating from power transition theory's systemic assumptions, these scholars envisage a junior ally of the dominant global power forging conciliatory relations with a rising power in only two circumstances.<sup>12</sup> The first is if the weaker power transforms from a satisfied into a dissatisfied state.<sup>13</sup> Power transition theorists represent a state's relative satisfaction as a function of: (1) its acceptance of rules and norms in the international system; (2) its level of contentment with the collective or private benefits it derives from that system; and (3) shared ideologies or values with the dominant global power.<sup>14</sup> Robert Gilpin argues that satisfaction along these lines is ultimately shaped by the relative distribution of power between the dominant global

<sup>9</sup> Organski, *World Politics*, p. 354; Organski and Kugler, *The War Ledger*, p. 60; Woosang Kim, 'Alliance Transitions and Great Power War', *American Journal of Political Science*, 35(4) 1991, pp. 834-35.

<sup>10</sup> Organski, *The World Politics*, p. 354.

<sup>11</sup> Organski, *The World Politics*, pp. 352-54, 368; Gilpin, *War & Change*, pp. 24, 30-31, 33, 45; Jacek Kugler and Ronald Tammen, 'Regional Challenge: China's Rise to Power', in Jim Rolfe (ed.), *The Asia-Pacific: A Region in Transition*, Honolulu: The Asia-Pacific Center for Security Studies, 2004, pp. 47.

<sup>12</sup> Power transition theory is a theory of systemic change rather than a theory of foreign policy, although some advances have been made recently within the discipline to explain policy preferences. See Kugler and Tammen and Efir, 'Integrating Theory and Policy', p. 163.

<sup>13</sup> Organski, *World Politics*, p. 368; Organski and Kugler, *The War Ledger*, p. 60.

<sup>14</sup> Organski, *World Politics*, p. 364; Kugler and Tammen and Efir, 'Integrating Theory and Policy', pp. 164-65; Gilpin, *War & Change*, p. 34. Similar arguments are made by hegemonic stability theorists, including Charles Kindleberger and Robert Keohane. See Charles Kindleberger, *The World in Depression, 1929-39*, Berkeley, CA: University of California Press, 1975; Robert O. Keohane, 'The Theory of Hegemonic Stability and Changes in International Economic Regimes, 1967-1977', in Ole R. Holsti, Randolph M. Siverson, and Alexander L. George (eds), *Change in the International System*, Boulder, Co: Westview Press, 1980.



power and the rising challenger.<sup>15</sup> If the weaker state's perceptions of power relativities shift in favour of the rising challenger, it is more likely to look to that country as an alternate source of collective or private benefits and to support its changes to international rules and norms. Domestic political change in the weaker power may also cause it to identify more closely with the rising power's values.<sup>16</sup> In the event that the weaker power subsequently emerges as a dissatisfied state, it is likely to forge closer relations with the rising power. It will do so, however, with a view toward realigning with that country to the detriment of its relationship with the dominant power.<sup>17</sup>

In the event that the weaker state remains essentially satisfied, however, power transition theorists suggest a second circumstance in which it may forge conciliatory relations with a rising power—namely, as part of a bandwagoning response to the dominant global power's own changing policies towards that country. While most power transition theorists characterise the relationship between the dominant power and the rising power as adversarial, some theorists have pointed to a number of cooperative power transitions.<sup>18</sup> The Anglo-American transition during the first half of the twentieth century is among them. If, as power transition theorists suggest, satisfied weaker powers seek to bandwagon with the dominant global power,<sup>19</sup> it is conceivable that their efforts to conciliate with a rising power may be part of this bandwagoning response.

However, the empirical research for this study suggests that neither of these explanations account for the changing dynamics of Australian engagement with rising powers. During both the Anglo-American and Sino-American power transitions, Australian policymakers were, at times, sensitive to the relative decline in security benefits they received from their dominant global power ally—the United Kingdom in the former case and the United States in the latter. Yet, this relative decline in security benefits did not automatically translate into Australian dissatisfaction with the status

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<sup>15</sup> Gilpin, *War & Change*, p. 30.

<sup>16</sup> Organski, *World Politics*, p. 354; Gilpin, *War & Change*, pp. 22, 30, 34. See also G. John Ikenberry and Charles A. Kupchan, 'Socialization and Hegemonic Power', *International Organization*, 44(3) 1990, pp. 291–92.

<sup>17</sup> This assumption is implicit in the accounts of Gilpin, Kugler and Organski regarding the nature of international order and the effects of change in that order over time. All of these theorists assume a fundamental divide between supporters of the dominant or 'satisfied' power and supporters of the rising or 'dissatisfied' power. Gilpin, *War & Change*, pp. 32–34; Organski, *The World Politics*, p. 354; Kugler and Tammen, 'Regional Challenge', p. 47.

<sup>18</sup> Charles Kupchan, 'Introduction: Explaining peaceful power transition', pp. 1–17.

<sup>19</sup> Power transition theorists suggest that weaker satisfied powers will usually diplomatically and militarily support the dominant global power. Organski, *The World Politics*, pp. 352–54, 368, Kugler and Tammen, 'Regional Challenge', p. 47; Kugler and Tammen and Efirid, 'Integrating Theory and Policy', pp. 164–65; Daniel Whiteneck, 'Long-term bandwagoning and short-term balancing: the lessons of coalition behaviour from 1792 to 1815', *Review of International Studies*, 27, 2001, pp. 151–54.

quo. Instead, Australian policymakers sought to preserve the status quo, despite their dominant global ally's declining capacity and/or will to maintain a large regional presence. During the first part of the twentieth century, Australian policymakers looked to the United States as a *supplement* to British power in the Pacific—not a replacement for that power. Engagement did not result from Australia's dissatisfaction with the British-led order in the Pacific, but was an expression of Australia's desire to preserve that order. Contrary to what some power transition theorists predict, dissatisfaction with the dominant global ally was thus not a necessary precursor for a junior ally to forge conciliatory relations with a rising power. Indeed, the Howard Government's engagement strategy toward China in the late 1990s took place at a time when Australian policymakers had renewed confidence in American power.<sup>20</sup>

An automatic assumption that a weaker state's efforts to conciliate with a rising power are simply part of a bandwagoning response is also problematic. While Australian engagement policies appear to have been facilitated by cooperative—or at least non-adversarial—relations between the dominant global ally and the rising power, they did not axiomatically follow from that ally's policies. In fact, there are several instances in which Australian engagement initiatives toward a rising power conflicted with its dominant global ally's preferences. In 1908, then Australian Prime Minister Alfred Deakin extended an invitation to the American Fleet to visit Australian shores, despite British reservations. During the 1950s, the Menzies Government aggressively pursued a Pacific security alliance with the US in the face of British opposition. These examples suggest that a senior ally's preferences toward a rising power are not as determinant of a weaker state's engagement strategies as power transition theorists project.

If the dynamics of the relationship between the weaker state and the dominant global power do not exert an all-encompassing influence, what then are the most important factors that influence whether a junior ally conciliates with a rising power? In presenting the relationship between the dominant global power and the weaker state as a determinant and inhibiting influence on a junior ally's relations with a rising power, power transition theory leaves little scope to examine what other factors may affect the changing dynamics of junior allied engagement with a rising power. Nor can it adequately define the interrelationship between what appears to be Australia's

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<sup>20</sup> Commonwealth of Australia, *In the National Interest*, Canberra: Australian Government Publishing Service, 1997, p. 57; John Howard, 'Address by the Hon John Howard MP, Dinner Hosted by the Foreign Policy Association', New York, 30 June 1997, available at <<http://www.pm.gov.au/news/speeches/1997/fpa.html>>, accessed 1 July 2005.

autonomously derived interests in a rising power and the constraints imposed by its desire to preserve its alliance relationship. Indeed, Australia is a key example of a satisfied junior ally who sought to engage with a rising power from *within* its pre-existing alliance rather than as a precursor to realignment. Under what circumstances then does an alliance with the dominant global power affect the way in which a junior ally forms its policies toward a rising power? Insights from alliance theory may be of greater use in answering these questions.

### *Alliance Theory*

Unlike power transition theory, alliance theory focuses on how states conduct their foreign policies from *within* an alliance. Because of the assumptions upon which alliance theory is premised, its explanations for when a junior ally is more or less likely to conciliate with a rising power are under-developed. It does, however, offer useful insights on the circumstances in which an alliance is more or less likely to constrain its members' foreign policies. This section will briefly outline what alliance theory suggests in relation to both of these issues.

Alliance theorists' explanations of when a weaker state is more or less likely to conciliate with a rising power are implicit in their assumptions regarding alliance formation. Neorealists suggest that weaker states will align with a rising power to protect themselves from the stronger dominant power.<sup>21</sup> Conversely, other realists observe that smaller states will stay aligned with the existing hegemon because their weak capabilities prevent them from resisting this antagonist.<sup>22</sup> Still other theorists, such as Stephen Walt and Yuen Foong Khong, argue that calculations of aggregate power are a less important determinant of weaker states' conciliatory relations with a rising power than their assessments of its intentions, historical proclivities toward cooperation, and cultural affinities.<sup>23</sup> There is thus no consensus in the alliance literature on the factors that are the most important determinants of whether a weaker power conciliates with a rising power. Common to most accounts, however, is an

<sup>21</sup> Walt, *Theory of International Politics*, p. 127.

<sup>22</sup> Stephen Walt, *The Origins of Alliances*, Ithaca: Cornell University Press, 1987, p. 29. Eric Labs, meanwhile, argues that weak states may either balance or bandwagon, depending on whether a great power is willing to provide them with security assistance and their relative geographic proximity to the dominant power. Eric J. Labs, 'Do Weak States Bandwagon?', *Security Studies*, 1(3) 1992, p. 389.

<sup>23</sup> Walt, *The Origins of Alliances*, pp. 25–26; Yuen Foong Khong, 'Coping with Strategic Uncertainty: The Role of Institutions and Soft Balancing in Southeast Asia's Post-Cold War Strategy', in J.J. Suh, Peter Katzenstein, and Allen Carlson (eds), *Rethinking Security in East Asia*, Stanford, CA: Stanford University Press, 2004, p. 195.

assumption that a weaker state enters into or remains in an alliance with the dominant global power because it is *unwilling* to conciliate with a rising power. Such an alliance is not typically viewed as a platform from which a weaker state engages with that country.

Alliance theory's inability to adequately specify when a junior ally will favour conciliating with a rising power is attributable to its key assumptions. Like most power transition theorists, alliance theorists generally assume that there is an inherent allied–adversarial divide in any international system. The alliance has only come about because two countries already perceive a third state—whether or not it be a rising power—as a threat. As George Liska observes: ‘Alliances are against, and only derivatively for, someone or something.’<sup>24</sup> The idea that an alliance can exist in the absence of a threat has only recently emerged in response to the end of the Cold War. Increasingly, alliances have been reconceived as organisations that provide general assets to their member states rather than threat-centric institutions.<sup>25</sup> Yet, whilst this changing interpretation of alliances provides greater scope to explore how individual allies reach out to external powers, the theoretical literature has, to date, not taken up this challenge.

Alliance theory is also inhibited from explaining how junior allies come to engage with rising powers because it assumes that alliance cohesion demands states to make zero-sum calculations between cooperating with an ally or cooperating with an adversary.<sup>26</sup> When party to an alliance, a state seeks to preserve its reputation for alliance loyalty in order to maintain the trust of its partners.<sup>27</sup> If it conciliates with an adversary, this may give rise to doubts about its alliance loyalty and potentially jeopardise the alliance relationship. As Liska again observes, ‘[a]llies are never immune to fears of separate deals as a result of separate negotiations by others. Separate or not, negotiations [with the adversary] in themselves tend to be disintegrative’.<sup>28</sup> Arnold Wolfers similarly argues that ‘two allies seeming to be intimately connected by common interest may become foes if one suspects the other of collusion with the

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<sup>24</sup> George Liska, *Nations in Alliance: The Limits of Interdependence*, Baltimore: The Johns Hopkins Press, 1962, p. 12. Stephen Walt similarly views alliances as threat-based institutions that wax and wane according to the magnitude of peril that confronts them. Stephen Walt, ‘Why Alliances Endure or Collapse’, *Survival*, 39(1) 1997, pp. 156–58.

<sup>25</sup> Celeste A. Wallander, ‘Institutional Assets and Adaptability: NATO after the Cold War’, *International Organization*, 54(4) 2000, pp. 706–708.

<sup>26</sup> Arnold Wolfers, *Discord and Collaboration: Essays on International Politics*, Baltimore: Johns Hopkins Press, 1962, p. 29; Liska, *Nations in Alliance*, p. 12; Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace*, New York: Knopf, 1960, p. 190.

<sup>27</sup> Jonathan Mercer (1996) cited in Gregory Miller, ‘Hypotheses on Reputation: Alliance Choices and the Shadow of the Past’, *Security Studies*, 12(3) 2003, p. 41; Snyder, *Alliance Politics*, pp. 184, 195–98, 357.

<sup>28</sup> Liska, *Nations in Alliance*, p. 147.

enemy'.<sup>29</sup> The alliance literature's tendency to predicate alliance cohesion on its member's zero-sum calculations has prevented it from exploring under what circumstances allies will be more or less inclined to conciliate with external powers.

This is particularly the case for junior allies. Alliances are generally portrayed as exhibiting an over-determining influence on these countries' foreign policies. This is because, alliance theorists argue, the relative distribution of material power in an alliance generally determines the balance of political influence in that institution. The overriding desire of weaker powers to ensure their survival, in view of their typically limited military capabilities, leads them to place a premium on the alliance.<sup>30</sup> What they deduce as their greater need for the alliance, coupled with their usually token contributions to shared alliance objectives, will mitigate their relative influence within that institution. Junior allies are subsequently likely to support their senior partner's preferences in an effort to demonstrate their value and preserve their partner's stake in the security partnership.<sup>31</sup> As Hans Morgenthau observes, '[t]he distribution of benefits is thus likely to reflect the distribution of power within an alliance, as is the determination of policies. A great power has a good chance to have its way with a weak ally's concerns, benefits, and policies...'.<sup>32</sup> Robert Rothstein, Robert Keohane, George Liska, and Eric Labs all share in this assumption. They collectively argue that the comparatively weak military capabilities of smaller allies will make it difficult for them to influence their senior partner.<sup>33</sup> Junior allies will subsequently find it more difficult to conduct an autonomous foreign policy from within an alliance. Assuming that an adversarial relationship exists between the dominant global power and the rising challenger, this is likely to inhibit a junior ally's ability to autonomously engage with a rising power.

More recently, international relations theorists have isolated circumstances in which junior allies may gain greater scope for autonomy in conducting their respective foreign policies—including those toward rising powers. The alliance literature highlights three such circumstances that may emerge in a bilateral alliance setting. First,

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<sup>29</sup> Wolfers, *Discord and Collaboration*, p. 32.

<sup>30</sup> Robert Rothstein, *Alliances and Small Powers*, New York: Columbia University Press, 1968, pp. 26, 30.

<sup>31</sup> Rothstein, *Alliances and Small Powers*, p. 58; Robert O. Keohane, 'Lilliputians' Dilemmas: Small States in International Politics', *International Organization*, 23(2) 1969, p. 307.

<sup>32</sup> Morgenthau, *Politics Among Nations*, p. 185.

<sup>33</sup> Rothstein, *Alliances and Small Powers*, pp. 57–58; Keohane, 'Lilliputians' Dilemmas', p. 307; Labs, 'Do Weak States Bandwagon?', p. 389; Liska, *Nations in Alliance*, p. 74. As Annette Baker Fox observes, 'the general belief still exists that the great powers determine the course of world politics and that the small powers can do little but acquiesce in their decisions'. Annette Baker Fox, *The Power of Small States: Diplomacy in World War II*, Chicago: University of Chicago Press, 1959, p. 2.

Liska observes that individual allies may sound out an adversary's willingness to negotiate without risking their security partnership, 'so long as they remain within the limits of the allies' essential loyalty to each other's vital interests'.<sup>34</sup> Yet, this observation is difficult to reconcile with others that Liska makes regarding the difficulty of conciliating with an adversarial power without simultaneously casting doubt on one's alliance loyalty.<sup>35</sup> Doubts about a junior partner's loyalty could undermine the alliance or jeopardise important benefits it derives from that institution.<sup>36</sup> In view of these risks, Liska's theory is somewhat ambiguous as to the conditions under which a junior ally will be more or less inclined to conciliate with an external power, especially if that country is a strategic competitor to its dominant global ally.

Constructivists cite a second circumstance in which a junior ally will exercise greater autonomy. They argue that an ally's relative influence and capacity to pursue an autonomous foreign policy is not a function of the relative distribution of material capabilities within an alliance. Instead, it derives from the ally's capacity to effectively argue and persuade its security partner(s) to meet its point of view.<sup>37</sup> Michael Barnett, for instance, argues that Middle Eastern allies have often been able to pursue their own goals so long as they have been able to justify these in terms of furthering shared ideological norms of pan-Arabism.<sup>38</sup> Thomas Risse-Kappen similarly observes that in alliances comprised of liberal democracies, member states consult and argue with each other to reach joint agreement on mutually acceptable foreign policy practices.<sup>39</sup> Both of these constructivist accounts presume that intra-alliance consensus precedes an ally's exercise of 'independent' initiative in its foreign policy. In an Australian context, however, policymakers often failed to consult their allied counterparts before engaging or disengaging with the rising power. The principal weakness of the constructivist approach in explaining the scope for autonomy within an alliance is thus not the degree of agency it assigns to junior allies but rather its emphasis on allied consultation, and eventual consensus, as a means of achieving this agency.

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<sup>34</sup> Liska, *Nations in Alliance*, p. 153. Keohane similarly observes that junior allies have a greater capacity to pursue independent preferences on issues that are not of intense interest to the ally. Keohane, 'Lilliputians' Dilemmas', p. 307.

<sup>35</sup> Liska, *Nations in Alliance*, pp. 147–49, 245.

<sup>36</sup> Liska, *Nations in Alliance*, pp. 147–49.

<sup>37</sup> Thomas Risse-Kappen, *Cooperation Among Democracies: The European Influence on US Foreign Policy*, Princeton, NJ: Princeton University Press, 1995, p. 37; Michael Barnett, 'Identity and Alliances in the Middle East', in Peter Katzenstein (ed.), *The Culture of National Security*, New York: Columbia University Press, 1996, p. 409.

<sup>38</sup> Barnett, 'Identity and Alliances', p. 409.

<sup>39</sup> Risse-Kappen, *Cooperation Among Democracies*, p. 35.

Finally, alliance theorists point to the structure of the international system as an important facilitator of junior allied autonomy in developing foreign policies. They argue that a junior partner maintains greater intra-alliance influence during periods of systemic bipolarity.<sup>40</sup> Bipolarity, in this context, is viewed as a competitive but stalemated great power relationship.<sup>41</sup> When great powers cannot fight against each other militarily, they are more inclined to compete for political influence in the broader international system. Junior allies are the beneficiaries. A reduced military threat, coupled with increased great power competition for political allegiance, provides weaker allies with disproportionately greater intra-alliance influence than their material capabilities suggest.<sup>42</sup> A junior ally is, accordingly, less likely to be risk-averse in pursuing a more autonomous foreign policy because the likelihood of reproach by its senior partner is so much lower.<sup>43</sup> In multipolar environments, great powers are more likely to compete for each other's allegiance, thereby reducing junior allies' political influence and mitigating their scope to pursue an autonomous foreign policy.<sup>44</sup>

However, Australia has conducted seemingly independent engagement initiatives toward rising powers (some of which even conflicted with its ally's preferences) across a range of regional orders. In 1908, the Deakin Government diverged from British preferences by inviting the American fleet to visit Australia during its Pacific tour. It did so in the context of a multipolar regional order: Australian policymakers viewed the United States, Japan and Germany all as potential challengers to British predominance in the Pacific. In the latter part of the twentieth century, Australia engaged with a rising China in the context of a unipolar regional order led by the United States but with a number of rising second-tier regional powers. Both scenarios differ from the bipolar conditions that alliance theorists deem integral to a junior ally obtaining greater agency in its foreign policy. In view of the difficulties of existing alliance theory in accounting for a seemingly autonomous Australian engagement strategy, the question thus remains: under what circumstances will a junior

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<sup>40</sup> Liska, *Nations in Alliance*, p. 140; Fox, *The Power of Small States*, p. 186; Rothstein, *Alliances and Small Powers*, p. 246.

<sup>41</sup> Liska, *Nations in Alliance*, p. 141; Rothstein, *Alliances and Small Powers*, p. 246.

<sup>42</sup> Annette Baker Fox, *The Politics of Attraction: Four Middle Powers and the United States*, New York: Columbia University Press, 1977, p. 285; Fox, *The Power of Small States*, pp. 183-85; Rothstein, *Alliances and Small Powers*, p. 36.

<sup>43</sup> Glenn Snyder, 'Alliance Theory: A Neorealist First Cut', *Journal of International Affairs*, 44(1) 1990, pp. 119-20; Robert O. Keohane, 'The Big Influence of Small Allies', *Foreign Policy*, 2(Spring) 1971, p. 163.

<sup>44</sup> Glenn H. Snyder, 'The Security Dilemma in Alliance Politics', *World Politics*, 36(4) 1984, pp. 485, 489; Rothstein, *Alliances and Small Powers*, p. 246.

ally be more or less inclined and able to pursue its interests in a rising power from within an alliance context?

Alliance theory shares many of the same weaknesses as power transition theory in explaining this empirical phenomenon. Both theories portray an international system that is most often characterised by a stark allied–adversarial divide. They therefore allow little space to explore the dynamics of cooperative relationships that transcend this divide. In this context, they also assume that a junior ally’s primary goal to preserve its relationship with the dominant global power will constrain its foreign policy in a way that precludes forging cooperative relations with a rising power. To the extent that alliance theories do provide some basis for autonomy, they fail to fully account for how a junior ally reconciles this with material dependence on the senior partner. Often, they suggest that an autonomous foreign policy may jeopardise a junior ally’s reputation for alliance loyalty or may necessitate some element of intra-alliance consensus. Alliance theory thus does not offer any substantive explanation for when a junior ally is more or less inclined to conciliate with a rising power and still only ambiguously addresses when these preferences will be constrained by alliance considerations.

### *Engagement Theory*

The engagement body of literature advances on power transition and alliance theories in explaining junior allied engagement with a rising power in three respects. First, engagement theory allows for relationships that transcend alliances and rising powers in the international system. This is because, unlike power transition and alliance theories, it does not assume an inherent allied–adversarial divide in the international system. Second, empirical research on South Korean and Japanese engagement strategies toward China suggests that even junior allies may be inclined to engage with rising powers. Despite their strategic dependence on the alliance and concern to preserve that institution, that dependence does not necessarily have an all-encompassing and preclusive influence on their policies toward rising powers. Third, and interrelatedly, engagement theorists cite a wide range of factors, beside the alliance, which influence whether a junior ally is more or less likely to adopt an engagement strategy.<sup>45</sup>

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<sup>45</sup> See, for instance, Victor Cha, ‘Engaging China: Seoul-Beijing Détente and Korean Security’, *Survival*, 41(1) 1999, pp. 73–98; Michael Jonathan Green, ‘Managing Chinese Power: The View from Japan’, in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, pp. 152–75; Reinhard Drifte, ‘US Impact on Japanese-Chinese Security Relations’, *Security Dialogue*, 31(4) 2000, pp. 449–61.



Nevertheless, the engagement literature is still limited in the extent to which it can answer the central research question driving this study. Much of the engagement literature is prescriptive or descriptive in nature instead of systematically analysing when states are more or less likely to engage with a rising power. To the extent that engagement theorists have explored this question, they have examined spatial variation in countries' engagement strategies toward rising powers rather than temporal variation in these strategies. Alastair Iain Johnston and Robert Ross, for instance, tentatively outline those factors that they believe gave rise to differing engagement strategies among various East Asian states (see Figure 1.1).<sup>46</sup> Yet, when concluding, they note: 'There is more movement within these dimensions than the diagram suggests. Furthermore, disaggregation by actor and *by time* would yield a more nuanced picture of movement along these dimensions.'<sup>47</sup> This study takes up their challenge by exploring the factors that give rise to change in a specific junior ally's engagement strategies over time. This includes the extent to which, if at all, an alliance shapes these changing dynamics.

Many of the factors that engagement theorists have isolated as determinants of spatial variation in engagement do not readily appear to explain temporal variation in those strategies. Johnston and Ross argue that material power, geographic distance and an alliance are all important situational factors that *facilitate* engagement, in the sense that they provide for a credible option to later withdraw cooperation if necessary.<sup>48</sup> Against this backdrop, they argue that whether a state *chooses* to engage with a rising power (as opposed to other policy options, such as balancing) depends on the extent to which it maintains a fundamental conflict of interests or identity with that country.<sup>49</sup> However, Johnston and Ross do not elaborate *which* particular interests and identities are important. The fluidity and diversity associated with interests and identities could go some way to account for the changing dynamics of engagement over time, but their under-specification provides little concrete guidance as to the most important shaping influences.

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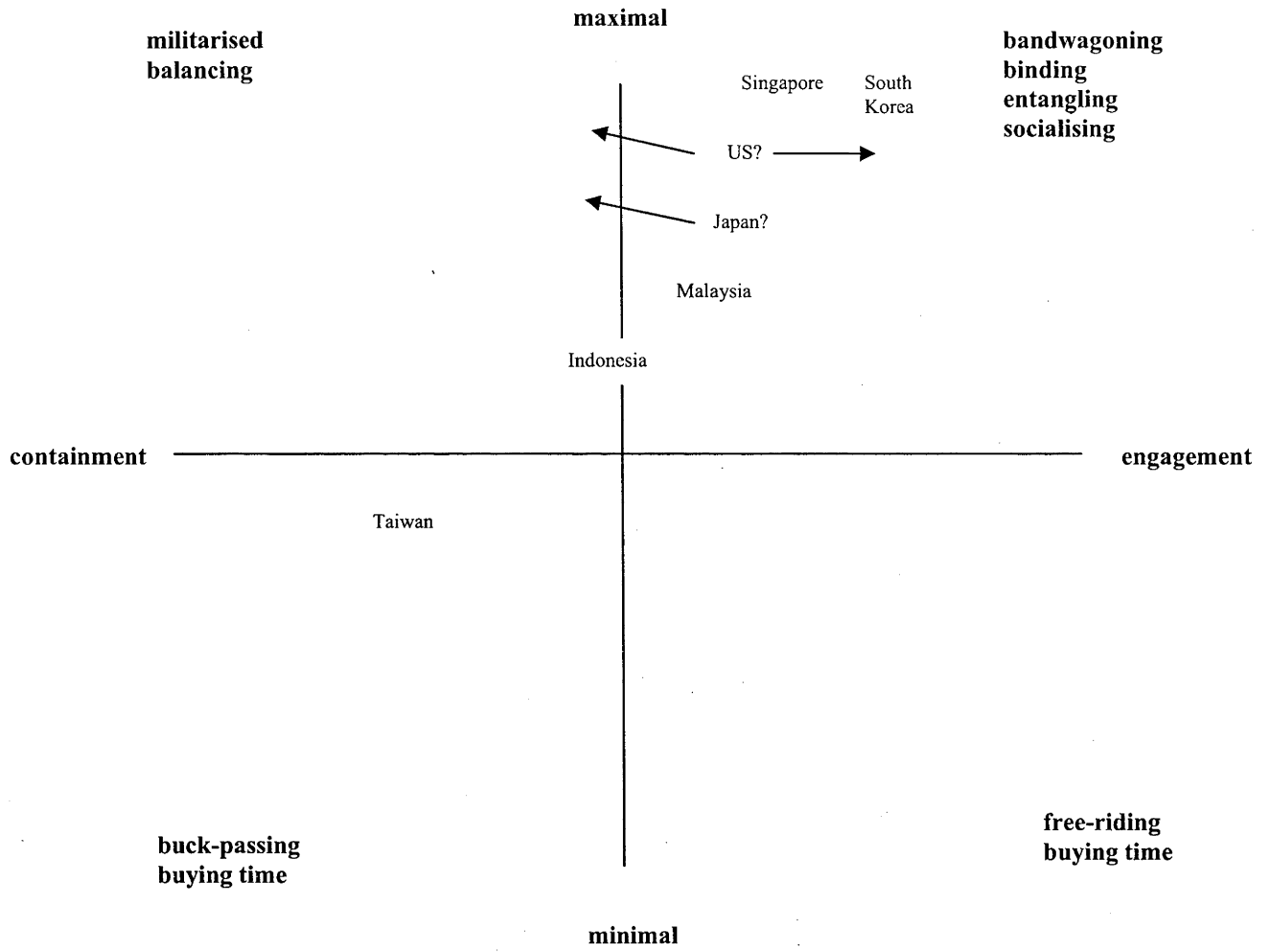
<sup>46</sup> Figure 1.1 is reproduced (by courtesy of Routledge) from Alastair Iain Johnston and Robert Ross, 'Conclusion', in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, p. 274.

<sup>47</sup> Johnston and Ross, 'Conclusion', p. 286. [Author's emphasis].

<sup>48</sup> Because engagement is a strategy predicated on maintaining a credible option to withdraw cooperation, Johnston and Ross suggest that many of the same factors that underpin a balancing strategy also underpin engagement. Johnston and Ross, 'Conclusion', p. 284.

<sup>49</sup> Johnston and Ross, 'Conclusion', pp. 284–85.

Figure 1.1: Typology of Grand Strategies



This lack of guidance is exacerbated by a wide range of other factors that scholars have identified as either important objectives of, or preconditions for, engagement. Both Victor Cha and Randall Schweller highlight the role of order-building motives that relate to socialising a potentially adversarial state into the existing international order.<sup>50</sup> In a Southeast Asian context, Amitav Acharya and Evelyn Goh suggest the importance of order-building motives based on preventing any single great power from gaining regional dominance.<sup>51</sup> Among these differing accounts, however, there is little agreement on *which* order-building motives are most important to engagement emerging and how far these can be generalised. Some engagement scholars contend that engagement strategies may be adopted for other reasons. A state may engage to 'buy time' whilst building arms, to cultivate additional allies, or to create a more favourable balance of power.<sup>52</sup> Engagement theorists also point to the importance of various international and domestic conditions that underpin engagement. These include whether the engaging state perceives the rising power as maintaining benign intentions, domestic political support for engagement, and factors such as economic complementarity.<sup>53</sup> The engagement literature therefore provides a laundry-list of variables that render an engagement strategy more likely. However, there is no coherent set of theoretical principles that prioritises these variables and examines their interrelationship. Accordingly, engagement theory is insufficiently developed to provide a basis for surmising which factors are most important in shaping when a junior ally engages with a rising power.

This absence is further exacerbated by the failure of engagement theorists to distinguish between engagement, disengagement, and non-engagement outcomes. International relations scholars generally conceive of engagement as the binary opposite

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<sup>50</sup> Victor Cha, 'Engaging North Korea Credibly', *Survival*, 42(2) 2000, p. 137; Alastair Iain Johnston and Robert Ross, 'Preface', in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, p. xiv; Schweller and Wohlforth, 'Power test', p. 81.

<sup>51</sup> Amitav Acharya, 'Seeking Security in the Dragon's Shadow: China and Southeast Asia in the Emerging Asian Order', *IDSS Working Paper*, Singapore: Institute of Defence and Strategic Studies, 2003, p. 19; Evelyn Goh, 'Southeast Asian perspectives on the China challenge', *Journal of Strategic Studies*, 30(4) 2007, p. 826.

<sup>52</sup> Randall Schweller, 'Managing the Rise of Great Powers: History and Theory', in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, p. 14.

<sup>53</sup> Cha, 'Engaging China: Seoul-Beijing *Détente*', p. 92; Alice Ba, 'Who's socializing whom? Complex engagement in Sino-ASEAN relations', *The Pacific Review*, 19(2) 2006, pp. 163-168; Cha, 'Engaging North Korea', p. 149; David M. Edelstein, 'Managing Uncertainty: Beliefs about Intentions and the Rise of Great Powers', *Security Studies*, 12(1) 2002, p. 13; Goh, 'Southeast Asian perspectives', p. 817.

to containment (a non-engagement approach).<sup>54</sup> Much less attention has been devoted to those strategies, such as disengagement, that fall somewhere in the middle of this spectrum. As was noted in the Introduction and will be more fully explored in the following chapter, disengagement is neither fully cooperative nor part of a containment strategy geared toward preventing the rising power's further expansion. 'Disengagement' entails an intentional and temporary retraction of cooperation to achieve limited ends. It frequently involves withdrawing positive incentives or imposing punitive sanctions, but with a view toward compelling change in the target state's position rather than abrogating relations. Engagement theorists lend support to the concept of disengagement. Randall Schweller, for instance, points to the use of tactical 'sticks' to induce behavioural modification in a target state.<sup>55</sup> Yet, these theorists do not systematically explore what factors give rise to disengagement over engagement and even non-engagement preferences. Disaggregating these preferences and isolating the factors that give rise to each is integral to furthering our understanding of when a junior ally will be more or less likely to engage with a rising power.

The engagement literature is also limited in explaining the dynamics of junior allied engagement because it fails to stipulate *how* states reconcile their engagement preferences with their strategic interests in preserving the alliance and, correspondingly, the imperatives of alliance management. A junior ally often maintains divergent preferences from its senior partner over whether and how to implement an engagement strategy toward a rising power. In such cases, the junior ally's dependence on the alliance may engender a dilemma as to whether to pursue these divergent engagement preferences or to cede to its ally's position. To the extent that the existing engagement literature addresses this issue, it further underscores the empirical puzzle of junior allied engagement with rising powers that instigated this study. In his work on the impact of the US-Japan alliance on contemporary Sino-Japanese relations, Reinhard Drifte explores only how the alliance has complicated Japanese engagement with China.<sup>56</sup> He does not explore how Japanese policymakers overcame these difficulties or how they

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<sup>54</sup> Johnston and Ross, 'Preface', p. xiii; Randall Schweller, 'Unanswered Threats: A Neoclassical Realist Theory of Underbalancing', *International Security*, 29(2) 2004, pp. 166–68; Evan Resnick, 'Defining Engagement', *Journal of International Affairs*, 54(2) 2001, p. 564.

<sup>55</sup> Schweller, 'Managing the Rise of Great Powers', p. 15. Other engagement theorists make reference to the term 'disengagement' but do not fully define what this strategy entails or how it is distinguished from other strategies in which cooperation is withdrawn (such as containment). Resnick, 'Defining Engagement', p. 564; David Capie, 'Engagement', in David Capie and Paul Evans (eds), *The Asia-Pacific Security Lexicon*, Singapore: Institute of Southeast Asian Studies, 2002, p. 110; Richard Haass and Meghan O'Sullivan, 'Terms of Engagement: Alternatives to Punitive Policies', *Survival*, 42(2) 2000, p. 123.

<sup>56</sup> Drifte, 'US Impact', pp. 454–58.

have cognitively reconciled engagement with alliance management. Similarly, David Shambaugh notes that junior partners' growing ties with a rising China have emerged as a source of tension in several bilateral American alliances.<sup>57</sup> Yet, how did these ties come about in the first place? Engagement scholars therefore still do not adequately explain why junior allies have been encouraged to engage from within an alliance and the relative influence of this association in shaping (and potentially constraining) engagement strategies.

The engagement literature is therefore useful because it does not assume that an alliance will have a decisive and preclusive influence on whether a junior ally engages with a rising power. Subsequently, it examines to a greater extent those factors— independent of the alliance—that are likely to shape whether a junior ally adopts an engagement strategy. Yet, the literature still leaves the analyst to wonder as to the most important determinants of temporal variation in engagement. Nor is it evident how junior allied policymakers reconcile their engagement preferences with the imperatives of alliance management. Engagement theorists thus encounter the opposite problem of power transition and alliance theory in explaining junior allied engagement. Although the latter two theories emphasise the decisive influence of the alliance, engagement theorists generally focus on the junior ally's bilateral relationship with the rising power to the exclusion of alliance constraints. It is these complementary weaknesses that have given rise to the conceptual gap surrounding junior allied engagement with a rising power and which underscore the contribution of this study. To more fully understand junior allied engagement, the discrete insights of the engagement, power transition and alliance literatures need to be evaluated concurrently.

To date, only Glenn Snyder's theory of the 'alliance security dilemma' provides a framework that systematically explores the interplay between alliance management and an allied state's bilateral relations with an external power.<sup>58</sup> His theory provides scope for a junior ally to develop and pursue autonomous interests toward a rising power, whilst simultaneously examining how the realisation of those interests will be constrained by alliance considerations. Although Snyder's theory is a deductive model of alliance politics, it provides a useful theoretical framework that may have application in an empirical engagement context. This study therefore enlists Snyder's theoretical framework as an initial analytical starting point.

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<sup>57</sup> David Shambaugh, 'Asia in Transition: The Evolving Regional Order', *Current History*, 105(690) 2006, p. 154.

<sup>58</sup> Snyder, *Alliance Politics*, pp. 192–98.

### Snyder's Theory of the Alliance Security Dilemma

Snyder's theory of the alliance security dilemma partially fills the conceptual gap that exists in the international relations literature surrounding junior allied engagement. While Snyder's theory is still framed in allied–adversarial terms, it observes that the level of enmity between allied and adversarial states is variable over time.<sup>59</sup> Accordingly, Snyder's theory is more analytically useful than other alliance theories for understanding junior allied engagement with a rising power. This is because it does not assume that the alliance will exert an over-determining and necessarily inhibiting influence on a junior ally's foreign policies toward a rising power. Snyder notes that, in some circumstances, an allied state may seek to conciliate with a potentially adversarial power (for this study's purposes, the rising power).<sup>60</sup> His theory also outlines those conditions under which an allied state (in the case of this study, the junior ally) is more or less likely to be constrained by the imperatives of alliance management in forging these cooperative relations.<sup>61</sup> While two allies may share common strategic objectives in the international system, they may differ over how these are translated into diplomacy towards a potential adversary.<sup>62</sup> In the event of such divergence, alliance considerations are likely to weigh more heavily in an allied state's policy formation with regard to that power. Snyder argues that whether an allied state pursues its preferred policy option is a function of: (1) what its policymakers view as their relative intra-alliance bargaining power; and (2) their perceptions of the alliance security dilemma.<sup>63</sup>

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<sup>59</sup> Snyder, *Alliance Politics*, p. 195.

<sup>60</sup> Snyder, *Alliance Politics*, p. 195.

<sup>61</sup> Snyder, *Alliance Politics*, pp. 196–98, 332–37. Snyder's theory is a general theory of alliance management rather than one which specifically analyses how junior allies behave toward rising powers. So as not to corrupt the representation of Snyder's theory, the next two subsections use Snyder's terms of 'potentially adversarial power' and 'allied state' in place of 'rising power' and 'junior ally' respectively. When applying Snyder's theory to the scenario of junior allied engagement, however, Snyder's suppositions relating to the 'potentially adversarial power' are interpreted in relation to the rising power. The term 'allied state' is also interchanged with 'junior ally'.

<sup>62</sup> Snyder, *Alliance Politics*, pp. 165–66.

<sup>63</sup> Snyder, *Alliance Politics*, pp. 166, 195. Snyder argues that intra-alliance bargaining and the alliance security dilemma are two distinguishably separate but still interlinked games. Whereas alliance bargaining takes place over specific issues of dispute between the allies, the alliance security dilemma is a reflection of the allies' more general relative positions within the alliance. These relative positions reflect the allies' optimum balance between the risks of abandonment and entrapment. To distinguish between alliance bargaining power and the alliance security dilemma, Snyder uses the analogy of immediate and general deterrence.

*Intra-alliance Bargaining Power and the Alliance Security Dilemma*

Intra-alliance bargaining power and the alliance security dilemma are nested concepts. An allied state's preferences in a given intra-alliance bargaining situation may both influence, and be influenced by, its perceptions of the alliance security dilemma.<sup>64</sup> This subsection will briefly outline and critique each of these concepts and explore how Snyder interprets the interrelationship between them.

Snyder outlines the components that give rise to policymakers' perceptions of intra-alliance bargaining power, but does not fully explore how this abstract concept empirically translates. How will we know when junior allied policymakers perceive themselves as maintaining comparatively greater intra-alliance bargaining power than their senior ally? Snyder observes that an allied state's perceptions of its relative bargaining power are predicated on what it views as its comparative risk tolerance within the alliance on a given issue.<sup>65</sup> We can logically surmise that if a state believes it has greater risk tolerance in a given situation than its ally (that is, it perceives its ally as more likely to cede to its demands or concur in its actions), it will be more likely to deduce that it maintains comparatively greater intra-alliance bargaining power in this issue-specific context.<sup>66</sup> In operational terms, these perceptions of comparatively greater intra-alliance bargaining power will be manifest in an allied state's willingness to pursue its interests with minimal concern that this will engender negative repercussions for its alliance.

Although considerations of intra-alliance bargaining power may influence an ally's preference in a given situation, they are also often modulated by long-term considerations of the alliance security dilemma.<sup>67</sup> This dilemma is shaped by the relative balance between an allied state's fears of abandonment and entrapment. Fears of abandonment are based on concerns that an ally will defect, will not fulfil its alliance commitments, or will deny its partner specific benefits. A state that fears abandonment will seek to increase its security benefits at the expense of its autonomy by enhancing its support for the ally.<sup>68</sup> This is likely to exert a negative effect on its intra-alliance bargaining power.<sup>69</sup> Snyder alludes that a state's concern to demonstrate support for,

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<sup>64</sup> Snyder, *Alliance Politics*, p. 180.

<sup>65</sup> Snyder, *Alliance Politics*, p. 175.

<sup>66</sup> Snyder implies this linkage in his book, *Alliance Politics*. Snyder, *Alliance Politics*, p. 176.

<sup>67</sup> Snyder, *Alliance Politics*, p. 180.

<sup>68</sup> Snyder, *Alliance Politics*, pp. 181, 183–84.

<sup>69</sup> Snyder, *Alliance Politics*, p. 184.

and loyalty to, its ally usually causes it to adopt a firm posture toward the potential adversary.<sup>70</sup>

Conversely, fears of entrapment arise when a state harbours concerns that it will be 'dragged into a conflict' over those of its ally's interests it does not share. These fears are likely to be particularly acute when a state is under pressure to coordinate policies with its ally, which it views as unnecessarily provocative toward a potential adversary.<sup>71</sup> Dominant fears of entrapment may impel the state to restrain its ally by signalling its weakened commitment to the alliance and willingness to conciliate with the potential adversary.<sup>72</sup> This is likely to reinforce intra-alliance bargaining power in a given situation. In so doing, however, an allied state is likely to cast some doubt on its reputation for alliance loyalty and to increase its risk of abandonment.<sup>73</sup> It is because of the tensions in addressing these two fears that Snyder terms the relative balance between them as the 'alliance security dilemma'.<sup>74</sup>

Snyder posits that both the alliance security dilemma and calculations of intra-alliance bargaining power are contingent on an allied state's perceptions of its relative dependency, commitment, and interests. He defines a state's relative dependency as 'the net benefit it is receiving from [the alliance], compared to the benefits available from other sources'.<sup>75</sup> While usually associated with military support, it may also encompass benefits relating to prestige, endorsement of a domestic regime, or political support.<sup>76</sup> A state's perception of its relative dependency is a function of: (1) the level of threat a state faces; (2) its capacity to meet that threat with its own military capabilities; (3) the extent to which the ally can fulfil that need; and (4) alternative ways of meeting the need.<sup>77</sup> The more dependent the state is on its partner, the less intra-alliance bargaining power the state maintains and the more likely it will accede to its ally's demands.<sup>78</sup> Alliance dependence also affects a state's relative fears of abandonment and entrapment. When the balance of dependence is asymmetric (that is, when one state perceives itself as deriving greater benefits from the alliance than its partner), the more

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<sup>70</sup> Snyder, *Alliance Politics*, p. 194.

<sup>71</sup> Snyder, *Alliance Politics*, pp. 181, 183.

<sup>72</sup> Snyder, *Alliance Politics*, pp. 186, 195.

<sup>73</sup> Snyder, *Alliance Politics*, pp. 186, 195.

<sup>74</sup> Snyder, *Alliance Politics*, p. 181.

<sup>75</sup> Snyder, *Alliance Politics*, p. 166.

<sup>76</sup> Snyder, *Alliance Politics*, p. 166.

<sup>77</sup> Snyder, *Alliance Politics*, p. 167.

<sup>78</sup> Snyder, *Alliance Politics*, p. 168.



dependent ally is more likely to fear abandonment while the less dependent partner is more likely to fear entrapment.<sup>79</sup>

Intra-alliance bargaining power and the alliance security dilemma are also shaped by a state's perceptions of its ally's relative commitment. Snyder argues that perceived commitment is a function of both the specificity of the alliance agreement as well as the ally's strategic interests in providing assistance.<sup>80</sup> The vaguer the agreement between the allies and the fewer convergent strategic interests a state perceives its ally as sharing, the weaker it will view its intra-alliance bargaining power.<sup>81</sup> Conversely, the more specific the agreement is between the allies, especially if it is supported by convergent strategic interests, the more likely a state will deduce that it maintains greater intra-alliance bargaining power.<sup>82</sup> Fears of entrapment are also likely to be more intense.<sup>83</sup> An allied state's perceptions of its relative dependence and its partner's commitment are integral to its calculations of risk.<sup>84</sup> These factors define both the allied state's stake in the alliance and the general probability that it could potentially jeopardise this stake in future.<sup>85</sup>

Snyder argues that an allied state's calculations of its risk tolerance are also likely to be affected by the value it assigns to its interests. Snyder enlists the term 'interest' in differing ways, depending on whether he is referring to the alliance security dilemma or to intra-alliance bargaining power. He observes that a state's perceptions of the alliance security dilemma will be affected by its calculations regarding the extent to which strategic interests underpinning the alliance are shared and valued with the same intensity. If strategic interests diverge or are asymmetrically valued by the allies, a state will be more likely to fear either abandonment or entrapment.<sup>86</sup> Nevertheless, the value that an allied state attaches to its respective interest is also critical to what it perceives as its intra-alliance bargaining power in a given dispute with the ally. Snyder observes that, 'the higher a bargainer values what it is being asked to give up, the lower it values what

<sup>79</sup> Snyder, *Alliance Politics*, p. 188.

<sup>80</sup> Snyder, *Alliance Politics*, pp. 169–70, 188.

<sup>81</sup> Snyder, *Alliance Politics*, pp. 169–70. Snyder defines strategic interests as derivative goals or objectives necessary to preserve or realise intrinsic interests (interests which are inherently valued for their own worth). Snyder, *Alliance Politics*, pp. 23–24.

<sup>82</sup> Snyder, *Alliance Politics*, p. 169.

<sup>83</sup> Snyder observes that if an alliance contract is underpinned by convergent strategic interests, the danger of entrapment is higher 'because [allies] will find it difficult to stand aside from each other's initiatives in a crisis or credibly threaten non-support when their own interests require defending the ally whatever its policy'. Snyder, *Alliance Politics*, p. 188.

<sup>84</sup> Snyder, *Alliance Politics*, pp. 171, 174–75.

<sup>85</sup> This is distinguished from the probability of jeopardising the alliance in an issue-specific context. While there may be low *general* probabilities of jeopardising the alliance, these probabilities may be higher in relation to a specific issue that the ally deems critically important.

<sup>86</sup> Snyder, *Alliance Politics*, p. 188.

the partner would give in return, the more it will resist a particular proposal'.<sup>87</sup> Indeed, Snyder elevates interest even above dependency and commitment as a determinant of bargaining power. He argues that:

Even if A is the more powerful party because of low dependence and low commitment, this power may be offset by B's higher value on its interests at stake. An ally that is more dependent and more committed than its partner might nevertheless have superior bargaining power if it can convince the partner that it places greater value on whatever they are negotiating about.<sup>88</sup>

These statements imply that the more an allied state values an interest that diverges or may potentially diverge in future from that of its partner, the more likely that it will pursue or at least bargain harder for this interest. Rather than simply comparative military capabilities, Snyder's theory suggests that it is ultimately the aggregation of dependency, commitment and interest that determine an allied state's bargaining power and which, accordingly, shape its preferences.

To summarise, Snyder's theory would suggest that an allied state's preferences toward a rising power reflect both its perceptions of the alliance security dilemma and its intra-alliance bargaining power. The more that a state's policymakers perceive their country as asymmetrically dependent on an alliance and the weaker they perceive that ally's commitment, the more likely they will fear abandonment.<sup>89</sup> If the state's policymakers simultaneously assign a low value to the interest they hold in dispute with the ally, this will work to lessen a state's intra-alliance bargaining power.<sup>90</sup> The state will accordingly be more inclined to alter its strategies to support the ally. In so doing, it preserves its reputation for alliance loyalty but may have to forego its preferred strategy (which Snyder assumes to be conciliatory) toward the rising power.<sup>91</sup>

Conversely, the less asymmetrically dependent a state's policymakers perceive their country to be on an alliance and the stronger they perceive their ally's relative commitment, the greater they will perceive their intra-alliance bargaining power.<sup>92</sup> This is especially the case if they assign a high value to the interest in dispute with the ally.<sup>93</sup> Under these circumstances, the state will be more inclined to diverge from its ally's preferences (which Snyder assumes are in opposition to the external power). Snyder's theory would suggest that if the state's interest is to conciliate with the rising power in order to reduce the risk of entrapment, its actions may reduce tensions in the

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<sup>87</sup> Snyder, *Alliance Politics*, p. 170.

<sup>88</sup> Snyder, *Alliance Politics*, p. 171.

<sup>89</sup> Snyder, *Alliance Politics*, p. 188.

<sup>90</sup> Snyder, *Alliance Politics*, p. 171.

<sup>91</sup> Snyder, *Alliance Politics*, p. 195.

<sup>92</sup> Snyder, *Alliance Politics*, pp. 166–70.

<sup>93</sup> Snyder, *Alliance Politics*, p. 171.

international system but might simultaneously increase its risk of abandonment by casting doubt on its alliance loyalty.<sup>94</sup>

Snyder observes that, at times, states may wish to pursue strategies towards the ally and the potential adversary that are not inherently complementary. For instance, a state may wish to adopt a firm stance toward the adversary whilst restraining its ally. Alternatively, a state may seek to conciliate an adversary whilst maintaining the support of its ally.<sup>95</sup> The latter example is most analogous to the junior allied engagement strategies examined in this study. Snyder observes that a state can achieve these contradictory objectives by pursuing a 'mixed strategy' toward the ally and the potential adversary. Thus, it may strengthen its support for the ally whilst making limited concessions to, or 'dallying' with, the adversary.<sup>96</sup> Yet, the 'dallying' outcome that Snyder outlines falls short of what engagement encompasses. Engagement is a trust-building endeavour that is public, grants concessions, and takes place over a protracted period of time. How then do junior allies undertake such initiatives toward a rising power without compromising their reputation for alliance loyalty? How do they cognitively reconcile these conflicting imperatives?

*Reconciling Conciliatory Approaches Toward a Third Power with Alliance Preservation*

Snyder's writings suggest three different circumstances in which an allied state may be able to effectively conciliate with a potential adversary (in this study, a rising power) whilst simultaneously preserving its alliance. First, Snyder observes that it is much easier to conciliate with a potential adversary while maintaining one's reputation for alliance loyalty during periods of low tension between the ally and adversary. He writes that, 'in non crisis periods, contacts across alliances are quite compatible with alliance solidarity, but as tension rises, they become less so'.<sup>97</sup> Second, Snyder observes that an allied state will accrue significant intra-alliance bargaining power and, accordingly, gain greater scope for autonomy in conducting its foreign policy when there is a competitive but non-conflictual relationship between the ally and the adversary. This competition increases the ally's dependence on the state (in this case, the junior ally), without

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<sup>94</sup> Snyder, *Alliance Politics*, p. 195.

<sup>95</sup> Snyder, *Alliance Politics*, p. 196.

<sup>96</sup> Snyder, *Alliance Politics*, p. 197.

<sup>97</sup> Snyder, *Alliance Politics*, p. 197.

significantly increasing that state's risk of entrapment.<sup>98</sup> Third, Snyder argues that if the allied state places a high enough value on its interest in conciliating with the adversary, this may supersede the bargaining disadvantages posed by what it perceives as its asymmetric dependence on the alliance and its ally's relatively weak commitment. The state may, in turn, derive comparatively greater intra-alliance bargaining power.<sup>99</sup> Although none of these assumptions are specifically made in reference to junior allies, Snyder's broad conceptualisation of intra-alliance bargaining power suggests they would be applicable in this context.

However, all three posited explanations are still somewhat indeterminate as to when a junior ally would be more or less inclined to engage with a rising power. The first two explanations present important situational conditions that facilitate an allied state conciliating with a rising power. As this study will illustrate, Australian engagement with a rising power was usually preceded by cooperation or lower tensions between its principal ally and the rising power. Whilst an Anglo-American rapprochement preceded Australian engagement with a rising America at the beginning of the twentieth century, Sino-American détente foreshadowed Australian engagement with China during the latter part of that century. In both cases, the great power relationship assumed a prominent 'cooperative' as well as a 'competitive' dimension. Australia also sided with its ally during any subsequent crisis between the two powers. The Howard Government's diplomatic support for the United States during the 1996 Taiwan Strait Crisis is suggestive. In March 1996, China conducted military exercises and missile tests near Taiwan, prompting the US to respond by deploying two carrier battle groups.<sup>100</sup> Canberra's support for the US to the detriment of Sino-Australian relations suggests that low tensions—or at least non-conflictual relations—between Australia's dominant global power ally and the rising power were necessary for Australian engagement.

However, this explanation, in itself, cannot fully account for why there was frequently variation in Australia's engagement strategies toward the rising power under the auspices of cooperative–competitive great power relations.<sup>101</sup> Nor can it account for

<sup>98</sup> Snyder, *Alliance Politics*, p. 197.

<sup>99</sup> Snyder, *Alliance Politics*, p. 171.

<sup>100</sup> For further details on this crisis, see Robert S. Ross, 'The 1995–96 Taiwan Strait Confrontation: Coercion, Credibility and the Use of Force', *International Security*, 25(2) 2000, pp. 87–123.

<sup>101</sup> As noted in the introduction, a 'cooperative-competitive' relationship is one in which there are elements of both cooperation and rivalry across multiple dimensions of the relationship. This study draws on David Reynolds's usage of this term in describing Anglo-American relations during the interwar period. David Reynolds, *The Creation of the Anglo-American Alliance 1937-41: A Study in Competitive Co-operation*, London: Europa Publications Limited, 1981, pp. 286–94.

why Australian policymakers were, in some cases, still sensitive to how their engagement initiatives would be received by the ally. Despite the Anglo-American rapprochement during the early twentieth century, for instance, Australian Prime Minister Alfred Deakin sought to reassure the British that Australia was not transferring its allegiance by extending an invitation to the American fleet. Similarly, the McMahon Government was conscious not to proceed ahead of Washington in normalising relations with China, even though a Sino-American détente was increasingly apparent. To Australian policymakers, low tensions between Australia's great power ally and the rising power did not automatically sanction unlimited engagement with a rising power.

For similar reasons, neither can moderate great-power competition adequately account for trends of Australian engagement with rising powers. Australian policymakers were conscious that great power collusion (or determination by the great powers to privilege their 'cooperative' relationship above all other concerns) could, in fact, thwart any Australian engagement or disengagement initiative. In the 1950s, for instance, the Menzies Government feared that private Anglo-American discussions could jeopardise the signing of the ANZUS Treaty.<sup>102</sup> Because both great powers primarily sought to maintain each other's cooperation, this made it more difficult for Australia to pursue an engagement initiative that diverged from its British ally's preferences. Yet, neither did Australian policymakers historically view the 'competitive' dimension of great power relations as a blank cheque for unlimited Australian engagement with a rising power. Australian policymakers were still conscious of their asymmetric dependence on the alliance and were eager not to jeopardise any benefits Australia received from that ally. For instance, the Howard Government was conscious to qualify its engagement-based relationship with China in a way that accommodated US non-negotiable security interests. This was manifest in its efforts to develop Sino-Australian relations along politico-economic instead of strategic lines.<sup>103</sup> The difficulties associated with these first two of Snyder's generalisations are important because they suggest that, whilst facilitative, the cooperative and competitive aspects of the great power relationship that existed in most of the cases this study examines are insufficient to account for the changing dynamics of Australian engagement with rising powers.

Snyder's third explanation, regarding the relative value an allied state assigns to its interest as part of intra-alliance bargaining power, builds upon the other two. It more

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<sup>102</sup> Percy Spender, *Exercises in Diplomacy: The ANZUS Treaty and the Colombo Plan*, Sydney: Sydney University Press, 1969, p. 162.

<sup>103</sup> This will be further discussed in Chapter Eight.

precisely accounts for the circumstances under which a junior ally will be more or less constrained by alliance imperatives when engaging with a rising power. In all cases in which Australian policymakers engaged with a rising power, they assigned a high value to their interest in deepening cooperation with that country. Significantly, Australian policymakers disengaged from a rising power when they assigned a high value to their interest in tactically withdrawing cooperation from that country. This outcome slightly differs from what Snyder anticipates. Because Snyder assumes that the senior ally and the potential adversary are usually antagonistic, his theory would generally associate a junior ally's withdrawal of cooperation from the adversary with its mechanistic support for the senior partner, its low intra-alliance bargaining power, and the correspondingly low value it assigns to its interest.<sup>104</sup> Once decoupled from the assumption of an allied–adversarial divide, however, Snyder's framework of intra-alliance bargaining power, as a guide to when a state pursues preferences that diverge from its ally, has greater explanatory power with regard to junior allied engagement.

Consistent with Snyder's framework of intra-alliance bargaining power, Australia was more inclined to pursue its given interest in a rising power (whether that be deepening or tactically withdrawing cooperation) whenever it assigned a high value to that interest.<sup>105</sup> As Snyder's theory would project, it was only when the value Australian policymakers assigned to their respective interest in the rising power decreased that considerations of relative alliance dependency and their ally's commitment (as well as the fears of abandonment they engendered) exerted a more significant influence on their policy formation toward the rising power. The senior ally's preferences consequently assumed greater weight in shaping Australia's strategy toward the rising power. A key example of this was the Lyons Government's decision to abandon trade diversion against the United States in November 1937. Although Prime Minister Joseph Lyons and some of his ministers initially hoped to maintain the policy into 1938, the value they assigned to this interest in an intra-alliance context progressively decreased over the course of 1937. Consistent with Snyder's theory, considerations of alliance dependence subsequently had greater impact on policy formation toward the rising power and Australia abandoned trade diversion in deference to British preferences.<sup>106</sup> Yet the question remains, how did this devaluation of interest eventuate?

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<sup>104</sup> This forms part of the logic of abandonment. Snyder, *Alliance Politics*, pp. 183–84.

<sup>105</sup> On the importance of highly valued interests as a determinant of bargaining power, see Snyder, *Alliance Politics*, pp. 171, 175.

<sup>106</sup> This will be further discussed in Chapter Four.

While a positive correlation seemingly exists between the value Australia assigned to its interest toward the rising power and its ability to pursue an autonomous engagement policy, there is still an ambiguity in Snyder's theory on this issue that needs to be addressed in order to better understand junior allied engagement. Snyder's theory suggests that a junior ally's highly valued interest in a rising power will axiomatically give rise to a corresponding approach towards that country. Conversely, if a junior ally assigns a low value to its respective interest in a rising power, this will tend to inhibit such initiatives. To escape this tautology, however, we need to determine *when* a junior ally is more or less likely to assign a high value to its interest in a rising power from within an alliance context. To what extent can this value be attributed to factors inherent in the relationship between the junior ally and the rising power, or is it instead grounded in other factors? Until we determine the specific factors that encourage an allied state to assign a high value to its interest in the rising power, we cannot discern when it will be more likely to pursue this interest or when it will be constrained by considerations of alliance dependence and commitment. This is critical to understanding when junior allied policymakers are likely to conclude that they maintain greater intra-alliance bargaining power on a given issue despite their strategic dependence on a senior partner.

The strong correlation between Australia's highly valued interest toward the rising power and its respective engagement or disengagement strategy also underscores the importance of understanding what factors give rise to interests supporting each of these policy options. Like most deductive rationalist theories, Snyder's approach is principally concerned with when an ally will pursue a given interest under particular constraints—in this case the various interrelationships that exist within an alliance. He does not explore the content of this interest or deal with it as a subject for analysis in particular situational contexts. His theory subsequently provides scope for a junior ally to develop an autonomous interest toward a rising power, but does not explore what factors give rise to these interests. We need to investigate the substance of these interests and how they engender an engagement or disengagement preference.

In summary, Snyder's theory of the alliance security dilemma is useful to the extent that it explores the interplay between a junior ally's autonomously-derived interests *and* the alliance in shaping its policies towards an external power. In this sense, it improves upon power transition, engagement and other alliance theories, which examine the junior allied-rising power and alliance relationships discretely. Yet, ambiguities in Snyder's theory still prevent it from completely addressing the limitations of existing theories regarding junior allied engagement. If a senior ally's

policies are not always the most determinative influence, what are the key factors that shape a junior ally's interests and ensuing preferences toward a rising power? When will a junior ally pursue its autonomously derived interest toward the rising power or, alternatively, be constrained by alliance considerations? While Snyder's framework provides a useful starting point, it needs to be supplemented with additional theoretical propositions that address these questions. By further detailing what factors shape the substance and value of a junior ally's interest in the Australian empirical context, this study seeks to further address the conceptual gap in the international relations literature surrounding junior allied engagement.

## Conclusion

An empirical exploration of the factors that have shaped the dynamics of Australian engagement, and which may have broader application, will enhance our understanding of how power transition impacts on the broader international system. This is important at a time when great powers are less willing to resort to conflict to settle their claims for international leadership, thus giving rise to intensified competition for political influence among weaker powers.<sup>107</sup>

To date, junior allied engagement has been under-theorised. The literature has generally focused on the dynamics of great power relationships during power transition. To the extent it has explored the impact of power transition on the wider international system, it has discretely focused on either alliance dynamics or on a junior ally's relationship with a rising power, instead of the interplay between these two relationships. Whereas power transition and alliance theorists generally suggest that an alliance will have a determinant and inhibiting influence on a junior ally's foreign policies toward a rising power, engagement theorists insufficiently explore the extent to which these policies are constrained by the alliance context in which they are developed.

To date, Snyder's theory of the alliance security dilemma is the only framework that explores the interrelationship between a junior ally's interests in an external power and the relative constraining influence of the alliance. Nevertheless, Snyder's theory is still limited. It does not posit when a junior ally will develop an interest favouring either engagement or disengagement as a policy option. Nor does it detail when a junior ally will be more likely to pursue this interest and when it will be constrained by

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<sup>107</sup> Rothstein, *Alliances and Small Powers*, p. 249; Organski and Kugler, *The War Ledger*, p. 60.



considerations of alliance dependence. A deeper exploration of both of these issues is critical to understanding how and when a junior ally comes to engage with a rising power. The following chapter will advance a series of supplementary theoretical propositions that address these issues and which, subsequently, enhance the explanatory power of Snyder's theory in an Australian empirical context.

## CHAPTER TWO

### BRIDGING THE DIVIDE: THEORISING JUNIOR ALLIED ENGAGEMENT

The preceding chapter identified Snyder's theory of the alliance security dilemma as the most useful point of departure from which to work toward a further theoretical understanding of junior allied engagement with rising powers. As discussed, Snyder was principally concerned with developing a theory that explained alliance management. He did not attempt to explain when a junior ally's interest is more likely to favour conciliating with a rising power. His theory is also ambiguous as to when a junior ally will assign a high value to this interest or will, alternatively, be constrained by considerations of alliance dependence and associated fears of abandonment by its senior partner. Accordingly, it is indeterminate as to when a junior ally will conclude that it has significant intra-alliance bargaining power and will subsequently pursue this interest. This study addresses these ambiguities in Snyder's theory to develop a theoretical framework for understanding junior allied engagement with rising powers.

To build on Snyder's model, this chapter outlines supplementary theoretical propositions that elaborate on Snyder's concept of 'interest' in relation to this study's Australian empirical context. These propositions will explain, first, when a junior ally is more or less likely to develop an interest in deepening cooperation with a rising power and subsequently favour engagement over another policy option. Second, they will specify when a junior ally will be more inclined to pursue this interest instead of being constrained by fears of abandonment arising from its asymmetric dependence on an alliance. As noted in the Introduction, these theoretical propositions were inductively derived over the course of research. Some shaping influences, highlighted in the alliance and engagement literatures reviewed previously, were revealed as more important than others but were still insufficient. Ultimately most important to whether and when Australia, as a junior ally, sought to conciliate and engage with a rising power was the relative confluence of Australian policymakers' perceptions regarding the rising power's intentions, incentives to cooperate with that power, and the prospect for reaching a *modus vivendi* with that country's leadership. Whether policymakers, in turn, pursued this strategy was predicated on their assessment of whether Australia's

senior ally would ultimately acquiesce to this strategy. Together, these factors gave rise to and often provided considerable discretion for an ostensibly *more* independent Australian engagement strategy toward a rising power, than is typically suggested by traditional portrayals of Australia as a 'dependent' ally.

In view of its centrality to building on Snyder's theory in a junior allied engagement context, this chapter first outlines how it enlists the concept of 'interest' and where a junior ally's interest features in the policy process giving rise to an engagement outcome. The second part of this chapter outlines supplementary theoretical propositions that posit when a junior ally is more or less likely to develop an 'interest' favouring an engagement strategy over other policy alternatives. Brief references will be made to illustrative episodes in Australian diplomatic history. The chapter then proceeds to outline this study's theoretical propositions surmising when a junior ally will be more or less constrained by alliance considerations when translating its interest into an engagement strategy. Through these propositions, this study delineates what factors are more likely to engender junior allied perceptions of intra-alliance bargaining power relative to engagement with rising powers. These propositions are presented at the study's outset to provide a coherent framework through which to interpret the historical data in the case studies. This framework will enable the reader to more easily assess the relative explanatory power of this study's theoretical propositions compared to other theoretical perspectives (principally, power transition theory and Snyder's existing theory) outlined in the previous chapter. The relative applicability of the supplementary theoretical propositions comprising this framework will subsequently be more fully explored, and demonstrated, in the following Australian case studies.

### **The Concept of 'Interest' and Policy Formation Toward Rising Powers**

To render Snyder's theory of the alliance security dilemma more applicable to junior allied engagement with rising powers, this study builds upon Snyder's concept of 'interest'. In so doing, it accepts Snyder's representation of the policy process in allied states. Snyder suggests that a state develops autonomously derived interests which are, in turn, mediated by alliance considerations. If its ally's interests differ, the state's perceptions of its respective alliance dependence and its ally's relative commitment influence whether it translates its autonomously derived interests into a corresponding

strategy.<sup>1</sup> Snyder's representation of the policy process in an allied state appears accurate. As will be further described in the case studies, Australian policymakers initially developed interests toward rising powers, originating from how they conceived of Australia's national goals in relation to those countries. Alliance considerations were subsequently factored into whether and how these interests were translated into strategies.

To the extent that this study does modify Snyder's representation of the policy process, it is by distinguishing between interests, preferences, and strategies. Snyder's theory tends to combine discussion of these stages of the policy process. Snyder defines interests broadly. He represents interests as either 'general' goals relating to some overall condition of the international system or 'particular' objectives regarding specific countries or assets.<sup>2</sup> Particular interests may include, for example, a diplomatic stance to be taken towards an adversary or admission of new members into an alliance.<sup>3</sup> Along these lines, a junior ally may develop an interest in either deepening or withdrawing cooperation from a rising power. Yet, while a state may have a particular interest (or objective) with regard to a rising power, this does not detail its preferred strategy (or means) for realising that interest.<sup>4</sup> This study therefore enlists the term 'preference' to designate this preferred strategy.<sup>5</sup> Once alliance considerations are weighted, these preferences are, in turn, translated into engagement or disengagement strategies. This study therefore aims, first, to examine what factors have underpinned a junior ally's interest in deepening cooperation with a rising power and subsequent preference to

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<sup>1</sup> Glenn H. Snyder, *Alliance Politics*, Ithaca: Cornell University Press, 1997, pp. 165–76.

<sup>2</sup> Snyder, *Alliance Politics*, p. 26.

<sup>3</sup> Snyder, *Alliance Politics*, pp. 26, 166.

<sup>4</sup> The *Concise Oxford English Dictionary* defines a strategy as 'a plan designed to achieve a particular long-term aim'. Catherine Soanes and Angus Stevenson, (eds), *Concise Oxford English Dictionary*, 11<sup>th</sup> edn. (revised), Oxford: Oxford University Press, 2006, p. 1425.

<sup>5</sup> There is considerable ambiguity within the social science literature regarding what constitutes a 'preference'. This study's use of the term is most consistent with what is generally referred to as a 'policy preference'. A 'policy preference' is a choice of means for realising a specifically desired goal or objective. It is distinguished from a 'strategy', which is the actual course of action the state undertakes and the practices it adopts. This study distinguishes between these phases of the policy process because, as most of the literature on preferences suggests, preferences are conditional. Interaction, or even considerations of interaction, with another state (in this case the senior ally) may, in turn, alter these preferences and impact on whether and how they are translated into an associated strategy. This analytical distinction facilitates greater understanding of how a junior ally's interests in a rising power, and the alliance context in which they are developed, conjoin to give rise to a particular strategy outcome. For literature on preferences and 'policy preferences', see Jeffrey Frieden, 'Actors and Preferences in International Relations', in David A. Lake and Robert Powell (eds), *Strategic Choice and International Relations*, Princeton, NJ: Princeton University Press, 1999, pp. 39–76; David A. Lake and Robert Powell, 'International Relations: A Strategic-Choice Approach', in David A. Lake and Robert Powell (eds), *Strategic Choice and International Relations*, Princeton, NJ: Princeton University Press, 1999, pp. 3–38; Emmanuel Adler and Michael Barnett, 'A framework for the study of security communities', in Emmanuel Adler and Michael Barnett (eds), *Security Communities*, Cambridge: Cambridge University Press, 1998, pp. 37, 42.

engage with that country. Second, it explores the conditions under which it has translated this preference into an engagement strategy. Both steps are critical to discerning how and when a junior ally engages with a rising power in the context of its alliance to the dominant power.

Also necessary to understanding how and when a junior ally engages with a rising power is a definition of the range of strategies (or outcomes) the study seeks to explain. This thesis explores variation across three different strategies. Two of these form part of an *engagement-based approach*. This approach presumes a deliberate intention on the part of a state to broaden or deepen its long-term relationship with another country.<sup>6</sup> Within this approach, there are two variant strategies: engagement and disengagement. For the purposes of this study, an engagement strategy is usually associated with an interest in deepening cooperation with a rising power. It entails the use of positive material or diplomatic incentives to provide that power with a stake in the evolving relationship.<sup>7</sup> It also involves dialogue between the state and the country it is engaging to isolate common interests, define shared expectations and develop ways of managing difference.<sup>8</sup>

A disengagement strategy arises in response to a conflict of interest between these countries. It is usually associated with an interest in temporarily suspending or retracting cooperation with the rising power in regard to a specific issue-area. It entails withdrawing positive incentives or imposing limited punitive sanctions. In so doing, the engaging state hopes to compel change in its counterpart's stance over the issue they are negotiating.<sup>9</sup> Significantly, however, disengagement is geared toward suspending the relationship rather than abrogating it. This is evidenced by the measures that

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<sup>6</sup> This definition is based on Marc Lynch's conceptualisation of engagement as an intentional and calculated strategy of cooperation. Marc Lynch, 'Why Engage? China and the Logic of Communicative Engagement', *European Journal of International Relations*, 8(2) 2002, p. 203. For other works on engagement as a means of broadening or deepening cooperation, see Alice Ba, 'Who's socializing whom? Complex engagement in Sino-ASEAN relations', *The Pacific Review*, 19(2) 2006, pp. 161–63; Evan Resnick, 'Defining Engagement', *Journal of International Affairs*, 54(2) 2001, pp. 553, 559–60.

<sup>7</sup> Richard Haass and Meghan O'Sullivan, 'Terms of Engagement: Alternatives to Punitive Policies', *Survival*, 42(2) 2000, p. 117.

<sup>8</sup> This builds on work that communicative action theorists have undertaken on emergent cooperation between states. See Thomas Risse, "'Let's Argue!': Communicative Action in World Politics', *International Organization*, 54(1) 2000, p. 13; Lynch, 'Why Engage?', pp. 194, 204.

<sup>9</sup> Victor Cha observes that an engaging state may adopt limited sanctions to compel behavioural change as part of conditional engagement. However, he neither identifies nor differentiates this as a distinctive 'disengagement' variant. Whilst other scholars have occasionally made reference to the term 'disengagement' to describe withdrawal of cooperation or even the imposition of punitive 'sticks', they have not elaborated on this concept further or differentiated it from 'containment' or 'isolation'. Victor Cha, 'Engaging North Korea Credibly', *Survival*, 42(2) 2000, p. 147; Resnick, 'Defining Engagement', p. 564; David Capie, 'Engagement', in David Capie and Paul Evans (eds), *The Asia-Pacific Security Lexicon*, Singapore: Institute of Southeast Asian Studies, 2002, p. 110; Haass and O'Sullivan, 'Terms of Engagement', p. 123.

policymakers may implement to limit negative spill-over to other aspects of the relationship.<sup>10</sup> The Hawke Government, for instance, sought to preserve the institutional infrastructure underpinning the Sino-Australian relationship even after imposing political sanctions on China in response to its human rights abuses in Tiananmen Square. Disengagement is generally aimed at creating a more viable cooperative relationship over the longer term by developing a new framework for relations that better accommodates the engaging state's interests. Thus while disengagement engenders diminished cooperation over the short-term, it is still part of a longer-term approach of intentionally deepening cooperation. It is informed by the same strategic objective as engagement, but enlists differing means to achieve it. Disengagement can therefore be viewed as a subset of an engagement-based approach.

This stands in contrast to a *non-engagement-based approach*. Non-engagement-based approaches differ in both nature and purpose from the variants outlined above. Most fundamentally, they are not informed by a conscious and deliberate intention to deepen or broaden cooperation with a state over time. Marc Lynch distinguishes everyday interaction from engagement-based approaches on this basis.<sup>11</sup> Non-engagement-based approaches may also encompass adversarial relations between two countries. Under such circumstances, the aim may not be to cooperate with a rising power but to balance against or stymie that power's growth or expansion.<sup>12</sup>

This study focuses on variation between engagement and disengagement strategies. Nevertheless, it also identifies factors that distinguish non-engagement from engagement-based approaches. These propositions are based on case studies that examined Australia's initial shift toward engagement with a rising power. This was evident both in the case of a rising America in 1908 and a rising China in 1971. Drawing on research from Australian cases, the study illuminates the factors that underpin junior allied interests supporting the adoption of each of these three policy options and the corresponding shifts between them.

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<sup>10</sup> Again, Richard Haass and Meghan O'Sullivan point to such measures as part of a successful engagement strategy, but do not explicitly link it to 'disengagement'. Haass and Sullivan, 'Terms of Engagement', p. 125.

<sup>11</sup> Lynch, 'Why Engage?', p. 203.

<sup>12</sup> This purpose is usually associated with a containment approach. Alastair Iain Johnston and Robert Ross, 'Conclusion', in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, p. 274; Randall Schweller, 'Managing the Rise of Great Powers', in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, p. 10; Resnick, 'Defining Engagement', p. 564.

## Developing 'Interests' Toward the Rising Power

### *Building on Snyder's Concept of 'Interest'*

Australian and other East Asian countries' engagement strategies suggest that even junior allies are able to conduct relatively autonomous engagement strategies towards a rising China. As fellow junior allies of the United States, South Korea's 'Nordpolitik' strategy directed at Beijing during the late 1980s and Thailand's engagement strategy toward China during the 1990s are illustrative. Snyder's theory provides a useful initial starting point from which to understand the dynamics of such strategies because it posits a complex interrelationship between alliance membership and a junior ally's policies toward an external power. Unlike traditional alliance theories, it does not assume that a junior ally's 'interest' and subsequent strategies toward a third state will axiomatically derive from its senior partner's preferences. Instead, Snyder's theory accommodates a junior ally developing relatively autonomous interests toward an external power and suggests that even an asymmetrically dependent junior ally will pursue these in an alliance context if it values them highly enough. Accordingly, Snyder's theory provides scope for a junior ally to adopt a relatively independent engagement strategy from *within* an alliance.

Like most rationalist theorists, however, Snyder is principally concerned with explaining the constraints (in this case, the alliance context) under which a state will pursue given interests. His theory treats interests as given rather than exploring what factors comprise and give rise to them. Thus Snyder's theory of alliance management is adaptable to a wide range of contexts, including junior allied engagement. With regard to junior allied engagement, Snyder's theory provides guidance as to *when* a junior ally will pursue its given interest toward the rising power from within an alliance. It does not purport to explain when this interest is more or less likely to favour adoption of an engagement, disengagement or non-engagement preference in the first place.

More recently, constructivists and even some rationalists have highlighted the importance of investigating interests in order to better understand states' foreign policy behaviour. Interests present a useful subject for analysis rather than something to be inherently assumed and shaped *only* by external (usually material) constraints.<sup>13</sup>

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<sup>13</sup> James Fearon and Alexander Wendt, 'Rationalism v. Constructivism: A Skeptical View', in Walter Carlsnaes, Thomas Risse, and Beth A. Simmons (eds), *Handbook of International Relations*, London: Sage Publications, 2002, pp. 58, 63–64; Alexander Wendt, 'Anarchy is What States Make of It: The Social Construction of Power Politics', *International Organization*, 46(2) 1992, pp. 396–403.

Constructivists, for instance, argue that states' interests derive from constituted identities, which are shaped by both material factors and inter-subjective understandings and norms. A state's interests and foreign policy behaviour therefore cannot be assumed; they are predicated on the unique material *and* social context in which they evolve.<sup>14</sup> Even rationalists have begun to advocate a deeper exploration of state interests to develop a better understanding of foreign policy behaviour. As Arthur Stein observes:

[I]mputing the same interest to all actors has drawn criticism and led to calls for inducing subjective national interests and not just assuming objective interests. ... [A]ctor's formulations of their interests [and] the nature of their utility functions must be investigated directly.<sup>15</sup>

This study does not privilege any one of these approaches. It does, however, seek to highlight a growing consensus within the discipline that a state's interest needs to be understood to more accurately interpret its foreign policy behaviour. By further exploring the factors that give rise to a junior ally's interest favouring an engagement or disengagement preference (thus further specifying Snyder's concept of interest in a junior allied engagement context), we can better discern the most important determinants of junior allied engagement with a rising power.

It is in this context that the insights from the engagement literature become useful. For an engagement strategy toward a rising power to emerge, it is possible that there need to be certain facilitative contextual factors. As noted previously, Robert Ross and Alastair Iain Johnston highlight the importance of geographic distance from the rising power, military capabilities and an existing alliance.<sup>16</sup> This may be true and should be subject to future testing. In the Australian case, however, these factors remained constant even while the dynamics of Australian engagement fluctuated. For these reasons, this study has focused to a greater extent on *beliefs*—including changing perceptions of the structural environment—as the most proximate source of shifts in Australia's engagement strategies over time. For the purposes of this study, beliefs are defined as 'propositions that individual people and groups have about themselves, others, and the world around them'.<sup>17</sup> If shared by large groups of people or confirmed

<sup>14</sup> Wendt, 'Anarchy is What States Make of It', pp. 403–407; Martha Finnemore, *National Interests in International Society*, Ithaca: Cornell University Press, 1996, pp. 5–6.

<sup>15</sup> Arthur A. Stein, 'The Limits of Strategic Choice: Constrained Rationality and Incomplete Explanation', in David Lake and Robert Powell (eds), *Strategic Choice and International Relations*, Princeton NJ: Princeton University Press, 1999, p. 205.

<sup>16</sup> Johnston and Ross, 'Conclusion', pp. 282–84.

<sup>17</sup> Again, this study adopts the terms 'belief' and 'perception' interchangeably. Neta C. Crawford, *Argument and Change in World Politics: Ethics, Decolonization, and Humanitarian Intervention*, Cambridge: Cambridge University Press, 2002, p. 39.



by experience, beliefs often come to assume the status of ‘reality’ and shape foreign policy behaviour accordingly.<sup>18</sup>

Based on inferences drawn from the Australian cases, this study posits that whether a junior ally develops an interest in deepening political cooperation with a rising power and, correspondingly, adopts an engagement preference, is a function of three key beliefs or perceptions on the part of its dominant policymaker(s). As will be more fully discussed below, these are: (1) a belief that the rising power maintains, or could be conditioned to develop, *benign intentions*; (2) perceived *incentives* to cooperate with the rising power; and (3) a conviction that they could reach a *modus vivendi* with the leadership of the rising power. The first two beliefs are largely grounded in policymakers’ views preceding interaction with the rising power (though these perceptions could later be affected by interactive experiences). The third belief is often derived from the process of interaction. It was the relative confluence of these beliefs that ultimately determined whether Australian policymakers adopted an interest favouring an engagement, disengagement, or non-engagement preference. They subsequently shaped both the possibility of, and variation within, engagement. The following subsections explore each of these components and their effects on change in Australian engagement preferences over time.

### *Benign Intentions*

As noted in the preceding chapter, international relations theorists highlight a wide range of reasons why states may choose to engage with a rising power. These include socialising it into the status quo, capitalising on short-term economic benefits, ‘buying time’ to build up their own armed forces, or realising a particular type of regional order.<sup>19</sup> This study argues that most fundamental to whether a junior ally, such as Australia, adopts an engagement-based approach are dominant policymakers’ perceptions that the rising power maintains, or could prospectively develop, benign

<sup>18</sup> Crawford, *Argument and Change*, p. 39. For a similar explanation on the role of ‘perceptions’ in shaping foreign policy behaviour, see Robert Jervis, *Perception and Misperception in International Politics*, Princeton, NJ: Princeton University Press, 1976, pp. 8–10, 401; Larson, *Origins of Containment*, p. 22.

<sup>19</sup> Cha, ‘Engaging China: Seoul-Beijing *Détente* and Korean Security’, *Survival*, 41(1) 1999, p. 77; Resnick, ‘Defining Engagement’, pp. 556–59. See also Alastair Iain Johnston and Robert Ross, ‘Preface’, in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, p. xiv; Schweller, ‘Managing the Rise of Great Powers’, p. 14; Amitav Acharya, ‘Seeking Security in the Dragon’s Shadow: China and Southeast Asia in the Emerging Asian Order’, *IDSS Working Paper*, Singapore: Institute of Defence and Strategic Studies, 2003, p. 19; Evelyn Goh, ‘Southeast Asian perspectives on the China challenge’, *Journal of Strategic Studies*, 30(4) 2007, p. 826.

intentions. This assumption is implicit to most theoretical and empirical accounts of engagement. If engagement is a means of ‘socialis[ing] the dissatisfied power into acceptance of the established order’, this logically entails that policymakers view the rising power as capable of socialisation in the first place.<sup>20</sup> David Edelstein and Victor Cha observe that engagement is more likely to be forthcoming if policymakers perceive the rising power as maintaining benign or ‘engageable intentions’.<sup>21</sup> However, this study builds on these accounts in two ways. It prioritises perceived benign intentions as the most important (albeit not sufficient) determinant of whether junior allies adopt an engagement preference toward a rising power. It also defines how junior allies make this assessment.

Existing theoretical and empirical accounts of engagement do not fully define when an engaging state will deem a rising power as maintaining benign intentions. Most accounts designate benign intentions on the basis of the rising power’s aims relative to regional order—that is, whether a rising power has status quo or limited revisionist aims.<sup>22</sup> Yet, as Alastair Iain Johnston observes, there are a number of ambiguities as to what sort of behaviour this actually entails. He notes that, ‘... international relations theory has tended to assume that we should recognise a revisionist state when we see one. But it is not always obvious’.<sup>23</sup> Meanwhile, Edelstein delineates a state’s perceptions of benign intent more specifically in terms of an assessment that the rising power will not direct its military capabilities against it.<sup>24</sup>

This study situates its definition of benign intentions between these two interpretations. Junior allies are primarily concerned with preserving their territorial integrity and with survival in the international system. In view of their weaker military capabilities, however, they often place a premium on preserving a regional order that is favourable to their broader security interests and which prevents a potentially threatening regional power from emerging. Junior allies are, subsequently, likely to view a rising power’s intentions through this prism. In discerning whether the United States was a benign regional power in 1908, for instance, Australian Prime Minister Alfred Deakin and his advisors framed their assessment not in terms of whether the

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<sup>20</sup> Schweller, ‘Managing the Rise of Great Powers’, p. 14.

<sup>21</sup> David Edelstein, David M. Edelstein, ‘Managing Uncertainty: Beliefs about Intentions and the Rise of Great Powers’, *Security Studies*, 12(1) 2002, p. 12; Cha, ‘Engaging North Korea Credibly’, p. 137.

<sup>22</sup> Schweller, ‘Managing the Rise of Great Powers’, pp. 19–21; Victor Cha, ‘Engaging China: The View From Korea’, p. 36; Alastair Iain Johnston and Robert Ross, ‘Preface’, in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, pp. 33–35.

<sup>23</sup> Alastair Iain Johnston, ‘Is China a Status Quo Power?’, *International Security*, 27(4) 2003, p. 9.

<sup>24</sup> Edelstein, ‘Managing Uncertainty’, p. 4.

United States would attack the Australian continent, but whether it could be brought into partnership with the British Empire. Conversely, what inhibited the McMahon Government from adopting a more benign assessment of China in 1971 were perceptions of Chinese-sponsored communist insurgency in Southeast Asia instead of potentially expansionist ambitions directed toward Australia. In both instances, whether Australian policymakers perceived the rising power as maintaining benign intentions depended on their assessment of whether it behaved, or could be induced to behave, in a way consistent with Australian strategic interests in regional order.

This definition of benign intentions—potentially applicable to other junior allies—does not exclude the element of dynamism in regional order inherent to structural change. Nor does it arbitrarily impose certain indicators of benign intentions across different states. A junior ally's core strategic interests in regional order, as well as the rising power behaviour it deems consistent with those interests, are specific to both the particular junior ally and the historical context.

In the Australian context, there have been certain continuities in that country's core strategic interests in regional order. Successive Australian Governments have generally sought a regional balance of power in which, optimally, Australia's dominant global ally occupied a position of regional primacy.<sup>25</sup> During the first part of the twentieth century, this was manifest in Australia's support for *Pax Britannica*. Since the signing of the ANZUS Treaty in 1951, Australian Governments have similarly supported American predominance in the Pacific.<sup>26</sup> Within this context, Australia has also sought to prevent conflict and potentially destabilising competition from emerging among the regional great powers. Such instability might not only threaten the regional dominance of its great power ally, but could cause disruption to Australian economic interests and increase the likelihood of an expansionist great power penetrating Australia's nearer strategic approaches.<sup>27</sup> Finally, Australia has endeavoured to preserve stability within, and prevent the intrusion of a potentially hostile external power into,

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<sup>25</sup> Michael Wesley, 'Pragmatic Realism: The Australian Variant', conference paper presented at *Oceanic Conference on International Studies*, 2–4 July 2008, Brisbane; Greg Fry, 'Australia's Regional Security Doctrine: Old Assumptions, New Challenges', in Greg Fry (ed.), *Australia's Regional Security*, Sydney: Allen and Unwin, 1991, p. 1.

<sup>26</sup> As former Deputy Secretary for Strategy and Intelligence, Hugh White observes, '... US strategic primacy in the Western Pacific has been the foundation of Asian security, and supporting it has been a core Australian strategic objective'. Hugh White, *Beyond the Defence of Australia*, Sydney: Lowy Institute, 2006, p. 39.

<sup>27</sup> White, *Beyond the Defence of Australia*, p. 40. See also Commonwealth of Australia, *Defending Australia*, Canberra: Australian Government Publishing Service, 1994, p. 85; 'Strategic Basis of Australian Defence Policy', 1973, NAA: 5931, CL1030.

Southeast Asia or the islands of the Southwest Pacific.<sup>28</sup> This has derived from traditional Australian defence assumptions that any threat to Australia would originate from, or permeate, these northern approaches.<sup>29</sup>

Whether Australian policymakers perceived a rising power as benign depended on whether they viewed the rising power as behaving, or able to be conditioned or socialised to behave, consistently with these interests.<sup>30</sup> This assessment was based on both the rising power's ideological or other domestic characteristics, as well as its foreign policy behaviour in the international system. Australian policymakers generally viewed a rising power as maintaining benign intentions under the following circumstances. First, the rising power could seek to improve its position in the hierarchy of powers but could not be viewed as directly threatening Australia's dominant ally. Second, the rising power could not resort to force to achieve its political aims and had to at least be amenable to regional cooperative initiatives. Third, the rising power could not be expansionist in such a way that suggested a disruption to regional stability or a potential threat to Australia's nearer approaches. These indicators provide only a general guide. How these indicators manifested and which were more important to discerning a rising power's benign intentions depended to some extent on the government at the time and the interests in regional order it privileged.

Nevertheless, an assessment that the rising power could be induced to behave in a way that was consistent with Australian core strategic interests in regional order does appear to have been a fundamental determinant of whether Australia adopted an engagement-based approach towards a rising power. It goes some way, for instance, to account for why Australia engaged with a rising America instead of a rising Japan during the early 1900s. In 1908, Australian engagement was underwritten by the assumption that, unlike Japan, the United States was an Anglo-Saxon power that would be less likely to challenge the British Empire in the Pacific. Similarly, substantive

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<sup>28</sup> White, *Beyond the Defence of Australia*, pp. 37–38.

<sup>29</sup> Paul Dibb and Richard Brabin-Smith, 'Indonesia in Australian Defence Planning', *Security Challenges*, 3(4) 2007, p. 67.

<sup>30</sup> This study adopts the terms 'conditioned' and 'socialised' interchangeably. There is considerable debate in the international relations literature regarding what processes comprise socialisation and under what circumstances socialisation is more likely to occur. This study adopts Alice Ba's definition of socialisation as involving 'convergence of some kind or modifications to behaviour patterns such that an actor 'fits in' to a larger community'. It does not assume that socialisation is necessarily a uni-directional process, in which an engaging state socialises a target state. In some cases, the country being engaged may also be able to influence what the engaging state deems acceptable or legitimate. For instance, while Australia has been concerned that China behave consistently with pre-designated Australian strategic interests in regional order, China has also conditioned Australia to view its growing power and influence in the international system as consistent with these interests. This will be further discussed in Chapters Six through Eight. For Ba's definition of socialisation as a two-way process, see Ba, 'Who's socializing whom?', pp. 158–59.

Australian engagement with China did not emerge until the ALP Government assumed office in December 1972. This was facilitated by the ALP's collective assumption that China was an essentially defensive power (or could become one through further interaction with the international community).<sup>31</sup> While there was still some uncertainty regarding the long-term direction of China's foreign policy, the ALP viewed China's immediate goals as basically consistent with Australia's preferred construct of regional order.

This example raises an important caveat. For a junior allied interest in deepening cooperation with a rising power and an associated engagement preference to emerge, policymakers do not have to be *certain* that the rising power will behave consistently with their interests in regional order. What is key to an engagement-based approach arising is an assumption that the rising power's intentions are malleable. There simply needs to be an expectation that, through cooperative interaction, the rising power could be conditioned to modify its behaviour over time.<sup>32</sup> Thus engagement still accommodates a degree of uncertainty about a rising power's long-term intentions. This is important in view of the fact that a junior ally may not perceive a rising power's foreign policy behaviour as consistently benign with respect to all of its core strategic interests.<sup>33</sup> The Howard Government, for instance, did not view China as a threat to Australia or even a recalcitrant regional power. However, it could not be certain that China would not try to erode US strategic dominance over the longer term.<sup>34</sup> In this context, its engagement preferences were underpinned by a calculation that China's preferences were not inherently problematic and could be shaped through cooperation.<sup>35</sup> Unless the junior ally perceives the rising power as at least capable of being conditioned to behave consistently with its interests in regional order, however, an engagement-based approach is unlikely to emerge.

This belief is permissive of, and fundamental to, junior allied policymakers viewing engagement as a feasible policy option. Yet, while it renders an engagement preference plausible, it does not necessarily make it likely. The likelihood that interests will develop that support an engagement preference is a function of two additional

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<sup>31</sup> Kim C. Beazley, *Post-Evatt Australian Labor Party Attitudes to the United States Alliance: An Analysis of the Effects of Selected Australian Foreign Policy and Defence Issues on the Evolution of Australian Labor Party Attitudes to the United States Alliance, 1961-72*, M.A. Thesis, University of Western Australia, 1974, p. 185.

<sup>32</sup> This assertion draws on a similar argument made by David Edelstein. Edelstein, 'Managing Uncertainty', pp. 12-14.

<sup>33</sup> Edelstein, 'Managing Uncertainty', p. 11.

<sup>34</sup> See, for instance, Department of Defence, *Australia's Strategic Policy*, Canberra: Department of Defence, 1997, p. 14.

<sup>35</sup> This will be discussed further in Chapter Eight.

factors: (1) incentives to cooperate with the rising power; and (2) what junior allied policymakers perceive as the prospect for reaching a *modus vivendi* with that power.

*Incentives to Engage with a Rising Power*

In the context of a junior ally's perceptions that a rising power could emerge as benign, incentive factors are likely to have an important augmenting influence on the former's engagement preferences. In the absence of incentives to cooperate with a rising power, there is little impetus for a junior ally to develop relations beyond standard diplomatic interaction—much less, to develop a conscious strategy of cooperation. The greater or more highly valued incentives are to cooperate with a rising power, the more likely that a junior ally will engage with that country. The junior ally generally views such incentives as yielding either collective or private benefits. Collective benefits may advantage a region, the alliance or another collective grouping of countries of which the junior ally is part. These include a rising power's proclivity to negotiate regional territorial disputes or trade liberalisation practices from which a number of countries stand to benefit. Private benefits, meanwhile, are those that benefit a junior ally more exclusively. They might include a bilateral free trade agreement, specific diplomatic benefits, or even a security treaty.<sup>36</sup> The particular importance of some incentive factors over others should not be over-generalised, but could be an avenue for future research. What this study aims to do is highlight the importance of incentive factors as a necessary underpinning of engagement.

In the Australian context, two incentive factors appear to have been particularly important in facilitating engagement with rising powers. These were: a desire to mitigate a possible threat to Australia and its regional interests; and a desire to benefit from the rising power's growing capacity. The remainder of this section briefly outlines each of these factors and how they instigated an Australian engagement preference.

(1) *Threat Mitigation*. What Australian policymakers viewed as the existence of a threat, as well as the utility of cooperating with the rising power to counter or ameliorate it, appears to have been an important undercurrent of Australian engagement

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<sup>36</sup> This study's definition of private and collective benefits draws on the work by Mancur Olson and Richard Zeckhauser. Olson and Zeckhauser define a collective or public good as one that is made available to, and benefits, a number of countries who share in that particular goal. A private benefit is one which provides national or non-collective benefits. It is usually directly linked to the national aims of a particular state that are not necessarily shared by others. Mancur Olson and Richard Zeckhauser, 'An Economic Theory of Alliances', *The Review of Economics and Statistics*, 48(3) 1966, pp. 267, 272.

in both the Anglo-American and Sino-American cases. This study interprets ‘threat’ to mean a challenge to the junior ally’s core interests in regional order: this includes, but is not limited to its territorial integrity. In the Australian context, a threat was generally conceived of in terms of a military challenge to the existing balance of power, to Southeast Asia or to Australia’s direct northern approaches. Often, however, military threats were conflated with political and social threats, including political subversion or mass migration.<sup>37</sup> These ‘softer’ threats were viewed as negatively affecting Australian security by endangering its political autonomy or ‘way of life’.<sup>38</sup> Indeed, the Menzies Government viewed Communist Chinese sponsored insurgencies in Malaysia, Vietnam and other Southeast Asian countries as symbolic of a broader expansionist and subversive *political* threat which, if allowed to go unchecked, could directly endanger Australian society.<sup>39</sup> As this example demonstrates, however, softer threats, and the identity-based fears they engendered, usually only instigated focused attention if they showed signs of interfering with core Australian strategic interests in regional order.

Within these parameters, junior allied policymakers might envision threat in a number of forms. A perceived threat may already exist or could be latent. It could be external to the junior allied-rising power relationship or, paradoxically, originate from the rising power itself. Under circumstances in which a junior ally perceives an external unalterably aggressive threat, it would be more likely to look to a rising power and its material, geographic or diplomatic assets as a means of countering that threat. This is consistent with what Stephen Walt and other defensive realists label as *balancing* behaviour.<sup>40</sup> Yet, many of these theorists assume that balancing is an automatic response that derives from a natural convergence of the interests of states. The efforts of the British Empire, including Australia, to draw the United States into an Anglo-Saxon alliance for much of the first half of the twentieth century suggest that this is not always the case. In such instances, states often resort to engagement strategies in order to shape a rising power’s preferences and to persuade it to enter into an alliance.<sup>41</sup>

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<sup>37</sup> Lachlan Strahan, *Australia’s China: Changing Perceptions from the 1930s to the 1990s*, Cambridge: Cambridge University Press, 1996, p. 160; David Walker, *Anxious Nation: Australia and the Rise of Asia, 1850–1939*, St. Lucia: University of Queensland Press, 1999, p. 12.

<sup>38</sup> Strahan, *Australia’s China*, p. 128.

<sup>39</sup> Strahan, *Australia’s China*, p. 128.

<sup>40</sup> Stephen Walt, *The Origins of Alliances*, Ithaca: Cornell University Press, 1987, pp. 5, 18; Randall Schweller, ‘Unanswered Threats: A Neoclassical Realist Theory of Underbalancing’, *International Security*, 29(2) 2004, pp. 166–67; Yuen Foong Khong, ‘Coping with Strategic Uncertainty: The Role of Institutions and Soft Balancing in Southeast Asia’s Post-Cold War Strategy’, in J.J. Suh, Peter Katzenstein, and Allen Carlson (eds), *Rethinking Security in East Asia*, Stanford, CA: Stanford University Press, 2004, p. 172.

<sup>41</sup> This is a slightly different application of engagement than is conventionally used. Most engagement theorists present engagement strategies as a ‘discrete type of security response to a threatening power that

However (as conventional accounts of engagement suggest), an engagement preference may also emerge if the junior ally anticipates the potential threat as stemming from the rising power itself.<sup>42</sup> This may, at first, appear contradictory in view of the proposition posited above that a junior ally must perceive a rising power as maintaining, or able to develop, benign intentions for an engagement strategy to emerge. Yet, the idea of threat is often intrinsic to any lingering uncertainty surrounding a rising power's long-term intentions. So long as a junior ally simultaneously believes that a rising power has malleable intentions and could be conditioned to become benign through cooperative interaction, its perceptions of the rising power as a potential threat (in lieu of this conditioning) might paradoxically *augment* the likelihood of engagement. Indeed, this has been a key consideration underscoring successive Australian Governments' engagement-based approaches toward China since the 1970s. Uncertainty about the future course of Chinese foreign policy invoked efforts to enmesh China into the regional security architecture. Australia did so in order to reduce the risk of Beijing emerging as a recalcitrant and dissatisfied power.

This behaviour is consistent with existing defensive realist theories. Walt observes that states are only likely to balance against a threat if they perceive it as *unalterably aggressive*.<sup>43</sup> Short of this benchmark, uncertainty surrounding a rising power's intentions and the potential 'threat' it could pose might actually give rise to an incentive to engage with that country.<sup>44</sup> Whether the junior ally perceives a threat either exogenous or endogenous to its relationship with the rising power, the existence of any such threat is likely to focus junior allied policymakers' attention on the rising power as a means of ameliorating this strategic challenge. In this context, deeper cooperation with a rising power could promise collective benefits of future regional stability and associated advantages of security and economic prosperity for the junior ally.

(2) *Growing Capacity of the Rising Power*. A second key incentive factor that appeared to emerge in the Australian context is the growing capacity of the rising power. By

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proactively seeks to transform the relationship into a non-adversarial one...'. However, Schweller and Resnick posit that as a set of means, engagement strategies may be evident in a number of different empirical contexts. Schweller suggests that this includes (although is not necessarily limited to) forming alliances with rising powers. For the conventional definition of engagement, see Cha, 'Engaging China: Seoul-Beijing *Détente*', p. 77; Capie, 'Engagement', p. 112. For engagement as a strategy to realise a variety of different objectives, see Resnick, 'Defining Engagement', pp. 556, 561; Schweller, 'Managing the Rise of Great Powers', p. 18; Randall Schweller and William Wohlforth, 'Power Test: Evaluating Realism in Response to the End of the Cold War', *Security Studies*, 9(3) 2000, pp. 81–82.

<sup>42</sup> Johnston and Ross, 'Preface', p. xiv; Cha, 'Engaging China: Seoul-Beijing *Détente*', p. 77.

<sup>43</sup> Walt, *The Origins of Alliances*, pp. 26, 33.

<sup>44</sup> Edelstein highlights the interrelationship between uncertainty surrounding a rising power's intentions and cooperative strategies. Edelstein, 'Managing Uncertainty', p. 2.



‘capacity’, this study refers to the rising power’s economic and military capabilities as well as its corresponding diplomatic influence. By cooperating with a rising power, the junior ally may hope to gain access to the security, economic or political benefits that this capacity (usually in the form of increasing material power) yields.<sup>45</sup> Again, these benefits could be collective and stand to benefit the whole region of which the junior ally is a part. In the case of the Howard Government, for instance, this included securing China’s diplomatic pressure on Pyongyang to bring about a more stable Korean Peninsula. The rising power’s growing capacity could also provide important private benefits to the junior ally. For instance, increasing American naval power underwrote Canberra’s efforts to try and procure a US commitment to Australian security during both the 1930s and 1950s.

This study aims to build on the existing engagement literature by contextualising the relative importance of such incentive factors vis-à-vis perceptions of a rising power’s intentions. It suggests that incentive factors critically augment a junior ally’s interests in deepening cooperation with a rising power and the likelihood that engagement preferences will emerge. However, they do so only in the context of junior allied policymakers’ perceptions that the rising power maintains or could develop benign intentions—that is, it could be conditioned to behave in a way that is consistent with Australia’s core strategic interests in regional order. In the absence of this assessment, junior allied policymakers would be less inclined to view the rising power’s material capacity or the latent strategic challenge it posed as an incentive to engage with that country. This is demonstrated by the McMahon Government’s unwillingness to politically recognise and substantively engage with China simply to regain Australian wheat contracts. Meanwhile, the Howard Government’s expanding trade relationship with China was predicated on Beijing’s acceptance of Australia’s participation in ANZUS and thereby a continuing US presence in the Asia-Pacific. These examples suggest that both incentive factors *and* perceptions of the rising power’s prospectively benign intentions need to exist if a junior ally is to develop an interest in deepening cooperation and will, correspondingly, adopt an engagement as distinguished from a non-engagement approach toward the rising power. So long as these two conditions exist, whichever variant of an engagement-based approach emerges—whether an

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<sup>45</sup> Edelstein highlights the importance of short-term benefits in engendering a cooperative strategy toward a rising power, but does not prioritise these relative to perceptions of intent. He suggests that short-term benefits may be sufficient to induce cooperation with a rising power, irrespective of perceptions regarding that country’s intentions. Edelstein, ‘Managing Uncertainty’, p. 15.

engagement or disengagement strategy—depends on whether junior allied policymakers believe they will be able to reach a *modus vivendi* with the rising power.

*Establishing a Modus Vivendi*

Engagement is an inherently dynamic process. When states deviate from an engagement strategy, this does not necessarily mean that they abandon an engagement-based approach to embrace containment. As noted above, issue-specific difficulties are likely to arise during the course of engagement between a junior ally and a rising power. Under these circumstances, a junior ally may resort to a disengagement strategy to induce change in a rising power's position on a specific issue of dispute.<sup>46</sup> The junior ally purposefully retracts cooperation for limited ends, whilst still seeking to maintain the broad fabric of the relationship. The Lyons Government's trade diversion policy and the Hawke Government's post-Tiananmen diplomatic sanctions are both illustrative. Both Governments implemented sanctions to compel the rising power to change its position on a specific issue of dispute, whilst simultaneously seeking to preserve bilateral relations in other spheres.

Whether a disengagement preference emerges depends on junior allied policymakers' assessment of whether they will be able to reach a *modus vivendi* with the leadership of the rising power. If junior allied policymakers believe such is the case, they will be more inclined to develop an interest in deepening political cooperation with a rising power and adopt an engagement preference toward that country. Conversely, if junior allied policymakers do not believe they will be able to reach a *modus vivendi* with the rising power, they will be more likely to develop an interest in at least tactically withdrawing from cooperation with that country. They will subsequently be more inclined to adopt a disengagement preference.

The concept of a *modus vivendi* draws on work undertaken by communicative action engagement theorists. These scholars highlight the importance of dialogue in the engagement process. They argue that most of the work undertaken on engagement conceives of it in terms of a unilateral 'socialisation' process in which the engaging state follows a bargaining logic (or *strategic engagement*). The engaging state uses material incentives to induce behavioural change in the target country, whilst

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<sup>46</sup> This is consistent with Victor Cha's observation an engaging state may potentially resort to sanctions to compel behavioural change in another state. Cha, 'Engaging North Korea Credibly', p. 147.

maintaining fixed preferences of its own.<sup>47</sup> Communicative action theorists argue, however, that this delineation misrepresents important aspects of the engagement process and, if followed, is more likely to lead to the demise of an engagement strategy.<sup>48</sup> Diplomatic negotiations between states are generally guided by norms of *mutual* reciprocity. Communicative action theorists subsequently argue that because strategic behaviour (such as encompassed by strategic engagement) does not provide for mutual accommodation of interests it is more likely to falter.<sup>49</sup> Nor can strategic behaviour account for cooperation beyond the distribution of material incentives.<sup>50</sup> Even if an engaging state is no longer able to offer material incentives, why does cooperation sometimes persist? Any such approach also discriminates against smaller or middle powers as a result of their relatively weak material capabilities and the relatively few material inducements they can offer the rising power.<sup>51</sup>

Communicative action theorists redress many of these weaknesses by delineating engagement as an interactive dialogue. As part of this dialogue, both actors' preferences are subject to change as they argue to defend their position and are potentially receptive to persuasion by alternative views.<sup>52</sup> Communicative action theorists argue that an interactive dialogue engenders a more sustainable partnership between a state and the country it is engaging than a purely incentive-based strategy. This is because dialogue facilitates developing shared expectations and principles for managing bilateral relations that accommodate both parties' interests.<sup>53</sup> Cooperation is also supported by shared understandings of acceptable behaviour rather than by simply incentive-based, short-term behavioural modification on the part of the country being engaged.<sup>54</sup>

States' enlistment of a dialogical engagement approach is not to suggest that they will be able to *resolve* or *harmonise* all of their differences. Instead, they are more likely to reach what communicative action theorists term a 'reasoned consensus'.<sup>55</sup> A reasoned consensus is predicated on: (1) a shared definition of the factual issues over which they are negotiating; (2) a common normative framework that defines acceptable

<sup>47</sup> See, Lynch, 'Why Engage?', p. 203; Ba, 'Who's socializing whom?', p. 159.

<sup>48</sup> Lynch, 'Why Engage?', pp. 191, 203–204.

<sup>49</sup> Harald Müller, 'Arguing, Bargaining and All That: Communicative Action, Rationalist Theory and the Logic of Appropriateness in International Relations', *European Journal of International Relations*, 10(3) 2004, pp. 409–410, 414; Lynch, 'Why Engage?', pp. 203–204.

<sup>50</sup> Lynch, 'Why Engage?', p. 214.

<sup>51</sup> Risse, "'Let's Argue!'", pp. 18–19; Ba, 'Who's socializing whom?', p. 160.

<sup>52</sup> Lynch, 'Why Engage?' pp. 192; Ba, 'Who's socializing whom?' pp. 163, 169–170.

<sup>53</sup> Lynch, 'Why Engage?', pp. 193, 204; Risse, "'Let's Argue!'", pp. 13–15; Müller, 'Arguing, Bargaining, and All That', pp. 400–401.

<sup>54</sup> Lynch, 'Why Engage?', p. 204.

<sup>55</sup> Lynch, 'Why Engage?', p. 190; Risse, "'Let's Argue!'", p. 13.

patterns of behaviour and shared expectations of the relationship; and (3) an agreement on the rules for dealing with ongoing conflicts of interest.<sup>56</sup>

These same three components constitute what this study advances as a ‘modus vivendi.’ A modus vivendi is a set of shared understandings and common expectations that provide a basis for cooperative interaction. The term modus vivendi, instead of reasoned consensus, is applied here because of the difficulty in empirically attributing this set of shared understandings to purely argumentative processes as some communicative action theorists (albeit not all) suggest.<sup>57</sup> Australian policymakers have frequently made use of positive incentives to provide the rising power with a stake in the relationship. Yet, they have simultaneously resorted to dialogue to resolve conflicting interpretations of a situation, to reach agreement on acceptable patterns of behaviour, or to develop methods for managing ongoing differences.

The ensuing modus vivendi, in turn, has formed the basis for reciprocal obligations that Australia (as a junior ally) and the rising power have viewed as underpinning the relationship. However, it was often fluid and subject to renegotiation. New conflicts of interest frequently gave rise to differing interpretations of the modus vivendi and the obligations it conferred. In the 1930s, for instance, the Lyons Government was extremely conscious of its adverse trade balance with the United States. Both Australia and the US subscribed to principles of trade liberalisation, but differed over how to realise this objective, with each country advocating an approach favouring its own interests. While the Lyons Government advocated preferential reciprocal bargaining, the Americans supported general tariff reductions on targeted goods notwithstanding which parties were involved. Under such circumstances in which a conflict develops, the junior ally may resort to negative sanctions—including withdrawal of benefits or tactical punitive measures. The Lyons Government, for instance, adopted tactical trade sanctions against American goods. Similarly, in response to Sino-Australian discord over China’s human rights practices, the Hawke Government adopted limited political sanctions.

Whether junior allied policymakers believe they can forge a modus vivendi with the rising power—and thus adopt an engagement or disengagement strategy—is

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<sup>56</sup> Risse, “‘Let’s Argue!’”, pp. 12–13.

<sup>57</sup> Habermas suggests that a reasoned consensus is contingent on the existence of an ‘ideal speech’ scenario in which states resort only to arguing, rather than to threats or incentives based on material power, to support their claims. In contrast, communicative engagement theorists argue that, often, a state enlists both dialogue and material incentives when engaging with another country. Risse, “‘Let’s Argue!’”, pp. 9–11; Peter Kotzian, ‘Arguing and Bargaining in International Negotiations: On the Application of the Frame-Selection Model and its Implications’, *International Political Science Review*, 28(1) 2007, p. 82; Ba, ‘Who’s socializing whom?’, p. 166; Lynch, ‘Why Engage?’, p. 203.

predicated on three value or situational assessments. These are formed, in part, during the process of interaction with the rising power. First, junior allied policymakers' beliefs about the prospect for reaching a *modus vivendi* are partly contingent on the value they assign to developing the relationship as a whole vis-à-vis prioritising issue-specific conflicts of interest. The priority that policymakers attach to developing the general bilateral relationship often determines their flexibility on, and willingness to develop ways of managing, subsidiary conflicts of interest. A second important assessment that shapes beliefs about reaching a *modus vivendi* is what junior allied policymakers interpret as the rising power's responsiveness to both their cooperative overtures and any outstanding concerns. Responsiveness entails a sympathetic hearing of the junior ally's representations and some flexibility in the rising power's position to accommodate its concerns.<sup>58</sup> Because engagement is an interactive process, the rising power's perceived responsiveness provides the junior ally with either positive or negative feedback regarding the likelihood of reaching an accord with that country. Responsiveness renders a *modus vivendi* more likely, whilst unresponsiveness casts doubt on this prospect. Finally, junior allied policymakers' assessment of the utility of limited coercive tactics also influences their calculations of reaching a *modus vivendi*. It highlights the utility of pursuing an alternative recourse instead of either acceding to the rising power's demands or simply doing nothing.

These assessments are causally interrelated. If junior allied policymakers assign a high value to a specific conflict of interest over further developing the relationship as a whole, this implies less flexibility in their own stance and a decreased willingness to accommodate the rising power's demands. We can logically surmise that junior allied policymakers' interpretations of a rising power's responsiveness, coupled with the perceived utility of limited coercive tactics, become important determinants of whether these policymakers believe they will be able to reach a *modus vivendi*. Junior allied policymakers must view the rising power as responsive or, alternatively, regard limited coercive tactics as having little utility, if they are to deem a *modus vivendi* is likely. If they arrive at the opposite assessments, a disengagement strategy is more likely. All

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<sup>58</sup> This interpretation of 'responsiveness' draws on definitions by Karl Deutsch and Kal Holsti. In his book *Political Community and the North Atlantic Area*, Deutsch defines 'responsiveness' as taking place when messages from other governments are not merely received by a state, but are understood and given real weight in the process of decision-making. Holsti defines responsiveness as, 'a disposition to receive another's request with some sympathy, even to the point where a government is willing to sacrifice some of its own values and interests to fulfil those requests'. Responsiveness differs from receptivity in that it entails actual action or efforts to accommodate a state's expressed concerns or representations. K.J. Holsti (1967) cited in Annette Baker Fox, *The Politics of Attraction*, New York: Columbia University Press, 1977, p. 4; Karl W. Deutsch, et al., *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience*, Princeton NJ: Princeton University Press, 1957, p. 67.

three assessments therefore act in combination to shape junior allied policymakers' beliefs about the prospect for reaching a *modus vivendi* with the rising power. This suggests that engagement preferences are not simply predicated on junior allied policymakers' pre-designated views about the rising power's intentions or incentives to cooperate. They are also contingent on assumptions, grounded in social interchange, about the prospects for developing a sustainable partnership with that country.

*Summary of Theoretical Propositions on Junior Allied Preferences Toward Rising Powers*

How then do beliefs about reaching a *modus vivendi* interact with the other two key variables—that is, beliefs about a rising power's benign intentions and incentives to cooperate—to shape junior allied engagement preferences toward rising powers? This chapter has so far argued that the most important (albeit not sufficient) factor for an engagement-based approach to emerge has been junior allied policymakers' beliefs that the rising power has, or could develop, benign intentions. The rising power has to maintain, or prospectively develop intentions that would facilitate it behaving consistently with the junior ally's core interests in regional order. When junior allied policymakers assess that a rising power maintains benign or prospectively *benign intentions* and simultaneously value *incentives* to cooperate with that country, an engagement-based approach is more likely to emerge.

In this context, junior allied policymakers' beliefs regarding the prospect for reaching a *modus vivendi* with the rising power become the principal determinant of whether they will adopt an engagement or disengagement preference. As Figure 2.1 illustrates, if junior allied policymakers believe they will be able to reach a *modus vivendi* with the rising power, they are more likely to develop an interest in deepening cooperation with that country and to adopt an engagement preference accordingly. Alternatively, when junior allied policymakers believe there is a low prospect for reaching a *modus vivendi* with the rising power, a junior ally will be more likely to develop an interest in tactically withdrawing cooperation from that country, whilst simultaneously preserving the basic fabric of the relationship. This is more likely to engender a disengagement preference.

**Figure 2.1 Factors Shaping Junior Allied Engagement Preferences**

	<b>Incentives</b>	<b>Potentially benign</b>	<b>Able to reach modus vivendi</b>
<b>Engagement</b>	Yes	Yes	Yes
<b>Disengagement</b>	Yes	Yes	No
<b>Nonengagement</b>	No	No	No

In the absence of either incentives to cooperate *or* perceptions that the rising power has, or could develop benign intentions, the junior ally is unlikely to develop an interest in deepening relations with the rising power over the long-term. Consequently, it is less likely to adopt an engagement-based approach (and hence neither engagement nor disengagement preferences will emerge). This study will more fully explore this first set of supplementary theoretical propositions (see Figure 2.2), in the ensuing Australian historical case studies.

Junior allied policymakers' beliefs regarding these aforementioned factors are the most important determinants of their interest and corresponding engagement *preference* toward the rising power. However, they are not inherently decisive of its *strategy* toward that power. In the Australian context, this was evident by the occasionally important influence of the alliance on whether and how these preferences were translated into corresponding strategies. In 1938, the Lyons Government reversed its disengagement strategy toward the US in response to British pressure that Australia should surrender its Ottawa marginal tariffs to facilitate an Anglo-American trade agreement. Meanwhile, in 1989, the Hawke Government gave relatively little consideration to its American ally's policies when formulating its strategy towards a rising China. How can we account for this seemingly varying influence of Australia's alliances on its engagement strategies towards rising powers? How does an alliance context impact on when a junior ally is more or less likely to engage with a rising power?

Here, Snyder's theory of the alliance security dilemma is useful. It provides scope for a junior ally's autonomous interests toward a rising power but does not presume that these interests will always be determinant. It postulates that in conducting its foreign policy, a junior ally will need to reconcile its autonomously derived interests in another

**Figure 2.2: Supplementary Theoretical Propositions on Engagement Preferences**

A junior ally's interest in deepening cooperation with the rising power and corresponding engagement preference is more likely to emerge if:

1. Junior allied policymakers perceive the rising power as maintaining or capable of developing benign intentions— that is, they assess that the rising power could be conditioned to behave in a way consistent with the junior ally's core interests in regional order;
2. Junior allied policymakers believe there are incentives to cooperate with the rising power; and
3. Junior allied policymakers believe they could reach a modus vivendi with the rising power.

**Supplementary Theoretical Propositions on Disengagement Preferences**

A junior ally's interest in tactically withdrawing cooperation from the rising power and corresponding disengagement preference is more likely to emerge if:

1. Junior allied policymakers perceive the rising power as maintaining or capable of developing benign intentions;
2. Junior allied policymakers believe there are incentives to cooperate with the rising power; and
3. Junior allied policymakers do *not* believe they will be able to forge a modus vivendi with the leadership of the rising power.

**Supplementary Theoretical Propositions on Non-Engagement Preferences**

A junior allied interest in not deepening long-term political cooperation with the rising power and corresponding non-engagement preference is likely to emerge if:

1. Junior allied policymakers do *not* perceive the rising power as maintaining or capable of developing benign intentions; or
2. Junior allied policymakers do not view, or sufficiently value, incentives to cooperate with the rising power.
3. In the absence of either of the above two factors, junior allied policymakers do not calculate the prospects for reaching a modus vivendi.



power with its interests in alliance preservation and the associated political obligations this entails.<sup>59</sup> Snyder's theory suggests that it is thus not merely the *substance* of the junior ally's 'interest' toward the rising power that influences its respective engagement strategy, but the *value* it assigns to this interest in an intra-alliance context.<sup>60</sup> It is this value that most fundamentally influences whether a junior ally translates its engagement preference into an engagement strategy toward the rising power.

### **Alliance Politics: The Relative Impact of the Alliance on Engagement Preferences**

#### ***Snyder and Risk-averse Junior Allies***

As noted in the preceding chapter, Snyder's theory is a useful explanatory tool because it posits a more nuanced interrelationship than do other alliance theories between a junior ally's autonomously derived foreign policy interests and the constraints of alliance membership. Snyder generally observes that the more asymmetrically dependent a junior allied state is on its senior partner and the weaker it perceives that partner's commitment, the more likely it will fear abandonment.<sup>61</sup> Under these circumstances, a junior ally will be more constrained by alliance considerations when pursuing those of its interests toward another power that diverge from its senior partner's preferences.<sup>62</sup> Snyder argues that this usually leads to a decision to refrain from conciliating with another power.<sup>63</sup> Nevertheless, he observes that sometimes even an asymmetrically dependent state may pursue (or at least bargain with its ally to pursue) its interests toward another power if it values these highly enough.<sup>64</sup> This, in turn, prompts the question: when is a junior ally likely to assign a high value to this interest in an intra-alliance context? By privileging the role of interest in this way, Snyder's theory is not fully definitive as to the conditions, if any, under which a junior ally's perceptions of its dependence and commitment (and ensuing fears of abandonment) will constrain its foreign policy. Evaluating these conditions is the second critical step to understanding how and when a junior ally comes to engage with a rising power.

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<sup>59</sup> Snyder, *Alliance Politics*, pp. 165–66, 179, 357.

<sup>60</sup> Snyder, *Alliance Politics*, p. 171, 175.

<sup>61</sup> Snyder, *Alliance Politics*, p. 188.

<sup>62</sup> Snyder, *Alliance Politics*, pp. 167–70, 175.

<sup>63</sup> Snyder, *Alliance Politics*, p. 184.

<sup>64</sup> Snyder, *Alliance Politics*, pp. 170–71.

This is particularly important in the context of risk-averse junior allies, such as Australia. For the purposes of this study, a risk-averse junior ally is one that seeks to realise its autonomous interests without jeopardising its alliance or the security benefits it derives from that association.<sup>65</sup> In the context of engagement with a rising power, it aims to pursue its autonomous interest in the rising power (whether this constitutes deepening, or tactically withdrawing from, cooperation with that country) without significantly damaging its alliance. In other words, a risk-averse junior ally will endeavour to optimise both its interests in the rising power and in the alliance. Snyder's theory suggests that, in the event an allied state's policymakers believe they maintain comparatively greater intra-alliance bargaining power, they will be more inclined to pursue their highly valued interests in another power and will be able to do so with minimal fear of recrimination from their security partner.<sup>66</sup> However, he observes that when pursuing a 'mixed strategy' of both cooperation with the ally and cooperation with that ally's potential competitor or adversary, 'the best that can be hoped for is an uneasy balance between the risk of alliance break-up and the risk of continued conflict with the opponent'.<sup>67</sup> This implies that risk-averse junior allies are likely to be constrained in forging a relationship with a rising power.

The historical experience of Australia and a number of other junior allies lends support to the first interpretation over the second. Although Australia has generally been risk-averse with regard to the alliance, this has not equated to conformity with its senior ally's preferences or even reserve when engaging with a rising power. Australian policymakers have often pursued their autonomous interests and associated engagement preferences toward a rising power, despite their enduring perceptions of asymmetric dependence and, in most instances, fears of abandonment by their senior ally. Moreover, they frequently did so with little concern that this would engender an adverse effect on the alliance. In 1971, the ALP sought to forge closer Sino-Australian relations by sending a delegation to Beijing. It decided to do so ahead of parallel moves by the Nixon Administration, thereby abandoning traditional Australian practices of coordinating China policy with the US. Australian Opposition Leader and later Prime Minister Gough Whitlam was confident, however, that this would pose little problem

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<sup>65</sup> This definition of risk aversion draws on James Morrow's work on risk attitudes of allied states. Morrow concludes that an allied state is risk-averse if it values its security more than it values its autonomy. Conversely, an allied state is risk-acceptant if it values its autonomy more than it values its security. Snyder hints at a similar definition of risk-aversion, arguing that a state seeks to optimise its security and autonomy. James D. Morrow, 'On the Theoretical Basis of a Measure of National Risk Attitudes', *International Studies Quarterly*, 31(4) 1987, p. 434; Snyder, *Alliance Politics*, pp. 181, 189.

<sup>66</sup> Snyder, *Alliance Politics*, pp. 170–71, 174–77.

<sup>67</sup> Snyder, *Alliance Politics*, p. 196.

for the American alliance. Other historical instances of Australian engagement with rising powers suggest similar trends. This indicates that Australian policymakers' perceptions of comparatively significant intra-alliance bargaining power, deriving from a highly valued interest, played an important role. Yet, how can we account for these perceptions of intra-alliance bargaining power? When was a risk-averse junior ally more or less inclined to assign a high value to its interest and corresponding engagement preference in an intra-alliance context? When was it more constrained by considerations of alliance dependence and commitment?

### *The Importance of Allied Acquiescence*

Under the auspices of cooperative–competitive (rather than adversarial) great power relations,<sup>68</sup> this study projects that junior allied policymakers are more likely to assign a high value to their interest and ensuing engagement preference toward the rising power if they believe their ally could be persuaded to acquiesce to their corresponding engagement strategy over time. Acquiescence does not mean that the senior ally has to have identical preferences or even that it has to actively endorse the strategy of its junior partner. It implies simply that the senior ally *will not strenuously object to* its junior partner's strategies toward the rising power. This, in turn, mitigates the risk that the senior ally will 'abandon' the alliance or will withdraw important alliance benefits—whether formally or simply through a demonstrated weaker commitment to that country over time. As a result, a risk-averse junior ally may assign greater value to its autonomously derived interest and preference toward the rising power. This offsets the weight that it subsequently assigns to considerations of alliance dependence and commitment when forming its engagement strategy.<sup>69</sup> The junior ally is thus more likely to draw the conclusion that it entertains greater intra-alliance bargaining power in this issue specific context.

Again, this is suggested by the ALP's engagement strategy toward China during 1971. Whitlam and his advisors did not believe that an independent Australian policy toward China would be an alliance-breaking issue or even engender American

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<sup>68</sup> As noted in the introduction, a 'cooperative-competitive' relationship is one in which there are elements of both cooperation and rivalry across multiple dimensions of the relationship. As will be discussed more fully in Chapter Eight, junior allied policymakers will view allied acquiescence as more probable in the context of cooperative–competitive rather than adversarial great power relations. In conditions of adversarial relations, the dominant ally's core interests and shared understandings of alliance contribution are more likely to be defined in opposition to that adversary.

<sup>69</sup> This follows Snyder's reasoning as to the impact of a highly valued interest on calculations of intra-alliance bargaining power. Snyder, *Alliance Politics*, pp. 170–71.

acrimony. The ALP could therefore assign a high value to and pursue its interests in China, with relatively minimal concern as to negative ramifications for ANZUS. Whereas a risk-acceptant junior ally is more likely to assign a high value to its interest independently of alliance considerations, a risk-averse junior ally will assign a high value to its interest on the basis of its senior partner's acquiescence over time. What a junior ally perceives as its senior partner's acquiescence supports its considerations of comparative intra-alliance bargaining power, thus enabling it to translate its engagement preference into an engagement strategy.

The question then becomes how a junior ally arrives at the assumption of allied acquiescence. What factors give rise to this assumption? Drawing on insights from the broader alliance literature and observations from Australia's historical engagement with rising powers, two factors emerge. These are, first, that the junior ally must not perceive its engagement preference as compromising its senior partner's core global and regional interests. Second, the junior ally must view its engagement preference as consistent with what it interprets as shared understandings of alliance contribution. The remainder of this section reviews each of these factors, before summarising the alliance-related theoretical propositions that this study more fully examines in the six empirical case studies.

#### *Perceived Consistency with the Senior Ally's Core Regional Interests*

The first factor that may shape a junior ally's perceptions that its senior partner will acquiesce is whether its engagement preference is consistent with its ally's core global and regional interests. This proposition draws on alliance theorist George Liska's observation that an ally can conciliate with a potential adversary to the extent that it 'remain[s] within the limits of the allies' essential loyalty to each other's vital interests'.<sup>70</sup> The Australian historical record of engagement suggests that this assumption is accurate in the context of junior allied engagement with a rising power. However, this study adopts the term 'core interests' instead of 'vital interests'. 'Core interests' is a broader term used to describe a state's non-negotiable interests, some of which may fall short of the defence of its territorial integrity, preservation of its national

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<sup>70</sup> George Liska, *Nations in Alliance*, Baltimore: The Johns Hopkins Press, 1962, p. 153.

economy, or other factors that are directly linked to its national survival as the term 'vital interests' tends to connote.<sup>71</sup>

Yet, what comprises the senior ally's core global and regional interests and how they relate to the rising power is not always clear. Instead, they are learned intuitively by junior allied policymakers through the course of intra-alliance discussions and representations. They are also likely to vary depending on the particular senior ally and the given time period. So long as a junior ally does not perceive its engagement preference as compromising the core interests of its senior partner, it will be more likely to perceive that partner as potentially acquiescing. It will thus be less constrained in pursuing its respective engagement or disengagement strategy. Conversely, a junior ally is likely to conclude that if its engagement preference detracts from its senior partner's core interests, that partner's acquiescence to its engagement strategy is less likely.

This inference is suggested by the Lyons Government's shift away from disengagement of the United States during the late 1930s. In 1936, the Lyons Government was aware that the British did not necessarily approve of Australia's trade diversion policy toward the US, but tacitly accepted it in view of the commercial benefits the British stood to gain.<sup>72</sup> A year later, however, the Australian Government recognised that by withholding its Ottawa preferences (linked to the success of its trade diversion policy), it might compromise core British interests that were linked to the Anglo-American trade agreement. After representations by British Prime Minister Neville Chamberlain to this effect, the Lyons Government calculated that British acquiescence, on the terms Australia wished, was less likely.<sup>73</sup> It subsequently altered its strategy toward the US in order to maintain British trade privileges. This represents merely one instance, suggesting that, for a junior ally's respective engagement preference to translate into a corresponding strategy, the junior ally must perceive it as consistent with its ally's core strategic interests and thus engendering allied acquiescence.

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<sup>71</sup> Key examples of these interests may include preventing domination of a particular region by an expansionist power or preserving access to a particular commercial market. These interests may not be intrinsic to a state's survival. However, they are often either directly or indirectly linked to such 'vital' interests (the means of realising these vital interests). As such, they tend to be assigned a high level of importance. Other interests of this level of importance may be linked to those ideological or value-goals that the state seeks to pursue in the international system.

<sup>72</sup> Earle Page, *Truant Surgeon*. Grafton: Examiner Print, 1959, p. 246; John B. O'Brien, 'Empire v. National Interests in Australian-British Relations During the 1930s', *Historical Studies*, 22(89) 1987, pp. 578, 582.

<sup>73</sup> Chamberlain to Lyons, 6 December 1937, NAA: A2910, 437/5/120A PART I; Earle Page, "United Kingdom-United States Trade Negotiations and their Empire Significance", 24 November 1937, NAA: A1667, 430/B/52E.

*Shared Understandings of Alliance Contribution*

A second important factor that may influence a junior ally's perception of allied acquiescence is what it perceives as shared understandings of alliance contribution. Thomas Risse-Kappen advances an argument that norms and other shared understandings play an important role in offsetting the distribution of material power as a determinant of intra-alliance influence. He argues that, in the context of the North Atlantic Treaty Organization (NATO), democratic norms of consultation and compromise are externalised to govern intra-alliance interactions. Alliance influence is therefore determined by the 'better argument' instead of allies' relative material capabilities.<sup>74</sup> As noted in the preceding chapter, Australian perceptions of allied acquiescence were not guided by these norms. Indeed, the Australians did not always consult or 'argue' with their senior partner prior to undertaking policy initiatives. This is not to say, however, that there were not other norms or shared understandings that offset the relative distribution of material power in determining intra-alliance influence and which subsequently shaped Australian perceptions of allied acquiescence to its engagement preferences.

This study argues that what junior allied policymakers view as shared understandings of alliance contribution may also facilitate their perceptions of allied acquiescence to a particular engagement strategy. These shared understandings of alliance contribution derive from junior allied policymakers' interpretations of alliance purpose as well as their discussions with senior allied counterparts. To some extent, these shared understandings are historically contingent. They are likely to vary depending on the nature of the alliance and changing perceptions of alliance purpose over time. They are also subject to constant negotiation as the junior ally and its senior partner debate alliance purpose and the junior ally's role as a facilitator. What comprises an alliance contribution and the range of acceptable foreign policy practices it connotes in a given context is thus dynamic and fluid.

Generally, however, junior allies calculate that their senior partner's acquiescence will depend on the consistency of their engagement preference with these shared understandings at a given point in time. As long as junior allied policymakers view their engagement initiative as consistent with these shared understandings, the senior partner is perceived as maintaining fewer grounds for objection. Like the

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<sup>74</sup> Thomas Risse-Kappen, *Cooperation Among Democracies: The European Influence on U.S. Foreign Policy*, Princeton, NJ: Princeton University Press, 1995, pp. 35–37.

democratic norms of consultation that Risse outlines,<sup>75</sup> these understandings have a regulative function. Junior allied policymakers refer to these shared understandings and their behaviour in accordance with them to justify their divergent interest and preference toward the rising power. In so doing, they are more likely to secure that ally's acquiescence. As Risse observes with regard to NATO, 'norms serve as collective understandings of appropriate behaviour, which can be invoked by the participants in a discourse to justify their arguments ...'.<sup>76</sup> Negotiation theorists William Zartman and Jeffrey Rubin likewise illuminate how smaller powers appeal to shared norms and rules to offset the disadvantage in their bargaining power deriving from their comparatively weak military capabilities.<sup>77</sup>

Australia appears to have frequently resorted to such behaviour when forming its engagement policies toward a rising power from within its alliance. During the 1950s, for instance, the British were initially reluctant to accede to Australian participation in a Pacific Pact with the US. In discourse and correspondence with British officials, the Menzies Government framed its decision to pursue this security pact in terms of shared imperial understandings of regional decentralisation that had evolved after the Second World War. These imperial understandings suggested that because Australia was primarily responsible for its own defence, its interests on Pacific matters should prevail in the event of divergence with Great Britain. Prime Minister Robert Menzies and then Foreign Affairs Minister Percy Spender appealed to these understandings to secure British acquiescence to their divergent preference toward the United States instead of being constrained by the relative distribution of material power within the imperial alliance. In the case of Australian engagement with a rising China, Australian Opposition Leader Gough Whitlam referred to changing understandings of alliance contribution in order to compartmentalise Sino-Australian relations from the purview of the ANZUS alliance.

Coupled with junior allied policymakers' perceptions of their senior partner's core interests, shared understandings of alliance contribution help shape a junior ally's interpretation of what constitutes acceptable and unacceptable behaviour within an

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<sup>75</sup> Thomas Risse-Kappen, 'Collective Identity in a Democratic Community: The Case of NATO', in Peter Katzenstein (ed.), *The Culture of National Security: Norms and Identity in World Politics*, New York: Columbia University Press, 1996, p. 369.

<sup>76</sup> Risse-Kappen, 'Collective Identity in a Democratic Community', p. 369.

<sup>77</sup> I. William Zartman and Jeffrey Rubin, 'Symmetry and Asymmetry in Negotiation', in I. William Zartman and Jeffrey Rubin (eds), *Power and Negotiation*, Ann Arbor: University of Michigan Press, 2000, p. 279.

alliance.<sup>78</sup> Subsequently, they assist to define the autonomous junior allied foreign policy strategies and initiatives to which a senior partner will acquiesce. They serve as a critical interface between a junior ally's alliance obligations and the autonomous interests it could pursue without fear of adverse consequences for the alliance.

### *Summary of Theoretical Propositions on the Constraining Effect of Alliances*

Although initial research of the Australian historical record appears to support this study's assertions regarding the constraints posed by alliance membership on a junior ally's engagement strategy, the case studies that follow will more systematically explore and verify these assertions. In addition to the first set of theoretical propositions outlined previously, the empirical case studies will examine a second set of alliance-related supplementary theoretical propositions outlined in Figure 2.3.

These propositions suggest that a risk-averse junior ally's perception of its senior partner's acquiescence to its engagement strategy mediates between its abandonment fears and the relative value it assigns to its interest and associated engagement preference toward the rising power. This perception therefore defines the scope of a junior ally's intra-alliance bargaining power with regard to engagement with a rising power. It subsequently determines whether junior allies will be more or less inclined to translate their autonomously-derived engagement preferences toward the rising power into engagement strategies. This is a second and equally central component of determining how and when a junior ally comes to engage with a rising power.

By advancing these theoretical propositions, the study is able to address the empirical puzzle of how a junior ally, such as Australia, comes to engage with a rising power. Because allied acquiescence does not necessarily equate to conformity with a senior partner's preferences, this study posits that junior allies are frequently able to assign a high value to their divergent interest in a rising power and to achieve a degree of autonomy in their foreign policy toward that country. Within the parameters outlined above, factors implicit to the bilateral relationship between the junior ally and the rising power will assume a more prominent role in shaping the changing dynamics of junior allied engagement.

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<sup>78</sup> Especially in the event of any ambiguity over a senior ally's core interests and how these relate to a rising power, this benchmark provides an additional check to ensure that a junior ally's engagement strategy will not significantly damage the alliance.



*Figure 2.3: Supplementary Theoretical Propositions on the Constraining Effects of an Alliance*

1. In the event of divergence from a senior ally's preferences, junior allied policymakers are more likely to assign a high value to their interest in the rising power and the associated engagement/disengagement preference if they believe the senior ally will acquiesce over time.
2. Junior allied policymakers are more likely to believe their senior ally will acquiesce if:
  - a. They interpret their engagement/disengagement preference to be consistent with the senior ally's core global and regional interests.
  - b. They perceive their engagement/disengagement preference as consistent with shared understandings of alliance contribution.
3. If a junior ally subsequently assigns a high value to its interest, considerations of alliance dependence and commitment have less weight in the junior ally's policy formation toward the rising power. It will thus translate its engagement/disengagement preference into an engagement/disengagement strategy.

## Conclusion

This study posits that, of the existing international relations theories, Snyder's theory of the alliance security dilemma offers the best starting point from which to develop a theoretical framework of junior allied engagement with a rising power. Unlike power transition or other alliance theories, Snyder does not assume that a junior ally's interests toward an external power axiomatically derive from that of its senior partner. His theoretical assumptions accommodate a world in which a junior ally endeavours to reconcile its independent interests in a rising power with its interests in alliance preservation. Snyder's theory is also unique in that it examines the interrelationship between these two sets of interests in policy formation—that is, the conditions under which a junior ally's interests in the rising power will be constrained by alliance considerations when translated into strategies.

Like other rationalist deductive models, Snyder treats interests as fixed and given rather than as a subject for analysis. To better understand when a junior ally will be more likely to engage with a rising power from within an alliance context, we need to further delineate this interest. First, we need to know when a junior ally's interest is more or less likely to develop in a way that favours adopting an engagement preference

toward a rising power. Second, we need to discern when a junior ally is more or less likely to assign a high value to this interest in an intra-alliance context. It is only when the junior ally assigns a high value to this interest that it is more likely to develop perceptions of comparatively significant intra-alliance bargaining power and to pursue this interest with less regard to alliance constraints.

To enhance the explanatory power of Snyder's theory in the Australian empirical context, this chapter has advanced a series of supplementary theoretical propositions (comprising a theoretical framework) that address these issues. First, it has distinguished between engagement, disengagement, and non-engagement to better understand the range of preferences and strategies that a junior ally may adopt toward a rising power over time. Second, it has sought to build on Snyder's theory by developing supplementary theoretical propositions that specify when a junior ally is more likely to develop an interest favouring engagement, disengagement or non-engagement preferences. This is largely a function of the junior ally's beliefs regarding the rising power's intentions, its incentives to cooperate with that country, and what it regards as the prospect for reaching a *modus vivendi*. Third, the chapter has outlined when a junior ally is more or less likely to assign a high value to this interest in an intra-alliance context. In particular, it has highlighted the importance of a junior ally's perceptions of allied acquiescence to these value assessments. It has thus defined when a junior ally is more or less likely to be constrained by alliance considerations when translating its respective engagement preference into an engagement strategy. Supplemented with these theoretical propositions, Snyder's theory of alliance management better explains when a junior ally is more or less likely to engage with a rising power.

The following six case study chapters provide the empirical setting for more rigorously exploring how Snyder's theory, coupled with this study's theoretical propositions, account for the changing dynamics of junior allied engagement. As noted previously, Australia presents a particularly important setting for examining the theoretical propositions set out above. In view of what Australian policymakers have generally perceived as their country's asymmetric dependence on a great power ally, one would have expected them to be significantly constrained by alliance considerations and their senior ally's preferences in forging an engagement strategy with a rising power. That Australian policymakers did not conform to these expectations has implications not only for how one conceives of Australian foreign policy but for understanding junior allied engagement.

Accounting for change, over time, in junior allied engagement, the study surveys different instances of Australian engagement and disengagement with a rising power. The first three case study chapters examine the dynamics of Australian engagement toward a rising America, from within Australia's imperial alliance, between 1908 and 1951. A brief synopsis follows these three case studies, relating the collective findings to the theoretical propositions this study advances. The final three case studies examine these theoretical propositions in relation to Australian engagement with a rising China, from within ANZUS, between 1971 and 1997. In so doing, they demonstrate how the study's theoretical propositions have general applicability across differing cultural contexts, alliance contexts and historical periods.

Within each case, the study explores Australian decision-making processes which led to an associated engagement or disengagement outcome. The first part of each chapter establishes the contextual background of power transition in which Australian decision-making took place. Against this backdrop, the chapter explores the relative strengths and weaknesses of power transition theory and Snyder's theory in accounting for Australian engagement or disengagement with the rising power. The second part of the chapter examines the relative explanatory power of the first set of supplementary theoretical propositions. It investigates to what extent beliefs regarding a rising power's intentions, incentives to cooperate and prospects of reaching a *modus vivendi* determined Australia's interest in, and ensuing engagement preference toward, the rising power. What role did each of these factors play in shaping the dynamics of Australian engagement and why were they so important? To what extent were beliefs about a rising power's intentions *and* incentives to cooperate both integral to an Australia's engagement-based approach emerging? The third part of each case study chapter then examines the theoretical propositions advanced above regarding when a junior ally is more likely to be constrained by alliance considerations in fashioning its strategy toward the rising power. How important were Australian policymakers' assumptions of allied acquiescence when they were translating their engagement preference into an engagement strategy? How did they arrive at this assumption? These questions are critical to determining the scope for a junior ally to independently engage with a rising power and are thus integral to understanding the empirical puzzle driving this study.

By systematically exploring this chapter's theoretical propositions in relation to a series of Australian cases, this study provides an empirically-grounded theoretical framework for understanding how and when a junior ally comes to engage with a rising

power. This theoretical framework may, in turn, be tested against other country cases to develop a more general theory of junior allied engagement over time. What this study aims to do is to provide an important first step toward redressing the conceptual gap on junior allied engagement that has existed within the literature.

PART TWO:

AUSTRALIAN ENGAGEMENT AND THE ANGLO-AMERICAN  
POWER TRANSITION, 1908–1951

## CHAPTER THREE

### DEAKIN AND A RISING AMERICA, 1907–09

The longstanding tradition of Australian engagement with rising powers dates back to the early twentieth century. This period marks the beginning of concerted Australian efforts to establish a cooperative relationship with an ascendant America. Between 1907 and 1909, Australian Prime Minister Alfred Deakin instigated a series of initiatives, as part of an Australian engagement strategy, to deepen cooperation between the British Empire and the United States in the Pacific.<sup>1</sup> Most prominent among these initiatives were his efforts to bring about an official invitation for the American fleet to visit Australia during its 1908 Pacific tour. On 24 December 1907 and 7 January 1908, Deakin corresponded with the US Consul-General in Melbourne, John Bray, and the American Ambassador in London, Whitelaw Reid, to secure their offices in ensuring a favourable American reception to what he assured them would be a forthcoming official invitation sent by the British Foreign Office. It was not until three weeks later, however, that Deakin informed the British Colonial Office of his intentions regarding the fleet and requested that an invitation be issued. The British Government had a number of misgivings about the American fleet visiting Australian shores.<sup>2</sup> Nevertheless, to refuse to issue such an invitation after Deakin had already informed American officials, could negatively impact on the broader Anglo-American relationship.<sup>3</sup> The Foreign Office subsequently issued the invitation and the American fleet received a lavish reception during its tour of Australia between 20 August and 17 September 1908.

After the fleet's visit, Deakin's entreaties toward the United States continued. Almost immediately after its departure, the Australian Government invited US President Theodore Roosevelt to visit Australia, on his forthcoming world tour, as a further gesture of goodwill. Roosevelt declined the invitation. On learning of a second world cruise of the American fleet in September 1909, Deakin wrote to Britain's

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<sup>1</sup> This study uses the general term 'Pacific' to denote what would now be termed the Asia-Pacific region. Australian policymakers used this term to describe the region at least up until the early 1970s. For reasons that will be further elucidated later, however, the term generally excludes the Southwest Pacific over which Australia, on behalf of the British Empire, sought to establish exclusive control.

<sup>2</sup> Neville Meaney, *The Search for Security in the Pacific, 1901–14*, Sydney: Sydney University Press, 1976, p. 164.

<sup>3</sup> Meaney, *The Search for Security in the Pacific*, p. 165.

Secretary of State for the Colonies, Lord Crewe, with what he termed a ‘proposition of the highest international importance’.<sup>4</sup> Deakin advocated ‘an Agreement for an extension of the Monroe Doctrine to all countries around the Pacific supported by guarantees of the British Empire, Holland, France, and China added to that of the United States’.<sup>5</sup> The Colonial Office politely rejected what it deemed to be Deakin’s presumptuous initiative,<sup>6</sup> thereby stymying Australia’s attempts to engage with the US. This chapter focuses primarily on Deakin’s efforts to secure a visit of the American fleet to Australia as the critical shift between Australia’s non-engagement and engagement-based approaches toward the US. Nevertheless, it occasionally draws on these other examples to further explore the motives and conditions underpinning Australia’s engagement strategy during this time.

How did this engagement strategy towards the US even come about? The Deakin Government’s engagement strategy toward a rising America is counterintuitive to what existing international relations theories suggest regarding how a junior ally should respond to power transition. Power transition theory expounds that, as a ‘satisfied’ junior ally, Australia should have bandwagoned with Great Britain to preserve the existing international order. Instead of complying with British preferences, however, Deakin acted against them by cultivating stronger relations with the United States. Moreover, he did so not as a precursor to Australian realignment with the US (as power transition theorists suggest), but *within the context* of Australia’s continuing imperial alliance. This anomalous outcome prompts the following questions: If the Deakin Government was satisfied with the British-led international order, why did it engage with a rising America? Moreover, how did the Deakin Government reconcile its engagement strategy with Australia’s continued support for *Pax Britannica* in the Pacific?

Glenn Snyder’s theory of the alliance security dilemma would more accurately attribute this foreign policy outcome to how Deakin conceived of Australia’s interest in the United States and Australia’s intra-alliance bargaining power. The Deakin Government developed a strong interest in deepening imperial cooperation with the US. Consistent with Snyder’s theory, the significant value that the Deakin Government assigned to this interest offset the constraining influence of Australian fears of

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<sup>4</sup> See Appendix I in Neville Meaney, “‘A Proposition of the Highest International Importance’: Alfred Deakin’s Pacific Agreement Proposal and its Significance for Australian-Imperial Relations”, *Journal of Commonwealth Political Studies*, V (November), 1967, p. 211.

<sup>5</sup> Appendix I in Meaney, “‘A Proposition of the Highest International Importance’”, p. 211.

<sup>6</sup> Meaney, “‘A Proposition of the Highest International Importance’”, pp. 206–207.

abandonment by Great Britain. This anomaly gave rise to Deakin's perceptions of comparatively greater Australian intra-alliance bargaining power in this issue-specific context, which encouraged him to aggressively pursue the invitation to the American fleet and subsequent engagement initiatives. What Snyder's theory cannot illuminate, however, is why the Deakin Government developed interests in cooperating with a rising America in the first place. Nor does it make clear why Deakin assigned such a high value to these interests and was not more constrained by the alliance in pursuing them. To more fully understand how the Deakin Government came to engage with a rising America from within an alliance context, we must better understand these twin issues.

Deakin's conception of Australia's interest toward a rising America was shaped by considerations of how to fortify *Pax Britannica* in the Pacific. Deakin had his own ideas as to how this could be achieved. Concerned about the threat that a potential German-Japanese axis posed to British naval supremacy in the Pacific, Deakin envisioned the United States' growing naval power as contributing to the strength of the British Empire in the Pacific and thus facilitating Australia's preferred construct of regional order. Optimally, this construct was one in which the British Empire retained primacy and the Anglo-Saxon nations, collectively, dominated the Pacific. This incentive for more closely cooperating with Washington was underwritten by Deakin's belief that the United States could be persuaded to act in a way that supported rather than undermined this construct. Also important was Deakin's belief that he would be able to reach a workable *modus vivendi* with the Roosevelt Administration. The confluence of these beliefs, coupled with the United States' growing naval power, ultimately gave rise to the Deakin Government's interest in deepening cooperation with the US and subsequent engagement preference.

This is not to suggest, however, that the imperial alliance had no constraining influence on Australian engagement with the US at the turn of the century. As an imperialist first and foremost, Deakin was acutely conscious of how London would respond. Whether Deakin could translate his engagement preference into an actual engagement strategy was contingent on his belief that the British, in due course, could be persuaded to acquiesce to this strategy. Deakin's assumption of British acquiescence was founded upon the perceived consistency of his course of action with core British global and regional interests. Enlisting American friendship and support in the Pacific would enable Britain to concentrate its naval power against Germany in the North Atlantic. On learning of British opposition to the American fleet visit to Australia,



Deakin also appealed to shared understandings of intra-imperial consultation, and London's previous violations of them, to justify his actions and persuade the British to acquiesce in this engagement strategy. He framed his actions not in terms of Australian disobedience, but as a purposeful act designed to *reinforce* to London the need for both parties to adhere to shared understandings of intra-imperial consultation. By portraying his engagement strategy in these terms, Deakin hoped to mitigate damage to Australia's reputation for alliance loyalty. This contrasts with Deakin's subsequent 1909 'Monroe Doctrine' initiative, which was stymied by alliance considerations. In both cases, Deakin's assessment of whether Britain could be induced to acquiesce was the deciding factor in whether the Australian Government was constrained by fears of British abandonment or promoted its own interests towards a rising America.

To establish the context in which Deakin's engagement diplomacy took place, this chapter first outlines the dynamics of Anglo-American power transition at the turn of the twentieth century. It then examines the extent to which power transition theory and Snyder's theory of the alliance security dilemma adequately explain the Australian Government's response to this transition. The second part of the chapter redresses the limitations of Snyder's theory by more systematically examining the relative applicability of the supplementary theoretical propositions advanced in Chapter Two. It examines these propositions in relation to how the Deakin Government developed its cooperative interests towards a rising America. It then explores how Deakin reconciled these interests with the imperatives of alliance management. Through these propositions, this chapter infuses Snyder's deductive model with greater explanatory power with regard to this particular case study.

### **Origins of the Anglo-American Power Transition**

The turn of the twentieth century marked the beginning of a power transition between Great Britain and the United States that was to last for close to fifty years. *Pax Britannica* was founded upon Britain's rapidly growing industrial economy, the supremacy of British naval power and Britain's vast colonial empire. By the early 1900s, however, all of these sources of power were subject to increasing challenge as strategic competitors to Britain emerged both within and outside Europe. While Britain retained its overall preeminence in the international system, the phenomenal growth of Germany and the United States signified the beginning of its *relative* decline.

This relative decline was grounded in Britain's decreasing competitiveness in the international economy. By 1900, Britain was no longer the only highly industrialised country and, indeed, its economic dominance was receding. Germany, France, the United States and Japan all achieved impressive economic growth rates.<sup>7</sup> Several of these countries became trading competitors to Great Britain. While Britain still dominated world trade, its relative share of international commerce fell from 25 per cent in 1880 to 21 per cent in 1900. During that same timespan, Germany's share of world trade increased from 9–12 per cent and the United States from 10–11 per cent.<sup>8</sup>

Britain's *relative* economic decline as a result of other countries industrialising, in turn, inhibited its ability to maintain its lead in naval power. British naval supremacy was long regarded in both Britain and other countries as the principal factor underpinning British global dominance.<sup>9</sup> Yet, by the 1890s, Germany, France, Russia, Japan and the United States all began to construct extensive naval forces. The United States had become the world's second largest naval power, adding 28 major ships to its fleet between 1898 and 1907.<sup>10</sup> Germany also posed a significant challenge. In 1898, the German government passed legislation that committed the country to construct a first-class navy. This challenged Britain's ability to maintain its traditional two-power standard.<sup>11</sup> British naval superiority was based on the maxim that the Royal Navy should maintain a battleship fleet equal to the strength of any other two navies that could be brought against it. Although still technically upholding this standard, by May 1908, 86 per cent of the Royal Navy was concentrated in or near home waters to meet the German threat.<sup>12</sup>

The British, in effect, lost control of the world's oceans and were increasingly reliant on alliances or other types of cooperative relationships to facilitate global trade and security in other parts of the empire.<sup>13</sup> In 1901, the British withdrew their South Atlantic, North American and West Indian squadrons, effectively ceding dominance of

<sup>7</sup> Aaron Friedberg, *The Weary Titan: Britain and the Experience of Relative Decline, 1895–1905*, Princeton, NJ: Princeton University Press, 1988, p. 24.

<sup>8</sup> Friedberg, *The Weary Titan*, p. 24. Similar trends were evident in total manufacturing output. While in 1880, Great Britain was responsible for 22.9 per cent of world manufacturing output, this had declined to only 14.1 per cent by 1913. Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500–2000*, New York: Random House, 1987, p. 228.

<sup>9</sup> Friedberg, *The Weary Titan*, p. 298.

<sup>10</sup> Phillips Payson O'Brien, *British and American Naval Power: Politics and Policy, 1900–1936*, Westport, CT: Praeger, 1998, p. 50.

<sup>11</sup> Bradford Perkins, *The Great Rapprochement: England and the United States, 1885–1914*, London: Victor Gollancz Ltd., 1969, p. 158.

<sup>12</sup> James R. Reckner, *Teddy Roosevelt's Great White Fleet*, Annapolis, MD: Naval Institute Press, 1998, p. 4.

<sup>13</sup> Kennedy, *The Rise and Fall of the Great Powers*, p. 251.

the western hemisphere to the United States.<sup>14</sup> This was followed by the 1902 Anglo-Japanese alliance, through which the British sought an expedient way to reduce their commitment to the 'Far East'. Following Japan's victory over Russian forces in the 1905 Battle of Tsushima, the British Committee of Imperial Defence deemed Japan capable of assuming a greater role in maintaining the regional balance of power. Britain consequently withdrew five battleships and most of its old cruisers from the Far Eastern theatre.<sup>15</sup> Deakin and his advisors increasingly came to believe that the British were forfeiting naval supremacy in the Pacific. While Japan now dominated the northwest Pacific, the United States dominated the eastern part of that ocean.<sup>16</sup>

To Australians, the 1905 Russo-Japanese war and the 1908 tour of the American fleet were events that signified a relative shift in both strategic power and the hierarchy of prestige in the Pacific. While neither Japan nor the United States had yet emerged dominant in the region, power transition theory would suggest that changing power relativities should have factored into Australia's response to a rising America. Intensifying Anglo-American competition for prestige should have rendered an Australian engagement-based approach toward the United States difficult from *within* its imperial alliance. In view of this tension, how then did Australia—as a part of the British Empire—instigate an invitation to the US fleet and engage with an ascendant America during the early part of the twentieth century?

<sup>14</sup> Friedberg, *The Weary Titan*, pp. 195–99.

<sup>15</sup> Reckner, 'Teddy Roosevelt's Great White Fleet', p. 3; Nicholas Lambert, 'Economy or Empire? The Fleet Unit Concept and the Quest for Collective Security in the Pacific, 1909–14', in Greg Kennedy and Keith Neilson (eds), *Far Flung Lines: Essays on Imperial Defence in Honour of Donald Mackenzie Schurman*, London: Frank Cass, 1997, p. 57.

<sup>16</sup> This view was most explicitly stated by William Hughes to Parliament in 1911. Hughes argued that the US decision to enter the Pacific was little cause for rejoicing, signalling that 'in the Pacific the Naval Power of England has yielded to the United States on the Western littoral and to Japan in the Far East'. There is evidence to suggest that this view was also adopted by Deakin and Creswell. Deakin noted that Britain had foregone her old supremacy at sea. Creswell, meanwhile, argued that 'the time is fast approaching when the existence of Australia "will depend on the goodwill of America and the politeness of Japan" ... It requires no further argument to show that it will be absolutely impossible for us to maintain our supremacy both in home waters and in the Far East'. Hughes (1911) cited in Russell Parkin and David Lee, *Great White Fleet to Coral Sea: Naval Strategy and the Development of Australian-United States Relations, 1900–1945*, Barton, ACT: Department of Foreign Affairs and Trade, 2008, p. 24; Alfred Deakin, 'The American Fleet', (2 March 1908), in J.A. La Nauze (ed.), *Federated Australia: Selections from Letters to the Morning Post 1900–1910*, Carlton, Vic: Melbourne University Press, 1968, p. 229; William Creswell, 'Australian Defence', 26 October 1908, *Commonwealth Parliamentary Papers*, 1908 session, v. 21, pp. 371, 375.

*Explaining Australian Engagement with the United States**Power Transition Theory*

Power transition theorists would argue that, as a predominantly still ‘satisfied’ dominion, Australia should have bandwagoned with its British senior partner to support *Pax Britannica*. To some extent, this argument is borne out by Australian decision-makers’ views of the British Empire in 1908. At the turn of the century, Australian policymakers were apprehensive about the relative decline of British naval power in the Pacific. However, this did not translate into broader dissatisfaction with the British Empire or a British-led regional order. In part, this was because Australian policymakers culturally identified with Great Britain. Prime Minister Alfred Deakin often described himself as an ‘independent Australian Briton’. While he did not depict himself as British, neither did he characterize himself as exclusively Australian.<sup>17</sup> Charles Grimshaw observes that, at the turn of the century, imperial sentiment was an important component of Australian nationalism.<sup>18</sup>

The Empire was also valued by Australian policymakers because of the economic and security benefits they derived from it. In 1908, the vast bulk of Australian trade still occurred within the Empire.<sup>19</sup> The Royal Navy was regarded as the only true guarantor of Australia’s defence in the event of great power conflict.<sup>20</sup> Deakin, in particular, viewed the Empire as a global balancer which ‘to us [represents] the best guarantee of ... [global] peace without which our social adaptations and readaptations cannot proceed’.<sup>21</sup> It was because of the British Empire’s importance to Australian welfare and security interests that Deakin devoted himself to fortifying it at both the global and regional levels. The means by which he endeavoured to do so, however, did not always accord with British preferences. Contrary to what power transition theorists suggest, Deakin’s support for *Pax Britannica* did not equate to bandwagoning with British preferences.

This is demonstrated by the disjuncture between British preferences regarding a rising America and Deakin’s engagement initiatives toward that country. At the turn of the twentieth century, the Anglo-American relationship was a ‘cooperative–

<sup>17</sup> J.A. La Nauze, *Alfred Deakin: A Biography*, Carlton, Vic: Melbourne University Press, 1965, p. 483.

<sup>18</sup> Charles Grimshaw, ‘Australian Nationalism and the Imperial Connection, 1900–1914’, *Australian Journal of Politics and History*, 3(2) 1958, p. 161.

<sup>19</sup> Appendix V in Meaney, *The Search for Security in the Pacific*, pp. 278–82.

<sup>20</sup> La Nauze, *Alfred Deakin*, p. 519.

<sup>21</sup> Deakin to Jebb, 27 June 1911, cited in La Nauze, *Alfred Deakin*, p. 479.

competitive' one.<sup>22</sup> The two great powers had largely ruled out the prospect of war between them.<sup>23</sup> This derived from internal assessments by the British Admiralty that Britain could not, in the event of conflict, obtain a victory against the United States, without withdrawing its complete battle fleet from European waters.<sup>24</sup> The British subsequently set out to negotiate and resolve all outstanding points of contention with the Americans.<sup>25</sup> Of all Britain's strategic competitors, London viewed the United States as the least threatening and thus the most important power to assuage. Indeed, the United States often played a useful role in reinforcing the norms and institutions of the British-led global order.<sup>26</sup>

While this cooperative aspect of Anglo-American relations was dominant, however, there was still an underlying element of competition between the two countries. During this time, Great Britain and the United States championed competing (albeit complementary) ideologies of democracy.<sup>27</sup> Both represented themselves as the chief moral force in the international system.<sup>28</sup> This extended into a broader competition for prestige and influence. As the United States embarked on its own imperialist ventures with the annexation of Hawaii and the Philippines, it demanded the same status and recognition as European great powers.<sup>29</sup> Under the Roosevelt Administration, this competition for influence was particularly manifest in the Pacific. As Roosevelt wrote in 1900, 'I wish to see the United States as the dominant power on the Pacific Ocean ... Our people are neither cravens nor weaklings and we face the future high of heart and confident of soul eager to do the great work of a great world power'.<sup>30</sup> The British, meanwhile, were apprehensive about US influence extending to their Pacific Dominions.<sup>31</sup>

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<sup>22</sup> As noted in the introduction, a 'cooperative-competitive' relationship is one in which there are elements of both cooperation and rivalry across multiple dimensions of the relationship. This study draws on a similar usage of the term as David Reynolds in describing the Anglo-American relationship during the interwar period. David Reynolds, *The Creation of the Anglo-American Alliance 1937-41: A Study in Competitive Co-operation*, London: Europa Publications Limited, 1981, pp. 286-94.

<sup>23</sup> Sir Edward Grey. *Twenty-five Years*, London: Hodder and Stoughton, 1925, p. 84; Perkins, *The Great Rapprochement*, pp. 95-96.

<sup>24</sup> Friedberg, *The Weary Titan*, p. 186.

<sup>25</sup> Donald Cameron Watt, *Succeeding John Bull: America in Britain's Place*, Cambridge: Cambridge University Press, 1984, p. 24; Perkins, *The Great Rapprochement*, p. 312.

<sup>26</sup> This was manifest in the United States' mediatory efforts during the 1906 Algeciras dispute and its participation in the 1907 Hague Conference on Disarmament. Watt, *Succeeding John Bull*, p. 29; Perkins, *The Great Rapprochement*, p. 252.

<sup>27</sup> H.G. Nicholas, *The United States and Britain*, Chicago: University of Chicago Press, 1975, p. 1.

<sup>28</sup> Nicholas, *The United States and Britain*, p. 4.

<sup>29</sup> Nicholas, *The United States and Britain*, p. 56.

<sup>30</sup> Roosevelt (1900) cited in Beale, *Theodore Roosevelt and the Rise of America*, p. 38.

<sup>31</sup> Perkins, *The Great Rapprochement*, p. 233.

The American fleet's tour of the Pacific in 1908 epitomised these competitive impulses in the Anglo-American relationship. For the Americans, the fleet's Pacific voyage established 'a new Monroe Doctrine'.<sup>32</sup> For the British, it raised concerns that the Americans were taking advantage of their need to concentrate the Royal Navy in the North Atlantic and were attempting to usurp British influence in the Pacific. The Foreign Office, in particular, was perturbed by the fleet's stopovers in Trinidad and other British colonies and dominions.<sup>33</sup> It was also anxious that the fleet's Pacific tour would alienate Britain's principal regional ally, Japan.<sup>34</sup>

Deakin's awareness of these British misgivings is suggested by two factors. First, he tried to secure a display of British naval force both prior to and after the US fleet visit.<sup>35</sup> Australian historian Neville Meaney argues that the Prime Minister invited the US fleet precisely so that he could play on Anglo-American rivalry to incite a greater British commitment to the Pacific.<sup>36</sup> Second, Deakin received a host of letters from newspaper correspondents and political contacts that illuminated British apprehensions over the fleet's visit to Australia. In one letter to Deakin, Leopold Maxse, editor of the London-based *National Review*, noted:

There is some anxiety here as to growth of American influence in Australia, which will be stimulated by the visit of the American fleet—an event which I imagine is attributable to the weakening of British squadrons in more distant oceans caused by the necessity of strengthening them in home waters.<sup>37</sup>

British officials did not make known to Deakin their disquiet about the American fleet visit (beyond reproaching him for his breach of imperial protocol), but it is likely that he surmised this general feeling within British policy circles through the letters he received

<sup>32</sup> Charles Sperry to Edith Sperry, 9 September 1908, Sperry Papers, Container 5, Library of Congress (LOC).

<sup>33</sup> Perkins, *The Great Rapprochement*, p. 233. British apprehensions regarding the fleet's visit were also suggested in Sperry's account of the visit to his wife. In one letter, Sperry observed, '[t]he general aspect of goodwill is undeniable, but I do not think the imperial English altogether enjoy it though they know it is for the common good'. [Sperry's emphasis]. Charles Sperry to Edith Sperry, 9 September 1908, Sperry Papers, Container 5, LOC.

<sup>34</sup> Perkins, *The Great Rapprochement*, p. 233. Hopwood and Grey (1908) cited in Meaney, *The Search for Security in the Pacific*, pp. 164–65.

<sup>35</sup> Hunt to Secretary of State, 'Suggested visit to Australia of a British Fleet', 14 September 1908, National Australian Archives (NAA): A11816/1, p. 50; Cable from Hunt to Governor General, 5 May 1908, NAA: A1, 1908/11034; Draft telegram that was not sent and recalled by the Prime Minister, 27 May 1908, NAA: A1, 1908/11034.

<sup>36</sup> Meaney, *The Search for Security in the Pacific*, p. 172; Norman Harper, *A Great and Powerful Friend: A Study in Australian-American Relations Between 1900 and 1975*, St. Lucia: University of Queensland Press, 1987, p. 15.

<sup>37</sup> Maxse to Deakin, 5 June 1908, Deakin Papers, MS 1540 1/2013-14, National Library of Australia (NLA). Similarly, Deakin's long-time political associate Leo Amery noted: '[While] I am all for showing every friendliness and hospitality to our [American] cousins, [w]hat I don't like is that owing to our practical withdrawal from the Pacific there should be a sort of underlying idea that Australia is welcoming not merely honoured guests but possible defenders ...'. Amery to Deakin, 10 August 1908, Deakin Papers, MS 1540 1/2069-73, NLA.

from journalists and political contacts in London. Moreover, Deakin persisted in his engagement strategy toward the United States even after the American fleet left Australian shores.

The ensuing discord between British preferences and the Australian strategy thus prompts two questions: if Australia was a satisfied junior ally and Deakin was conscious of British apprehensions about the American fleet's visit to Australia, why then did he choose to engage with the United States? Furthermore, how did Deakin reconcile his engagement strategy with his desire to demonstrate Australia's continuing support for the British Empire and an imperially-based Pacific order?

### *Snyder's Theory of the Alliance Security Dilemma*

In contrast to power transition theory, Snyder's theory does not assume that Australia's strategy toward the United States axiomatically followed from British preferences. Instead, it posits a more nuanced interrelationship between the alliance and Australian strategies toward a rising power. Extrapolating from Snyder's theory, Deakin's efforts to conciliate with the United States from *within* an imperial alliance are better attributed to either: (1) Australian fears of entrapment by Great Britain into a potential conflict with the United States; or (2) in view of its divergence from British preferences, Australian perceptions of comparatively greater intra-alliance bargaining power in this issue-specific context. As an explanation in itself, Australian fears of entrapment appear less plausible. While Australia was anxious to further Anglo-American cooperation in the Pacific, the possibility of conflict between these two powers was remote. Anglo-American competition in the region never translated into Anglo-American acrimony. An examination of the historical evidence suggests that Deakin's confidence in pursuing an Australian engagement strategy toward the United States is, instead, better viewed from the prism of intra-alliance bargaining power. Deakin's perceptions of significant Australian intra-alliance bargaining power in regard to the United States surprisingly arose in the context of more generalised fears of abandonment. These fears of abandonment exerted strong counter-pressures against Australia pursuing interests that did not accord with British preferences.

The most important factor underpinning these fears of abandonment was Australia's intensifying asymmetric dependency on Great Britain at the turn of the century. This dependence resulted from a growing consensus within Australian policy circles that Australia faced an increasingly perilous strategic environment with

inadequate defences. By 1907, Deakin and his advisors regarded Australia as more vulnerable than at any other time in the young country's history.<sup>38</sup> As Deakin proclaimed to the Australian Parliament in December that year:

There was a time not long since, when it was confidently maintained that Australia was outside the area of the world's conflicts, and might regard in comparative quietude any hostile movements in other parts of the globe. That comfortable outlook has now passed away. No one can contend that Australia is outside that area today. On the contrary, every decade brings it into closer touch with the subjects of other peoples planted in our own neighbourhood and with the interests of other peoples more or less antagonistic to our own.<sup>39</sup>

These perceptions of Australia's enhanced strategic vulnerability resulted from a number of changes in that country's strategic environment.

Most critically, they derived from the rise of Japan.<sup>40</sup> Prior to the Russo-Japanese conflict, Australian policymakers' concerns about Japan focused on the potential economic and social threat that it posed as a result of unregulated immigration.<sup>41</sup> It was not until after Japan's victory over Russia in the 1905 Battle of Tsushima, that Prime Minister Alfred Deakin publicly nominated Japan as a potential strategic risk to Australia's security in an article that he wrote for the *Herald*.<sup>42</sup> These apprehensions were exacerbated by Britain's naval retraction from the Pacific over the following two years. Without a substantive imperial naval presence in the Pacific, Deakin and his advisors feared that the Japanese would be tempted to defect from the Anglo-Japanese alliance and to embark on expansionist ventures throughout the region.<sup>43</sup> Some of Deakin's advisors even envisioned a German-Japanese alliance,

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<sup>38</sup> Alfred Deakin, 'The Defence of Australia', *Herald*, 12 June 1905, p. 3; D.C.S. Sissons, *Attitudes to Japan and Defence, 1890–1923*, M.A. Thesis, University of Melbourne, 1956, pp. 48–53.

<sup>39</sup> Alfred Deakin, 'Speech by the Honorable Alfred Deakin, M.P., on Defence Policy', Melbourne: J. Kemp, 1907, p. 1.

<sup>40</sup> There is considerable contention among historians regarding the precise date that Australian policymakers came to view Japan as a threat. Norman Harper dates these threat perceptions to Japan's success in the 1895 Sino-Japanese War. Neville Meaney and David Walker posit that they emerged in response to the Japanese victory during the 1905 Russo-Japanese War. David Sissons, meanwhile, argues that it was not until 1907 that the Deakin Government viewed Japan as a distinct strategic risk. This chapter lends support to the latter interpretation. Up until 1907, Japan was presented as only one of many potential threats to Australia and Deakin appeared less convinced of Japan's southern expansion. It was not until Britain's strategic withdrawal from the Pacific that Australian policymakers feared Japan would opportunistically take advantage of the power vacuum in the Pacific to further its expansionist aims. See David Walker, *Anxious Nation: Australia and the Rise of Asia 1850–1939*, St. Lucia: University of Queensland Press, 1999, p. 108; Meaney, *The Search for Security in the Pacific*, p. 126; Sissons, *Attitudes to Japan and Defence, 1890–1923*, pp. 22–23, 27, 48; Harper, *A Great and Powerful Friend*, p. 5.

<sup>41</sup> Sissons, *Attitudes to Japan and Defence, 1890–1923*, p. 2; Neville Meaney, *Towards a New Vision: Australia and Japan through 100 Years*, East Roseville, NSW: Kangaroo Press, 1999, pp. 58–60. These fears regarding both Japanese and Chinese immigration gave rise to the 1901 Immigration Restriction Act. This act limited foreign immigration to Australia (particularly from Asian countries) by requiring all applicants to pass a dictation test in a European language.

<sup>42</sup> Deakin, 'The Defence of Australia', p. 3.

<sup>43</sup> Meaney, *The Search for Security in the Pacific*, p. 121; Creswell to Jebb, 31 July 1907, Jebb Papers, MS 813/1/32, NLA.



which could preclude the Royal Navy from coming to Australia's aid. In one memorandum to Deakin, military advisor William Creswell argued that a 'combination against England between a European power and Japan (or China) would make the defence of the Commonwealth a matter of extreme difficulty, or, it may frankly be admitted, [an] impossibility'.<sup>44</sup> In that same year, Creswell started to plan for Australian defence on the basis of a possible Japanese invasion of the continent.<sup>45</sup> At the very least, Australian policymakers feared that Japan could pressure Australia into abandoning its stringent immigration policies.<sup>46</sup>

Australia's vulnerability, and associated dependence on Great Britain, was exacerbated by Australia's relatively weak defences. Deakin endeavoured to create an independent Australian naval force that could supplement the Royal Navy. In December 1907, he committed the Australian Government to building an independent Australian coastal flotilla. This force was viewed as valuable in the event of raids or attacks by enemy-cruisers that evaded the British main fleet stationed as part of the China squadron.<sup>47</sup> The flotilla's limited scope, however, still rendered Australia dependent on the Royal Navy as its first line of defence against any aggressor.<sup>48</sup> As Deakin himself noted, 'the security of Australia [was] based on the dominant position of the British navy'.<sup>49</sup> This extreme dependency suggests the costs at stake if the British further weakened their commitment to the Pacific as a result of Australian alienation.

Fears of abandonment were compounded by what was perceived as a relatively weak British commitment to Australian defence. The British Colonial Defence Committee and Committee of Imperial Defence continually reassured the Australians of Britain's commitment.<sup>50</sup> Australian confidence in these assurances was undermined, however, by the British Government's unwillingness to provide a binding written commitment. During negotiations amending the 1903 Naval Agreement, the Admiralty refused to provide a pledge to maintain particular vessels in Australian waters.<sup>51</sup> British practices were also suggestive of its increasingly weakened commitment to the Pacific. In addition to London's refusal to issue a schedule of ship visits to Australian waters,

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<sup>44</sup> Cited in Harper, *A Great and Powerful Friend*, p. 8.

<sup>45</sup> Meaney, *The Search for Security in the Pacific*, p. 121.

<sup>46</sup> Meaney, *The Search for Security in the Pacific*, p. 121.

<sup>47</sup> Meaney, *The Search for Security in the Pacific*, p. 133; La Nauze, *Alfred Deakin*, p. 528.

<sup>48</sup> Deakin, 'Speech by the Honorable Alfred Deakin, M.P., on Defence Policy', pp. 2–4.

<sup>49</sup> Deakin (1906) cited in La Nauze, *Alfred Deakin*, p. 524.

<sup>50</sup> Meaney, *The Search for Security in the Pacific*, pp. 136–38; La Nauze, *Alfred Deakin*, p. 525.

<sup>51</sup> Cable from Elgin to Northcote, 13 December 1907, NAA: A2, 1908/4189; Cable from Elgin to Northcote, 7 December 1907, NAA: A2, 1908/4189.

Britain withdrew five British battleships and most of its cruisers from the Pacific.<sup>52</sup> Ensuing Anglo-Australian discord over Britain's commitment to the Pacific derived from the two allies' differing assessments of how the region should be secured and its relative importance in global strategy. Australian officials doubted the wisdom of entrusting Pacific security to what they perceived as such an unreliable ally as Japan.<sup>53</sup> However, the British had greater confidence in the Anglo-Japanese alliance as an instrument that would restrain Japan and safeguard against Russian aggression in that ocean.<sup>54</sup> The British were also more directly concerned with events in the North Atlantic. With Great Britain at the heart of the Empire, they felt that the outcome of any great power conflict would be decided in this theatre.<sup>55</sup> In view of escalating Anglo-German naval competition and Britain's relative decline in naval power, the British viewed their Pacific commitment as adequate and directly proportional to the risk of danger in that ocean.

Coupled with Australia's asymmetric dependency, Deakin and his advisors' perceptions of a relatively weak British commitment engendered strong fears of abandonment by Great Britain. Snyder's theory dictates that these fears should have exercised a mitigating influence on their intra-alliance bargaining power and, consequently, on their willingness to pursue autonomously derived interests that did not accord with British preferences.<sup>56</sup> An exception would be if Deakin and his advisors believed they assigned a comparatively greater value to their interests in deepening cooperation with a rising America than the British did in opposing them.<sup>57</sup> That Deakin

<sup>52</sup> Cable from Fanshawke to Governor General, 15 October 1905, NAA: A6662, 577.

<sup>53</sup> Parkin and Lee, *Great White Fleet to Coral Sea*, p. 6; Meaney, *The Search for Security in the Pacific*, p. 121.

<sup>54</sup> As the Secretary of the Colonial Office communicated to the Australian Permanent Head of External Affairs Atlee Hunt, 'I somehow have never been able to feel that there is anything serious in Australian apprehension of Japan, but if there is, the great present safeguard is the Anglo-Japanese alliance, and to my mind the self-governing dominions in their own interests should welcome rather than look askance on it'. Letter from Lucas to Hunt, n.d. but probably 1908, Hunt Papers, MS 52/15/863, NLA.

<sup>55</sup> As British Vice Admiral Fawkes justified to the Australian Governor-General: '... if a force is kept in any place in excess of what is necessary it may detract from our power where the enemy is strongest'. Fawkes' comment suggests British caution about allowing the Royal Navy to be dispersed worldwide to the point that it detracted from the main theatre in the North Atlantic. Cable from W.H. Fawkes to Governor General, 18 February 1907, NAA: A2, 1908/4189.

<sup>56</sup> Glenn Snyder, *Alliance Politics*, Ithaca: Cornell University Press, 1997, pp. 180–84. An alternative school of thought might contend that the relative decline in British naval power in the Pacific should have augmented British reliance upon Australia's limited naval defences and, accordingly, Australia's intra-alliance bargaining power. In fact, however, there was little Australia could bring to the imperial alliance. The Admiralty did not consent to Australia even constructing a distinct naval fleet until the 1909 Imperial Defence Conference. Moreover, Australia continued to press British naval authorities to demonstrate British naval power in the Pacific through a regular schedule of British ship visits to Australian waters. These factors suggest Australia's comparatively weak intra-alliance bargaining power and its efforts to induce a strengthened (and more visible) British commitment accordingly.

<sup>57</sup> Snyder, *Alliance Politics*, p. 171.

invited the American fleet in 1908, and instigated a number of other initiatives thereafter to deepen Australian-American relations, suggests this was the case. Despite generalised fears of abandonment, Deakin's engagement diplomacy was underpinned by perceptions of greater Australian intra-alliance bargaining power in this situational context. While the historical evidence is consistent with Snyder's theoretical propositions, however, his theory cannot explain how Deakin's interests toward the United States developed and why they were so highly valued. Snyder's notion of 'interest' must be further specified to render his theory useful in explaining the Australian shift from non-engagement to engagement with a rising America. It is in this context that the supplementary theoretical propositions this study advances are helpful.

### **Developing an 'Interest' in a Rising America**

In contrast to traditional depictions of junior allies' foreign policies in the international relations literature, what is surprising about this case is the relatively minor role that considerations of the senior ally's preferences played in Deakin's calculations regarding a rising America. Instead, the Deakin Government's interest in deepening cooperation with the United States was grounded in Deakin's emergent ideas regarding what constituted a preferable regional order and how he conceived of the US in relation to that order. In line with the first set of supplementary theoretical propositions that this thesis advances, Australian interests and preferences toward the United States stemmed from three key factors: (1) Deakin's assessment that the US maintained fundamentally benign intentions and would behave in ways consistent with Australia's preferred construct of regional order; (2) incentives to cooperate with that power in view of a perceived threat and the United States' capacity to help ameliorate it; and (3) Deakin's belief that he would be able to reach a *modus vivendi* with Washington. The first part of this section describes the Deakin Government's preferred construct of regional order. It then outlines how each of the aforementioned factors combined to engender an Australian interest in cultivating closer relations with the United States. Understanding how this interest emerged, the chapter then examines how it interacted with alliance considerations to give rise to Deakin's engagement strategy.

*The Deakin Government's Preferred Construct of Regional Order*

Fundamental to Deakin's engagement strategy was his belief that cooperation with the United States could be made consistent with—and even contribute to—what he viewed as Australia's preferred construct of regional order. Although Australia did not yet exercise purview over its foreign affairs,<sup>58</sup> Deakin and his advisors had begun to develop a clear notion of their country's distinctive security interests and the regional order most conducive to realising them. Britain's relative decline in the Pacific, coupled with the rise of Japan, brought these interests into relief. As Leader of the Opposition in 1910, Deakin expressed his hopes that Australian representatives '[would] not forget to impress upon their colleagues at the [Imperial] Conference that Australia, in spite of herself, is being forced into a foreign policy of her own because foreign interests and risks surround us on every side. A Pacific policy we must have ...'.<sup>59</sup> What then were the components of Deakin's preferred construct of regional order and how did he envisage this coming about?

Optimally, Deakin and most other Australian policymakers would have preferred Great Britain to retain its naval supremacy in the Pacific.<sup>60</sup> British naval supremacy was important to Australian policymakers for two reasons. First, Great Britain was the only great power committed to Australia's defence in the event of a regional conflict. Second, Deakin and his advisors viewed Great Britain as a global balancer that was chiefly responsible for peace in the international system.<sup>61</sup> Yet, as noted above, Deakin and his advisors were increasingly sceptical of the prospects for retaining British naval supremacy in the Pacific. Deakin thus began to conceive of other ways to preserve the regional supremacy of the British Empire. Principally, he advocated imperial defence consolidation, believing that British Dominions should

<sup>58</sup> At this time, international law vested the King of the British Empire with sole treaty-making power and appointment of plenipotentiaries to negotiate and sign treaties on behalf of the Dominions. While Australia maintained constitutional power over its 'external affairs', these powers were usually limited to trade arrangements. Sir Kenneth Bailey, 'Treaty Rights', in W.J. Hudson (ed.), *Towards a Foreign Policy: 1914–1941*, Sydney: Cassell Australia, 1967, p. 14; H. Wolfsohn, 'External Affairs Power', in W.J. Hudson (ed.), *Towards a Foreign Policy: 1914–1941*, Sydney: Cassell Australia, 1967, p. 22.

<sup>59</sup> Commonwealth of Australia, *Commonwealth Parliamentary Debates*, 1910 session, LIX, 25 November 1910, pp. 6859–60.

<sup>60</sup> Creswell, 'Australian Defence', p. 9; 'Extracts from speech by the Prime Minister', in Gordon Greenwood and Charles Grimshaw (eds), *Documents on Australian International Affairs, 1901–1918*, West Melbourne, Vic: Thomas Nelson, 1977, p. 141; Deakin, 'Speech by the Honorable Alfred Deakin, M.P., on Defence Policy', p. 3.

<sup>61</sup> Deakin to Jebb, 11 June 1911, cited in La Nauze, *Alfred Deakin*, p. 479. See also 'Extracts from a speech by the Prime Minister of Australia, (Mr. Alfred Deakin), 8 May 1907', in Gordon Greenwood and Charles Grimshaw (eds), *Documents on Australian International Affairs, 1901–1918*, West Melbourne, Vic: Thomas Nelson, 1977, p. 152.

develop independent naval capabilities to support, and mitigate the need for dispersal of, the Royal Navy.<sup>62</sup>

In the interim, however, Deakin sought a regional power balance favouring the Anglo-Saxon countries. This would discourage potentially hostile great powers from embarking on regional expansionism and thereby prevent a more direct challenge from emerging to the Australian continent. Indeed, it was the power *imbalance* between Japan and other great powers, following the Russo-Japanese war and the British withdrawal of battleships from the Pacific, which led to Deakin's apprehensions regarding a potential regional conflict.<sup>63</sup> Only Japan maintained modern armoured ships in the Pacific.<sup>64</sup> Deakin's preoccupation with this imbalance of power was manifest in his *Herald* article following the Battle of Tsushima, in which he observed that 'instead of two fleets in the China seas belonging to separate—even opposing powers—we shall have one fleet, only it will be as strong as the former two fleets'.<sup>65</sup> To restore the Anglo-Saxon dominance in the Pacific, Deakin and his advisors not only envisioned strengthening the British Empire through imperial defence consolidation but forming an entente with that other 'friendly' Anglo-Saxon country in the Pacific, the United States.<sup>66</sup> In so doing, Deakin hoped to enlist American power in such a way that would preserve an imperially-dominated regional order.<sup>67</sup>

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<sup>62</sup> Alfred Deakin, 1907, 'Extract From the Prime Minister's Speech at the Royal Yacht Club of Victoria's Dinner', 1 September, Deakin Papers, MS 1540/15/3880, NLA. Deakin, 1907, 'Speech by the Honorable Alfred Deakin, M.P., on Defence Policy', p. 3.

<sup>63</sup> Deakin's military advisor, W.R. Creswell, echoed these sentiments. As Creswell wrote in 1907, "It has always been the great naval action in European waters that will decide Australia's fate—so we have always been told. Is there the same certainty now that the Jap has had the Pacific made over to him?", Creswell to Jebb, 31 July 1907, Jebb Papers, MS 813/1/32, NLA.

<sup>64</sup> Lambert, 'Economy or Empire?', p. 57.

<sup>65</sup> Deakin, 'The Defence of Australia', p. 3. See also 'Extracts from a speech by the Prime Minister of Australia, (Mr. Alfred Deakin), 8 May 1907', p. 152. In 1909, the British Admiralty acknowledged that 'something had to be done to meet Australia and New Zealand nervousness [which] did not like being with no large armoured ships in the Far East ... it is the dread of the Japanese which is at the bottom of the matter'. Cited in Lambert, 'Economy or Empire?', p. 61.

<sup>66</sup> Alfred Deakin, 'Imperial Federation: an Address Delivered by the Hon. Alfred Deakin, M.P., at the Annual Meeting of the Imperial Federation League of Victoria, June 14', Melbourne: Imperial Federation League, 1905, pp. 5–6.

<sup>67</sup> This was suggested by Deakin's hints as to the potentially ephemeral nature of any entente between the United States and the British Empire in the Pacific. During the American fleet's visit, he observed that 'sentiments of this nature are often unable to endure even the strain of time, not to speak of adverse fortune'. Simultaneously, however, he recognised the value of an entente with the Americans as a stopgap measure until the British colonies could assume a larger regional defence role. As Deakin proclaimed in one of his speeches at the time: 'We must improve our harbour and coast defences, and we may in time create a defence force which will rank in the defence of the empire ... In the meantime, realizing riches of natural, national relationships, we look instinctively to you Americans, nearest in blood, in character and in purpose.' Alfred Deakin, 'The American Fleet', (25 August 1908), in La Nauze (ed.), *Federated Australia*, p. 240; 'Extract from Prime Ministers Speech at Royal Yacht Club of Victoria's Dinner, at St. Kilda, 1<sup>st</sup> September 1908', Deakin Papers, MS 1540/15/3880, NLA.

A third component of Australia's preferred regional order was preventing the intrusion of potentially hostile powers into Australia's direct approaches. By the early 1900s, Australia had adopted a tacit Monroe Doctrine in the Southwest Pacific.<sup>68</sup> This was manifest in the Australian declaration at the Australasian Convention in November 1883: 'That further acquisition of dominion in the Pacific south of the equator by any foreign power would be highly detrimental to the safety and well-being of the British possessions in Austral-Asia and injurious to the interests of the Empire.'<sup>69</sup> Australian apprehensions grew as the European great powers—specifically Germany—expanded their claims. By 1908, the Deakin Government was particularly fearful that Germany would acquire the Netherlands East Indies and the rest of Samoa (including the US naval base at Pago Pago).<sup>70</sup> To Australians, intensifying great power interference in this region was of concern due to its direct effects on Australian security and commerce.<sup>71</sup>

The Deakin Government's preferred vision of regional order therefore had several features. Deakin and his advisors optimally sought a regional order in which the British Empire presided as the supreme naval power. Short of this, they hoped to achieve Anglo-Saxon regional dominance by forming an entente with the United States. This would deter German or Japanese expansionist ventures that could directly endanger Australia's trade routes, its territorial integrity or political autonomy. It was only because Deakin believed that the United States could be induced to behave in a way that was consistent with Australian regional security interests that he endeavoured to develop cooperative relations with that country.

### *The United States as a Potentially Benign Regional Power*

Unlike the other regional great powers, the Deakin Government did not view the United States' rising power in inherently threatening terms. Instead, it perceived US strength as an incentive to cooperate with Washington. This was predicated on Deakin's *a priori* belief that a rising America maintained benign intentions—that is, it would not behave in ways that were inconsistent with Australia's preferred construct of regional order. This belief derived from both the United States' apparent non-threatening foreign policy

<sup>68</sup> Greg Fry, 'Australia's Regional Security Doctrine: Old Assumptions, New Challenges', in Greg Fry (ed.), *Australia's Regional Security*, Sydney: Allen and Unwin, 1991, p. 3.

<sup>69</sup> Cited in Werner Levi, *American-Australian Relations*, Minneapolis: University of Minnesota Press, 1947, p. 66.

<sup>70</sup> Sissons, *Attitudes to Japan and Defence, 1890–1923*, p. 29; Harper, *A Great and Powerful Friend*, pp. 4, 10; Bryce to Deakin, 20 April 1907, Deakin Papers, MS 1540/15/5/1/3/2224, NLA.

<sup>71</sup> Harper, *A Great and Powerful Friend*, p. 10.

and an Australian assessment that the United States could be induced to further support this preferred construct of regional order through greater interaction with the British Empire.<sup>72</sup> Cooperation with the United States would therefore enhance, rather than work at cross-purposes to, Australia's regional strategic interests. This judgement was predicated on three assumptions: first, that the United States was unlikely to directly challenge the British Empire; second, that the United States maintained limited aims in the international system and would pursue them without recourse to force; and, third, that it was not expansionist in the Southwest Pacific.

Deakin's view that the United States would not directly challenge the British Empire was based, in part, on how he and other Australian policymakers of the day conceived of international relations. Deakin compared modern nations to organisms which would survive so long as they grew and expanded.<sup>73</sup> Because the Americans were mostly of 'diluted British stock' and shared similar cultural and political traditions to the British Empire, Deakin viewed the Americans as a more 'natural' and reliable ally than Japan.<sup>74</sup> Despite Anglo-American competition for influence in the Pacific, racial similarities rendered the Americans less likely to challenge the British Empire to achieve their own objectives. These calculations were manifest in Deakin's justifications for inviting the American fleet. In an anonymous article in *The Morning Post*, Deakin wrote that:

[The invitation to the American fleet] has nothing to do with our national development but everything to do with our racial sympathies... After all the Americans, pace Canada, have least to gain of all the great powers by a quarrel with the Mother Country. The closer the alliance between us the better for though I am fully alive to many objectionable features of their political life, after all they are nearest to us in blood and in social, religious and even political developments.<sup>75</sup>

<sup>72</sup> See, for instance, Deakin cited in Harper, *A Great and Powerful Friend*, p. 17. A few days after the American acceptance of the Australian invitation, Deakin declared: 'The prophetic are most of them confident that all possible misunderstandings between the Empire and the Republic will henceforth be impossible. The two peoples are to walk hand in hand in paths of peace ... Of course both are to be sensible of the kindness of the Australians in bringing about so happy a climax.' Deakin expressed similar sentiments regarding the socialising effects of the fleet visit on the United States in his letter to, friend and editor of *The National Review*, Leo Maxse. Deakin to Maxse, 24 July 1908, M Series: Letters of Leopold James Maxse, West Sussex Record Office, Chichester, England, (AJCP reel M1954).

<sup>73</sup> Parkin and Lee, *Great White Fleet to Coral Sea*, p. 2; See also Deakin, 'Imperial Federation,' p. 6.

<sup>74</sup> As Deakin observed in October 1908: 'In the retrospect ... everyone seems well content that we should thus have put our sense of a living kinship between the Empire and the Republic beyond all question. Both are British not only in a historic sense, but in many other ways which ought to make a good understanding between them easier than with other peoples.' This contrasted with his view of Japan. In a 1906 speech, Deakin observed with regard to economics the importance of making a distinction 'between the people of your own country and of any other, between those of your own blood, from whom you have everything to hope, and those of foreign blood, with nothing to give, and nothing to bind us to them'. Deakin (1908) cited in Ruth Megaw, 'Australia and the Great White Fleet 1908', *Journal of the Royal Australian Historical Society*, 56(2) 1970, p. 128; Alfred Deakin, 'A National Policy: Australia for Australians', 18 May 1906, Sydney.

<sup>75</sup> Deakin to Amery, 16 May 1908, cited in La Nauze, *Alfred Deakin*, p. 490.

However, this extract highlights an important caveat. Racial sentiments were important in defining Australia's relationships with other countries, but only to the extent that they affected Australian policymakers' judgements about whether the country posed a potential strategic challenge to the British Empire. Countries of different races were viewed as more likely to launch this challenge. It was this strategic challenge, instead of race itself, which was Deakin's primary concern.<sup>76</sup>

Deakin's view of the United States as a benign regional power was critically underscored by his perception that the Americans maintained only limited aims in the international system. That is, the United States sought greater recognition and specific changes within the existing regional order without wishing to overthrow it.<sup>77</sup> Despite Roosevelt's colourful rhetoric about the United States becoming the dominant Pacific power, both US President Theodore Roosevelt and Admiral Charles Sperry publicly championed Anglo-Saxon unity in the international system. The United States also supported many of the pre-existing institutions in the British-led international system and resorted to international arbitration, rather than force, to resolve disputes with Great Britain. The 1908 Newfoundland fisheries dispute between Great Britain and the United States is one example. By 1906 Deakin had come to view the United States as a 'great arbiter between the warring nations of the globe'.<sup>78</sup>

Deakin was well aware of conjecture that the Americans were seeking to gain influence in the Pacific at Great Britain's expense and that this was inherent in the American fleet's mission.<sup>79</sup> Throughout the first part of 1908, Deakin frequently received letters from British colleagues and friends to this effect.<sup>80</sup> Yet, Deakin and his colleagues were at least publicly dismissive of these claims—particularly as this had

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<sup>76</sup> Meaney advances a similar argument, noting that whilst Deakin was guided by Social Darwinist precepts he did not distinguish friends and enemies solely on the basis of race. Although China was invited as a signatory to the Agreement to extend the Monroe Doctrine, for instance, Germany was not. Meaney, *The Search for Security in the Pacific*, p. 192 fn. 137.

<sup>77</sup> This definition of a limited revisionist aims power is based on similar interpretations by Randall Schweller, Victor Cha and Evan S. Medeiros. As Cha observes, a limited aims revisionist power is 'a state discontented with its relative position in the power and prestige hierarchy, but amenable to changes affected within (not of) the existing order'. Victor Cha, 'Engaging China: The View from Korea', in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, p. 34; Randall Schweller, 'Managing the rise of great powers: history and theory', in Alastair Iain Johnston and Robert S. Ross (eds), *Engaging China: The Management of an Emerging Power*, London: Routledge, 1999, p. 19; Evan S. Medeiros, 'Strategic Hedging and the Future of Asia-Pacific Stability', *Washington Quarterly*, 29(1) 2005, p. 147.

<sup>78</sup> Alfred Deakin, 'A National Policy'.

<sup>79</sup> See Richard Arthur to Deakin, 23 June 1907, Deakin Papers, MS 1540/1/1/20/1709, NLA; Mason to Deakin, 5 June 1908, Deakin Papers, MS 1540/1/2010, NLA; Amery to Deakin, 10 August 1908, Deakin Papers, MS 1540/1/2069, NLA.

<sup>80</sup> Deakin to Maxse, 24 July 1908, M Series: Letters of Leopold James Maxse, West Sussex Record Office, Chichester, England, (AJCP reel M1954); Hunt to Y.M. Goblet, 3 May 1910, Hunt Papers, MS 52/1308, NLA.



bearing on Australia. They believed that the Americans had accepted that they were dealing with Australia as a representative of the British Empire.<sup>81</sup> Subsequently, Deakin and his colleagues looked at the fleet visit as a way of regaining a long-lost 'cousin' of the Empire rather than fragmenting it. As Deakin wrote to one of his colleagues shortly before the fleet visit: 'The "influences" of the undertaking ... (though it sounds absurd) is of Australia upon America. ... There is no other influence they can bring to bear upon us which will not be equally due to and thus shared with the Mother Country.'<sup>82</sup> While Americans were working to build their prestige in the international system, Australian policymakers generally believed that they would be amenable to working in partnership with the British Empire, rather than usurping that Empire, to manage regional strategic developments.

A third, albeit less important, component in Australian perceptions of the United States as a benign power was that country's general lack of interest in the Southwest Pacific. In the 1870s, the United States became increasingly conscious of the commercial and strategic possibilities that existed in this ocean and established a shipping line between the United States, the South Sea Islands and Australasia.<sup>83</sup> In 1899, the United States and Germany partitioned Samoa between them. However, resurgent isolationist pressures in Washington prevented America from expanding further into the Southwest Pacific.<sup>84</sup> As the *Herald* observed at the time of the American fleet's visit to Auckland: 'There was a sentiment, somewhat strong a few years ago, that the growth of American power in the [Southwest] Pacific might be a challenge, if not a menace to our own flag. That sentiment has either died away or is rapidly becoming extinct.'<sup>85</sup> As a non-expansionist power in Australia's self-proclaimed sphere of influence, Deakin viewed the United States more favourably than either France or Germany.

American foreign policy objectives were thus generally construed as more consistent with Australia's preferred vision of regional order than those of other powers. Nevertheless, American sympathies toward the British Empire could not be assumed in all circumstances. Historians of this period downplay the fact that Deakin did not view

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<sup>81</sup> On the fleet's arrival, Deakin noted that Australia, 'welcomed the Fleet not simply as a meeting between Americans and Australians but as Australians representing the whole people of the Empire, and a fleet representing the people of the United States'. Deakin (1908) cited in Harper, *A Great and Powerful Friend*, p. 14.

<sup>82</sup> Deakin to Maxse, 24 July 1908, M Series: Letters of Leopold James Maxse, West Sussex Record Office, Chichester, England, (AJCP reel M1954).

<sup>83</sup> Levi, *American-Australian Relations*, p. 74.

<sup>84</sup> Levi, *American-Australian Relations*, pp. 77-79.

<sup>85</sup> Melbourne *Herald*, 11 August 1908, cited in Harper, *A Great and Powerful Friend*, p. 13.

the United States as an *automatic* partner of the British Empire. Indeed, Deakin envisioned some contexts in which Washington might tacitly support German objectives *over* those of the British Empire—particularly in the Southwest Pacific. This derived from what Deakin perceived as the still strong anti-British *political* sentiments that existed in Washington alongside the pro-British racial ones. In a letter to Leopold Amery, Deakin justified the American fleet visit in terms of ‘balanc[ing] the pro-German and anti-British prejudices of the US’.<sup>86</sup> Deakin expressed similar sentiments in his letter to Maxse. He noted that:

What the White House may realize yet – have realized is that their reception here [is]... to help counteract German appeals to American sympathy... I have faith enough in the breed to believe that in spite of their weaknesses they will be brought in the last resort to understand which way their welfare lies... [Germany] is I hear much exasperated that out of the way Australia should have kindled so friendly a feeling towards the English flag.<sup>87</sup>

By inviting the American fleet to Australia, Deakin hoped to induce the Americans to support imperial interests in the Pacific and to subsequently act in a way that was consistent with Australian strategic interests.

It is important to note, however, that perceptions of prospective benign American intentions were not *sufficient* for engagement to emerge. They simply rendered engagement (as opposed to non-engagement) politically *possible*. Deakin’s efforts to cultivate a deeper relationship with the United States notably contrast to Australia’s almost non-existent political relationship with a rising Japan during this same period (despite active British encouragement to this effect).<sup>88</sup> However, it was the prospect of benign American intentions, *in conjunction* with various incentive or ‘push’ factors, which ultimately gave rise to Deakin’s interest in deepening cooperation with the United States. These incentive factors made engagement more *likely*. They encouraged Deakin to view the United States not just as a potentially benign regional power but as a prospective contributor to Australia’s preferred construct of regional order, thus warranting Australian engagement initiatives.

<sup>86</sup> Deakin to Amery, 11 May 1908, cited in La Nauze, *Alfred Deakin*, p. 490.

<sup>87</sup> Deakin to Maxse, 24 July 1908, M Series: Letters of Leopold James Maxse, West Sussex Record Office, Chichester, England, (AJCP reel M1954).

<sup>88</sup> In the first part of the twentieth century, the Deakin Government vigorously expanded Australian trade with Japan, but was unwilling to do so to the point of compromising immigration restrictions. Australia refused to be bound by the Anglo-Japanese Commercial Treaty and subjected the Japanese to the same stringent requirements of the White Australia Policy as the Chinese. This was due, in part, to Deakin’s hesitancy to admit Japanese immigrants as an ‘unassimilable race’ that would inhibit Australian growth and prosperity. The White Australia Policy engendered considerable resentment on the part of the Japanese and obstructed political relations between the two countries. Ultimately, what enabled the Deakin Government to continue to pursue commercial benefits, *in lieu* of greater political cooperation with Tokyo, was Japan’s de-linkage of commercial relations from political relations. See, Meaney, *Towards a New Vision*, pp. 60, 66–67; La Nauze, *Alfred Deakin*, pp. 279–80.

*Engagement Incentives: The United States as a Contributor to Regional Order*

The Deakin Government's view of the United States as a prospective contributor to regional order was driven both by perceptions of an intensifying threat to Australian security and by the United States' growing naval capacity. The perceived intensifying threat forced Deakin to evaluate alternative ways of meeting it. Meanwhile, he regarded the United States' naval capacity and its imperial possessions in the Pacific as useful assets that could be enlisted to help counter this threat and facilitate Australian security by supplementing British power in the Pacific.

The Deakin Government's threat perceptions have already been outlined. This section addresses the correlation between these threat perceptions and Deakin's engagement initiatives towards the United States. Australian historians Ruth Megaw, Russell Parkin and David Lee observe that Australian policymakers' interest in the United States was a direct function of their strategic apprehensions about Japan in the early part of the twentieth century. They argue that between 1901 and 1907 Australian interest in the United States flagged: it was not until Japanese threat perceptions intensified in 1907 that Deakin sought out the United States.<sup>89</sup> However, this chapter posits that the Deakin Government's renewed interest in the United States resulted from emergent threat perceptions of both Japan and Germany during this time.

The direct role that a prospective Japanese threat played in shaping Australian interests toward the United States is well-documented in Deakin's justifications for inviting the fleet. In an oft-cited letter to British writer and journalist Richard Jebb on 4 June 1908, Deakin commented that:

The visit of the United States fleet is universally popular here, not so much because of our blood affection for the Americans though that is sincere but because of our distrust of the Yellow Race in the North Pacific and our recognition of the 'entente cordiale' spreading among all white men who realize the Yellow Peril to Caucasian civilization, creeds and politics.<sup>90</sup>

The Japanese threat was also the chief topic of conversation between Deakin and Admiral Sperry during the fleet's visit (and thus probably one of the principal motives inspiring the invitation). In a letter to his wife during the fleet's visit to Australia, Sperry wrote 'The truth is that not only Australia, but Chile and the other Republics on the West Coast consider that we alone stand between the Japanese and a career of

<sup>89</sup> Megaw, 'Australia and the Great White Fleet 1908', pp. 121–24; Parkin and Lee, *Great White Fleet to Coral Sea*, pp. 3, 6.

<sup>90</sup> Deakin to Jebb, 4 June 1908, Deakin-Jebb Correspondence, MS 339/1/19A(-B), NLA.

adventure'.<sup>91</sup> These comments support existing historical interpretations which suggest that Deakin's fears of an expansionist Japan were an important factor in his decision to invite the American fleet.

Yet Deakin's perceptions of an intensifying German threat also had some bearing.<sup>92</sup> What exacerbated Deakin's fears of Japan was Britain's preoccupation with Germany in the North Atlantic. In the event of an Anglo-German war, Japan might opportunistically make use of the power vacuum in the Far East to pursue its expansionist ambitions. Deakin was also concerned about Germany's growing presence in the Southwest Pacific. The day before the Prime Minister wrote to American Consul-General John Bray, he simultaneously cabled the Secretary of State for Foreign Affairs in Great Britain, enquiring about the prospects of the United States relinquishing its Samoan claim to Germany. Deakin was apprehensive that a '[c]onsiderable body of public opinion in the US [was] unfavourable to the retention of overseas possessions by the Republic and should that opinion prevail Samoan territories would be among the first to be relinquished'. He believed that, '[i]f Germany gets hold of this, [it] could develop it into an important naval base near one of the highroads of the world's overseas traffic'. This could endanger Australian trade routes and, potentially, the security of the Australian continent.<sup>93</sup> This possible transfer may have played a role in spurring Deakin's invitation to the American fleet in order to encourage Washington to back imperial over German interests in the Southwest Pacific. Australia's increased interest in the United States between 1907 and 1909 thus appears to be a function of Japanese and German threats combined.

The Deakin Government thus looked beyond the Royal Navy to re-establish a regional balance of power favouring Anglo-Saxon countries. The United States' immense naval capacity and its territorial possessions in the Southwest Pacific were viewed in this light. The Australians were not only impressed by the formidable naval fleet that the Americans had built within a relatively short period of time, but were also acutely conscious of the United States' geographical advantage in wielding this power

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<sup>91</sup> Charles Sperry to Edith Sperry, 9 September 1908, Container 5, Sperry Papers, LOC. Sperry made similar remarks to his colleagues in Washington. In a letter to General Horace Porter, Sperry notes: 'You probably know the obvious features of the visit to Australia and Japan, but the real inwardness has not been so apparent. In Australia and New Zealand, they have had a severe case of nerves over the possibility of being swallowed up by Japan ...', Sperry to Porter (1908), cited in Harper, *A Great and Powerful Friend*, p. 11.

<sup>92</sup> Within the historical literature, only Harper makes reference to the possible role of an intensifying local German threat in instigating the invitation. Harper, *A Great and Powerful Friend*, p. 10.

<sup>93</sup> Cable from Deakin to Northcote, 23 December 1907, NAA: A11816, 47.

in the Pacific.<sup>94</sup> As Sperry observed, ‘Australians as a body are keenly alive to the fact that we are a great factor in the development and control of the Pacific’.<sup>95</sup> This was compounded by the opening of the Panama Canal, which enabled the United States to more easily transfer its fleet between the Atlantic and Pacific Oceans.<sup>96</sup>

The Deakin Government believed that American naval power could be enlisted to support the British Empire in the Pacific through the formation of a Pacific Anglo-American entente. Historians differ as to the relative importance of this objective in Deakin’s decision-making and as to what sort of commitment he sought to elicit from the Americans. Whereas Neville Meaney suggests that the Australians desired a formal alliance between the United States and the British Empire, Carl Bridge suggests that Deakin was more interested in the ramifications of the American fleet visit for intra-imperial relations.<sup>97</sup> This chapter argues that Deakin’s expectations probably fell somewhere in between these two extremes.<sup>98</sup> Deakin most likely sought to bring about a defensive entente with the United States, based on raised expectations of mutual support but not necessarily on any formal exchange of promises to come to each other’s aid. That Deakin did at least seek American reassurances of support during the fleet visit is evident in his letter to Maxse:

My hope is and was when sending it [the invitation to the American fleet] that it could be the means of bringing the two British and American peoples closer together and so *prepare the way* for a defensive alliance based upon our common interests in keeping the mastery of the Pacific in Anglo-Saxon hands.<sup>99</sup>

Nevertheless, Deakin’s other references to an ‘entente cordiale’ suggest that he envisioned any ensuing defensive arrangement between the British Empire and the United States to be informal.<sup>100</sup> In simply inviting the American fleet to Australia, there was ‘an implied warning to Japan and Germany that, in the Pacific, the Republic has to

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<sup>94</sup> Deakin makes numerous references in his speeches to the rapid build-up of American naval power and his hope that this could, in turn, serve as a model for the construction of the Australian Navy. See, for instance, Alfred Deakin, ‘Extract from the Prime Ministers Speech at the Royal Yacht Club of Victoria’s Dinner at St. Kilda’, 1 September 1908, Deakin Papers, MS 1540/15/3879-80, NLA; Alfred Deakin, ‘Prime Minister at Ballarat’, Melbourne: Commonwealth Liberal Party, 1910, p. 17.

<sup>95</sup> Charles Sperry to Edith Sperry, 28 August 1908, Container 5, Sperry Papers, LOC.

<sup>96</sup> Deakin address to 1907 Colonial Conference, NAA: A5954, 1181/11; Megaw, ‘Australia and the Great White Fleet 1908’, p. 130.

<sup>97</sup> Meaney, *The Search for Security in the Pacific*, pp. 166, 170–71; Carl Bridge, ‘Relations with the United States’, in Carl Bridge and Bernard Attard (eds), *Between Empire and Nation: Australia’s External Relations from Federation to the Second World War*, Melbourne: Australian Scholarly Publishing, 2000, pp. 172, 176.

<sup>98</sup> In her historical account of the American fleet visit, Ruth Megaw arrives at a similar conclusion. Megaw, ‘Australia and the Great White Fleet 1908’, pp. 129, 131.

<sup>99</sup> Author’s emphasis. Deakin to Maxse, 24 July 1908, M Series: Letters of Leopold James Maxse, West Sussex Record Office, Chichester, England, (AJCP reel M1954).

<sup>100</sup> Deakin to Jebb, 4 June 1908, Deakin-Jebb Correspondence, MS 339/1/19A(-B), NLA. In so doing, Deakin was probably sensitive to the United States’ unwillingness to enter into formal alliance treaties.

be considered for the future ...'.<sup>101</sup> Deakin emphasised the 'joint strength' of the British Empire and the American Republic in 'confin[ing] unruly nations'.<sup>102</sup>

It is important to note, however, that Deakin always envisioned any such entente as between the United States and the British Empire as a whole. Deakin and Permanent Head of the Department of External Affairs Atlee Hunt both refuted criticisms that Australia was shifting its loyalties to a new security defender by inviting the American fleet. As Hunt declared, 'to say that we even dreamed of transferring our allegiance from our Mother-country to the United States is to make an assertion that would not be supported by one person in a thousand of the Australian people'.<sup>103</sup> While inevitably written with the political purpose in mind of assuaging British critics, these sentiments are supported by the fact that Deakin was a committed imperialist. While Deakin principally sought to strengthen the British Empire by advocating intra-imperial political reform (as will be elucidated later in the chapter), his initiatives toward the United States simply reflect an effort to do so through external affairs. As Deakin observed, 'the impulse [for inviting the American fleet] is not local. Australia has had few official relations, if any, with the United States ... Our principal motive was therefore Imperial'.<sup>104</sup>

Similar calculations underpinned Deakin's proposal in 1909 to extend the US Monroe Doctrine. Based on a letter he received from the President of the Immigration League, Dr Richard Arthur, Deakin advocated a primitive collective security arrangement in the Pacific that included the United States. He proposed an agreement that extended the US 'Monroe Doctrine' to all countries around the Pacific and was underwritten by American as well as British, French, Dutch and Chinese guarantees.<sup>105</sup> Deakin couched this proposal to his British counterparts in terms of its 'Imperial advantages'.<sup>106</sup> Although there is no record that Deakin ever flagged the proposal to American officials in view of subsequent British opposition, Deakin's proposed agreement was *designed* to buttress the balance of power in the Pacific and, consequently, the Pacific branch of the British Empire. At a time when Anglo-German

<sup>101</sup> Deakin to Maxse, 24 July 1908, M Series: Letters of Leopold James Maxse, West Sussex Record Office, Chichester, England, (AJCP reel M1954).

<sup>102</sup> Deakin (1908) cited in Harper, *A Great and Powerful Friend*, p. 17.

<sup>103</sup> Hunt to Y.M. Goblet, 3 May 1910, Hunt Papers, MS 52/1308, NLA.

<sup>104</sup> Alfred Deakin, 'The American Fleet', (25 August 1908), in La Nauze (ed.), *Federated Australia*, p. 240.

<sup>105</sup> In a letter dated 22 September 1909, Dr Richard Arthur advocated forming 'an agreement for the maintenance of the status quo' in the Pacific. This concept bears striking resemblance to Deakin's own proposal for an Agreement to extend the US Monroe Doctrine to the Pacific that was submitted to British authorities only five days later. Dr. Richard Arthur to Alfred Deakin, 22 September 1909, Deakin Papers, MS 1540/15/3678, NLA.

<sup>106</sup> See Appendix One in Meaney, "'A Proposition of the Highest International Importance'", p. 211.

tensions were escalating and the Japanese had abandoned the 1908 Root-Takehira Agreement,<sup>107</sup> Deakin again turned to diplomatic alternatives to try and fortify the Empire in the Pacific.

In neither the case of the American fleet nor the proposal to extend the Monroe Doctrine, however, were Deakin and his advisors certain that the United States would side with the British Empire. As alluded above, this was partly due to what Deakin viewed as pro-German tendencies in Washington. It is also likely, however, that Deakin was conscious of the United States' longstanding policy of 'no entangling alliances' and proclivity toward isolationism. In a draft speech Deakin intended to give during the fleet's departure, he attempted to further persuade the Americans of the need to provide a tangible commitment to the Pacific. He proclaimed that the US could not retreat from its responsibility in that ocean once the fleet departed.<sup>108</sup> In view of this ongoing uncertainty over America's commitment to the Pacific, why did the Deakin Government choose to instigate an engagement strategy toward the United States at this particular moment? This chapter suggests that Deakin's choice was the product of a unique constellation of factors, which gave rise to his belief that he could reach an agreement with the Americans on a framework for future cooperative interaction. The following section will outline the importance of this belief as the third necessary factor that underpinned Deakin's interest in deepening cooperation with the United States, and associated engagement preferences, between 1907 and 1909.

### *Establishing a Modus Vivendi with the United States*

Facilitating Deakin's engagement with a rising America were his calculations that the United States was not just a *prospective* contributor, but that it could be induced to become an *actual* contributor to Australia's desired regional order. Deakin's firm belief that he could forge a modus vivendi with a rising America was therefore the third important factor underpinning his engagement preferences. This belief came about as a result of: (1) Deakin's own worldview and policy priorities; as well as (2) an increased likelihood of, and American officials' apparent positive initial responsiveness to, Deakin's overtures.

<sup>107</sup> In the 1908 Root-Takehira Agreement, the United States and Japan 'disclaimed aggressive tendencies' and supported the territorial integrity of China. Ian Nish, *Alliance in Decline: A Study in Anglo-Japanese Relations*, London: University of London, 1972, p. 25.

<sup>108</sup> Draft of speech, Deakin Papers, MS 1540/492, NLA.

Unlike some other prominent Australian politicians who maintained confidence in the Royal Navy,<sup>109</sup> Deakin's more pessimistic worldview led him to focus his attentions on Australian defence and imperial consolidation. The priority that Deakin assigned to these issues was buttressed by domestic popular opinion. Australian historian David Walker highlights how narratives regarding Japanese invasion had come to pervade popular culture.<sup>110</sup> By 1908, public disquiet about the absence of a substantive British naval presence, and the need to look to an American protector, was increasingly manifest in local newspapers. As one editorial in *The Age* warned:

A war declared tomorrow between Britain and almost any hostile power would infallibly involve us in the direst of trouble. The Imperial Australian Squadron, poor thing as it is, would be withdrawn immediately from our waters to the main scene of conflict ... Our situation would be positively helpless, hideously hopeless.<sup>111</sup>

Deakin was acutely conscious of the popular support that a fleet visit would generate in this domestic political context. In one of his articles in the *Morning Post*, he noted that through its invitation to the American fleet, '[t]he Federal Government has made a hit—one of those rare hits applauded both by opponents and supporters, and receiving, too, the unanimous endorsement of the public'.<sup>112</sup>

Moreover, he probably believed that the United States was likely to accept his invitation because of the growing convergence between Australian and American interests on matters of Pacific security. Deakin's decision-making was underscored by recent events that had taken place on the American west coast.<sup>113</sup> In October 1906, the San Francisco School Board passed an ordinance that segregated Japanese children in local schools. Roosevelt intervened to remove the ordinance. Nevertheless, American and Japanese tensions continued throughout 1907.<sup>114</sup> There is evidence to suggest that Deakin viewed Roosevelt's transferral of the American fleet to the Pacific in this context:

Whatever the immediate cause of its going there may be, [the entry of the American fleet] is popularly associated with the racial disputes which recently became acute in the West of the Dominion and of the great Anglo-Saxon Republic. Nowhere in the

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<sup>109</sup> Sir John Forrest, Treasurer under the first Deakin Government, as well as former Prime Minister George Reid were among these influential politicians. Donald C. Gordon, *The Dominion Partnership in Imperial Defense, 1879–1914*, Baltimore: Johns Hopkins Press, 1965, p. 197.

<sup>110</sup> Walker, *Anxious Nation*, pp. 98–112.

<sup>111</sup> *Age*, 3 August 1908, cited in Meaney, *The Search for Security in the Pacific*, p. 169.

<sup>112</sup> Alfred Deakin, 'The American Fleet', (2 March 1908), in La Nauze (ed.), *Federated Australia*, p. 228.

<sup>113</sup> Parkin and Lee, *Great White Fleet to Coral Sea*, pp. 7–8; Levi, *American-Australian Relations*, p. 86; Meaney, *The Search for Security in the Pacific*, pp. 121, 166.

<sup>114</sup> Parkin and Lee, *Great White Fleet to Coral Sea*, pp. 7–8; Levi, *American-Australian Relations*, p. 86; Meaney, *The Search for Security in the Pacific*, pp. 121, 166.



Empire, and perhaps nowhere outside the Southern States of the Union, is the import of the colour question more keenly realized than in the Commonwealth.<sup>115</sup>

Nor were there any significant conflicts in bilateral Australian-American ties preventing him from developing a deeper cooperative relationship. As Deakin observed, 'the sentiment of race unity is strong here, quite strong enough to triumph over other obstacles in addition to our ignorance of and distance from each other'.<sup>116</sup> Coupled with convergent Australian-American worldviews in relation to Japan, Deakin saw an opportune moment upon which to capitalize.

This hope was probably reinforced by at least the initial American responsiveness to Australia's overtures. American acceptance of Australia's invitation was perceived as a gesture of reciprocity warranting expenditure on lavish public celebrations during the fleet's visit. Deakin publicly equated American acceptance of the invitation with his objective that 'England, America, and Australia [would] be united to withstand yellow aggression'.<sup>117</sup> During the visit, Deakin's expectations of an Anglo-American entente in the Pacific were also partially met by his American counterparts. In private discussions with Deakin, Admiral Sperry alluded to the common interests that the British Empire and the United States shared in developing their Pacific territories. Sperry subsequently advocated forming a 'community of our commercial interests'. As part of this community, Great Britain, Australia and the United States would *individually* work to develop their territories in the Pacific. Sperry believed that this 'natural alliance' would serve as a deterrent, but 'would be less offensive' to other countries in the region.<sup>118</sup> It would not compromise Washington's own relationship with Japan and exhibited sensitivity to British concerns not to alienate that power. He observed that Deakin appeared receptive to these ideas.<sup>119</sup> Sperry's proposal was further sweetened by its strategic overtones. While he reported to Roosevelt that he never postulated an 'armed alliance' between the British Empire and the United States in the Pacific, he did publicly state that 'there is an unbroken chain of

<sup>115</sup> Alfred Deakin, 'The American Fleet', (2 March 1908), in La Nauze (ed.), *Federated Australia*, p. 229.

<sup>116</sup> Alfred Deakin, 'The American Fleet', (25 August 1908), in J.A. La Nauze (ed.), *Federated Australia*, p. 240.

<sup>117</sup> Leslie Blackwill, 'The American Fleet: What Australia Thinks of the Visit', 1908, Deakin Papers, MS 1540/15/3937, NLA.

<sup>118</sup> Charles Sperry to Edith Sperry, 9 September 1908, Container 5, Sperry Papers, LOC.

<sup>119</sup> In his letter to his wife, Sperry noted: 'I have always had on the one hand or the other at dinner the prime minister of the state or Commonwealth and I have said the same thing to them a little more definitely ... and they seemed to listen.' Charles Sperry to Edith Sperry, 16 September 2008, Container 5, Sperry Papers, LOC.

common interest' between the British Empire and the United States and that 'common interests require common protection'.<sup>120</sup>

Deakin's satisfaction with this outcome was signalled by his actions shortly after the fleet's visit. Immediately thereafter, Deakin invited Roosevelt to visit Australia during his world tour in 1909. However, Roosevelt promptly declined this invitation. It was this lack of responsiveness, coupled with the vagueness of the Sperry initiative as to how to proceed with *joint* cooperation, that probably led to a lull in Australian engagement with the United States between September 1908 and September 1909. Indeed, it was not until Deakin was notified of rumours that the Americans were sending their fleet on a second tour of the Pacific, in response to the Japanese decision to denounce the 1908 Root-Takehira Agreement, that he was encouraged to instigate a third engagement initiative in the form of the Agreement to extend the US Monroe Doctrine.<sup>121</sup>

Deakin's interest in deepening cooperation with the United States between 1907 and 1909, was therefore underpinned by three necessary components: (1) Deakin's belief that the United States was an essentially benign regional power; (2) incentive factors, in the form of emergent perceptions of an external strategic threat and US naval power; and (3) Deakin's belief that he could reach a *modus vivendi* with a rising America. The latter two components rendered Australian engagement with the United States more likely, as evidenced by the lull in Australian engagement initiatives when the prospects for reaching a *modus vivendi* were lower. Yet, they did so only in the context of Deakin's overriding assumption that the United States could be conditioned to act in such a way that supported Australia's preferred construct of regional order. Without that assumption, Deakin may have been more hesitant to establish a political relationship with that country, as was the case with Japan. As argued in Chapter Two, it was the relative confluence of those aforementioned beliefs and incentive factors that ultimately gave rise to Australia's engagement preference.

Yet while Australia's engagement preference was primarily grounded in how Deakin conceived of the United States in relation to a specific construct of regional order, alliance considerations were still an important influence. Australian engagement preferences toward the United States did not correspond with how Great Britain wished

<sup>120</sup> Sperry to Roosevelt, 12 September 1908, cited in Parkin and Lee, *Great White Fleet to Coral Sea*, p. 14; Sperry speech cited in Megaw, 'Australia and the Great White Fleet 1908', p. 128.

<sup>121</sup> A further possible explanation for the timing of Deakin's proposal is suggested by Arthur's letter to Deakin, in which he highlights US President William Taft's growing suspicions of Japan and efforts to hurry the build-up of Hawaiian fortifications. Dr. Richard Arthur to Alfred Deakin, 22 September 1909, Deakin Papers, MS 1540/15/3678, NLA.

Australia to behave. This gave rise to a similar dilemma to what Snyder envisages in his theory of intra-alliance bargaining power. What remains to be determined is why Deakin chose to pursue Australia's divergent interest toward the United States instead of being constrained by British preferences. Snyder's theory would attribute this to Deakin's assessment that he attached a comparatively higher value to his own interest in the United States than did Great Britain in opposing it. Yet, how did Deakin come to make this assessment? This is particularly puzzling in view of Australia's fears of abandonment by Great Britain and the pressures for supporting British preferences that this engendered. How did Deakin come to reconcile his autonomously derived engagement preference with the imperatives of alliance management?

### **Imperial Politics: The Impact of Empire on Australia's Engagement Strategy**

As Snyder suggests, Deakin was conscious of the need to manage Australia's reputation for alliance loyalty. In part, this may be attributed to Australia's dependence on Great Britain noted earlier. Australia was also still unable to conduct its own external affairs. Any initiative that Australia took involving another country had to be reviewed and endorsed by the British Colonial Office. Deakin's consciousness of the need to manage Australia's reputation for alliance loyalty in relation to the visit of the American fleet was manifest in the following ways. First, on learning of British apprehensions about the growth of American influence in Australia, both Deakin and Hunt embarked on an extensive public affairs campaign to refute these perceptions.<sup>122</sup> Second, Deakin was conscious, throughout the fleet visit, to portray Australia as an agent acting on behalf of the British Empire. In his speech to American officers on 12 September, Deakin pronounced, 'we welcomed the fleet here, as I expressly stated, as representatives of the Mother-country and her dominions; not simply as a meeting between Americans and Australians'.<sup>123</sup> Finally, Deakin justified his engagement initiative toward the United States not with regard to Australian security but in terms of broader 'Imperial advantages'. While Deakin was probably genuine in this justification, his reference to this motive in his various *Morning Post* articles and correspondence to British

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<sup>122</sup> Deakin to Maxse, 24 July 1908, M Series: Letters of Leopold James Maxse, West Sussex Record Office, Chichester, England, (AJCP reel M1954); Hunt to Y.M. Goblet, 3 May 1910, Hunt Papers, MS 52/1308, NLA; Alfred Deakin, 'The American Fleet', (25 August 1908), in La Nauze (ed.), *Federated Australia*, p. 240; Deakin to Amery, 16 May 1908, cited in La Nauze, *Alfred Deakin*, p. 490.

<sup>123</sup> Alfred Deakin, 'The Defence of Australia', *Standard*, 12 September 1908, Deakin Papers, MS 1540/5/3938, NLA.

journalists is indicative of another attempt to preserve Australia's reputation for alliance loyalty.<sup>124</sup>

If Deakin was so concerned about this reputation, why then did he decide to pursue this engagement initiative? Why was he not more constrained by fears of abandonment by Great Britain? Closer review of the historical evidence provides support for the second set of theoretical propositions this study advances. The high value that Deakin assigned to his cooperative interests toward a rising America derived principally from his assessment that the British would acquiesce to Australia's ensuing engagement strategy over time. This assessment was predicated on two key factors: (1) Deakin's assumption that his engagement preference did not compromise the vital interests of Great Britain; and (2) his view that this engagement preference would *reinforce* shared understandings of what comprised an alliance contribution.

### *Consistency with British Interests*

An assumption that the British could be persuaded to acquiesce to Australian initiatives was, in part, founded on Deakin's view that his engagement preference was fundamentally compatible with core British interests—at least as Deakin and his colleagues conceived of them. Deakin and his military advisor, William Creswell, viewed these interests in terms of concentrating the Royal Navy in the North Atlantic to defend the British continent, whilst simultaneously preserving the unity and strength of the British Empire in more distant seas.<sup>125</sup> Deakin hoped that by fostering greater Anglo-American solidarity in the Pacific, the American fleet's visit to Australia would assist to deter potentially hostile powers. The Royal Navy could therefore concentrate in North Atlantic waters, with minimal concern as to protecting of the Pacific branch of the Empire. Deakin could further justify his initiatives to the British in terms of broader

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<sup>124</sup> Alfred Deakin, 'The American Fleet', (25 August 1908), in La Nauze (ed.), *Federated Australia*, p. 240; Appendix I in Meaney, "'A Proposition of the Highest International Importance'", p. 211; Deakin to Maxse, 24 July 1908, M Series: Letters of Leopold James Maxse, West Sussex Record Office, Chichester, England, (AJCP reel M1954).

<sup>125</sup> This interpretation of British interests is particularly evident in relation to the Australian defence debates that were occurring at the time. As Creswell observed: 'To carry on war operations at the antipodes from the heart of the Empire is like lifting a weight at the end of a pole. The leverage is great, and against the lifter. The avowedly Australian scheme, on the other hand, is intended to render us so strong that there may be little concern for our safety for some time ahead. The relief to the Admiralty or its officers needs no statement. The immense gain to the Empire by rendering unnecessary the withdrawal of naval force to our aid in the first grave emergency may be practically measured ....' Creswell, 'Australian Defence', p. 9. See also 'Extracts from the speech by the Prime Minister', in Gordon Greenwood and Charles Grimshaw (eds), *Documents on Australian International Affairs, 1901-1918*, West Melbourne, Vic: Thomas Nelson, 1977, p. 141.

trends of Anglo-American rapprochement that had been occurring globally for some time. While certainly aware of the competitive aspect of Anglo-American relations in the Pacific, Deakin assumed that a fleet visit would actually facilitate vital British interests over the longer-term and that London could be persuaded of that fact. His efforts to convince the British of the visit's imperial advantages are illustrative.

This assumption was strengthened by the absence of any *official* British objection to the Australian invitation, although the invitation to the American fleet was not favourably received by various agencies of British Government. The Foreign Office was apprehensive that the initiative would disrupt relations with Japan and could be used to play Britain and the United States against each another. The Admiralty also disapproved in view of the difficulties it would have in matching the United States' demonstration of force in Pacific waters. Yet, British Government officials opted not to convey these misgivings to Deakin, feeling that he might make the situation worse.<sup>126</sup> Foreign Secretary Edward Grey noted that it 'would be undesirable to say anything at the moment which might prompt Mr. Deakin to say that it was evident, because of the Japanese alliance, that we did not approve of this having been sent'.<sup>127</sup> Secretary of the Colonial Office Lord Elgin noted that, 'it is useless to explain to Mr. Deakin'.<sup>128</sup> The Colonial Office therefore issued only a mild rebuke that all matters of external affairs should be passed through the British Government and expressed no opposition to the actual substance of Deakin's initiative. While Deakin's efforts to incite a corresponding British display of force suggest that he was aware of British sensitivities surrounding the fleet's visit, it is likely that he interpreted the absence of any official objection as a sign of British acquiescence (that is, tacit British acceptance rather than active endorsement).

This contrasts to Deakin's advocacy of an agreement, in 1909, that extended the US Monroe Doctrine to the Pacific. Deakin probably accepted Dr Richard Arthur's justifications for such an agreement, based on preserving the Pacific branch of the Empire whilst Britain was engaged in, or recovering from, a conflict with Germany.<sup>129</sup> In his subsequent letter to Lord Crewe on 27 September 1909, Deakin roughly outlined Arthur's proposal and emphasised 'how it might prove of inestimable service to the

<sup>126</sup> Meaney, *The Search for Security in the Pacific*, pp. 164–65.

<sup>127</sup> Grey (1908) cited in Meaney, *The Search for Security in the Pacific*, p. 165.

<sup>128</sup> Elgin (1908) cited in *The Search for Security in the Pacific*, p. 165.

<sup>129</sup> As Arthur observed in his letter, 'an agreement made at present for the maintenance of the status quo would prevent trouble. We all hope that the Mother Land will emerge victorious from the struggle if it comes, but if she does it will be in a frightfully crippled condition'. Dr. Richard Arthur to Alfred Deakin, 22 September 1909, Deakin Papers, MS 1540/15/3678, NLA.

Empire'.<sup>130</sup> In reply, however, Crewe noted that this arrangement might damage rather than contribute to British interests in the Pacific. He argued that an extension of the Monroe Doctrine to the Pacific would force the British to seek American permission before proceeding with any course of action.<sup>131</sup> Crewe observed:

[I]t is necessary to remember, in using the doctrine as an analogy for a similar arrangement in the Pacific, that the Americans claim to maintain the status quo over two continents, not merely against the world at large, but as regards the Powers already in possession between themselves.<sup>132</sup>

While the British acquiesced to the Monroe Doctrine in the western hemisphere, they were not inclined to do so in the Pacific.<sup>133</sup> Moreover, the Foreign Office was apprehensive that any collective security arrangement that excluded Germany and Japan would further antagonise those powers.<sup>134</sup> Deakin's proposal could thus potentially disrupt the regional status quo upon which Great Britain was dependent. On learning of these serious British reservations, Deakin appears to have abandoned the initiative. Because it infringed on core British regional interests, he was sensitive to the inherent difficulties of securing British acquiescence. Despite ongoing concerns about Pacific security,<sup>135</sup> he willingly deprioritised his own interests in the United States and deferred to British preferences.

### *Reinforcing Intra-Alliance Understandings of Contribution*

A key difference between the two engagement initiatives outlined above was the way in which Deakin presented these initiatives to Britain. In the case of the American fleet, why was Deakin so confident, without first consulting with British authorities, that London would acquiesce to the invitation? After all, such consultation could have further illuminated whether Australia's engagement initiative was consistent with core British interests. One explanation for this lack of consultation may be Deakin's assumption that his actions were warranted and could be justified by appealing to shared intra-alliance understandings regarding alliance contribution. By appealing to these

<sup>130</sup> Appendix 1 in Meaney, "A Proposition of the Highest International Importance", p. 211.

<sup>131</sup> Crewe to Deakin, 15 December 1909, Deakin Papers, MS 1540/15/2271, NLA.

<sup>132</sup> Crewe to Deakin, 15 December 1909, Deakin Papers, MS 1540/15/2271, NLA.

<sup>133</sup> Crewe to Deakin, 15 December 1909, Deakin Papers, MS 1540/15/2271, NLA. As Crewe again observed, '[o]ne had to remember that the so-called principle is really only an assertion which those who advance it are presumably prepared to back by force. We acquiesce in it because it suits us to do so, but I don't know that we should agree to every application which the United States might conceivably choose to make of it'.

<sup>134</sup> Sir E. Grey to Lord Crewe, 11 November 1909, reproduced in Appendix 3, Meaney, "A Proposition of the Highest International Importance", p. 212.

<sup>135</sup> Deakin, (25 November 1910), in Commonwealth of Australia, *Commonwealth Parliamentary Debates*, 1910 session, v. 59, pp. 6859–60.

understandings, Deakin was more likely to persuade the British of his actions because he explained them in terms that were complementary to strengthening the British Empire. This would mitigate damage to Australia's reputation for alliance loyalty.

How Deakin conceived of shared understandings regarding an alliance contribution must therefore assume prominence in any account of how his Government came to engage with a rising America in an alliance context. To Deakin, the core purpose of imperial alliances between Great Britain and the Dominions was to further strengthen the British Empire.<sup>136</sup> He believed that the Empire's principal weakness was that it would be unable to effectively act when confronted with a monolithic and centrally administered state on issues of war and trade.<sup>137</sup> He believed that the best way to overcome this challenge was to create an 'Imperial Federation'. Deakin conceived of Imperial Federation as 'a Federal Empire, an Empire existing with the glad consent, harmonious and relatively independent action of its parts'.<sup>138</sup> Imperial Federation entailed a shift toward greater decentralisation in the sense that it would account for Dominion interests and allow them to develop their own military capabilities.<sup>139</sup> Dominions would maintain a 'right to voice in the decisions of those questions in which their fate, as well as that of the mother country, is involved'.<sup>140</sup> Intra-imperial relationships would no longer resemble that of metropolitan master and dependent colony but rather two sovereign governments in alliance.<sup>141</sup> Simultaneously, however, Deakin envisaged a need for 'recentralisation'. Through discussion and transparent communications, he believed that Great Britain and the Dominions should be able to arrive at unified imperial policies.<sup>142</sup>

In an effort to move towards intra-imperial reform, Deakin issued a number of proposals along these lines at the 1907 Colonial Conference in London. At the

<sup>136</sup> La Nauze, *Alfred Deakin*, p. 480. Walter Murdoch, *Alfred Deakin: A Sketch*, Melbourne: Bookman Press, 1999, p. 240. See also Deakin, 'Imperial Federation', pp. 5–8.

<sup>137</sup> La Nauze, *Alfred Deakin*, p. 479; See also Deakin, 'Imperial Federation', pp. 3–4.

<sup>138</sup> Deakin (1905) cited in La Nauze, *Alfred Deakin*, p. 478.

<sup>139</sup> Gordon, *The Dominion Partnership*, p. 211; Meaney, *The Search for Security in the Pacific*, p. 142.

<sup>140</sup> La Nauze, *Alfred Deakin*, p. 485. This was particularly the case on foreign affairs, in which Deakin believed there were some matters that affected the interests of the Dominions and that they should subsequently be able 'to make such necessary enquiries in regards to foreign politics as may appear to us to be urgent and important'. Meaney, *The Search for Security in the Pacific*, p. 148.

<sup>141</sup> Meaney, *The Search for Security in the Pacific*, p. 142.

<sup>142</sup> La Nauze, *Alfred Deakin*, pp. 476–78; See also Deakin to Jebb, 29 May 1907, Deakin-Jebb Correspondence, MS 339/1/13A (-B), NLA. Deakin most clearly expounded what he meant by recentralisation in a speech he gave to Parliament in 1910. He observed that: 'Every year... increases the need for a central Imperial body, on which all the self-governing Dominions are represented and have an effective voice. Its binding decisions being arrived at, not by the counting of votes, but through the unanimity reached by enquiry, argument and mutual concession, are then ripe for endorsement by the Parliaments which represent their peoples.' Deakin, (25 November 1910), in Commonwealth of Australia, *Commonwealth Parliamentary Debates*, 1910 session, v. 59, pp. 6859–60.

Conference, a consensus emerged that the new Dominions section of the Colonial Office should keep 'parties informed during periods between the Conferences in regard to matters which have been, or may be, subjects for discussion'.<sup>143</sup> To Deakin and Hunt, this formed an important new alliance obligation or 'contribution' in the form of transparent communications between Great Britain and the Dominions. They believed that this would go some way to alleviate their difficulties in receiving information from the Colonial Office and ensuring that agency was attentive to their demands.<sup>144</sup> It provided a starting point for the decentralising and recentralising processes inherent in Deakin's notion of Imperial Federation.

By December 1907, however, Deakin and Hunt were increasingly disenchanted with British implementation of this principle. They issued their invitation to the American fleet in this context. On the day before Deakin wrote to US Consul-General John Bray to secure his offices in encouraging a favourable reception to the invitation, both he and Hunt expressed their dissatisfaction to the British about London's violation of the communication obligations agreed to at the Colonial Conference. In a letter to the Colonial Office on 23 December 1907, Hunt complained that Australia had not been informed on matters relating to Newfoundland or on several other issues of imperial interest. He noted that while '[t]hese perhaps are not large matters', the arrangements that seemed to have emerged were different from those to which the Australian Government agreed.<sup>145</sup> In a letter from Deakin to Richard Jebb on the same day, Deakin similarly noted that: '[T]he new Secretariat of the CO [Colonial Office] is proving its utter inefficiency. For matters of imperial importance are being dealt with at present—Newfoundland's rights and Burn's Philips claims against Germany for the Marshall Islands ... On neither of these matters ... have we had a simple word or simple scrap of information.'<sup>146</sup>

In the context of perceived British violations of these shared understandings, it is likely that Deakin felt justified in issuing his invitation to the American fleet *without* first consulting the Colonial Office. By demonstrating the ramifications of colonial nationalism (such as individual dominion external affairs initiatives), Deakin may have

<sup>143</sup> Deakin to Northcote, 19 November 1907, Hunt Papers, MS 52/792, NLA; Hunt to Hopwood, 23 December 1907, Hunt Papers, MS 52/785, NLA.

<sup>144</sup> For Deakin's views on the 'impenetrability' of the Colonial Office, see La Nauze, *Alfred Deakin*, p. 486; Murdoch, *Alfred Deakin*, p. 243; 'Extracts from speeches by the Prime Minister of Australia, 17 and 18 April 1907, at the Colonial Conference', in Gordon Greenwood and Charles Grimshaw (eds), *Documents on Australian International Affairs, 1901–1918*, West Melbourne, Vic: Thomas Nelson, 1977, p. 78.

<sup>145</sup> Hunt to Hopwood, 23 December 1907, Hunt Papers, MS 52/785, NLA.

<sup>146</sup> Deakin to Jebb, 23 December 1907, Deakin Jebb Correspondence, MS 339/1/17A, NLA.



sought to *provoke* the British into better comprehending the need for imperial recentralisation and, consequently, adhering to those shared-understandings agreed to at the Conference. This is suggested by a letter to Leo Amery, in which Deakin wrote: 'I hardly understand your want of sympathy with the visit of the US Fleet. We should have welcomed it if we obtained all that we are seeking in the shape of Imperial Federation.'<sup>147</sup> In suggesting an invitation to the American fleet without first consulting with British officials, Deakin did not behave consistently with shared intra-alliance understandings. Nevertheless, he was still able to present his actions in such a way that *reinforced* these understandings. By couching his actions as part of an endeavour to strengthen intra-imperial norms in the face of British non-compliance, Deakin was more likely to persuade the British to acquiesce to his engagement initiative and to mitigate damage to Australia's reputation for alliance loyalty. Deakin, accordingly, assigned a high value to his divergent interests in cooperating with the United States and subsequently pursued them.

This contrasts with Deakin's initiative to extend the Monroe Doctrine in 1909. Whilst still initially confident that his initiative was consistent with core British interests, Deakin was more prone to *consult* with the British in this instance and to be constrained by London's preferences. In part, this may have been because he was more satisfied with how the British were responding to imperial matters in 1909. At the same time that Deakin addressed his letter to Crewe regarding the agreement to extend the Monroe Doctrine, the 1909 Imperial Defence Conference was making advances toward ideas on imperial defence that Deakin had long espoused. The British conceded that Dominions were entitled to construct fleet units that were under their local control. The Australian and Canadian units would then join together with the British China and East Indian squadrons to comprise a Pacific Fleet. This did not extend to greater Dominion political representation in imperial bodies as Deakin had hoped, but these developments did go some way towards meeting longstanding Australian concerns.<sup>148</sup> The British were endorsing and furthering shared understandings reached at the 1907 Colonial Conference, rather than violating them.

Under these circumstances, Deakin was less inclined to diverge from intra-alliance understandings regarding transparent communications. He outlined his proposal to the Secretary of State for the Colonies rather than discussing it first with American

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<sup>147</sup>Deakin to Amery, 16 May 1908, cited in La Nauze, *Alfred Deakin*, p. 479. Other historians adopt a similar interpretation, noting that Deakin sought to circumvent Colonial Office obstructionism. La Nauze, *Alfred Deakin*, p. 490; Meaney, *The Search for Security in the Pacific*, p. 164.

<sup>148</sup>Meaney, *The Search for Security in the Pacific*, pp. 183–86.

representatives in Australia. On learning of serious British reservations, he subsequently abandoned the proposal without ever consulting with the Americans. Indeed, it would have been difficult to pursue this proposal further, whilst simultaneously justifying it in terms of *reinforcing* shared understandings and strengthening intra-imperial relations. Chances of British acquiescence were considerably less than in the case of the American fleet visit, thus increasing the risk to Australia's reputation for alliance loyalty.

The difference between these two initiatives is therefore found in Deakin's assessment of whether Great Britain would acquiesce to Australia's engagement strategy. This derived predominantly from his assessment of whether the initiative (and his corresponding engagement preference) was consistent with vital British interests and whether it was at least reinforcing of shared understandings regarding alliance contribution. This assessment mediated between Deakin's fears of abandonment and the subsequent high value he assigned to Australia's divergent interest toward a rising America. As a result of its highly valued interest in deepening cooperation with the United States, the Australian Government derived greater intra-alliance bargaining power in this issue-specific context and therefore adopted this initiative as part of an engagement strategy toward the United States. This approach contrasts with the Agreement to extend the Monroe Doctrine, in which serious British reservations led Deakin to defer to the Colonial Office's arguments. What engendered the difference between these outcomes were Deakin's calculations about the relative prospect for managing Australia's alliance reputation, the value he correspondingly attached to Australia's divergent interest, and his perception of Australia's intra-alliance bargaining power in each case.

## **Conclusion**

Far from conforming to British preferences, Australia's engagement strategy toward a rising America was underpinned by a nuanced interplay between its interests with respect to that power and its interests in alliance preservation. Neither power transition theory nor Snyder's theory fully account for these dynamics. Power transition theory does not account for how Australia came to engage with a rising America from *within* the context of its imperial alliance. Snyder's theory better accounts for this outcome by providing greater discretion for a junior ally's interests to shape its policies. However, Snyder's theory is still limited in explaining why the Deakin Government engaged with

a rising America, because it does not specify what factors are most important in shaping the interests of junior allies. It does not suggest when a junior ally's interests are more or less likely to favour cooperation with a rising power nor does it fully explain how the junior ally will reconcile such interests with fears of abandonment.

Rendering Snyder's theory more applicable in this context, this chapter verified the applicability of those theoretical propositions outlined in Chapter Two. As suggested by these propositions, Australian Prime Minister Alfred Deakin judged that the United States maintained benign intentions—that is, it could be conditioned to act in a way that supported Australia's preferred construct of regional order. In this political context, Deakin viewed the emergence of an external threat and US naval capacity as incentives to cooperate with Washington. He perceived the United States as valuable partner to the British Empire in the Pacific and a prospective contributor to a regional order favouring Australian strategic interests. He also believed that the time was opportune to develop a framework for future cooperative interaction with the United States. It was this confluence of Deakin's beliefs about American intent, about incentives to cooperate, and regarding the prospect of forging a *modus vivendi*, which gave rise to his interest in deepening cooperation with Washington and his associated engagement preference.

To emphasise Deakin's autonomously derived interest toward the United States is not to negate, however, the constraining influence of the imperial alliance on Australia's ensuing engagement strategy. Deakin was conscious of the benefits that Australia derived from Great Britain and sought to preserve Australia's reputation for alliance loyalty. Underpinning his engagement initiative to invite the American fleet was an assessment that the British would acquiesce to this fleet visit over time. This assessment appears to have been based on Deakin's interpretation of British interests and the possibility of justifying his engagement initiative in terms of reinforcing shared understandings regarding alliance contribution. So long as the British could be persuaded to acquiesce to his initiative, the risk of damaging Australia's reputation for alliance loyalty was minimal. The Prime Minister's own interest and preference toward a rising America therefore prevailed because the probability of the great power ally abandoning Australia over this issue was so low. Deakin assumed that Australia had greater intra-alliance bargaining power in this specific context and was subsequently able to engage with a rising America from within the imperial alliance, whilst not necessarily conforming to Great Britain's immediate preferences.

The Deakin case therefore lends support to the utility of Snyder's framework in explaining Australian engagement with rising powers. Nevertheless, it also highlights the weaknesses of Snyder's model in this context. Intra-alliance bargaining power was an important mediating factor. However, it was Deakin's perceptions of the incentives and prospects for cooperation with the United States and the relative compatibility of this with broad alliance objectives, which shaped the substance of Australia's interest and the value he assigned to it. This assessment, in turn, gave rise to his evaluation of Australia's intra-alliance bargaining power and was ultimately responsible as to whether engagement materialised. The following case study, by examining a shift towards Australian 'disengagement' with the United States in 1936, highlights the importance of these factors. While perceptions of intra-alliance bargaining power were similar, differences in how Australia conceived of its interests towards the United States gave rise to a very different engagement outcome.

## CHAPTER FOUR

### DISENGAGING A RISING AMERICA: THE LYONS GOVERNMENT'S TRADE DIVERSION POLICY, 1936–37

Following the visit of the American fleet in 1908, Australian-American relations remained friendly but distant. Successive Australian Governments during the 1920s and 1930s intermittently sought to deepen strategic cooperation between the British Empire and the United States in the Pacific. Like Alfred Deakin, Prime Minister W.M. Hughes sought some form of great power guarantee for the Pacific, which included the United States and would preserve the regional status quo after the Anglo-Japanese alliance terminated in 1922.<sup>1</sup> Prime Minister Stanley Bruce hosted a second American fleet visit to Australia in 1925.<sup>2</sup> This is not to say that Australian-American relations were entirely harmonious. The US stance on former German colonies in the Southwest Pacific, its position on British repayment of war debts, and its ongoing bilateral trade surplus with Australia prompted some resentment in Canberra.<sup>3</sup> These points of difference were managed, however, in the context of a broadly cooperative, and what Australian policymakers hoped would emerge a deeper relationship with the United States.

It was not until 1936 that any notable shift occurred in Australian policy toward that power. On 22 May 1936, the Lyons Government introduced a new tariff schedule that negatively affected American and Japanese exports to Australia. This tariff schedule encompassed a licensing system, in which licences to import to Australia specific items such as motor chassis, metal-working machinery, and iron and steel, would be granted only to those countries with which Australia maintained a favourable balance of trade. Licences would be denied to 'bad customers' such as the United States. Trade previously dominated by US imports was therefore diverted to either domestic or imperial suppliers. This licensing system subsequently came to be known as the 'trade diversion' policy. Although justified in primarily commercial terms, the policy also had political undertones. It was contextualised more broadly in terms of a

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<sup>1</sup> Russell Parkin and David Lee, *Great White Fleet to Coral Sea*, Canberra: Department of Foreign Affairs and Trade, 2008, pp. 69–70. W.M. Hughes was Prime Minister of Australia between 1915 and 1923.

<sup>2</sup> P.G. Edwards, *Prime Ministers and Diplomats: The Making of Australian Foreign Policy, 1901–1949*, Melbourne, Oxford University Press, 1983, p. 77. Stanley Bruce was Prime Minister of Australia between 1923 and 1929. He later served as Australian High Commissioner to the United Kingdom from 1933 to 1945.

<sup>3</sup> Jay Pierrepont Moffat, *Diaries of Jay Pierrepont Moffat*, Harvard University Library, 1935–37, p. 57.

general American ‘indifference’ to Australia’s welfare and interests.<sup>4</sup> By applying economic sanctions against the US, the Lyons Government had two objectives. It hoped to both compel Washington to enter into trade negotiations with Canberra and, in so doing, to paradoxically create a *better* long-term cooperative relationship with the US, which would ultimately facilitate Australian strategic interests.<sup>5</sup> Trade diversion therefore typifies an Australian ‘disengagement’ strategy toward the United States.<sup>6</sup>

This sudden shift toward disengagement is not easily accounted for by either power transition theory or Glenn Snyder’s theory of the alliance security dilemma. As a ‘satisfied’ junior ally of Great Britain, the Australian Government’s policy should have echoed London’s political and economic rapprochement with Washington. In 1935, the British Government had commenced preliminary negotiations with Washington on an Anglo-American trade treaty, which it projected would not only yield commercial benefits but would assist to draw the United States out of strategic isolation. Why then did the Lyons Government adopt an economic disengagement strategy towards Washington at the same time that Britain was negotiating an Anglo-American trade treaty? Moreover, the Lyons Government persisted with this strategy for close to twenty months, despite the British Board of Trade’s dissatisfaction. While trade diversion did not cast doubt on Australia’s alliance loyalty, it did diverge from British policies relating to economic and strategic order-building during the interwar period.

Snyder’s theory of intra-alliance bargaining power has greater explanatory power in this case. Like the Deakin Government’s decision to invite the American fleet in 1908, the Lyons Government’s decision to adopt trade diversion was underpinned by an assumption that Australia maintained strong intra-alliance bargaining power in this

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<sup>4</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, pp. 53, 57; Secretary of State to the Consul General at Sydney (Moffat), 10 April 1936, Department of State, *Foreign Relations of the United States (FRUS)*, v. 1 (1936), Washington, DC: Government Printing Office, 1953, p. 746. In an interview with US Consul-General to Sydney Jay Pierrepont Moffat on 3 October 1935, Australia’s Minister for External Affairs, George Pearce, presented both Australian political and commercial grievances against the United States. Politically, ‘there was a feeling America was indifferent to Australia’s welfare’, could not be counted on to provide assistance to Australia during a time of peril, and was insensitive to Australia’s security needs by insisting on naval parity in cruisers with Great Britain. Commercially, the Australians resented the United States’ protectionist practices which impeded the export of competitive products from Australia. Moffat, *Diaries of Jay Pierrepont Moffat*, pp. 57–65.

<sup>5</sup> Geoffrey Whiskard to Dominions Office, 28 July 1936, Public Records Office (PRO): BT11/628, Trade Australia-USA Commercial Negotiation Relations, 1934–1938, (Australian Joint Copy Project [AJCP] reel PRO 6945); Consul General at Sydney (Moffat) to the Secretary of State, 4 March 1936, *FRUS*, v. 1, p. 742; Lyons letter enclosed in Consul General Sydney (Moffat) to the Secretary of State, 7 May 1936, *FRUS*, v. 1 (1936), p. 749.

<sup>6</sup> As noted in the introduction, disengagement entails a temporary suspension or withdrawal of cooperation to induce change in a target state’s position on a specific issue. It is geared toward suspending rather than abrogating relations. By undertaking a disengagement strategy, the engaging state ultimately hopes to create a more viable long-term cooperative relationship that better accommodates its interests.

context. Lyons' believed that his Government assigned a higher value to its divergent commercial interests in Washington than did Britain in opposing them, mitigating concerns of any negative alliance repercussions. As in the previous case, however, two limitations of Snyder's theory as an explanatory tool are evident. First, his theory of intra-alliance bargaining power is consistent with, but cannot fully explain, the different engagement outcomes in the Deakin and Lyons case studies. This is because it cannot explain the varying *substance* of Australian interests toward the rising power and Australia's associated engagement preferences. Neither does Snyder's theory explain why Lyons assigned such a high *value* to Australia's interests toward the US relative to fears of abandonment by Great Britain. Indeed, the Lyons Government devalued these interests over the course of 1937 and, correspondingly, abandoned trade diversion in December of that year. Discerning what factors affect change in both the substance and perceived value of interests is critical to understanding the dynamics of junior allied engagement and to rendering Snyder's theory applicable.

This chapter argues that the Lyons Government developed a disengagement preference toward the United States primarily because of its inability to reach a *modus vivendi* with that country as a result of conflicting trade interests. Lyons sought to rectify Australia's adverse trade balance with the US. He viewed this as integral, not only to Australia's future economic welfare but also to its efforts to develop secondary industries and to rearm. The importance Lyons attached to rectifying Australia's adverse trade balance, coupled with Washington's lack of responsiveness on this issue, meant bilateral economic conflicts partially obscured strategic considerations that were simultaneously propelling more cooperative bilateral relations. In view of the growing Japanese military threat to the region, Lyons and his ministers recognised important incentives to cooperate with an increasingly powerful United States over the longer term. This gave rise to Australia's broad engagement-based *approach* toward that country. However, the disjuncture between Australian ministers' views of the US as a potential 'contributor' to Australia's preferred construct of regional order, and their simultaneous inability to reach a *modus vivendi* with Washington on trade, ultimately gave rise to an Australian interest supporting a disengagement preference.

The value that the Lyons Government, in turn, assigned to its interest in tactically withdrawing from cooperation with the US was critically shaped by alliance considerations. It was acutely conscious of its ongoing economic and strategic dependence on Great Britain. In this context, Joseph Lyons assigned a high value to Australia's divergent interest in the US only because he believed that the British would

ultimately acquiesce to Australia's ensuing disengagement strategy. This was largely because trade diversion facilitated British economic interests and was consistent with shared intra-alliance understandings of alliance contribution. Because the Empire benefited, there was little risk that Australia would damage its reputation as a supportive junior partner. This assessment was borne out by Great Britain's reluctant but tacit acceptance of Australian trade diversion in 1936. Lyons' assessment changed, however, as British and American trade negotiations progressed and London's pressure on Australia intensified, during 1937, to help facilitate an Anglo-American trade agreement. Lyons recalculated that British acquiescence to trade diversion (on terms acceptable to Australia) was less likely. He subsequently devalued Australia's divergent interest toward the US. Considerations of Australian asymmetric dependence on Great Britain increasingly affected his perceptions of Australia's comparative intra-alliance bargaining power. The Lyons Government subsequently abandoned the trade diversion policy in deference to British preferences.

To understand the context in which the Lyons Government's disengagement strategy emerged, this chapter first examines the evolution that took place in the Anglo-American power transition between the Deakin and Lyons periods. It then explores the extent to which power transition and Snyder's theories explain the Australian policy shift toward a rising America that took place in 1936. The second part of the chapter demonstrates how this study's theoretical propositions more precisely account for variation in Australian engagement toward that power. In so doing, it examines what factors underpinned the Lyons Government's changing interest toward the United States in 1936. It then proceeds to explore why Lyons came to assign such a high value to this interest in 1936, before progressively devaluing this interest in 1937. The chapter thus hopes to explain what factors engendered the shifting dynamics of Australian engagement toward a rising America during the first part of the twentieth century.

### **Anglo-American Power Transition During the 1930s**

In the aftermath of the First World War, Great Britain entered a period of relative decline. There is a lack of consensus among historians over the extent to which this relative decline was taking place. International historians who privilege material power, such as Paul Kennedy, argue that Britain's relative decline was rapid during the interwar



period.<sup>7</sup> Yet, British historians such as David Reynolds, Brian McKercher, and Gordon Martel observe that power can also be a function of ‘softer’ elements, such as prestige, reputation and diplomacy.<sup>8</sup> These may be enlisted to achieve successful situational outcomes. According to these measures, Britain’s decline during the interwar period was not so drastic.

This tension between Britain’s declining material power but its still considerable political influence in world affairs was manifest in Australian policymakers’ perceptions of regional structural change during the 1930s. In material terms, Australian policymakers recognised that Great Britain was no longer as powerful as it had been before the First World War. Economically, Great Britain emerged from the war as a net debtor to the US. The British also ran a persistent peacetime balance of payments deficit with that country, reflecting its weakened competitive industrial position in the postwar world.<sup>9</sup> This was exacerbated by growing trade protectionism on the part of Britain’s largest export markets in Europe and the United States during the Great Depression. To redress these difficulties, Britain endeavoured to consolidate imperial economic ties by forging a series of bilateral trade agreements with the Dominions at the 1932 Imperial Conference (known as the ‘Ottawa System’).<sup>10</sup> However, Britain’s deteriorating balance of payments position and difficulties with its domestic primary industries rendered it increasingly less able to absorb the agricultural surpluses of Australia and the other Dominions.<sup>11</sup> These countries’ markets were also increasingly flooded by cheaper imports from the US and Japan.<sup>12</sup> An argument could be made that Australia’s trade diversion policy reflected, and was a response to, Britain’s increasingly uncompetitive manufacturing industries and growing American and Japanese economic power. Trade diversion was designed to artificially restore the British market-share in Australia, so that Australia could reciprocally improve its own exports to Britain.

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<sup>7</sup> Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500–2000*, New York: Random House, 1987, pp. 315–18.

<sup>8</sup> David Reynolds, *Britannia Overruled: British Policy and World Power in the Twentieth Century*, London: Longman, 1991, pp. 1–5; B.J.C. McKercher, *Transition of Power: Britain’s Loss of Global Pre-eminence to the United States, 1930–1945*, New York: Cambridge University Press, 1999, p. 2; Gordon Martel, ‘The Meaning of Power: Rethinking the Decline and Fall of Great Britain’, *International History Review*, 13(4) 1991, pp. 662–63.

<sup>9</sup> Reynolds, *Britannia Overruled*, p. 5.

<sup>10</sup> McKercher, *Transition of Power*, p. 108.

<sup>11</sup> Benjamin Rowland, *Commercial Conflict and Foreign Policy: A Study in Anglo-American Relations, 1932–1938*, New York: Garland, 1987, p. 80.

<sup>12</sup> Nicholas Mansergh, *Survey of British Commonwealth Affairs*, v. 3, London: Oxford University Press, 1937–58, p. 150; Norman Harper, *A Great and Powerful Friend: A Study of Australian-American Relations Between 1900 and 1975*, St. Lucia, Qld: University of Queensland Press, 1987, p. 75; Lyons to Menzies and Page, 23 June 1936, Page Papers, MS1633/290, National Library of Australia (NLA).

The Australians were also increasingly cognisant of the implications of Britain's decline in military capacity. In July 1928, the British Chancellor of the Exchequer applied the 'ten year rule' to defence estimates. British defence spending was to be predicated on an assessment that Great Britain would not be involved in a war for at least a decade.<sup>13</sup> Although revoked in March 1932, this 'rule' put Britain at a considerable disadvantage in rearming against a revisionist Germany.<sup>14</sup> Britain's relative military decline was also evident in its switch from a two-power to a one-power naval standard: the Royal Navy would seek parity only with the next largest naval power, instead of with any two navies that could be brought against it.<sup>15</sup> The 1922 Washington Treaty, directed at limiting the naval armaments of its five signatories, formally recognised global naval parity between Great Britain and the United States.<sup>16</sup> This relative decline in British global naval power was not lost on the Australians.<sup>17</sup>

During the 1930s, Australian policymakers were particularly concerned as to whether Britain would be able to defend its interests in the Far East and its associated imperial lines of communication. By denying Britain and the US the opportunity to fortify new forward bases in the Pacific, the Washington Treaty granted Japan a regional geographic advantage that offset British and American numerical superiority. The British still maintained naval bases at Hong Kong and Singapore as an effective basis for power projection in the Pacific, but did not keep any permanent naval presence in that ocean. In the event of a Pacific War, the British planned to transfer a component of their fleet from the European theatre.<sup>18</sup> Throughout the 1930s, however, the Australians exhibited recurrent anxieties over British delays in constructing the Singapore base.<sup>19</sup> As in 1908, Australian policymakers were also anxious that the Royal

<sup>13</sup> Michael Howard, *The Continental Commitment: The Dilemma of British Defence Policy in the Era of Two World Wars*, London: Temple Smith, 1972, p. 89.

<sup>14</sup> Reynolds, *Britannia Overruled*, p. 37.

<sup>15</sup> John McCarthy, *Australia and Imperial Defence, 1918-39: A Study in Air and Sea Power*, St Lucia Qld: University of Queensland Press, 1976, p. 133.

<sup>16</sup> The Washington Treaty's five signatories included Great Britain, France, Italy, the United States and Japan. The Treaty established the global naval ratio between Great Britain, the United States and Japan as 5:5:3.

<sup>17</sup> In a 1937 speech, then Australian Defence Minister Archibald Parkhill noted, '... Britain's naval strength is not what it was. The old two-power standard against the next two strongest fleets certainly does not exist owing to the growth of the American Navy since the Great War'. Archibald Parkhill, 'The Labour Party's Defence Policy from the Aspect of Cooperation in Imperial Defence', 5 November 1936, Parkhill Papers, MS4742/2, NLA.

<sup>18</sup> 'Report by Chiefs of Staff Sub-committee of Committee of Imperial Defence on Questions raised by Australian Delegation to Imperial Conference', 9 June 1937, in R.G. Neale (ed.), *Documents on Australian Foreign Policy (DAFP)*, v. 1, 1937-38, Canberra: Australian Government Publishing Service, 1975, p. 154.

<sup>19</sup> Minister to Secretary of Naval Board, 6 November 1936, National Archives of Australia (NAA): A1608, C5/1/10; Hyde to Minister, 13 February 1934, NAA: A5954, 843/8; 'Australian Defence Policy. Relation of Singapore to Basis of Australian Defence Policy,' NAA: A5954, 956/2.

Navy might not arrive at Singapore if Britain was simultaneously embroiled in a European war.<sup>20</sup>

While conscious of Great Britain's material decline relative to other powers, however, Australian policymakers still viewed their dominant global ally as preeminent at both global and regional levels. These perceptions were underpinned, first, by the British Empire's still considerable influence and prestige in the international system. The Empire presented a strategic liability, but also provided a chain of global bases, a vast reserve of markets, and military troops that could be deployed in the event of war.<sup>21</sup> It subsequently gave rise to the perception, in both Australia and the broader international system, that Great Britain remained a formidable global power. Second, Great Britain remained actively engaged in, and sought to manage, international order. It was the driving force behind collective security principles (such as the naval disarmament regimes embodied by the 1922 Washington Treaty and the 1930 and 1935 London Naval Conferences) and enlisted its diplomacy to compel adherence to these norms.

This starkly contrasted with Australian policymakers' perceptions of the United States, which they viewed as comparatively isolationist. American efforts to finalise steps for Philippine independence were regarded as evidence of its withdrawal from regional responsibilities.<sup>22</sup> Thus, in spite of its material decline, the Australians still perceived Britain as the dominant global and regional power because of its active management of international order.<sup>23</sup> Despite this recognition, however, the Lyons Government paradoxically diverged from British preferences, in 1936, by adopting a disengagement strategy toward the United States in the form of trade diversion. How did this come about? To what extent is this Australian response to a particular economic manifestation of Anglo-American power transition adequately accounted for by existing international relations theories?

<sup>20</sup> McCarthy, *Australia and Imperial Defence*, p. 140.

<sup>21</sup> Reynolds, *Britannia Overruled*, p. 32.

<sup>22</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, p. 58; 'Review of Foreign Policy,' [n.d. probably February 1937], NAA: A2938, 3. Australians were also sceptical of the United States' willingness to take the lead in diplomacy with Japan. As the Australian liaison officer to Washington wrote to the Secretary of External Affairs, '[a]ny move to make the US a leader in international measures against Japan would meet with the strongest opposition in Congress. There is no sign that the administration has any intention of taking such a lead'. Officer to Hodgson, 16 November 1937, NAA: A981, UNI 173, PART 2.

<sup>23</sup> 'Minutes of Fourth Meeting of Principal Delegates to Imperial Conference', 22 May 1937, *DAFP*, v. 1, p. 77. Lyons noted during this meeting that, 'Great Britain in the years since the war by her disarmament policy, had provided the world with a high moral example ... If at times Australia had been inclined to criticise, she had always remembered that Great Britain had been alone in her efforts. She had no consistent collaborator or partner, no support, and no help'. See also R.G. Casey, 'Australia in World Affairs', *Australian National Review*, 2(7) 1937, p. 7.

## Explaining Australian Disengagement from the United States

### *Power Transition Theory*

Power transition theorists would attribute Australia's retraction from cooperation with the US to its relative 'satisfaction' with Great Britain, as the dominant global power, and its subsequent efforts to bandwagon with that country's policies. In 1936, Australia remained an essentially 'satisfied' power. This was largely because of continued cultural identification with the British Empire. Australians were increasingly conscious of their own sovereign nationhood, as a result of changes in intra-imperial organisation that recognised the Dominions as autonomous and non-subordinate units of the British Empire.<sup>24</sup> Yet, growing national self-consciousness in Australia co-existed with imperial sentiment.<sup>25</sup>

Australian policymakers also supported what they viewed as Britain's 'moral leadership' of international order. They endorsed the collective security and arms limitation principles that the British promoted in the international system.<sup>26</sup> While they were apprehensive about Britain's relative military and economic decline, Australian policymakers still believed that this decline was best redressed by intra-imperial efforts to strengthen the British Empire.<sup>27</sup> As the longstanding leader of that Empire, Britain remained Australia's primary trade partner and only strategic guarantor.

Yet while Australia was a satisfied state, it did not bandwagon with Great Britain when adopting its trade diversion policy towards a rising America. In fact, Australian policy towards the United States was moving in a countervailing direction to that of Great Britain. Contrary to what most power transition theorists presuppose as an antagonistic relationship between the rising power and the dominant global power, the Anglo-American relationship during the mid-1930s was a 'cooperative-competitive'

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<sup>24</sup> Harold Harris, *Australia's National Interests and National Policy*, Melbourne: Melbourne University Press, 1938, pp. 121–26; Mansergh, *Survey of British Commonwealth Affairs*, v. 3, pp. 138, 143. The 1926 Balfour Declaration fundamentally transformed intra-imperial organisation. The Dominions were no longer recognised as subordinates to Great Britain in the British Empire but autonomous units of equal status to Great Britain. The ensuing 1931 Statute of Westminster formally authorised the Dominions to conduct their own foreign policies independently of Great Britain.

<sup>25</sup> W.K. Hancock, *Australia*, London: E Benn, 1945, p. 58.

<sup>26</sup> Archibald Parkhill, 'The International Situation in Relation to Defence', 4 February 1936, MS 4742/7, Parkhill Papers, NLA; J.A. Lyons, 'Speech made to Imperial Conference 1937', MS 4851/15, Lyons Papers, NLA; 'Minutes of Fourth Meeting of Principal Delegates to Imperial Conference, 22 May 1937', *DAFP*, v. 1, p. 77.

<sup>27</sup> Archibald Parkhill, 'Australian Defence: With Particular Reference to the Security Problem of Small Nations', 11 May 1936, MS 4742/7, Parkhill Papers, NLA; Archibald Parkhill, 'The Labour Party's Defence Policy from the Aspect of Cooperation in Imperial Defence'; 'Speech by Mr J.A. Lyons, Prime Minister, to First Plenary Session of Imperial Conference, 14 May 1937', *DAFP*, v. 1, p. 67.

one. Indeed, the cooperative aspect of Anglo-American relations was increasingly dominant from 1936 onwards. While the British Government sought to preserve the Empire's global preeminence, it simultaneously recognised American support as an asset in preserving the status quo against revisionist powers, namely Germany, Italy and Japan.<sup>28</sup> Both London and Washington shared interests in preserving the independence of the British Empire, in containing German expansionism in Eastern Europe, and in stabilising the Far East.<sup>29</sup>

The cooperative–competitive dynamics of Anglo-American relations during this period were also manifest in their economic ties. Both London and Washington endeavoured to work towards greater trade liberalisation in the international system,<sup>30</sup> but differed over how this was to be achieved. Washington viewed the Ottawa System as an exclusive nationalistic trading community that was causing international trade to contract. US Secretary of State Cordell Hull viewed the breakdown of the Ottawa System as one of the principal objectives of the 1934 Trade Agreements Act.<sup>31</sup> Through the program of general tariff reduction associated with this Act, he hoped to influence the Dominions to either completely renounce their preferential Ottawa agreements with Great Britain or to drastically modify them.<sup>32</sup> The British, meanwhile, viewed the Trade Agreements Act as simply a mechanism to expand US industrial exports rather than to genuinely liberalise global trade.<sup>33</sup>

Yet, as the international system destabilised at the end of 1936, British priorities shifted from economic recovery to security. The British Foreign Office envisaged an Anglo-American trade agreement as one way of tacitly deterring the revisionist powers by establishing a community of trade interests.<sup>34</sup> As then British Prime Minister Neville Chamberlain explained:

[T]he reason why I have been prepared to go a long way to get this treaty is precisely because I reckoned it would help to educate American opinion to act more and more with us and because I felt it would frighten the totalitarians.<sup>35</sup>

<sup>28</sup> David Reynolds, *The Creation of the Anglo-American Alliance 1937–41: A Study in Competitive Cooperation*, London: Europa Publications Limited, 1981, p. 10.

<sup>29</sup> David Reynolds, *The Creation of the Anglo-American Alliance*, pp. 290–91.

<sup>30</sup> 'Review of Relations between United Kingdom and USA', 1936, NAA: CP4/2, 46.

<sup>31</sup> Rowland, *Commercial Conflict and Foreign Policy*, p. 180.

<sup>32</sup> McKercher, *Transition of Power*, p. 176.

<sup>33</sup> M.R. Megaw, 'Australia and the Anglo-American Trade Agreement, 1938', *Journal of Imperial and Commonwealth History*, 1974, p. 193.

<sup>34</sup> By the beginning of 1937 the British Foreign Office, rather than the Board of Trade, was playing an increasingly greater role in directing British foreign policy toward the United States. Rowland, *Commercial Conflict and Foreign Policy*, pp. 196, 218.

<sup>35</sup> Rowland, *Commercial Conflict and Foreign Policy*, p. 239.

The British, accordingly, modified their previously intransigent negotiating stance on Ottawa preferences. By January 1937, the British Government was 'ready to examine any possibilities of making adjustments in individual Ottawa agreements' to reach a trade agreement.<sup>36</sup> Anglo-American trade negotiations proceeded rapidly on this basis.

Power transition theorists would suggest that Australia's policies toward the US should have mirrored these trends. Ostensibly, this appears true. Australia's commercial approach toward the US was one of hard bargaining up until it abandoned trade diversion in late 1937 in response to British representations. However, this correlation does not account for the lag between serious British efforts to reach a settlement with the Americans from January 1937 and Australia's own economic rapprochement with the United States at the end of the year. Nor does it account for why the Australians diverged from known British preferences in pursuing trade diversion. Although Britain's Board of Trade welcomed the advantages of Australian trade diversion for the British export market, it was concerned that this policy would complicate Anglo-American negotiations.<sup>37</sup> Although the British were adopting a hard negotiating stance toward Washington, they did not favour punitive discrimination against American trade. The divergence between Australian and British economic policies toward the US raises important questions for which power transition theory cannot account. As a satisfied junior ally, why did Australia impose trade sanctions against the US at the same time that Britain was forging an economic rapprochement with that country? Why did these sanctions endure? How did the Lyons Government reconcile its trade diversion policy with demonstrating support for British efforts directed at economic and strategic order-building?

### *Snyder's Theory of the Alliance Security Dilemma*

Far from being determined by British preferences, Australia's policies toward a rising America are better accounted for by Snyder's more nuanced interpretation of the impact of an alliance on a junior ally's foreign policy. His theory would attribute Australia's shift from engagement to disengagement to two factors: (1) Australian policymakers' dominant fears of abandonment; or (2) their perceptions of intra-alliance bargaining power. By distancing itself from a rising America, Snyder's theory would suggest that Australia might have responded to dominant fears of abandonment by demonstrating its

<sup>36</sup> 'Review of Relations between United Kingdom and USA', 1936, NAA: CP4/2, 46.

<sup>37</sup> John B. O'Brien, 'Empire v. National Interests in Australian-British Relations During the 1930s', *Historical Studies*, 22(89) 1987, p. 582.

loyalty to Great Britain, and supporting British policies, in order to mitigate that risk.<sup>38</sup> As noted in Chapter One, however, Snyder's theory presupposes the two great powers are antagonistic towards one another. The differing nature of the Anglo-American relationship during the 1930s stretches this theoretical assumption. Australia was acting counter-intuitively to what Snyder's logic of abandonment suggests: it was distancing itself from the rising power at the same time that its ally was moving towards closer cooperation with that country.

In the context of cooperative-competitive great power relations, Australia's divergence from British policies is best explained by Snyder's concept of intra-alliance bargaining power. Similar to the Deakin case, the Lyons Government's decision to diverge from its senior ally and pursue trade diversion was underpinned by the Prime Minister's assessment of comparatively greater Australian bargaining power in this specific situational context. Lyons did not think consciously in these terms, but his considerations were analogous to those encompassed by Snyder's abstract concept. Principally, he pursued Australian interests toward the US with little concern that the ensuing divergent policy course would damage the imperial alliance. By mid-1937, however, that perception of Australian intra-alliance bargaining power had shifted, inducing greater Australian deference to British preferences and ending trade diversion.

In both cases, Australian calculations of intra-alliance bargaining power were constrained by what Lyons and his ministers perceived as their country's asymmetric dependence on Great Britain and London's relatively weak commitment to Australia. What differed was the relative weight that Lyons assigned to those perceptions at different times. Snyder conceives of asymmetric dependence in primarily strategic terms. In the wake of the Great Depression, however, Australian ministers believed that their country's economic development and politico-military security were inextricably linked. Without secure trading links a country could be effectively 'starved into submission' by an aggressive power.<sup>39</sup> A strong economy was also deemed necessary to pay for rearmament.<sup>40</sup> Any account of how Australian policymakers conceived of their intra-alliance bargaining power during the 1930s must therefore consider economic factors as well as strategic factors.

Australia was economically dependent on Great Britain, as both a source of finance and an export market. In 1937, Australia maintained a total external debt of

<sup>38</sup> Glenn H. Snyder, *Alliance Politics*, Ithaca: Cornell University Press, 1997, p. 194.

<sup>39</sup> H.C.H. Robertson, 'The Defence of Australia', *The Army Quarterly*, 30(April), 1935, p. 23.

<sup>40</sup> David S. Bird, *JA Lyons, the Tame Tasmanian: Appeasement and Rearmament in Australia, 1932-39*, Melbourne: Australian Scholarly Publishing, 2008, p. 166.

£735.5 million, £689 million of which was drawn from British loans.<sup>41</sup> With few alternate international lending sources available, Australian policymakers were acutely conscious of maintaining British investor confidence by not defaulting on Australia's existing loans.<sup>42</sup> The Australian Government relied on export revenue to finance these loans. Britain also remained Australia's largest export market. In 1936–37 Britain purchased 30–40 per cent of Australian wool, 50–60 per cent of Australian wheat, and was the only buyer of key commodities such as butter, meat and dried fruits.<sup>43</sup> Such trade dependence was exacerbated by the onset of the Depression and the trends of increased international protectionism this engendered.<sup>44</sup> Australia's dependence on the British market was, moreover, asymmetric. Whereas Britain accounted for half of Australia's exports, only 5 per cent of British exports were sent to Australia.<sup>45</sup> As economic historian Tim Rooth observes, '[i]f bargaining leverage is to be measured by relative trade dependence, that of Britain should have been immense.'<sup>46</sup>

Australian dependence on its senior ally was also strategic. Conscious of a looming German-Italian threat in Europe and a simultaneous Japanese threat in East Asia, the Lyons Government concluded in 1936 that '... we are living in a world more dangerous than it has ever been before'.<sup>47</sup> In this international climate, Australia's military weakness rendered it particularly vulnerable. By the time the Second World War broke out, Australia had a small naval fleet of only six cruisers, five destroyers and two sloops.<sup>48</sup> Consequently, the relative British commitment to Pacific defence also featured prominently in Canberra's calculations of its intra-alliance bargaining power.

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<sup>41</sup> Werner Levi, *American-Australian Relations*, Minneapolis: University of Minnesota Press, 1947, p. 127.

<sup>42</sup> Bernard Attard, 'Financial Diplomacy', in Carl Bridge and Bernard Attard (eds), *Between Empire and Nation: Australia's External Relations from Federation to the Second World War*, Melbourne: Australian Scholarly Publishing, 2000, p. 124. See also Casey to Bruce, 23 March 1936, NAA: A1421, 1; Bruce to Casey, 13 March 1935, NAA: A1421, 3; 'Australian Trade Diversion Policy as Applied to the United States,' Page Papers, MS 1633/214, NLA.

<sup>43</sup> Harris, *Australia's National Interests*, p. 59.

<sup>44</sup> Continental European countries' policies of economic autarchy sharply curtailed their demand for Australian exports. Washington's unwillingness to offer trade concessions on agricultural commodities meant that US markets also remained closed to Australian exports. A key exception was Japan, which emerged as a growing market for Australian foodstuffs, wool and iron ore. Japan emerged as Australia's second largest export market during this time. Yet as a direct competitor to Great Britain in the Australian textile market, Australians were concerned that Japan would undercut the British and disrupt Australia's relationship with its largest trading partner. Herbert Burton, 'The "Trade Diversion" Episode of the Thirties', *Australian Outlook*, 22(1) 1968, p. 14; Levi, *American-Australian Relations*, p. 128.

<sup>45</sup> Tim Rooth, 'Ottawa and After', in Carl Bridge and Bernard Attard (eds), *Between Empire and Nation: Australia's External Relations from Federation to the Second World War*, Melbourne: Australian Scholarly Publishing, 2000, p. 140.

<sup>46</sup> Rooth, 'Ottawa and After', p. 140.

<sup>47</sup> 'Review of Foreign Policy', [n.d. probably February 1937], NAA: A2938, 3.

<sup>48</sup> Jeffrey Grey, *A Military History of Australia*, Cambridge: Cambridge University Press, 1999, p. 127.



The Lyons Government generally conceived of Great Britain as maintaining a comparatively weaker strategic and economic commitment to Australia than Australia maintained toward Britain. Whitehall assured Lyons and his ministers that resources would be made 'available for the disposal of and for the benefit of any part of the British Empire that was attacked'.<sup>49</sup> Without a two-fleet Royal Navy, however, there was some concern as to whether Britain was equipped to provide for Far Eastern defence in the event of a Pacific war.<sup>50</sup> The Australian Labor Party and the Australian Army postulated that the Royal Navy was likely to remain in home waters, to defend Britain against Germany, rather than to disperse to Singapore.<sup>51</sup> Conversely, the Government broadly sided with the Royal Australian Navy's view that the Royal Navy would arrive at Singapore in due course and would limit any attack on Australia to minor raids.<sup>52</sup> David Bird convincingly argues, however, that Lyons retained some intermittent anxieties that the Royal Navy would not fulfill its promises. For these reasons, he instigated Australia's rearmament program as early as 1933.<sup>53</sup>

Australian policymakers' apprehensions of a generally weak British commitment to Australia were further compounded by that country's increasingly tenuous attachment to the Ottawa System. This loosening British commitment to the Ottawa System stemmed from British efforts to stimulate production in its own agricultural industries. Britain was, correspondingly, less able to absorb primary products from the Empire.<sup>54</sup> Dominion producers were increasingly subjected to quotas and tariff restrictions in the British market.<sup>55</sup> Australian policymakers calculated that unless they could offer economic incentives to Great Britain, their exports to that country would rapidly diminish.<sup>56</sup> Australian fears of abandonment were therefore manifest in both the strategic and economic spheres.

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<sup>49</sup> Grey, *A Military History of Australia*, p. 141.

<sup>50</sup> McCarthy, *Australia and Imperial Defence*, pp. 51, 133, 136. This was reiterated to Moffat, to whom the Prime Minister privately acknowledged that Australia was 'menaced by Japan, and for practical purposes defenceless'. Cited in Bird, *JA Lyons, the Tame Tasmanian*, p. 123.

<sup>51</sup> See, for instance, John Curtin, 'Imperial Conference, 1937', 25 August 1937, *Commonwealth Parliamentary Debates*, 14<sup>th</sup> Parliament 2<sup>nd</sup> Session, v. 154, p. 102; Neil Gow, 'Australian Army Strategic Planning, 1919-39', *Australian Journal of Politics and History*, 23(2) 1977, pp. 170-71.

<sup>52</sup> McCarthy, *Australia and Imperial Defence*, p. 59. As then Treasurer Richard Casey pronounced in April 1937: 'Our policy generally, and in the simplest possible terms is based on the belief that the British fleet, or some appreciable portion of it will be able to move freely eastwards in case we in Australia get into trouble in our part of the world.' Casey, 'Australia in World Affairs', p. 8.

<sup>53</sup> Bird, *JA Lyons, the Tame Tasmanian*, pp. 30, 51.

<sup>54</sup> Rowland, *Commercial Conflict and Foreign Policy*, p. 80.

<sup>55</sup> Rooth, 'Ottawa and After', p. 133; Hancock, *Australia*, p. 239.

<sup>56</sup> Lyons to Bruce, 20 June 1936, Page Papers, MS1633/290, NLA; Lyons to Bruce 16 May 1936, Page Papers, MS 1633/290, NLA; 'Trade Diversion', Page Papers, MS 1633/292, NLA.

These fears suggest that intra-alliance bargaining power, in both spheres, should have been over-determined in favour of Britain. As Snyder presupposes, however, this was qualified by the relative value that the Lyons Government attached to its particular interest at stake. In 1936, Lyons (correctly) believed that his Government assigned a comparatively higher value to its divergent interest in withdrawing economic cooperation from the US than did the British in opposing this measure. Consequently, Lyons and his ministers viewed Australia as maintaining comparatively greater intra-alliance bargaining power than Great Britain in this situational context.

While Snyder's concept of intra-alliance bargaining power is applicable to this case, however, it does not fully explain Australian disengagement toward a rising America. Australian policymakers' perceptions of intra-alliance bargaining power based on highly valued interests also underpinned Deakin's decision to engage with the United States in 1908. What differed between the cases was the *substance* of the interests at stake. In 1908, the Australian interest was predicated on deepening strategic cooperation with the US. In 1936, the Australian interest in the US was tactically withdrawing economic cooperation to ultimately compel Washington to enter trade negotiations with Canberra. What gave rise to these differing interests? Equally important to understanding the shift to Australian disengagement is discerning why the Lyons Government assigned such a high value to its interest toward the United States in an alliance context. While intra-alliance bargaining power was an important intermediating variable, the changing dynamics of Australian engagement during this period were more deeply grounded in Lyons' concept of the Australian interest.

### **Developing an 'Interest' in a Rising America**

The Lyons Government's interest in tactically withdrawing economic cooperation from the United States stemmed from a complex process in which Australian policymakers sought to reconcile their economic and strategic goals as they related to the rising power. Australian long-term strategic goals favoured establishing deeper cooperative relations with the US. However, the Lyons Government's immediate economic goal of reversing Australia's adverse balance of trade with that country was simultaneously pushing it in a different direction. The latter goal assumed priority in the Lyons Government's policy formation toward the United States in 1936. In withdrawing economic cooperation from the US, Australian policymakers sought not to abrogate the relationship but to create one that accommodated Australian economic interests. The

Australian Government's objective was not to antagonise the US but to compel change.<sup>57</sup> Disengagement in this specific issue-area was thus merely *part* of a broad and long-term engagement-based approach toward Washington, founded upon underlying Australian security imperatives.

The same elements that underpinned Deakin's engagement-based approach toward the United States were thus also evident in this particular instance of disengagement. These included: (1) Australian policymakers' belief that the US had benign intentions, in the sense that it could be conditioned to behave consistently with Australia's preferred construct of regional order; and (2) an assessment that an external strategic threat to this order and the United States' capacity to ameliorate it created incentives to actively cooperate with that country. Supporting the supplementary theoretical propositions advanced in Chapter Two, an engagement-based approach, and hence disengagement as a subset of that approach, would not have emerged without these underlying components. The first part of this section briefly outlines Australia's preferred construct of regional order and how Lyons and his ministers viewed cooperation with the US as facilitating that vision. The second part focuses on how Lyons' judgement that his Government would not be able to forge an acceptable *modus vivendi* with the US on a specific economic issue gave rise to an Australian disengagement preference. A subsequent section will explore the impact of the alliance on this preference and why it changed in 1937.

### *The Lyons Government's Preferred Construct of Regional Order*

By the 1930s, Australian policymakers were increasingly conscious that it was events in the Pacific that would most profoundly impact Australian security and, increasingly, the Australian economy. Lyons viewed the Pacific as 'the site of future development in the world'.<sup>58</sup> The emergence of the US and Japan as formidable economic competitors to Great Britain focused Australian attention on the region.<sup>59</sup> Lyons, accordingly, sought to strengthen Australia's relations with important regional countries. This was signified

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<sup>57</sup> As Whiskard reported: 'The Commonwealth Government have, however, it is stated, no intention of removing the existing restrictions on United States imports unless a satisfactory trade treaty can be negotiated.' Geoffrey Whiskard to Dominions Office, 28 July 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934-1938, (AJCP reel PRO 6945).

<sup>58</sup> Bird, *JA Lyons, the Tame Tasmanian*, p. 25. Lyons preoccupation with the Pacific was also evident in his speech to the 1937 Imperial Conference in which he referred to Australia as geographically located 'near the new storm centres of the world'. Lyons (1937) cited in Harris, *Australia's National Interests*, p. 124.

<sup>59</sup> Harris, *Australia's National Interests*, pp. 123, 126.

by his initiative to send Minister for External Affairs John Latham on an 'Australian Eastern Mission' in 1934,<sup>60</sup> his proposals for a Pacific non-aggression pact in 1935 and 1937, and his decision to send Australian liaison officers to Washington and Tokyo. Lyons and his ministers were also compelled to delineate what regional strategic order would best facilitate Australian economic and security interests.

Primarily, Australian policymakers sought to maintain a strong British regional presence—if not preeminence—in the Pacific.<sup>61</sup> This strategic interest stemmed from the same two considerations that had caused the Australian Government to favour British preeminence in 1908. First, Australian policymakers still viewed Great Britain as the chief force for maintaining international order. Lyons viewed the British Empire as a model collective security institution that he hoped would be replicated throughout the broader international system.<sup>62</sup> Second, Australian policymakers recognised that Great Britain was the only country committed to their country's defence.<sup>63</sup> British naval capabilities vested in the Singapore naval base were inextricably tied to Australia's survival. Australian policymakers hoped that these capabilities would not only protect Australia in the event of aggression, but would prevent that aggression from emerging.<sup>64</sup> Consequently, they continually pressed the British to hasten construction of the Singapore base and to further detail their Pacific commitment.<sup>65</sup>

Canberra's desire for a strong British presence in the Pacific was linked to its traditional preference for a regional power balance favouring the Anglo-Saxon democracies. This regional order was viewed as the best means for preventing regional conflict and discouraging expansionist powers. Coupled with some doubts as to whether the Royal Navy would arrive at Singapore, Japan's abrogation of the Washington Treaty

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<sup>60</sup> As part of the 'Australian Eastern Mission', Latham was sent to various Southeast Asian and East Asian countries to promote trade, foster goodwill, and acquire information on Japanese intentions in the Pacific.

<sup>61</sup> For Australian concerns about prospective Japanese dominance of the Western Pacific, see Frederick Shedden, 'Chapter 56—An Ominous Warning on the Situation in the Pacific (1923)', NAA: A5954/1, 1293/1; 'Review of Foreign Policy' [n.d. probably February 1937], NAA: A2938, 3; 'Minutes of Seventh Meeting of Principal Delegates to Imperial Conference', 26 May 1937, *DAFP*, v. 1, pp. 93–94.

<sup>62</sup> J.A. Lyons, 'Speech made to Imperial Conference', 1937, Lyons Papers, MS 4851/15, NLA. Archibald Parkhill, 'The International Situation in Relation to Defence', 4 February 1936, Parkhill Papers, MS 4742/7, NLA.

<sup>63</sup> Parkhill, 'Australian Defence: With Particular Reference to the Security Problem of Small Nations'. See also 'Report by Chiefs of Staff Sub-committee of Committee of Imperial Defence on Questions raised by Australian Delegation to Imperial Conference', 9 June 1937, *DAFP*, v. 1, p. 146.

<sup>64</sup> As Defence Minister Archibald Parkhill posited: 'Taking into consideration the fleets of the rest of the world, we know that the standard of British naval strength contemplated will provide a deterrent against aggression and afford naval protection of all parts of the Empire ... An overseas expedition aimed at Australia may be said to be a highly improbable undertaking so long as the position at Singapore is secure ...' Parkhill, 'The Labour Party's Defence Policy from the Aspect of Cooperation in Imperial Defence'.

<sup>65</sup> Bird, *JA Lyons, the Tame Tasmanian*, pp. 91, 100.

in 1936 and its corresponding naval build-up prompted the Lyons Government to look for alternative ways to meet this goal.<sup>66</sup> It endeavoured to do so through three different avenues. First, Lyons sought to enhance regional political cooperation by proposing a regional pact for non-aggression in both 1935 and 1937.<sup>67</sup> While primarily a regional collective security arrangement, there is also evidence to suggest that Lyons' initiative was designed to further institutionalise the Washington Treaty's naval armament ratios—favouring Great Britain and the United States—after the Treaty lapsed in 1936. Following a conversation with Lyons in 1935, Moffat wrote in his diary that 'the idea, at least as I was able to gather it... was based on a recognition of the present status quo in the Pacific as the normal balance of strength which all countries should undertake to respect.'<sup>68</sup>

Second, and in addition to the Pacific Pact, Lyons and his ministers sought to obtain a favourable regional power balance by cultivating the United States. Lyons and his ministers were acutely conscious that an Anglo-American defensive arrangement could restore Anglo-American naval dominance and deter Japanese aggression in the Pacific.<sup>69</sup> As then Treasurer Richard Casey observed in 1937:

We are very conscious of America across the Pacific, and we hope and believe that the English-speaking countries of the world will eventually be able to get together to enforce—I think it is not too strong a word—peace upon the world.<sup>70</sup>

Continued scepticism about the reliability of American material assistance, however, prompted Lyons and his ministers to look also to the Empire to strengthen the Pacific deterrent.

'Imperial defence consolidation' represented a third avenue of realising a favourable balance of power. This entailed increasing Australia's own capacity for local defence so as to better complement British defence efforts in the Pacific. The Lyons Government endeavoured to do so through rearmament, development of secondary industries and preserving sites for strategic bases in the Southwest Pacific.

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<sup>66</sup> By June 1937, Britain committed to sending only 8–10 capital ships in the event of a Pacific conflict (compared with Japan's nine modern capital ships).

<sup>67</sup> Bird, *JA Lyons, the Tame Tasmanian*, p. 169.

<sup>68</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, p. 55. British views that a Pacific Pact would complicate its discussions with Tokyo and that Sino-Japanese détente was a necessary precursor to any such Pact meant that Lyons' proposal never came to fruition. Bird, *JA Lyons, the Tame Tasmanian*, p. 197.

<sup>69</sup> This was suggested by questions that the Australia delegation asked and statements made during the 1937 Imperial Conference. One Memorandum noted: 'Mention has already been made at the Conference by ... the Prime Minister of Australia, Mr Lyons, of conversations which took place between [him] and the President of the United States, and the very direct statements made by him in connection with security in the Pacific.' 'Memorandum prepared by Delegation to Imperial Conference', 28 May 1937, *DAFP*, v. 1, p. 93. See also 'Report by Chiefs of Staff Sub-committee', 9 June 1937, *DAFP*, v. 1, p. 146.

<sup>70</sup> Casey, 'Australia in World Affairs', p. 7.

Maintaining the Southwest Pacific as an exclusively British preserve was another tenet of the Lyons Government's preferred construct of regional order. The Australian Government had both strategic and commercial reasons to do so. Strategically, the Southwest Pacific encompassed Australia's direct approaches. Australian denial of the Southwest Pacific to potential aggressors was most visibly manifest in its efforts to prevent the return of former German colonies in that ocean. The Australian Department of External Affairs also harboured apprehensions about potential Japanese occupation of neighbouring islands.<sup>71</sup> However, so long as a strong British fleet arrived at Singapore, the Australian Government viewed this threat as minimal.<sup>72</sup>

The Lyons Government's preferred construct of regional order was therefore one in which the Pacific powers engaged in political cooperation by adhering to principles of collective security. Political cooperation was also to be underwritten by a stable regional power balance favouring the Anglo-Saxon democracies. Australian policymakers would have preferred the British Empire to hold the balance of power in the Pacific, evident by their representations regarding Singapore and intra-imperial defence efforts. Short of this optimal solution, however, the Lyons Government looked to the US as a 'friendly power' to help deter a potentially revisionist Japan. Australian policymakers' collective belief that the US could be conditioned to behave in a way that was consistent with, and even facilitated their preferred construct of regional order, underpinned their engagement-based approach toward that country (albeit involving a disengagement component) during the 1930s.

### *The United States as a Potentially Benign Regional Power*

Australian perceptions of the United States as a benign regional power were more qualified in the mid-1930s than at the turn of the century. This was concomitant with the rise of the United States as a global (rather than simply a regional) power and the challenge this posed to British preeminence in the international system. However, the rise of Germany and Japan as distinctly revisionist powers rendered the United States' growing power and pursuit of its limited aims less objectionable. In contrast to these other powers, Australian policymakers believed that US intentions were essentially consistent with their preferred construct of regional order. This belief was based on the

<sup>71</sup> 'Memorandum prepared for Delegation to Imperial Conference: Unoccupied Islands in the Vicinity of Australia', n.d. in *DAFP*, v. 1, pp. 14–15.

<sup>72</sup> 'Strategical Importance of Pacific Islands', 8 March 1937, *DAFP*, v. 1, pp. 38–39.

United States' cultural and political characteristics, as well as on its congruent interests in preserving the regional status quo.

Unlike Germany and Japan, the United States did not directly challenge the British Empire. Although individuals in the Lyons Cabinet differed in their regard for the US, on this point they were unanimous.<sup>73</sup> In late 1936, then Australian Defence Minister Archibald Parkhill echoed the British Foreign Secretary's remarks that Great Britain never needed to take into account the strength of the United States Navy when estimating its naval requirements.<sup>74</sup> This statement was tantamount to denying the prospect of a future war between Great Britain and the United States. This confidence stemmed partly from the cultural and political similarities between the British Empire and the US.<sup>75</sup> No situation could be envisioned in which, as Anglo-Saxon nations, Britain and the US would be hostile toward one another.<sup>76</sup> Cultural underpinnings for peaceful Anglo-American relations were coupled with justifications of a shared linguistic heritage and common democratic political values. There was a firm conviction that, '[t]he threats to peace today do not arise from the democratic countries ...'.<sup>77</sup> To Australian policymakers, these cultural and political similarities provided for a basis of predictability in American foreign policy behaviour toward the British Empire, contrasted to that of undemocratic Germany and Japan.<sup>78</sup>

In further contrast to these countries, the United States was perceived as maintaining only limited revisionist aims in the international system. Australian

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<sup>73</sup> According to David Bird, Attorney-General Robert Menzies maintained anti-American sentiments toward the United States on a socio-cultural basis. He notes Minister for External Affairs George Pearce was also sceptical of the United States due to a number of political grievances he had with that power, such as its refusal to join the League of Nations and insistence on parity in cruisers with Great Britain. There is considerable evidence to suggest, however, that Pearce's views of the United States were much more complex. Prior to 1935, Pearce appears to be one of the strongest proponents for a broad Anglo-American understanding. These sentiments are also evident in his interviews with US Consul-General Moffat, (as recorded in Moffat's diaries). See Peter Heydon, *Quiet Decision: A Study of George Foster Pearce*, Melbourne: Melbourne University Press, 1965, p. 109; Moffat, *Diaries of Jay Pierrepont Moffat*, p. 65; cf. Bird, *JA Lyons, the Tame Tasmanian*, p. 110.

<sup>74</sup> Parkhill, 'The Labour Party's Defence Policy from the Aspect of Cooperation in Imperial Defence'.

<sup>75</sup> Bird, *JA Lyons, the Tame Tasmanian*, p. 121. Privately, Lyons told his confidante Leo Buring that if he was forced to choose between Tokyo or Washington, he would choose the latter because of a similarity in traditions and culture. Notably, Lyons also insisted on 'the natural friendship and mutual interests of all English speaking peoples' during his interview at the State Department in 1935. Bird, *JA Lyons, the Tame Tasmanian*, pp. 116, 121; 'Memorandum by the Secretary of State', 9 July 1935, *FRUS*, v. 1, Washington, DC: Government Printing Office, p. 13.

<sup>76</sup> In his book entitled *Australia's National Interest and National Policy*, Australian economist H.L. Harris observed: 'The vast majority of us could not conceive a situation in which we should be hostile towards the United States. We are glad to think there is a powerful Anglo-Saxon nation on the other side of the Pacific, and there is a widespread conviction that ... on the whole, Americans stand firmly for peace, and right, and justice.' Harris, *Australia's National Interest*, p. 126.

<sup>77</sup> Parkhill, 'The Labour Party's Defence Policy from the Aspect of Cooperation in Imperial Defence'.

<sup>78</sup> Casey observed that the United States was a 'tremendous moral force for good' that would hopefully join with other 'English-speaking countries of the world' to enforce peace. Casey, 'Australia in World Affairs', p. 7.

policymakers did resent American initiatives, which had weakened British prestige in the international system. Among these was an American insistence on parity with Great Britain in the number of naval cruisers it maintained.<sup>79</sup> There was also concern, at least at the popular level, that the US was seeking to undermine British influence in the Dominions.<sup>80</sup> As at the turn of the century, however, the US was essentially viewed as a stakeholder in British-led institutions of international order. Unlike Japan, which withdrew from the Washington Treaty in 1936, the US continued to adhere to the provisions of that treaty system. Indeed, President Franklin Roosevelt demonstrated interest in reinvigorating collective security principles at the regional level during Lyons' visit to Washington in July 1935.<sup>81</sup> Moreover, in no instance did the United States use force to pursue its claims to great power status. Washington consistently demonstrated its willingness to employ negotiation and arbitration to settle disputes with Great Britain. This was particularly evident in Anglo-American and Australian-American negotiations over territorial claims in the Southwest Pacific.

As a traditional sphere of British influence that was of direct importance to Australian security and commerce, American encroachment in the Southwest Pacific gave rise to some qualification in Australian perceptions of the United States as a status quo power. In what Ruth Megaw terms 'the scramble for the Pacific', the Americans and the British issued competing claims for Southwest Pacific island territories during the 1930s.<sup>82</sup> These island territories were important to the development of commercial and strategic aviation routes. On 13 May 1936, the US Department of the Interior claimed control over Baker, Howland and Jarvis Islands. The British acquiesced to this annexation, but were less willing to forfeit the contested Phoenix Island Group. Significantly, the Americans were willing to negotiate with the British on these claims. They proposed Anglo-American discussions to resolve all unsettled territorial disputes in the South Pacific and, later, joint administration over Canton and Enderbury Islands.<sup>83</sup> The Lyons Government did not view American encroachment into the Southwest Pacific favourably, but the United States' propensity to negotiate these

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<sup>79</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, p. 58.

<sup>80</sup> Hancock, *Australia*, p. 211; James Cotton, 'Celebrating 75 Years: The Australian Institute of International Affairs and Australian International Relations', *Australian Journal of International Affairs*, 62(4) 2008, p. 544.

<sup>81</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, p. 55.

<sup>82</sup> M.R. Megaw, 'The Scramble for the Pacific: Anglo-United States Rivalry in the 1930s', *Australian Historical Studies*, 1977, pp. 458–60.

<sup>83</sup> Megaw, 'The Scramble for the Pacific', p. 465.



claims with Great Britain rendered its behaviour less at odds with Australian strategic interests.<sup>84</sup>

Reasonably high prospects of benign American intentions vis-à-vis Australia's preferred construct of regional order therefore persisted and was a necessary basis for engagement. This was in noted contrast to Lyons' perceptions of Germany and Japan. As will be further elaborated in the following section, Australia advocated appeasement of these countries but held out little prospect for long-term cooperation with either of them. Indeed, it was Australian perceptions of these countries as potential threats, in conjunction with prospective American military capacity that gave rise to Australia's engagement-based approach toward a rising America. While the United States' perceived benign intentions rendered engagement possible, it was these incentive factors that made it likely.

### *Engagement Incentives: The United States as a Contributor to Regional Order*

Underpinning the Lyons Government's engagement-based approach toward Washington was not just the assumption that the US was the least dangerous of Britain's competitors, but that its assistance could be enlisted against those other rivals. Prime Minister Joseph Lyons, Minister for External Affairs George Pearce, and Treasurer Richard Casey all viewed the US as a power that, over time, could be induced to underwrite the regional balance of power against a potentially aggressive Japan. Under the Lyons Government, the factors that underpinned Australia's propensity to adopt an engagement-based approach toward the United States were: (1) the strategic threat that Germany and Japan posed to the region; and (2) US military capacity.

Of particular importance to Australia's evolving engagement strategy was the emergent Japanese threat to the regional status quo. The Japanese Government was increasingly dominated by militarist influences—in particular the influence of the Imperial Japanese Navy—which sought hegemony over East Asia and the Western Pacific.<sup>85</sup> In a 1935 pamphlet written under the pseudonym 'Albatross', the former director of the Pacific Branch in the Prime Minister's Department, E.L. Piesse,

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<sup>84</sup> Australia could, and did, press British officials to negotiate on terms that were more amenable to Australia's particular strategic interests in the Southwest Pacific. In the interests of preserving a cordial, Anglo-American relationship, however, the British were reluctant to accommodate many of Australia's demands. Consequently, the issue shifted from one of Australian-American relations to one of intra-imperial relations. Megaw, 'The Scramble for the Pacific', p. 465.

<sup>85</sup> Latham to Lyons, 3 July 1934, Page Papers, MS 1633/288, NLA; Dodds to Eden, 12 July 1937, NAA: A2908, P13; 'Review of Foreign Policy', [n.d. probably February 1937], NAA: A2938, 3.

pronounced, '[i]t is Japan's mission to be supreme in Asia, the South Seas and eventually the four corners of the world.'<sup>86</sup> Indeed, the Japanese had already demonstrated their expansionist tendencies and disregard for postwar instruments of regional order. In 1931, the Japanese Government violated the conditions of the Nine-Power Treaty signed at Washington in 1922 by invading Manchuria and establishing a puppet regime.<sup>87</sup> This was followed in 1936 with Japan's abrogation of the Washington Treaty, its decision to join Germany's anti-Comintern pact and its invasion of China proper in July 1937. Fears of a Japanese threat were further compounded by that country's rapidly accelerating naval rearmament. As then Secretary of the Department of External Affairs, Lieutenant-Colonel William Hodgson noted: 'More than ever Australia believed the Japanese Government to be under military domination, but what worried them [the Australians] were indications of increasing naval strength... logic would command [the Japanese Navy] to rest on [its] laurels in the Continent and move south toward the Netherlands East Indies.'<sup>88</sup>

The Australian Government believed that Japanese adventurism was more likely if the British were embroiled in a European conflagration that prevented them from dispersing their fleet to the Pacific.<sup>89</sup> For these reasons, Lyons and his ministers were particularly apprehensive about the growing German and Italian threat in Europe.<sup>90</sup> By 1935, the Germans had announced their intention to fully rearm in disregard of the Treaty of Versailles. Closer German-Italian relations posed potential problems for the British, who were dependent on free access through the Mediterranean and the Suez Canal to transfer the Royal Navy to distant parts of the Empire.<sup>91</sup>

In view of these prospective German and Japanese threats, the Lyons Government adopted a bifurcated approach. The first fork of this approach was

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<sup>86</sup> 'Albatross', *Japan and the Defence of Australia*, Melbourne: Robertson and Mullens, 1935, p. 15. These sentiments were echoed in the Department of External Affairs 1936 foreign policy review which noted that, '[t]he [Japanese] solution favoured is the creation of a more self-sufficient empire and the paramountcy of Japan in the Far East'. 'Review of Foreign Policy', [n.d. probably February 1937], NAA: A2938, 3.

<sup>87</sup> Latham highlighted Australian concerns regarding Japanese military adventures in China during his 1934 visit to Japan. See Latham to Lyons, 3 July 1934, MS 1633/288, Page Papers, NLA.

<sup>88</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, p. 393.

<sup>89</sup> Neville Meaney, *Towards a New Vision: Australia and Japan through 100 Years*, East Roseville, NSW: Kangaroo Press, 1999, p. 75; Mansergh, *Survey of British Commonwealth Affairs*, p. 154. As one foreign policy review stated, '[t]he risk from Japan would arise should the British Empire be engaged in war elsewhere, when she would probably seize the opportunity to further her expansionist aims, possibly southwards as well as westwards'. 'Review of Foreign Policy', [n.d. probably February 1937], NAA: A2938, 3.

<sup>90</sup> Carl Bridg , 'Appeasement and After: Towards a Re-assessment of the Lyons and Menzies Governments' Defence and Foreign Policies, 1931-41', *Australian Journal of Politics and History*, 51(3) 2005, p. 377.

<sup>91</sup> Mansergh, *Survey of British Commonwealth Affairs*, p. 154.

endorsing British pacification efforts in Europe and adopting an Australian appeasement strategy towards Japan.<sup>92</sup> Appeasement encompassed granting concessions through unilateral accommodation, but with no demand for reciprocal exchange and no credible option to withdraw cooperation.<sup>93</sup> The principal objective was tension reduction rather than deepening or broadening a political relationship. Accordingly, Australian appeasement of Japan qualitatively differed from its engagement strategy toward Washington. The 1934 'Australian Eastern Mission' revealed that Japan's key grievance was the international community's unwillingness to recognise Manchukuo (Manchuria).<sup>94</sup> Lyons subsequently established recognition of Manchukuo as a basis for his Pacific Pact proposal.<sup>95</sup> Although the Australian Government launched a parallel trade diversion policy against Japan in 1936, this policy lasted only four months and was considerably more short-lived than the policy toward the United States.<sup>96</sup> This derived from Australia's fundamental dependence on Japan as a wool export market,<sup>97</sup> preventing it from withdrawing cooperation for any significant time period.

Australia's appeasement of Tokyo, however, was paired with its efforts to restore the balance of power in the Pacific. Reaching out to the United States as a fellow Anglo-Saxon democracy was integral to this approach. The United States' massive naval force, coupled with its regional proximity, was an important incentive to deepen cooperation with Washington.<sup>98</sup> On entering office in 1933, the Roosevelt Administration launched a number of new ship-building programs. It also established a new permanent naval base in the Pacific at Pearl Harbor.<sup>99</sup>

Lyons and his ministers aimed to broker a defensive cooperative understanding between the Britain, the southern Dominions, and the US in the Pacific. In his public

<sup>92</sup> Bridge, 'Appeasement and After', p. 374.

<sup>93</sup> Bridge, 'Appeasement and After', p. 372.

<sup>94</sup> Latham to Lyons, 3 July 1934, Page Papers, MS 1633/288, NLA.

<sup>95</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, p. 54.

<sup>96</sup> As in the case of the United States, Australian ministers regarded Japan as a growing economic threat to Australia's secondary industries. Australian Minister for Trade Treaties Sir Henry Gullet believed that if Australia did not check Japanese penetration of Australian secondary industries at that point in time, their trade dependence on Tokyo would intensify to the point that they would not be able to do so in future. In some ways, Australia's trade diversion toward Japan could thus be viewed as Australia's last effort at economic engagement with Japan before economic *as well as* political appeasement took place. See Kosmos Tsokas, 'The Wool Industry and the 1936 Trade Diversion Dispute between Australia and Japan', *Australian Historical Studies*, 23(93) 1989, pp. 443, 446–47, 461; Ian Nish, 'Relations with Japan', in Carl Bridge and Bernard Attard (eds), *Between Empire and Nation: Australia's External Relations from Federation to the Second World War*, Melbourne: Australian Scholarly Publishing, 2000, p. 161.

<sup>97</sup> Nish, 'Relations with Japan', pp. 124, 163; Harper, *A Great and Powerful Friend*, p. 77.

<sup>98</sup> Casey, 'Australia in World Affairs', p. 7; A.C.V. Melbourne to Lyons, "A Foreign Policy for Australia", October 1934, Page Papers, MS 1633/230, NLA.

<sup>99</sup> Greg Kennedy, 'What Worth the Americans? The British Strategic Foreign Policy-making Elite's View of American Maritime Power in the Far East, 1933–41', in Greg Kennedy (ed.), *British Naval Strategy East of Suez, 1900–2000: Influences and Actions*, Oxon: Frank Cass, 2005, p. 98.

statements from 1935 onwards, Lyons reiterated the mutual interests and natural friendship of the 'English-speaking peoples'.<sup>100</sup> Lyons' confidence in an Anglophone Pacific defence arrangement was boosted by his 1935 visit to Washington. During that trip, US President Franklin Roosevelt reassured Lyons that while the American people would never consent to participation in a purely European war, 'let there be one hint of trouble in the Pacific and they'd swing overnight'.<sup>101</sup> Roosevelt explained that, in the event the British were wholly engaged in Europe, 'Australia, in his view, need never fear isolation. Australia was a natural base that no Pacific power could afford to have in hostile hands. America would always come to her aid'.<sup>102</sup> David Bird observes that, 'the defence assurances of July 1935 were far from a guarantee ... and not to be compared with the imperial link, but they represented something of an insurance policy that enhanced Australian security ... [S]ome possibility now existed that the American eagle may supplement that of the British lion in an echo of Deakin's time'.<sup>103</sup>

Notwithstanding Roosevelt's remarks, however, Lyons and his ministers never assumed that American assistance was assured. Shared apprehensions regarding Germany and Japan provided the basis for some sort of strategic cooperation between the British Empire and the United States in the Pacific. Yet, the level of US assistance the British Empire could expect and how it was best drawn out remained subject to debate in Australian policy circles. In a review prepared for the 1937 Imperial Conference, the Australian liaison officer in Washington, Keith Officer, observed that, '[t]he policy of the United States can hardly be described otherwise than being more isolationist than ever'.<sup>104</sup> However, Lyons and his ministers were more optimistic. Then Minister for External Affairs, George Pearce, emphasised that he did not share in pessimistic views that American aid could be discounted.<sup>105</sup> In his various speeches and correspondence, Lyons likewise expressed confidence in American support.<sup>106</sup> The Lyons Government's effort to link its strategic interests with a fully cooperative strategy toward the US was obscured, however, by the two countries' inability to reach an effective *modus vivendi* as a result of trade disputes. While longer-term strategic imperatives propelled the Lyons Government to adopt an engagement-based approach,

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<sup>100</sup> Bird, *JA Lyons, the Tame Tasmanian*, p. 116.

<sup>101</sup> Enid Lyons, *So We Take Comfort*, London: Heinemann, 1965, p. 243.

<sup>102</sup> Lyons, *So We Take Comfort*, p. 244. Lyons later recalled these assurances to Canadian Prime Minister MacKenzie King in 1937 and to High Commissioner Bruce in 1938. Bird, *JA Lyons, the Tame Tasmanian*, p. 115.

<sup>103</sup> Bird, *JA Lyons, the Tame Tasmanian*, p. 115.

<sup>104</sup> 'Review of Relations between the United Kingdom and the United States', 1936, NAA: CP4/2, 46.

<sup>105</sup> Moffat, *Diaries of Jay Pierrepoint Moffat*, pp. 58–59.

<sup>106</sup> Moffat, *Diaries of Jay Pierrepoint Moffat*, p. 56.

they represented only one of several contending factors that Lyons had to reconcile in developing his Government's policy towards the US.

### *Difficulties in Establishing a Modus Vivendi with the United States*

As foreshadowed in Chapter Two, the Australian Government's shift to disengagement was grounded in its inability to reach an acceptable modus vivendi with the American leadership for fully cooperative Australian-American relations. In early 1936, Minister for Trade Treaties Henry Gullet and Deputy Prime Minister Earle Page became increasingly dissatisfied with existing understandings guiding relations, especially in regard to trade.<sup>107</sup> In April of that year, they convinced the Prime Minister that Canberra should seek alternative recourse on this issue.<sup>108</sup> Lyons' subsequent view that Australia would not be able to reach an acceptable modus vivendi with Washington, and thus needed to adopt a disengagement strategy, was predicated on the growing prominence of economic imperatives in Lyons' decision-making, the United States' unresponsiveness to Australian concerns on such issues, and the capacity to suspend economic cooperation with the US. These factors combined to give rise to an Australian interest of tactically withdrawing from economic cooperation with the US and an ensuing Australian disengagement preference.

### *Prominence of Economics in the Bilateral Relationship*

Critical to a disengagement preference emerging was the importance that economic conflicts of interest assumed in the bilateral relationship. The growing prominence of economics as a key driver of Australian-American relations after 1935 was largely grounded in Lyons' own changing priorities. Lyons adopted a consensual approach toward government, trying to find a compromise solution that would reconcile his ministers' divergent viewpoints. Although the balance of influence in Cabinet favoured pursuing Australia's trade interests with Washington, there were still some important

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<sup>107</sup> Megaw, 'The Scramble for the Pacific', p. 206; Whiskard to MacDonald, 19 May 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934-1938, (AJCP reel PRO 6945); Consul-General at Sydney (Caldwell) to the Secretary of State, 8 February 1935, in Department of State, *FRUS*, v. 1 (1935), Washington, DC: Government Printing Office, 1952, pp. 11-13.

<sup>108</sup> Whiskard to Harding, 27 April 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934-1938, (AJCP reel PRO 6945); Consul-General at Sydney (Moffat) to the Secretary of State, 6 April 1936, *FRUS*, v. 1 (1936), p. 745.

dissenting voices—notably, Treasurer Richard Casey.<sup>109</sup> The Prime Minister subsequently exercised decisive influence on this issue.<sup>110</sup> Lyons assigned importance to Australia's trade disputes with the US as a result of his broad concept of Australian security, his sensitivity to domestic public opinion, and his belief that punitive economic sanctions could be effectively compartmentalized from the broader political relationship with the United States.

In view of the inextricability of domestic economic development and politico-military security in Australian strategic thinking at the time, Lyons gravely viewed what he foresaw as a looming Australian economic crisis. Following the prolonged Australian balance of payments crisis of 1930–31, the Lyons Government was eager to restore the confidence of British lenders and investors. By meeting its interest and loan payments, the Government hoped to ensure an ongoing flow of British capital in Australia.<sup>111</sup> In the 1934–35 financial year, however, Australia failed to meet its interest obligations and was forced to draw further on its London funds.<sup>112</sup> This gave rise to considerable consternation within the Australian Cabinet. In a series of letters to the Australian High Commissioner to the United Kingdom, Stanley Bruce, Casey posited a range of policy options to overcome this challenge. These included a request for another British loan or a general tariff on imports.<sup>113</sup> In both cases, Bruce and Casey calculated that this could engender a negative British reaction.<sup>114</sup> By May 1936, Casey was considerably more optimistic about the future of Australia's balance of payments.<sup>115</sup> However, Lyons remained concerned that a drought or downward trend in export prices could again jeopardise Australia's balance of payments position. In opposition to Casey,

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<sup>109</sup> Geoffrey Whiskard to Malcolm MacDonald, 19 May 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934–1938, (AJCP reel PRO 6945); Geoffrey Whiskard to Sir Edward Harding, 27 April 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934–1938, (AJCP reel PRO 6945); 'Note of conversation with Sir Henry Gullet, USA negotiations', 27 April 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934–1938, (AJCP reel PRO 6945); P. Liesching to W. Bankes Amery, 14 April 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934–1938, (AJCP reel PRO 6945).

<sup>110</sup> Geoffrey Whiskard to Sir Edward Harding, 27 April 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934–1938, (AJCP reel PRO 6945); Bird, *JA Lyons, the Tame Tasmanian*, p. 23.

<sup>111</sup> 'Results of the Trade Diversion Policy', [n.d.], NAA: A1667, 430/B/52A; Lyons to Chamberlain, 18 May 1936, NAA: A425/142, 1939/2673; Consul-General at Sydney (Moffat) to Secretary of State, 4 March 1936, *FRUS*, v. 1 (1936), p. 743; 'Notes for Prime Minister's Speech at UAP Convention', 30 May 1936, MS 4851, Lyons Papers, NLA.

<sup>112</sup> Lyons to Chamberlain, 18 May 1936, NAA: A425/142, 1939/2673.

<sup>113</sup> Casey to Bruce, 14 February 1936, NAA: A1421, 1; Casey to Bruce, 23 March 1936, NAA: A1421, 1.

<sup>114</sup> Casey to Bruce, 7 April 1936, NAA: A1421, 1; Casey to Bruce, 23 March 1936, NAA: A1421, 1; Casey to Bruce, 14 February 1936, NAA: A1421, 1; Bruce to Casey, 13 March 1935, NAA: A1421, 3.

<sup>115</sup> Harper, *A Great and Powerful Friend*, p. 73. Geoffrey Whiskard to W. Bankes Amery, 16 April 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934–1938, (AJCP reel PRO 6945).

he supported Sir Henry Gullet's proposal for a licensing system that would divert trade away from the United States to the United Kingdom.<sup>116</sup>

This trade diversion policy prevented a balance of payments crisis in three ways. First, it reduced Australia's imports from 'bad customers', such as the United States, with whom Australia maintained a negative balance of trade. This decreased Australian expenditure. Second, it increased the market share available for 'good customers' and thus could potentially expand Australia's export markets.<sup>117</sup> By facilitating a greater British market share in Australian automotive and other secondary industries, the Lyons Government hoped to reciprocally increase Australia's exports of primary goods to that country.<sup>118</sup> Finally, the Lyons Government calculated that, by curbing American imports, it could further develop local industries. Over the longer term, this would reduce Australia's reliance on imports.<sup>119</sup>

Lyons' endorsement of trade diversion was supported by domestic public opinion. Growing public resentment surrounded the United States' high tariffs, arbitrary customs practices and favourable trade balance.<sup>120</sup> In April 1936 (the same month Lyons endorsed Gullet's licensing scheme), the Lyons Government was under increasing attack in Parliament regarding its weakness in dealing with excessive American imports flooding the Australian market.<sup>121</sup> Prior to consenting to trade diversion, Lyons pleaded to both US Secretary of State Cordell Hull and US Consul-General to Australia Jay Pierrepont Moffat for trade concessions that would appease domestic public opinion. Once implemented, however, the Australian domestic response was mixed. The *Sydney Morning Herald*, the *Telegraph*, the *Argus* and the

<sup>116</sup> Harper, *A Great and Powerful Friend*, p. 73; 'The Trade Diversion Policy and its Bearing on Australia's Trade with the United States', [n.d.], NAA: A5954, 1054/4; Lyons to Chamberlain, 18 May 1936, NAA: A425/142, 1939/2673; Geoffrey Whiskard to Edward Harding, 27 April 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934-1938, (AJCP reel PRO 6945). Lyons cabled to Page and Menzies in London in April 1936: 'In view of continued heavy increase in imports from U.S.A. and Canada without appreciable increase in Australian exports to those countries and the possibility of import restriction measures being necessary to safeguard balance of payments, trade relations with those countries have been closely reviewed.' Lyons to Bruce, 7 April 1936, NAA: A461, 323/1/4.

<sup>117</sup> 'The Trade Diversion Policy and its Bearing on Australia's Trade with the United States', [n.d.], NAA: A5954, 1054/4; 'Trade Diversion', [n.d.], Page Papers, MS 1633/292, NLA. As Gullett stated to Moffat, '[w]e have perforce to look to our exports to pay for our imports, and in the national interest we cannot allow our market for imports to be absorbed by countries which fail to extend a fair measure of reciprocity to the products of our export industries'. Gullett (1936) cited in Levi, *American-Australian Relations*, p. 133.

<sup>118</sup> Harper, *A Great and Powerful Friend*, p. 75; Lyons to Chamberlain, 18 May 1936, NAA: A425/142, 1939/2673; Page to MacDonald, 6 July 1936, Page Papers, MS 1633/230, NLA.

<sup>119</sup> Casey to Bruce, 23 March 1936, NAA: A1421, 1; 'Trade Diversion', [n.d.], Page Papers, MS1633/292, NLA.

<sup>120</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, p. 59.

<sup>121</sup> Raymond Esthus, *From Enmity to Alliance: US-Australian Relations, 1931-41*, Seattle: University of Washington Press, 1964, p. 19.

*Age* newspapers all cautioned the Government against precipitous action that could alienate the US at a time of growing peril in Europe and the Pacific.<sup>122</sup> These sentiments were echoed by then Opposition Leader John Curtin, who warned of the policy's potentially negative political repercussions on strategic cooperation with the United States.<sup>123</sup> This absence of bipartisanship over the Lyons Government's disengagement strategy highlights the Prime Minister's important role in so prominently elevating economic conflicts of interest in the bilateral relationship.

Lyons' proclivity to let economic interests drive relations with the United States was underscored by his somewhat mistaken conviction that events in the economic sphere could be compartmentalized from the broader political relationship.<sup>124</sup> This was evident in Lyons' letter to US Secretary of State Cordell Hull, in which he noted that trade diversion was not implemented in a spirit of 'unfriendliness' toward the United States.<sup>125</sup> If anything, Lyons and some of his ministers viewed trade diversion as a useful bargaining tactic that might facilitate longer-term politico-strategic objectives by ultimately compelling the US to enter into negotiations for an Australian-American trade agreement. This agreement, in turn, would connote other 'advantages arising in the Pacific from economic friendship with USA'.<sup>126</sup> Despite the negative US response that Australian trade diversion engendered, it was not until the 1937 Imperial Conference that Lyons started to more fully consider trade diversion's negative ramifications for the broader political relationship with Washington.<sup>127</sup> Until this time, his view that the Australian and American economic and political relationships could be essentially demarcated reinforced his proclivity to bring economic conflicts of interest to the forefront of Australian-American relations. How the US responded on

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<sup>122</sup> Esthus, *From Enmity to Alliance*, p. 19; Geoffrey Whiskard to Malcolm MacDonald, 19 May 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934–1938, (AJCP reel PRO 6945).

<sup>123</sup> Curtin, 'Imperial Conference, 1937', p. 103.

<sup>124</sup> Curtin, 'Imperial Conference, 1937', p. 103.

<sup>125</sup> Consul-General at Sydney (Moffat) to the Secretary of State, 7 May 1936, *FRUS*, v. 1, p. 749. In response to US State Department concerns, the Lyons Cabinet appointed an Australian liaison officer to Washington in June 1936 'to offset any misunderstanding which might have resulted from the Commonwealth's trade diversion policy'. 'Review of Relations between the United Kingdom and the United States', 1936, NAA: CP4/2, 46.

<sup>126</sup> 'Trade Negotiations with the USA', [n.d. probably 1938], Page Papers, MS 1633/214, NLA. Notably, Lyons justified his desire for an Australian-American trade treaty in 1935 to Roosevelt by claiming that such an agreement 'would bring our peoples more closely together and preserve that personal and friendly relationship existing between both Englishmen and English-speaking peoples'. This is suggestive of Lyons' politico-defensive motivations in forging a bilateral trade agreement with the United States. Lyons (1935) cited in Harper, *A Great and Powerful Friend*, p. 71.

<sup>127</sup> As will be further explored below, this followed Chamberlain's representations regarding the supreme political importance of an Anglo-American trade treaty and the need for the Dominions to surrender some their Ottawa preferences to facilitate the agreement.



commercial issues subsequently became Lyons' litmus test for whether Australia could reach a *modus vivendi* with that power.

*The United States' Unresponsiveness to Australian Concerns*

Prior to April 1936, the Lyons Cabinet had not looked favourably upon trade diversion. Trade diversion was viewed as a sub-optimal outcome. Between 1934 and 1936, the Lyons Government made a number of entreaties to the United States to commence negotiations for a trade treaty that would encompass concessions on primary products. Lyons himself engaged Roosevelt and Hull on this issue during his 1935 visit to Washington, but with few tangible results.<sup>128</sup> Increasingly, Lyons issued implicit threats in his discussions with Moffat. He argued that, without trade concessions, Australia would have to resort to legislative import quota restrictions to redress the adverse balance of trade between the two countries.<sup>129</sup> Yet, Moffat and Hull reiterated the political difficulties of conducting negotiations on competitive items at this early stage in the United States' trade liberalisation program.<sup>130</sup>

Australia's growing resentment of American 'unresponsiveness' to its economic concerns was grounded in the two countries' differing interpretations of how the norm of trade liberalisation should be implemented. While both the Roosevelt Administration and the Lyons Government espoused trade liberalisation as an important basis for economic prosperity and peace in the international system,<sup>131</sup> they differed over how trade liberalisation should proceed. The Australians privileged preferential reciprocal bargaining. As a longstanding 'good customer' of American imports, Lyons and his ministers collectively believed that the US should reciprocate by entering trade negotiations that provided concessions to Australia. As Lyons explained in his letter to Hull, justifying trade diversion:

[T]here is a growing feeling in this country that in so far as economic questions are concerned we have not received from the United States that measure of practical reciprocity which the high position Australia has always held as an overseas market of the United States entitled us to respect ... The considerations which prompt my Government to apply restrictions against the free flow of imports from the United

<sup>128</sup> Memorandum by the Secretary of State, 9 July 1935, in Department of State, *Foreign Relations of the United States (FRUS)*, v. 2 (1935), Washington, DC: Government Printing Office, 1952, pp. 13–15.

<sup>129</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, p. 53.

<sup>130</sup> The Consul-General at Sydney (Moffat) to the Secretary of State, 4 March 1936, *FRUS*, v. 1 (1936), pp. 742–43; The Secretary of State to the Consul-General at Sydney (Moffat), 6 March 1936, *FRUS*, v. 1 (1936), p. 743; The Consul General at Sydney (Moffat) to the Secretary of State, 16 March 1936, *FRUS*, v. 1 (1936), pp. 743–44.

<sup>131</sup> Lyons letter copied in Consul General at Sydney (Moffat) to the Secretary of State, 7 May 1936, *FRUS*, v. 1 (1936), p. 749; Esthus, *From Enmity to Alliance*, p. 17.

States and other countries which fail to afford reasonable opportunities for making payment by the exchange of goods are not actuated by any spirit of unfriendliness but are dictated solely by the existing situation.<sup>132</sup>

Because the Roosevelt Administration did not adopt the same approach to trade liberalisation, the Lyons Government subsequently viewed US platitudes as a false premise for advancing its own narrow economic interests.<sup>133</sup>

Instead, the Roosevelt Administration adopted a fundamentally differing interpretation of how trade liberalization should be implemented. The 1934 Trade Agreement Act extended Most-Favoured-Nation (MFN) status to *all* importers of a particular item rather than just the principal negotiating party. Accordingly, Hull believed that the United States could achieve a general reduction in tariff barriers worldwide.<sup>134</sup> Moffat conveyed to Pearce in October 1935 that:

[T]here was something far broader in Mr Hull's mind than mere tariff-bargaining ... Every time two nations tried to equalize their trade balance or reduce any inequality against normal trade trends, it turned out to be at the lower not the higher figure. The ultimate solution lay along the lines of generalization of concessions, and universalizing increases in trade, and only if a country discriminated against us would it fail to get the benefits we gave.<sup>135</sup>

The American approach to trade liberalisation was thus predicated on egalitarian and not preferential commercial concessions.<sup>136</sup> Hull and other State Department officials subsequently found it difficult to understand the normative arguments that Lyons and his ministers advanced to secure US trade concessions.<sup>137</sup> With both countries at odds over the fundamental principles guiding trade liberalisation negotiations, they adopted differing expectations of each other's behaviour and divergent interpretations of the situation at hand. In view of this discord, Australian policymakers believed they had no choice but to pursue their primary objective of securing Australian-American trade concessions through alternative means.

<sup>132</sup> Lyons letter copied in Consul General at Sydney (Moffat) to the Secretary of State, 7 May 1936, *FRUS*, v. 1 (1936), p. 749.

<sup>133</sup> One Department of Trade and Customs paper stated: 'It is clear ... that third countries can hope to gain very little from them and there can be no doubt that the policy of the United States Government is dictated by a desire to use its bargaining power to regain its lost export trade in particular markets rather than by any altruistic intention of making a real contribution to world recovery by a general removal of trade barriers.' 'The Trade Diversion Policy and its Bearing on Australia's Trade with the United States', [n.d.], NAA: A5954, 1054/4.

<sup>134</sup> Secretary of State to Consul General at Sydney (Moffat), 10 April 1936, *FRUS*, v. 1 (1936), p. 746.

<sup>135</sup> Moffat, *Diaries of Jay Pierrepont Moffat*, p. 61.

<sup>136</sup> Memorandum by the Secretary of State, 9 July 1935, *FRUS*, v. 2 (1935), pp. 13–14; Secretary of State to Consul General Sydney (Moffat), 10 April 1936, *FRUS*, v. 1 (1936), pp. 746–47.

<sup>137</sup> Esthus, *From Enmity to Alliance*, pp. 14–15; Harper, *A Great and Powerful Friend*, p. 77; Secretary of State to the Consul General at Sydney (Moffat), 6 March 1936, *FRUS*, v. 1 (1936), p. 743.

*The Utility of Disengagement Tactics*

The Lyons Cabinet concluded that ongoing cooperative overtures toward the United States would only further stymie any effort to reach a trade agreement.<sup>138</sup> By enlisting economic coercive tactics, Lyons and his ministers hoped to ‘induce the United States Government to view Australian trading relationships in a more favourable light’.<sup>139</sup> Moffat correctly inferred the Lyons Government’s reasoning when he observed that ‘the Government would make a determined attempt to divert our trade in the hope of blackmailing us into trade negotiations and concessions’.<sup>140</sup>

The Lyons Government’s decision to enlist disengagement tactics toward the US was greatly facilitated by its ability to *credibly* withdraw economic cooperation. In view of the substantial American export market to Australia, trade diversion had significant negative repercussions for American trading interests. In a meeting at the State Department in June 1936, Australian trade commissioner David Dow learned that ‘the United States Department of State is being inundated with complaints from American exporters’.<sup>141</sup> While the Lyons Cabinet was initially apprehensive about American retaliation,<sup>142</sup> Gullet projected that any retaliatory efforts would be ‘purely nominal’ due to the minimal Australian exports that the United States absorbed.<sup>143</sup> On 1 August 1936, Washington withdrew Australia’s MFN trading privileges in retaliation for its discriminatory trade measures. However, the effects of these measures were negligible, impacting only Australian wine and spirit exports.<sup>144</sup> In contrast to Australia’s trade diversion policy toward Japan, Australia’s capacity to credibly withdraw its economic cooperation from the United States further embedded Canberra’s intransigent negotiating stance. This underscored Lyons’ perception that, through disengagement, Australia could, in time, reach a more acceptable *modus vivendi* with Washington over trade practices.

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<sup>138</sup> ‘The Trade Diversion Policy and its Bearing on Australia’s Trade with the United States’, [n.d.] NAA: A5954, 1054/4.

<sup>139</sup> Lyons to Buring, 19 May 1936, NAA: A461, 323/1/4.

<sup>140</sup> The Consul General at Sydney (Moffat) to the Secretary of State, 22 May 1936, *FRUS*, v. 1 (1936), p. 751.

<sup>141</sup> Dow to Prime Minister’s Department, 23 June 1936, NAA: A461, 323/1/4.

<sup>142</sup> Casey to Bruce, 7 April 1936, NAA: A1421, 1.

<sup>143</sup> Geoffrey Whiskard to W. Bankes Amery, 16 July 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934-1938, (AJCP reel PRO 6945). Gullett to Page, 16 June 1936, Page Papers, MS 1633/215, NLA.

<sup>144</sup> Harper, *A Great and Powerful Friend*, p. 78.

The Australian 'interest' in tactically withdrawing from economic cooperation with the United States, whilst maintaining the basic political fabric of the relationship, thus derived from two factors operating in tandem. The collective assumption within the Lyons Cabinet that the US was a fundamentally benign power, and could assist to facilitate Australian strategic interests in regional order, encouraged the Prime Minister to adopt a broad engagement-based approach toward that country. However, his Government's inability to reach an acceptable *modus vivendi* with Washington, as a result of trade, inhibited him from translating this into an engagement preference. The Lyons Government adopted limited and specifically targeted punitive measures to compel the US to change its position and to ultimately create a better framework for joint economic and political cooperation. In line with the theoretical propositions this study advances, it was this *disjuncture* between Lyons' belief that a benign and increasingly powerful America could emerge as a contributor to Australian security, and his assessment that he could not reach a *modus vivendi* with that power, which ultimately gave rise to an Australian interest favouring disengagement.

Equally critical to the ensuing disengagement strategy, however, were facilitative alliance conditions. These conditions were particularly important in view of Australia's extreme economic and strategic dependence on Great Britain. Indeed, one of the chief objectives of trade diversion was to maximise the flow of economic benefits from London. What is less clear is how the Lyons Government anticipated that it would do so by pursuing a policy that diverged from Britain's own evolving policy toward the United States. The following section explores this discrepancy and the interrelationship between the alliance and change in Australia's trade diversion policy in 1937.

### **Imperial Politics: The Impact of Empire on Australia's Disengagement Strategy**

In view of its continuing economic and strategic dependence on Great Britain, Australia, under Lyons, remained a fundamentally risk-averse junior ally. This did not mean that the Lyons Government was bent on conforming with British preferences.<sup>145</sup> Concomitant with changes in intra-imperial organisation, the Lyons Government conceived of a distinctive Australian commercial and foreign policy based on its geographic location in the Pacific.<sup>146</sup> Nevertheless, it viewed these policies as

<sup>145</sup> See, for instance, O'Brien, 'Empire v. National Interests'; Tsokas, 'The Wool Industry'; Bird, *JA Lyons, the Tame Tasmanian*, p. 24.

<sup>146</sup> Bird, *JA Lyons, the Tame Tasmanian*, p. 25; Mansergh, *Survey of British Commonwealth Affairs*, p. 138.

interdependent rather than independent of those of the British Empire as a whole.<sup>147</sup> When framing its trade diversion policy, the Lyons Government simultaneously endeavoured to manage its reputation for alliance loyalty along these lines. The Australian Government consistently reiterated to British authorities how trade diversion facilitated preferential British market access in Australia.<sup>148</sup> Although an argument could be made that the Lyons Government was merely attempting to secure British concessions while diverging from British policy toward the United States, it sought to do so in a way that maintained its reputation for alliance loyalty.

In view of the Lyons Government's preoccupation with its alliance reputation, why then did it so confidently pursue its divergent disengagement strategy toward the US in 1936? To what extent does the second set of theoretical propositions that this study advances provide an answer? Lyons' disengagement strategy was predicated not simply on the substance of Australia's interest toward a rising America, but on the value he assigned to it in an intra-alliance context. After all, Lyons' interest in tactically withdrawing from economic cooperation with the United States contended with his assumptions about Australia's asymmetric dependence on Great Britain, management of Australia's alliance reputation, and Britain's own differing policies toward the US. The comparatively high value that Lyons attached to trade diversion—and consequently his perception of Australia's intra-alliance bargaining power—did indeed derive from his assumption that the British could be persuaded to acquiesce to Australia's divergent policy. If not securing British support, Lyons anticipated that trade diversion would at least garner British acceptance. This assessment was predicated on what he perceived as the consistency of trade diversion with core British interests and shared understandings of alliance contribution.

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<sup>147</sup> Hancock, *Australia*, pp. 217, 219. As Hancock observed, '[e]very self-governing member of the British Commonwealth has its own problems of foreign affairs, for which it is primarily responsible. But it would be wrong to imagine that the special problems of one member are of no interest to the others'. See also C. Hartley Grattan, 'Could Australia Remain Neutral in a World War?', in W.G.K. Duncan (ed.), *Australia's Foreign Policy*, Sydney: Angus and Robertson/Australian Institute of Political Science, 1938, p. 133; R.G. Casey, 'Australia's Voice in Imperial Affairs', in W.G.K. Duncan (ed.), *Australia's Foreign Policy*, Sydney: Angus and Robertson/Australian Institute of Political Science, 1938, p. 48; Frederick Shedden, 'Chapter 96—Defence Policy in the Light of the London Discussions (1937)', NAA: A5954/1, 1295/3.

<sup>148</sup> Lyons to Bruce, 16 May 1936, Page Papers, MS 1633/290, NLA; Lyons to Chamberlain, 18 May 1936, NAA: A425/142, 1939/2673; Page to MacDonald, 6 July 1936, Page Papers, MS 1633/230 NLA.

*Consistency with British Interests*

The Lyons Government's decision to adopt trade diversion was predicated on its assumption that far from compromising core British global or regional interests, his disengagement preference was consistent with or could even further those interests as they related to Australia. Stanley Bruce reported that the Governor of the Bank of England made clear that while 'prohibition of imports by legislative action was a most extreme course to pursue and should only be resorted to in fact of a really critical situation', it was preferable to the British extending further financial assistance.<sup>149</sup> Trade diversion also granted the British an even greater share in the Australian market, thereby meeting the Board of Trade's complaints to Australian representatives in March 1935.<sup>150</sup> Lyons and his ministers believed that with the prospect of a more substantive market share in Australia, the Board of Trade would not only acquiesce to trade diversion but would be more inclined to grant concessions to Australia during the Ottawa review process.<sup>151</sup>

The Lyons Government's confidence that trade diversion was fundamentally consistent with core British interests was further underscored by the fractured British response to the policy. The Board of Trade responded negatively. Deputy Prime Minister Earle Page recalled that when presenting the policy to Board of Trade President Walter Runciman, '[y]ou offered him a present of from ten to twenty million pounds in Australian trade, and he looked as though you'd kicked him in the stomach'.<sup>152</sup> Runciman chastised the Australian Government for not consulting with the Board beforehand. He refused to publicly endorse the policy or to conclude that it was an action 'as being agreed between two governments'.<sup>153</sup> Far from easing trade negotiations with the British, Menzies and Page barely secured only limited concessions for Australian meat exports during their visit to London in June 1936.<sup>154</sup>

The Dominions Office meanwhile offered a more favourable response. The Secretary for Dominion Affairs pronounced:

[W]e share your hope the policy on which the proposals are based will not only hope to solve the particular problems of Australia to which you refer but will also prove

<sup>149</sup> Esthus, *From Enmity to Alliance*, p. 73.

<sup>150</sup> During that meeting, Gullett had learned that 'the United Kingdom considered their trade relations with Australia to be less satisfactory than those with other Dominions'. 'Note of Meeting between the President of the Board of Trade and Sir Henry Gullett', 28 March 1936, PRO: BT11/647 Australia-UK: Questions arising from the Ottawa Trade Agreement, (AJCP reel PRO 6946).

<sup>151</sup> Lyons to Bruce, 16 May 1936, Page Papers, MS 1633/290, NLA.

<sup>152</sup> Earle Page, *Truant Surgeon*, Grafton NSW: Examiner Print, 1959, p. 246.

<sup>153</sup> O'Brien, 'Empire v. National Interests', p. 582.

<sup>154</sup> O'Brien, 'Empire v. National Interests', p. 583.

valuable stimulus to the revival of migration and Imperial cooperation generally and that it will strengthen the trade between the two countries.<sup>155</sup>

Unaware of the relative subordination of the Dominion Office in British Cabinet discussions,<sup>156</sup> Australian ministers concluded that trade restriction was a lesser evil than financial default vis-à-vis British interests.

### *Consistency with Intra-Alliance Understandings of Contribution*

Under these circumstances, the Lyons Government's confidence in pursuing its divergent strategy toward the United States was further underscored by what the Australian Government interpreted as trade diversion's consistency with shared intra-alliance understandings regarding alliance contribution. By the 1930s, imperial organisation was evolving along the lines of 'Imperial Federation', which Deakin, Jebb, and others had espoused at the turn of the century. The 1931 Statute of Westminster granted the Dominions formal administrative control over their foreign affairs. With greater Dominion purview over foreign affairs, however, came associated problems of maintaining imperial unity—that is, what Deakin had represented as *recentralisation*. Conscious of Britain's relative decline and Australia's own nascent economic and defence capabilities, Lyons and his ministers believed that the Empire could only viably continue to exist through interdependent and coordinated cooperation.<sup>157</sup>

This was evident in the Australian Government's stance on intra-imperial cooperation in spheres of foreign policy, defence and economics. Prior to the 1937 Imperial Conference, Lyons and his ministers deliberated on whether common principles could be established as a basis for an imperial foreign policy.<sup>158</sup> Australia aspired to a unified imperial policy in which the 'voices' of both Great Britain and the Dominions were involved in its formulation.<sup>159</sup> This was reflected in A.C.V. Melbourne's infamous memorandum to Lyons entitled 'A Foreign Policy for Australia'. Melbourne advised that, '... Australia's position is strengthened by her association with

<sup>155</sup> Secretary of State for Dominion Affairs to PMs Department, 20 May 1936, NAA: A425/142, 1939/2673.

<sup>156</sup> O'Brien, 'Empire v. National Interests', p. 578.

<sup>157</sup> This interdependent vision of imperial defence is reflected in a number of Parkhill's speeches. In one such speech Parkhill observed: 'If the several parts of the Empire participate in Imperial Naval Defence and provide for their own local defence, the security of all will be provided for, and the collective strength will be such that it will be a deterrent to the strongest aggressors or probable alliances of them.' Parkhill, 'The Labour Party's Defence Policy from the Aspect of Cooperation in Imperial Defence'. See also 'Speech by Mr J.A. Lyons, Prime Minister, to First Plenary Session of Imperial Conference', 14 May 1937, *DAFP*, v. 1, pp. 64–71.

<sup>158</sup> 'Speech made to Imperial Conference, 1937', MS 4851/15, Lyons Papers, NLA.

<sup>159</sup> Mansergh, *Survey of British Commonwealth Affairs*, p. 138.

the British Commonwealth ... the position of Australia demands a policy different from, although not necessarily incompatible with, the policies of other members of the British Commonwealth'.<sup>160</sup>

A more autonomous but interdependent Australian foreign policy reflected that country's enlarged responsibility for its own defence during the interwar period. While relying on the Royal Navy and the Singapore strategy as its first line of defence, the Lyons Government viewed local defence capabilities as integral to defending against enemy raids that evaded the British main fleet.<sup>161</sup> The Lyons Government also envisioned Australia as a valuable supplier of raw materials, munitions and aircraft to the Empire.<sup>162</sup> This vision of interdependent imperial cooperation to strengthen the British Empire, as a whole, also extended to trade.<sup>163</sup> While Australia was one of the largest markets for British manufactured goods, Britain reciprocally absorbed the vast bulk of Australia's primary produce. Any diminution of Britain's capacity to export manufactured goods would subsequently reduce its capacity to purchase Australian raw materials.<sup>164</sup> It was this basic precept of economic interdependence that the Lyons Government believed warranted and supported its adoption of trade diversion toward the US.

Trade diversion was not only consistent with, but predicated on, these shared intra-imperial understandings of interdependence for its very success. By diverting trade from the US and Japan to Great Britain, the Lyons Government anticipated that Britain would grant some reciprocal advantage.<sup>165</sup> Trade diversion would strengthen British purchasing power of Australian goods by not only expanding its market share but also by allowing greater opportunities for British investment in Australia, which would in

<sup>160</sup> A.C.V. Melbourne, 1934, "A Foreign Policy for Australia", Page Papers, MS 1633/230, NLA.

<sup>161</sup> McCarthy, *Australia and Imperial Defence*, p. 51.

<sup>162</sup> Archibald Parkhill, 'The Imperial Conference 1937—Its Importance to Australian Defence', Melbourne: H.J. Green, 1937; Joseph Lyons, 'Defence Aspects of the Imperial Conference: Australian Position', Melbourne: H.J. Green, 1937, p. 5.

<sup>163</sup> As evidence of interdependent trade strengthening the British Empire, see Lyons statement to the 1935 Prime Minister's Summit, in which he observed that '... [Ottawa's] immediate and particular intent was the quickening and growth of inter-Empire trade, but its higher aim was to make a substantial contribution all that is embraced by the term British Empire, and all that the Empire stands for as an influence in the civilization today and tomorrow—any Empire reciprocal trading arrangement which does not progressively cultivate and make stronger the sentiment of Empire must fail ...'. Cited in O'Brien, 'Empire v. National Interests', p. 570.

<sup>164</sup> 'Memorandum of Conclusions Reached in the Trade Discussions Between Representatives of His Majesty's Government and Australia', Page Papers, MS 1633/279, NLA.

<sup>165</sup> As one Cabinet document noted, 'Britain's capacity to sell to the empire and to foreign countries depends on its capacity to purchase from both. Putting it plainly, there is room for substantial increase in Australian exports of primary produce to Britain provided we are able to give Britain an increased market here. If we could sell more to the United Kingdom of those things which we can sell nowhere else, we must buy more from the United Kingdom'. 'Trade Diversion,' [n.d.], Page Papers, MS 1633/292, NLA.



turn restore prosperity to British industry.<sup>166</sup> Trade diversion also represented an interdependent contribution to strengthening the British Empire by enhancing Australia's capacity to develop its secondary industries and to rearm.<sup>167</sup>

There is some evidence that Australian policymakers were conscious of potential British opposition to trade diversion, in view of its *divergence* from British foreign policy towards the United States. This is suggested by Australian efforts to avert formal consultation with the Dominion Office or Board of Trade prior to making a decision on trade diversion, despite the British High Commissioner to Australia's recommendations.<sup>168</sup> Lyons justified this lack of consultation in terms of 'prevent[ing] the embarrassment that would arise if it were thought that [Great Britain] had been party to conclusions affecting others'.<sup>169</sup> Indeed, Lyons' divergent commercial policy toward Washington was somewhat at odds with his advocacy of a unified imperial foreign policy. By appealing to shared understandings of alliance contribution centred on economic interdependency and promising very real economic benefits, however, the Lyons Government collectively assumed that it could convince the British Government to acquiesce in its disengagement strategy and to thereby mitigate damage to Australia's reputation for alliance loyalty.<sup>170</sup> This assumption mediated between more general fears of abandonment by Great Britain (deriving from Australia's economic and strategic dependence on that power) and the respective value that Lyons attached to Australia's divergent commercial interest in the United States. In line with Snyder's theory and this study's supplementary propositions, the high value that Lyons assigned to this interest, in turn, gave rise to his perception of Australian intra-alliance bargaining power in this issue-specific context and, ultimately, Australia's divergent disengagement strategy. Over the course of 1937, however, this assumption progressively changed. This forced Lyons to reevaluate Australia's divergent interest toward the United States and ultimately resulted in the termination of that strategy.

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<sup>166</sup> Bruce Speech to FBI, 11 January 1933, NAA: M104, 2.

<sup>167</sup> Bird, *JA Lyons, the Tame Tasmanian*, p. 166; Burton, 'The "Trade Diversion"', p. 7; Lyons to Chamberlain, 18 May 1936, NAA: A425/142, 1939/2673; Lyons, 'Defence Aspects of the Imperial Conference: Australian Position', p. 4.

<sup>168</sup> Geoffrey Whiskard to Dominion Office, 27 June 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934-1938, (AJCP reel PRO 6945); Geoffrey Whiskard to Sir Edward Harding, 27 April 1936, PRO: BT11/628, Trade. Australia-USA Commercial Negotiation Relations, 1934-1938, (AJCP reel PRO 6945).

<sup>169</sup> Secretary of State for Dominion Affairs to PM's Department, 20 May 1936, NAA: A425/142, 1939/2673.

<sup>170</sup> This assumption of acquiescence is suggested by Page's reflections, cited above, that he and Menzies had expected the Board of Trade to welcome rather than chastise the Australian Government's trade diversion policy. Nevertheless, while Runciman disliked the Australian policy, he did not object to it. Moreover, the Dominion Office's more positive response was likely to have encouraged the Lyons Government that British acquiescence would still be forthcoming.

## Abandoning Trade Diversion

By mid-1937, the value that the Lyons Government attached to Australia's divergent interest toward the United States, and accordingly Australia's intra-alliance bargaining power, began to lessen. This was largely because the deteriorating international situation led the Australian Government to alter its interpretation of British interests. During the 1937 Imperial Conference, the British Prime Minister made clear to Lyons the great importance Britain assigned to concluding an Anglo-American trade agreement. This agreement would not only improve prospects for peace by facilitating broader economic appeasement in Europe, but would also suggest Anglo-American unity to the revisionist powers.<sup>171</sup> Washington predicated the agreement, however, on the British Dominions surrendering some of their Ottawa preferences.

Australian ministers viewed British efforts to secure an Anglo-American trade treaty, on this basis, as having a direct effect on their trade diversion policy. To offer the US concessions, as part of an Anglo-American trade agreement, would undermine the bargaining power vis-à-vis Washington that Canberra derived from trade diversion. As Lyons wrote to Bruce, '[o]nce the United States gains her objective on the primary products in respect of which we are asked to make sacrifices, she will have little incentive to give us concessions ... as a result of reduction in preferences to Britain.'<sup>172</sup> Trade diversion would thus be divorced from its purpose of denying the US economic advantages to compel Washington to enter bilateral trade negotiations with Canberra. British Dominion Office officials noted: 'The United Kingdom-United States negotiations, the revision of the Ottawa Agreement and the future of the trade diversion policy are from the Australian point of view so closely inter-related as to be incapable of piece-meal treatment ...'.<sup>173</sup> For Australia to subsequently induce Washington to the

<sup>171</sup> Lyons cited in 'For press 23 November 1937', November 1937, NAA: A461, 323/1/4; Message from Chamberlain to Lyons, 6 December 1937, NAA: A2910, 437/5/120A PART I; J.G. Crawford, 'Australia as a Pacific Power', in W.G.K. Duncan (ed.), *Australia's Foreign Policy*, Sydney: Angus and Robertson/Australian Institute of Political Science, 1938, p. 95.

<sup>172</sup> Prime Ministers Department to the High Commissioner, London, 9 December 1937, Page Papers, MS 1633/221, NLA. Similar concerns were outlined in the November 1937 Cabinet Paper. See Earle Page, "United Kingdom-United States Trade Negotiations and their Empire Significance", 24 November 1937, NAA: A1667, 430/B/52E.

<sup>173</sup> P. Liesching to W. Bankes Amery, 16 August 1936, PRO: DO35/886, Australia: Commercial Relations with USA, Including Correspondence on Trade Balance, (AJCP reel PRO 5498).

negotiating table, it would have to commence parallel bilateral negotiations with the United States and, consequently, abandon its discriminatory trade diversion policy.<sup>174</sup>

As British and American representations on surrendering Australian Ottawa preferences intensified during the latter part of 1937, the Australian Government found it could no longer withhold these preferences (and subsequently pursue trade diversion on its desired terms) without compromising vital British interests. A November 1937 Cabinet paper argued that:

In so far as the aim of this system is to divert trade to the United Kingdom there is hardly any doubt that the latter would be glad to see it go, particularly if it is an irritating factor with the United States and is likely to interfere with the smooth flow of negotiations ... The British Government considers there is no factor in the international trade field more conducive to preserving peace than the maintenance of cordial relations between the British Commonwealth and the United States ... To Britain, therefore, the matter is vital.<sup>175</sup>

In December 1937, Chamberlain made direct appeals to Lyons to surrender Australia's Ottawa preferences so that Anglo-American negotiations could proceed.<sup>176</sup> This sharply curtailed Australian perceptions that the British could be persuaded to acquiesce to Australia's continued intransigence toward the United States.<sup>177</sup>

The redefinition of British interests also prevented Australian policymakers from resorting to shared understandings of alliance contribution to justify their trade diversion policy. The locus of this 'interdependent' contribution had changed. Interdependent alliance contributions were reframed not just in terms of consolidating the British Empire as an independent economic and strategic entity, but in terms of strengthening the Empire by engaging in economic and political rapprochement with the United States. As Chamberlain explained to Lyons:

[A] Trade Agreement with the United States of America would have an importance in world affairs far beyond its intrinsic provisions. I was thinking then of the effect upon American and world public opinion of such a striking example of collaboration between the United States of America and the British Empire. In light of recent events and the serious situation in the Far East the above considerations take on a new and much greater importance for all of us.<sup>178</sup>

Australian policymakers subsequently viewed the surrender of their Ottawa preferences as core to their alliance contribution.

<sup>174</sup> Washington refused to engage in trade negotiations with any country that it deemed as substantively discriminating against American trade. PM Department to Bruce, 26 November 1937, Page Papers, MS 1633/220, NLA; Bruce to PM Department, 9 December 1937, Page Papers, MS 1633/221, NLA. 'Memorandum to the Secretary Department of External Affairs from Department of External Affairs, British Embassy, Washington DC', 17 January 1938, Page Papers, MS 1633/221, NLA.

<sup>175</sup> Earle Page, "United Kingdom-United States Trade Negotiations and their Empire Significance", 24 November 1937, NAA: A1667, 430/B/52E.

<sup>176</sup> Chamberlain to Lyons, 6 December 1937, NAA: A2910, 437/5/120A PART I.

<sup>177</sup> Megaw, 'Australia and the Anglo-American Trade Agreement', p. 205.

<sup>178</sup> Chamberlain to Lyons, 6 December 1937, A2910, 437/5/120A PART I, NAA.

Accordingly, the Lyons Government's declining confidence that it would be able to persuade the British to acquiesce to trade diversion on the terms that it sought, in turn, led it to devalue Australia's divergent interest toward Washington. Lyons' considerations of Australian dependence on Great Britain and general fears of abandonment subsequently assumed a more prominent role in informing his assessment of Canberra's intra-alliance bargaining power. The November 1937 Cabinet paper noted that, '[i]f the effort by the United Kingdom and the United States failed because Australia held back, there would be a revulsion of feeling in the United Kingdom against Empire trade'.<sup>179</sup> Over the longer term, Australia's bargaining power with Great Britain would be considerably weakened. The Cabinet Paper subsequently recommended that, 'with appropriate show of reluctance, we should now indicate our preparedness to engage in discussions with both United Kingdom and United States. It would, in fact be most difficult to avoid doing so'.<sup>180</sup>

It was on this basis that Lyons agreed to formally abandon Australia's trade diversion policy.<sup>181</sup> Domestic political considerations affected the timing of the decision, to the extent that trade diversion was not addressed until after the November 1937 elections.<sup>182</sup> However, it was alliance considerations that actually gave rise to change. On 8 December 1937, the Australian Government announced its plans to end trade diversion and to substitute it with more general duties to protect Australian industry.

Snyder's notion of intra-alliance bargaining power is therefore applicable, but insufficient, to explain this change in Australian strategy toward the US. What gave rise to this change were not simply perceptions of intra-alliance bargaining power, but Lyons' reassessment of the value he assigned to Australia's divergent interest in the United States. This was critically mediated by his view that Britain could no longer be convinced to acquiesce to Australia's disengagement strategy on the terms that Canberra sought. Lyons subsequently devalued Australia's divergent interest and his perceptions of Australia's relative dependency and commitment more significantly impacted his calculations of intra-alliance bargaining power. He became convinced that Australia maintained comparatively lesser intra-alliance bargaining power in this

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<sup>179</sup> Earle Page, "United Kingdom-United States Trade Negotiations and their Empire Significance", 24 November 1937, NAA: A1667, 430/B/52E.

<sup>180</sup> Earle Page, "United Kingdom-United States Trade Negotiations and their Empire Significance", 24 November 1937, NAA: A1667, 430/B/52E.

<sup>181</sup> PM Department to Bruce, 9 December 1937, Page Papers, MS 1663/221, NLA.

<sup>182</sup> Harper, *A Great and Powerful Friend*, p. 79; Lindsay to Secretary of Department of External Affairs, 2 July 1937, PRO: DO35/886, Australia: Commercial Relations with USA, Including Correspondence on Trade Balance, (AJCP reel PRO 5498).

situational context. To retain trading privileges with Great Britain, he calculated that Australia had little choice but to abandon trade diversion.

## Conclusion

As in the case of Deakin's engagement strategy toward the United States in 1908, Lyons' disengagement strategy in 1936 did not match British preferences. This Australian foreign policy behaviour contrasts with what power transition theorists and most alliance theorists predict. Power transition theory cannot account for why Australia, as a satisfied junior ally, adopted a punitive policy toward the US at the same time that Great Britain was negotiating an economic rapprochement with that country. While Australia's alliance did shape its policy toward an ascendant America, it did not determine that policy.

Because it provides greater discretion for a junior ally's interests in shaping its foreign policy, Snyder's theory of intra-alliance bargaining power offers a better explanation for Lyons' disengagement strategy. Underpinning this strategy was Lyons' assumption that Australia had significant intra-alliance bargaining power in this issue-specific context. This derived from the high value that Lyons assigned to Australia's interest in withdrawing economic cooperation from the United States. As in the Deakin case, however, Snyder's theory does not fully account for how this interest came about or was reconciled with alliance management imperatives.

The Lyons case demonstrates the utility of this study's supplementary theoretical propositions, if Snyder's theory is to have greater explanatory power in understanding the dynamics of junior allied engagement. These propositions more precisely account for change in both the substance of Australia's interest in a rising power and the value Australian policymakers assigned to this interest in an intra-alliance context. While both Deakin and Lyons highly valued Australia's respective interest toward the United States, Lyons' construct of the Australian interest favoured a disengagement instead of an engagement preference.

Lyons' interest in withdrawing economic cooperation from the US, and corresponding disengagement preference, derived from differing assessments of the same factors that underpinned Deakin's decision-making (and which are represented in this study's supplementary propositions). Like Deakin, Lyons believed that the US could be conditioned to behave in a way that was consistent with his preferred construct of regional order. The threat posed by a prospective German-Japanese axis during the

mid-1930s, and the United States' capacity to ameliorate this threat through its immense naval power, served as incentives to adopt a broad engagement-based approach toward that country. In contrast to Deakin's engagement strategy, however, the Lyons Government was unable to reach what it perceived as an acceptable *modus vivendi* with Washington. This derived from the importance that Lyons attached to economic conflicts of interest with the US and Washington's perceived unresponsiveness on this issue. The Lyons Government's interest in withdrawing cooperation from the US derived from the disjuncture between its perception of the United States as a possible contributor to Australian security and its inability to reach an acceptable *modus vivendi* with that power.

Whether or not the Lyons Government adopted a disengagement strategy, however, was also contingent on facilitative alliance conditions. The Lyons Government was conscious of, and indeed sought to maximise, the economic benefits it derived from Great Britain through trade diversion. Its decision to adopt trade diversion was thus predicated on the assumption that it could convince the British Government to acquiesce, if not actively support, that policy. In 1936, this assumption was based on the Lyons Government's conclusion that its disengagement preference did not compromise core British interests and was consistent with shared understandings regarding what comprised a contribution to Empire. So long as the British could be persuaded to acquiesce to trade diversion, there were minimal risks in pursuing this policy.

In 1937, however, perceptions of British acquiescence began to alter. Changing political circumstances surrounding the Anglo-American agreement meant that the Australian Government could no longer sustain trade diversion on the terms it wished without jeopardising core British economic and security interests and violating shared alliance understandings. The Lyons Government subsequently devalued its interest in withdrawing economic cooperation from the US and considerations of Australia's alliance dependency exercised a greater influence on Lyons' perceptions of intra-alliance bargaining power. In view of what Lyons concluded to be Australia's comparatively lesser bargaining power in this situational context, he abandoned trade diversion in December of that year.

The Lyons case underscores the value of Glenn Snyder's model in two respects. First, like engagement, Australian disengagement was not determined solely by British preferences toward the United States. The interrelationship between British preferences and Australian policies was considerably more nuanced. Second, intra-alliance bargaining power was an important mediating factor in Lyons' decision-making but

insufficiently accounts for the dynamics of Australian engagement with a rising America. Lyons' disengagement preference was more deeply grounded in his conception of the Australian interest and the comparative value he assigned to it in an intra-alliance context. By providing a framework that further details this interest, this study's theoretical propositions play a complementary role to Snyder's theory in explaining the changing dynamics of junior allied engagement. By examining these theoretical propositions in relation to Australian engagement with the US during the 1950s, the following chapter will explore their relative applicability at a more advanced stage of the Anglo-American power transition.

## CHAPTER FIVE

### NEGOTIATING ANZUS: THE MENZIES GOVERNMENT AND THE NEW PACIFIC POWER, 1950–51

The fall of Singapore to Japanese forces in February 1942 fundamentally altered longstanding Australian strategic assumptions based on British primacy in the Far East. In December 1941, then Australian Prime Minister John Curtin published his famous article in the Melbourne *Herald*, stating: 'Without any inhibitions of any kind, I make it quite clear that Australia looks to America, free of any pangs as to our traditional links or kinship with the United Kingdom.'<sup>1</sup> Historians have traditionally portrayed Curtin's appeal to the United States as a 'turning point' in Australian foreign policy, signifying the transfer of loyalties from Great Britain to a more powerful American protector.<sup>2</sup> More recently, however, a revisionist school of historians has argued that this portrayal obscures the complexity of Australian foreign policy during the 1940s and 1950s.<sup>3</sup>

Curtin's appeal to Washington signified Australian recognition of its strategic reliance on the United States as the dominant Pacific power.<sup>4</sup> However, this did not automatically translate into a commensurately strong political relationship with the Americans.<sup>5</sup> While Australia and the US were wartime allies, Canberra made few efforts to broaden or deepen bilateral relations beyond this temporary strategic partnership. Longstanding irritants in the bilateral relationship persisted. These included

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<sup>1</sup> Curtin (1941) cited in Peter Edwards, *Permanent Friends?*, Sydney: Lowy Institute for International Policy, 2005, p. 9.

<sup>2</sup> Norman Harper, *A Great and Powerful Friend: A Study of Australian-American Relations Between 1900 and 1975*, St. Lucia, Qld: University of Queensland Press, 1987, p. 149; T.B. Millar, *Australia in Peace and War*, Botany NSW: Australian National University Press, 1978, p. 129; Bruce Grant, *Fatal Attraction: Reflections on the Alliance with the United States*, Melbourne: Black Inc., 2004, p. 89; Joseph A. Camilleri, *Australian-American Relations: The Web of Dependence*, p. 2.

<sup>3</sup> See, for instance, David Day, *Reluctant Nation: Australia and the Allied Defeat of Japan, 1942–1945*, Melbourne: Oxford University Press, pp. viii, 314–15; Coral Bell, *Dependent Ally: A Study in Australian Foreign Policy*, Melbourne: Oxford University Press, 1988, p. 140; Edwards, *Permanent Friends?*, pp. 10–13; Carl Bridge, 'Introduction', in Carl Bridge (ed.), *Munich to Vietnam: Australia's Relations with Britain and the United States since the 1930s*, Carlton, Vic: Melbourne University Press, 1991, p. 2; Stuart Ward, *Australia and the British Embrace: The Demise of the Imperial Ideal*, Carlton Vic: Melbourne University Press, 2001, p. 15.

<sup>4</sup> Millar, *Australia in Peace and War*, p. 122; Percy Spender, *Australia's Foreign Policy: The Next Phase*, Sydney: F.H. Booth and Son, 1944, p. 23; Alan Watt, *The Evolution of Australian Foreign Policy*, Cambridge: Cambridge University Press, 1967, p. 110.

<sup>5</sup> Glen St. John Barclay, *Friends in High Places: Australian-American Diplomatic Relations since 1945*, Melbourne: Melbourne University Press, 1985, p. 11; Edwards, *Permanent Friends?*, pp. 13–14; Keith Waller, 'Keith Waller interviewed by Professor J.D.B. Miller', 1974–1977, TRC 314, National Library of Australia (NLA).



Australian preferential trade with Great Britain and disagreement over the US retaining its Southwest Pacific military bases after the war.<sup>6</sup> Curtin demonstrated no proclivity to offer concessions to the Americans or to negotiate differences in a way characteristic of political engagement. This ambiguity continued under the postwar Chifley Government. It sought to establish closer Australian-American defence relations, but this was not embedded within a broader political engagement strategy directed at deepening the overall relationship. This absence of political engagement largely resulted from divergent Australian and American approaches to managing global order. Then Australian Minister for External Affairs, Herbert Evatt posited the United Nations as an instrument for global collective security and Canberra as a mediator between the United States and the Soviet Union.<sup>7</sup> American policymakers viewed Evatt's mediatory efforts with suspicion as the United States' own containment-based approach toward the Soviet Union was crystallising.<sup>8</sup>

It was not until the Menzies Government was elected in December 1949 that Australia made concerted efforts to deepen Australian-American political relations as a means of enhancing strategic relations.<sup>9</sup> Prime Minister Robert Menzies retained the ultimate prerogative on all foreign policy matters, but granted considerable autonomy to his Minister for External Affairs, Percy Spender.<sup>10</sup> Spender emerged as the chief Australian architect of the ANZUS Treaty.<sup>11</sup> This Treaty was signed in San Francisco on 1 September 1951 and established a tripartite reciprocal defence guarantee between Australia, New Zealand and the United States. Spender had advocated a closer strategic relationship with the Americans since the outbreak of the Second World War.<sup>12</sup> Unlike Evatt, however, Spender believed that foreign policy and defence policy were mutually

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<sup>6</sup> Barclay, *Friends in High Places*, p. 13; Bell, *Dependent Ally*, p. 144.

<sup>7</sup> Alan Watt, 'Interview with Sir Alan Watt [Interviewer Bruce Miller]', 11 December 1974, TRC 306, NLA; David Lowe, *Menzies and the "Great World Struggle": Australia's Cold War, 1948-1954*, Sydney: UNSW Press, 1999, p. 17; Roger Holdich, Vivianne Johnson, and Pamela Andre, *The ANZUS Treaty 1951*, Canberra: Department of Foreign Affairs and Trade, 2001, p. xxviii; Christopher Waters, *The Empire Fractures: Anglo-Australian Conflict in the 1940s*, Melbourne: Australian Scholarly Publishing, 1995, p. 129.

<sup>8</sup> This culminated in a suspension of the intelligence relationship between Australia and the United States in 1948. David Horner, *Defence Supremo: Sir Frederick Shedden and the Making of Australian Defence Policy*, St Leonards, NSW: Allen and Unwin, 2000, p. 271; Lowe, *Menzies and the "Great World Struggle"*, p. 18, 40; Edwards, *Permanent Friends?*, p. 14.

<sup>9</sup> Bell, *Dependent Ally*, pp. 45, 50.

<sup>10</sup> Former Secretary of External Affairs (1950-54), Sir Alan Watt, recalls that if the Prime Minister had 'strong convictions' or there was a conflict of opinion on a foreign policy issues, his views usually prevailed. Watt, *The Evolution of Australian Foreign Policy*, p. 303.

<sup>11</sup> J.G. Starke, *The ANZUS Treaty Alliance*, Carlton, Vic: Melbourne University Press, 1965, p. 27; Laurence McIntyre, 'Interview with Sir Laurence McIntyre, diplomat [Interviewer, Mel Pratt]', 9 September-27 November 1975, TRC 121/67, NLA.

<sup>12</sup> Percy Spender, *Exercises in Diplomacy: The ANZUS Treaty and the Colombo Plan*, Sydney: Sydney University Press, pp. 25-26.

interlocking.<sup>13</sup> As Minister for External Affairs, he believed that Australia needed to embed its pursuit of an American defence guarantee within a broader strategy of political engagement. Accordingly, he set about engaging Washington in protracted dialogues to resolve outstanding bilateral disputes. He also cast Australia as a valuable supporter of US foreign policy objectives. Spender was the chief instigative force behind the Australian troop contribution to the Korean War and lent Australian diplomatic support to American policy toward Communist China.<sup>14</sup> However, Australian engagement toward the US was far from unconditional. The ANZUS Treaty derived, in part, from Spender's implicit threat to withhold Australia's support in the Middle East, and to not sign the Japanese peace treaty, should Australia fail to receive a US defence guarantee. Nevertheless, Spender's efforts to concertedly deepen the bilateral political and strategic relationship marked the end of a decade of ambiguous Australian diplomacy toward the United States.

This shift again highlights the weakness of existing international relations theories in explaining the changing dynamics of junior allied engagement with a rising power. According to power transition theory, the demonstrated strength of American material power vis-à-vis that of Great Britain during the Second World War should have engendered profound Australian dissatisfaction with Great Britain and correspondingly intense efforts to forge a closer relationship with Washington. Yet, there was a lag of almost ten years between Australian recognition of British impotence in the Pacific and intense Australian engagement of the United States. Nor do power transition theorists adequately explain why the Menzies Government continued to take into account and, to some extent, accommodate British concerns during the ANZUS negotiations. This case study therefore prompts the same questions that were raised in previous chapters about the causal interrelationship between changes in the distribution of material power, a junior ally's relative satisfaction and its foreign policy behaviour during power transition. To what extent did the Menzies Government's engagement strategy toward Washington result from its dissatisfaction with *Pax Britannica* in the Pacific? If Australia was dissatisfied, why did Canberra continue to take into account British interests? How did it reconcile its efforts to forge closer Australian-American relations with its desire to preserve its alliance relationship with Great Britain?

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<sup>13</sup> Arthur Tange, 'Interview, supplemented by a later monologue, with Sir Arthur Tange [Interviewer, Neville Meaney]', 19 July 1989, TRC 2482, NLA; Alan Watt. 'Interview with Sir Alan Watt [Interviewer Bruce Miller]', 11 December 1974, TRC 306, NLA.

<sup>14</sup> David Lowe, *Percy Spender and the American Century*, London: Menzies Centre for Australian Studies, 2002, p. 23; Henry Albinski, *Australian Attitudes and Policies Towards China*, Princeton NJ: Princeton University Press, 1965, p. 57.

Glenn Snyder's theory provides partial answers to these questions. As noted previously, Snyder would attribute engagement to Australian policymakers' perceptions of their intra-alliance bargaining power. In the early 1950s, Australian policymakers still perceived themselves as asymmetrically dependent on Great Britain and were constrained by general fears of abandonment by that power. In line with Snyder's theory, these constraints were offset by the high value that the Menzies Government assigned to its interest in deepening political and strategic cooperation with the United States. The Menzies Cabinet subsequently believed that it maintained comparatively greater intra-alliance bargaining power than did Great Britain in this issue-specific context. What Snyder's theory cannot explain, however, is how the Menzies Government's interest in deeper political and strategic cooperation with the US emerged and became so highly valued in an intra-alliance context. This explanation is pivotal to developing a better theoretical understanding of when junior allies are more or less likely to engage with rising powers at an advanced stage of power transition.

Spender's efforts to obtain an American defence guarantee, and his subsequent engagement strategy, were largely driven by the same factors that underpinned an Australian engagement-based approach toward the United States in 1908 and during the 1930s. Spender envisioned the US as a contributor to Australia's preferred construct of regional order. An intensifying Communist threat in Asia and the prospect of resurgent Japanese militarism, coupled with the United States' material capacity to deter or defeat these threats, provided powerful incentives to strengthen Australian strategic cooperation with the Americans. These incentives were even more powerful than in previous periods, with Britain's diminished capacity to wield any substantive force in the Pacific. Yet, they were underwritten by assumptions that the US was a fundamentally benign power and, critically, that the Australian Government could reach a *modus vivendi* with Washington. This confluence of assumptions parallels Deakin's calculations regarding the United States in 1908. It differs, however, from the considerations that underpinned Lyons' disengagement strategy in 1936 and the ambiguous Australian diplomacy during the immediate postwar period.

Despite the Menzies Government's efforts to obtain an American defence guarantee, Australia also still remained a fundamentally risk-averse junior ally of Great Britain. This was predominantly because of the security benefits that Britain conferred through its ongoing presence in mainland Southeast Asia and the diplomatic weight that the British Commonwealth provided Australian interactions with the United States and with the world more broadly. Spender and his advisors were also acutely conscious that

Britain could thwart Australian efforts to obtain an American security guarantee through its own representations in Washington. Spender subsequently recognised that ANZUS necessitated British non-obstruction, if not support. The value that he attached to his engagement initiative was thus predicated, at least partially, on the assumption that the British could, over time, be persuaded to acquiesce to an Australian-American security alliance. This assumption was based on Spender's (and ultimately Menzies') belief that Australia's preference for a security alliance was fundamentally consistent with core British regional interests and with evolving intra-imperial understandings of alliance contribution in the postwar world. On this basis, the Menzies Government deduced that it maintained greater intra-alliance bargaining power than Great Britain on this issue and confidently pursued a security guarantee from the United States—despite London's ongoing protests over its form. Spender and Menzies were thus able to cognitively reconcile their desire to forge an alliance with the US with their efforts to simultaneously preserve the imperial connection.<sup>15</sup>

Before more fully exploring the interface between Australia's evolving alliance with the United States and its pre-existing alliance with Great Britain, this chapter briefly examines Anglo-American power transition in the postwar world. It then explores the extent to which power transition theory and Snyder's theory adequately explain the Menzies' Government's engagement strategy towards the US in 1950–51. Examining the historical evidence in relation to those theoretical propositions detailed in Chapter Two, this chapter outlines the key factors that underpinned Spender's interest in deepening strategic cooperation with Washington. Finally, it explores how the Menzies Government came to assign such a high value to this interest in the context of Australia's pre-existing alliance with Great Britain.

### **Anglo-American Power Transition During the 1950s**

The Second World War is generally portrayed as marking the death knell of *Pax Britannica*, to be replaced by *Pax Americana*.<sup>16</sup> However, this chapter supports the findings of some diplomatic historians that the Anglo-American power transition was

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<sup>15</sup> Dean E. McHenry and Richard N. Rosecrance, 'The "Exclusion" of the United Kingdom from the ANZUS Pact', *International Organization*, 12(3) 1958, pp. 322–23; John Williams, 'ANZUS: A Blow to Britain's Self-esteem', *Review of International Studies*, 13, 1987, p. 252.

<sup>16</sup> H.G. Nicholas, *The United States and Britain*, Chicago: University of Chicago Press, 1975, p. 103; D. Cameron Watt, *Succeeding John Bull: America in Britain's Place 1900–1975*, Cambridge: Cambridge University Press, 1984, p. 116.

actually much more gradual and ambiguous.<sup>17</sup> Materially, Britain emerged from the war substantially weakened. It had lost one quarter of its national wealth, one-third of its merchant marine and 265,000 soldiers.<sup>18</sup> In contrast, the United States emerged from the war wealthier than before, as a result of full industrial mobilisation. It retained a technologically developed armed force and was the sole possessor of the atomic bomb.

Within two years of the war, the material power differential between Britain and the United States widened even further. Due to a severe winter in 1947, British exports were significantly curtailed, increasing the country's outstanding national debt. This economic decline limited Britain's ability to act as a global military player. The British were forced to withdraw their peacekeeping forces from Greece and Turkey in 1947 and the United States later assumed this responsibility from the British that same year. Through its provision of economic and military aid as part of the 1947 Truman Doctrine and the 1948 Marshall Plan, the United States emerged as a great power in Europe.<sup>19</sup> Indeed, a committee serving under British Permanent Under-Secretary William Strang concluded in 1949 that some acknowledgement of British dependency on the US was paradoxically integral to preserving Great Britain's material strength and political influence in the postwar international system. If it did not do so, it would later be forced to assume the position not of an independent partner but as a client of the United States.<sup>20</sup>

Australian policymakers registered Great Britain's relative decline in material power. Both Spender and Menzies were acutely conscious of Britain's contracting economy, its dollar crisis and its diminished capacity to absorb exports from Australia and the other dominions.<sup>21</sup> The Menzies Government accordingly sought to reduce Australia's long-term dependence on the sterling bloc and to forge a stronger economic relationship with the US.<sup>22</sup> It also recognised the implications of Britain's relative economic decline for British military capacity in the postwar era. In a 1948 speech,

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<sup>17</sup> Ritchie Owendale, *The English-Speaking Alliance: Britain, the United States, the Dominions and the Cold War, 1945–51*, London: George Allen and Unwin, 1985, pp. 278, 288; David Reynolds, 'Roosevelt, Churchill, and the Wartime Anglo-American Alliance, 1939–1945: Towards a New Synthesis', in Wm. Roger Louis and Hedley Bull (eds), *The Special Relationship: Anglo-American Relations since 1945*, Oxford: Clarendon Press, 1986, p. 30.

<sup>18</sup> Nicholas, *The United States and Britain*, p. 103.

<sup>19</sup> David Watt, 'Introduction: The Anglo-American Relationship', in Wm. Roger Louis and Hedley Bull (eds), *The Special Relationship: Anglo-American Relations since 1945*, Oxford: Clarendon Press, 1986, p. 11.

<sup>20</sup> Owendale, *The English-Speaking Alliance*, p. 153.

<sup>21</sup> Spender to Menzies, 12 September 1951, and Spender to Menzies, 19 April 1952, Spender Papers, MS 4875/3, NLA.

<sup>22</sup> David Lee, *Search for Security: The Political Economy of Australia's Postwar Foreign and Defence Policy*, Canberra: Allen and Unwin/Department of International Relations, ANU, 1995, p. 108; Spender to Menzies, 19 April 1952, Spender Papers, MS 4875/3, NLA.

Spender observed, 'Great Britain is desperately weakened. Two wars have left her in such condition that alone she is quite incapable of defending herself against a massive aggregation of power'.<sup>23</sup> Nor could British forces be deployed globally in the event of a 'hot war'.<sup>24</sup> The US and the Soviet Union emerged from the Second World War as the materially strongest powers, with Britain as only a distant third.<sup>25</sup>

While no longer the global hegemon, Australian policymakers nonetheless continued to view Britain as a 'pivotal' power in the international system. They believed that the British Empire, as a whole, could play the same important 'balancing' role that it had so often done in history—this time, between the two superpowers.<sup>26</sup> The British Empire still encompassed one-quarter of the world's population and geographically covered large parts of Asia, the Middle East, the Caribbean and Latin America.<sup>27</sup> It boasted a string of territories and garrisons astride vital sea lanes of communication. The Australian Government deduced that a consolidated British Empire would continue to exercise a decisive influence on world affairs.<sup>28</sup> The Australian Joint Planning Committee noted in 1946 that while Britain alone could not match American or Soviet power, the British Commonwealth 'taken as a whole, with adequate coordination, is a major power'.<sup>29</sup>

Great Britain's ongoing international importance was further underscored by its non-material power. Australian policymakers believed that Britain had experience as a

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<sup>23</sup> Percy Spender, 'Serious International Situation: Need for Liberal Party to Clearly Indicate its Foreign Policy', Address to the Liberal Party Convention Assembly Hall, Sydney, 25 June 1948, Spender Papers, MS 4875/11, NLA.

<sup>24</sup> 'Report by SF Rowell on visit to the UK 10 May to 5 June 1950 at CIGS meeting', NAA: A5954, 1551/3.

<sup>25</sup> Percy Spender, 'Serious International Situation: Need for Liberal Party to Clearly Indicate its Foreign Policy', Address to the Liberal Party Convention Assembly Hall, Sydney, 25 June 1948, Spender Papers, MS 4875/11, NLA; R.G. Menzies, 'The British Commonwealth of Nations in International Affairs', Roy Milne Memorial Lecture, Adelaide, 26 June 1950, p. 11; 'Appreciation of the Strategical Position of Australia-February 1946', NAA: A5954, 1645-46.

<sup>26</sup> Percy Spender, 'Serious International Situation: Need for Liberal Party to Clearly Indicate its Foreign Policy', Address to the Liberal Party Convention Assembly Hall, Sydney, 25 June 1948, Spender Papers, MS 4875/11, NLA; R.G. Menzies, 'The British Commonwealth of Nations in International Affairs', Roy Milne Memorial Lecture, Sydney: Australian Institute of International Affairs, 1950, p. 11.

<sup>27</sup> David Goldsworthy, *Losing the Blanket: Australia and The End of the British Empire*, Carlton South, Victoria, Melbourne University Press, 2002, p. 26.

<sup>28</sup> In his 1950 Roy Milne lecture on the role of the Commonwealth, Menzies observed: 'If the British Empire is to be regarded as a series of separate even if respectable fragments, then inevitably the settlement of Europe will tend to become a contest between the Soviet Union on the one hand and the United States on the other, with the European powers little more than pawns in the game ... But if the British Empire in truth acts as a great power, then it can not only alter the character of the contest, but it can make an immense contribution to the European peace.' Robert Menzies, 'The British Commonwealth of Nations', p. 11. See also Percy Spender, 'Serious International Situation: Need for Liberal Party to Clearly Indicate its Foreign Policy', Address to the Liberal Party Convention Assembly Hall, Sydney, Spender Papers, 25 June 1948, MS 4875/11, NLA.

<sup>29</sup> 'Appreciation of the Strategical Position of Australia-February 1946', NAA: A5954, 1645-46.

former world hegemon from which the United States could benefit.<sup>30</sup> As the founder of parliamentary democracy and Western civilisation, they also viewed Great Britain as exercising ‘moral leadership’ in the international system.<sup>31</sup> This assumed particular importance during the onset of the Cold War, in which Western democratic culture was pitted against totalitarian Communist forces. In view of both the ongoing material and non-material benefits that Britain still bestowed, Australian policymakers viewed the British Commonwealth and the United States as fundamentally interdependent at the global level. Neither could successfully counter the Soviet Union without the other.<sup>32</sup> As then Australian Minister for Supply and Development Richard Casey reflected in his memoirs: ‘We, the British, are essential to the Americans, just as the Americans are essential to us ... the only hope for salvation of the world is that we, the British, and they, the Americans should work together as closely as one blade of scissors with the other.’<sup>33</sup>

Regionally, however, Anglo-American interdependence was more limited. The fall of Singapore rendered Australian policymakers acutely aware of Great Britain’s inability to exercise substantive force in the Far East. In 1946, the Australian Chiefs of Staff concluded that the military and economic decline of Britain meant that Australia could not expect much assistance from the Commonwealth. It noted that, ‘[the United States] is ... the predominant Power in the Pacific and Australia’s security will be vitally affected by USA policy in that ocean’.<sup>34</sup> This assessment paralleled the views of Menzies, Spender and Casey regarding the regional power hierarchy. As Casey observed, ‘... the last war showed [that] the greatest power in the Pacific is the United States. No security agreement in the Pacific which does not include the United States can be adequate.’<sup>35</sup>

While the United States maintained substantive material capabilities, however, Australian policymakers were uncertain of the extent to which the US would commit to

<sup>30</sup> Menzies, ‘The British Commonwealth of Nations’, p. 11.

<sup>31</sup> Lowe, *Menzies and the “Great World Struggle”*, p. 10; Percy Spender, ‘The Empire in a Changing World’, 28 October 1947, Spender Papers, MS 4875/11, NLA. In his notes for a speech in 1950, Menzies wrote: ‘In a warlike world, numbers are essential to power. But in real terms numbers are never essential to greatness. Witness the England of Elizabeth, with a population of certainly no more than 5,000,000! ... It has been and will be the inspiring force in our lifetime and in our larger age.’ See Robert Menzies, ‘Notebook’, 1950, Menzies Papers, MS 4936/13/7, NLA [Menzies’ emphasis].

<sup>32</sup> Robert Menzies, ‘Broadcast over CBS by the Right Honourable R.G. Menzies Prime Minister of Australia’, Menzies Papers, MS 4936/8/2, NLA; ‘Report by SF Rowell on visit to the UK 10 May to 5 June 1950 at CIGS meeting’, NAA: A5954, 1551/3.

<sup>33</sup> R.G. Casey, *Friends and Neighbors*, Michigan State College Press: East Lansing, 1955, p. 28.

<sup>34</sup> ‘Appreciation of the Strategical Position of Australia-February 1946,’ NAA: A5954, 1645–46.

<sup>35</sup> Casey, *Friends and Neighbors*, p. 33.

regional defence.<sup>36</sup> The US was particularly hesitant to accept any military responsibility for Southeast Asia, which Washington designated as a British Commonwealth sphere. It was not until 1950 that the Australian Government gained greater confidence in the United States as a guarantor of Pacific security. In December 1949, US President Harry Truman endorsed policy directive NSC48/2 which outlined 'the gradual reduction and elimination of preponderant power and influence of Russia in Asia' as an American foreign policy objective.<sup>37</sup> America's contribution to the Korean War further underscored its regional commitment to defeating communism. Yet, it was not until the signing of the ANZUS Treaty that the Menzies Government perceived the United States as fully assuming its regional responsibilities. As Menzies later reflected in his memoirs, '[n]othing better can demonstrate the role which the United States has accepted since the Second World War, and its willingness to match great responsibilities with great power, than this brief but significant treaty'.<sup>38</sup> In view of what Australian policymakers perceived as the ambiguity surrounding Anglo-American power transition up until the signing of ANZUS, how then can we explain Spender's aggressive efforts to even obtain an American security guarantee?

## **Explaining Australian Engagement with the United States**

### *Power Transition Theory*

Power transition theorists would argue that Australian efforts to forge closer relations with the United States after the Second World War resulted from its dissatisfaction with the material benefits Great Britain provided. There is some merit to this argument. Britain's inability to provide for Australian security during the war prompted Canberra to look to the US as an alternative strategic guarantor. As then Secretary of the Department of External Affairs, Alan Watt, reflects:

Australia and New Zealand became allies of the United States in ANZUS not because they had come to love America more and Great Britain less, but because the facts of power in the Pacific had changed during and subsequent to the Second World War.<sup>39</sup>

<sup>36</sup> The 1946 'Strategic Position of Australia' paper noted, '[w]hatever agreements may be entered into in peace, the active co-operation of the United States of America from the outset in any emergency cannot be guaranteed'. 'Appreciation of the Strategic Position of Australia-February 1946', NAA: A5954, 1645-46.

<sup>37</sup> Owendale, *The English-Speaking Alliance*, p. 166.

<sup>38</sup> Robert Menzies, *The Measure of Years: Prime Minister of Australia, 1939-41 and 1949-66*, London: Cassell, 1977.

<sup>39</sup> Watt, *The Evolution of Australian Foreign Policy*, p. 140.



To view Spender's quest for an American security guarantee only in these terms, however, is to neglect an important aspect of Australian foreign policy during this time.

Australian policymakers were conscious of Britain's limitations as a strategic guarantor for the Pacific, but were not inherently dissatisfied with all components of *Pax Britannica*. During the early 1950s, the Australian outlook was still dominated by what Stuart Ward and Greg Pemberton label an 'imperial imagination'.<sup>40</sup> Menzies and his ministers viewed Australia as a trustee of British civilisation in the Pacific and themselves as British subjects.<sup>41</sup> Australian policymakers were also conscious of the very real trade and security benefits that Great Britain continued to provide. Britain remained Australia's largest trading partner.<sup>42</sup> It also provided a critical security presence in Southeast Asia through its military campaign against communist insurgents in Malaya. Meanwhile, the Menzies Government remained uncertain about the extent to which the United States was committed to Southeast Asia and to the region more generally.<sup>43</sup>

Dissatisfaction with elements of *Pax Britannica* thus did not automatically lead Australian policymakers to shift their alignment exclusively to the US. There was almost a decade-long time lag between the fall of Singapore and the signing of the ANZUS Treaty. Moreover, the Menzies Government continued to take into account and partially accommodate British concerns when negotiating this Treaty, rather than simply switching Australian loyalties to the US. These anomalous foreign policy outcomes suggest two principal weaknesses of power transition theory in explaining this case study. First, 'satisfaction' may be insufficient as a generalised explanation for junior allied engagement during periods of power transition. Australian discontent with Britain as a regional guarantor prompted it to look to the United States, but it did not engender either total 'dissatisfaction' with Great Britain or the over-simplified foreign policy behaviour that power transition theorists project. Australia endeavoured to optimize its relations with both Great Britain and the United States—not to choose between them. Second, power transition theorists highlight the tension that junior allied policymakers face when seeking to preserve their relationship with a pre-existing ally whilst forging

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<sup>40</sup> Ward, *Australia and the British Embrace*, p. 2.

<sup>41</sup> Ward, *Australia and the British Embrace*, p. 24.

<sup>42</sup> Goldsworthy, *Losing the Blanket*, p. 18.

<sup>43</sup> Robert O'Neill, *Australia in the Korean War, 1950–53*, Canberra: Australian War Memorial/AGPS, 1981–85, p. 21.

closer relations with a rising power.<sup>44</sup> Yet, as noted in previous chapters, they do not explain how the junior ally overcomes this tension.

One possible explanation for the Menzies Government's ability to do so was the increasingly close Anglo-American security partnership that was solidifying at the global level. By early 1946, British Foreign Secretary Ernest Bevin sought to revive the wartime Anglo-American alliance. He believed that the only effective counter to Soviet aggression was 'a policy of defence on a Commonwealth-USA basis—an English-speaking basis'.<sup>45</sup> American officials likewise valued Great Britain, in the absence of any other militarily significant ally in Europe, and doubted the United States' capacity to successfully fight the Soviet Union without British assistance.<sup>46</sup>

Yet, this global partnership did not axiomatically extend to the Pacific. Britain and the US cooperated in the Pacific on a limited basis. Both countries fought in the Korean War. The British also encouraged the Americans to adopt a larger role in Southeast Asia.<sup>47</sup> In October 1950, the British and American chiefs of staffs agreed to coordinate military planning for the Commonwealth Malayan region and the broader Pacific theatre. Nevertheless, important points of difference continued to inhibit deeper Anglo-American cooperation in the region.<sup>48</sup> The British resented what they perceived as American unilateral tendencies regarding both the Japanese Peace Treaty and the conduct of the Korean War.<sup>49</sup> Differences also arose over recognition of Communist China and the strategic importance of Formosa.<sup>50</sup> By 1950, the British were increasingly apprehensive that the Americans were usurping British influence in Asia.<sup>51</sup>

The ANZUS negotiations took place within this context. The British agreed, in principal, to the importance of providing strategic reassurance to Australia and New Zealand.<sup>52</sup> However, the Foreign Office objected to the offshore island-chain pact that the US Special Representative of the President, John Foster Dulles, mooted to the British in January 1951. British objections focused not only on how such a pact might

<sup>44</sup> See, A.F.K. Organski, *World Politics*, New York: Knopf, 1958, p. 354; Robert Gilpin, *War & Change in World Politics*, Cambridge: Cambridge University Press, 1981, p. 30.

<sup>45</sup> Bevin cited in Owendale, *The English-Speaking Alliance*, p. 275.

<sup>46</sup> Bartlett, 'The Special Relationship', p. 56.

<sup>47</sup> Owendale, *The English-Speaking Alliance*, pp. 145–84.

<sup>48</sup> John Baylis, *Anglo-American Defence Relations 1939–1984: The Special Relationship*, London: Macmillan, 1984, p. 61.

<sup>49</sup> Miller, 'The "Special Relationship" in the Pacific', p. 385.

<sup>50</sup> Owendale, *The English-Speaking Alliance*, p. 220.

<sup>51</sup> W. David McIntyre, *Background to the ANZUS Pact: Policy-making, Strategy, and Diplomacy, 1945–55*, New York: St. Martin's Press, 1995, p. 401; 'Message from Gordon Walker to Menzies', 14 March 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 119.

<sup>52</sup> Spender, *Exercises in Diplomacy*, p. 90; Letter from Williams to Fadden, 8 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 57; 'Cablegram from Harrison to Spender', 24 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 104.

detract from the Dominions' Commonwealth contributions to the Middle East, but on how it might engender fears of abandonment in those mainland Southeast Asian countries and Indian Ocean territories that were excluded. This could facilitate the communists' cause in Southeast Asia. In his conversations with Dulles, the British Ambassador to Japan, Sir Alvary Gascoigne, also conveyed his Government's opposition to any pact that did not include Great Britain.<sup>53</sup> He noted that:

From the standpoint of the United Kingdom's position as a world power, the proposal would be interpreted in the Pacific and elsewhere as a renunciation of responsibilities and possibly as evidence of a rift in policy between us and the United States.<sup>54</sup>

Similar sentiments were communicated in a letter from the British High Commissioner to the Australian Government on 8 February 1951.<sup>55</sup> To meet British concerns, Dulles and his Australian and New Zealand counterparts agreed to form a tripartite security pact between their respective countries.<sup>56</sup> This narrower security alliance would mitigate fears of abandonment in mainland Southeast Asian countries. Yet, Britain continued to express reservations about its exclusion from ANZUS up until, and even after, it was endorsed by the British Cabinet on 13 March 1951.<sup>57</sup>

Anglo-American discord over the form that any strategic guarantee to Australia and New Zealand should take underscores the central empirical puzzle driving this study: How has the Australian Government managed such tensions when formulating its engagement strategy towards a rising power? Power transition theory partially explains why Australian policymakers desired a security guarantee from the US in the postwar period, but cannot explain the timing of Australian engagement diplomacy. Nor does power transition theory account for how Australian policymakers reconciled their desire

<sup>53</sup> 'Notes on Conversation between Ambassador Dulles and British Ambassador', February 6, 1951, United Kingdom: Sir Alvary Gascoigne January 29–February 8, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, General Records of the Department of State Record Group (RG)59, National Archives College Park (NACP); 'Notes on Conversation between Ambassador Dulles and the British Ambassador', February 2, 1951, United Kingdom: Sir Alvary Gascoigne January 29–February 8, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP.

<sup>54</sup> 'Notes on Conversation between Ambassador Dulles and the British Ambassador', February 2, 1951, United Kingdom: Sir Alvary Gascoigne January 29–February 8, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP.

<sup>55</sup> 'Letter from Williams to Fadden', 8 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, pp. 58–59.

<sup>56</sup> 'Notes on Conversation Among Dulles, Australian and New Zealand Ministers for External Affairs and Staffs', February 16, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP; Williams, 'ANZUS', p. 252.

<sup>57</sup> In a letter from Commonwealth Relations Office official Gordon Walker to Menzies on 14 March, the British Government conveyed that '... the Treaty in its present form might be read as implying that the United Kingdom was renouncing its proper share of responsibility in the area. Again it might give the impression that the United Kingdom was being unduly subservient to the United States in the Pacific which ... would not be in the best interests of Anglo-American relations'. He noted that these reservations would be exacerbated if the United Kingdom was left out of the Treaty but the Philippines was included. 'Message from Gordon Walker to Menzies, 14 March 1951', in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 118; Williams, 'ANZUS', pp. 249–51.

to forge a security alliance with the US, whilst simultaneously endeavouring to manage their imperial alliance with Great Britain. Any conceptual understanding of Australian engagement toward an ascendant America must better account for these factors.

*Snyder's Theory of the Alliance Security Dilemma*

Snyder's theory suggests a more nuanced explanation of how Australia came to engage with an ascendant America from within the imperial alliance context. As noted in the Deakin case study, Snyder's theory would attribute Australia's efforts to forge closer relations with the US to a fear of entrapment by Great Britain. Alternatively, it would attribute this outcome to the Menzies Government's perceptions of its comparatively significant intra-alliance bargaining power on this particular issue. In the 1950s, Anglo-American security cooperation meant that Australian policymakers did not have to fear entrapment into a conflict between Britain and the United States. Nor did the British seek to entrap Australia into a hardline posture towards the US—they objected to the form of ANZUS (as a reciprocal guarantee excluding Great Britain), not to greater Australian-American security cooperation.

Snyder's notion of intra-alliance bargaining power better explains both the alliance constraints that the Menzies Government confronted in engaging with an ascendant America and how it overcame these. Australian policymakers had to reconcile pursuing an interest toward the United States, which diverged from British preferences, with strong general fears of abandonment by their imperial ally. These abandonment fears derived from what Australian policymakers perceived as their country's continued asymmetric dependence on Great Britain, coupled with Britain's relatively weak commitment to Australia. While Canberra's highly valued interest in deepening strategic cooperation with the US ultimately engendered comparatively greater Australian intra-alliance bargaining power and the Menzies Government's engagement outcome, Australian perceptions of dependence and commitment continued to exert a powerful constraining influence.

Despite Britain's material decline after the Second World War, Australian strategic reliance on that ally was strengthened by emergent strategic threats in the late 1940s and early 1950s. The Australian Chiefs of Staff recognised the global strategic threat that the Soviet Union posed to the Western powers as early as 1948. They concluded that:

A state of 'war' at present exists between the USSR and the Western Powers although it does not involve the employment of orthodox facilities ... It is best described as a 'cold war' in which Soviet aggression is characterised by the exploitation of minorities and disaffected elements in foreign countries, and the manipulation of international organizations in her own interests with the ultimate object of communizing the world.<sup>58</sup>

The accession to power of Communist parties throughout Eastern Europe, the 1948 Berlin blockade and the fall of China to communism in October 1949 underscored the Menzies Government's perception of an expansionist monolithic communist threat.<sup>59</sup> On his return from the Commonwealth Prime Ministers Meeting in January 1951, Menzies declared to his Cabinet: '... I don't believe that we have one day more than 3 yrs [sic]. The end of 1953 is a deadline. The odds are on a [global] war in that time.'<sup>60</sup>

The threat of communism became increasingly manifest at the regional level. The Menzies Cabinet believed that the Soviet Union, in partnership with Communist China, was exploiting destabilised conditions in Asia to serve its own ends.<sup>61</sup> Spender was particularly apprehensive about the implications of an expansionist China for Southeast Asia.<sup>62</sup> In 1950, he elaborated an early version of the 'domino theory'. He argued that if communism was allowed to prevail in Vietnam, Laos and Cambodia would offer little resistance.<sup>63</sup> Although the Menzies Government did not fear a direct invasion of the Australian continent, it wished to ensure the security of Malaya in order to provide defence-in-depth for Australia.<sup>64</sup> A communist insurgency emerged in Malaya in 1948 and threatened to overthrow the British administration. The Government harboured concerns, over the longer term, about a potentially resurgent

<sup>58</sup> "The Strategic Position of Australia- Review by Chiefs of Staff", 1948. NAA: A8744, SDC 323.

<sup>59</sup> T.B. Millar, 'Australia's Defence Policies 1945-65', Working Paper No. 7, Canberra: Department of International Relations, Australian National University, 1967, p. 14.

<sup>60</sup> 'Notetaker AS Brown—Notes of meeting on 22 February 1951', 22 February 1951, NAA: A11099, 1/12.

<sup>61</sup> Percy Spender, 'International Affairs', 9 March 1950, *Commonwealth Parliamentary Debates*, 19<sup>th</sup> Parliament 1<sup>st</sup> session, v. 206, p. 626; Goldsworthy, *Losing the Blanket*, p. 24.

<sup>62</sup> Spender, 'International Affairs', p. 626; David Lowe, 'Brave New Liberal: Percy Spender', *Australian Journal of Politics and History*, 51(3) 2005, p. 397.

<sup>63</sup> Millar, 'Australia's Defence Policies 1945-65', p. 15. This assessment was supported by the Joint Chiefs of Staff, who noted: 'The front line of the cold war in South-East Asia lies in Northern Indo-china. If that front gives way it is only a matter of time before Siam and Burma fall under Communist influence and an invasion route to Malaya lies open to Communist forces.' 'Australian strategy in relation to Communist Expansion in the Pacific, South East Asia and the Far East Areas during the "Cold War" Period', NAA: A816/25, 14/301/407.

<sup>64</sup> 'Australian Strategy in relation to Communist Expansion into the Pacific, Southeast Asia and the Far East during the Cold War period—Appreciation by the Australian Chiefs of Staff, Sept 1950', NAA: A5954, 1682/4; 'Notes on Discussions with UK Chiefs of Staff on 31 January [1951]', NAA: A5954, 1813/7.

Japan or an expansionist Indonesia.<sup>65</sup> However, communist expansion in Asia was, by 1951, viewed as the primary threat to Australian security.

The enormity of this threat underscored Australia's strategic vulnerability. The Australian Chiefs of Staff highlighted the impossibility of forging a purely national strategy, when victory in global war could only be achieved through allied efforts.<sup>66</sup> Australia subsequently adopted a 'forward defence' posture. This dictated that it act in concert with Britain and other potential allies to keep communist expansion distant from Australian shores.<sup>67</sup> Australia's 'forward defence' strategy, coupled with its continuing military weakness, necessitated ongoing reliance on traditional 'great and powerful friends'.<sup>68</sup> In this context, Britain remained relevant to Australian security calculations for three reasons. First, Britain and Australia remained bound together by their Commonwealth membership and the implicit promise of mutual military support this entailed. Although Britain was unlikely to contribute troops to defend the Dominions in the event of global war, it still maintained a binding and at least moral commitment to the defence of Australia and New Zealand.<sup>69</sup> Second, the British maintained an interest in providing for Southeast Asian countries' internal security and the security of regional sea lanes of communication.<sup>70</sup> As David Goldsworthy observed, '... so long as European powers and Britain, in particular, stayed in Southeast Asia with some semblance of strength, the imperial factor continued to matter in Menzies' calculations of Australian interests'.<sup>71</sup> Third, the Menzies Government viewed the British presence in the Middle East and its various Indian Ocean protectorates as integral to the security of Australia's trade routes to the United Kingdom.<sup>72</sup>

The Anglo-Australian relationship was *more* interdependent than during any other time previously analysed in this study. In part, this was attributable to British

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<sup>65</sup> 'Submission to Cabinet by Spender', 15 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 67; 'Extract from Memorandum by Watt', 18 March 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 129.

<sup>66</sup> 'Report by SF Rowell on visit to the UK, 10 May to 5 June 1950 at CIGS meeting', NAA: A5954, 1551/3.

<sup>67</sup> Menzies, 'The British Commonwealth of Nations', p. 17.

<sup>68</sup> Edwards, *Permanent Friends?*, pp. 17–20; Robert Menzies, *The Measure of the Years*, p. 48; Watt, *The Evolution of Australian Foreign Policy*, p. 109. The Menzies Government's efforts to provide for forward and continental defence simultaneously inhibited its capacity to effectively build up the Australian Defence Force in 1950 and 1951. For a good account of defence restructuring and procurement difficulties underlying Australian military weakness during the early 1950s, see O'Neill, *Australia in the Korean War*, p. 96.

<sup>69</sup> Philip Darby, *British Defence Policy East of Suez, 1947–68*, London: Oxford University Press, 1973, p. 11.

<sup>70</sup> The British provided an essential stabilizing presence in Singapore, Malaya, and Borneo. Goldsworthy, *Losing the Blanket*, p. 25.

<sup>71</sup> Goldsworthy, *Losing the Blanket*, p. 26.

<sup>72</sup> Paul Hasluck, 'Indian Ocean in a World of Power', 1950, Hasluck Papers, MS 5274/37, NLA; Millar, 'Australia's Defence Policies', p. 24.

reliance on Commonwealth contributions to both Malaya and the Middle East in the event of global war.<sup>73</sup> Nevertheless, the Menzies Government still perceived Australia as asymmetrically dependent on its senior ally. This was because, whilst Malaya and the Middle East were both critical to Australian interests, any contribution Australia could make was minimal compared to British capabilities deployed in these theatres. For instance, British and Gurkha forces totalled 20 infantry battalions in Malaya in 1950–51; Australia's contribution was limited to a squadron of *Dakota* transport aircraft.<sup>74</sup> Moreover, a prospective American alignment option was far from assured. Thus Australia's asymmetric dependence on Great Britain persisted into the 1950s.

Nonetheless, the tenuous British commitment to Pacific defence during this time engendered considerable Australian insecurity. In a 1950 planning document, the British Chiefs of Staff pronounced that 'at the outbreak of [global] war, it is at present the intention that, the greater part of the Royal Navy in the Far East will be withdrawn for employment in the main theatre'. It declared that Australian and New Zealand 'home defence' was the responsibility of each of those governments.<sup>75</sup> Britain's weak commitment to Southeast Asian defence more generally was also made plain at the Commonwealth Defence Ministers meeting in June 1951. At this meeting, the British Chiefs of Staff concluded that Southeast Asia was the principal gap in global allied strategy.<sup>76</sup> The Menzies Government feared a recurrence of events in Singapore in 1942.

In this context, it assigned a high priority to greater coordination between the British Commonwealth and the United States on matters of Pacific defence.<sup>77</sup> It viewed deeper Australian political and strategic cooperation with the US as one way of

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<sup>73</sup> Extensive global British commitments and limited British infantry increased that power's reliance on contributions from the Dominions to cope with the threat posed by communist insurgents. In Malaya, communist insurgents strained the British garrison to the point that Britain was forced to lengthen National Service and enlist support from Australia, East Africa and Fiji. Karl Hack, *Defence and Decolonisation in Southeast Asia: Britain, Malaya and Singapore, 1941–1968*, Richmond: Curzon, 2001, pp. 143–44.

<sup>74</sup> Hack, *Defence and Decolonization*, p. 109; Hiroyuki Umetsu, 'The Origins of the British Commonwealth Strategic Reserve: The UK Proposal to Revitalise ANZAM and the Increased Australian Defence Commitment to Malaya', *Australian Journal of Politics and History*, 50(4) 2004, p. 511.

<sup>75</sup> 'Strategic Planning in Relation to Cooperation in British Commonwealth Defence—UK Chiefs of Staff Views on Matters arising from Discussions with the UK Planners and New Zealand Chiefs of Staff', 1950, NAA: A5799, 32/1950.

<sup>76</sup> Philip McBride, 'Meeting of the Commonwealth Defence Ministers, London, 21<sup>st</sup> to 26<sup>th</sup> June 1951 Defence Policy and Global Strategy—South East Asia', 8 August 1951, NAA: A4905/1, 71.

<sup>77</sup> Spender, 'International Affairs', p. 632; Casey, *Friends and Neighbors*, p. 19; McIntyre, *Background to the ANZUS Pact*, p. 186; 'Council of Defence—Minute Notes of Meeting on 21 June 1950 Recorded by Military Assistant Secretary Brigadier HG Rourke', NAA: A9786/1, 11.

achieving this objective.<sup>78</sup> Consistent with Snyder's theory of intra-alliance bargaining power, Spender believed that Australia assigned a higher value to this interest than did Great Britain in opposing it. This highly-valued interest offset the constraining influence of fears of abandonment, which derived from Australia's asymmetric dependence on Great Britain and that power's relatively weak Pacific commitment.<sup>79</sup> It gave rise to Spender's perception of significant Australian intra-alliance bargaining power in relation to ANZUS.

Yet, intra-alliance bargaining power, in itself, insufficiently explains how the Menzies Government's engagement strategy toward the United States emerged. We need to determine why Spender pursued an American security guarantee, when it was only one among several options posited to meet Australia's defence needs. Additionally, we need to explore how Spender came to assign such a high value to this interest in view of London's reservations and the Menzies Government's desire to effectively manage its imperial alliance so as to preserve associated benefits. Spender's calculations regarding Australia's interest towards the United States, and how to pursue it, were more complex than simply assessing changing Anglo-American power relativities.

### Developing an 'Interest' in a Rising America

Spender's interest in deepening political and strategic cooperation with the United States was grounded in his vision of the regional order that would most facilitate Australian security and how it was best obtained. Both Australia and Britain wanted to maintain a British regional presence and to work in partnership with the United States to deter communist expansion in Asia. Yet, whereas the British sought a 'gentleman's agreement' with the US to this effect, Spender wanted a binding US commitment and

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<sup>78</sup> Spender, 'International Affairs', p. 623; 'Notes on Discussions with UK Chiefs of Staff on 31 January [1951]', NAA: A5954, 1813/7; Robert Menzies, 'The Pacific Settlement Seen From Australia', *Foreign Affairs*, 30(1/4) 1951/52, p. 196.

<sup>79</sup> An alternative school of thought would contend that Australia's increasing military capabilities in conjunction with declining British capacity to provide for Pacific defence should have mitigated fears of abandonment. In fact, however, the Australian military was weakened after the Second World War due to the Chifley Government's focus on postwar reconstruction. Australia contributed a *Dakota* squadron and *Lincoln* bombers to Malaya in order to preserve the British garrison in that country and to enable Britain to send more troops to the Middle East. Consistent with Snyder's fear of abandonment logic, it supported British defence objectives in order to preserve or enhance Britain's commitment to regions that were central to Australian strategic interests but in which it was unable to exercise an autonomous defence role. On motives underpinning Australia's Malaya contribution, see Peter Edwards and Gregory Pemberton, *Crises and Commitments: The Politics and Diplomacy of Australia's Involvement in Southeast Asian Conflicts, 1948-1965*, North Sydney: Allen and Unwin/Australian War Memorial, 1992, pp. 94, 97.



Australian participation in allied planning structures.<sup>80</sup> The relative decline of Britain after the Second World War augmented Australian incentives to cooperate with the United States as the predominant Pacific military power and a prospective regional security guarantor. However, these incentives were *insufficient* to prompt Australian engagement toward the United States. Indeed, they were only viewed as incentives because of Australian policymakers' assumptions that the US was a benign regional power (vis-à-vis Australia's interests in regional order) and, critically, that Canberra could reach a *modus vivendi* with Washington. This lends support to the theoretical propositions this study advances as an alternative explanation for junior allied engagement. Despite differing Anglo-American power relativities, the same confluence of factors that had underpinned Deakin's interest in deepening cooperation with the United States also underwrote Spender's interest in cooperating with that power. These factors, rather than the more general label of 'satisfaction' that power transition theorists espouse, better account for the emergence of an Australian engagement strategy.

The following section first outlines the Menzies Government's desired vision of regional order. It then discusses how Spender and his advisors envisioned ANZUS as facilitating this order and contributing to Australian security. It further explores the critical role of Spender's belief that he would be able to reach a *modus vivendi* with the Americans, before analysing how his ensuing engagement preference interacted with alliance considerations to ultimately give rise to Australia's engagement strategy.

### *The Menzies Government's Preferred Construct of Regional Order*

The Second World War had two significant ramifications for Australian foreign policy. First, the Australian Government ratified the Statute of Westminster in 1942, subsequently establishing its own diplomatic representation and independent foreign policy. Second, the fall of Singapore underscored the Pacific region's primacy in Australia's foreign policy. In a monograph entitled *Australia's Foreign Policy: The Next Phase*, Spender wrote, 'Australia has become a primarily a Pacific power, principally dependent for her security and development on her own efforts'.<sup>81</sup> Although Spender was the Cabinet minister most conscious of the ramifications of Australia's geographic location for its foreign policy, the Prime Minister and (Spender's successor)

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<sup>80</sup> 'Report by SF Rowell on visit to the UK, 10 May to 5 June 1950 at CIGS meeting', NAA: A5954, 1551/3; Watt, *The Evolution of Australian Foreign Policy*, p. 178; Spender, *Exercises in Diplomacy*, p. 59.

<sup>81</sup> Spender, *Australia's Foreign Policy*, p. 25.

Richard Casey also increasingly prioritised the region in Australia's world outlook.<sup>82</sup> It was Menzies who, just prior to the Second World War, observed that, '[w]hat Great Britain calls the Far East is to us the near north'.<sup>83</sup> This is not to say that Australian policymakers did not believe themselves to be affected by events in Europe and the Middle East, but rather that these theatres assumed secondary importance in Australian foreign policy and defence planning.<sup>84</sup> Australian policymakers primarily devoted attention to defining their interests in the Pacific regional order and to actively *shaping* this order by cultivating regional relationships and pursuing regional initiatives.

The Australian Government's preferred construct of regional order took into account the changing Anglo-American power balance. The Conservative Government still subscribed to balance of power principles. Menzies encapsulated his Government's thinking in observing that, '... power politics for the sake of power must die. But power politics to create a state of affairs in which power becomes irrelevant, must still remain one of the great preoccupations of the democratic peoples of the world'.<sup>85</sup> The Menzies Cabinet continued to believe that a regional power balance, preferably favouring the Anglo-Saxon democracies, was essential to Australia's survival.<sup>86</sup> Analogising from the Second World War, it harboured concerns that Communist China would gain control over Japan and then mainland Southeast Asia.<sup>87</sup> Menzies and his colleagues recognised that only the US, as the predominant Pacific power, was capable of preventing communist expansion.<sup>88</sup>

While Great Britain's relative decline meant that it could no longer be the primary guarantor of regional security, the Menzies Government still favoured a British custodial role in the region. This was particularly important in view of lingering

<sup>82</sup> Goldsworthy, *Losing the Blanket*, p. 18; Lowe, *Menzies and the "Great World Struggle"*, p. 83.

<sup>83</sup> Menzies (1939) cited in Russell Parkin and David Lee, *Great White Fleet to the Coral Sea: Naval Strategy and the Development of Australia-United States Relations, 1900-1945*, Canberra: Department of Foreign Affairs and Trade, 2008, p. 131. In a 1951 speech he delivered in London, Menzies made similar comments, noting: '[It is] essential ... that Australia expand her outlook and her strength and acquire friendly neighbours... If we examine the area you call the Far East, but which to us is the "Near North," you will appreciate and share some of our concern.' Robert Menzies, 'Australia's Place in the World', Address at Royal Empire Society, 13 December 1951, Menzies Papers, MS 4936/2/79, NLA [Menzies' emphasis].

<sup>84</sup> This is evident in the fact that the Prime Minister premised any future Australian contribution to the Middle East on the military situation in Southeast Asia and the Pacific.

<sup>85</sup> Menzies, 'The Pacific Settlement', p. 192.

<sup>86</sup> McEwen cited in 'Notetaker AS Brown—Notes of meeting on 15 February 1951', NAA: A11099, 1/11.

<sup>87</sup> As Menzies posited in a 1951 speech, 'you will see how natural it is for the Japanese Peace Treaty and the Pacific Pact to be uppermost in our minds. These two facets of our foreign policy present in effect interlocking problems. As we see it, as we must see it, there is a power vacuum in S.E. Asia, and Japan as its vulnerable centre'. Robert Menzies, 'Australia's Place in the World', Address at Royal Empire Society, 13 December 1951, Menzies Papers, MS 4936/2/79, NLA [Menzies' emphasis].

<sup>88</sup> Watt, 1967, pp. 111-13; 'Letter from Spender to Menzies', 15 March 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 121; Casey, *Friends and Neighbors*, p. 28.

uncertainty regarding the United States' commitment to regional defence (prior to the Korean War) as well as its continuing reluctance to assume any responsibility for Southeast Asia. The stability of this area was directly relevant to Australian defence. To that end, Australia supported Britain's continuing military and policing presence in Malaya. The Menzies Government also encouraged Britain's ongoing imperial role in Singapore and greater British economic involvement in Papua New Guinea.<sup>89</sup> It continued to view Australia's security interests as inextricably tied with the fortunes of the British Empire in Southeast Asia.<sup>90</sup> As David Goldsworthy observes, '... for all Australia's acknowledged dependence on the United States for security purposes, the British and Gurkha forces stationed in Britain's Southeast Asian colonies still weighed heavily in Australia's military calculations'.<sup>91</sup>

Both US dominance and Britain's custodial role in Southeast Asia facilitated Australia's strategic doctrine of 'defence-in-depth'. Nonetheless, the Australian Government still engaged in limited efforts to fortify its immediate defence perimeter in the Southwest Pacific and Indian Oceans. It supported Dutch efforts to retain control over West New Guinea.<sup>92</sup> During the early 1950s, Canberra also offered to take over the British share of the New Hebrides and to assume responsibility for several of Britain's Indian Ocean protectorates. Spender designated these islands as part of a 'vital strategic screen' for Australia.<sup>93</sup> Australian efforts were no longer directed at maintaining the Southwest Pacific as an exclusive imperial preserve,<sup>94</sup> but the Menzies Government did still seek to deny these oceans to potential aggressors.<sup>95</sup>

The Menzies Government's preferred construct of regional order thus significantly differed from that of its prewar predecessors. By the 1950s, Australian policymakers recognised that Britain could never again emerge as the preeminent regional power. They still attached importance to a regional power balance favouring the Anglo-Saxon democracies, but believed this could only be underwritten by the United States. Menzies and his ministers envisioned an important custodial role for

<sup>89</sup> Goldsworthy, *Losing the Blanket*, p. 25.

<sup>90</sup> Goldsworthy, *Losing the Blanket*, p. 24; Lowe, *Menzies and the "Great World Struggle"*, p. 83.

<sup>91</sup> Goldsworthy, *Losing the Blanket*, p. 26.

<sup>92</sup> 'Australian Strategy in relation to Communist expansion into the Pacific, Southeast Asia and the Far East during the Cold War period—Appreciation by the Australian Chiefs of Staff, Sept 1950', NAA: A5954, 1682/4.

<sup>93</sup> Spender (1950) cited in Roger C. Thompson, *Australia and the Pacific Islands in the Twentieth Century*, Melbourne, Vic: Australian Scholarly Publishing, 1998, p. 144.

<sup>94</sup> Indeed, Spender proposed French-Australian defence cooperation in the Southwest Pacific.

<sup>95</sup> Thompson, *Australia and the Pacific Islands*, p. 144. To this end, the 1951 Radford-Collins Agreement apportioned areas of maritime responsibility between the ANZAM and CINPAC regions, thereby facilitating allied naval coordination in the greater Southwest Pacific. Thomas-Durell Young, *Australian, New Zealand, and United States Security Relations, 1951–1986*, Boulder: Westview Press, 1992, p. 63.

Great Britain, but as a *partner* of the United States in managing regional order. Together, these countries would assist to prevent threats from emerging in Australia's immediate defence perimeter. However, Menzies and his ministers recognised that this preferred construct of regional order could only be realised if the British Commonwealth and the US deepened their cooperation in the Pacific. As in the past, Canberra envisioned itself as the perfect broker for this cooperation.

### *The United States as a Benign Regional Power*

Australian cooperation with the United States during the 1950s was underpinned by what the Menzies Government viewed as benign American intentions, deriving from a natural congruence between Australian and American visions of regional order. Cooperation with that power was therefore regarded as consistent with, and even facilitating, Australia's regional strategic objectives. The Menzies Government arrived at this conclusion on the basis of the following assumptions: first, as a limited-aims revisionist state, the US was unlikely to threaten the countries of the British Empire; second, the US was willing to cooperate with the British Empire in managing regional order; and third, the US supported Australia's special interests in the Southwest Pacific and Indian Oceans.

Most important to Australian perceptions of the United States as a benign power, was the assumption that it was unlikely to threaten the British Empire through expansionist ambitions or recourse to force. Australian policymakers premised this assumption, in part, on a shared socio-cultural inheritance and common democratic political values between the United States and the British Commonwealth. In the 1950s, there were still lingering Australian fears of 'Asian expansionism' and some Australian policymakers still identified with the US on the basis that it was a fellow Anglo-Saxon power.<sup>96</sup> However, the shared political values between these countries was increasingly important during a time in which Western democracies were pitted against what Australian policymakers perceived as a monolithic communist threat. The Menzies Government envisioned an 'organic alliance' between the United States and the British Empire on the basis of political ideology. As Menzies later reflected:

It is not to be wondered or scoffed at that we have a friendship with the Americans, for we have the same principles. Our unwritten alliance with the United States is therefore

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<sup>96</sup> Lowe, *Menzies and the "Great World Struggle"*, p. 81; McIntyre, *Background to the ANZUS Pact*, p. 333; Paul Hasluck, 'Can the White Races Hold Their Own', ABC, January 18 1950, Hasluck Papers, MS 5274/37, NLA.

a spiritual one. The American nation can never be lonely or isolated, or be successfully accused of being the sole bastion of out-dated individualism and democratic freedom, so long as there are other nations which share its faith and are not afraid to say so.<sup>97</sup>

Casey likewise envisioned a special role for the Anglo-American partnership in preserving the foundations of 'western civilisation' in the face of communism.<sup>98</sup>

Yet, it was not simply that country's political ideology, but its behaviour in the broader international system that underscored Australian perceptions of benign American intent. In his 1944 pamphlet, Percy Spender advocated that Australia cooperate with the United States, Soviet Russia, and China to maintain peace in the postwar Pacific.<sup>99</sup> Whereas the Soviet Union and Communist China were later perceived as expansionist imperial powers that sought to weaken the British Commonwealth and obstruct the United Nations, the United States was regarded as a limited-aims revisionist power and upholder of collective security principles. The Australian Chiefs of Staff concluded that:

The close cooperation between the British Commonwealth and the United States of America in two world wars, their similar peaceful aspirations and their common language and customs, outweigh potential differences in political and economic matters, and the idea of war as an instrument to settle disagreements between them can be discarded.<sup>100</sup>

While the US sought minor changes such as greater self-determination in Asia, the Australians generally viewed it as a fellow defender of the postwar regional order against communist expansion.<sup>101</sup> This was suggested by both the US-led military action (on behalf of the UN) against North Korea and the Truman Administration's announcement that it would intervene militarily against further communist expansion in Asia.

Moreover, the Americans appeared willing to work with the British Commonwealth in managing regional order. Increasingly, the United States set about coordinating strategic planning with Great Britain, Australia and New Zealand. In February 1951, the US Commander in Chief for the Pacific, Admiral Radford, met with the Australian Chief of Naval Staff, J.A. Collins, to coordinate planning between the ANZAM area and the broader Pacific.<sup>102</sup> While the US did not permit British

<sup>97</sup> Robert Menzies, *Afternoon Light: Some Memories of Men and Events*, London: Cassell, 1969, p. 262.

<sup>98</sup> Christopher Waters, 'Casey: Four Decades in the Making of Australian Foreign Policy', *Australian Journal of Politics and History*, 51(3) 2005, p. 387.

<sup>99</sup> Spender, *Australia's Foreign Policy*, p. 23.

<sup>100</sup> "The Strategic Position of Australia- Review by Chiefs of Staff," 1948, NAA: A8744, SDC 323.

<sup>101</sup> "The Strategic Position of Australia- Review by Chiefs of Staff", 1948, NAA: A8744, SDC 323; Menzies, *Afternoon Light*, p. 270; Waters, 'Casey', p. 387; Lowe, 'Brave New Liberal', pp. 397-98.

<sup>102</sup> As will be discussed later, ANZAM was a joint planning arrangement established in 1949 between British, Australian and New Zealand service representatives. It provided for joint coordination of the external defence of Malaya, but entailed no formal troop commitments.

participation in ANZUS, this was not because UK involvement, in itself, was unwelcome. Rather, the State Department feared that including Great Britain would invite entreaties for participation from other colonial powers.<sup>103</sup> However, Anglo-American coordination on regional security issues was manifest in other ways. This included consultations on the precise form that a US security guarantee to the southern Dominions should adopt.<sup>104</sup> The United States was conscious of not injuring British prestige or encroaching on traditional spheres of British influence in Southeast Asia.<sup>105</sup> In a speech during his visit to Washington in July 1950, Menzies observed, '... that American policy, both during and since the war, had afforded the clearest proof that the people of the United States attach a high importance to British strength and are prepared to assist, with superb generosity, to restore and maintain it'.<sup>106</sup>

A third factor underscoring Australian perceptions of benign American intent was Washington's recognition of, and support for, Australian special interests in the Southwest Pacific. Unlike its predecessors, the Menzies Government was less committed to maintaining the Southwest Pacific as an exclusive Australian preserve. Instead, it aimed to deny that ocean to communist penetration and to other potential aggressors.<sup>107</sup> To this end, it welcomed the prospect of an American naval base in the Southwest Pacific to guard Australia's northern approaches.<sup>108</sup> Spender's offer for the United States to use Manus Island in February 1950 is illustrative. However, the US strategic focus on containing communism in Northeast Asia mitigated its involvement

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<sup>103</sup> 'Notes on Conversation Among Ambassador Dulles, Australian and New Zealand Ministers for External Affairs and their Staffs', February 17, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP; John Allison, *Ambassador from the Prairie; or, Allison Wonderland*, Boston: Houghton Mifflin, 1973, p. 197. Notably, diplomatic historians have also attributed American exclusion of Britain from ANZUS to its desire to avoid assuming military commitments to mainland Southeast Asia or other British colonies in the Pacific. See, for instance, McHenry and Rosecrance, 'The "Exclusion" of the United Kingdom', p. 325; Evelyn Colbert, *Southeast Asia in International Politics 1941–1956*, Ithaca: Cornell University Press, 1977, p. 152.

<sup>104</sup> McIntyre, *Background to the ANZUS Pact*, p. 323; 'Notes on Conversation between Ambassador Dulles and the British Ambassador', February 2, 1951, United Kingdom: Sir Alvary Gascoigne January 29–February 8, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP.

<sup>105</sup> 'Comment on Draft of Pacific Ocean Pact', March 1, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP; J. Allison, 'Memorandum: Pacific Pact', January 4, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP.

<sup>106</sup> 'Broadcast over CBS by the Right Honourable R.G. Menzies Prime Minister of Australia', 28 July 1950, Menzies Papers, MS 4936/8/2, NLA.

<sup>107</sup> Thompson, *Australia and the Pacific Islands*, p. 144.

<sup>108</sup> Spender, *Exercises in Diplomacy*, p. 22. Even in 1944, Spender wrote, 'Australia would welcome discussions of methods by which in agreement the USA might play a major part in the Southwest Pacific which, through the fortunes of war, has come to have a special significance for America as well as Australia'. Spender, *Australia's Foreign Policy*, p. 23.

in this ocean.<sup>109</sup> It tacitly accepted Australia's efforts to assert dominance in the Southwest Pacific by assuming greater responsibility for British protectorates and exercising a leadership role in the Southwest Pacific Commission.<sup>110</sup>

While the Menzies Government collectively regarded the United States as behaving in a way consistent with Australia's preferred construct of regional order, benign American intentions were less than sufficient for engagement to emerge. This is evident in both the Menzies Government's justifications for engagement, as well as the timing of that strategy. In all of his statements on possible Pacific security arrangements, Spender emphasised the importance of American participation, not simply because of that country's peaceful aspirations but because of the importance of American material power.<sup>111</sup> What prompted an Australian engagement strategy toward the United States in 1950 was not just an assessment that the US would not undermine regional order, but that it could emerge as a contributor to that order and to Australian security more specifically.

### *Engagement Incentives: The United States as Contributor to Regional Order*

The Menzies Government's view of the United States as a contributor to both regional and Australian security was predicated on the same incentive factors that encouraged previous Australian Governments to adopt an engagement-based approach toward Washington. A perceived intensified threat forced the Australians to aggressively solicit an American defence guarantee. The United States' immense military capacity promised assets that could be enlisted to uphold the regional balance of power and afford strategic protection for Australia. While benign American intentions provided an important political backdrop against which Australia's interest in deepening strategic cooperation with the US developed, it was these incentive factors which infused a sense of urgency to Spender's engagement initiatives.

Of these incentive factors, perceptions of an intensifying strategic threat were most catalytic. Traditionally, historians have attributed Percy Spender's aggressive pursuit of an American security guarantee to US efforts to forge a 'soft' Japanese treaty, which did not limit Japanese rearmament.<sup>112</sup> This gave rise to Australian fears of resurgent Japanese militarism. Spender and Watt, in particular, viewed a potentially

<sup>109</sup> Harper, *A Great and Powerful Friend*, p. 153.

<sup>110</sup> C. Hartley Grattan, *The United States and the Southwest Pacific*, Melbourne: Oxford University Press, 1961, p. 220.

<sup>111</sup> McIntyre, *Background to the ANZUS Pact*, p. 259; Spender, 'International Affairs', p. 623.

<sup>112</sup> Spender, *Exercises in Diplomacy*, p. 46.

militarist Japan as a key factor underscoring the need for an American security guarantee.<sup>113</sup> As Spender recounts in his memoirs, ‘... Australia could not under any circumstances subscribe to a treaty with Japan unless there were adequate assurances, acceptable to Australia, affording her protection against future Japanese aggression’.<sup>114</sup> Spender feared that a rearmed Japan would defect to the communist bloc and ‘make a devil’s bargain with China or Soviet Russia’ to obtain a sphere of influence in Asia.<sup>115</sup> Alternatively, he feared that a rearmed Japan might ‘leave it to the communist and non-communist worlds to fight it out between themselves’ and then reassert itself once the other powers were exhausted.<sup>116</sup>

However, three important caveats qualify the role that a potentially resurgent Japan played as an instigative force behind the Menzies Government’s efforts to secure an American defence guarantee. First, by 1951 Australian policymakers were concerned not just with security *from* Japan but with the security *of* Japan.<sup>117</sup> Spender, Menzies and Casey all recognized the importance of denying Japan’s industrial capacity to the Soviet Union and incorporating it into allied councils so as to prevent it from defecting to the communist bloc.<sup>118</sup> Second, Spender appears to have been more apprehensive than his Cabinet counterparts (including Menzies) about the dangers a resurgent Japan posed.<sup>119</sup> While most Cabinet members favoured some limitations on Japanese rearmament, they were generally more concerned that Japan should be denied to the communist bloc and, on 15 February 1951, endorsed a tripartite security guarantee with the US on this basis.<sup>120</sup> Third, a number of Cabinet ministers, as well as official defence

<sup>113</sup> Spender, *Exercises in Diplomacy*, p. 79; Alan Watt, ‘Interview with Sir Alan Watt [Interviewer Bruce Miller]’, 11 December 1974, TRC 306, NLA.

<sup>114</sup> Spender, *Exercises in Diplomacy*, p. 45.

<sup>115</sup> Spender, *Exercises in Diplomacy*, p. 121.

<sup>116</sup> Percy Spender, ‘Statement by the Minister for External Affairs and External Territories’, 10 January 1951, Spender Papers, MS 4875/11, NLA.

<sup>117</sup> In his seminal work *Australian Diplomacy and Japan*, Richard Rosecrance argues that Australian policy toward Japan underwent a radical shift between 1946 and 1951. As late as the 1950 Commonwealth Working Party discussions, Australia had argued for a Japanese peace treaty with substantial economic and military limitations, but, by February 1951, it agreed to sign a treaty with no limitations. Richard Rosecrance, *Australian Diplomacy and Japan, 1945–51*, Parkville, Vic: Melbourne University Press, 1962, pp. 242–45. See also, Casey, *Friends and Neighbors*, p. 68.

<sup>118</sup> Casey, *Friends and Neighbors*, p. 68; ‘Notetaker AS Brown- Notes of meeting on 15 February 1951’, NAA: A11099, 1/11; Spender, *Exercises in Diplomacy*, p. 116.

<sup>119</sup> Neville Meaney, ‘Look Back in Fear: Percy Spender, the Japanese Peace Treaty and the ANZUS Pact’, *Japan Forum*, 15(3) 2003, p. 409. This is supported by a letter to Menzies from Spender on 4 September 1951, in which he reports his apprehensions at questions from the Japanese press regarding how he thought the Japanese population problem could be solved and a possible future lifting of Australian immigration restrictions. To Spender, ‘the significance of the questions [was] obvious’. Spender to Menzies, 4 September 1951, Menzies Papers, MS4936/1/233, NLA.

<sup>120</sup> During this Cabinet meeting, a number of other dissenting opinions were expressed. McEwen argued that Japan was not an immediate threat and should, in fact, be strengthened to re-establish the balance of power in Asia. Doug Anthony posited, ‘[w]e have to take a chance on which of the risks coming from Asia are lesser for us. My own judgement is this—there has been such a long history of antagonism



assessments concluded that Japanese military impotence rendered it only a distant threat. They viewed Chinese Communism as a more immediate concern, warranting urgent attention.<sup>121</sup> Even Spender's views appear to have reflected this priority of threats when he initially mooted the idea of a Pacific Pact in March 1950.<sup>122</sup>

Although most accounts of ANZUS' origins downplay the role of Communist China as an instigative force, this factor was *at least* as important in underpinning the Menzies Government's interest in deepening strategic cooperation with the US. The consolidation of Communist China, the signing of the Sino-Soviet friendship treaty in February 1950, and perceived Chinese efforts to 'stir up unrest and rebellion'<sup>123</sup> gave new impetus to forging a Pacific security pact. Australian threat perceptions of China were further exacerbated by the Korean War, which the Menzies Government viewed as foreshadowing Chinese expansionism in Southeast Asia.<sup>124</sup> In one speech, Spender observed:

The case for a Security Pact in the Pacific does not depend solely on the need for safeguards against renewed Japanese aggression. There are more immediate dangers, for example, the danger of Communist aggression. The Korean conflict, including Chinese intervention ... adds materially to the desire for alliance.<sup>125</sup>

The importance of Communist China as an instigative force for a Pacific defence pact is further underscored by other principal actors' accounts of the ANZUS negotiations. As a member of the Australian delegation to the Dulles talks, Ralph Harry later reflected:

We were concerned also with the rise of the Chinese People's Republic. We had just seen the overrunning of the mainland by Chinese Communist forces... And we were concerned at that emerging possibility of major aggression. Against this background we wanted some sort of agreement with the ... United States.<sup>126</sup>

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between Japan and Russia and China that this is a lesser risk ... It is unrealistic for me to say we oppose the rearmament of Japan'. 'Notetaker AS Brown—Notes of meeting on 15 February 1951', NAA: A11099, 1/11.

<sup>121</sup> In the same Cabinet meeting, Casey noted that Japan could emerge as a more distant threat but could not be regarded as a menace within the next five years. Defence Minister McBride argued '... Japan is no menace in the foreseeable future. Japan had only a small steel production—even at the very best. We have the people in the frame against where Russia is in the background'. McEwen and Anthony similarly downplayed the immediacy of the Japanese threat; 'Notetaker AS Brown—Notes of meeting on 15 February 1951', NAA: A11099, 1/11; See also "The Strategic Position of Australia- Review by Chiefs of Staff", 1948, NAA: A8744, SDC 323; Albinski, *Australian Attitudes and Policies*, p. 57; Rosecrance, *Australian Diplomacy*, p. 245.

<sup>122</sup> McIntyre, *Background to the ANZUS Pact*, p. 259.

<sup>123</sup> Spender, 'International Affairs', pp. 625–26.

<sup>124</sup> Albinski, *Australian Attitudes and Policies*, p. 71.

<sup>125</sup> Percy Spender, Statement to Parliament, 14 March 1951, Spender Papers, MS 4875/11, NLA.

<sup>126</sup> Ralph Harry, 'Interview with Ralph Harry, Australian diplomat [Interviewer, Ken Henderson]', 6 November–11 December 1985, TRC 1915, NLA. As Casey similarly reflected, '... well before the ANZUS Treaty was drafted, the spokesmen of the Australian Government identified the immediate menace in the Pacific not as Japan but as Communist imperialism. In fact there is nothing in the text of the ANZUS Treaty which expressly deals with the problem of Japan ... .' Casey, *Friends and Neighbors*, p. 61.

Although not the sole threat with which Australian policymakers were concerned, the rise of Communist China was certainly an important incentive factor that would have induced the Australians to deepen strategic cooperation with Washington irrespective of the Japanese peace treaty.

Equally important, however, was the United States' immense military capacity. The United States' material advantage derived not simply from its absolute capabilities but from its geographic proximity to the region. Throughout his term as Minister for External Affairs, Spender highlighted the importance of American proximity and material power as a reason to cooperate with that country. In one Cabinet submission, he noted that, '[f]or obvious reasons of geography and relative power, it is necessary for Australia to cultivate the United States interest in our welfare and confidence in our attitudes'.<sup>127</sup> Spender advocated close Australian cooperation with the US on the basis that it was 'the greatest Pacific power'.<sup>128</sup>

The importance of American material power in underwriting Spender's quest for a US security guarantee was signalled in his various justifications. On 20 February 1950, Spender declared to Parliament that, 'Australia was prepared to enter into a Pacific Pact if she could find support. But a Pacific Pact which did not include the great power of the United States would only be a meaningless gesture'.<sup>129</sup> Indeed, it was because Spender recognised the importance of American material power to Australian security that he rejected a Pacific Pact proposal emanating from the Philippines. For similar reasons, he rejected a Department of External Affairs proposal for Australian participation in a South Asian neutrality pact.<sup>130</sup> The decision to engage with the United States was thus not as axiomatic as power transition theorists generally suggest. Rather, it derived from the Menzies Government's preferred construct of regional order and Spender's assumption that American material power provided the best means of realising this order.

The Menzies Government deemed cooperation with the Americans in the Pacific as integral to underwriting a regional balance of power that would deter potential aggressors and maintain capabilities to defeat them in the event that war broke out.<sup>131</sup> In many ways, the ANZUS Treaty represented the culmination of Australian strategic

<sup>127</sup> Percy Spender, 'Increase in Australian land forces in Korea—decision 2', 29 March 1951, NAA: A4905, 2.

<sup>128</sup> Spender, 'International Affairs', p. 623.

<sup>129</sup> Spender (1950) cited in McIntyre, *Background to the ANZUS Pact*, p. 259.

<sup>130</sup> Spender, *Exercises in Diplomacy*, p. 32.

<sup>131</sup> Philip McBride, 'Philip McBride interviewed by Suzanne Walker', 4 June 1974, TRC 290, NLA.

thinking over the past half century.<sup>132</sup> Australian policymakers viewed the tripartite security pact as part of a broader regional collective defence arrangement that would underwrite an American commitment to the Pacific and give rise to a balance of power favouring the Anglo-Saxon democracies. As Spender observed at the time:

... defence arrangements can be worked out in the Pacific which will deter any country from threatening the area and by doing so establish a lasting basis for peace in this part of the world ... My objective has been to obtain an arrangement which will benefit the whole of the Western Pacific area ...<sup>133</sup>

Casey similarly recalled that, '...Australia's interests and objectives [in ANZUS were] related to the building of security in the Pacific area generally'.<sup>134</sup> This broader defensive purpose was also evident in the evolution of Australian thinking regarding the form that Pacific defence arrangements with the US should take. Spender initially posited the Pacific Pact not as a tripartite treaty but as a broad defensive association, comprised of a nucleus of Commonwealth countries that other Pacific countries might join.<sup>135</sup> It was Washington's desire to limit the scope of the pact. Nevertheless, the Australians viewed the ANZUS Treaty as only a building-block for a broader regional security arrangement.<sup>136</sup>

To emphasise the regional deterrent aspect of ANZUS, however, is not to negate the importance that Australian policymakers assigned to it as a strategic guarantee for Australian security. Spender viewed the US defence guarantee as imperative if Australia was to contribute forces to the Middle East, thereby significantly weakening its home base.<sup>137</sup> Contrary to British preferences, the Minister for External Affairs was also unwilling to settle for a unilateral presidential declaration. He believed that, in view of Australia's distant geographic location, a presidential declaration would not guarantee Congressional support for a US military contribution to the Southwest Pacific in the event of global war.<sup>138</sup> Accordingly, Australian policymakers sought a binding treaty obligation along the lines of Article 5 of the North Atlantic Treaty that formally codified American intentions to defend Australia. Spender also wanted to secure Australian representation on global allied planning structures to ensure that US capabilities would be directed to Pacific defence. In both instances, the American commitment fell short of

<sup>132</sup> Meaney, 'Look Back in Fear', pp. 400–401; Edwards, *Permanent Friends?*, p. 5.

<sup>133</sup> Percy Spender, Statement to Parliament, 14 March 1951, Spender Papers, MS 4875/11, NLA.

<sup>134</sup> Casey, *Friends and Neighbors*, p. 61.

<sup>135</sup> Spender, 'International Affairs', p. 632.

<sup>136</sup> As Spender noted during the signing ceremony, ANZUS was merely the 'first step towards what we hope will prove to be an ever widening system of peaceful security in this vital area'. Spender (1951) cited in McIntyre, *Background to the ANZUS Pact*, p. 345.

<sup>137</sup> Spender, *Exercises in Diplomacy*, p. 90.

<sup>138</sup> Alan Watt, *Australian Diplomat: Memoirs of Sir Alan Watt*, Sydney: Angus and Robertson, 1972, p. 178.

what Spender had hoped. The ANZUS Treaty specifies a Monroe-Doctrine type commitment between the parties, and gave rise only to a consultative military group known as the ANZUS Council.<sup>139</sup> Nevertheless, Australian policymakers were generally satisfied that, in the event of an armed attack on Australia, US military assistance would be forthcoming.<sup>140</sup>

Both prior and during the ANZUS negotiations, however, Spender regarded the prospect of obtaining such an American security guarantee as far from assured. As he later reflected in his memoirs, ‘when the Menzies Ministry came into office the odds against interesting the USA in any Pacific Pact to which she and Australia would be a party were very long indeed...’.<sup>141</sup> Despite the longstanding importance he assigned to an American Pacific defence commitment, Spender was, in fact, initially reluctant to engage in security negotiations with Washington. At the Colombo Conference in January 1950, he indicated to British Foreign Secretary Ernest Bevin that the Americans appeared unwilling to discuss defence issues with Canberra, signified by then US Secretary of State Dean Acheson’s lukewarm response to past Australian enquiries.<sup>142</sup> It was not until Bevin persuaded him that the Americans had been adverse to Evatt and might be more inclined to negotiate with the Menzies Government that Spender more aggressively pursued the idea.<sup>143</sup> Indeed, references to a Pacific Pact do not appear in cables or in Spender’s ministerial speeches until February 1950. While this timing may be attributed partly to intensifying threat perceptions, it does not explain Spender’s initial hesitancy in the early part of 1950. Spender’s emerging belief that the time was opportune to reach a *modus vivendi* with the Americans was the third key factor that underpinned Australia’s engagement strategy towards the United States in 1950–51.

### *Establishing a Modus Vivendi with the United States*

As with Deakin’s invitation to the American fleet in 1908, what engendered the Menzies Government’s interest in deepening cooperation with Washington was not simply the *possibility* but the *probability* that the United States could be enlisted to

<sup>139</sup> Article 4 of the ANZUS Treaty states that ‘[e]ach Party recognizes that an armed attack in the Pacific Area on any of the Parties would be dangerous to its own peace and safety’ and that they ‘would act to meet the common danger in accordance with [their] constitutional processes’. See Appendix IV in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 242.

<sup>140</sup> Philip McBride, ‘Philip McBride interviewed by Suzanne Walker’, 4 June 1974, TRC 290, NLA; Ralph Harry, ‘Interview with Ralph Harry, Australian diplomat [Interviewer, Ken Henderson]’, 6 November–11 December 1985, TRC 1915, NLA; Watt, *Australian Diplomat*, p. 69.

<sup>141</sup> Spender, *Exercises in Diplomacy*, p. 23.

<sup>142</sup> McIntyre, *Background to the ANZUS Pact*, p. 185.

<sup>143</sup> *Background to the ANZUS Pact*, p. 185.

contribute to regional order and Australian security. Spender's initial hesitancy to pursue a Pacific Pact demonstrates that, in absence of this belief, such a vigorous Australian engagement strategy might not have been forthcoming. Spender's belief that he could reach a *modus vivendi* with Washington was premised on the following: his worldview, which privileged cultivating the general political relationship over specific irritants; perceived American responsiveness to Australia's overtures; and Australia's capacity to withdraw cooperation on some issues in order to shape American behaviour. Collectively, these assessments gave rise to Spender's perceptions that he could forge a framework for deeper strategic cooperation with the United States.

Of these assessments, most critical was Spender's worldview and his concern to cultivate the general Australian-American political relationship as a means of enhancing bilateral strategic relations. Like Deakin, Spender was acutely concerned with Australian defence and strategic issues. On entering federal politics in 1937, he argued that Britain would not transfer its fleet to Singapore and that Australia had to look to its own defence and to American support.<sup>144</sup> The fall of Singapore during the Second World War confirmed his views. In his 1944 monograph, Spender wrote, '[g]eographical facts ... point to strategic links with the United States as one of the most important imperatives in Australia's foreign policy'.<sup>145</sup> Spender had concerns about the objectives of Communist China in Southeast Asia and maintained an intense personal distrust of Japan. Spender's unique role in instigating the ANZUS negotiations, as a result of the importance he assigned to obtaining an American security guarantee, is evident when compared to other influential figures at the time. Although Evatt sought to entice the US into a Pacific Pact in 1949, his ideas remained somewhat nebulous and under-developed as a result of the priority he assigned to the United Nations in Australia's foreign policy.<sup>146</sup>

The importance that Spender attached to obtaining an American security guarantee was further underscored by domestic political imperatives. Spender and his Cabinet colleagues recognised the significance of ANZUS for the future of the Menzies Government. Accepting a 'soft' Japanese peace treaty that did not impose limitations on Japanese rearmament would spur popular resentment in Australia. Spender and his colleagues calculated that an American security guarantee would go some way toward

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<sup>144</sup> Neville Meaney, 'Look Back in Fear', p. 402.

<sup>145</sup> Spender, *Australia's Foreign Policy*, p. 25.

<sup>146</sup> Laurence McIntyre, 'Interview with Sir Laurence McIntyre, diplomat [Interviewer, Mel Pratt]', 9 September–27 November 1975, TRC 121/67, NLA.

offsetting these negative domestic political repercussions. As then Deputy Prime Minister Arthur Fadden reasoned during the Cabinet meeting on 15 February 1951:

... I would agree to re-arm Japan to the limited extent and on the conditions suggested on the basis that it enables us to bargain with the US for a guarantee. That is the only way in which we can deal with the public. Just to say Japan should be rearmed even to a limited extent cannot be sold to the Australian public.<sup>147</sup>

These sentiments were echoed in Spender's negotiations with Dulles the following day. As Spender informed Dulles:

... [W]e have felt that, if we were to go to the people and Parliament and say that we approve a Japanese treaty to the type desired by the United States, without a corollary security arrangement for Australia, it would mean political oblivion for our party.<sup>148</sup>

These concerns were later borne out by the domestic political response to the Japanese Peace Treaty. While ANZUS was endorsed by the Labor Opposition and met with enormous popular approval, 67 per cent of Australians were polled as being opposed to the Japanese Peace Treaty.<sup>149</sup>

Equally important to Spender's eagerness to pursue an American defence guarantee, and underlying his confidence in the prospect of ultimately reaching a *modus vivendi*, was what he came to view as the increasing likelihood of US responsiveness to his Pacific Pact proposal. These perceptions were, in part, fuelled by changing US policies toward Asia that were complementary to his own strategic objectives. By 1950, Washington was increasingly warming to the idea of extending a greater American defence commitment to Asia to counter communism. In January 1950, Acheson outlined American regional defence policy in terms of a Northern Pacific defensive arc, reaching from Alaska to the Philippines. The Korean War provided further impetus to State Department thinking about a regional defence pact and the need to protect Southeast Asia as a possible future site of communist aggression.<sup>150</sup> By the end of the year, the Truman Administration had committed to forming a multilateral defence arrangement that encompassed the offshore island countries of the Pacific.<sup>151</sup> These included the United States, Japan, the Philippines, Australia, New Zealand and, potentially, Indonesia.

<sup>147</sup> 'Notetaker AS Brown—Notes of meeting on 22 February 1951', 22 February 1951, NAA: A11099, 1/12.

<sup>148</sup> Hiroyuki Umetsu, 'The birth of ANZUS: America's attempt to create a defence linkages between Northeast Asia and the Southwest Pacific', *International Relations of the Asia-Pacific*, 4, 2004, p. 186.

<sup>149</sup> Meaney, 'Look Back in Fear', p. 408.

<sup>150</sup> McIntyre, *Background to the ANZUS Pact*, p. 286; Colbert, *Southeast Asia in International Politics*, p. 152.

<sup>151</sup> David McLean, 'ANZUS Origins: A Reassessment', *Australian Historical Studies*, 24(94) 1990, p. 68.

These changes in US policy filtered down into the signals that Spender and other Australian representatives received from their American counterparts regarding their Pacific Pact proposal. David McLean argues that there existed a sort of cognitive dissonance between Spender's genuine belief that he faced 'an uphill battle' in obtaining an American security guarantee and the positive encouragement his ideas often received in Washington.<sup>152</sup> Yet, archival evidence suggests that the Truman Administration's generally positive feedback was actually pivotal to Spender's confidence in aggressively pursuing the American security guarantee. Bevin's initial encouragement at the Colombo Conference, coupled with Acheson's positive response to Spender's foreign policy speech suggesting a Pacific Pact, prompted Spender to canvass the idea more broadly to American officials.<sup>153</sup> Positive feedback from Washington for some form of Pacific Pact intensified with the onset of the Korean War. In a cable on 9 June 1950, the Second Secretary at the Australian Embassy in Washington reported the US Deputy Director of the UN Division's observations that:

... Australia should not be discouraged by the failure of the State Department to respond more cordially to the Minister's request for a Pacific Defence Pact. He urged that the Australian Government should keep this issue alive ... He assured Mr. Plimsoll that there was strong support in the Department for a Pacific Pact, but that the Department should be given further material to work on.<sup>154</sup>

Admittedly, Spender did confront some American opposition to a Pacific Pact during his visit to Washington in September/October 1950.<sup>155</sup> By the end of his trip, however, US Assistant Secretary of State Dean Rusk promised to put the matter before Dulles, who later conceded that some 'compromise solution' needed to be developed.<sup>156</sup>

This basis for Spender's optimism continued during the Dulles negotiations in February 1951. Dulles was initially hesitant, as a result of expressed British opposition, to discuss Pacific defence arrangements with the Australians. Nonetheless, Spender was briefed by the Australian embassy in Washington that Dulles had been authorised to discuss a Pacific Pact and, subsequently, pushed him on the issue. The US Special Representative indicated that difficulties were merely over form and that 'there is no

<sup>152</sup> McLean, 'ANZUS Origins', pp. 74–75.

<sup>153</sup> McIntyre, *Background to the ANZUS Pact*, p. 185.

<sup>154</sup> 'Memorandum for the Secretary, DEA, Pacific Defence Pact', 9 June 1950, NAA: A816 19/301/1104.

<sup>155</sup> US Assistant Secretaries of State Dean Rusk and John Hickerson were initially sceptical of the prospects for a Pacific Pact and concerned about its regional implications. Spender, *Exercises in Diplomacy*, pp. 59, 65.

<sup>156</sup> Spender, *Exercises in Diplomacy*, p. 48. For Spender's confidence that Rusk would do something to meet Australia's position, see 'Cablegram from Spender to Watt', 1 November 1950, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 32.

hesitation or reluctance on our part as regards the substance of what you want'.<sup>157</sup> Australian representative Ralph Harry recalls that by the end of the second day of negotiations, the Australian contingent was confident of securing its objective.<sup>158</sup> Thus, while Spender was convinced that the onus rested on Australia and New Zealand to extract a security guarantee from the US, positive American feedback encouraged him to aggressively pursue this interest. This contrasts to the Chifley Government's experiences, in which Evatt was repeatedly unsuccessful in cultivating American support for a Pacific Pact.

Nevertheless, Spender's efforts to induce greater American responsiveness were, he believed, facilitated by two Australian bargaining levers. Both were predicated on implicit tactical threats to withdraw Australian cooperation on important American foreign policy initiatives should Australia not receive a security guarantee. The first of these was Australia's refusal to sign a lenient Japanese peace treaty, if it did not receive an American guarantee.<sup>159</sup> Spender recognised that, from Washington's point of view, Australia's signature on the peace treaty was 'highly desirable' and that Washington would seek to avoid 'disagreement and sustained opposition from her most important fighting ally in the Pacific war'.<sup>160</sup>

In this context, Spender was also able to adopt a second bargaining lever, arguing that any Australian contribution to the Middle East would be premised on American protection from a resurgent Japan and other regional threats. As Spender contended during the Dulles negotiations:

Australia's capacity to live up to its obligations in the Middle East would directly depend on the extent to which it was secure in its own territories. The Prime Minister had said that he could not believe that the United States would leave Australia without adequate security guarantees while imposing no restrictions on Japanese rearmament. What was required was the exploration of possible security arrangements within the framework of goodwill prevailing between the two countries.<sup>161</sup>

<sup>157</sup> 'Notes on Conversation Among Dulles, Australian and New Zealand Ministers for External Affairs and Staffs', February 16, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP.

<sup>158</sup> Ralph Harry, 'Interview with Ralph Harry, Australian diplomat [Interviewer, Ken Henderson]', 6 November–11 December 1985, TRC 1915, NLA.

<sup>159</sup> 'Notetaker AS Brown—Notes of meeting on 22 February 1951', 22 February 1951, NAA: A11099, 1/12. Spender similarly recalls: 'To the extent to which I could not achieve the peace treaty existing Australian policy called for, [I sought] to use our bargaining position to bring about some firm defence arrangement in the Pacific along the lines I had already been discussing with the President and Acheson; an arrangement which I believed desirable and necessary quite apart from the terms of any peace treaty with Japan.' Spender, *Exercises in Diplomacy*, p. 47.

<sup>160</sup> Spender, *Exercises in Diplomacy*, p. 47.

<sup>161</sup> 'Notes on Conversation Among Dulles, Australian and New Zealand Ministers for External Affairs and Staffs', February 16, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP.



An Anglo-American consensus had emerged that the Middle East was to be a Commonwealth responsibility during the first two years of any hot war. By invoking something of such high value to the Americans, Spender calculated that Washington would be more inclined to concede to Australian demands on Pacific defence. Spender's belief that he would be able to reach a *modus vivendi* with American officials and the subsequent high value he attached to obtaining an American security guarantee, was thus predicated not simply on American responsiveness but on Australia's capacity to induce this responsiveness in case of any residual American reluctance. Unlike the Lyons Government's disengagement strategy, the Menzies Government did not actually *exercise* these options. It did, however, make use of implicit threats to shape American behaviour, so it could reach a *modus vivendi* with that power.

The Menzies Government's interest in deepening strategic cooperation with the United States, and associated engagement preference, was thus far from pre-determined by Anglo-American power transition after the Second World War. Changes in the material distribution of power strengthened Australia's incentive to seek a strategic guarantee from the United States. In itself, however, this incentive did not determine Australian policy toward that power. The Australian interest in deepening cooperation with the United States in 1950–51, and Spender's proclivity to pursue this, was additionally underwritten by the Menzies Cabinet's perceptions that the US had benign intentions and, critically, by Spender's belief that Australia could forge a *modus vivendi* with American leaders. It was this combination of incentives and assumptions that ultimately gave rise to the Menzies Government's interest in deepening strategic cooperation with the United States and its subsequent engagement preference. The theoretical propositions that this study outlines thus better account for Australian engagement preferences than either power transition theory or Snyder's theory in itself.

When coupled with Snyder's theory, these propositions also more fully explain why Australia confidently pursued its interest and preference toward the United States from within an alliance context. As events unfolded during 1950 and 1951, the Australian interest toward the US evolved in such a way that was at odds with British preferences. That the Menzies Cabinet endorsed this interest, despite British objections, is suggestive of the high value the Cabinet assigned to it and, accordingly, the Government's perceptions of Australia's significant intra-alliance bargaining power. Whilst this is consistent with Snyder's theory, Snyder's theory does not account for *how* this interest came to be so highly valued from *within* an intra-alliance setting. How did Menzies and Spender reconcile their interests in an ascendant America with ostensibly

conflicting imperatives of alliance management? It is in this context that this study's second set of theoretical propositions have explanatory utility.

### **Imperial Politics: The Impact of Empire on Australia's Engagement Strategy**

Despite changes in the Anglo-American power balance, Australia was still a generally risk-averse junior ally of Great Britain under the Menzies Government. In part, this derived from its lingering socio-cultural attachment to Great Britain. For this reason, Australian policymakers viewed the British Commonwealth tie as qualitatively different from the evolving American connection.<sup>162</sup> The British also provided critical security and economic benefits, which either the United States could not, or showed no inclination to, replace. Furthermore, the Menzies Government viewed the British Commonwealth as an important diplomatic asset, enabling Australia to augment its influence in international affairs. This was particularly important to Spender who espoused the view that small states tend to be ignored in an international system dominated by great power politics.<sup>163</sup> Although Menzies is frequently portrayed as more imperialist than his Cabinet ministers,<sup>164</sup> Spender shared his views about the importance of the British Commonwealth, albeit for more pragmatic reasons. Like Menzies, Spender advocated greater cooperation within the British Commonwealth as well as closer ties between the Commonwealth and the United States.<sup>165</sup>

The value that the Menzies Government continued to attach to the imperial alliance impacted on Australia's engagement strategy toward Washington in two respects. First, the Menzies Government was still concerned to maintain its reputation for alliance loyalty so as not to unduly offend the British and jeopardise diplomatic and security benefits. Accordingly, Spender and Menzies consulted with British officials

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<sup>162</sup> As Casey wrote in 1955, 'I am conscious of the fact that there are some people who believe that if one speaks in an appreciative way of the United States ... this reflects some disloyalty to Great Britain. This is a state of mind that I fail to understand. Our mother country is Great Britain, and we Australians yield none in our loyalty and regard for Great Britain'. Casey, *Friends and Neighbors*, p. 28.

<sup>163</sup> Spender observed in 1946 that, 'Australia's influence in international affairs derives its power mainly from the fact that it is a member of the British Commonwealth of Nations. Were it not for this, a nation with a population less than that of the City of New York ... would not have its voice heard above a whisper in the Council of Nations'. Percy Spender, 'Australia in a Changing World,' Address at the Manly Rotary Club Luncheon Hotel, 4 February 1946, Spender Papers, MS 4875/11, NLA. See also Percy Spender, 'Serious International Situation: Need for Liberal Party to Clearly Indicate its Foreign Policy', Address to the Liberal Party Convention Assembly Hall, Sydney, 25 June 1948, Spender Papers, MS 4875/11, NLA.

<sup>164</sup> See Grattan, *The United States and the Southwest Pacific*, p. 219; Joan Beaumont, 'Making Australian Foreign Policy, 1941-69', in Joan Beaumont, et. al (eds), *Ministers, Mandarins and Diplomats: Australian Foreign Policy Making 1941-1969*, Carlton, Vic: Melbourne University Press, 2003, p. 3.

<sup>165</sup> Menzies, 'British Commonwealth of Nations', p. 15; Spender, 'International Affairs', pp. 621, 634; Percy Spender, 'Australia in a Changing World', 4 February 1946, MS4875/11, NLA.

and, to some extent, accommodated British concerns over Pacific security. Second, the Australians were acutely conscious that they were still only a pawn in a larger Anglo-American partnership.<sup>166</sup> British efforts to persuade Dulles against a Pacific Pact, prior to the Americans' visit to Canberra, reinforced this perception. During the Canberra negotiations, Dulles noted 'the difficulty in proceeding if the British continue to feel as strongly as they have indicated'.<sup>167</sup> Spender therefore recognised that, whilst Australia did not have to conform to British preferences, London's acquiescence was an important component of his efforts to forge closer Australian-American ties. As Spender later reflected in his memoirs:

I sought from it [Britain], not approval of the proposed treaty, but her statement that it was not opposed to it. This was of prime importance, because if it were opposed, her influence with the USA could have been critical.<sup>168</sup>

Spender's belief that he could obtain British acquiescence was predicated on what Australian policymakers perceived as the natural congruence between their engagement preference toward the US and core British interests, as well as the consistency of the preference with evolving understandings of alliance contribution.

### *Consistency with British Interests*

The tenacity with which Australia pursued an American security guarantee from within its imperial alliance was, in part, founded on what the Menzies Government viewed as the natural compatibility between its engagement preference and core British global and regional interests. British postwar strategic assessments gave rise to the following Australian interpretation of these interests. Britain's first priority was the defence of its own territory and vital sea communications. This was followed by the defence of the Middle East against communist expansion. The Middle East was imperative to global allied strategy in view of its role as a geostrategic land bridge between Europe, Asia and Africa and its importance to Commonwealth air and sea communications. The loss of this region would significantly damage the prospect of the Western powers winning a war against the Soviet Union.<sup>169</sup> The Pacific entered a distant third in British defence planning priorities. As Australian Defence Minister Philip McBride reported back from

<sup>166</sup> Spender, *Exercises in Diplomacy*, p. 162; Alan Watt. 'Interview with Sir Alan Watt [Interviewer Bruce Miller]', 11 December 1974, TRC 306, NLA.

<sup>167</sup> 'Notes on Conversation among Ambassador Dulles, Australian and New Zealand Ministers for External Affairs and Staffs', February 16, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP.

<sup>168</sup> Percy Spender, *Politics and a Man*, Sydney: Collins, 1972, p. 268.

<sup>169</sup> Owendale, *The English-Speaking Alliance*, p. 112.

the Commonwealth Defence Ministers Meeting in June 1951, '[w]hile the threat to South-East Asia and the Pacific is real, the threat to the Middle East is regarded as more urgent and more dangerous during the next five years'.<sup>170</sup>

In this context, Spender and his Cabinet colleagues believed that an American security guarantee in the Pacific would facilitate British regional interests. It would enhance Commonwealth burden-sharing in the postwar period and lessen the need for a British commitment of force to that ocean. Indeed, it merely formalised an already tacit British assumption that the Americans were responsible for Pacific defence.<sup>171</sup> An American commitment to the security of the southern Dominions would also enable them to more freely perform their Commonwealth obligations by contributing troops to the defence of the Middle East. Spender later recalled:

[I]t seemed to us that the ability of Australia to send forces to the Middle East or elsewhere outside the area of the Pacific, depended directly upon our being able to secure some such arrangement as that contained in the draft [ANZUS] treaty ...<sup>172</sup>

Finally, Spender, at least initially, did not anticipate that any forthcoming Pacific Pact would exclude British participation. Up until October 1950, Spender advocated that British membership would be 'essential ... on account of their interests in the Pacific'.<sup>173</sup> The decision to exclude Great Britain was taken by the United States because British participation would render it difficult to exclude other colonial powers.

In view of what Australian policymakers perceived as the congruence between an American security guarantee and Britain's own vital interests, they were genuinely surprised by British opposition to their initiative. Although British Foreign Secretary Ernest Bevin had persuaded Spender to discuss defence with the United States during the 1950 Colombo Conference, his response to Spender's Pacific Pact proposal was reluctant at best. He suggested neither a British desire to join in this arrangement nor a promise not to object to Australian-American negotiations that excluded Great Britain.<sup>174</sup> British opposition to a Pacific Pact intensified in January and February 1951. In a letter from British High Commissioner to Australia E.J. Williams to Acting Australian Prime Minister Arthur Fadden, the British Government made known its objections to Dulles 'offshore island' chain proposal. These objections were: (1) that such an arrangement might cut across the Dominions' contributions to the Middle East;

<sup>170</sup> P. McBride, 'Defence Policy and Global Strategy—The Middle East', 31 July 1951, NAA: A4905, 1/70.

<sup>171</sup> 'Cablegram from Spender to Menzies', 3 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, pp. 53–54.

<sup>172</sup> Spender, *Exercises in Diplomacy*, p. 90.

<sup>173</sup> Goldsworthy, *Losing the Blanket*, p. 17.

<sup>174</sup> Spender, *Exercises in Diplomacy*, p. 37.

(2) that a Pacific Pact which excluded mainland Southeast Asia would undermine those countries' confidence in their security and render them more susceptible to communist influence; (3) that such an arrangement may be perceived as a 'white man's pact' and alienate other Asian countries; and (4) that the arrangement would be injurious to British prestige and suggest an Anglo-American rift. The British Government instead advocated a simpler form of security assurance, such as a unilateral US declaration that guaranteed the sea approaches to Australia and New Zealand.<sup>175</sup>

Spender did not assign weight to all these British objections. London's objections suggested British sensitivities, but few of them were linked to Britain's core strategic interests as he viewed them and none posed an insurmountable barrier to forging a Pacific Pact.<sup>176</sup> Alan Watt later recalled that the Australian negotiating party could not understand why the British were so opposed to a Pacific Pact, in view of the fact that the Pacific was a rather peripheral British concern.<sup>177</sup>

Nevertheless, the Australians endeavoured to either meet or refute London's concerns in an effort to secure its acquiescence to ANZUS. In some instances, Australian policymakers yielded tactical concessions. Discussions between Australian negotiators and the British Representative to Asia, Sir Esler Dening, in the week preceding the Dulles negotiations, suggested that the British would be amenable to a tripartite security arrangement.<sup>178</sup> This narrower security arrangement would mitigate the risk of Southeast Asian countries fearing abandonment should they have been excluded from a larger regional initiative. The Australians accordingly negotiated with Dulles for a tripartite pact between Australia, New Zealand and the United States rather than a quadripartite (including the Philippines) or multilateral alternative. They also argued for a wider consultative group, stemming from this tripartite arrangement, which would include Great Britain.<sup>179</sup>

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<sup>175</sup> 'Letter from Williams to Fadden', 8 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 57.

<sup>176</sup> In his discussions with Dulles on 17 February, Spender noted that 'if there were any British objections to the pact which he had not discussed he would be glad to take them up as he knew of no objections which could not be satisfactorily met'. Menzies also does not appear to have believed that a Pacific Pact fundamentally conflicted with British interests in any way. 'Notes on Conversation Among Ambassador Dulles, Ministers for External Affairs of Australia and New Zealand and Staffs', February 17, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP; 'Cablegram from Spender to Harrison', 21 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 95.

<sup>177</sup> Watt, *Australian Diplomat*, p. 180.

<sup>178</sup> 'Notes on Conversation Among Ambassador Dulles, Ministers for External Affairs of Australia and New Zealand and Staffs', February 17, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP; McIntyre, *Background to the ANZUS Pact*, p. 313.

<sup>179</sup> Colbert, *Southeast Asia in International Politics*, p. 172. Before initialing the ANZUS Treaty in July 1951, Casey was eager to ensure that Article 8 anticipated a consultative relationship between Great

In other instances, however, Spender wrote to British representatives, arguing against their objections, in order to convince them of the fundamental compatibility between British strategic interests and a Pacific security arrangement. With regard to Southeast Asia, Spender assured the British that, along with any tripartite security arrangement, corresponding reassurances could be issued to mainland Asian countries.<sup>180</sup> Menzies and Spender also argued that a Pacific security arrangement, along the lines mooted, would be more likely to facilitate instead of prevent an Australian contribution to the Middle East.<sup>181</sup> By invoking these arguments, Spender and Menzies sought to manage any intra-alliance risk associated with Australia pursuing a course of action toward the United States that diverged from British preferences. Dening's initial approval of the draft treaty provided them with some basis for confidence that their arguments had been successful and that they had at last arrived at a formula to which the British would acquiesce.<sup>182</sup>

### *Consistency with Intra-Alliance Understandings of Contribution*

Provided Australia's engagement preference did not compromise core British interests, the Menzies Cabinet also believed that it could garner British acquiescence on the basis of evolving intra-imperial understandings regarding alliance contribution. These understandings were both regulative and constitutive. They were regulative in the sense that the Menzies Government believed it could appeal to these understandings in order to convince the British that its engagement initiative was justified. They were constitutive in the sense that Spender and Menzies believed their engagement preference naturally derived from them. It was these understandings, rather than simply changes in the Anglo-American power balance that enabled Spender and Menzies to reconcile their desire to engage with the United States with their pre-existing alliance obligations.

How had these understandings evolved since the 1930s? In the aftermath of the Second World War, intra-imperial understandings of alliance contribution

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Britain and the ANZUS Council. 'Cablegram to Casey from Spender', 12 July 1951, NAA: A816, 19/304/444.

<sup>180</sup> 'Cablegram from Spender to Harrison', 21 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 97.

<sup>181</sup> Menzies argued that the ANZUS treaty would 'be an outstanding contribution to the security of Australia and New Zealand and thus facilitate the carrying out by Australia and New Zealand of responsibilities in the areas outside the Pacific'. 'Cablegram from Spender to Harrison', 21 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 95.

<sup>182</sup> Letter from Spender to Dulles, 8 March 1951, Spender Papers, MS 4875/5, NLA; Watt, *Australian Diplomat*, p. 181.

fundamentally changed to accommodate Britain's relative decline in the international system. At the 1946 Prime Ministerial Conference, a consensus emerged that the Dominions would assume the burden for their home defence and would undertake joint defence planning, in cooperation with other Commonwealth countries, for their local region.<sup>183</sup> The ANZAM joint planning arrangement, established between Australian, British and New Zealand Service representatives, was a local manifestation of this new imperial defence principle. ANZAM was directed at coordinating Commonwealth defence planning for the Malaya peninsula and later the greater Southwest Pacific area.<sup>184</sup> Casey observed that:

[B]y engaging in regional co-operation, we are not only giving substance to the new concept of the Commonwealth relationship, but, by throwing in weight where weight is needed, we are also removing some of the burden from the United Kingdom and adding to the influence in international politics of the Commonwealth as a whole.<sup>185</sup>

Regional decentralisation of the Commonwealth was regarded as strengthening the material and political influence of that entity as a whole.

Australian assumption of greater territorial and regional defence responsibility also had implications for intra-alliance consultative practices. Although Australian policymakers still envisaged an important role for imperial consultation,<sup>186</sup> regional decentralisation resolved the dilemma of how, and under what circumstances, Australia should subordinate its divergent interests and preferences to those of Great Britain. As the principal provider for its own territorial and regional defence, Australia was to have primary control on foreign policy matters that related to the Pacific. Spender argued for:

... the necessity [of] an independent strategic and economic foreign policy by Australia in the Pacific and Far Eastern areas, independent in the sense that in relation to these areas, the British Government would regard Australia's interests as dominant, just as Australia has, as an "advising" Dominion, been prepared to accept as final British decisions on European affairs.<sup>187</sup>

In the event of a conflict of interest between Britain and Australia on issues of Pacific security, Australian interests would take prominence. Intra-alliance contributions were therefore re-defined in terms of assuming regional responsibility for defence, consultation and deference to the metropolitan powers' interests in regional affairs.

In this context, Spender and Menzies believed that British acquiescence *should* be forthcoming in view of the fundamental consistency between Australia's engagement

<sup>183</sup> Hack, *Defence and Decolonisation*, p. 75.

<sup>184</sup> Young, *Australian, New Zealand, and United States*, p. 63.

<sup>185</sup> R.G. Casey, 'The Conduct of Foreign Policy', *Third Roy Milne Memorial Lecture*, 25 September 1952, p. 10.

<sup>186</sup> Spender, 'International Affairs', p. 634; Casey, 'The Conduct of Foreign Policy', p. 7.

<sup>187</sup> Spender, *Australia's Foreign Policy*, p. 15.

preference toward the US and postwar intra-imperial norms. Obtaining a binding American commitment to the defence of Australia and New Zealand was consistent with those Dominions adopting greater responsibility for their territorial and regional defence.<sup>188</sup> In view of its own relatively weak military capabilities, Australia did so through enlisting diplomacy toward another ‘great and powerful friend’. Furthermore, while Australia duly consulted with Britain on matters of Pacific defence, Menzies and Spender both believed that, as the metropolitan dominions in that ocean, Australian and New Zealand interests and preferences should legitimately take precedence. As Menzies communicated to the British Government in the wake of Williams’ letter, ‘[m]y Government regards the adoption of a Treaty of this kind as of the first importance and takes it for granted that the United Kingdom Government will lend its utmost efforts in achieving this end ...’.<sup>189</sup> More explicitly, Spender justified Australia’s prerogative on ANZUS to both the British and the Americans in the following terms:

[W]hile we welcome consultation and helpful suggestions [from Britain], we are determined to carry out the first responsibility of the Government of any nation, namely the provision of adequate security for its own people. Australia is a metropolitan Pacific power. We have to live in the Pacific—our headquarters are in the Pacific. This puts us in a different position from any country whose metropolitan territory is in another area of the world.<sup>190</sup>

On the basis of shared intra-imperial understandings regarding alliance consultative practices, the Menzies Government believed the British had few grounds on which to object to ANZUS. On learning of British efforts to persuade Dulles against a Pacific Pact, without first consulting Canberra, Spender believed that the British had acted in a way that was ‘directly prejudicial to Australian vital interests’.<sup>191</sup> He responded to British objections by exclaiming: ‘We are not a Colony, you know. You will hear more about it.’<sup>192</sup>

Notably, the Menzies Government still consulted with British representatives after the Dulles negotiations and awaited the British Cabinet’s approval of the draft

<sup>188</sup> See, for instance, Robert Menzies, ‘Australia’s Place in the World’, Address at Royal Empire Society, 13 December 1951, Menzies Papers, MS 4936/2/79, NLA.

<sup>189</sup> ‘Cablegram from Spender to Harrison’, 21 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 95.

<sup>190</sup> ‘Cablegram from Spender to Harrison’, 21 February 1951, in Holdich, Johnson, and Andre (eds), *The ANZUS Treaty 1951*, p. 97. During the Dulles negotiations, Spender declared that ‘it seemed somewhat surprising to him that the US should have been so deterred by the British objections. Australia ... regards itself as the principal in this area. After all ... the Australians live here’. ‘Notes on Conversation Among Dulles, Australian and New Zealand Ministers for External Affairs and Staffs’, February 16, 1951, Pacific Pact March 2, 1950–October 1, 1951, Japanese Peace Treaty Files of John Foster Dulles, Microform C-0043, RG59, NACP; For similar reasoning, see Casey, ‘The Conduct of Foreign Policy’, pp. 7, 10.

<sup>191</sup> Watt, *Australian Diplomat*, p. 180.

<sup>192</sup> Lowe, *Menzies and the “Great World Struggle”*, p. 79.



ANZUS Treaty. This approval was forthcoming on 12 March 1951.<sup>193</sup> Unlike previous cases where intra-alliance understandings cast Australia in a role supportive of predominant British interests, Canberra's interpretations of intra-alliance understandings in the early 1950s facilitated Australian divergence from British preferences in a Pacific context. To Australian policymakers, these understandings denoted a wider range of foreign policy practices that still comprised acceptable risk-averse behaviour within the imperial alliance. Consequently, Australia could pursue these foreign policy practices without significantly damaging Anglo-Australian relations. As this study generally argues, the prospect of eventual British acquiescence to Australia's engagement initiative, on this basis, facilitated the high value that the Menzies Government assigned to its interest in the United States. In line with Snyder's theory, Spender and Menzies subsequently believed that Australia possessed significant intra-alliance bargaining power in this situational context, despite Australia's general fears of abandonment by Great Britain. The Menzies Government was thus able to reconcile pursuing a security alliance with the United States with Australia's still important imperial alliance with Great Britain.

## Conclusion

The Menzies case reaffirms the insufficiencies of existing international relations theories in explaining the dynamics of junior allied engagement. Taking place at the height of the Anglo-American power transition in the Asia-Pacific, the ANZUS negotiations present a particularly strong test for power transition theory. Demonstrated British incapacity during the Second World War suggests that Australia should have aligned more closely with the US whilst disregarding British objections. Yet, these theorists cannot account for the delay between demonstrated American material capacity during the war and Australia's political engagement strategy toward the United States. Nor can they explain how and why Australian policymakers were able to forge a new security relationship with Washington whilst preserving their pre-existing alliance with Great Britain.

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<sup>193</sup> Despite ongoing strong British reservations that were communicated to the Australian Government, the British Cabinet approved the draft ANZUS Treaty on the basis that it would more likely facilitate Australian and New Zealand contributions to the Middle East in the event of global war. It was also deemed necessary to preserving strong political relationships with the southern Dominions—a necessary asset if they were to represent British interests in the new Pacific defence arrangement with the United States.

Snyder's theory of intra-alliance bargaining power better accounts for the Menzies Government's engagement strategy toward the United States. His theory would attribute the Menzies Government's engagement strategy to its perceptions of comparatively greater Australian intra-alliance bargaining power, deriving from the high value that the Menzies Government assigned to Australia's interest in deepening political and strategic cooperation with the US. Yet, Snyder's theory is still limited in explaining how this interest in deepening cooperation came about or why the Government assigned such a high value to it, in the context of Britain's reservations.

This chapter has argued that the Australian interest in deepening political and strategic cooperation with the United States was not determined by change in the Anglo-American power distribution or by Britain's own evolving policies toward the rising power. Instead, it was predicated on those same three factors which this study has identified as important and which underpinned Deakin's engagement strategy toward the United States. First, the Menzies Cabinet designated the US as a benign regional power. This established the necessary political context within which engagement could take place. Second, the intensifying threat posed by Communist China and the prospect of a remilitarised Japan, coupled with the United States' material capacity to deter these threats, provided important incentives to deepen cooperation with the US. These included underwriting the regional balance of power and providing a strategic guarantee of Australia's defence. Britain's postwar decline in the Pacific augmented these incentives, but was not entirely responsible for their emergence. Third, Spender's belief that he could potentially reach a *modus vivendi* with Washington was especially critical to the timing of Australian engagement. Australia's signature on the Japanese peace treaty and its prospective contribution to the Middle East provided him with what, he believed, were bargaining levers to induce greater American responsiveness on a defence guarantee. The confluence between these factors underpinned Australia's interest in deepening political and strategic cooperation with the United States and its subsequent engagement preference toward that power.

This case study also underscores the importance of Australia's alliance as a constraint on how Australia translates its engagement preferences into a relevant strategy. In view of the broader Anglo-American global partnership, Canberra recognised that British acquiescence, if not support, was necessary if an Australian-American security commitment was to ever come to fruition. The high value that the Australian Government attached to its interest in deepening strategic cooperation with the US, and its corresponding intra-alliance bargaining power on this issue, was

premised on an assumption that the British could be induced to acquiesce to ANZUS. This assumption rested on what Spender and Menzies interpreted as the congruence between a US Pacific security guarantee and core British interests. It was also based on the consistency of their engagement preference with evolving intra-imperial norms. Spender and Menzies believed that intra-imperial norms allowed for Australian interests and preferences to prevail when the two allies conflicted on Pacific matters. The prospect of eventual British acquiescence to Australia's engagement strategy, and the US security guarantee ensuing, mitigated the risk of intra-alliance tension. This, in turn, rendered Australian calculations of dependence on Great Britain as less central and gave rise to Australian perceptions of intra-alliance bargaining power in this issue-specific context. The Menzies Government was thus able to optimise forging a security alliance with the United States with effective management of its imperial alliance with Great Britain.

This case therefore confirms both the relative strengths and weaknesses of Snyder's theory as an explanatory framework for junior allied engagement during power transition. Consistent with his theory, the Menzies case illustrates that Australian interests and preferences toward a rising power do not axiomatically follow from a senior ally's preferences. Australia developed distinct interests toward the rising power based on more complex considerations. Second, Australia's engagement strategy toward the United States resulted from Australian decision-makers' perceptions of significant intra-alliance bargaining power. In this case, the highly valued interest of securing an American defence guarantee offset the constraining influence of Australia's continuing dependence on Britain. Yet, as in the preceding cases analysed, Snyder's theory cannot detail when the substance of this interest will favour an engagement, disengagement or non-engagement preference toward the rising power. Nor does it fully explain when this interest will be sufficiently valued in an intra-alliance context to translate into a relevant strategy. In addressing these limitations, this study's theoretical propositions complement Snyder's theory in explaining the Menzies Government's quest for ANZUS and the shifting dynamics of Australian engagement during the Anglo-American power transition more generally. Summarising and collating the findings from the preceding three cases, it is these theoretical propositions to which we now turn.

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The previous three empirical cases suggest that Australian policies toward an ascendant America, whilst facilitated by the evolving Anglo-American global partnership, derived from more complex considerations than simply bandwagoning with British policies. Snyder's theory of intra-alliance bargaining power (rather than fears of abandonment and entrapment working in isolation) has the greatest explanatory power in detailing under what circumstances Australia, as a junior ally, was more or less inclined to engage with a rising power. Consistent with Snyder's theory, Australian policymakers were more likely to pursue their interest in, and associated engagement preference toward, the United States if they believed that they maintained comparatively greater intra-alliance bargaining power than Great Britain in a specific context. Australian perceptions of comparatively greater intra-alliance bargaining power were more likely when Australian policymakers assigned a high value to their interest in an ascendant America. Under these circumstances, considerations of alliance dependence and the senior ally's preferences had relatively minimal impact on Australia's engagement strategy toward the rising power. Conversely, Australian policymakers were less likely to perceive themselves as maintaining intra-alliance bargaining power if they attached a low value to their interest in the United States. Under these conditions, intra-alliance dependence and commitment considerations more profoundly influenced the Australian decision-making process, generally leading them to defer to British preferences. Australian policymakers' perceptions of intra-alliance bargaining power were thus an important determinant of whether they translated their interest and associated preference toward the US into a corresponding engagement strategy.

However, Snyder's theory of intra-alliance bargaining power is, in itself, inadequate to explain the changing dynamics of Australian engagement with the rising power. Two limitations are evident. First, Snyder's theory cannot explain the *substance* of Australia's interest toward the United States and when this favoured an engagement instead of a disengagement or non-engagement preference. Although both the Deakin and Lyons Governments viewed Australia as maintaining significant intra-alliance bargaining power, they adopted differing preferences as a result of their divergent interests in the rising power. Second, Snyder's theory does not explain when a junior ally, such as Australia, is more likely to *value* this interest in an intra-alliance context. Why was the Lyons Government constrained by British preferences in 1937, whilst the Menzies Government, in 1951, pursued an American security alliance despite British objections? When coupled with Snyder's theory of intra-alliance bargaining power, this

study's theoretical propositions (which address these ambiguities) provide a better understanding of temporal variation in Australian engagement with the US.

With regard to the substance of Australian interests, the previous three cases suggest that Australian policymakers were more likely to develop an interest in deepening cooperation with an ascendant America (and correspondingly likely to adopt an engagement preference) when the following three factors were present:

1. *Australian decision-makers viewed the United States as maintaining benign intentions.*

In all three cases, Australian policymakers believed the United States maintained benign intentions because it could be conditioned to behave in a way consistent with their preferred construct of regional order. Because this construct changed as the twentieth century progressed, so too did Australian policymakers' criteria for what constituted a 'benign' America. Generally, however, Australian policymakers viewed the US as benign because it did not pose a threat to the British Empire, maintained limited revisionist aims in the international system, and was accommodating of both imperial and Australian interests in the Southwest Pacific.

2. *Australian decision-makers believed there were strong incentives to cooperate with the United States.* These incentives usually encompassed a threat to Australia's strategic interests in regional order and the United States' military capacity. While threat perceptions focused Australian attentions on finding ways to ameliorate danger, Australian policymakers viewed US military capacity as a potentially valuable asset in underwriting the regional balance of power (a collective benefit) and in strategically guaranteeing Australian defence (a private benefit). In all cases, Australia's efforts to supplement declining British power in the Pacific underpinned its engagement-based approach toward the United States.

3. *Australian decision-makers believed they could reach a modus vivendi with the rising power.* Whether or not Australian policymakers believed they could reach a modus vivendi with the US was consistently predicated on: (1) the key Australian decision-maker's worldview and the priority they assigned to cultivating the general relationship over specific conflicts of interest; (2) the United States' perceived responsiveness to Australian overtures and concerns; and (3) the availability, and utility, of limited coercive tactics. When Australian policymakers sought to cultivate the general

relationship and perceived the US as responsive to their overtures, they generally believed they could reach a *modus vivendi*. Conversely, when they prioritised issue-specific conflicts, perceived a rising America as unresponsive to their concerns, and believed they had alternate recourse, they were less inclined to reach a *modus vivendi*.

If Australian policymakers were to develop an interest in deepening cooperation with a rising America, and to adopt a corresponding engagement preference, all three of the aforementioned factors had to be present. As premised in Chapter Two, *incentive factors* augmented Australian policymakers' interest in deepening cooperation, but did so only within the confines of their assessment that the United States maintained *benign intentions* and that they could forge a *modus vivendi* with that country. Incentives, coupled with perceived benign intentions, rendered an engagement-based approach (as opposed to a non-engagement approach) politically plausible. This is illustrated by Australia's divergent approaches to Japan and the US during the first half of the twentieth century. Meanwhile, whether Australian policymakers' believed they could reach a *modus vivendi* with Washington critically determined whether this engagement-based approach transformed into an Australian engagement preference. This was the principal factor that distinguished the Deakin and Menzies Governments' engagement preferences toward a rising America from the Lyons Government's disengagement preference toward that country. The relative confluence of the above incentives and beliefs determined the *substance* of Australia's interest toward the rising power, and its respective engagement preference, in an intra-alliance bargaining setting.

Whether or not Australian policymakers, in turn, translated this interest (and associated preference) into an engagement strategy depended on the *value* they assigned to it. The previous three chapters demonstrate that this designated value was critically mediated by alliance considerations. This was because Australia was a risk-averse junior ally that sought to preserve its alliance benefits. Accordingly, Australian policymakers were more likely to assign a high value to their respective interest in the US if they believed they could, over time, convince Great Britain to *acquiesce* in their relevant engagement strategy. This contrasts to the 'dependency' school of thought, which suggests that Australian policymakers have generally complied with their senior ally's preferences or sought the active endorsement of that ally. Australian assessments of acquiescence were, instead, predicated on the following:

1. *If Australian policymakers perceived their engagement preference toward the United States as consistent with core British global and regional interests.* In most cases, the British Government exhibited reservations about Australian engagement with a rising United States. However, Australian policymakers were principally concerned to ensure their engagement preference did not compromise what they deemed core British global and regional interests. To do so would have rendered British acquiescence less likely. The importance of this factor is suggested by the Lyons Government's decision to abandon trade diversion in 1937. In most instances, however, Australian policymakers viewed their engagement preference as *facilitating* these British interests—even if the latter did not interpret it as such and needed persuading.

2. *If the preference toward the rising power was consistent with perceived intra-alliance understandings regarding what comprised an alliance contribution.* If Australian policymakers did not view their engagement preference as compromising core British interests, they then evaluated it against what they interpreted as shared understandings of alliance contribution. These understandings provided guidance on appropriate patterns of risk-averse behaviour and the extent to which differences toward the rising power could be accommodated within the alliance. As Australia assumed greater local defence responsibilities and consultative rights over time, Australian policymakers viewed their US policy initiatives as increasingly delimited from the alliance. So long as their engagement preferences were consistent with, or reinforced, these understandings, they were more likely to secure British acquiescence.

If Australian policymakers believed they could secure British acquiescence, they tended to assign a high value to their potentially divergent interest toward the rising power. This lessened considerations regarding asymmetric dependence and commitment in the Australian policy process. Ensuing perceptions of comparatively greater intra-alliance bargaining power meant Australian policymakers were more likely to translate their (dis)engagement preference into a (dis)engagement strategy. Deakin's invitation to the American fleet, Lyons' 1936 trade diversion policy, and Spender's efforts to secure a Pacific Pact, are all illustrative of Australian preferences being translated into strategies. Conversely, if Australian policymakers perceived themselves as unable to secure their ally's acquiescence, considerations of asymmetric dependence weighed more heavily and they were more likely to defer to British preferences in developing their strategy toward the United States. This is suggested by Deakin's abandonment of

his Agreement to extend the Monroe Doctrine and Lyons' termination of trade diversion in 1937.

By further specifying Snyder's notion of interest, these supplementary theoretical propositions render his theory of intra-alliance bargaining power more applicable to explaining the dynamics of Australian engagement with an ascendant America. However, to examine the broader theoretical validity of these propositions, we need to analyse them against other cases of engagement with rising powers from within an alliance context. The following three chapters explore this study's theoretical propositions in relation to Australian engagement with a rising China, from within ANZUS, between 1971 and 1997. In view of the contrasts between a rising America in the first half of the twentieth century and a rising China in the latter half, this set of cases presents very differing conditions for analysing these propositions. Far from viewing China as a country that could buttress the existing regional order, Australian policymakers engaged with China to prevent it from emerging as a possible regional spoiler. The tenuous nature of Sino-American cooperation also rendered it harder for Australia to reconcile alliance imperatives with its engagement preferences toward a rising China. Application of the study's theoretical propositions to this fundamentally differing empirical context provides an important basis for substantiating their wider relevance to Australian foreign policy and to, potentially, other cases of junior allied engagement.



PART THREE:

AUSTRALIAN ENGAGEMENT DURING THE SINO-AMERICAN  
POWER SHIFT, 1971-98

## CHAPTER SIX

### NORMALISING DIPLOMATIC RELATIONS: WHITLAM AND A RISING CHINA, 1971–72

On 22 December 1972, the newly-established Australian Labor Party (ALP) Government, led by Prime Minister Gough Whitlam, recognised and established diplomatic relations with the People's Republic of China (hereafter, 'PRC' or 'China'). This reversed more than twenty years of Liberal Government policy toward that country. While the Chifley Government had initially favoured recognising the PRC, the electoral victory of the Menzies Government in December 1949 gave rise to a policy approach favouring non-recognition and strategic containment. Successive Liberal Governments viewed China, with its support for Southeast Asian communist insurgencies, as a threat to Australian security. They believed that recognising the PRC would have been interpreted within the region as condoning such behaviour.<sup>1</sup> Liberal Governments also placed a premium on securing an ongoing American security role in Southeast Asia by demonstrating Australia's bona fides as a diplomatic and military supporter of US regional policies.<sup>2</sup> Non-recognition, and support for US strategic containment of China (most visibly manifest in Australia's military contribution to the Vietnam War) were viewed as important alliance imperatives.<sup>3</sup> Thus, Australia's China policy followed the parameters established by Washington during the height of the Cold War.

By the early 1970s, however, this policy framework had begun to unravel. De-escalation of the Vietnam War, the emerging Sino-American détente, and growing international recognition of the Communist Chinese Government were all challenging its underpinnings. The Australian Government was slow to make the concomitant policy adjustments. The McMahon Government announced that it would 'normalise' relations

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<sup>1</sup> Henry Albinski, *Australian Attitudes and Policies Towards China*, Princeton, NJ: Princeton University Press, 1965, p. 57.

<sup>2</sup> Albinski, *Australian Attitudes and Policies Towards China*, p. 57; Gary Woodard, *Asian Alternatives: Australia's Vietnam Decision and Lessons on Going to War*, Carlton, Vic: Melbourne University Press, 2004, p. 273.

<sup>3</sup> Albinski, *Australian Attitudes and Policies Towards China*, p. 57; P.C. Spender, 'Relationships Between Australia and China', 19 February 1951, in Stuart Doran and David Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, Canberra: Commonwealth of Australia, 2002, p. 52; Woodard, *Asian Alternatives*, p. 273.

with China through the progressive extension of trade and cultural exchanges. Yet, it refused to link these measures to establishing diplomatic relations.

Simultaneously, the Australian Labour Party (ALP) was developing an alternative approach. Then Opposition Leader, and later Prime Minister, Gough Whitlam has traditionally been portrayed as the chief architect of Australia's changing policy course toward China and the subsequent evolution of modern Sino-Australian relations. As Chairman of the ALP Foreign Affairs Committee at a time when China assumed prominence on the party agenda, Whitlam's endorsement of deeper Sino-Australian relations was important. Critically, however, Labor policy had incorporated recognition of the PRC since 1955. The Federal Executive also played an important role in proposing, and persuading Whitlam to support, an ALP delegation visit to China in July 1971. During this visit, Whitlam not only established the terms on which Australia would recognise the PRC but the enduring principles upon which a cooperative Sino-Australian relationship would be based if (and when) a Labor Government assumed power. After winning the December 1972 elections, the Labor Government immediately set about negotiating recognition and cooperative diplomatic relations with the PRC on the basis of those principles agreed to during the 1971 visit. These principles formed the basis for the December 1972 Paris Communiqué,<sup>4</sup> which Whitlam deemed the contractual basis for Sino-Australian political relations.<sup>5</sup>

As a forerunner to Australia's engagement-based relationship with China, the decision-making processes leading up to the ALP delegation visit in July 1971 are critical to understanding Australia's policy shift toward China. This chapter analyses these decision-making processes. Existing theoretical perspectives are limited in explaining the policy calculations that took place during this time. Power transition theorists would attribute the ALP Federal Executive's decision to deepen cooperative relations with China to that country's growing political power, coupled with an increasing dissatisfaction with the United States. Yet, Whitlam and most of his colleagues still viewed the US as the dominant regional power for some time to come

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<sup>4</sup> This Communiqué not only declared that Australia would recognise the People's Republic of China as 'the sole legal Government of China', but noted that both countries would develop cooperative diplomatic relations 'on the basis of the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence'. 'Joint Communiqué of the People's Republic of China and the Australian Government Concerning the Establishment of Diplomatic Relations Between China and Australia', 21 December 1972, *Whitlam Institute E-Collection*, available at <<http://cem.uws.edu.au/R?RN=55011260>>, accessed 14 April 2007.

<sup>5</sup> Interview with Graham Freudenberg, 27 July 2007; E.G. Whitlam, 'Sino-Australian diplomatic relations 1972-2002', *Australian Journal of International Affairs*, 56(3) 2002, p. 331.

and sought to preserve *Pax Americana* in the Asia-Pacific.<sup>6</sup> Nor did their engagement strategy simply reflect the United States' own rapprochement with China. Although the ALP delegation's visit to China overlapped with that of US Secretary of State Henry Kissinger in July 1971, the ALP decision to send its delegation was made well before Kissinger's visit. Moreover, when making the decision in April 1971, ALP policymakers had no knowledge that the Kissinger visit would take place. Power transition theorists cannot readily account for the ALP's decision to more comprehensively engage with China.

Snyder's model of intra-alliance bargaining power better accounts for ALP engagement. Whitlam attached considerable importance to ANZUS in view of what he perceived as Australia's strategic reliance on the United States. Successful alliance management was also critically linked to domestic political support for any Australian Government.<sup>7</sup> Whitlam therefore did not wish to undertake any policy action that could potentially damage the alliance by unduly alienating Washington. Simultaneously, however, he and his fellow Federal Executive members assigned a high value to what they designated as Australia's interest in deepening political cooperation with China. As Snyder's theory predicts, this highly valued interest influenced their perceptions of Australia's significant intra-alliance bargaining power and gave rise to their subsequent engagement strategy. However, intra-alliance bargaining power, as a concept in itself, cannot fully explain why the ALP came to engage with a rising China in 1971–72 and how it reconciled this with alliance management imperatives. To fully comprehend why ALP engagement with China emerged, we need to understand why Whitlam and his colleagues developed an interest in deepening cooperation with China in the first place and how they came to so highly value this interest.

The supplementary theoretical propositions outlined previously in this study provide a framework for interpreting ALP China policy and for better understanding the ensuing shift from an Australian non-engagement to engagement-based approach during the early 1970s. Unlike Australian engagement with a rising America, the ALP engaged with China not on the basis that it would emerge as a contributor to regional order, but

<sup>6</sup> Joseph Camilleri, 'Foreign Policy', in Allan Patience and Brian Head (eds), *From Whitlam to Fraser: Reform and Reaction in Australian Politics*, Melbourne: Oxford University Press, 1979, p. 259.

<sup>7</sup> Kim C. Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance: An Analysis of the Effects of Selected Australian Foreign Policy and Defence Issues on the Evolution of Australian Labor Party Attitudes to the United States Alliance, 1961–72*, M.A. Thesis, University of Western Australia, 1974, pp. 204, 210–11, 215; American Embassy to Secretary of State, June 6 1973, POL 7 AUSTL 1 folder, Box 31, Subject Files of the Office of Australian, New Zealand, and Pacific Island Affairs 1959-74 (OANZPIA), General Records of the Department of State Record Group (RG) 59, National Archives College Park (NACP); American Embassy Canberra to Department of State, June 10 1970, POL 12 AUSTL folder, Box 22, OANZPIA (1959-74), RG59, NACP.

on the premise that political cooperation with China would not undermine that order. This assumption was predicated on the same three supporting factors that underpinned Australian engagement with a rising America during the first part of the twentieth century. First, and most fundamental to the ALP's engagement initiative, was the perception that China was a potentially benign regional power and could be conditioned, over time, to behave in ways consistent with Australia's preferred construct of regional order. Second, there were powerful incentives to cooperate with Beijing in this political context. These included, paradoxically, the potential threat it could pose if it was ostracised from the international community, as well as the economic benefits Australia could derive from China's rising power. The prospect of successfully forging a politically acceptable *modus vivendi* with Beijing was the third critical factor that underpinned the ALP's interest in deepening cooperation with China and associated engagement preference.

Yet, while these factors determined the *substance* of the ALP's interest toward China, the *value* that Whitlam, in particular, assigned to this interest was affected by the ANZUS alliance. Whitlam sought to ensure that engagement with the PRC would not negatively affect that alliance. Archive evidence suggests that he was careful to secure Washington's acquiescence to ALP China policy during a visit to Washington in 1970. His ensuing assumption that the US would acquiesce to more cooperative Sino-Australian relations (including the 1971 ALP delegation visit) was predicated on what he viewed as the congruence between the ALP's engagement preference and core American regional interests. Moreover, he envisaged engagement as fundamentally consistent with evolving intra-alliance understandings regarding alliance contribution in the post-Vietnam era. The ALP's decision to engage with China by sending a delegation to Beijing was concurrent with Australia assuming a more significant and independent regional role in the wake of US military retraction post-Vietnam. Although Whitlam consulted with American officials about China, he did not believe that Australia needed to coordinate with US China policy in either its substance or timing. He and his ALP colleagues confidently pursued their China engagement initiatives ahead of demonstrated changes in American policy, without fearing that they would damage ANZUS. The ALP was thus able to engage with a rising China from *within* the context of Australia's American alliance.

To examine the key influences on ALP's decision-making regarding China, this chapter first briefly outlines the changing regional power dynamics during the early 1970s. It then evaluates the extent to which power transition and Snyder's theories

account for the ALP's engagement strategy toward the China. The second part of the chapter examines the extent to which the theoretical propositions posited in the previous three cases can explain the substance of the ALP's interest in deepening Sino-Australian relations, and its associated engagement preference, in 1971–72. The third part of the chapter explores how Whitlam and his advisors came to attach such a high value to this interest. In so doing, the chapter analyses how Whitlam and his colleagues established a framework enabling Australia to optimise relations with China and the United States rather than choosing between these two powers.

### Origins of the Sino-American Power Shift

During the early Cold War, successive Australian Governments viewed the United States as the globally and regionally dominant power. While the Soviet Union obtained nuclear parity with the United States, it lagged behind in both its economic strength and technological sophistication. This imposed limits on its strategic capacity.<sup>8</sup> Nevertheless, Australian policymakers still viewed the Soviet Union as a peer competitor of the US and a general threat to the Western democracies that needed to be deterred through joint defence efforts. In the region, this view was underscored by the ideological alliance between the Soviet Union and China.

China was regarded as only a distant third power in the region. Although the Chinese successfully tested their first nuclear weapon in 1964, its limited nuclear capability inhibited it from emerging as a serious contender for regional dominance during the early years of that decade. The 1958 Sino-Soviet split further undercut Chinese power. Chinese leader Mao Zedong's alternative communist economic philosophy sharply curtailed the country's economic growth and, in turn, stymied its conventional military capacity.<sup>9</sup> The 1964 Cultural Revolution also led to China's diplomatic isolation and prevented it from developing a strong competitive position in

<sup>8</sup> See, for instance, the 1956 'Strategic Basis of Australian Defence Policy', which noted that American thermo-nuclear weapons still provided it with a strategic advantage over the Soviet Union. The 1959 Strategic Basis paper noted that the West retained superiority as a result of weapons delivery capabilities. This dominance became less certain during the early 1960s, when the Soviet Union appeared to reach global nuclear parity with the United States. 'Strategic Basis of Australian Defence Policy', (1956, 1959, 1962) in Stephan Frühling (ed.), *A History of Australian Strategic Policy Since 1945*, Canberra: Commonwealth of Australia, 2009, pp. 237, 254, 281.

<sup>9</sup> John Lindbeck, 'Australia and China', in H.G. Gelber (ed.), *Problems of Australian Defence*, Melbourne: Oxford University Press, 1970, p. 6. The 1964 Strategic Basis paper observed: 'China's population and military capability will increase but her capability to deploy her great numerical strength in land forces and sustain large scale conventional operations against a major power will be limited by her logistic difficulties and the limitations of her industrial capacity.' 'Strategic Basis of Australian Defence Policy', (1964) in Frühling (ed.), *A History of Australian Strategic Policy Since 1945*, p. 314.

Asia.<sup>10</sup> While Chinese power was deemed threatening, it was limited to predominantly indirect means and localised to Southeast Asia.<sup>11</sup>

By the late 1960s, however, a series of events challenged traditional Australian strategic assumptions about the regional power balance. Increasingly, Australian policymakers were conscious of a *relative* decline in US regional power. The 1968 North Vietnamese Tet Offensive against American forces qualified Australian perceptions of the United States' capacity to effectively project power in mainland Southeast Asia. The Vietnam War also cast doubt on the United States' future *will* to intervene in regional communist insurrections.<sup>12</sup> Consequently, the Australian Government and ALP Opposition viewed US power as increasingly circumscribed to an offshore balancing role.<sup>13</sup> To Australian policymakers, this was manifest in the Nixon Administration's 1969 'Guam Doctrine', which placed responsibility on US Asia-Pacific allies for their own self-defence short of a nuclear attack.

Australian policymakers on both sides of Government projected that the United States would still remain the predominant regional power for some time to come.<sup>14</sup> The US maintained a superior economic and technological base and could project greater military capabilities than any other regional power. What Australian policymakers sought to ensure against was a further retraction of American power *beyond* a circumscribed offshore balancing role.<sup>15</sup> Both the McMahon Government and Opposition Leader Gough Whitlam independently sought reassurances, during separate visits to Washington in 1970, that the US would remain committed to Southeast Asian

<sup>10</sup> Lindbeck, 'Australia and China', p. 6.

<sup>11</sup> China exercised power in this sub-region by sponsoring insurgency, cultivating political influence through infrastructure projects, and promoting trade and foreign exchange. T.B. Millar, *Australia's Defence*, Melbourne: Melbourne University Press, 1969; 'Strategic Basis of Australian Defence Policy', (1968), in Frühling (ed.), *A History of Australian Strategic Policy Since 1945*, p. 352.

<sup>12</sup> E.G. Whitlam, 'International Affairs', 17 August 1967, *Commonwealth Parliamentary Debates*, 26<sup>th</sup> Parliament 1<sup>st</sup> Session, v. 56, p. 219.

<sup>13</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, pp. 243–44. As Whitlam observed in his 1973 speech to the Australian Institute of Political Science, '[t]he United States herself now accepts that its cold war commitment to global containment of Communism represented an over-extension of her real power. This was one of the inexorable lessons of Viet Nam'. E.G. Whitlam, 'Opening Address by the Prime Minister, the Hon. E.G. Whitlam, Q.C., M.P.', in Australian Institute of Political Science (ed.), *Foreign Policy for Australia: Choices for the Seventies*, Sydney: Angus and Robertson, 1973, p. 3.

<sup>14</sup> In a July 1973 meeting with US Vice-President Spiro Agnew, Whitlam concurred with Agnew's assessment that the United States maintained a 'virtual monopoly on power' in view of its technological lead over the Soviet Union. 'Memorandum of Conversation: Meeting with Mr. Gough Whitlam, Prime Minister of Australia', July 31 1973, POL7 Whitlam to US AUSTL 73 folder, Box 31, OANZPIA (1959–74), RG59, NACP.

<sup>15</sup> Whitlam, 'International Affairs', p. 223; 'Memorandum of Conversation: The US in Southeast Asia', July 16 1970, POL AUSTL-US 1/30/70 folder, Box 22, OANZPIA (1959–74), RG59, NACP.

security.<sup>16</sup> As then Deputy Secretary of the Department of Prime Minister and Cabinet Peter Bailey noted, Australian policymakers were not yet planning for ‘when’ the United States would withdraw from the region but were beginning to construct contingency plans for ‘if’ that event should take place.<sup>17</sup>

A second factor that altered traditional Australian strategic assumptions about the regional power balance was the emergence of an increasingly ‘polycentric’ power structure. While the United States and the Soviet Union remained the principal two superpowers, their ability to exercise this power (short of nuclear exchange) was viewed both within the Government and the ALP as increasingly conditional upon other great powers. The first Labor-endorsed Strategic Basis paper observed that:

The US and the USSR continue predominant, but, with China, Western Europe and Japan, there are now five major concentrations of political power. The influence of the two Super Powers is reduced by this ‘multi-polarity’ of political power and their policies have to take increasing account of it.<sup>18</sup>

The Australian Department of Foreign Affairs remained factionalised as to which regional great power—Japan or the PRC—would emerge most important in the region over the long term.<sup>19</sup>

This schism was reflected in Whitlam’s own thinking about regional power dynamics. Whitlam believed that the future of the region would be increasingly determined by Japan, China and Indonesia.<sup>20</sup> While he referred to Japan as ‘the strongest power’, he referred to China as ‘the largest power’.<sup>21</sup> Echoing US President Richard Nixon’s views about the prospective ‘rise’ of China, Whitlam observed that within the next twenty years, ‘[t]he relative status of China will be greater’ and there ‘won’t be such a big gap between China and Japan or between China and Russia’.<sup>22</sup> Although China was still economically under-developed, he believed that its landmass

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<sup>16</sup> ‘Memorandum of Conversation: Visit of Australian Member of Parliament’, May 25 1971, POL 7 AUSTL 3-21-71 folder, Box 25, OANZPIA (1959–74), RG59, NACP; ‘Memorandum of Conversation: The US in Southeast Asia’, July 16 1970, POL AUSTL-US 1/30/70 folder, Box 22, OANZPIA (1959–74), RG59, NACP; ‘Memorandum of Conversation: Visit of Australian Minister for Defence’, April 7 1970, POL AUSTL-US 4/1/70 folder, Box 22, OANZPIA (1959-74), RG59, NACP.

<sup>17</sup> Interview with Peter Bailey, 12 April 2007. Whitlam and Barnard’s uncertainty about the extent of the United States’ future regional commitment is reflected in the first Labor-endorsed Strategic Basis Paper which observed that, ‘[i]t is still too early to tell how far changes in American policy will go’ and that the degree of ongoing US interest in Southeast Asia was uncertain. ‘The Strategic Basis of Australian Defence Policy—1973’, National Archives of Australia (NAA): A5931, CL 1030.

<sup>18</sup> ‘The Strategic Basis of Australian Defence Policy—1973,’ NAA: A5931, CL 1030.

<sup>19</sup> Interview with Stephen FitzGerald, 2 May 2007.

<sup>20</sup> Gough Whitlam, ‘Australia: Base or Bridge?’, Sydney: Sydney University Fabian Society, 1966, p. 5.

<sup>21</sup> Whitlam, ‘Opening Address by the Prime Minister’, p. 4.

<sup>22</sup> ‘Whitlam-Frost interview recorded in Canberra, 29 November 1973’, Cameron Papers, MS4614, Bound volumes entitled ‘Press Releases, Television, Radio Interviews by Hon. E. Gough Whitlam, 5/12/72-11/11/75’, National Library of Australia (NLA).



and population provided a basis for significant future growth.<sup>23</sup> The Labor Government subsequently noted that ‘its [China’s] nuclear capability and vast conventional superiority in ground forces give it status as a principal Power [in the region] and, of course, the influence that goes with that status’.<sup>24</sup>

Especially critical to Labor perceptions of a more powerful China was the PRC’s increasing influence and status in the international system.<sup>25</sup> In the early 1970s, Beijing launched a diplomatic offensive to re-engage with the international system after its self-imposed diplomatic isolation during the Cultural Revolution. The outcomes of this process were increasingly widespread international recognition of the communist regime as the legitimate government of China and the PRC’s admission into the UN Security Council and UN General Assembly on 25 October 1971. Kissinger and Nixon’s visits to China, in 1971 and 1972, respectively, also elevated China’s status in the international system by suggesting a shift towards global tripolarity.<sup>26</sup>

Whitlam and other Australian policymakers were realistic about the protracted nature of China’s future power trajectory.<sup>27</sup> Nevertheless, the *idea* of China as a rising power, underscored by its prospective economic power and increasing diplomatic weight, was already embedding itself in Australian policy circles. Theorists such as Robert Jervis and Deborah Larson argue that it is policymakers’ *perceptions* of international events, instead of the events themselves, which propel foreign policy behaviour.<sup>28</sup> To what extent can ALP efforts to recognise and normalise relations with China, from 1971, therefore be ascribed to perceptions of that country’s growing importance? Could the ALP’s policy approach be attributed simply to the logic of regional power transition?

## **Explaining the Australian Policy Shift towards China**

### ***Power Transition Theory***

Both the McMahon Government and the ALP viewed the PRC’s growing international recognition, and that country’s increased diplomatic influence, as a reason to adjust

<sup>23</sup> Interview with Graham Freudenberg, 27 July 2007; Interview with Eric Walsh, 12 June 2007.

<sup>24</sup> ‘The Strategic Basis of Australian Defence Policy—1973’, NAA: A5931, CL 1030.

<sup>25</sup> Interview with Eric Walsh, 12 June 2007; Interview with Stephen FitzGerald, 2 May 2007.

<sup>26</sup> Interview with Peter Bailey, 12 April 2007; Interview with Owen Harries, 4 May 2007.

<sup>27</sup> Interview with Graham Freudenberg, 27 July 2007; Interview with Eric Walsh, 12 June 2007.

<sup>28</sup> Robert Jervis, *Perception and Misperception in International Politics*, Princeton, NJ: Princeton University Press, 1976, pp. 8–10, 401; Deborah Larson, *Origins of Containment: A Psychological Explanation*, Princeton, NJ: Princeton University Press, 1985, p. 22.

Australia's long-standing China policy.<sup>29</sup> Yet, the McMahon Government's and the ALP's *divergent* policy responses suggest that this factor was, in itself, hardly sufficient for engagement to emerge. Nor was the subsequent Labor Government's shift from a non-engagement to an engagement-based approach associated with fundamentally altered perceptions of the regional power balance or inherent dissatisfaction with *Pax Americana* in the Pacific. These are perceptions which power transition theorists insist are necessary for secondary states to cultivate closer relations with a rising power.

Both the McMahon Government and the ALP were apprehensive about the United States' relative regional decline, but still viewed it as the dominant regional power and sought to preserve *Pax Americana* in the Pacific.<sup>30</sup> This is partly attributable to their cultural identification with the liberal democratic values that the US espoused.<sup>31</sup> More frequently, however, the McMahon Government and ALP policymakers cited the security benefits provided by the US. It was the only power capable of deterring Soviet (and potentially Chinese) expansionism. Whitlam believed that an offshore US presence provided invaluable reassurance while Australia and other Asia-Pacific countries worked to develop stable regional associations.<sup>32</sup> As early as 1967, Whitlam observed that Australia 'must seek an accommodation within the region', but that '[a] country does not forgo alliances until better arrangements are made'.<sup>33</sup> The US alliance also promised important private benefits for Australia, including an extended nuclear

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<sup>29</sup> For the McMahon Government's deliberations regarding how to respond to China's growing international recognition, see 'Submission to Cabinet', 9 February 1971, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 385; 'Submission to Cabinet', 17 February 1972, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, pp. 686–87; 'Cablegram to Washington', 13 May 1971, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 446. The following interviewees commented on Labor's response to China's increasing diplomatic recognition: Interview with Ross Cottrill, 15 April 2007; Interview with Eric Walsh, 12 June 2007; Interview with Stephen FitzGerald, 2 May 2007.

<sup>30</sup> 'Memorandum of Conversation: Visit of Australian Member of Parliament', May 25 1971, POL 7 AUSTL 3-21-71 folder, Box 25, OANZPIA (1959–74), RG59, NACP; Interview with Peter Bailey, 12 April 2007; Interview with Bill Hayden, 30 July 2007; Robert O'Neill, 'New Attitudes for a New Decade: Some Conclusions for Australian Foreign Policy Towards Asia in the 1970s', *Australian Outlook*, 24(2) 1970, p. 111.

<sup>31</sup> 'Memorandum of Conversation: The US in Southeast Asia', 16 July 1970, POL AUSTL-US 1/30/70 folder, Box 22, OANZPIA (1959–74), RG59, NACP. In his meeting with US Secretary of State Rogers, Whitlam applauded the United States championing 'aspirations for freedom and betterment of people everywhere'. He indicated that the ALP would like to see this image of the United States restored in Asia. 'Visit of Gough Whitlam', July 16 1970, POL 7 AUSTL 70 folder, Box 22, OANZPIA (1959–74), RG59, NACP.

<sup>32</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 225. Whitlam, 'International Affairs', pp. 219–20. Whitlam argued that an ongoing US regional presence was important, 'since by its very nature [the United States] has created and guaranteed in the Pacific a zone of peace in which the peoples of the region have for the last 20 years been free to pursue their political, economic, and social goals without fear'. American Embassy Canberra to Secretary of State, May 24 1973, POL 1 AUSTL 3/4/70 folder, Box 31, OANZPIA (1959–74), RG59, NACP.

<sup>33</sup> Whitlam, 'International Affairs', pp. 219–20.

deterrent and critical intelligence and logistical capabilities.<sup>34</sup> While Australian policymakers perceived a *relative* decline in American power, this did not translate into dissatisfaction with the US-led regional order. As in the Menzies case, this casts doubt on the interrelationship between power relativities, relative satisfaction, and junior allied engagement that power transition theorists highlight as so important. If Australia remained an essentially ‘satisfied’ junior ally of the US, why then did it engage with China? How did it optimise closer relations with China with its desire to preserve the American alliance?

Power transition theorists might advance a second argument that, as a satisfied junior ally, Australian policymakers were simply bandwagoning with the United States’ own changing policy toward China. However, the ambiguity surrounding Sino-American diplomacy at the time makes it difficult to sustain this case. As Evelyn Goh observes, the Nixon Administration adopted an essentially bifurcated approach toward China. The first element of this approach was a modified soft-containment strategy. Nixon believed that this strategy was necessary, not only to appease Republican hardliners, but to negotiate with China from a position of strength.<sup>35</sup> This was illustrated by the Nixon Administration’s reaffirmation of its Asia-Pacific alliance commitments, its encouragement of collective Asian security groupings and the 1969 Nixon-Sato Joint Communiqué.<sup>36</sup> These actions affirmed the continued ‘competitive’ aspect of Sino-US relations.

Simultaneously, however, Nixon navigated a rapprochement with China in order to gain strategic leverage in America’s relations with the Soviet Union.<sup>37</sup> Beijing’s fears of strategic encirclement by the Soviet Union to its north, Japan to its east and India to its south prompted Chinese leader Mao Zedong to reciprocate Nixon’s overtures.<sup>38</sup> This

<sup>34</sup> ‘The Strategic Basis of Australian Defence Policy—1973’, NAA: A5931, CL 1030; Henry Albinski, *Australian External Policy Under Labor: Content, Process and the National Debate*, St Lucia: University of Queensland Press, 1977, p. 249.

<sup>35</sup> Evelyn Goh, *Constructing the US Rapprochement with China, 1961–1974: From “Red Menace” to “Tacit Ally”*, Cambridge: Cambridge University Press, 2005, p. 106.

<sup>36</sup> Goh, *Constructing the US Rapprochement with China, 1961–1974*, p. 106; Richard Nixon, *RN: The Memoirs of Richard Nixon*, New York: Grosset and Dunlap, 1978, pp. 523–25; Robert S. Ross, *Negotiating Cooperation: the United States and China, 1969–1989*, Stanford, Ca: Stanford University Press, 1995, p. 17; ‘Memorandum of Conversation: Visit of Australian Minister for Defense’, April 7 1970, POL AUSTL-US 4/1/70 folder, Box 22, OANZPIA (1959-74), RG59, NACP. The Nixon-Sato Communiqué outlined enhanced regional responsibilities for Japan in order to alleviate the burden on the United States. It declared that the security of South Korea and the Taiwan area was of direct interest to Japan and provided for increased Japanese patrolling in these areas. ‘Nixon-Sato Communiqué: Official Text’, *Survival*, 12(1) 1970, pp. 27–30.

<sup>37</sup> Gordon H. Chang, *Friends and Enemies: the United States, China, and the Soviet Union 1948-1972*, Stanford: Stanford University Press, 1990, p. 289.

<sup>38</sup> Michael Schaller, *The United States and China: Into the Twenty-first Century*, 3<sup>rd</sup> edn., New York: Oxford University Press, 2002, p. 165.

culminated in a series of Sino-American negotiations and confidence-building measures between 1969 and 1972.<sup>39</sup> China's invitation to the American ping-pong team in April 1971, Kissinger's visits to China in July and October 1971, followed by Nixon's visit in February 1972 all signified increasingly 'cooperative' trends in Sino-American relations. These developments ultimately led to the Shanghai Communiqué, signed on 28 February 1972, in which the United States acknowledged that 'there is but one China and that Taiwan is a part of China'. It also declared an American intention to progressively normalise relations with China.<sup>40</sup> Nevertheless, the secrecy and ambiguity surrounding Sino-American diplomacy during this time rendered reflective Australian bandwagoning behaviour difficult. Whilst the McMahon Government was sensitive to the conservative strand in American foreign policy,<sup>41</sup> Whitlam was acutely attuned to changing American foreign policy trends toward China.<sup>42</sup>

Yet, even when Kissinger and Nixon's visit clarified the dominant trend in American foreign policy, neither the McMahon Government nor the ALP Federal Executive demonstrated a propensity to bandwagon with American foreign policy. Ongoing suspicion of Chinese intentions in Southeast Asia, coupled with fears of losing the staunchly anti-communist Democratic Labor Party's (DLP) political support, inhibited the McMahon Government from making the necessary concessions to establish normalised relations with China.<sup>43</sup> Although the ALP's China policy more closely resembled that of the Nixon Administration, this can hardly be cast in terms of reactive bandwagoning. The ALP Federal Executive's decision to send a delegation to China occurred three months before, and without any prior knowledge of, Kissinger's forthcoming visit to Beijing in July 1971. Indeed, Whitlam emphasised the role of the ALP delegation visit as signalling a new direction in Australian foreign policy that was 'less imitative' of the US.<sup>44</sup> In Whitlam's mind, one of the main purposes of more

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<sup>39</sup> These commenced with the 1969 Warsaw negotiations between the Chinese charge d'affaires and US representatives in Poland. Following the US invasion of Cambodia in 1970, these talks languished. Sino-American exchanges of table tennis teams in 1971 signified that the two countries were again willing to move towards greater cooperation.

<sup>40</sup> 'Joint Communiqué of the United States of America and the People's Republic of China (Shanghai Communiqué)', 28 February 1972, available at <<http://www.china.org.cn/english/china-us/26012.htm>>, accessed 15 May 2007.

<sup>41</sup> O'Neill, 'New Attitudes', p. 113.

<sup>42</sup> Interview with Graham Freudenberg, 27 July 2007.

<sup>43</sup> Roderic Pitty, 'Way Behind in Following the USA over China', *Australian Journal of Politics and History*, 51(3) 2005, p. 441; Edmund S.K. Fung and Colin Mackerras, *From Fear to Friendship: Australia's Policies Towards the People's Republic of China 1966–1982*, St. Lucia: University of Queensland Press, 1985, p. 121; McMahon (1971) paraphrased in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 422, fn3.

<sup>44</sup> E.G. Whitlam, 'Address by Mr. E.G. Whitlam, Q.C., M.P., to the National Press Club, Luncheon, Canberra', 26 July 1971, courtesy of Richard Woolcott.

normalised Sino-Australian relations was not to *reflect* American policy changes but to proactively encourage those changes. Continuing Sino-American differences on issues such as Taiwan, Chinese representation in the United Nations, and China's influence in Southeast Asia, all threatened to potentially derail their relationship.<sup>45</sup> In both speeches and private discussions, Whitlam conceived of an Australian role in helping to enhance the great powers' mutual understanding and to subsequently consolidate détente.<sup>46</sup>

Contrary to power transition theory, the McMahon Government's and ALP's China policies suggest a disjuncture between relative satisfaction and policy conformity. If neither change in relative satisfaction, nor bandwagoning, with the United States was the principal instigator of these policies, to what can we attribute the ALP's approach toward China in December 1972? In view of the ambiguity surrounding future trends of Sino-American rapprochement, why did Whitlam and his ALP colleagues so confidently lay the foundations for normalised Sino-Australian diplomatic relations? Why were they not more constrained (as were their Liberal counterparts) by the conservative element in American foreign policy? The interrelationship between Australia's alliance membership and ALP policy toward China is better elucidated by Snyder's theory of the alliance security dilemma—though it too has shortcomings.

### *Snyder's Theory of the Alliance Security Dilemma*

Extrapolating from Snyder's theory, one would expect that ALP policymakers engaged with China because of their dominant fears of entrapment or, alternatively, their perceptions of Australian intra-alliance bargaining power on China-related issues. Snyder's explanation of entrapment has more resonance in this case than in the preceding Anglo-American cases. It is true that, as a side effect of its China policy, the ALP hoped to encourage moderation in American foreign policy toward China.<sup>47</sup> Yet, the ALP set about normalising relations with Beijing at a time when Nixon's approach toward that power suggested that the risk of entrapment vis-à-vis China was lower than

<sup>45</sup> 'Visit of Gough Whitlam', July 16 1970, POL 7 AUSTL 70 folder, Box 22, OANZPIA (1959-74), RG59, NACP; American Embassy Tokyo to Secretary of State, July 21 1971, POL 7 AUSTL 5/21/71 folder, Box 25, OANZPIA (1959-74), RG59, NACP; 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030.

<sup>46</sup> 'Address by Mr E. Gough Whitlam, Leader of the Australian Parliamentary Opposition to the American-Australian Association, New York, February 1, 1972', Hall Papers, MS 8725/15/3, NLA; American Embassy Tokyo to Secretary of State Washington DC, July 21 1971, POL 7 AUSTL 5/21/71, Box 25, OANZPIA (1959-74), RG 59, NACP.

<sup>47</sup> See, for instance, E.G. Whitlam, *Beyond Vietnam: Australia's Regional Responsibility*, Melbourne: Victorian Fabian Society, 1968, p. 41; Whitlam, 'Address by Mr. E.G. Whitlam, Q.C., M.P., to the National Press Club, Luncheon, Canberra'.

it had been for years. This raises the question: were there other motives, more important than inducing restraint on Washington, which prompted the ALP to normalise Sino-Australian relations?

Snyder's theory of intra-alliance bargaining power better accounts for the ALP's decision to engage with Beijing. It accommodates Labor's pursuit of a wider range of interests toward China (not solely linked to restraining Washington) from within an alliance context. It also appears to better encapsulate the policy dichotomy that ALP policymakers were grappling with at the time: how to reconcile independent Australian interests regarding China with their dominant concerns of abandonment by the US. Whilst more pronounced in the McMahon Government, these concerns still existed in the ALP right-wing faction led by Gough Whitlam. They were underwritten by an acute awareness of Australia's continuing asymmetric dependence on the US and what was perceived as that power's comparatively weak commitment to Australia and the region.

Australia's continuing dependence on its American ally was underscored by both the fluidity of the regional strategic environment and Australia's relatively weak military capabilities. The ALP rejected the prospect of a direct threat to Australian territory for the following 10–15 years.<sup>48</sup> This assessment was underpinned by perceptions of a politically moderate Indonesia, committed to national development in a stable regional environment.<sup>49</sup> Nevertheless, projected British strategic withdrawal from Southeast Asia in 1971, the US Guam Doctrine and the rise of regional powers engendered considerable strategic uncertainty. The 1973 Labor-endorsed Strategic Basis Paper observed: 'We cannot be confident that later developments will support the relative present stability of the international order and the continuing unlikelihood of the threat against Australia.'<sup>50</sup> Even in Opposition, Whitlam and his Labor colleagues were concerned about internal unrest in mainland Southeast Asia and the ramifications of a more militarised Japan.<sup>51</sup>

To equip Australia for potential unforeseen contingencies, the ALP sought to enhance Australia's defence capability. In 1969, the ALP developed 'continental defence' as an alternative strategic doctrine for Australia in the post-Guam era. Central to this concept was the premise that Australian defence efforts should focus on the

<sup>48</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030.

<sup>49</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030.

<sup>50</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030.

<sup>51</sup> 'Edward Gough Whitlam, Leader, Australian Labor Party', enclosed in 'Memorandum for Mr Kent Crane, Office of the Vice-President', July 15 1970, POL7 AUSTL 7/1/70 folder, Box 22, OANZPIA (1959–74), RG59, NACP; American Embassy to Department of State, June 10 1970, POL 12 AUSTL folder, Box 22, OANZPIA (1959–74), RG59, NACP.

Australian continent, neighbouring island territories and air/sea approaches.<sup>52</sup> However, Australia was unable to unilaterally defend itself during the early 1970s. Cuts in defence spending and the looming obsolescence of several key capabilities had undermined Australia's military strength.<sup>53</sup> Moreover, the ALP had not specifically outlined how this doctrine was to be translated into a new defence force structure.<sup>54</sup> Coupled with strategic uncertainty in Australia's changing regional environment, Australia was dependent on the US alliance for the mid- to long-term future.<sup>55</sup>

Whitlam was profoundly conscious of this strategic reliance. In his first prime ministerial press conference, he described the US alliance as Australia's most 'crucial international treaty'.<sup>56</sup> Whitlam believed that ANZUS provided an ongoing basis for an offshore US strategic presence in Southeast Asia. This provided a source of strategic insurance in the event that some unanticipated threat should emerge.<sup>57</sup> It also reassured Australia and its Southeast Asian neighbours as they worked to develop indigenous regional political and security associations.<sup>58</sup> ANZUS, furthermore, offered exclusive security benefits to Australia. Former Defence Secretary Sir Arthur Tange recalls that, when Labor assumed government, he did not need to convince Whitlam of the alliance's importance in underwriting regional perceptions 'of the strength with which Australia could be defended'.<sup>59</sup> In addition to a nuclear guarantee, the US alliance provided support for Australia's conventional capabilities. The 1973 Strategic Basis paper noted the importance of ANZUS in facilitating access to classified defence technology, intelligence and logistical support. This was deemed 'critical to the present capability of

<sup>52</sup> Clem Lloyd, 'Self De-fence: Labor's Long Shadow', in Hugh Emy, Owen Hughes and Race Matthews (eds), *Whitlam Re-visited*, Leichhardt, NSW: Pluto Press, 1993, pp. 210-28.

<sup>53</sup> Tange manuscript on Australian defence policy, Tange Papers, MS 9847/1-3, NLA.

<sup>54</sup> Tange manuscript on Australian defence policy, Tange Papers, MS 9847/1-3, NLA.

<sup>55</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, pp. 249, 254, 264.

<sup>56</sup> Assistant Secretary Green to Ambassador Galbraith, January 3 1973, POL15-1 AUSTL 12/8/72 folder, Box 31, OANZPIA (1959-74), RG59, NACP. As Opposition leader, Whitlam managed to consolidate support for the alliance within the Labor Party. Previously, the Victorian delegation of the ALP had advocated Australian participation in a regional nonaligned zone, in which no member would be 'party to treaties with military connotations'. Realising the negative repercussions this could have on ANZUS, Whitlam and Barnard opposed the motion. They reached a political compromise with this faction of the ALP, by rephrasing the ALP policy platform regarding ANZUS. ANZUS was no longer deemed 'of crucial importance in the foreign policy of Australia', but rather defined in terms of 'close and continuing cooperation with the [American] people for justice and peace and political, social, and economic advancement in the Pacific area'. Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 198; Neville Meaney, 'The United States', in W.J. Hudson (ed.), *Australia in World Affairs 1971-75*, Sydney: George Allen and Unwin/Australian Institute of International Affairs, 1980, p. 179.

<sup>57</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, pp. 249, 254.

<sup>58</sup> American Embassy Canberra to Department of State, January 2 1970, POL 1 AUSTL-US 1/2/70 folder, Box 22, OANZPIA (1959-74), RG59, NACP; Whitlam, 'International Affairs', p. 220.

<sup>59</sup> Tange manuscript on Australian defence policy, Tange Papers, MS 9847/ 1-3, NLA.

our defence forces and their effective development'.<sup>60</sup> These benefits were not replaceable by indigenous efforts or by any other prospective security guarantor.

Once in power, the Whitlam Government conceived of the American relationship as more interdependent than asymmetrically dependent. This changed perception resulted from briefings they received on the importance of American defence facilities located in Australia to the global strategic balance. Australia occupied a unique geostationary position that rendered it invaluable in providing Washington with early warning of Soviet missile launches and in monitoring Soviet compliance with arms control agreements.<sup>61</sup> In Opposition, however, the ALP had been less conscious of the strategic leverage these bases provided. Then Deputy Leader of the ALP Lance Barnard feared that technological advances could render US overseas facilities for early warning and surveillance redundant.<sup>62</sup> At the time they set about more aggressively normalising Sino-Australian relations, the ALP conceived of the alliance relationship as one of asymmetric dependence. Given Snyder's assumption that asymmetric dependence is likely to exert pressures for foreign policy conformity, the ALP's independent policy initiative toward China seems paradoxical.

The pressures for complying with American preferences should have been compounded by Labor policymakers' apprehensions about the United States' weaker Asia-Pacific commitment in the wake of the Vietnam War and the Guam Doctrine. As early as 1967, Whitlam expressed doubts about the long-term durability of the American strategic presence in Southeast Asia.<sup>63</sup> American officials provided both the McMahon Government and ALP representatives with strategic reassurance that the US would stay engaged in the sub-region.<sup>64</sup> On assuming office, the Whitlam Government's new knowledge of the defence facilities also boosted its confidence that

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<sup>60</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030. See also Thomas-Durell Young, *Australian, New Zealand, and United States Security Relations, 1951–1986*. Boulder, CO: Westview Press, 1992, pp. 87, 122, 166, 192.

<sup>61</sup> By the early 1970s, the United States maintained three separate facilities in Australia, each with separate intelligence, research, or communications functions. These were located at Pine Gap, Northwest Cape, and Nurrungar. Fedor Mediansky, 'United States Interests in Australia', *Australian Outlook*, 30(1) 1976, p. 141; 'Whitlam interview with Frost', 18 August 1973, Cameron Papers, MS 4614, Bound volumes entitled 'Press Releases, Television, Radio Interviews by Hon. E. Gough Whitlam, 5/12/72–11/11/75', NLA.

<sup>62</sup> American Embassy to Secretary of State Washington DC, April 13 1972, DEF AUSTL 1/1/70 folder, Box 22, NACP.

<sup>63</sup> In a parliamentary speech, Whitlam argued that, 'if the Prime Minister were to talk more with congressmen and others in the United States he would see the actualities of power and the limits on power in that country. Indeed, he would see the very precarious support which there is for some of the policies which he rushes in to support and promote'. Whitlam, 'International Affairs', p. 219.

<sup>64</sup> To the Secretary From Marshall Green, October 26 1971, POL 7 AUSTL to US 71 folder, Box 25, OANZPIA (1959–74), RG59, NACP; 'Memorandum of Conversation: Visit of Australian Minister for Defense', April 7 1970, POL AUSTL-US 4/1/70 folder, Box 22, OANZPIA (1959–74), RG59, NACP.



the US would be 'reluctan[t] to see Australia come under a rival's strategic influence'.<sup>65</sup> Nevertheless, ongoing apprehensions about the broader US commitment to Southeast Asia, and its ramifications for ANZUS, were manifest in the first Labor-sanctioned Strategic Basis paper. The 1973 paper declared that, 'present trends towards global stability and diminishing strategic involvement of our major associates ... in the areas of our own primary strategic interest could lead to increasing modification of our present association and loosening of ties'.<sup>66</sup> This extract illuminates the abandonment fears that guided Whitlam and his ALP colleagues in Opposition and, to a more limited extent, in Government.

However, the McMahon Government and the ALP managed these fears of abandonment in fundamentally differing ways. The McMahon Government operated along the lines of the 'insurance' principle that Snyder identifies. As Alan Watt observes, the Government worked on the traditional premise that, '[a] junior partner to an alliance ... [that demonstrates a] proven willingness to bear a fair share of the burden of regional security is far more likely to secure a favourable response in an emergency'.<sup>67</sup> In a similar fashion, Whitlam's latent fears of abandonment by the US rendered him cautious not to injure American regional interests. Simultaneously, however, he recognised that, '... changes in Australia's strategic circumstances require us to operate from an independent view of our strategic interests and in our own right'.<sup>68</sup> It was in this context that Whitlam and other ALP policymakers sought to deepen Sino-Australian relations by sending an ALP delegation to visit Beijing.

Consistent with Snyder's theory, the ensuing delegation visit suggests that Australian policymakers valued this interest highly enough to offset those abandonment fears, encouraging ALP policymakers to closely tailor their policy with that of the US. The beliefs of Whitlam and his colleagues that Australia maintained comparatively greater intra-alliance bargaining power on this particular issue is suggested by their lack of concern as to American recrimination. The ALP's engagement strategy toward China (comprised of both the delegation visit and recognition) did not conflict with US preferences. Nevertheless, intra-alliance bargaining power was perceived as at least tacitly useful in view of the continuing ambiguity surrounding Sino-American diplomacy.<sup>69</sup>

<sup>65</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030.

<sup>66</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030.

<sup>67</sup> Alan Watt, 'The ANZUS Treaty: Past, Present, and Future', *Australian Outlook*, 24(1) 1970, p. 36.

<sup>68</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030.

<sup>69</sup> Eric Walsh, Stephen FitzGerald, and Graham Freudenberg all cite factors that mitigated the risk of damage to the alliance, and thus increased Australia's leverage within that institution, as being important

As in the previous Anglo-American cases, however, the limitations of intra-alliance bargaining power as an explanation for the changing dynamics of Australian engagement with China is also evident. Why, for instance, did ALP policymakers (as distinguished from their Liberal counterparts) develop an interest in deepening cooperation with China in 1971–72? How did the ALP come to assign such a high value to this interest? Why was this particular interest not subordinated to alliance concerns, when other ALP foreign policy positions were fundamentally affected by latent fears of abandonment and US preferences? If Snyder's theory is to be adapted to explain the dynamics of junior allied engagement, both the substance and value of the ALP's interest in deepening cooperation with China warrant further specification.

### **Developing an 'Interest' in a Rising China**

The ALP's interest in deepening Australian cooperation with China, and corresponding shift from a non-engagement to engagement-based approach, was grounded in ALP policymakers' preferred construct of regional order and how they conceived of China in relation to that order. Unlike a rising America, ALP policymakers did not conceive of China as a regional contributor in the sense of drawing on its material capacity to support Australian strategic interests in regional order. Rather, their interest in deepening cooperation with that power was predicated on enhancing regional stability and maximising Australian trade opportunities in ways that would *reinforce*, instead of *undermine*, their preferred construct of regional order. Nevertheless, this motive was premised on the same three factors that underpinned Australian engagement toward a rising America during the first part of the twentieth century. Most fundamental were ALP policymakers' beliefs that cooperative diplomatic interaction would condition Beijing to further develop 'benign intentions' or to behave in a way that was consistent with Australia's preferred construct of regional order. Within this political context, material incentives augmented prospects for cooperation with that power. The belief that ALP policymakers could forge a politically acceptable *modus vivendi* with China was also critical. These factors, summarised in the theoretical propositions outlined in Chapter Two, engendered an ALP interest in deepening Sino-Australian relations and an associated engagement preference.

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to Whitlam's China diplomacy. Eric Walsh, in particular, commented that the Americans were unlikely to overreact to the ALP's diplomatic China initiatives in view of their interests in retaining the Australian-located defence facilities. Interview with Eric Walsh, 12 June 2007; Interview with Stephen FitzGerald, 2 May 2007; Interview with Graham Freudenberg, 27 July 2007.

The first part of this section explores Whitlam and Barnard's preferred construct of regional order and how they conceived of China vis-à-vis that order. The chapter then outlines what Whitlam and the ALP Federal Executive perceived as growing material incentives to cooperate with China in this political context. It then explores how the belief that they could reach a politically acceptable *modus vivendi* with Beijing emerged and ultimately contributed to an engagement preference in 1971.

### *The ALP's Preferred Construct of Regional Order*

Fundamental to ALP efforts to deepen Australian cooperation with China in 1971 was the collective assumption that China could be conditioned to behave in a way that was consistent with its preferred construct of regional order. This vision of regional order reflected both continuity and change from that of its Liberal predecessors. Like past Liberal governments, Whitlam sought to preserve a US-led regional order. An absence of any serious regional challenger to the United States led policymakers to equate US primacy with a continuing US regional presence. Although Whitlam recognised that American attention to Southeast Asia was lessening,<sup>70</sup> he remained committed to preserving a strong American armed presence on the Southeast Asian periphery.<sup>71</sup> In particular, Whitlam deemed a continuing American presence as integral to deterring an undefined, but potentially expansionist, regional power in the future.<sup>72</sup> It provided important reassurance to regional countries during the transition from a Cold War to a post-Guam security architecture.<sup>73</sup> An offshore American regional presence was also viewed as necessary because of the United States' specific role in Australian defence. The US regional presence facilitated American logistical support for Australia and preserved the credibility of the ANZUS security guarantee.<sup>74</sup>

What distinguished Labor's preferred construct of regional order from that of the Liberals was that it deemed the US presence as an *insufficient* basis for regional order.

<sup>70</sup> Whitlam, 'International Affairs', p. 220.

<sup>71</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 213. This was later evident in Whitlam's preference not to withdraw Australia from SEATO in order to preserve the US-Thailand connection in Southeast Asia. 'Memorandum of Conversation: Secretary's Meeting with Australian PM Gough Whitlam', July 31 1973, POL 7 Whitlam to US AUSTL 73 folder, Box 31, OANZPIA (1959-74), RG59, NACP.

<sup>72</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, pp. 249, 254; Albinski, *Australian External Policy*, p. 248.

<sup>73</sup> American Embassy Canberra to Department of State, January 2 1970, POL 1 AUSTL-US 1/2/70 folder, Box 22, OANZPIA (1959-74), RG59, NACP; 'Memorandum of Conversation: Meeting with Mr Gough Whitlam, Prime Minister of Australia', August 3 1973, POL7 Whitlam to US AUSTL 73 folder, Box 31, OANZPIA (1959-74), RG59, NACP; Whitlam, 'International Affairs', p. 220; Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 225.

<sup>74</sup> Albinski, *Australian External Policy*, p. 249.

US military retraction from the Asia-Pacific encouraged the ALP to supplement this presence and mitigate the risk of regional conflict by promoting greater political cooperation among regional countries. Whitlam and his ALP colleagues sought to facilitate stable regional great power relations, especially between the US and China.<sup>75</sup> As Whitlam wrote in a 1970 article, '[n]o lasting peace is possible in Asia until China and the United States reach the same sort of accommodation as Russia and the United States achieved in Europe.'<sup>76</sup> By reducing the prospects for great power encroachment and interference in Southeast Asia, cooperative great power relations would provide for stability in Australia's immediate sphere of strategic interest.<sup>77</sup> They would also enable Southeast Asian governments to address issues of underdevelopment and injustice, which the ALP deemed as the real source of conflict and instability in the sub-region.<sup>78</sup> Furthermore, Whitlam envisioned greater political cooperation among Asian small and middle-powers. He posited forming a regional association that transcended ideological divides and excluded the superpowers. This association would discuss matters of common political importance and provide aid to Southeast Asian governments to counter local insurgency.<sup>79</sup>

However, Whitlam also sought to underwrite regional political cooperation by strengthening Southeast Asian defence cooperation in order to discourage potentially hostile expansionist powers. This was manifest in his approach to the security of the Malayan Peninsula. ALP policy directives dictated that Australia remove all garrison forces stationed overseas—including those in Singapore.<sup>80</sup> Yet, Britain's withdrawal from Southeast Asia in 1971 encouraged the right-wing of the Labor Party to assume greater Australian responsibility for Singaporean and Malayan external defence as part

<sup>75</sup> Eric Andrews, *Australia and China: The Ambiguous Relationship*, Carlton, Vic: Melbourne University Press, 1985, p. 198; E.G. Whitlam, 'Address by Mr E. Gough Whitlam, Leader of the Australian Parliamentary Opposition to the American Australian Association', 1 February 1972, Hall Papers, MS 8725/15/3, NLA; 'The Strategic Basis of Australian Defence Policy—1973,' NAA: A5931, CL 1030.

<sup>76</sup> E.G. Whitlam, 'Australia and China', *NOW*, 16 December 1970, NAA: MS170, 70/141.

<sup>77</sup> Whitlam, 'Opening Address by the Prime Minister, the Hon. E.G. Whitlam, Q.C., M.P.', p. 3.

<sup>78</sup> Gregory Pemberton, 'Whitlam and the Labor Tradition', in David Lee and Christopher Waters (eds), *Evatt to Evans: The Labor Tradition in Australian Foreign Policy*, Canberra: Australian National University, 1997, p. 153; Fung and Mackerras, *From Fear to Friendship*, p. 75.

<sup>79</sup> 'Summary of the Whitlam Government's Achievements', n.d., NAA: M538, 12; Pemberton, 'Whitlam and the Labor Tradition', p. 142; "Edward Gough Whitlam, Leader, Australian Labor Party", enclosed in 'Memorandum for Mr Kent Crane, Office of the Vice-President', July 15 1970, POL7 AUSTL 7/1/70 folder, Box 22, OANZPIA (1959–74), RG59, NACP; American Embassy Canberra to Secretary of State Washington DC, July 30 1973, POL 7 Whitlam to US Austl 73 folder, Box 31, OANZPIA (1959–74), RG59, NACP.

<sup>80</sup> American Embassy to Secretary of State Washington DC, April 13 1972, DEF 1 General AUSTL 72 folder, Box 28, OANZPIA (1959–74), RG59, NACP.

of the Five Power Defence Arrangements (FPDA).<sup>81</sup> Whitlam and Barnard agreed to remove the Singapore garrison, but simultaneously to strengthen Southeast Asian defences in other ways. These included enhancing Singaporean and Malaysian defence capabilities by assisting to establish a modern air defence system, regularly rotating Australian troops through those countries, and posting Australian air and naval units to the Malayan peninsula for training purposes and military exercises.<sup>82</sup> During the early 1970s, Whitlam and Barnard also mooted ideas of a regional defence association to American officials.<sup>83</sup> Whilst the idea of a broader regional defence pact never came to fruition, Whitlam's proposals for defence cooperation with Southeast Asian states illustrate his desire to buttress regional political cooperation by preserving a significant defence capacity in Southeast Asia.

This approach was also evident in Australia's immediate defence perimeter. The ALP did not seek to exercise Australian dominance in nearby oceans, but sought to preserve stability in this area. They supported neutral 'zones of peace' in the hope that this would mitigate the risk of great power competition in the Indian Ocean and Southwest Pacific.<sup>84</sup> They also favoured preserving the rough balance of power that had emerged in these oceans between the Soviet Union, the US, Britain and France.<sup>85</sup> The ALP's confidence in this balance of power is evident in then Defence Minister Lance Barnard's statement that 'Russia knows there is nothing to gain by putting too many

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<sup>81</sup> 'Memorandum of Conversation: Visit of Australian Member of Parliament', May 25 1971, POL7 AUSTL 3-12-71 folder, Box 25, OANZPIA (1959-74), RG59, NACP. The Five Power Defence Arrangements were established by a communiqué, signed on 15-16 April 1971 between the United Kingdom, Malaysia, Singapore, Australia and New Zealand. The communiqué created an obligation for these parties to consult in the event of an external attack or threat of external attack against either Malaysia or Singapore. Chin Kin Wah, *The Five Power Defence Arrangements and AMDA*, Occasional Paper No. 23, Singapore: Institute of Southeast Asian Studies, 1974, p. 1.

<sup>82</sup> American Embassy Canberra to Secretary of State Washington DC, August 4 1970, POL 12 AUSTL folder, Box 22, OANZPIA (1959-74), RG59, NACP; American Embassy to Department of State, June 10 1970, POL 12 AUSTL folder, Box 22, OANZPIA (1959-74), RG59, NACP; Assistant Secretary Green to Ambassador Galbraith, January 3 1973, POL15-1 AUSTL 12/8/72 folder, Box 31, OANZPIA (1959-74), RG59, NACP; Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 248.

<sup>83</sup> In a conversation with US Ambassador Walter Rice, Barnard noted that this regional security pact, comprised of Australia, New Zealand, Indonesia, Malaysia, Singapore and Thailand, would operate in accordance with the principle that, 'an attack on one is an attack on all'. It would also entail joint military exercises, officer exchange arrangements and high level politico-military consultations. American Embassy Canberra to Department of State, June 10 1970, POL 12 AUSTL folder, Box 22, OANZPIA (1959-74), RG59, NACP. See also Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 212.

<sup>84</sup> Whitlam (1975) cited in Graham Freudenberg, 'Aspects of Foreign Policy', in Hugh Emy, Owen Hughes and Race Matthews (eds), *Whitlam Re-visited*, Leichhardt, NSW: Pluto Press, 1993, p. 208; Meaney, 'The United States', p. 200; Pemberton, 'Whitlam and the Labor Tradition', pp. 138, 153.

<sup>85</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030. The 1973 Strategic Basis paper noted that, 'although Soviet naval presence will increase and Japan[ese] economic and political status will grow, [a]ny external power will have to reckon with opposition in the region and reactions from Britain and France'.

ships in [the Indian] [O]cean'.<sup>86</sup> In these ways, the Labor Government hoped to ensure 'the security of our territory and off-shore resources from attack' and prevent the subordination of Southwest Pacific territories to potentially hostile powers.<sup>87</sup>

The ALP's preferred construct of regional order was thus one in which the US maintained a strong offshore presence in Southeast Asia, of which ANZUS was a tangible manifestation. Whitlam and Barnard sought to supplement this presence by strengthening regional political cooperation as well as maintaining a strong local defence capacity in Southeast Asia. With regard to the Indian Ocean, the ALP essentially sought to preserve an environment in which the great powers checked each other's presence. Whitlam and the other Federal Executive members' collective belief that China could be conditioned to behave in a way that was consistent with the cooperative components of this order—in other words that China could develop benign intentions—was integral to their interest in deepening cooperation with Beijing. It was this factor that principally distinguished the ALP's approach to China from that of the McMahon Government and which subsequently laid the basis for Australia's policy shift from a non-engagement to engagement-based approach in December 1972.

### *China as a Potentially Benign Regional Power*

The McMahon Government and the ALP arrived at fundamentally differing assessments of Chinese intentions relative to Australia's strategic interests in regional order. These assessments were predicated on China's political ideology as well as its foreign policy behaviour. The implications of the 1958 Sino-Soviet split were only slowly realised in Canberra.<sup>88</sup> Successive Liberal Governments viewed the PRC as a country whose ideological commitment to revolution would undermine Australia's strategic interests in regional order.<sup>89</sup> By the early 1970s, however, the ALP viewed the PRC's foreign policy as 'Chinese first, Maoist second, and Communist third'.<sup>90</sup> As such, it did not view China as *unalterably* aggressive. China's evolving foreign policy objectives indicated that the PRC could be conditioned to comply with the ALP's preferred vision of regional order. This was suggested by China's apparent decreased willingness to

<sup>86</sup> American Embassy Canberra to Department of State, February 11 1972, DEF General AUSTL 72 folder, Box 28, OANZPIA (1959–74), RG59, NACP.

<sup>87</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL1030.

<sup>88</sup> Lachlan Strahan, *Australia's China: Changing Perceptions from the 1930s to the 1990s*, Cambridge: Cambridge University Press, 1996, p. 227.

<sup>89</sup> Fung and Mackerras, *From Fear to Friendship*, p. 76; Meaney, 'The United States', p. 174.

<sup>90</sup> E.G. Whitlam, 'China and the US', *Australian*, 18 July 1971, p. 15.

undermine the US presence in Asia, what ALP policymakers perceived as a lower risk of overt Chinese aggression against Southeast Asian states, and a limited Chinese role in the Indian Ocean.

The reality of China's readiness to accept a continuing American regional presence was a key point of perceptible difference between the McMahon Government and the Labor Party in 1971. Successive Liberal Governments believed that China was, by virtue of its revolutionary ideology, committed to eradicating American influence in Asia.<sup>91</sup> As late as March 1972, the North Asia Branch of the Department of Foreign Affairs noted the difficulties of reconciling the central 'contradiction' in Chinese foreign policy: Beijing wished to see US power and influence removed from Asia, but not if it led to a corresponding increase in Soviet or Japanese power.<sup>92</sup> Whitlam and his ALP colleagues were considerably more optimistic about Chinese intentions toward the United States. They believed that Beijing was inclined to mend fences with Washington in view of what it perceived as the larger threats posed by the Soviet Union and a potentially militarist Japan.<sup>93</sup> Whitlam was confident that common Sino-American interests vis-à-vis the Soviet Union would transcend their ideological differences.<sup>94</sup>

These perceptions were confirmed by Whitlam's conversation with Chinese Premier Zhou Enlai during the 1971 delegation visit. As Whitlam wrote in the *The Australian* after this conversation, 'I did not detect the depth of animosity towards the United States I would have expected'.<sup>95</sup> Rather than being 'public enemy number one' in China, Whitlam learned that the US took third place after Japan and the Soviet Union.<sup>96</sup> One newspaper reported that Zhou told Whitlam of his concern lest US forces

<sup>91</sup> Fung and Mackerras, *From Fear to Friendship*, p. 121. The 1971 Strategic Basis Paper observed that, '[i]n addition to working for the recovery of Taiwan, China will seek to create buffer states to its South, and to exclude Russian and United States influence'. It referred to China's 'generally hostile and intransigent attitude to the West'. 'Strategic Basis of Australian Defence Policy—1971', NAA: A5882, CO 1191.

<sup>92</sup> 'Paper by North Asia Branch', 16 March 1972, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 716. The 1971 Strategic Basis paper similarly noted that China aimed to recover Taiwan, create buffer states to its South and 'exclude' Russian and US influence. 'Strategic Basis of Australian Defence Policy—1971', NAA: A5882, CO 1191.

<sup>93</sup> Stephen FitzGerald, *Talking with China: the Australian Labor Party Visit and Peking's Foreign Policy*, Canberra: Australian National University Press, 1972, p. 45.

<sup>94</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 221; 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030.

<sup>95</sup> Whitlam, 'China and the US', p. 15.

<sup>96</sup> American Embassy Tokyo to Secretary of State Washington DC, July 16 1971, POL 7 AUSTL 5/12/71 folder, Box 25, OANZPIA (1959–74), RG59, NACP. Whitlam, 'China and the US', p. 15. After his discussions with Zhou, Whitlam told the US Deputy Assistant Secretary, Winthrop Brown, that China's main difference with the United States was not in relation to Taiwan but the 1969 Sato-Nixon Communiqué. Through this Communiqué, Beijing believed that the United States had transferred military responsibility for Korea, Taiwan and Vietnam to Japan. China did not fear attack by the United States but was concerned that the US Government was pushing Japan to fight its 'imperialist' battles in Asia.

withdraw too quickly from Southeast Asia and the Western Pacific.<sup>97</sup> Such a withdrawal would allow Japan and Russia—perhaps in collusion—an opportunity to consolidate their regional influence.<sup>98</sup>

Beijing's acceptance of an American regional presence, (at least for the short- to medium-term), was further evident in Zhou's seeming acquiescence to ANZUS. China retained an ideological hostility to alliances but this did not translate into active opposition to ANZUS.<sup>99</sup> Whitlam later reflected, 'Zhou Enlai was more skeptical about ANZUS than hostile towards it'.<sup>100</sup> Both he and Acting Foreign Affairs Minister, Chi Peng-fei, appeared to broadly accept Whitlam's claims regarding the defensive nature of ANZUS and its importance to Australia.<sup>101</sup> Whitlam subsequently concluded that, from Beijing's perspective, there would be no inherent contradiction between strengthened Sino-Australian cooperation and maintaining the American alliance. As he noted at the end of the visit, '[o]ne thing is certain. We are not going to be confronted with a choice between China and the United States'.<sup>102</sup> An Australian journalist at the time, Paul Kelly, observes that demarcation of the alliance from Australia's China diplomacy was central to Whitlam's calculations to continue to engage with China.<sup>103</sup>

The ALP's more benign assessment of Chinese intentions was also underpinned by its differing interpretation of that power's behaviour toward Southeast Asia. Liberal policy had long been underwritten by the view that China posed an expansionist threat to Southeast Asia in the same way Nazi Germany did to Europe during the 1930s.<sup>104</sup> The Liberals had long believed the PRC sought to expand its influence by supporting 'wars of national liberation' in Southeast Asia and equated this with the prospect of overt Chinese aggression.<sup>105</sup> To Liberal policymakers, China's aggressive intentions

<sup>97</sup> Fung and Mackerras, *From Fear to Friendship*, p. 182.

<sup>98</sup> During his visit to Beijing in July 1971, Whitlam learned that the Chinese feared that Japan and the Soviet Union were in alliance with one another. American Embassy Tokyo to Secretary of State Washington DC, July 16 1971.

<sup>99</sup> FitzGerald, *Talking with China*, p. 23.

<sup>100</sup> Graham Freudenberg, *A Certain Grandeur: Gough Whitlam in Politics*, South Melbourne, Vic: Macmillan, p. 208.

<sup>101</sup> FitzGerald, *Talking with China*, pp. 22–23, 38–39.

<sup>102</sup> Whitlam, 'China and the US', p. 15. This was in noted contrast to the Department of Foreign Affairs assessments, which alluded to the PRC's 'unhappiness about Australia's close relationship with the United States'. 'Cablegram to Canberra', 8 November 1971, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 652.

<sup>103</sup> Interview with Paul Kelly, 25 July 2007.

<sup>104</sup> Strahan, *Australia's China*, p. 139.

<sup>105</sup> 'Strategic Basis of Australian Defence Policy—1971', NAA: A5882, CO 1191; Fung and Mackerras, *From Fear to Friendship*, p. 121; Alan Renouf, *The Frightened Country*, Melbourne: Macmillan, 1979, p. 325; American Embassy Canberra to Secretary of State Washington DC, May 11 1971, POL 7 AUSTL 8/1/70 folder, Box 25, OANZPIA (1959–74), RG59, NACP.



were most graphically illustrated by its military assistance to North Vietnam.<sup>106</sup> By 1971, the McMahon Government was less concerned about overt Chinese aggression against Southeast Asian countries, but was still apprehensive about Chinese support for revolutionary wars in the sub-region and the prospect China would recover Taiwan through the use of force.<sup>107</sup> The McMahon Government emphasised that if China wished to be recognised, it needed to fulfill three conditions: (1) it should 'disavow the achievement of political objectives by force of arms'; (2) 'it should stop insurgency and subversive activities in neighbouring countries'; and (3) 'it should allow these countries to determine their own futures'.<sup>108</sup> Concern about Chinese subversive aims and diplomatic recognition as a means of abetting these aims featured in Australian Government documents well into 1972.<sup>109</sup>

Whilst the ALP likewise perceived the PRC as a threat for much of the 1960s,<sup>110</sup> these threat perceptions had significantly receded by 1969. To these policymakers, it became clear that, although North Vietnam was assisted by the PRC, the Vietnam War was neither created nor perpetuated by China. Instead, Labor policymakers viewed it as a predominantly nationalist struggle.<sup>111</sup> Whitlam acknowledged that China might continue to provide support for insurgency movements and subversion in Southeast Asia, but postulated that the risks of overt Chinese aggression in that subregion were negligible.<sup>112</sup> Containment of insurgency was viewed 'primarily as a matter for the national and collective action of the regional states of Southeast Asia', which would implicate Australian interests only in the event of 'determined advance by a hostile [external] power'.<sup>113</sup> Chinese strategic penetration into either the Indian or Southwest Pacific Oceans was also deemed unlikely in view of China's limited air and naval

<sup>106</sup> Woodard, *Asian Alternatives*, pp. 158, 299.

<sup>107</sup> Accordingly, the Strategic Basis paper argued that Australia's policy was one of 'seeking to contain Chinese subversive activities and [to] support the integrity and independence of Taiwan'. This 'closely paralleled US policy'. 'Strategic Basis of Australian Defence Policy—1971', NAA: A5882, CO 1191.

<sup>108</sup> McMahon (1971) paraphrased in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 422, fn3.

<sup>109</sup> In notes on a Cabinet submission to McMahon, First Assistant Secretary of the Cabinet and External Affairs Division Allan Griffith observed: 'It is clear that China's diplomacy whatever its motivation is basically a policy subversive of Western influence ... [A]ny increase in China's influence will bring the Chinese communities in South East Asia under more direct pressure, and instability in the region will increase. Communist China can work most efficiently where there are embassies established protecting her activities. One of the important reasons why the non-recognition policy was embarked upon in the first place was that it was foreseen that stability could only be introduced into South East Asia by more direct Western influence.' 'Note from Griffith to McMahon', 17 April 1972, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 732.

<sup>110</sup> Strahan, *Australia's China*, p. 225; Fung and Mackerras, *From Fear to Friendship*, p. 37.

<sup>111</sup> Fung and Mackerras, *From Fear to Friendship*, p. 71.

<sup>112</sup> Fung and Mackerras, *From Fear to Friendship*, p. 75; The Strategic Basis of Australian Defence Policy—1973', NAA: A 5931, CL 1030.

<sup>113</sup> 'The Strategic Basis of Australian Defence Policy—1971', NAA: A5882, CO 1191.

capabilities.<sup>114</sup> In contrast to the Liberal Party, the ALP therefore did not conceive of China as *unalterably* aggressive and thus warranting balancing behaviour. Beijing's tendencies against overt aggression and its desire to cultivate relations with regional states suggested that China could be drawn into political cooperation whilst still respecting the locally-established balance of power.

In view of its more benign interpretation of Chinese intentions, the ALP deemed recognition and deeper cooperation with that power as potentially consistent with Australia's strategic priorities. To emphasise the comparatively benign terms in which the ALP viewed the PRC, however, is not to suggest that Whitlam and his colleagues were complacent about China or that this was inherently sufficient for an engagement-based approach to emerge. Whitlam's advisor and speechwriter, Graham Freudenberg, recalls that the Opposition Leader was under no illusions about the nature of the regime with which he was dealing. China was still emerging from the Cultural Revolution. Indeed, the leadership conflict between Chinese moderates and radicals was not finally decided until extreme Maoist components were removed in 1976.<sup>115</sup> Labor policymakers were thus still uncertain regarding the longer-term future of Chinese foreign policy.<sup>116</sup> In view of the prospect that China *could* emerge as a regional stakeholder over time, however, this uncertainty, and what Whitlam envisioned as China's potential for growth, provided powerful incentives to engage with that country.

### ***Engagement Incentives: Strategic, Diplomatic, and Economic***

As noted previously, Whitlam and his ALP colleagues did not view China as a contributor to the regional status quo in the same way that successive Australian Governments viewed the United States. Instead, they sought to forge cooperative political relations with China on the basis that this could reinforce, rather than undermine, regional order. Assuming that China could be conditioned to become a stakeholder in the status quo, there were strategic, diplomatic and economic incentives to cooperate with Beijing.

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<sup>114</sup> 'The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030. The Strategic Basis paper noted that, '... China's power is limited, especially in those parts of Southeast Asia that are remote from it'. Whilst not explicitly stated, this statement casts doubt on the Chinese extending further afield into Australia's more immediate strategic surrounds. When referring to strategic penetration of external powers into this area, Australian defence planners principally envisioned Russia and Japan.

<sup>115</sup> Strahan, *Australia's China*, p. 205.

<sup>116</sup> Freudenberg, 'Aspects of Foreign Policy', p. 202; The 1973 Strategic Basis paper noted: 'The future of China's policies cannot be accurately predicted. It could be affected by developments in the global equilibrium and by leadership changes.' The Strategic Basis of Australian Defence Policy—1973', NAA: A5931, CL 1030.

Most important was the potential threat that China could pose if it was *not* politically engaged. While both the McMahon Government and ALP believed that China presented a lingering threat to Southeast Asia through its ongoing support for insurgencies in this subregion, they differed in their assessments regarding the extent to which China could be conditioned to refrain from such activity. Equating Communist China with Fascist Germany, the Liberal Party followed what Robert Jervis labels the ‘deterrence’ model. This model is premised on the assumption that an aggressor will view other states’ moderation and conciliation as a sign of weakness. These states can only prevent losses to the aggressor by displaying their resolve.<sup>117</sup> Conversely, the ALP followed what Jervis labels as ‘spiral model’ logic.<sup>118</sup> According to this model, arming, confrontational or deterrence-based responses only exacerbate the insecurity of another state and may give rise to an unintended ‘security dilemma’.<sup>119</sup>

The tendency of Whitlam and his ALP colleagues to subscribe to such an approach was evident even as the Cold War was descending on Asia. In 1954, Whitlam advocated diplomatic recognition and admission of the PRC to the United Nations on the basis that existing policies were provocative to China.<sup>120</sup> Whilst acknowledging that China ‘posed a very great threat’ to the world in 1963, Whitlam was critical of the Liberal Government’s policies toward that power. He argued that:

Instead of assisting her to arrive at a more reasonable view we encourage her to continue in her doctrinaire ignorance. Turned in upon herself, she imagines all sorts of plots against her and becomes more certain that war between capitalism and communism is inevitable and that in such a war China would survive. China must be drawn out of this prison house in which she is placed.<sup>121</sup>

Whitlam placed a premium on dialogue and enhancing Sino-Australian mutual understanding in order to reach a common basis for cooperation, despite uncertainty regarding China’s longer term intentions.<sup>122</sup> He reasoned that so long as China was ostracised from the international community, it was more likely to emerge as a resentful

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<sup>117</sup> Jervis, *Perception and Misperception in International Politics*, pp. 58–59; Strahan, *Australia’s China*, p. 139.

<sup>118</sup> Jervis, *Perception and Misperception in International Politics*, pp. 62–67.

<sup>119</sup> Jervis, *Perception and Misperception in International Politics*, p. 66.

<sup>120</sup> E.G. Whitlam, ‘International Affairs (b)’, 12 August 1954, *Commonwealth Parliamentary Debates*, 21<sup>st</sup> Parliament 1<sup>st</sup> session, vol. 4, pp. 274–75.

<sup>121</sup> E.G. Whitlam, *Australian Foreign Policy 1963*, Melbourne: Australian Institute of International Affairs, 1963, p. 17.

<sup>122</sup> In this approach, Whitlam drew on Former Labor External Affairs Minister Herbert Evatt’s notion of ‘constructive diplomacy’. ‘Constructive diplomacy’ entails the use of dialogue to facilitate mutual understanding and resolve outstanding differences between countries with differing ideological backgrounds. Stephen FitzGerald, ‘China and Australia’, in Ian Wilson (ed.), *China and the World Community*, Sydney: Angus and Robertson and Australian Institute of International Affairs, 1973, p. 251; Pemberton, ‘Whitlam and the Labor Tradition’, p. 155.

power that could potentially threaten the region.<sup>123</sup> The need to enmesh China into the international community assumed particular importance as China's material power increased.<sup>124</sup> A resentful and powerful China could have negative repercussions on both regional order and Australian security. This potential threat therefore served as a powerful incentive to deepen cooperation with China, so long as ALP policymakers *simultaneously* believed that China could be socialised into regional order over time.<sup>125</sup>

A China that was enmeshed into regional order would not only enhance regional stability but could also confer substantive diplomatic and economic benefits on Australia. Both Liberal and Labor policymakers recognised that China's projected future power, as well as its wider international recognition, would significantly enhance its diplomatic influence in the international system.<sup>126</sup> Whitlam argued that, by delaying recognition, the Australian Government would eventually be 'forced to accept what it should have done freely and ungrudgingly'.<sup>127</sup> As China's diplomatic influence increased, so too would the need to work with that power. The need to secure Chinese endorsement of North Vietnamese peace proposals was a case in point.<sup>128</sup> Whitlam's objective to reorient Australian foreign policy toward Asia also required Canberra to maintain a good working relationship with China, as one of the region's principal

<sup>123</sup> Interview with Owen Harries, 4 May 2007; Interview with Ross Cottrill, 15 April 2007; 'President Nixon on China, Statement by the Leader of the Opposition, Mr Whitlam, Adelaide 15 April 1971', NAA: M170, 71/31; Whitlam, 'China and the US', p. 15.

<sup>124</sup> Interview with Stephen FitzGerald, 2 May 2007; 'President Nixon on China, Statement by the Leader of the Opposition, Mr Whitlam, Adelaide 15 April 1971', NAA: M170, 71/31; E.G. Whitlam, 'Australia and China', *NOW*, 16 December 1970, M170, 70/141, NAA: M170, 70/141.

<sup>125</sup> As noted previously, this study does not imply that socialisation is necessarily a one-way process. While Australia sought to condition China to accept core elements of its preferred construct of regional order, an argument could also be made that China was 'socialising' Australia and other Western countries into accommodating greater Chinese influence in the international system. This is analogous to interpretations of socialisation provided by Alice Ba, Alastair Iain Johnston and Marc Lynch. Alastair Iain Johnston, 'Treating International Institutions as Social Environments', *International Studies Quarterly*, 45(4) 2001, pp. 487–515; Alice Ba, 'Who's Socializing Whom? Complex Engagement in Sino-ASEAN Relations', *Pacific Review*, 19(2) 2006, pp. 157–79; Marc Lynch, 'Why Engage? China and the Logic of Communicative Action', *European Journal of International Relations*, 8(2) 2002, pp. 187–230.

<sup>126</sup> In his last submission to Cabinet as Minister for Foreign Affairs, McMahon noted the considerable diplomatic disadvantages that Australia would endure if it did not recognise China, in view of the 'changing political situation in which international support is swinging Beijing's way'. 'Submission to Cabinet', 9 February 1971, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 385. See also, 'Submission to Cabinet', 17 February 1972, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, pp. 686–87; 'Cablegram to Washington', 13 May 1971, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 446; Interview with Eric Walsh, 12 June 2007.

<sup>127</sup> 'President Nixon on China, Statement by the Leader of the Opposition, Mr Whitlam, Adelaide 15 April 1971', NAA: M170, 71/31; E.G. Whitlam, 'Australia and China', *NOW*, 16 December 1970, NAA: M170, 70/141.

<sup>128</sup> American Embassy Tokyo to Secretary of State Washington DC, July 21 1971, POL 7 AUSTL 5/21/71, Box 25, OANZPIA (1959–74), RG 59, NACP. FitzGerald recalls that until China was recognised, ongoing difficulties relating to the Vietnam peace settlement would persist. Interview with Stephen FitzGerald, 2 May 2007.

powers.<sup>129</sup> As Nancy Viviani observes, '[t]he recognition of China was more than that: ... it was an essential foundation for [Australia's] regional policies. Recognition of China assisted Whitlam in conveying his message that Australia sought security within its region and no longer from it'.<sup>130</sup>

By 1971 a strong political relationship with the PRC had also become necessary to capitalise on the economic benefits promised by a rising China. In Australian politics, China had long been cast as an Australian *El Dorado*.<sup>131</sup> The first Australian Minister to China, Frederic Eggleston, observed that, '[i]f, for instance, every Chinese bought one pound of wool per year, the Australian wool clip would be accounted for'.<sup>132</sup> During the early 1970s, the image of China as an expanding and potentially lucrative export market continued to capture the imaginations of both the Liberal Government and the ALP.<sup>133</sup> China was a particularly valuable market for Australian wheat and wool exports.<sup>134</sup> Under successive Liberal Governments, Australian trade with the PRC was facilitated by Beijing's willingness to de-link economic from political relations. In 1971, however, the Chinese Foreign Ministry failed to renew its contract with the Australian Wheat Board.<sup>135</sup> A subsequent report hinted that the PRC might again purchase wheat from Australia, if Canberra were to extend recognition.<sup>136</sup>

Beijing's linkage of the Sino-Australian political and economic relationships posed a dilemma for the McMahon Government. It was hamstrung by its inability to reconcile Australian strategic interests, as they related to China, with its desire to maximise Australian trade opportunities. In his last letter to Prime Minister John Gorton as Foreign Minister, McMahon noted that 'trade policy must be subsidiary to our actions in the domestic and international political sphere with regard to China'.<sup>137</sup> This

<sup>129</sup> Andrews, *Australia and China*, p. 213.

<sup>130</sup> Nancy Viviani, 'The Whitlam Government's Policy Towards Asia', in David Lee and Christopher Waters (eds), *Evatt to Evans: The Labor Tradition in Australian Foreign Policy*, Canberra: Australian National University, 1997, p. 107.

<sup>131</sup> Strahan, *Australia's China*, p. 285.

<sup>132</sup> Eggleston (1944) cited in Strahan, *Australia's China*, p. 285.

<sup>133</sup> Interview with Graham Freudenberg, 27 July 2007; Interview with Eric Walsh, 12 June 2007; FitzGerald, 'China and Australia', p. 250. Labor Trade Minister Jim Cairns projected that Australian trade with China would become as significant as trade with Japan. American Embassy Canberra to Department of State, August 7 1973, POL 7 AUSTL 6/18/73, Box 30, OANZPIA (1959-74), RG 59, NACP.

<sup>134</sup> Interview with Ross Cottrill, 15 April 2007; Interview with Tom Uren, 23 July 2007; Interview with Graham Freudenberg, 27 July 2007.

<sup>135</sup> Ross Terill to Richard Hall, undated note, Hall Papers, MS8725/15/2, NLA. Importantly, this linkage between Sino-Australian economic and political relations was confined to the wheat export trade. Other state-run commodities, such as iron ore, were unaffected. Nor was private enterprise significantly affected. The Chinese only exercised sanctions against trade run by government bodies, on the grounds that it was the Australian Government and not the Australian people at fault. Fung and Mackerras, *From Fear to Friendship*, p. 112.

<sup>136</sup> Terill to Hall, undated letter, Hall Papers, MS8725/15/2, NLA.

<sup>137</sup> McMahon (1971) cited in Pitty, 'Way Behind in Following the USA over China', p. 446.

thinking was evident in his response to the 1971 wheat crisis. Instead of recognizing China, McMahon looked for an alternative export market in Taiwan.<sup>138</sup>

It was only because Labor did not view Australia's strategic and economic interests in China as necessarily conflicting that the Federal Executive viewed the wheat crisis as an additional incentive to engage. This was underscored by what they perceived as Canadian gains in the China wheat market at Australia's expense.<sup>139</sup> The ALP Federal Executive's decision to send a delegation to China was justified in these terms. This decision stated that:

Having regard to the recent information from the People's Republic of China that it will no longer purchase Australian wheat and the serious effect which this decision will have upon Australia's wheat production and export income, this Executive will see to have the Party "Shadow Minister" for Primary Industry, Dr Rex Patterson, M.P., visit the People's Republic of China for the purpose of ascertaining the reasons leading to the loss of such a valuable market for the Australian wheat industry. [W]e request him to inform the Chinese Government of Labor's policy favouring the establishment of normal diplomatic relations with the People's Republic of China and to report on what steps can be taken to regain the China market.<sup>140</sup>

The importance of trade as a driving force behind the ALP's engagement strategy is suggested by the Whitlam Government's engagement initiatives after recognising the PRC. These included the signing of a three-year bilateral trade agreement, technological exchange, and the establishment of a joint trade committee. Canberra and Beijing also signed a long-term wheat agreement and sugar contract. Importantly, however, then Australian Ambassador to China Stephen FitzGerald emphasised that trade was still *secondary* to the Whitlam Government's political approach toward the PRC.<sup>141</sup> It was only because Whitlam and his ALP colleagues were already favourably inclined towards deepening political cooperation, in the context of their assumptions about China's socialisable intentions, that trade considerations had such an important augmenting influence.

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<sup>138</sup> Terill to Hall, undated letter [probably April 1971], Hall Papers, MS 8725/15/2, NLA. This approach was at least initially endorsed by the Liberal Party's coalition partner, the Country Party. At the time of the wheat crisis, then Country Party leader Doug Anthony stated: 'I would hope we can clear some of these problems in order that mainland China might be recognised in time. But I would not sell my soul just to benefit trade, and I don't believe that it's a significant factor in selling wheat to Mainland China.' Fung and Mackerras, *From Fear to Friendship*, p. 106.

<sup>139</sup> Following Canadian recognition of the PRC, Ottawa had secured a wheat contract for A\$142 million. Freudenberg, *A Certain Grandeur*, p. 204; 'Chinese to visit Canada for Trade Talks', *Australian Financial Review*, 8 August 1971, p. 6.

<sup>140</sup> Undated note [probably April 1971], Hall Papers, MS 8725/15/2, NLA.

<sup>141</sup> FitzGerald (1973) cited in Fung and Mackerras, *From Fear to Friendship*, p. 169. Eric Walsh also observed that politico-strategic imperatives were the most important driving force behind the 1971 decision to send an ALP delegation to Beijing. The economic reason was a secondary, but (it was thought) more publicly acceptable motive in the domestic political climate. Interview with Eric Walsh, 12 June 2007.

A desire to mitigate the China 'threat' to the region, coupled with the trade incentives engendered by the 1971 wheat crisis, provided considerable impetus to an ALP engagement preference. Yet both incentive factors were, in some ways, longstanding. As early as 1963, Whitlam advocated diplomatic recognition of China to help shape its behaviour in less revolutionary directions.<sup>142</sup> During the late 1960s, the ALP had also been critical of the Liberal Government's hypocrisy in separating economic from political relations.<sup>143</sup> Yet, the Labor Party remained generally inactive on China policy during this time.<sup>144</sup> Nor can the above incentive factors, *in themselves*, fully account for why the ALP sought to deepen Sino-Australian relations in 1971. Despite China's growing diplomatic influence and the wheat crisis, Whitlam was initially hesitant to participate in an ALP delegation visit to Beijing prior to the December 1972 election.<sup>145</sup> Key to the timing of the ALP's engagement initiative, was the Federal Executive's belief that the ALP could reach a politically acceptable *modus vivendi* with China. In line with this study's theoretical precepts, this prospect of reaching a *modus vivendi* was the third critical element underpinning the ALP's interest in deepening Sino-Australian relations (and associated engagement preference) in 1971.

### *Establishing a Modus Vivendi with China*

By 1971, ALP policymakers had come to believe that, under a Labor Government, Australia and China could reach a *modus vivendi* on establishing diplomatic and normalised political relations. This comprised a set of shared expectations and principles that could provide for a working relationship between the two countries. Indeed, Whitlam cited the ALP delegation's primary objective as 'to see how far the people of China and the people of Australia were able to talk to each other'.<sup>146</sup> Yet, even prior to the visit, there was some basis for optimism. This confidence was founded on, first, the priority that Whitlam and other members of the Federal Executive Council assigned to strengthening Sino-Australian relations; and, second, what they perceived as the greater likelihood of Chinese responsiveness to their overtures than in the past. The

<sup>142</sup> Whitlam, *Australian Foreign Policy 1963*, p. 18.

<sup>143</sup> Fung and Mackerras, *From Fear to Friendship*, p. 77.

<sup>144</sup> FitzGerald, *Talking with China*, p. 6; Graham Freudenberg, 'Graham Freudenberg interviewed by John Farquharson', 8 March 2000–23 July 2001, TRC 3994, NLA.

<sup>145</sup> Interview with Kim Beazley, 14 June 2007; Interview with Graham Freudenberg, 27 July 2007. See also Clyde Cameron, *China, Communism and Coca Cola*, Melbourne: Hill of Content, 1980, pp. 11-12.

<sup>146</sup> FitzGerald, *Talking with China*, p. 15.

latter factor was, to some extent, a product of the first—stemming from the concessions ALP policymakers were willing to make to the PRC.

Most important to reaching a *modus vivendi* with Beijing was the priority that Whitlam and other members of the ALP Federal Executive assigned to establishing diplomatic relations with that country. Indeed, the difference between Labor and Liberal policy toward China derived partly from McMahon and Whitlam's fundamentally differing worldviews. McMahon was extremely conscious of both the security and moral ramifications of politically 'abandoning' Taiwan to recognise the PRC. He remained concerned that diplomatic recognition would be viewed in Beijing and Southeast Asia as condoning Chinese behaviour.<sup>147</sup> As a maximum concession, McMahon was willing only to normalise relations by expanding trade and cultural contacts without addressing the issue of diplomatic recognition until later. Diplomatic recognition was deemed an end point, rather than a starting point for negotiation.<sup>148</sup>

This was in contrast to Whitlam who, since 1954, had consistently advocated recognition of Communist China in Parliament on the basis that Australia needed to acknowledge this fundamental geopolitical reality.<sup>149</sup> He argued that Nationalist China could never again re-establish its authority to govern the mainland.<sup>150</sup> Whitlam's concerns regarding regional ideological divides, and what he perceived as provocative containment policies, underscored the priority he attached to extending diplomatic recognition to the PRC.<sup>151</sup>

However, Whitlam was initially reluctant to participate in any ALP delegation visit to China when it was proposed by then Federal Secretary of the Labor Party Mick Young. Remembering the electoral swings against the ALP during the 1961 and 1966

<sup>147</sup> American Embassy to Secretary of State Washington DC, May 11 1971, POL 7 AUSTL 8/1/70 folder, Box 25, OANZPIA (1959–74), RG59, NACP. McMahon finally conceded to the idea of 'simple recognition' in May 1972. This formula extended diplomatic relations on the basis that 'neither party was required or could be assumed to approve or disapprove the policies of the other or pass judgment on the disputed territorial claims of the other party'. It encompassed recognising China 'in accordance with normal international practice', but noted only the claim to one China on both sides of the Taiwan Strait. It did not recognise the PRC as the sole legal government of China and/or entail the withdrawal of Australia's ambassador from Taipei. Fung and Mackerras, *From Fear to Friendship*, pp. 135–36. See also, 'Submission to Cabinet', 17 February 1972, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, pp. 687–88; 'Note from Griffith to McMahon', 17 April 1972, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 732; Minute from Waller to Anderson', 11 January 1972, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 676.

<sup>148</sup> Fung and Mackerras, *From Fear to Friendship*, p. 120.

<sup>149</sup> Whitlam, 'International Affairs (b)', p. 275; Interview with Stephen FitzGerald, 2 May 2007; Interview with Eric Walsh, 12 June 2007; Interview with Graham Freudenberg, 27 July 2007.

<sup>150</sup> Whitlam, 'International Affairs (b)', p. 275; By 1971, he believed that the 'acceptance of the reality that one quarter of mankind, and their government whose writ has run effectively for nearly a quarter of a century cannot forever be ignored'. 'President Nixon on China, Statement by the Leader of the Opposition, Mr Whitlam, Adelaide, 15 April 1971', NAA: M170, 71/31.

<sup>151</sup> Interview with Eric Walsh, 12 June 2007; Interview with Owen Harries, 4 May 2007.



elections, Whitlam harboured concerns that an ALP delegation visit to China would cause the Australian electorate to view the Labor Party as too 'soft' on communism.<sup>152</sup> Whitlam's ultimate consent to this proposal was grounded in two factors: (1) the ALP Federal Executive's broad support for this initiative; and (2) what the Federal Executive viewed as the changing public consciousness with respect to China. While McMahon was constrained by his desire to retain the political preferences of the staunchly anti-communist DLP, diplomatic recognition was supported in the ALP Federal Executive and the Labor Party more broadly.<sup>153</sup> Mick Young, who proposed the ALP delegation visit, had visited the PRC as part of the 1957 ALP delegation visit and retained an interest in, and sentimental attachment to, China throughout his political career.<sup>154</sup> His proposal was supported by then Federal President Tom Burns and Shadow Primary Industries Minister Rex Patterson, who was eager to exploit China's economic opportunities.<sup>155</sup>

These three individuals persuaded Whitlam that while an ALP delegation visit would not necessarily engender political gains, it would not lead to electoral losses.<sup>156</sup> Patterson was confident that the ALP could effectively 'pull off a political coup that would demonstrate to Country voters that the loss of the Chinese market was the price they were paying for the petty politicking of the city-oriented Tories in the Liberal Party'.<sup>157</sup> Young also argued that the domestic political climate was no longer prohibitive of change in Australia's China policy. In the wake of the Vietnam War, the electorate had become more radicalised, less fearful of China, and ready to embrace change.<sup>158</sup> Labor's 12 per cent positive swing in the 1969 election mitigated the political risk that a delegation visit posed.<sup>159</sup> These factors underwrote Whitlam's support for the proposal and encouraged him to lead the ALP delegation in July 1971.<sup>160</sup>

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<sup>152</sup> Interview with Kim Beazley, 14 June 2007; Interview with Graham Freudenberg, 27 July 2007. See also Clyde Cameron's account of Whitlam's recurrent hesitancy on the China issue as a result of the political risks it entailed. Cameron, *China, Communism and Coca Cola*, pp. 11–12.

<sup>153</sup> Interview with Eric Walsh, 12 June 2007. The split within the ALP that occurred in 1955, in which the conservative Catholic right-wing branch broke away to form the anti-communist DLP, resolved intra-party tensions that had previously existed over the recognition of China. Cameron, *China, Communism and Coca Cola*, p. 10.

<sup>154</sup> Interview with Stephen FitzGerald, 2 May 2007; Interview with Eric Walsh, 12 June 2007.

<sup>155</sup> Interview with Bill Hayden, 30 July 2007.

<sup>156</sup> Interview with Kim Beazley, 14 June 2007; Interview with Graham Freudenberg, 27 July 2007; Interview with Bill Hayden, 30 July 2007.

<sup>157</sup> Cameron, *China, Communism and Coca Cola*, p. 11.

<sup>158</sup> Interview with Graham Freudenberg, 27 July 2007; Interview with Bill Hayden, 30 July 2007.

<sup>159</sup> Interview with Kim Beazley, 14 June 2007; Interview with Graham Freudenberg, 27 July 2007.

<sup>160</sup> Interview with Kim Beazley, 14 June 2007; Interview with Graham Freudenberg, 27 July 2007. Freudenberg recalls that Kissinger's visit further transformed what had previously been, at best, a

The prospect of reaching a *modus vivendi* with China and the Federal Executive's propensity to engage with that power, was supported by Beijing's responsiveness to ALP overtures. Beijing's differing responses to the McMahon Government and the ALP—and consequently the parties' varying perceptions of Beijing's relative responsiveness—was a function of what each was willing to concede. The McMahon Government's unwillingness to discuss diplomatic recognition stymied any accord between the two countries. As Australian negotiator Alan Renouf later recalled:

These [negotiations] proved futile because of the rigidity of respective instructions. My instructions were to discuss the development of relations in any field except the diplomatic, about which a decision could follow if all else went well. The Chinese Ambassador's instructions were precisely the reverse. It took one meeting to discover this impasse; it took one to confirm its intractability.<sup>161</sup>

The Prime Minister viewed Beijing's unwillingness to conduct negotiations on matters besides diplomatic recognition as a signal of Beijing's intractability.<sup>162</sup> To this end, he remained sceptical about the prospect for reaching a *modus vivendi* with that power on what he deemed politically acceptable terms.

This was in marked contrast to the ALP which, over time, became increasingly optimistic about Chinese responsiveness and the prospect for forging a working relationship with that power. Whitlam and his colleagues were more attuned to changing trends in Chinese foreign policy than were their Liberal counterparts. Following the diplomatic isolation of the Cultural Revolution, Chinese Premier Zhou Enlai focused on extricating China from its strategic isolation. This encompassed friendly diplomacy toward both the United States and a number of small and middle powers.<sup>163</sup> Labor policymakers were encouraged by China's willingness to establish more cooperative relations with US allies so long as they conceded political recognition to the PRC.<sup>164</sup>

Whitlam and his colleagues still believed that they faced an uphill battle in normalising Sino-Australian relations. The Federal Executive was initially pessimistic

politically neutral venture into considerable political advantage over what was popularly perceived as an out-of-touch Liberal Government.

<sup>161</sup> Renouf, *The Frightened Country*, p. 328.

<sup>162</sup> As McMahon commented at the time, '[w]e thought, quite frankly, that we were on the way to some sort of success, but the Chinese acted in their own inscrutable ways and suddenly they cut off, without rhyme, without reason, and we do not know when they are likely to resume again'. Fung and Mackerras, *From Fear to Friendship*, pp. 120, 132.

<sup>163</sup> FitzGerald, *Talking with China*, p. 46.

<sup>164</sup> The allies that had the most definitive influence on Whitlam's thinking were Canada and Italy. Interview with Stephen FitzGerald, 2 May 2007.

that the Chinese Government would even invite the ALP delegation.<sup>165</sup> To elicit an invitation, Whitlam crucially suggested in his initial telegram to Zhou Enlai that the ALP was anxious 'to discuss the terms on which your country is interested in having diplomatic and trade relations with Australia'.<sup>166</sup> Unlike the Liberal Government, the ALP thus conceded to China's condition of first dealing with diplomatic recognition as a basis for subsequent normalised relations. The affirmative Chinese response to an ALP delegation visit in May 1971, in turn, gave considerable encouragement to ALP policymakers.<sup>167</sup>

Beijing's willingness to establish diplomatic relations with Australia, on the terms Labor was proposing, was affirmed during the ALP delegation visit to China. As an advisor to the delegation, Stephen FitzGerald recalls that Whitlam's conversations with both Chi Peng-fei and Zhou Enlai established a set of principles upon which future Sino-Australian relations would be based.<sup>168</sup> The terms for future Australian recognition of China included Chinese non-interference in Australian domestic affairs, its acquiescence to Australia's alliance with the United States, and Chinese non-aggression against regional countries.<sup>169</sup> Differences persisted between the parties over China's continuing nuclear weapons program and the negotiation of a settlement to Vietnam prior to foreign troop withdrawals. Yet, ALP policymakers believed that these minor differences could be worked out over the course of the relationship.<sup>170</sup> On the basis of the understandings reached, Zhou Enlai endorsed the ALP's policy towards China.<sup>171</sup> He referred to the visit as a turning point in Sino-Australian relations and invited Whitlam to return as a future Labor Prime Minister. This provided the ALP delegation with confidence that they would be able to establish a successful working relationship with Beijing if Labor assumed government.<sup>172</sup>

<sup>165</sup> Interview with Eric Walsh, 12 June 2007; Interview with Graham Freudenberg, 27 July 2007.

<sup>166</sup> Whitlam to Chou Enlai, 21 April 1971, Hall Papers, MS 8725/15/2, NLA.

<sup>167</sup> Interview with Graham Freudenberg, 27 July 2007; Graham Freudenberg, 'Graham Freudenberg interviewed by John Farquharson', 8 March 2000–23 July 2001, TRC 3994, NLA.

<sup>168</sup> FitzGerald, *Talking with China*, p. 44. FitzGerald observes, '... the exchanges were not working sessions but a more general statement of principles and purpose by both sides'.

<sup>169</sup> FitzGerald, *Talking with China*, pp. 16–40.

<sup>170</sup> As Whitlam commented in his interview with Zhou Enlai, 'neither of your Ministers and none of your officials questioned our right to have different assessments from those of the Chinese Government ... when there were differences they were understood and respected'. FitzGerald, *Talking with China*, pp. 27, 44.

<sup>171</sup> FitzGerald, *Talking with China*, p. 19; 'Chou Talks to Whitlam', *Australian*, 7 July 1971, p. 1.

<sup>172</sup> FitzGerald, *Talking with China*, p. 44. As FitzGerald observed at the time: '[T]he ALP delegation established that it is possible to have effective communication with the Chinese Government. Admittedly, a visiting mission has some advantage in this respect, and Australia will have to work hard at the relationship once relations are established. But there are still sufficient indications that a good working relationship can be achieved.' FitzGerald, 'China and Australia', p. 247.

The delegation visit played two roles in encouraging the Whitlam Government's policy shift toward China in December 1972. First, it established the shared understandings and expectations upon which future cooperative relations were predicated. Some of the understandings reached during the ALP delegation visit were later reflected in the 1972 Paris Communiqué. Second, these shared understandings laid the basis for a cooperative political relationship that, Labor policymakers hoped, would shape the evolution of China's foreign policy behaviour in a way that was consistent with the ALP's preferred construct of regional order and thus reinforce the development of benign Chinese intentions. According to the terms that Whitlam and Zhou negotiated, China would acquiesce to an order in which an ongoing US presence was manifest through the ANZUS alliance and regional states' territorial integrity was respected.

Significantly, Labor policymakers viewed incentives to cooperate with the PRC *in the context* of such assessments about China's 'socialisable' intentions and the prospect for reaching a *modus vivendi* with that power. Whereas the McMahon Government perceived similar diplomatic and economic advantages in enhancing cooperation with the PRC, these were outweighed by what it judged as the PRC's aggressive intentions and intransigence in conducting negotiations. As this study more generally argues, it was the confluence of these aforementioned incentives and beliefs that engendered an ALP interest in deepening cooperation with a rising China in 1971, thus providing for an Australian policy shift from non-engagement to engagement in December 1972.

To emphasise these drivers of ALP engagement with China, however, is not to negate the critical importance of the alliance context in which they developed. As Snyder's theory would suggest, Whitlam's effort to deepen Sino-Australian relations in 1971 was facilitated by the high value he placed on this interest in an intra-alliance context. He and his advisors believed that they had comparatively greater intra-alliance bargaining power than did the US in this regard.<sup>173</sup> What is not clear is how these perceptions came about. Whereas the McMahon Government was eager to coordinate its actions with the US, the ALP was at least ostensibly confident in advancing ahead of Washington's diplomacy towards China. Why was this so? How did Whitlam reconcile his interest in normalising Sino-Australian relations with his efforts to retain American confidence?

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<sup>173</sup> Former advisors, such as Eric Walsh, note that the United States was not going to jeopardise its relationship with Australia over the ALP's China initiative. Graham Freudenberg also recalled that there was a low risk of any ensuing American acrimony over Labor's delegation visit. Interview with Eric Walsh, 12 June 2007; Interview with Graham Freudenberg, 27 July 2007.

### Alliance Politics: The Impact of ANZUS on the ALP's Engagement Strategy

Whitlam recognised the importance of the US alliance to Australia and was eager not to pursue policies that could potentially jeopardise that connection. Indeed, he spent much of the 1960s consolidating support for the alliance within the Labor Party.<sup>174</sup> To Whitlam, the alliance not only provided important regional security benefits but also underwrote Australia's regional diplomatic credentials. Whitlam recognised that, although he sought to fashion a more regionally-oriented Australia, regional countries (including China) took interest in Australia partly because of its US connection.<sup>175</sup> Whitlam was also convinced that ALP endorsement of the alliance was necessary if the Party was to maintain domestic support.<sup>176</sup> For these reasons, Whitlam was a profoundly risk-averse actor when it came to the alliance. This was evident when Whitlam was in both Opposition and Government.<sup>177</sup> On learning of US concerns about the security of American defence facilities in Australia, for instance, Whitlam and Barnard weakened their pre-election commitment to enhance public transparency surrounding those facilities.<sup>178</sup>

While generally portrayed as signaling a more independent Australian foreign policy,<sup>179</sup> Whitlam's China diplomacy also illustrates his risk-aversion. Whitlam not only consulted with American officials about the broad parameters of Labor's China policy during his visit to Washington in 1970, but reassured them that Australia's new relationship with Beijing would not take place at the expense of its 'old, firm' relationship with the United States.<sup>180</sup> Archival evidence suggests that Whitlam's

<sup>174</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, pp. 196–99. The left-wing of the Labor Party was, at best, tepid toward the alliance in view of Australia's associated commitment to the Vietnam War. By 1969, however, Whitlam and Freudenberg had devised a formula that reconciled opposition to the Vietnam War with the Labor Party's ongoing support for the US alliance. Interview with Paul Kelly, 25 July 2007.

<sup>175</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 225.

<sup>176</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, pp. 204, 215.

<sup>177</sup> The Whitlam Government is usually associated with a period of considerable strain in Australian-American relations. This strain arose largely as a result of Whitlam's Cabinet ministers' public criticism of the American bombing of Vietnam in December 1972. During the period examined in this chapter, however, relations between the Opposition members and American officials were cordial.

<sup>178</sup> Tange manuscript on Australian defence policy, Tange Papers, MS 9847/1-3, NLA.

<sup>179</sup> Viviani, 'The Whitlam Government's Policy Toward Asia', p. 100; Interview with Eric Walsh, 12 June 2007; Interview with Stephen FitzGerald, 2 May 2007.

<sup>180</sup> Whitlam cited in Meaney, 'The United States', p. 189. In a speech to the National Press Club in Washington DC, Whitlam pointedly observed that, '...in our efforts to redress the imbalance of a generation of unthinking hostility towards China, we do not propose to introduce a new imbalance by discarding or downgrading older relationships. Undoubtedly the most important of those relationships is the American connection'. E.G. Whitlam, 'Prime Minister's Address to the National Press Club,

decision to more forthrightly pursue ALP China diplomacy was predicated on his assumption of American acquiescence. As in the Anglo-American case studies, this assumption derived from: (1) Whitlam's perception that the ALP's China preference did not compromise core US interests; and (2) the consistency of this preference with what Whitlam interpreted as evolving intra-alliance understandings regarding alliance contribution.

### *Consistency with American Interests*

Most important to Whitlam's assumption of American acquiescence was his view that Labor's approach to Beijing would not fundamentally compromise the United States' evolving regional interests. Whitlam was acutely attuned to US foreign policy trends of détente and these formed part of the consciousness within which his calculations took place.<sup>181</sup> He had paid particular attention to Nixon's 1967 *Foreign Affairs* article, in which the future American President advocated the United States to 'urgently come to grips with the reality of China'.<sup>182</sup> Relaxation of American trade and travel restrictions to China, coupled with the visit of the American ping-pong team in 1971, foreshadowed a shift in American policy.<sup>183</sup> Both Graham Freudenberg and Stephen FitzGerald recall that these trends toward Sino-US rapprochement substantively mitigated perceptions of risk in the ALP about establishing closer Sino-Australian relations.<sup>184</sup>

This was reaffirmed by Whitlam's visit to Washington in July 1970, during which he obtained American acquiescence to the ALP's general China policy. In a meeting with US Secretary of State William Rogers and Assistant Secretary Winthrop Brown, Whitlam declared that he 'found attraction' in the Canadian and Italian approaches to Communist China but said, 'he would not wish to proceed in such a way as to embarrass or affront the US'.<sup>185</sup> In contrast to what 'dependency' scholars argue, Whitlam did not seek to necessarily ascertain and comply with American preferences,

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Washington', 30 July 1973, *Whitlam Institute E-Collection*, available at <<http://cem.uws.edu.au/R?RN=55011260>>, accessed 15 April 2007.

<sup>181</sup> Freudenberg, 'Aspects of Foreign Policy', p. 203; Interview with Paul Kelly, 25 July 2007; Interview with Graham Freudenberg, 27 July 2007. Indeed, even those former advisors who observed that Whitlam's decision-making took place largely independently of the US alliance simultaneously linked this independence to the Sino-US rapprochement and recognition by other US allies as a basis for risk mitigation that informed this independence. Interview with Eric Walsh, 12 June 2007; Interview with Stephen FitzGerald, 2 May 2007.

<sup>182</sup> Interview with Graham Freudenberg, 27 July 2007; Richard M. Nixon, 'Asia after Viet Nam', *Foreign Affairs*, 46(1) 1967, p. 119.

<sup>183</sup> Interview with Graham Freudenberg, 27 July 2007; Interview with Stephen FitzGerald, 2 May 2007.

<sup>184</sup> Interview with Graham Freudenberg, 27 July 2007; Interview with Stephen FitzGerald, 2 May 2007.

<sup>185</sup> 'Visit of Gough Whitlam', July 16 1970, POL 7 AUSTL 70 folder, Box 22, OANZPIA (1959-74), RG59, NACP.

but simply to gain assurance that the ALP's independent engagement strategy toward China would not damage the alliance. Responding to Whitlam's comments, the Secretary of State observed that 'the US, itself, is trying to improve relations with Communist China and would like to see the Communist Chinese emerge from their self-imposed isolation and take a responsible place in the international community'. He declared that so long as Australia's (and correspondingly a future Labor Government's) approach toward the PRC did not upset the UN position on China representation, the US 'had no reason to object to another country's seeking to engage Communist China in dialogue, as we ourselves seek to do'.<sup>186</sup> Although Whitlam could not be certain that Sino-American rapprochement trends would continue indefinitely, his conversation with Rogers signalled US acquiescence to the ALP's China policy for the time being. This perceived American acquiescence to Labor's engagement strategy persisted up until, and even after, the Whitlam Government recognised the PRC in December 1972.<sup>187</sup>

Nevertheless, Whitlam sought to further mitigate any intra-alliance risk by the way in which he conducted diplomacy toward China. Freudenberg recalls that during the ALP delegation visit, Whitlam was careful that the ALP should neither be perceived as 'bad mouthing' the United States nor as in any way 'opting out' of the alliance.<sup>188</sup> It was for these reasons that Whitlam emphasised to Zhou Enlai and Chi Peng-fei 'the continuing importance of ANZUS to Australia, whichever Australian Government was in power'.<sup>189</sup> In so doing, Whitlam conveyed to the Chinese that ANZUS was a non-negotiable term that would be demarcated from Sino-Australian diplomacy.<sup>190</sup> By establishing this principle as a basis for cooperative Sino-Australian relations, Whitlam was simultaneously able to demonstrate that closer Sino-Australian interests could be made consistent with American strategic interests in ANZUS.<sup>191</sup> Far from undermining American interests, Whitlam believed that Australian engagement with China might help facilitate the United States' own transition toward détente with that country.

<sup>186</sup> 'Visit of Gough Whitlam', July 16 1970, POL 7 AUSTL 70 folder, Box 22, OANZPIA (1959-74), RG59, NACP.

<sup>187</sup> Whitlam, in fact, appealed to the ALP's and Nixon's convergence on China policy to help mollify the US President after Labor Ministers publicly criticised the American bombing of Vietnam in December 1972. As Whitlam observed at the time: '[T]he former Government were sulky and sullen as they had been ever since the President took his great initiatives to bring about a détente with China. We were the co-operative ones. We were the enthusiastic ones. We weren't hesitant. We weren't sulky.' E.G. Whitlam, 'Address by Mr E. Gough Whitlam, Leader of the Australian Parliamentary Opposition to the American Australian Association', 1 February 1972, Hall Papers, MS8725/15/3, NLA.

<sup>188</sup> Interview with Graham Freudenberg, 27 July 2007.

<sup>189</sup> FitzGerald, *Talking with China*, pp. 23, 37-38.

<sup>190</sup> Interview with Paul Kelly, 25 July 2007.

<sup>191</sup> Interview with Paul Kelly, 25 July 2007.

Australia would both lead by example and assist China and the United States to better understand one another.<sup>192</sup>

Yet, while Whitlam secured broad American acquiescence to Labor's China policy in July 1970, he did not consult with Washington prior to agreeing to the ALP delegation visit in 1971 or, it appears, to any subsequent Labor engagement initiative toward China. Why did Whitlam so confidently embark on these initiatives in the face of McMahon's charges that the ALP was 'abandoning',<sup>193</sup> Australia's traditional ally? Why did he so willingly deviate from Australia's long-standing tradition of coordinating its China policy with the United States, without fearing Washington's resentment?

### *Consistency with Intra-Alliance Understandings of Contribution*

Instead of embarking on a completely independent foreign policy, Whitlam's endorsement of ALP engagement initiatives toward Beijing was grounded in his perceptions of what comprised an alliance contribution in the post-Vietnam War era. Whereas contributions to the imperial alliance were modified by changes in sovereignty and devolution, contributions to ANZUS were predicated on understandings of collective interest and defence burden-sharing. This resulted from the contractual, instead of the constitutional nature, of the US alliance. ANZUS partners were unified not by common sovereignty and the need to preserve a cohesive civilisational Empire, but by shared strategic interests in the Pacific.

During the early Cold War period, the ANZUS partners' shared interests, and corresponding understandings of intra-alliance contribution, focused around containing China.<sup>194</sup> Australian policymakers perceived their contribution as entailing a hardline posture toward China.<sup>195</sup> In defence terms, Australian policymakers believed that intra-alliance understandings supported an Australian 'forward defence' posture in Southeast Asia. This engendered Australia's military contribution to the Vietnam War, which

<sup>192</sup> See, for instance, 'President Nixon on China, Statement by the Leader of the Opposition, Mr Whitlam, Adelaide 15 April 1971', NAA: M170, 71/31; E.G. Whitlam, 'Address by Mr E. Gough Whitlam, Leader of the Australian Parliamentary Opposition to the American Australian Association', 1 February 1972, Hall Papers, MS 8725/15/3, NLA; Whitlam, *Beyond Vietnam*, p. 42.

<sup>193</sup> 'PM Raises Familiar Issue in New Context', *Australian Financial Review*, 13 July 1971, p. 4.

<sup>194</sup> Meaney, 'The United States', p. 170.

<sup>195</sup> Albinski, *Australian Attitudes and Policies Towards China*, p. 57; P.C. Spender, 'Relationships Between Australia and China', 19 February 1951, in Stuart Doran and David Lee (eds), *Australia and Recognition of the People's Republic of China, 1949-1972*, p. 52.



Canberra deemed necessary not only to limit China's southward expansion but to demonstrate Australia's *bona fides* as a supportive regional ally.<sup>196</sup>

Nixon's policy of rapprochement toward China and the 1969 Guam Doctrine fundamentally revised interpretations of alliance purpose and contribution. Based on divergent assessments of US interests toward China, the Liberal Government and the ALP derived fundamentally differing lessons from these events. The McMahon Government's scepticism about the durability of any Sino-American détente encouraged it to initially coordinate its China policy with Washington by adopting a cautious approach toward that power.<sup>197</sup> The alliance therefore reinforced the already low priority that McMahon assigned to normalising relations with the PRC. It was because the McMahon Government had misinterpreted trends in US foreign policy that Kissinger's visit was met with shock and disappointment.<sup>198</sup> In the aftermath of his visit, the McMahon Government emphasised its openness to dialogue with China, but was reluctant to proceed ahead of the United States in its China diplomacy. This was because it still tied its notion of alliance contribution to a unified ANZUS posture toward China.<sup>199</sup>

In contrast, Whitlam conceived of alliance purpose in terms of facilitating an enduring American presence in the Asia-Pacific. To this end, he contributed to the alliance by maintaining Australian support for *both* ANZUS and the Southeast Asia Treaty Organization (SEATO).<sup>200</sup> Viewing SEATO as a defence association that reflected Cold War ideological cleavages and inhibited regional cooperation, Whitlam had initially sought to withdraw Australia from this alliance.<sup>201</sup> However, American

<sup>196</sup> Woodard, *Asian Alternatives*, p. 273.

<sup>197</sup> See, for instance, 'Summary Record of Telephone Conversation Between McMahon and Waller', 19 August 1971, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 580; 'Policy Planning Paper: Implications for Australia of Kissinger/Chou-Enlai Talks', in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 576; 'Submission to Cabinet', 9 February 1971, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 388.

<sup>198</sup> 'Cablegram to Washington', 18 July 1971, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 509. The Australian Ambassador to the United States, Sir James Plimsoll, explained to the US Secretary of State: 'The Australian Government needed to know in advance how United States policies were developing on China and Vietnam and other Far Eastern questions because that affected the presentation of our policy publicly as well as some of our decisions on substance. I developed those points with reference to the situation in Australia ...,' 'Cablegram to Canberra', 19 July 1971, in Doran and Lee (eds), *Australia and Recognition of the People's Republic of China, 1949–1972*, p. 513.

<sup>199</sup> This was only partially related to the alliance. Both strategic and domestic political factors noted in the earlier part of this chapter also contributed to McMahon's reluctance to extend Australian recognition of the PRC. Pitty, 'Way Behind in Following the USA over China', p. 441; Fung and Mackerras, *From Fear to Friendship*, p. 121.

<sup>200</sup> 'Memorandum of Conversation: Secretary's Meeting with Australian PM Gough Whitlam', July 31 1973, POL 7 Whitlam to US AUSTL 73 folder, Box 31, OANZPIA (1959–74), RG59, NACP.

<sup>201</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 224.

officials warned that this could have negative repercussions for ANZUS and the US commitment to Southeast Asia more generally. This prompted Whitlam to uphold Australian participation in SEATO as part of a *contribution* to maintaining ANZUS—Australia's more important security alliance.<sup>202</sup>

Simultaneously, however, Whitlam recognised that strategic containment of China no longer provided adequate glue for either alliance over the longer term. To preserve ANZUS, he sought to refashion it along lines that he believed more relevant to evolving regional circumstances. As Whitlam observed at the time:

The whole aim of Liberal foreign policy for the last twenty years has been to keep the United States embroiled militarily on the mainland of Asia in order to "contain" China ... The Australian Labor Party believed that we in Australia have to recognize the changed circumstances in our region and the changed feeling in the United States. If we don't we're just burying our heads in the sand and, in fact, creating a situation where ANZUS will become ... moribund and irrelevant to the real world of the 1970s ... ANZUS must change or die.<sup>203</sup>

He envisioned ANZUS not simply as a military alliance, but as a broader association of interests that could promote development and stability in Southeast Asia.<sup>204</sup>

To Whitlam, this reconfigured alliance purpose had two corresponding ramifications for the way in which Australia contributed to the alliance and conducted its foreign policy from within that association. First, coupled with Australia's assumption of greater responsibility for its own defence, this alliance purpose necessitated a more independent Australian foreign policy toward the region. Whitlam believed that Australia needed to forge stronger relations with both Southeast Asian countries and the regional great powers in order to preserve regional stability.<sup>205</sup> Whilst positing Australia as a 'friend and partner' of the United States in the Pacific, Whitlam did not believe that ANZUS, in itself, constituted a foreign policy.<sup>206</sup> He regarded Australia's alliance relationship with the US as 'only one aspect of our interests and obligations in our region'.<sup>207</sup>

<sup>202</sup> 'Memorandum of Conversation: Secretary's Meeting with Australian PM Gough Whitlam', July 31 1973, POL 7 Whitlam to US AUSTL 73 folder, Box 31, OANZPIA (1959–74), RG59, NACP.

<sup>203</sup> 'Whitlam on Foreign Affairs', [Interview transcript], 8 November 1972, Cameron Papers, MS4614, Bound volumes entitled 'Press Releases, Television, Radio Interviews by Hon. E. Gough Whitlam, 5/12/72-11/11/75', NLA.

<sup>204</sup> Beazley, *Post Evatt Australian Labor Party Attitudes to the United States Alliance*, p. 243; Interview with Paul Kelly, 25 July 2007.

<sup>205</sup> Viviani, 'The Whitlam Government's Policy Towards Asia', p. 107; Whitlam, 'International Affairs', p. 220; Interview with Paul Kelly, 25 July 2007.

<sup>206</sup> 'Whitlam on Foreign Affairs', 8 November 1972, Cameron Papers, MS 4614, Bound volumes entitled 'Press Releases, Television, Radio Interviews by Hon. E. Gough Whitlam, 5/12/72-11/11/75', NLA; Whitlam, 'Opening Address by the Prime Minister', p. 3.

<sup>207</sup> Gough Whitlam, 'Prime Minister's Address to the National Press Club, Washington'.

Second, Whitlam did not believe that Australia's alliance contribution necessitated that it coordinate or even consult with Washington on every foreign policy issue. He observed that: 'When our interests do not coincide and when we disagree with the United States we shall, as a good friend should, say so firmly and frankly, usually, and preferably, in private.'<sup>208</sup> Recalling the relationship that existed between Australia and the United Kingdom in the aftermath of the Second World War, Freudenberg observes that Whitlam believed Australia and the US could maintain a similar sort of relationship in the post-Vietnam War era. Australia and the US still maintained overarching common interests. However, Canberra maintained other interests that did not necessarily coincide with Washington's priorities, which it could pursue without damaging the alliance.<sup>209</sup>

This was particularly manifest in the ALP's China policy. Labor policymakers *increasingly* believed that Australia's China policy, whilst not allowed to compromise core US interests, should no longer be subordinated to the alliance. In a meeting with US Ambassador to Australia, Walter Rice, Barnard framed the ALP's decision to recognise China in terms of Australia 'thinki[ng] for itself instead of letting Washington do Canberra's thinking'.<sup>210</sup> In the same conversation in which he discussed the ALP delegation's visit to China, Whitlam relayed to Rice that Australia was simply following the Nixon Doctrine by not necessarily checking with Washington prior to every foreign policy decision.<sup>211</sup>

Whitlam's confidence in pursuing this initiative, in accordance with revised understandings of intra-alliance contribution, was supported by the actions of other American allies. France, Canada and Italy had all recognised the PRC with no substantive recrimination from Washington. Whitlam believed that if Canada and the

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<sup>208</sup> Gough Whitlam, 'Prime Minister's Address to the National Press Club, Washington'. This approach was broadly endorsed by Secretary Rogers in Whitlam's conversation with him in February 1972. The memorandum of their conversation records: 'The Secretary said that as far as the United States was concerned, though we did not like criticism, it did not seriously disturb us so long as it was made in the right spirit. Our relationship today was much healthier. We wanted friendly competition and cooperation.' What gave rise to Nixon's considerable distrust of the Whitlam Government after Labor Ministers criticised the US bombing of Vietnam in late December 1972 was the public nature of this criticism. 'Memorandum of Conversation: Courtesy Call and General Discussion', January 27 1972, POL 2 AUSTL folder, Box 28, OANZPIA (1959-74), RG59, NACP.

<sup>209</sup> Interview with Graham Freudenberg, 27 July 2007. Pemberton also makes this observation. He argues that the Whitlam Government's approach to the alliance was consistent with Australia's relationship with Britain in the 1940s, during which the Australian Government did not always comply with British foreign policy and defence goals. Pemberton, 'Whitlam and the Labor Tradition', p. 140.

<sup>210</sup> American Embassy to Department of State, June 10 1970, POL 12 AUSTL folder, Box 22, OANZPIA (1959-74), RG59, NACP.

<sup>211</sup> American Embassy Canberra to Secretary of State Washington DC, October 7 1971, POL15-1 AUSTL 8/12/71 folder, Box 25, OANZPIA (1959-74), RG59, NACP. The Americans broadly endorsed this approach in view of what they recognised to be growing Australian nationalism.

European countries could recognise the PRC without adverse consequence for their respective US alliances, so too could Australia.<sup>212</sup> As Whitlam observed in his 1972 speech to the Australian-American Association:

Now the thing which, of course, impressed us also in Australia, was the fact that Canada had taken this initiative ... and there was no adverse reaction in the United States. So therefore, it became a matter of political practicality and economic necessity that Australia could contemplate a similar action to Canada. And it was in the light of this that I was able to visit Peking ... with some of my colleagues.<sup>213</sup>

The absence of any American remonstrances regarding the ALP's delegation visit—at least as communicated to Whitlam and his advisors—strengthened their perceptions that there was minimal risk attached to independent ALP policy forays toward China.<sup>214</sup> If anything, senior American officials were curious to ascertain Whitlam's impressions about the Chinese leadership after his July 1971 conversation with Zhou Enlai.<sup>215</sup>

Evolving US interests toward China, and changing notions of intra-alliance contribution stemming from these, significantly mitigated the risks attached to an Australian policy shift regarding China. The importance that Whitlam assigned to securing Washington's broad acquiescence to the ALP's engagement strategy was signified by his effort to gain assurance from the US Secretary of State, in July 1970, that this strategy would not damage the US alliance. Thereafter, evolving intra-alliance understandings, deriving from changing US regional interests and the reconfiguration of ANZUS, supported his view that the ALP did not necessarily have to coordinate its China policies with those of the United States (as did the McMahon Government prior to Kissinger's visit to China in July 1971). The ALP, and an incoming Labor Government, could adopt various engagement initiatives toward China without significantly damaging its reputation as an alliance manager. Whitlam and his ALP colleagues subsequently placed a high value on their interest in deepening political cooperation with China, thereby underwriting their perceptions of considerable Australian intra-alliance bargaining power on this particular issue. Whitlam was subsequently able to reconcile an engagement strategy toward Beijing with alliance management imperatives, without necessarily having to bandwagon with the United States.

<sup>212</sup> Interview with Stephen FitzGerald, 2 May 2007; Interview with Eric Walsh, 12 June 2007.

<sup>213</sup> 'Address by Mr E. Gough Whitlam, Leader of the Australian Parliamentary Opposition to the American Australian Association', 1 February 1972, Hall Papers, MS 8725/15/3, NLA.

<sup>214</sup> Interview with Stephen FitzGerald, 2 May 2007.

<sup>215</sup> American Embassy Tokyo to Secretary of State, July 16 1971, POL 7 AUST 5-21-71 folder, Box 25, OANZPIA (1959-74), RG59, NACP.

## Conclusion

The ALP's engagement initiative toward China in July 1971, and the ensuing Australian policy shift toward that country in December 1972, is not readily explained by existing international relations theories. Whitlam and his ALP colleagues still viewed the United States as the dominant power and sought to preserve *Pax Americana* in the Pacific. Contrary to what power transition theorists suggest, however, ALP policymakers still engaged with a rising China. Nor were their efforts to do so characteristic of bandwagoning with Washington's evolving policy toward that country. Indeed, the ALP authorised sending a delegation to Beijing to discuss the terms of normalised diplomatic relations prior to parallel moves in the United States' own China diplomacy with Kissinger's visit in July 1971. Power transition theory's tendency to dichotomise closer relations with a rising power and support for the ally inhibits it from adequately accounting for how ALP policymakers confidently engaged with a rising China from within an alliance context.

Snyder's theory would attribute this paradox to ALP perceptions of comparatively greater Australian intra-alliance bargaining power on this particular issue. This argument has some explanatory utility. Whitlam and his colleagues still perceived Australia as asymmetrically dependent on the United States and maintained fears of abandonment. What differed between the ALP and the McMahon Government was their assessment of Australia's interest toward the PRC. The McMahon Government never fully developed an interest in normalising relations with the PRC. The low priority that McMahon assigned to this interest, in an alliance context, only further reinforced tendencies against substantively modifying Sino-Australian relations. Meanwhile, the high value that ALP policymakers assigned to an interest in deepening political relations with the PRC gave rise to perceptions of significant intra-alliance bargaining power. In view of the instigative role that the ALP's interest in deepening cooperation with the PRC played, it becomes important to know *why* the ALP developed this interest and *how* they came to so highly value it in an intra-alliance context.

This chapter lends support to this study's theoretical propositions supplementing Snyder. The ALP's interest in deepening cooperation with the PRC was predicated on mitigating the prospect of a 'China threat' and maximising Australian trade benefits. These incentive factors augmented the prospect for cooperation in the context of Whitlam's and his colleagues' assessments that the PRC could be conditioned to

become a stakeholder in regional order and that they could reach a *modus vivendi* with that country. In the absence of this confluence of assessments, material incentives to cooperate with China would have had little significant effect on Australian policy. This is illustrated by the McMahon Government's tentative approach toward China. The McMahon Government acknowledged there were incentives to cooperate with an increasingly powerful China, but ongoing anxieties about that country's intentions and the perceived difficulty of reaching a politically acceptable *modus vivendi* with Beijing undercut the prospects for an engagement-based approach. All three factors needed to be present for an interest favouring engagement to emerge. For these reasons, a substantive Australian policy shift towards China did not take place until the Labor Government assumed power in December 1972.

This shift was supported by ALP policymakers' assumptions that they could, over time, induce the United States to acquiesce to their China policy. This was an important measure of the relative *value* they assigned to their interest in deepening cooperation with China. Whitlam's assumption of American acquiescence was predicated on what he viewed as consistency between the ALP's China policy and core US regional interests. This was critically underpinned by US Secretary of State William Roger's acceptance of ALP China policy in 1970 and an absence of American protests after the ALP delegation's visit. Evolving intra-alliance understandings in the post-Vietnam War era also provided Whitlam and his colleagues with confidence to pursue their engagement initiatives without necessarily coordinating with Washington. To Labor policymakers, the prospect of American acquiescence mitigated the risks associated with pursuing a more independent China policy. Assigning a high value to deeper Sino-Australian relations, they subsequently believed that Australia had significant intra-alliance bargaining power. Accordingly, they translated their engagement preferences into an engagement strategy toward China—both in Opposition and on assuming Government. Whitlam's and his ALP colleagues' perceptions of intra-alliance bargaining power were therefore important, but only as an intermediating factor. This study's supplementary theoretical propositions provide Snyder's theory with greater determinacy in this differing empirical context.

The Whitlam case is interesting because it established the parameters within which Australia's China policy was to operate for the next thirty years. The US alliance was separated as a non-negotiable item from Sino-Australian discussions. Meanwhile, Australia's China policy was increasingly divorced from the purview of the American alliance. This separation was underpinned by what ALP policymakers perceived as

parallel trends in the United States' evolving regional interests and an associated shift in shared understandings of intra-alliance contribution away from containing China. This obviated the need for Australia to choose between closer Sino-Australian relations and the ANZUS alliance. Consequently, the bilateral dynamics of Sino-Australian relations became a more important determinant of when Australia was more or less inclined to engage with China. By examining a period of 'disengagement' in Australia's policy towards China, the following case explores the extent to which these bilateral dynamics, over and above Washington's immediate preferences, have come to direct Australian engagement with a rising China.

## CHAPTER SEVEN

### DISENGAGING A RISING CHINA: THE HAWKE GOVERNMENT'S RESPONSE TO TIANANMEN SQUARE, 1989–91

Following Canberra's recognition of the PRC in December 1972, the Sino-Australian relationship steadily evolved into a more comprehensive and multifaceted one. Coalescing interests in balancing against the Soviet Union initially provided significant impetus to deepening Sino-Australian relations under the Fraser Government.<sup>1</sup> By 1980, however, Cabinet endorsed the findings of an interdepartmental working group that the Sino-Australian relationship had become important to Australia in its own right.<sup>2</sup> This was reflected in the Hawke Government's engagement strategy toward China during the ensuing decade. Prime Minister Bob Hawke believed that a deeper Sino-Australian relationship was an important dimension of Australia's political and economic 'enmeshment' into the Asia-Pacific region.<sup>3</sup> Under the auspices of close personal relationships he established with General Secretary of the Chinese Communist Party Hu Yaobang and Chinese Premier Zhao Ziyang, Hawke successfully deepened and further institutionalised Sino-Australian relations across a range of issue areas. This included forging bilateral agreements on legal, agricultural, educational and cultural exchanges, enhancing scientific and technological cooperation, and, most notably, establishing large venture projects.<sup>4</sup> Hawke deemed Sino-Australian relations as a 'model' for 'friendly and mutually beneficial cooperation between differing economic and political systems'.<sup>5</sup> The flourishing relationship led some observers to conclude that it assumed a status second only to the American alliance in Australian foreign policy.<sup>6</sup>

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<sup>1</sup> Gareth Evans and Bruce Grant, *Australia's Foreign Relations in the World of the 1990s*. Carlton, Vic: Melbourne University Press, 1991, p. 232.

<sup>2</sup> Kim Nossal, *The Beijing Massacre: Australian Responses*, Canberra: Department of International Relations, Australian National University, 1993, p. 9.

<sup>3</sup> Bob Hawke, 'Speech by the Prime Minister Nanjing University', 23 May 1986, Bob Hawke Prime Ministerial Library (BHPML); Interview with Bob Hawke, 24 July 2007; Interview with Ross Garnaut, 29 August 2007; Interview with John Bowan, 18 September 2007.

<sup>4</sup> The large venture projects were part of a long-term strategy to integrate Australian and Chinese iron and steel industries, which effectively linked China's future economic development to the Australian natural resource market. Interview with David Ambrose, 10 September 2007.

<sup>5</sup> Hawke, 'Speech by the Prime Minister, Nanjing University', (BHPML).

<sup>6</sup> David Goldsworthy, 'Regional Relations', in David Goldsworthy and Peter Edwards, (eds), *Facing North: A Century of Australian Engagement with Asia*, Canberra: Department of Foreign Affairs and Trade, 2001, p. 143.



Yet, Sino-Australian relations reached both their peak and nadir under the Hawke Government. By mid-1989, the Hawke Government had suspended political relations between the two countries in response to Chinese human rights abuses at Tiananmen Square. On 4 June 1989, the People's Liberation Army (PLA) killed hundreds of student protestors who had gathered around Tiananmen Square calling for political reform. In the week following, the PLA arrested approximately 1800 student dissidents on the basis of 'counterrevolutionary' activity.<sup>7</sup> Hawke responded to these events by publicly condemning the Chinese Government's actions and instigating a series of political sanctions. These included cancelling his forthcoming visit to China, suspending all other ministerial visits, and terminating the intended port call of the HMAS *Parramatta* at Shanghai. Broader-ranging political sanctions followed in the wake of the Department of Foreign Affairs and Trade (DFAT) review of the relationship on 13 July. Among other measures, these entailed: (1) suspension of ministerial and parliamentary visits for the remainder of 1989; (2) indefinite termination of all high level-defence visits; (3) suspension of the Market Advisory Program; and (4) support for international institutions' deferral of new loans to China. These sanctions were introduced with the aim of punishing the Chinese leadership and compelling it to demonstrate progress in addressing its poor human rights record.<sup>8</sup> However, these measures were only directed at suspending Sino-Australian relations, not fundamentally abrogating them.<sup>9</sup> The Hawke Government was acutely conscious of the need to balance Australia's longer term interests of maintaining cooperative relations with Beijing with registering Australia's disapproval.<sup>10</sup> Parallels can therefore be drawn between the Lyons Government's disengagement strategy toward a rising America in 1936 and the Hawke Government's disengagement strategy toward a rising China in 1989.<sup>11</sup>

As in the case of the Lyons Government, this shift toward disengagement is not readily explained by existing international relations theories. Power transition theorists

<sup>7</sup> Ann Kent, *Human Rights in the People's Republic of China*, Discussion Paper No. 3, Legislative Research Service, Canberra: Parliament of the Commonwealth of Australia, 1989–90, p. 21. The precise number of students killed by the PLA remains subject to debate.

<sup>8</sup> Interview with David Sadleir, 17 July 2007.

<sup>9</sup> Russell Trood, 'From Cooperation to Conflict: Australia and China in 1989', in Colin Mackerras, Kevin Bucknall and Russell Trood, *The Beijing Tragedy: Implications for China and Australia*, Nathan Qld: Griffith University, 1991, p. 75.

<sup>10</sup> Penny Wensley, 'Policy on China', in Gary Klintworth (ed.), *China's Crisis: The International Implications*, Canberra Papers on Strategy and Defence, no. 57, Canberra: Strategic and Defence Studies Centre, Australian National University, 1989, p. 22.

<sup>11</sup> As noted in the introduction and Chapter Four, disengagement entails a temporary suspension or withdrawal of cooperation to induce change in a target state's position on a given issue. It is directed at suspending rather than abrogating relations, in the hope of creating a more viable long-term relationship that better accommodates the engaging state's interests.

would attribute this policy shift to Australia's efforts to support and bandwagon with the United States. Yet while Australia's policy response to Tiananmen Square paralleled that of the United States, it was not causally related. In interviews with the author, Hawke and his advisors consistently noted the primacy of their own country's interest as a shaping influence on their post-Tiananmen China policy.<sup>12</sup> If Australia's shift to disengagement cannot be attributed to bandwagoning logic, how then can we account for the Hawke Government's policy response to Tiananmen Square?

Snyder's theory is again only partially helpful. As Snyder would suggest, essentially convergent Australian and American interests towards China after Tiananmen lessened the need for Canberra to factor alliance considerations into its response. This was supported by Hawke's and his advisors' perceptions of Australia's significant intra-alliance bargaining power on this issue in the event that Australian and American preferences later diverged. These perceptions derived from the high value that Australian officials assigned to their interest in suspending cooperation with China, irrespective of Australia's continuing dependence on its American ally. As in the Anglo-American case studies, however, conceptual gaps in Snyder's theory preclude it from adequately explaining the changing dynamics of Australian engagement with a rising China. In this particular instance, Snyder's theory cannot explain why Australia's interest favoured disengagement over other responses to Tiananmen Square. Nor can it fully explain why the Hawke Government assigned such a high value to this interest and thus deduced that Australia maintained significant intra-alliance bargaining power.

It is only when Snyder's theory of intra-alliance bargaining power is supplemented with the theoretical propositions advanced in Chapter Two that we may better understand the shift in Australia's China policy during the 1980s. These theoretical propositions must be explored in relation to Prime Minister Hawke's (the principal architect of Australia's Tiananmen response) thinking at the time.<sup>13</sup> Hawke adopted a dualistic Australian policy response to the Tiananmen Square incident. The first component of this response was to publicly condemn the Chinese Government's human rights violations at Tiananmen and to instigate limited diplomatic sanctions. To Hawke and his advisors, the Tiananmen Square incident was not only morally reprehensible, but clearly demonstrated China's disregard for international human rights

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<sup>12</sup> Interview with Bob Hawke, 24 July 2007; Interview with Ross Garnaut, 29 August 2007; Interview with John Bowan, 18 September 2007; Interview with Sandy Hollway, 19 September 2007.

<sup>13</sup> DFAT later emerged as an important actor in reconciling Tiananmen with Australia's longer-term policy towards China, but still operated within the confines established by Hawke in the immediate aftermath of the crisis. Interview with Sandy Hollway, 19 September 2007.

standards.<sup>14</sup> Hawke made the critical judgement that this disregard could not be ignored within the confines of normal diplomatic interaction. Bringing the absence of any Sino-Australian consensus on human rights to the fore, Tiananmen engendered the breakdown of the general *modus vivendi* that had previously underpinned bilateral relations.<sup>15</sup> Simultaneously, however, the Hawke Government still recognised the importance of longer term economic and strategic imperatives that necessitated a broad engagement-based approach toward China.<sup>16</sup> A China that was ostracised from the international community would be less likely to partake in economic and political reform and could, potentially, emerge as a disruptive player in the international system.<sup>17</sup> This disjuncture between Hawke's beliefs that there were important strategic and politico-economic incentives to cooperate with China, coupled with his inability to reach a *modus vivendi* with that country on the basis of human rights, prompted Australia's shift to disengagement.

It was these considerations, stemming from bilateral Sino-Australian relations, which were the most important drivers of change in Australian foreign policy. Hawke and his advisors assumed that the US policy response would parallel their own, thereby mitigating the impact of alliance considerations on Australia's post-Tiananmen China policy.<sup>18</sup> Their confidence in pursuing Australia's post-Tiananmen response was also underwritten by what they presupposed to be American acquiescence in the event of any subsequent policy divergence. This supposition stemmed from what Australian policymakers interpreted as shared understandings of alliance contribution which demarcated Australia's China policy from the purview of the alliance. These understandings latently underscored the high value that Hawke and his advisors attached to their independent interest in China. Minimising the risk associated with Australian policy divergence on China, they offset the constraining effects of Australia's alliance dependence. Perceptions of greater intra-alliance bargaining power on China-related issues facilitated the Hawke Government's execution of its post-Tiananmen China strategy without coordinating with Washington.

To place the Hawke Government's disengagement strategy in context, this chapter will initially outline Australian perceptions of the Sino-American power shift

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<sup>14</sup> Interview with Sandy Hollway, 19 September 2007; Interview with anonymous Australian official, 1 August 2007.

<sup>15</sup> This previous *modus vivendi*, and the role that human rights issues played, will be elucidated later in the chapter.

<sup>16</sup> Wensley, 'Policy on China', p. 20; Trood, 'From Cooperation to Conflict', p. 73.

<sup>17</sup> Interview with David Sadleir, 17 July 2007.

<sup>18</sup> Interview with John Bowan, 18 September 2007; Interview with Sandy Hollway, 19 September 2007.

during the 1980s. With this backdrop, it will examine the extent to which power transition theory and Snyder's theory account for the Hawke Government's disengagement from China in 1989. The second section of the chapter explores this study's theoretical propositions relative to Australian policy formation after Tiananmen. The general applicability of these theoretical propositions, in an Australian context, is evident in the similarities between the factors that underpinned the Lyons Government's disengagement response toward a rising America and those that underpinned the Hawke Government's disengagement response toward China. Finally, the chapter examines why, in contrast to other cases, the alliance played a considerably lesser role in informing the Hawke Government's policy response to Tiananmen. It concludes by exploring what this suggests regarding the applicability of Snyder's theory, supplemented by this study's theoretical propositions, in explaining the shifting dynamics of Australian engagement with a rising China.

### **Nascent Sino-American Power Shift During the 1980s**

There are striking commonalities between the ways in which Labor policymakers viewed power relativities in 1971 and the Hawke Government viewed them in 1989. In 1989, Australian policymakers continued to regard the United States as the dominant material power at both global and regional levels.<sup>19</sup> At the global level, these perceptions were underscored by the end of the Cold War. While the United States and the Soviet Union were nuclear co-equals, the Soviet Union had a poor economy and was technologically behind the US.<sup>20</sup> The US also possessed considerable political influence through its strong alliance network in both Western Europe and the Asia-Pacific. This contrasted with the Soviet Union's crumbling ideological bloc in Eastern Europe.<sup>21</sup>

US dominance was particularly marked at the regional level. Kim Beazley observed in 1988, that '[t]he United States will remain the pre-eminent power in the region, and the military balance in north Asia will remain its most significant strategic

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<sup>19</sup> Evans and Grant, *Australia's Foreign Relations*, p. 7; Interview with Paul Dibb, 19 July 2007. Interview with Bill Hayden, 30 July 2007; Gareth Evans, 'Australia's Regional Security: Ministerial Statement by the Hon Gareth Evans QC, Minister for Foreign Affairs and Trade, December 1989', in Greg Fry (ed.), *Australia's Regional Security*, Sydney: Allen and Unwin, 1991, p. 172.

<sup>20</sup> Interview with Paul Dibb, 19 July 2007.

<sup>21</sup> Evans and Grant, *Australia's Foreign Relations*, p. 6; Bob Hawke, 'Speech by the Prime Minister of Australia, The Hon. R.J.L. Hawke AC M.P. Dinner Held by the Lord Mayor of London Mansion House, London', 21 June 1989, BHPML.

vortex'.<sup>22</sup> Despite the Soviet Union's modernisation of its Pacific fleet and its naval base at Cam Ranh Bay in Vietnam, Western naval superiority in the Pacific remained undiminished.<sup>23</sup> The Soviet Union was fundamentally unable to match US deployments to the region in either frequency or numbers.<sup>24</sup> Nor did the Soviet Union, or any other country in the region, maintain the same extended network of regional military arrangements that facilitated US power projection and material superiority as an offshore balancer. Like the McMahon Government and ALP in 1971, however, the Hawke Government still harboured concerns about a *relative* decline in American regional power.<sup>25</sup> This was viewed as a function of American will, rather than an issue of American capacity.<sup>26</sup> Australian policymakers feared that the end of the Cold War would remove the strategic rationale for US forces in the Pacific and that 'America's instinctive isolationism would [again] reassert itself'.<sup>27</sup> This was particularly the case in Southeast Asia, where ideological competition had steadily diminished during the 1980s.<sup>28</sup>

The Hawke Government's concerns about American relative decline were compounded by what it viewed as a shift toward greater regional multipolarity. As the United States strategically retracted from the Asia-Pacific, Australian defence planners and foreign policy officials believed that the regional influence of Japan, China and India would grow concomitantly. In a 1989 statement entitled *Australia's Regional Security*, Foreign Minister Gareth Evans summarised the Government's view of the evolving regional order:

[W]e are likely to see over the next ten years a transition phase which will culminate in a more traditional situation in which a number of states of varying characteristics exercise great power status. The United States and the Soviet Union will loom relatively less large and will be joined by Japan, the European Community, China and India as major global influences. They will not be equally influential in military, economic, political, cultural, and other spheres. Rather, each of these great powers will

<sup>22</sup> Kim C. Beazley, 'Australia and the Asia-Pacific Region: A Strategy of Self-Reliance and Alliance', (30 June 1988), in Kim C. Beazley (ed.), *Compendium of Speeches by the Hon. Kim C. Beazley, M.P., Minister for Defence*, Canberra: Directorate of Departmental Publications, Commonwealth of Australia, 1989, p. 231.

<sup>23</sup> Department of Defence, *Australia's Strategic Planning in the 1990s*, Canberra: Department of Defence, 1992, p. 18.

<sup>24</sup> Evans, 'Australia's Regional Security', p. 172.

<sup>25</sup> Interview with Hugh White, 5 September 2007; Evans, 'Australia's Regional Security', p. 176.

<sup>26</sup> Interview with Hugh White, 5 September 2007; Kim Beazley, 'Australia and the Asia-Pacific Region: A Strategy of Self-Reliance and Alliance', p. 230.

<sup>27</sup> Hugh White, 'Four Decades of the Defence of Australia: Reflections on Australian Defence over the Past Forty Years', in Ron Huisken and Meredith Thatcher (eds), *History as Policy: Framing the Debate on the Future of Australia's Defence Policy*, Canberra: Australian National University E-Press, 2007, p. 173.

<sup>28</sup> Evans, 'Australia's Regional Security', p. 176.

possess a distinctive combination of strengths and weaknesses and assert its role in some geographical regions more than others.<sup>29</sup>

Japan had emerged as ‘the dominant Asian economic power’ by the late 1980s.<sup>30</sup> The Hawke Government also viewed it as an increasingly important military power, albeit unable to substantively project military power as a result of constitutional limitations.<sup>31</sup> Yet, some within the Hawke Government believed that China could eclipse Japanese power over the longer term.<sup>32</sup>

Chinese leader Deng Xiaoping’s ‘Open Door’ and ‘Four Modernisation’ policies in 1978 led to a period of sustained and large-scale economic growth in China. China’s growth in output averaged above 9 per cent per year.<sup>33</sup> The Hawke Government recognised that the full benefits of China’s economic growth would not be realized for some time yet to come.<sup>34</sup> So long as Chinese economic reform continued, however, the Prime Minister and then Secretary of Foreign Affairs Stuart Harris projected that China would emerge as a great power—if not the predominant power—in Asia.<sup>35</sup> As Hawke later observed, the Open Door policy was:

the beginnings of an economic approach which, in my judgment, was going to constitute the most important revolution in China in the twentieth century – one that would not only transform [China] ... into the largest economy in the world, but would in the process change the global economic and political balance of power.<sup>36</sup>

Consequently, the *idea* of China as a rising economic power became embedded in Australian policy circles during the Hawke Government. This idea was shared among differing components of the Australian bureaucracy and garnered considerable credibility as a result of China’s staggering economic growth.<sup>37</sup>

<sup>29</sup> Evans, ‘Australia’s Regional Security’, p. 172. Beazley envisioned a similar regional order. He observed that: ‘When we look at the economic growth rates and related developments in Asia today we can see, in nascent form, a state system of multiple centres of power not dissimilar, except for its scale and geographic character, from the European state system of the 19<sup>th</sup> century. The outcome will see a number of major powers of roughly co-equal rank in regional terms, and some strong middle powers as well. Three emerging in the first category are India, China and Japan.’ Beazley, ‘Australia and the Asia-Pacific Region’, p. 231.

<sup>30</sup> Department of Defence, *Australia’s Strategic Planning*, p. 15.

<sup>31</sup> Interview with Hugh White, 5 September 2007; Interview with Stuart Harris, 16 July 2007; Department of Defence, *Australia’s Strategic Planning*, p. 15.

<sup>32</sup> Interview with Stuart Harris, 16 July 2007; Sadleir observes that ‘...[W]e at the Beijing Embassy argued that China, if its reforms continued, could ultimately become another Japan; but this was disputed at the time for instance by our Embassy at Tokyo’. Correspondence with David Sadleir, 17 July 2007.

<sup>33</sup> Ross Garnaut, *Australia and the Northeast Asian Ascendancy*, Canberra: Australian Government Publishing Service, 1989, p. 38.

<sup>34</sup> Interview with Stuart Harris, 16 July 2007; Interview with David Sadleir, 17 July 2007.

<sup>35</sup> Interview with Stuart Harris, 16 July 2007.

<sup>36</sup> Bob Hawke, *The Hawke Memoirs*, Port Melbourne, Vic: Reed Books Australia, 1996, p. 346.

<sup>37</sup> The idea of China as a ‘rising power’ seems to have been more prevalent in the Department of Foreign Affairs and Trade than in the Department of Defence or intelligence agencies. This is attributable to China’s rise as an economic instead of a strategic power during the late 1980s. It was not until after the Chinese began to purchase Soviet technology in 1992 that the Defence Department began to conceive of

However, the notion of China as a rising power was qualified. First, China's future power trajectory was predicated on its continuing economic reform and a degree of economic stability.<sup>38</sup> Hawke was confident Chinese economic reform would continue.<sup>39</sup> However, the Australian Government was still conscious that the Chinese leadership was debating the pace and merit of the reform process.<sup>40</sup> Second, Australian policymakers believed that China would remain strategically weak for some time to come. Defence was the last of Deng Xiaoping's 'Four Modernisations'. While China maintained nuclear weapons and a large land army, its conventional forces were under-equipped and principally positioned for northern defence against the Soviet Union. It maintained only limited air and naval capabilities. For these reasons, Australian policymakers conceived of China predominantly in terms of a rising *economic* power rather than a rising *strategic* power during the late 1980s.<sup>41</sup> Finally, China faced obstacles in cultivating political influence in Southeast Asia. Despite its lucrative economic market, Southeast Asian countries remained wary of China and its long-term intentions.<sup>42</sup>

To Australian policymakers, the 1989 Tiananmen Square incident exacerbated these hurdles to China's rise. Signifying a shift in the Chinese leadership's balance of power toward the conservatives, the Tiananmen Square incident engendered some uncertainty about the future prospects of Chinese economic reform. As the Hawke Government's seminal post-Cold War defence planning document *Australia's Strategic Planning* observed, '[w]hile China is developing strategic influence and reach, its preoccupations will remain internal. Economic growth will slow and China's capacity to provide resources for defence will be impaired ...'<sup>43</sup> The Chinese Government's resort to force to resolve this internal disturbance also gave rise to greater concern about Beijing's long-term intentions in various Southeast Asian capitals.<sup>44</sup> China's future economic and strategic growth was thus far from assured in the immediate aftermath of Tiananmen. China was by no means in a position to fundamentally challenge US regional power and influence. In view of this continuity in Australian perceptions of

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China as a rising strategic power. Interview with Stuart Harris, 16 July 2007; Interview with Hugh White, 5 September 2007.

<sup>38</sup> Interview with David Sadleir, 17 July 2007.

<sup>39</sup> Interview with Bob Hawke, 24 July 2007.

<sup>40</sup> Interview with David Sadleir, 17 July 2007; Interview with anonymous Australian official, 1 August 2007.

<sup>41</sup> Interview with Hugh White, 5 September 2007; Correspondence with David Sadleir, 17 July 2007; Interview with Stuart Harris, 16 July 2007.

<sup>42</sup> Department of Defence, *Australia's Strategic Planning*, p. 17; Interview with Richard Brabin-Smith, 18 July 2007.

<sup>43</sup> Department of Defence, *Australia's Strategic Planning*, p. 17.

<sup>44</sup> Interview with Sandy Hollway, 19 September 2007.

regional relativities of power, how can we account for the change in Australia's engagement strategy following Tiananmen?

## Explaining Australian Disengagement from China

### *Power Transition Theory*

Australian perceptions of the United States' continued dominance at both the global and regional levels underscored its profound satisfaction with *Pax Americana* in the Asia-Pacific. As in previous decades, this satisfaction was partly grounded in the liberal-democratic values shared by Australia and the United States. Both Hawke and Evans referred to these values as an enduring uniting force between the two countries.<sup>45</sup> These unifying values were brought into even sharper relief with the fall of communism in Eastern Europe and the perceived victory of US-led Western liberalism at the end of the Cold War.<sup>46</sup> The Hawke Government also viewed US leadership as imperative at a time of enhanced strategic fluidity in the international system. Regionally, an American presence provided *reassurance* to Asia-Pacific countries as they moved toward local confidence-building measures and *insurance* in the event of unforeseen regional contingencies.<sup>47</sup> Accordingly, it helped prevent regional conflict and the extension of an expansionist great power into Australia's immediate strategic surrounds.<sup>48</sup> Far from being dissatisfied with US leadership in the Pacific, the Hawke Government endeavoured to find ways of preserving American regional engagement.<sup>49</sup>

In view of Australia's satisfaction with the US-led regional order, power transition theorists would attribute Canberra's shift to disengagement as an attempt to demonstrate Australian support for the United States by bandwagoning with its China policy. To do so, however, is to mistake *convergence* between the Australian and

<sup>45</sup> Bob Hawke, 'Speech by the Prime Minister of Australia, the Hon. R.J.L. Hawke, AC M.P., Joint Meeting of the United States Congress', 23 June 1988, BHPML. See also Gareth Evans, 'Alliances and Change', Inaugural R.J.L. Hawke Lecture, 9 October 1990, Austin, TX: Edward A. Clark Center for Australian Studies, 1990, p. 17.

<sup>46</sup> Bob Hawke, 'Speech by the Prime Minister of Australia, The Hon. R.J.L. Hawke AC M.P., Dinner hosted by the Lord Mayor of London Mansion House, London', 21 June 1989, BHPML.

<sup>47</sup> Evans, 'Alliances and Change', p. 17; Kim C. Beazley, 'Australia and the World: Prologue and Prospects', (9 December 1988), in Beazley (ed.), *Compendium of Speeches by the Hon. Kim C. Beazley, M.P., Minister for Defence*, p. 238; Evans and Grant, *Australia's Foreign Relations*, p. 82.

<sup>48</sup> Interview with Hugh White, 5 September 2007.

<sup>49</sup> Hawke, in particular, was acutely concerned with maintaining this American presence. In 1991, Evans planned to give a speech at the Trilateral Commission, in which he anticipated a future in which Asian countries would be able to increasingly look after themselves. On learning of this speech, the Prime Minister advised Evans of the pivotal importance of preserving US engagement in the region. Interview with Hugh White, 5 September 2007.



American approaches toward post-Tiananmen China for *causality*. Examination of Australian and American decision-making reveals that both governments formed independent responses, rather than Canberra following Washington's lead.

The US policy response to Tiananmen was divided between the Executive and Legislative branches of Government. In the immediate aftermath of Tiananmen, US President George H.W. Bush condemned the human rights violations that had taken place and instigated a series of sanctions. These included suspension of all government-to-government sales and commercial exports of weapons, suspension of US and Chinese defence visits, and favourable consideration granted to Chinese students' requests to extend their visas. This was later followed by a ban on all high-level official contacts with Beijing and suspension of US support for international loans. Yet, Bush was simultaneously eager to preserve the cooperative foundations of the Sino-American relationship.<sup>50</sup> Sino-US relations had fundamentally changed as a result of the end of the Cold War and China's rapid economic growth. No longer did Washington view the Sino-US relationship simply in terms of weighing against the Soviet Union.<sup>51</sup> China, itself, was rapidly emerging as a principal power in Asia. It was in American interests to develop a positive and productive relationship with that country, in order to preserve the United States' strategic position in the region over the longer term.<sup>52</sup> Accordingly, Bush sent his then National Security Advisor Brent Scowcroft and Deputy Secretary of State Lawrence Eagleburger to Beijing in July and November 1989. The first visit was designed primarily to keep lines of communication open between the two countries, whilst the second was aimed at establishing a roadmap to move the relationship forward.<sup>53</sup>

However, the US Congress was outraged by what was perceived as Bush's duplicity in conducting secret diplomacy with Beijing. It sought to tie China's Most-Favoured-Nation (MFN) trading status to that country's human rights performance.<sup>54</sup> From 1989, Bush was perpetually engaged in mustering sufficient Congressional

<sup>50</sup> George H.W. Bush and Brent Scowcroft, *A World Transformed*, New York: Knopf, 1998, p. 65; Interview with Douglas Paal, 16 September 2008; Interview with James Przystup, 23 September 2008; Interview with Brent Scowcroft, 23 September 2008; Interview with Bob Hawke, 24 July 2007.

<sup>51</sup> Interview with Brent Scowcroft, 23 September 2008. George Shultz observed that the Reagan Administration was already beginning to de-link American China policy from the Soviet Union during the early 1980s. Interview with George Shultz, 30 September 2008.

<sup>52</sup> Interview with Brent Scowcroft, 23 September 2008. This account is supported by a number of other US officials who highlight the predominantly strategic as opposed to economic imperatives that underpinned the efforts by George H.W. Bush and Brent Scowcroft to maintain an underlying cooperative relationship with China during this time. Interview with Douglas Paal, 16 September 2008; Interview with anonymous US official, 16 September 2008; Interview with James Przystup, 23 September 2008.

<sup>53</sup> Interview with Brent Scowcroft, 23 September 2008.

<sup>54</sup> Robert L. Suettinger, *Beyond Tiananmen: The Politics of US-China Relations, 1989-2000*, Washington, DC: Brookings Institution Press, 2003, p. 100.

support so that he could constitutionally veto the bill revoking China's MFN status. It was not until 1995 that all American sanctions on China were lifted (with the exception of military technology sales).

The Hawke Government's policy response to Tiananmen Square closely paralleled that of the Bush Administration, but did not stem from it. The absence of any causal link between the two policy responses to Tiananmen is suggested by three factors. First, there was an element of unpredictability about the long-term future of US China policy.<sup>55</sup> Uncertainty regarding the future influence of Congress on US China policy made it difficult for Canberra to predicate its own approach on Washington. Second, the respective timing of Bush's and Hawke's policy responses suggests against Australian obsequiousness. The Hawke Government condemned Beijing's human rights violations and announced its first round of limited diplomatic sanctions on 4 June—one day before the Bush Administration. The Hawke Government waited until after the Prime Minister's visit to Washington DC and other capitals before instigating additional sanctions on 13 July 1989. However, little substantive discussion appears to have taken place between Bush and Hawke, beyond reaffirming their convergent, albeit independent, policy approaches and possible tactical coordination of these sanctions.<sup>56</sup> Third, far from bandwagoning with Washington, Hawke and his key advisors consistently note the negligible role of the United States in influencing the Government's response to Tiananmen.<sup>57</sup> This again casts doubt on the interrelationship power transition theorists highlight between power relativities, support for the dominant global power's leadership and policy conformity toward a rising power.

The negligible role of alliance considerations in shaping Australia's Tiananmen response in turn raises the following questions. If Australia's interest and respective disengagement strategy toward China did not axiomatically derive from alliance considerations, what were the most important determinants of change in Australian policy toward a rising China? Why did not Canberra more closely calibrate its engagement policy with Washington, in view of the seeming centrality of the US to

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<sup>55</sup> As one former Australian official observes, there was a realisation that the US would not necessarily consult Australia before proceeding with its China policy. Interview with anonymous Australian official, 1 August 2007; Interview with Sandy Hollway, 19 September 2007.

<sup>56</sup> Hawke also indicated to his American counterparts that he did not think there would be a reoccurrence of the Tiananmen events and that Chinese economic reform would continue. Interview with Bob Hawke, 24 July 2007; Interview with Richard Woolcott, 14 September 2007; Interview with David Sadleir, 17 July 2007.

<sup>57</sup> Interview with Bob Hawke, 24 July 2007; Interview with John Bowan, 18 September 2007; Interview with Sandy Hollway, 19 September 2007.

Australian security? Snyder's theory provides a better starting point from which to answer these questions.

### *Snyder's Theory of the Alliance Security Dilemma*

Snyder's theory assists in answering the second of these questions (calibrating engagement with the alliance), although not the first (key determinants of engagement). As noted previously, Snyder's theory of the alliance security dilemma attributes a junior ally's withdrawal of cooperation from another power to its dominant fears of abandonment by its senior partner. The same weaknesses of this explanation that were manifest in the Lyons case study are evident here. In making this theoretical assertion, Snyder presupposes that the senior ally and the other power are antagonistic toward one another. Yet, even during Tiananmen, Sino-US relations were better characterised as 'cooperative-competitive' rather than adversarial. Although the Bush Administration reacted harshly against China's human rights abuses and was conscious of China's growing power, it also recognised the importance of preserving constructive relations with that country. This dualistic nature of the Sino-US relationship was recognised in Canberra.<sup>58</sup> Although this differing great power relationship does not challenge the *validity* of Snyder's theoretical assertion, it does suggest the difficulty of enlisting this assertion to explain Australia's post-Tiananmen response. Moreover, Australian fears of abandonment (as will be elucidated shortly) did not compel the Hawke Government to wait and align with the Bush Government's approach toward China. Contrary to Snyder's logic of abandonment, alliance considerations did not significantly feature in Australian decision-making.

In this context, Snyder's theory of intra-alliance bargaining power provides a better explanation for Hawke's disengagement strategy. This theory presupposes some conflict of interest between the allies. Alternatively, a junior ally will be more inclined to pursue its interests toward another power if it believes they converge with those of its senior ally (thereby mitigating the need to even weigh relative intra-alliance bargaining power). This assumption is supported in this particular case. Hawke's chief of staff

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<sup>58</sup> Australian policymakers were conscious that the Bush Administration sought to preserve cooperative Sino-US relations. Simultaneously, however, they recognised that there were still potentially disruptive elements in the relationship. Stuart Harris observes that American policymakers continued to harbour some suspicions of China based on ideological differences. Although the competitive dimension of Sino-US relations was marginal during this period, there was also some ambiguity as to how US power and the growing influence of regional powers would be reconciled over the longer-term. Interview with Stuart Harris, 16 July 2007.

Sandy Hollway observes that alliance considerations were subsumed when formulating Australia's Tiananmen response because of what was presupposed to be the broad convergence between Canberra and Washington on how to manage China. This assumption largely stemmed from the allies' shared democratic values.<sup>59</sup> Nevertheless, to attribute the minor role that alliance considerations played in shaping Australia's post-Tiananmen response entirely to convergent Australian and American interests is to obscure the complexity of Australian foreign policy at the time. Indeed, it still suggests an Australian Government that reactively calibrated its policies in accordance with US preferences.

While a broad convergence of Australian and American interests *facilitated* the Hawke Government's independent policy response to Tiananmen, it cannot fully account for this response. The Hawke Government's confidence in pursuing its post-Tiananmen China policy—particularly when US policy might unpredictably change—was more deeply grounded in their perceptions of intra-alliance bargaining power. As in previous decades, neither the Prime Minister nor his advisors consciously thought in these terms. Nevertheless, their patterns of thinking reflect the same considerations that Snyder's more abstract concept encompasses. They confidently pursued their highly valued interests in China, despite any future *potential* divergence from Washington's preferences, and without concern that this would engender negative repercussions for the alliance.

Hawke's and his advisors' perceptions of significant intra-alliance bargaining power are surprising in view of Australian policymakers' general fears of abandonment during this time. As in past decades, these fears derived from what they perceived as Australia's continued dependence on the American alliance. This dependence was partly grounded in the increased strategic uncertainty brought about by the end of the Cold War. The emerging rapprochement between the United States and the Soviet Union meant that international relations were less dominated by ideological competition between the superpowers. Yet, as the Government's defence planning document stated, '[c]hange in the familiar global order will mean greater strategic uncertainty elsewhere, including Australia's region. A generally safer world does not mean a more tranquil region'.<sup>60</sup> The Hawke Government anticipated that Australian security might again be directly affected by strategic competition among the region's major powers.<sup>61</sup> It

<sup>59</sup> Interview with Sandy Hollway, 19 September 2007.

<sup>60</sup> Department of Defence, *Australia's Strategic Planning*, p. 2.

<sup>61</sup> As then advisor to Defence Minister Kim Beazley, Hugh White reflects, '[i]t quickly became clear that strategic competition between the great powers of Asia could in future—as in the past—intrude into and

recognised that internal domestic problems could also destabilise the region in the post-Cold War era. The 1987 Fiji coup, secessionist pressures in Bougainville, and the Tiananmen Square incident were all illustrative.<sup>62</sup>

Independent Australian defence capabilities were of limited utility in hedging against or countering these problems. The 1986 *Review of Australia's Defence Capabilities* outlined force structure priorities to provide for an Australian self-reliant defence capacity.<sup>63</sup> By the late 1980s, Australia was equipped to independently deal with low-level and potentially escalated low-level contingencies against a regional adversary.<sup>64</sup> However, Australia's self-reliant defence capacity was qualified in the following ways: (1) that defence efforts were limited to Australia's area of primary strategic interest;<sup>65</sup> (2) that the level of conflict would fall short of Australia's invasion;<sup>66</sup> (3) that Australia was not confronted by a technologically superior major power adversary;<sup>67</sup> and (4) that self-reliance took place within an alliance context.<sup>68</sup> These limitations of Australia's self-reliant defence capacity underscored its continuing dependence on its US ally.

Australia remained dependent on the United States, both to realise its self-reliant defence objectives as well as for assistance in those contingencies that fell outside the doctrine's purview. As Gareth Evans observed at the time, without the US alliance, '...Australia would find it difficult to sustain a basic defence posture quite as self-reliant as we would like it to be'.<sup>69</sup> The US remained a critical source of intelligence, weapons acquisition, defence technology, logistical support, training, and munitions supply.<sup>70</sup> Without this access, Australia could not hope to achieve defence self-reliance at a

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destabilize Australia's nearer region and potentially pose threats to Australia itself'. White, 'Four Decades of the Defence of Australia', p. 173.

<sup>62</sup> Commonwealth of Australia, *The Defence of Australia 1987*, Canberra: Australian Government Publishing Service, 1987, pp. 12–17; *Australia's Strategic Planning*, 1992, pp. 2, 7–8.

<sup>63</sup> Commonwealth of Australia, *Review of Australia's Defence Capabilities*, Canberra: Australian Government Publishing Service, 1986.

<sup>64</sup> Interview with Hugh White, 5 September 2007.

<sup>65</sup> Peter Fitzsimmons, *Beazley*, Sydney: Harper Collins Publishers, 1999, p. 260.

<sup>66</sup> Paul Dibb, 'The Self-Reliant Defence of Australia: The History of an Idea', in Ron Huisken and Meredith Thatcher (eds), *History as Policy: Framing the Debate on the Future of Australia's Defence Policy*, Canberra: Australian National University E-Press, 2007, p. 18.

<sup>67</sup> Department of Defence, *Australia's Strategic Planning*, p. 21; Commonwealth of Australia, *The Defence of Australia 1987*, p. 2.

<sup>68</sup> Commonwealth of Australia, *Review of Australia's Defence Capabilities*, p. 46; Commonwealth of Australia, *The Defence of Australia 1987*, p. x; Interview with Paul Dibb, 19 July 2007.

<sup>69</sup> Evans, 'Alliances and Change', p. 15; See, also, Department of Defence, *Australia's Strategic Planning*, p. 45.

<sup>70</sup> Evans, 'Alliances and Change', p. 15; Kim C. Beazley, 'Thinking Defence: Key Concepts in Australian Defence Planning', (6 November 1987), in Beazley (ed.), *Compendium of Speeches by the Hon. Kim C. Beazley, M.P., Minister for Defence*, p. 166.

reasonable economic cost.<sup>71</sup> ANZUS also provided Australia with an extended nuclear deterrent.<sup>72</sup> Beyond these specific defence benefits, the alliance served as a vehicle for retaining an American presence in the region and its associated advantages of preserving a stable regional order. Accordingly, the alliance contributed to Australian security by preventing major regional powers penetrating into its sphere of primary strategic interest.<sup>73</sup> Neither a more self-reliant Australian defence capacity nor any other regional power could provide these same benefits.

This is not to say that Australia did not bring any assets to the alliance. Hawke and Beazley were both conscious that the United States maintained strategic interests in Australia, centring on the joint Australian-US defence facilities. These facilities provided critical early-warning of ballistic missile launches and assisted to verify arms control measures in the Soviet Union.<sup>74</sup> Australia also provided useful intelligence on Southeast Asia.<sup>75</sup> Nevertheless, the perceived *value* of the strategic benefits Australia derived from the alliance led the Hawke Government to conceive of Australian dependence in fundamentally asymmetric terms.<sup>76</sup> Then Secretary of Foreign Affairs and Trade Richard Woolcott observes:

A constant factor in our connection with the United States is that it is not a relationship between equals. We have always been the suitor. The United States is of enormous importance to Australia; but Australia is of lesser importance to the United States.<sup>77</sup>

Snyder's theory, in part, posits that this asymmetric dependence should have weakened Australia's comparative bargaining power and constrained Australian foreign policy.

According to Snyder's theory, this constraining influence should have been exacerbated by what Hawke and his ministers interpreted as an asymmetrically weak American commitment to Australia and the broader Asia-Pacific at the end of the Cold War. In 1985, the US-New Zealand leg of the alliance relationship was suspended as a

<sup>71</sup> Kim C. Beazley, 'The Hawke Years: Foreign Affairs and Defence', in Susan Ryan and Troy Bramston (eds), *The Hawke Government: a Critical Retrospective*, Melbourne: Pluto Press, 2003, p. 359.

<sup>72</sup> Gareth Evans, 'Alliances and Change', p. 15; *Australia's Strategic Planning*, p. 45; Beazley, 'Thinking Defence', 6 November 1987, p. 164.

<sup>73</sup> Interview with Hugh White, 5 September 2007.

<sup>74</sup> Bob Hawke (1984) cited in Desmond Ball, *A Base for Debate: The US Satellite Station at Nurrungar*, Sydney: Allen and Unwin, 1987, p. xi.

<sup>75</sup> Desmond Ball, *A Suitable Piece of Real Estate: American Installations in Australia*, Sydney: Hale and Iremonger, 1980, pp. 68, 71.

<sup>76</sup> Indeed, while Beazley recurrently reminded his American counterparts of the significance of Australia's contribution to the alliance through these facilities, they were not routinely used as a source of bargaining leverage on other diplomatic issues. As Hawke later reflected in his memoirs, 'I regarded it as intellectually unacceptable and morally indefensible ... The joint facilities could not go up for grabs with every argument or disagreement Australia had with the United States, whether it be about arms control, wheat, or some other matter of importance to us'. Hawke, *The Hawke Memoirs*, p. 265; Interview with Kim Beazley, 14 June 2007.

<sup>77</sup> Richard Woolcott, *The Hot Seat: Reflections on Diplomacy from Stalin's Death to the Bali Bombings*, Pymble, NSW: HarperCollins Publishers, 2003, p. 247.

result of New Zealand's decision to deny US nuclear submarines access to its ports. The 1986 ANZUS Council meeting reassured the Hawke Government that US guarantees to Australia would remain intact.<sup>78</sup> Hawke and his ministers retained confidence that 'in the event of a fundamental threat to Australian security, US military support would be forthcoming'.<sup>79</sup> In light of the Guam Doctrine and the broader US regional military retraction at the end of the Cold War, however, the Hawke Government was less confident of a US commitment to Australia at lower thresholds of conflict. While Australia maintained reasonable expectations of American logistical or diplomatic assistance at these thresholds, it could not depend on American combat forces.<sup>80</sup> It was for these reasons that Australia developed a self-reliant defence posture capable of dealing with these lower-level contingencies.<sup>81</sup>

Australia's capacity to handle lower-level contingencies, coupled with its confidence in American assistance at higher thresholds, meant that Australian fears of strategic abandonment by its US ally were comparatively lower than during any other period previously analysed in this study. However, these latent fears persisted in two key respects. First, New Zealand's suspension from the alliance graphically illustrated that American interests in its allies' defence were not immutable. Preserving the US alliance commitment to Australian defence demanded an ongoing Australian contribution to American strategic interests.<sup>82</sup> Second, fears of abandonment persisted at the broader regional level. ANZUS was only one instrument through which to anchor the United States in the region; it provided no guarantee. An ongoing American presence in the Asia-Pacific partly depended on the efforts that other regional countries made to contribute to their own defence and uphold shared strategic interests with Washington.<sup>83</sup> The fears of abandonment that Snyder identifies were thus significantly lower, but still exerted some influence on Australian strategic policy. Extending the US

<sup>78</sup> Beazley, 'The Hawke Years', p. 356. New Zealand was excluded from the alliance in 1986 as a result of its refusal to grant US nuclear armed and powered warships access to its ports.

<sup>79</sup> Commonwealth of Australia, *The Defence of Australia 1987*, p. 4.

<sup>80</sup> Interview with Hugh White, 5 September 2007; Beazley, 'Thinking Defence', p. 166.

<sup>81</sup> As Beazley observed in his 1987 Roy Milne Lecture, 'Australia's defence posture 'rel[ies] most heavily on the alliance for the things that our allies can deliver without great political or economic cost, and relying least heavily on the alliance for things that would demand a heavy political or economic cost on our allies. In other words, we make it easy for our allies to help us by asking of them what is easiest for them to give'. Beazley, 'Thinking Defence', p. 166.

<sup>82</sup> As Australia shifted towards a self-reliant posture, for instance, the Americans sought assurance that Australia would not become isolationist and would still contribute to military operations further afield. More generally, the Hawke Government also sought to portray Australia as a 'contributor' to, instead of a 'consumer' of, security. Interview with Kim Beazley, 14 June 2007; Interview with Richard Brabin-Smith, 18 July 2007. See also, Beazley, 'Australia and the Asia Pacific Region', p. 233; Bob Hawke, 'Speech by the Prime Minister of Australia, the Hon. R.J.L. Hawke, AC M.P., Joint Meeting of the United States Congress'; Evans, 'Alliances and Change', p. 14.

<sup>83</sup> Department of Defence, *Australia's Strategic Planning*, p. 13.

lease to the joint facilities, Australia's contribution to the 1991 Gulf War, and its efforts to further enmesh the United States in regional multilateralism, are all illustrative.<sup>84</sup>

Notably, however, fears of abandonment by the United States were a less evident consideration in Australia's China policy or its post-Tiananmen response. When interviewed about the most important factors that shaped Australia's post-Tiananmen response, neither Hawke nor his advisors cited the impact of the US response or broader alliance considerations.<sup>85</sup> They noted that if Washington's reaction had differed, the Hawke Government would have still responded in the same way.<sup>86</sup> Consistent with Snyder's theoretical suppositions, this suggests that Australia's highly valued interest toward China offset the constraining influence of its asymmetric dependence on ANZUS. It could be correspondingly inferred that, in this issue-specific context, Hawke and his advisors believed they maintained comparatively greater intra-alliance bargaining power. What is less clear is why this was the case. While intra-alliance bargaining power was an important factor, it does not fully explain Australia's shift toward disengagement in 1989. To fully understand the changing dynamics of Australian engagement with a rising China, we need to determine why Australia's interest favoured suspending cooperation with that power after Tiananmen and how this interest came to be so highly valued (and thus so confidently pursued) in an intra-alliance context. The following two sections demonstrate how this study's theoretical propositions complement Snyder's theory to address these limitations.

### Developing an 'Interest' in a Rising China

Despite the parallels between Canberra's and Washington's responses, Australia's interest in suspending cooperation with a rising China after Tiananmen derived from factors (predominantly) inherent to bilateral Sino-Australian relations. The Hawke Government was principally concerned with balancing the need to maintain a cooperative long-term relationship with Beijing with its efforts to promote international human rights.<sup>87</sup> Previously, China's demonstrable progress on human rights issues

<sup>84</sup> During the 1990–91 Gulf War, Australia contributed: two frigates, a replenishment ship, HMAS *Sydney* (IV), HMAS *Brisbane*, HMAS *Darwin*, a detachment from the Air Defence Regiment, a diving team, photo-interpreters, medical teams, and personnel from the Defence Intelligence Organisation. Australian War Memorial, 'Australia's Contribution to the Gulf War', available at <<http://www.awm.gov.au/encyclopedia/gulf.asp>>, accessed 15 September 2009.

<sup>85</sup> Interview with Bob Hawke, 24 July 2007; Interview with John Bowan, 18 September 2007; Interview with Sandy Hollway, 19 September 2007; Interview with Ross Garnaut, 29 August 2007.

<sup>86</sup> Interview with Sandy Hollway, 19 September 2007; Interview with John Bowan, 18 September 2007.

<sup>87</sup> Interview with Sandy Hollway, 19 September 2007; Interview with John Bowan, 18 September 2007.



allowed the Hawke Government to reconcile these two imperatives. However, the Tiananmen Square incident pitted Australian economic and strategic imperatives that were propelling cooperative Sino-Australian relations against Australian values. The Hawke Government's ensuing diplomatic sanctions were not geared toward abrogating the relationship (or non-engagement) but toward compelling China to forthrightly address human rights issues.<sup>88</sup> Once China addressed these issues, the Hawke Government hoped that a strengthened and popularly-supported Sino-Australian relationship would again prevail.<sup>89</sup>

A disengagement strategy was thus only a subset of what the Hawke Government still viewed as its essentially broader engagement-based approach toward China. As Kim Beazley observes, the Tiananmen sanctions were temporary and did not fundamentally change the direction of Australia's China policy.<sup>90</sup> Distinct from non-engagement, the same factors that underpinned the Hawke Government's engagement-based approach toward China during the 1980s continued to underlie its post-Tiananmen disengagement response. Its efforts to preserve Sino-Australian institutional links (and thus the substantive basis for the relationship) were underwritten by considerations that China could still be conditioned to develop benign intentions and behave in a way that was consistent with Australia's preferred construct of regional order. The Hawke Government was also conscious of important strategic, political and economic incentives to cooperate with a reform-oriented China. The critical difference between the Government's earlier policies and its post-Tiananmen response was what Hawke viewed as the two countries' inability to reach a *modus vivendi* as a result of human rights. As this study argues, it was the disjuncture between these elements that ultimately gave rise to Australia's shift towards temporary disengagement.

To fully understand the Hawke Government's disengagement strategy, this section first examines the factors that underpinned its engagement-based approach and gave rise to some continuity in its post-Tiananmen policy. It explores the Hawke Government's preferred construct of regional order, how it conceived of China in relation to this order, and the enduring political and economic incentives to cooperate with China. The section then proceeds to analyse how Tiananmen led to the breakdown of the Sino-Australian *modus vivendi*, which had underpinned relations in past, and ultimately gave rise to an Australian disengagement preference. A subsequent section

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<sup>88</sup> Trood, 'From Cooperation to Conflict', p. 75.

<sup>89</sup> Interview with Sandy Hollway, 19 September 2007.

<sup>90</sup> Interview with Kim Beazley, 14 June 2007.

will explore why alliance considerations did not feature as significantly in Australian policy formation toward post-Tiananmen China as they did in other cases.

### *The Hawke Government's Preferred Construct of Regional Order*

The emergence of Asia as 'the most economically dynamic region in the world',<sup>91</sup> coupled with the prospect of renewed strategic competition among the region's great powers, vested Australia with considerable economic and strategic interests in that region. Accordingly, the Hawke Government sought to define what kind of regional order would best facilitate these interests. The Government's preferred construct of regional order bears striking resemblance to that of the ALP in 1971.

The first and most important element of this construct was maintaining a US presence.<sup>92</sup> As Hawke declared in 1991, 'Australia's view ... is that a key to maintaining a stable security system in Asia, and providing the foundation of security as the region evolves, is the continued strategic engagement of the United States in the West Pacific'.<sup>93</sup> As noted previously, the Hawke Government deemed a continued American presence as important in providing insurance in the event of regional conflict or the emergence of an expansionist regional power.<sup>94</sup> As Hawke observed, '[t]here are no signs yet of an emerging expansionist power in our region, but should one emerge, the US military presence would be a powerful countervailing force well disposed towards the peaceful nations of the region'.<sup>95</sup> The US was also an important source of reassurance as regional countries (including Australia) engaged in confidence-building measures and deepened cooperation. It was therefore a useful 'transition mechanism' as a new security architecture evolved in the Asia-Pacific.<sup>96</sup> Yet, while the Hawke Government deemed the US presence as central to Australian security interests, it was not a sufficient basis for regional order.

<sup>91</sup> Bob Hawke, 'Australia's Security in Asia', 24 May 1991, Office of Bob Hawke (OBH).

<sup>92</sup> Again, the absence of any viable regional contender to US dominance led Australian policymakers to equate a US presence with US primacy. I am grateful to Hugh White for making this point.

<sup>93</sup> Evans and Beazley made similar statements to this effect. In his seminal 1990 speech 'Alliances and Change', Evans observed that 'the US defence presence in Asia, supported by its various alliances, operates as a "balancing wheel" as regional countries gradually adjust to the changing security environment'. Evans, 'Alliances and Change', p. 13. See also Kim C. Beazley, 'Australia and the Region: The Next Twenty Years', (17 January 1989), in Beazley (ed.), *Compendium of Speeches by the Hon. Kim C. Beazley, M.P., Minister for Defence*, p. 250.

<sup>94</sup> Evans, 'Alliances and Change', pp. 8–9.

<sup>95</sup> Hawke, 'Australia's Security in Asia'.

<sup>96</sup> Evans, 'Alliances and Change', p. 13; Hawke, 'Australia's Security in Asia'.

Beyond this presence, the Government sought a stable Southeast Asia that was not dominated by an expansionist power.<sup>97</sup> To realise this objective, Evans advocated greater regional political cooperation in the form of subregional security dialogues that provided ‘a framework for addressing and resolving security problems’.<sup>98</sup> Initially, he proposed creating a regional dialogue that was inspired by the Conference on Security and Cooperation in Europe (CSCE)—a Conference on Security and Cooperation in Asia (CSCA). While this proposal was rejected by both the US and the Southeast Asian countries, Evans and Hawke continued to advocate habits of dialogue, consultation and confidence-building among regional states.<sup>99</sup> It was hoped that this ‘common security’ approach would both mitigate the risk of conflict among these states and foster a sense of regional strategic cohesion that would prevent external powers from interfering in Southeast Asian affairs.<sup>100</sup> This is analogous to the ALP’s proposal to develop a neutralised regional association of Southeast Asian states in the 1970s.

The Hawke Government sought to further underpin regional political cooperation by enhancing defence cooperation with Southeast Asia. To this end, the Government moved to strengthen the FPDA. It replaced the Mirage fighters, which had been permanently stationed at the Malaysian air base at Butterworth, with rotational deployments of more advanced FA-18 and F-111 aircraft.<sup>101</sup> Simultaneously, Australia expanded its defence and intelligence cooperation with Indonesia, Brunei and Thailand. Such incremental and low-key bilateral defence cooperation was viewed as a way to develop a ‘community of regional strategic interests’, which could later provide the basis for a more structured regional defence community.<sup>102</sup> These defence associations would assist to build confidence among, and mitigate the risk of conflict between, Southeast Asian countries. They would also deter potentially expansionist powers from

<sup>97</sup> Interview with Hugh White, 5 September 2007; Evans, ‘Australia’s Regional Security’, pp. 188–90.

<sup>98</sup> Evans (1990) cited in Desmond Ball and Pauline Kerr, *Presumptive Engagement: Australia’s Asia-Pacific Security Policy in the 1990s*, St Leonards, NSW: Allen and Unwin, 1996, p. 18.

<sup>99</sup> Ball and Kerr, *Presumptive Engagement*, p. 22; Evans, ‘Alliances and Change’, p. 12; Hawke, ‘Australia’s Security in Asia’.

<sup>100</sup> Gareth Evans notion of ‘common security’ was premised on seeking security with other states and not against them. As Evans defined it, common security encompassed ‘build[ing] multidimensional linkages of mutual benefit and interdependence, between old adversaries and old friends’. Evans, ‘Australia’s Regional Security’, pp. 190, 213; Ball and Kerr, *Presumptive Engagement*, p. 17.

<sup>101</sup> Kim C. Beazley, ‘Australian Perspectives on Regional Security Issues’, (19 November 1987), in Beazley (ed.), *Compendium of Speeches by the Hon. Kim C. Beazley, M.P., Minister for Defence*, pp. 176–77. Operational features of these aircraft rendered it more efficient for them to be permanently based in Australia nearer maintenance and support facilities.

<sup>102</sup> Evans, ‘Australia’s Regional Security’, p. 189. Indeed, *Australia’s Strategic Planning* went so far to observe that ‘regional countries would benefit from considering joint approaches to monitoring and responding to the extra-regional expansion of military power’. Department of Defence, *Australia’s Strategic Planning*, p. 43.

attempting to dominate the subregion and from encroaching into Australia's immediate strategic approaches.

The Hawke Government maintained similar objectives with regard to the Southwest Pacific. As part of Australia's sphere of primary strategic interest, the Government emphasised the importance of preserving a stable Southwest Pacific that was not undermined by a hostile external power.<sup>103</sup> This no longer entailed a strategy of denial against the Soviet Union, as was the case under the previous Fraser Government. The Hawke Government sought to ensure, however, 'that involvement by external powers, large or small, [would] be constructive rather than disruptive'.<sup>104</sup> It also increasingly recognised that preserving stability entailed effective management of the complex political and transnational security challenges that had emerged in the region during the late 1980s.<sup>105</sup> To mitigate these security challenges, the Hawke Government adopted a policy framework of 'constructive commitment'. This policy encompassed, first, establishing closer Australian political ties with, and effective regional cooperation among, the Southwest Pacific states.<sup>106</sup> Second, it entailed promoting common security interests as the basis for a regional solution to internal or external security challenges.<sup>107</sup> Through these measures, the Government hoped to enhance sub-regional stability by providing a secure environment in which political and economic development could take place.<sup>108</sup>

The Hawke Government's preferred construct of regional order is thus usefully conceived in terms of a series of 'concentric' circles. At each level Australia hoped to provide a basis for *reassurance* that would encourage Asia-Pacific countries to embrace regional political cooperation, as well as *insurance* to deter and protect against a potentially expansionist regional power. Within the broader region, the Government sought to maintain an American regional security presence by contributing to ANZUS. In both Southeast Asia and the Southwest Pacific, Australia endeavoured to foster

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<sup>103</sup> Evans, 'Australia's Regional Security', p. 214; Beazley, 'Australia and the World', pp. 241–42; Greg Fry, 'Constructive Commitment with the Southwest Pacific: Monroe Doctrine or New Partnership?', in Greg Fry (ed.), *Australia's Regional Security*, North Sydney, NSW: Allen and Unwin, 1991, pp. 129–30.

<sup>104</sup> Evans, 'Australia's Regional Security', p. 214.

<sup>105</sup> Fry, 'Constructive Commitment with the Southwest Pacific', p. 132. This politico-economic instability also rendered these countries more vulnerable to influence from potentially hostile external powers. As Beazley observed at the time, '[w]e have all been disappointed by the political upheavals in Fiji and continued instability in the Philippines. South Pacific island countries are keenly aware of their economic vulnerability and this will continue to provide opportunities for countries with interests inimical to our own'. Kim C. Beazley, 'Self-Reliance and Cooperation: Australia's Regional Defence Policy', (23 February 1988), in Beazley (ed.), *Compendium of Speeches by the Hon. Kim C. Beazley, M.P., Minister for Defence*, p. 189.

<sup>106</sup> Evans, 'Australia's Regional Security', p. 215.

<sup>107</sup> Evans, 'Australia's Regional Security', p. 215.

<sup>108</sup> Beazley, 'Australia and the World', pp. 241–42.

political cooperation whilst minimising opportunities for major power intrusion. The Hawke Government's engagement-based approach toward China was underpinned by a collective belief that it could be conditioned to behave in a way consistent with the cooperative components of this order. This enduring hope underscored its efforts to preserve the substantive basis for Sino-Australian relations even after Tiananmen.

### *China as a Potentially Benign Regional Power*

The Hawke Government shared in the Labor tradition of viewing China as a fundamentally defensive power that had, for too long, been treated badly by the international community.<sup>109</sup> Deng Xiaoping's economic reform policies fuelled a collective belief that China could be conditioned to become a benign regional power and behave in a way consistent with Australia's preferred construct of regional order.<sup>110</sup> The priority China assigned to liberalising its national economy made it increasingly dependent on the international market and, correspondingly, on a stable international system. Throughout the 1980s, Australian policymakers believed this exerted a restraining influence on Chinese foreign policy.<sup>111</sup> Even after Tiananmen, Hawke's confidence that the Chinese leadership could be persuaded to continue with economic reform gave rise to an implicit assumption that Sino-Australian cooperation could still be made compatible with Australian strategic imperatives.<sup>112</sup> This underpinned Australia's continuing broad engagement-based approach toward that country, of which disengagement was only a subset.

Far from wanting to extricate the United States from the region, Australian government officials recall that China sought to preserve an American presence at the end of the Cold War. This partly derived from a continuing concern with developments in the Soviet Union as it disintegrated and the stabilising effects of the US presence.<sup>113</sup> By providing reassurance to regional countries, a US presence contributed to stability in the Asia-Pacific that was conducive to China's economic development. China also acquiesced to this presence because of the inherent value it attached to positive Sino-

<sup>109</sup> Interview with Stuart Harris, 16 July 2007; Interview with Bill Hayden, 30 July 2007.

<sup>110</sup> For Australian thinking equating Chinese economic reform with more predictable and positive foreign policy behaviour, see Bob Hawke, 'The Challenge of Change in the Asia-Pacific Region', Singapore: Institute of Southeast Asian Studies, 1988, pp. 10–11; Bob Hawke, 'Speech by the Prime Minister, ALP State Conference', 11 June 1989, BHPML; Correspondence with David Sadleir, 17 July 2007.

<sup>111</sup> Interview with Stuart Harris, 16 July 2007; Interview with Bob Hawke, 24 July 2007.

<sup>112</sup> Correspondence with David Sadleir, 17 July 2007; Bob Hawke, 'Transcript of News Conference, Blair House, Washington', 25 June 1989, BHPML.

<sup>113</sup> Interview with Stuart Harris, 16 July 2007.

American relations.<sup>114</sup> Such a relationship not only enhanced China's regional prestige, but provided it with access to valuable US investment and technology.<sup>115</sup> While the Tiananmen incident strained the Sino-US relationship, Australian diplomats remained confident about the inherent value that China attached to it. As then Australian Ambassador to China, David Sadleir observed:

... the USSR cannot replace the US as a source of investment, as a source of technology, or as a market for Chinese goods—and the Chinese authorities have been very careful even from the earliest days of US responses to the events in Beijing to stress that they are not about to replace one superpower with the other.<sup>116</sup>

So long as China privileged economic reform, Beijing's acceptance of a US regional presence was likely to continue.

This was again, to some extent, manifest in China's acquiescence to ANZUS. As during the Whitlam period, the Hawke Government predicated Sino-Australian relations on China's acceptance of Australia as an aligned country. This tacit Chinese acceptance was codified in the relationship's formula as a 'model' of cooperation 'between countries with different social systems and at different levels of development'.<sup>117</sup> Interpreting what this formula meant in practice, former Australian Ambassador to China, Ross Garnaut, later reflected:

The Australian government always made it clear that Australia was an aligned country, that the United States alliance was central to Australia's defence policy. Chinese leaders never dissembled their view that China's socialist system would continue to make it different from Australia – that Sino-Australian relations were and would continue to be between countries with different social systems.<sup>118</sup>

Beijing's acceptance of ANZUS thus perpetuated the central understanding that had existed among Australian policymakers since Whitlam's conversation with Zhou Enlai in July 1971. From Beijing's perspective, there was no inherent contradiction between strengthened Sino-Australian cooperation and the ANZUS alliance.<sup>119</sup> Indeed, as a Western junior ally of the United States, Chinese leaders often viewed Australia as a

<sup>114</sup> Interview with Stuart Harris, 16 July 2007.

<sup>115</sup> Interview with Bob Hawke 24 July 2007; David Sadleir, 'The View from Beijing', in Gary Klintworth (ed.), *China's Crisis: The International Implications*, Canberra Papers on Strategy and Defence, no. 57, Canberra: Strategic and Defence Studies Centre, Australian National University, 1989, p. 14.

<sup>116</sup> Sadleir, 'The View from Beijing', p. 14.

<sup>117</sup> Ross Garnaut, n.d. 'The Emergence of Substantive Sino-Australian Relations, 1983-88', available at <<http://rspas.anu.edu.au/economics/publish/papers/garnaut/Sino-AusRelations.pdf>> accessed 29 August 2007, p. 14.

<sup>118</sup> Garnaut, 'The Emergence of Substantive Sino-Australian Relations', p. 15. Hawke similarly recalls that, 'Australia's membership of the Western Alliance was a given, whenever I was abroad, whether in Beijing, Moscow or other foreign capitals. It was part of the sub-structure of all strategic discussions I had with the Chinese and the Russians. There was nothing underhand about it; Australia's alliance with the United States was always presented as central to Australia's interests'. Hawke, *The Hawke Memoirs*, p. 359.

<sup>119</sup> Interview with Kim Beazley, 14 June 2007.

useful pilot upon which to test their ideas before presenting them to their American counterparts.<sup>120</sup> Chinese foreign policy objectives and Australian efforts to maintain a US regional presence were thus not at odds.

Australian policymakers' confidence that China could be induced to behave 'constructively' in the international system was reinforced by their perceptions of Chinese intentions in relation to Southeast Asia and the Southwest Pacific. China was no longer perceived by Australia as either an expansionist or potentially subversive power in Southeast Asia. Instead, the Hawke Government believed that China sought to maintain a defensive buffer zone in that sub-region, in order to foster a stable environment conducive to its economic development.<sup>121</sup> The PRC did demonstrate that it was willing to resort to military force through past actions against Vietnam and in Tibet. Yet Australian policymakers were conscious of the context in which China applied this force. Beijing usually resorted to force only when it perceived its claimed borders to be under attack or its sovereign authority as undermined. Nor was this demonstration of force part of a broader military-buildup.<sup>122</sup> Thus, Australian policymakers concluded that China 'has not in the past been an aggressive power outside these generally limited contexts, and there is no reason to assume that it will become one'.<sup>123</sup> Indeed, the Chinese leadership's desire for regional stability encouraged it to build positive state-to-state relations with a number of Southeast Asian countries and to even engage with Taiwan. It persisted in doing so even after the Tiananmen incident.<sup>124</sup>

China's apparent defensive intentions were also evident in the Southwest Pacific. During the mid-1980s, the Department of Foreign Affairs harboured concerns that China's competitive 'dollar-diplomacy', responding to that of Taiwan, could potentially disrupt the political stability of fragile Southwest Pacific island states.<sup>125</sup> As part of this diplomacy, China provided financial assistance, invested in infrastructure projects and provided other forms of aid in return for Southwest Pacific states' diplomatic recognition. Yet, few Australian policymakers were apprehensive that this

<sup>120</sup> Interview with David Sadleir, 17 July 2007; Interview with Stuart Harris, 16 July 2007.

<sup>121</sup> Interview with Stuart Harris, 16 July 2007; H.A. Dunn, 'Australian Interest in China', in H.A. Dunn and Edmund S.K. Fung (eds), *Sino-Australian Relations: The Record 1972-1985*, Nathan, Qld: Centre for the Study of Australian-Asian Relations, 1985, p. 22; *Australia's Strategic Planning*, 1992, p. 17. The Hawke Government believed that China's principal aim was to prevent strategic encirclement by the Soviet Union, manifest in Vietnamese domination of Indochina. Interview with Michael Costello, 5 September 2007; Evans and Grant, *Australia's Foreign Relations*, p. 101.

<sup>122</sup> Evans and Grant, *Australia's Foreign Relations*, p. 102.

<sup>123</sup> Evans and Grant, *Australia's Foreign Relations*, p. 102.

<sup>124</sup> Evans and Grant, *Australia's Foreign Relations*, p. 101.

<sup>125</sup> Interview with Stuart Harris, 16 July 2007.

would translate into an expansionist Chinese presence or strategic sphere of influence. Chinese ‘dollar-diplomacy’ was motivated primarily by efforts to gain political recognition vis-à-vis Taiwan.<sup>126</sup> Moreover, the People’s Liberation Army Navy (PLAN) was limited to predominantly coastal operations along China’s perimeter.<sup>127</sup> China also demonstrated a propensity to support arms control in the Southwest Pacific, evident by its signature of the Southwest Pacific Nuclear Weapons Free Zone Treaty. These actions suggested that China’s foreign policy objectives in the Pacific were not fundamentally inimical to Australian efforts to stabilise the sub-region.

The prospect that China could emerge as a constructive player in Australia’s preferred construct of regional order made an engagement-based approach toward that power politically plausible. Indeed, it was this factor which resulted in the Hawke Government adopting disengagement, as opposed to a non-engagement response to Tiananmen. To emphasise the congruence between the Hawke Government’s preferred construct of regional order and its perceptions of Chinese foreign policy objectives is not to suggest that Hawke and his advisors were complacent about the future. Chinese intentions were only likely to be consistent with Australian strategic imperatives if economic reform continued. Tiananmen Square engendered some doubt as to what extent this would be the case. While Hawke was optimistic that economic reform would continue, he believed the international community should avoid actions that could further entrench support within the Chinese leadership for the hardline anti-reform and anti-Western position.<sup>128</sup> Because the Government did not view China as an *unalterably* aggressive power, increased uncertainty about the future direction of Chinese foreign policy paradoxically augmented the incentives to maintain a broad engagement-based approach toward that country (of which post-Tiananmen disengagement was a subset). Tiananmen underscored the importance of preserving the fabric of Sino-Australian relations at the same time it engendered Australian diplomatic sanctions.

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<sup>126</sup> Interview with Stuart Harris, 16 July 2007.

<sup>127</sup> Evans and Grant, *Australia’s Foreign Relations*, p. 102.

<sup>128</sup> Bob Hawke, ‘Transcript of News Conference, Embassy of Australia, Washington’, 27 June 1989, BHPML; Bob Hawke, ‘Transcript of News Conference, Blair House, Washington’, 25 June 1989, BHPML; Interview with anonymous Australian official, 1 August 2007. Importantly, however, it was not until Deng Xiaoping’s ‘southern tour’ to Guangzhou in 1992 that China’s ongoing commitment to economic reform was perceived as formally institutionalized. Interview with Ross Garnaut, 29 August 2007.



*Engagement Incentives: Strategic, Diplomatic, and Economic*

The Hawke Government's engagement-based approach toward China—both before and after Tiananmen—was driven by the same long-term motive. The Government sought to preserve a Sino-Australian relationship that could facilitate Australia's regional enmeshment, provided that China itself was integrated into the international system.<sup>129</sup> This objective was underpinned by the same incentive factors that led the ALP to instigate cooperative relations with China during the 1970s: first, the potentially greater risk that China could pose to Australia's preferred construct of regional order if it was ostracised from the West; and, second, the significant diplomatic and economic benefits that China's rising power could provide if it remained outward and reform-oriented. It was these factors which encouraged Hawke and his ministers to preserve the institutional infrastructure of the bilateral relationship and to work to keep lines of communication open with Beijing after Tiananmen.<sup>130</sup>

Most important to the continuing relationship was the importance that Hawke assigned to an outward-oriented and reformist China. Whereas a reformist and integrated China would be more likely to support the international system, a closed and ostracised China posed a risk to regional order.<sup>131</sup> Like Whitlam, Hawke believed that the direction China assumed at least partially depended on how the broader international community responded to Tiananmen. If the international community imposed harsh international sanctions or ostracised China, this would prompt a defensive reaction in Beijing and strengthen anti-reform and anti-West elements in the Chinese leadership. This view was broadly supported by Australian diplomats in Beijing, who feared that if China was pushed too far it might become a resentful non status-quo power.<sup>132</sup> Consequently, the Government argued against a complete abrogation of relations between China and Western countries like Australia. As Hawke observed during his visit to Washington, '... in my judgement ... it's important that those who seek to have a continuation of economic reform should be encouraged ... [T]o the extent that they

<sup>129</sup> Interview with Bob Hawke, 24 July 2007; Interview with John Bowan, 18 September 2007; Interview with Sandy Hollway, 19 September 2007.

<sup>130</sup> Interview with anonymous Australian official, 1 August 2007; Interview with Sandy Hollway, 19 September 2007.

<sup>131</sup> Interview with David Sadleir, 2 July 2007; Stuart Harris, 'Australia-China Political Relations, 1985-95: Fear, Friendly Relations or What?', in Colin Mackerras (ed.), *Australia and China: Partners in Asia*, South Melbourne: Macmillan, 1996, p. 8. Gareth Evans and Bruce Grant observed at the time: 'It is manifestly not in the interests of our country, nor indeed of the region or international community to have an isolated and inward-looking China.' Evans and Grant, *Australia's Foreign Relations*, p. 234.

<sup>132</sup> Interview with David Sadleir, 2 July 2007.

want to have openings up with the West that that opportunity should be there ...'.<sup>133</sup> The prospect of a greater 'China threat', in the event that Australia and other Western countries abrogated relations, underpinned Hawke's engagement-based approach.

Provided that a reformist and integrated China emerged, Australian policymakers also believed that bilateral relations could confer important diplomatic and economic benefits. Hawke and his ministers recognised that a strong bilateral relationship with China, as one of the region's principal powers, was necessary if Australia was to genuinely integrate itself into the region.<sup>134</sup> In his 1986 speech setting out Australia's China policy, Hawke observed, '[t]he cooperation we are building with China, while special in itself in the 1980s, is ... for us, part of a wider scheme of constructive integration with regional economies. This is an important part of where the future of Australia lies'.<sup>135</sup> During the 1980s, the Government regarded the bilateral Sino-Australian relationship as both a way to enhance, and a barometer against which to measure, the success of Australia's regional policies. Moreover, the Hawke Government hoped that by forging a good connection with China during this nascent stage of its power trajectory, Canberra would earn Beijing's goodwill once China emerged as a regional great power.<sup>136</sup> There is some evidence that these considerations persisted even after Tiananmen, albeit less prominently. Despite Southeast Asian countries' greater wariness of China after this incident, Evans observed that 'China's influence in the Asia-Pacific will always be weighty'.<sup>137</sup> China would always be central to the region and to resolving regional issues, by virtue of its size and strategic location.<sup>138</sup> Establishing a constructive Australian political relationship with that power was thus still important.<sup>139</sup>

An integrated and reformist China also promised significant economic benefits for Australia. Hawke viewed China as an emerging economic force in the region.<sup>140</sup> The complementarity of the Sino-Australian economies led Hawke to view the two countries as 'natural economic partners'.<sup>141</sup> As China's economy developed, its demand would

<sup>133</sup> Bob Hawke, 'Transcript of News Conference, Embassy of Australia, Washington', 27 June 1989, BHPML.

<sup>134</sup> Interview with David Ambrose, 10 September, 2007; Interview with Ross Garnaut, 29 August 2007; Interview with Bob Hawke, 24 July 2007.

<sup>135</sup> Bob Hawke, 'Speech by the Prime Minister Nanjing University'.

<sup>136</sup> Interview with Stuart Harris, 16 July 2007.

<sup>137</sup> Evans and Grant, *Australia's Foreign Relations*, p. 101.

<sup>138</sup> Evans and Grant, *Australia's Foreign Relations*, pp. 101, 234.

<sup>139</sup> Evans and Grant, *Australia's Foreign Relations*, pp. 101, 225, 234; Interview with John Bowan, 18 September 2007. Bowan observed that the Hawke Government hoped to maintain relations with the PRC as a stable regional partner.

<sup>140</sup> Interview with Bob Hawke, 24 July 2007; Interview with Sandy Hollway, 19 September 2007.

<sup>141</sup> Bob Hawke, 'Speech by the Prime Minister Nanjing University'.

increase for Australian raw materials, manufactured goods and services.<sup>142</sup> Meanwhile, the Government's efforts to further internationalise the Australian economy by reducing textile, clothing and footwear (TCF) tariffs, in the interests of strengthening the Australian economy, provided China with an export market.<sup>143</sup> This evolving economic complementarity was manifest in a rapidly expanding trade relationship conducted under the auspices of the China Action Plan.<sup>144</sup> Though the total level of trade remained small, Australian exports to China doubled in value between 1983 and 1985.<sup>145</sup> Australia also received a surplus of close to half a billion Australian dollars from China each year.<sup>146</sup> While Australian exports to China contracted in 1987–88,<sup>147</sup> what Hawke anticipated as ongoing Chinese economic reform still provided Australia with enduring incentives to cooperate with that power.<sup>148</sup> Notably, most of the Hawke Government's efforts to preserve the Sino-Australian relationship were concentrated in the economic sphere. For instance, despite some ongoing restrictions on ministerial visits, the Government, in August 1990, sent Minister for Trade Negotiations Neal Blewett to Beijing to co-chair the fourth meeting of the Australia-China Joint Ministerial Economic Commission so as to prevent the institution from lapsing.<sup>149</sup>

Yet, while the economic dimension provided a functional basis upon which to develop Sino-Australian relations, Australia's engagement-based approach was still driven by primarily broader political imperatives.<sup>150</sup> Equating China's economic reform with its emergence as a constructive regional player,<sup>151</sup> these political imperatives were suggested by Hawke's efforts in the immediate aftermath of the crisis not just to preserve Sino-Australian trade but to urge the Chinese leadership to remain committed to reform more generally. Hawke wrote a letter to Li Peng and issued public statements

<sup>142</sup> Kevin Bucknall, 'The Political Economy of the Tiananmen Massacre', in Colin Mackerras, Kevin Bucknall, and Russell Trood, *The Beijing Tragedy: Implications for China and Australia*, Nathan Qld: Griffith University, 1991, p. 52.

<sup>143</sup> Interview with Ross Garnaut, 29 August 2007.

<sup>144</sup> The China Action Plan was an Australian initiative designed in response to the Zhao-Hawke discussions of 1983 and presented to the Chinese leadership in 1984. It envisioned a doubling of the 1983 value of Australian exports to China within five years. Ross Garnaut, 'Sino-Australian Economic Relations, 1983-95', in Colin Mackerras (ed.), *Australia and China: Partners in Asia*, South Melbourne: Macmillan, 1996, p. 75.

<sup>145</sup> Garnaut, 'Sino-Australian Economic Relations', p. 75.

<sup>146</sup> Bucknall, 'The Political Economy of the Tiananmen Massacre', p. 52.

<sup>147</sup> Bucknall, 'The Political Economy of the Tiananmen Massacre', p. 52.

<sup>148</sup> In the immediate aftermath of Tiananmen, Hawke was encouraged by the Central Committee and Politburo meetings in late June that reaffirmed China's ongoing commitment to economic reform. Bob Hawke, 'Transcript of News Conference, Blair House, Washington', 25 June 1989, BHPML; David Sadleir, 'The Chinese Economy: Where Does Reform Stand Now?', 1 June 1990, Speech to the Australian Chamber of Commerce, Hong Kong, courtesy of David Sadleir.

<sup>149</sup> Nossal, *The Beijing Massacre*, p. 14.

<sup>150</sup> Interview with Ross Garnaut, 29 August 2007; Correspondence with David Sadleir, 17 July 2007; Wensley, 'Policy on China', p. 19.

<sup>151</sup> See, for instance, Hawke, 'The Challenge of Change', pp. 8–11.

to this effect. He also supported Bush's attempts to renew China's MFN status, and, encouraged Chinese participation in international multilateralism. These efforts to encourage Chinese reform suggest that economic factors augmented Australian incentives to engage only in the context that China emerged as a constructive regional power in the Asia-Pacific. The same Australian long-term interests from the mid-1980s thus persisted and underpinned the Hawke Government's efforts to maintain the relationship after June 1989.

What engendered Australia's shift toward disengagement tactics within this broad engagement-based approach was the inability of Canberra and Beijing to reach a politically acceptable *modus vivendi* as a result of their conflicting interests on a specific issue. The Tiananmen Square incident brought the Hawke Government's political and economic incentives to cooperate with Beijing into conflict with Australian values. Tiananmen graphically highlighted the absence of a Sino-Australian consensus on human rights and brought this to the fore of the relationship.

### *Breakdown of the Modus Vivendi with China*

Australian disengagement after Tiananmen, manifest in its wide-ranging diplomatic sanctions, stemmed from the breakdown of the previous Sino-Australian *modus vivendi* guiding the relationship. Although predicated on a wide range of issues, this *modus vivendi* had included ways to manage Sino-Australian differences regarding Chinese human rights practices. Up until 1989, Australian human rights policy toward China centred on the use of private diplomacy to achieve practical outcomes.<sup>152</sup> Whilst conscious of Chinese human rights abuses, the Hawke Government was generally satisfied so long as there were indications of demonstrable Chinese progress to address this issue.<sup>153</sup> Chinese legal and agricultural reform suggested greater respect for the rule of law.<sup>154</sup> Hawke and his advisors also assumed that as economic liberalisation proceeded, so too would political reform. They did not think political reform would equate to Western democratic practices, but that it would entail greater respect for individual freedoms.<sup>155</sup> Based on this assumption and those ways of managing

<sup>152</sup> Interview with David Ambrose, 10 September 2007; Interview with Ross Garnaut, 29 August 2007; Interview with Stuart Harris, 16 July 2007.

<sup>153</sup> Correspondence with David Sadleir, 17 July 2007; Interview with anonymous Australian official, 1 August 2007.

<sup>154</sup> Interview with David Ambrose, 10 September 2007.

<sup>155</sup> Interview with John Bowan, 18 September 2007; Interview with Sandy Hollway, 19 September 2007; Interview with anonymous Australian official, 1 August 2007.

difference outlined above, tension over human rights was largely subsumed in bilateral relations.

It was not until Tiananmen that human rights emerged as a fundamental source of friction between the two countries. Tiananmen shattered what the Hawke Government had previously viewed as nascent Sino-Australian accord on human rights in the context of the broader *modus vivendi* guiding the relationship. Differences emerged not only over the abuses at Tiananmen but on how human rights issues were to be managed in the overall relationship. Hawke's view that Australia was now consequently not able to maintain a *modus vivendi* with Beijing was grounded in three factors: first, the importance he personally assigned to the human rights issue in bilateral relations after Tiananmen; second, what he and his ministers viewed as China's unresponsiveness to international concern; and, third, what he regarded as Australia's leverage to compel change on this issue. The following section will analyse how these three factors interacted to give rise to an Australian interest of temporarily suspending Australian cooperation with China within a long-term engagement-based approach.

#### *Prominence of Human Rights in the Bilateral Relationship*

Of vital importance to the Hawke Government's shift toward disengagement was the prominence that Hawke himself attached to the human rights issue in bilateral relations. Advisors to Hawke at the time recall that Australia's post-Tiananmen response was primarily driven by Hawke's emotive reaction to events. Tiananmen invoked Hawke's sense of personal morality.<sup>156</sup> This was most graphically illustrated by the Prime Minister's tears whilst reading out the Australian embassy's account of events at the public memorial service held on 9 June 1989. Hawke viewed the Tiananmen Square crackdown—principally the PLA's use of force against young students—as a morally reprehensible act that could not go unnoticed.<sup>157</sup> When interviewed by the author as to why his Government reacted the way it did to Tiananmen, Hawke responded that 'it was simply the right thing to do'.<sup>158</sup> He believed that he had a personal moral obligation to

<sup>156</sup> Interview with Bob Hawke, 24 July 2007; Interview with Sandy Hollway, 19 September 2007; Interview with John Bowan, 18 September 2007.

<sup>157</sup> Interview with Bob Hawke, 24 July 2007; Interview with Sandy Hollway, 19 September 2007. Hawke's profound personal reaction to Tiananmen was further compounded by his concern for the welfare of Zhao Ziyang, whom he had come to regard as a personal friend. Interview with John Bowan, 18 September 2007; Interview with Stuart Harris, 16 July 2007; Interview with anonymous Australian official, 1 August 2007.

<sup>158</sup> Interview with Bob Hawke, 24 July 2007.

register his own and, more generally, Australia's concern regarding the tragedy.<sup>159</sup> Consequently, he immediately condemned the Chinese leadership's actions on 4 June and instigated diplomatic sanctions that specifically targeted the Chinese leadership without hurting the Chinese people.

Yet while the Prime Minister's personal reaction was the most important determinant of Australia's post-Tiananmen response, it was considerably facilitated by a supportive Australian domestic environment. Most Australians were affronted by the Tiananmen Square incident.<sup>160</sup> It prompted a series of petitions, letters to the editor of newspapers, mass protests and consumer boycotts of Chinese products. In the days immediately after the Tiananmen incident, Ross Garnaut, then Professor at the Australian National University, advised the Prime Minister that there were circumstances in which it would be necessary to give expression to Australian views, whether they were likely to be unproductive or productive to human rights in China. He suggested symbolic steps that downgraded high-level political contacts without diminishing substantive people-to-people exchanges.<sup>161</sup> Hawke's former chief of staff, Sandy Hollway, argues that Hawke's personal reaction to events would have prompted him to take action irrespective of the level of popular antagonism toward China.<sup>162</sup> Nevertheless, popular sentiment did serve as a powerful and reinforcing factor.<sup>163</sup> In condemning the Chinese leadership's violence, Hawke believed that he was acting on behalf of all Australians.<sup>164</sup>

Indeed, it would have been difficult to sustain the basis for a long-term cooperative relationship with China if the Government did not act in this way. Unless China demonstrated some proclivity toward addressing its poor human rights record, the Government could not sustain Australian domestic support for cooperative Sino-Australian relations.<sup>165</sup> Paradoxically, a temporary shift toward disengagement thus facilitated the longer-term engagement-based relationship that Australia hoped to maintain with China. These personal and domestic factors all underwrote the priority

<sup>159</sup> Interview with Bob Hawke, 24 July 2007.

<sup>160</sup> Interview with Ann Kent, 20 July 2007; Stephen Fitzgerald, 'Australia's China', *Australian Journal of Chinese Affairs*, No. 24, 1990, pp. 315–35.

<sup>161</sup> Interview with Ross Garnaut, 29 August 2007.

<sup>162</sup> Interview with Sandy Hollway, 19 September 2007.

<sup>163</sup> Interview with Sandy Hollway, 19 September 2007; Interview with Ross Garnaut, 29 August 2007.

<sup>164</sup> Interview with Bob Hawke, 24 July 2007.

<sup>165</sup> Interview with Ross Garnaut, 29 August 2007; Interview with anonymous Australian official, 1 August 2007. Garnaut observed in his 1989 report *Australia and the Northeast Asia Ascendancy*: 'It is ... a practical implication of political reality in Australia that there are limits to the degree of official closeness and cooperation that are possible in relations with states that are perceived to be guilty of major human rights abuses.' Garnaut, *Australia and the Northeast Asian Ascendancy*, p. 137.

Hawke assigned to rigorously addressing human rights in the relationship after Tiananmen, and the need for China to respond to these Australian concerns.

*China's Unresponsiveness to Australian Concerns*

To Hawke, the Tiananmen Square incident signified the Chinese leadership's clear disregard for international human rights standards. The United Nations Declaration of Human Rights (UNDHR) was the single human rights benchmark to which the Hawke Government held China, as a signatory, accountable.<sup>166</sup> It was not expected that China would necessarily adhere to the letter of this charter, but that it would make demonstrable progress in complying with it.<sup>167</sup> Yet Hawke and his advisors viewed Tiananmen as a clear and public step backwards.<sup>168</sup> An Australian embassy cable, which Hawke received from Beijing, suggested that the Chinese leadership *intentionally* made use of high-level violence to quell the student protestors. It was this issue of intentionality that was decisive for Hawke and gave rise to his intense personal response.<sup>169</sup> He viewed Tiananmen Square as a deliberate 'massacre', rendering it qualitatively different from the simple dispersal of a crowd in an authoritarian state.<sup>170</sup>

Nor did the Chinese Government heed international calls to refrain from further violence. Both in the lead-up to, and immediate aftermath of Tiananmen, the Australian Government urged the Chinese leadership to handle the situation without resort to violence. On 5 June 1989, Evans observed that:

Everything depends on the extent to which the Chinese Government comes to its senses ... If some degree of stability returns as we all very much hope it will, then I guess relations can be resumed with some degree of normality. If that doesn't happen then it is anyone's guess as to what China's relations with the rest of the world will become.<sup>171</sup>

In the first few days, the Australian Government appears to have wagered the future of Sino-Australian political relations (beyond Hawke's initial round of sanctions) on whether the Chinese Government assumed restraint.<sup>172</sup> However, the Chinese Government's ongoing arrests and persecution of Chinese dissidents resulted in the Hawke Government's collective assessment that it was unable to reach an agreement

<sup>166</sup> Interview with Stuart Harris, 16 July 2007; Garnaut, *Australia and the Northeast Asian Ascendancy*, p. 136.

<sup>167</sup> Correspondence with David Sadleir, 17 July 2007; Interview with anonymous Australian official, 1 August 2007.

<sup>168</sup> Interview with Sandy Hollway, 19 September 2007; Interview with John Bowan, 18 September 2007.

<sup>169</sup> Interview with Sandy Hollway, 19 September 2007.

<sup>170</sup> Interview with Sandy Hollway, 19 September 2007.

<sup>171</sup> Evans (1989) cited in Trood, 'From Cooperation to Conflict', p. 67.

<sup>172</sup> Trood, 'From Cooperation to Conflict', p. 67.

with the Chinese leadership on managing this difference under the current circumstances. Additional sanctions subsequently followed in July.

The Australian Government's inability to maintain a *modus vivendi* with the Chinese leadership was grounded in the two countries' differing conceptions of human rights and divergence over the role this issue should play in bilateral relations. The Hawke Government continued to expound the importance of certain inalienable political rights. It concluded, '[i]f we judge that certain rights are fundamental and universal, then there is an obligation on us to defend those rights...'.<sup>173</sup> It also argued that universal human rights standards (to which China subscribed as a signatory of the UNDHR) transcended state sovereignty and provided a legitimate basis upon which to predicate Sino-Australian relations.<sup>174</sup> Gareth Evans observed with regard to Tiananmen: '[W]hat is involved here is a fundamental human rights issue: violent suppression of what was manifestly a peaceful demonstration. Australia deplors human rights violations of this kind all around the world. *We make no exception for China.*'<sup>175</sup> To Australian policymakers, the events at Tiananmen Square violated the fundamental norms of international society to which China must adhere if it wished to join the comity of nations.<sup>176</sup>

However, Beijing adopted a differing interpretation of human rights and the role it should play in bilateral relations. The Chinese leadership viewed Tiananmen primarily in terms of its paramount goal of maintaining internal order and stability.<sup>177</sup> As Chinese Premier Li Peng told Australian envoy Richard Woolcott a few days before Tiananmen, the student protests signified that there was 'chaos in Beijing' and that the Chinese Government would take measures 'to stop the chaos and restore normal social order'. Underwriting this response, was what Ann Kent observes as the traditional Chinese Marxist interpretation of human rights. This interpretation privileges collective social and economic rights that are bestowed by the sovereign state in the interest of the polity

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<sup>173</sup> Evans (1989) cited in Gary Woodard, *Human Rights in Australian Foreign Policy: With Special Reference to Cambodia, Burma and China*, East Melbourne: Australian Institute of International Affairs, 1992, p. 5.

<sup>174</sup> Ian Russell, 'Australia's Human Rights Policy: From Evatt to Evans', in Ian Russell, Peter Van Ness and Beng-Huat Chua, *Australia's Human Rights Diplomacy*, Canberra: Australian National University, 1992, pp. 10, 34–35.

<sup>175</sup> Evans, (1989), cited in Trood, 'From Cooperation to Conflict', p. 65. [Author's emphasis.]

<sup>176</sup> Interview with anonymous Australian official, 1 August 2007; Interview with Sandy Hollway, 19 September 2007.

<sup>177</sup> 'Li Peng Meets the Special Envoy of the Australian Prime Minister', *People's Daily*, 20 May 1989, courtesy of David Sadleir. Yongjin Zhang provides a detailed account of the importance of order and stability to the Chinese notion of national security. Yongjin Zhang, 'Anticipating China's Future Diplomacy', in (eds) Pauline Kerr, Stuart Harris, and Qin Yaqing, *China's "New" Diplomacy: Tactical or Fundamental Change?*, New York: Palgrave, 2009, pp. 131–40.



as a whole.<sup>178</sup> While there was some suggestion of political reform during the 1980s,<sup>179</sup> conservative elements of the leadership, led by Li Peng, remained fundamentally opposed. Tiananmen signified the outcome of this debate within the Chinese leadership.<sup>180</sup> China was also acrimonious and defensive about the international community's response to Tiananmen. The Chinese leadership believed that principles of sovereignty took precedence over international human rights norms.<sup>181</sup>

During this time, the Hawke Government kept in touch through unofficial avenues to discuss matters affecting relations. In 1990, Garnaut visited China and conversed with then President of the People's Republic of China and chairman of the Central Military Commission Jiang Zemin.<sup>182</sup> In that same year, Gough Whitlam and Stuart Harris also visited China to maintain lines of communication between the two governments and discuss human rights issues.<sup>183</sup> However, a Sino-Australian impasse remained over the meaning that should be attached to the Tiananmen events and how human rights should be managed in the relationship. As in the case of Lyons' trade diversion policy, China's lack of responsiveness to Australian human rights concerns led the Hawke Government to believe that it had little recourse other than to adopt limited sanctions to compel Beijing to alter its position.

### *The Utility of Disengagement Tactics*

Hawke and his advisors believed that Australia's limited diplomatic sanctions had a legitimate compellence role in encouraging some flexibility in the Chinese leadership's stance on human rights. He believed that Australia had some leverage in the relationship and that limited diplomatic sanctions could have a genuine impact.<sup>184</sup> This was because of the esteem in which Beijing held Sino-Australian relations during the 1980s. China maintained a register of 'friends', on which Australia featured prominently. Hawke believed that Australia was therefore more likely to be listened to and responded to by

<sup>178</sup> Kent, *Human Rights in the People's Republic of China*, p. 7.

<sup>179</sup> During the 13<sup>th</sup> Party Congress in October 1987, for instance, then Acting General Party Secretary Zhao Ziyang stated that the government should 'guarantee the citizens' rights and freedoms as stipulated in the constitution'. Cited in Kent, *Human Rights in the People's Republic of China*, p. 13.

<sup>180</sup> Interview with anonymous Australian official, 1 August 2007; Interview with David Ambrose, 10 September 2007.

<sup>181</sup> Interview with anonymous Australian official, 1 August 2007; Trood, 'From Cooperation to Conflict,' p. 70.

<sup>182</sup> Interview with Ross Garnaut, 29 August 2007.

<sup>183</sup> Interview with anonymous Australian official, 1 August 2007; Interview with Stuart Harris, 16 July 2007.

<sup>184</sup> Interview with Bob Hawke, 24 July 2007. This view was shared by then Australian Ambassador to China David Sadleir and others. Interview with David Sadleir, 17 July 2007; Interview with anonymous Australian official, 1 August 2007.

Beijing.<sup>185</sup> Australian diplomatic sanctions also denied the Chinese leadership intangible benefits that they highly valued. Australian political communications frequently encompassed useful advice on economic management.<sup>186</sup> Australia also served as a useful testing ground for ideas before Chinese officials presented them to American or European counterparts.<sup>187</sup>

The leverage that Canberra derived from its limited diplomatic sanctions was magnified by China's inability to effectively undertake counter-measures. Senior Chinese officials threatened that Australian sanctions would damage the broader bilateral relationship. In a meeting in November 1989, Li Peng warned Deputy Secretary of Foreign Affairs Michael Costello that Australia would 'pay a price' if it continued to adopt a harsh stance on Chinese human rights issues.<sup>188</sup> Reports also circulated that the PRC Ministry of Foreign Economic Relations and Trade was considering retaliatory economic counter-sanctions.<sup>189</sup> However, the political effects of these threats were undercut by signs that, from an early stage, the Chinese leadership wanted to resume relations with Australia. Former Australian diplomats and advisors recall that the Chinese invested considerable effort into getting Sino-Australian relations back on track as soon as possible.<sup>190</sup> Chinese Minister for Metallurgy Qi Yuanjing visited Australia in 1990 to open the Channar iron mine. During a visit to Australia that year, the Vice President of the People's Republic and Chairman of CITIC Rong Yiren attended a lunch at Garnaut's house in Canberra, which was also attended by Prime Minister Bob Hawke.<sup>191</sup> While the Hawke Government was careful to preserve the institutional infrastructure of Sino-Australian relations, the Chinese response only encouraged Canberra to persist in its disengagement strategy until the two parties could re-establish an acceptable *modus vivendi*.

The Hawke Government's interest in temporarily suspending Sino-Australian cooperation, whilst preserving the basis for a longer-term relationship, was therefore grounded in the disjuncture between the three components this study has advanced as critical to engagement emerging. Hawke and his advisors judged that China could still

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<sup>185</sup> Interview with Bob Hawke, 24 July 2007.

<sup>186</sup> During the mid-1980s, both Garnaut and then Economic Counsellor Geoff Raby extensively engaged with senior Chinese Ministers in discussions of domestic and international economic reform. Interview with David Sadleir, 17 July 2007.

<sup>187</sup> Interview with David Sadleir, 17 July 2007.

<sup>188</sup> Interview with Michael Costello, 5 September 2007. Interviewee quoted.

<sup>189</sup> Peter Van Ness, 'Australia's Human Rights Delegation to China, 1991: A Case Study', in Ian Russell, Peter Van Ness and Beng-Huat Chua, *Australia's Human Rights Diplomacy*, Canberra: Australian National University, 1992, p. 80.

<sup>190</sup> Interview with anonymous Australian official, 1 August 2007; Interview with David Sadleir, 17 July 2007; Interview with Ross Garnaut, 29 August 2007.

<sup>191</sup> Interview with Ross Garnaut, 29 August 2007.

develop benign intentions, or be conditioned to behave in a way that was consistent with Australia's preferred construct of regional order. Indeed, cooperation with China would render that outcome more likely. In this context, China could also provide Australia with important diplomatic and economic benefits. However, what Hawke perceived as Australia's inability to maintain a *modus vivendi* with the Chinese leadership as a result of the Tiananmen Square incident, prevented his Government from translating Australia's long-term strategic interests in China into a more fully cooperative approach. This disjuncture between the Hawke Government's politico-economic imperatives to cooperate with China and its inability to maintain a *modus vivendi* with that power ultimately gave rise to Australia's interest in *temporarily* suspending Sino-Australian cooperation and corresponding disengagement preference.

In contrast to what power transition and some alliance theorists suggest, however, this shift toward disengagement resulted from factors inherent to bilateral Sino-Australian relations. What is striking in this case is the subsumption of alliance considerations in developing Australia's post-Tiananmen China policy. This is in noted contrast to previous cases where conscious efforts to ensure allied acquiescence featured more prominently in Australia's translation of its engagement or disengagement preference into a corresponding strategy. The interesting question in this case is thus not why Australia pursued a policy that diverged from its senior partner, but why alliance considerations played a comparatively negligible role in developing Australia's policy response toward Beijing. Is it attributable simply to the Hawke Government's and the Bush Administration's convergent views on how to manage post-Tiananmen China? Or can it be attributed to deeper forces that were operative in the alliance at the time?

### **Alliance Politics: The Impact of ANZUS on Australia's Disengagement Strategy**

The negligible role that alliance considerations played in shaping Australia's response to Tiananmen is particularly surprising in view of the importance that the Hawke Government attached to the alliance. One of Hawke's central objectives during his Prime Ministership was to establish his Government's credibility as a reliable alliance manager.<sup>192</sup> Like Whitlam, Hawke recognised that an ALP Government could not sustain popular domestic support if it did not successfully manage the alliance.<sup>193</sup> Moreover, he was acutely aware of ANZUS' profound importance as a source of

<sup>192</sup> Interview with Hugh White, 5 September 2007; Interview with John Bowan, 18 September 2007.

<sup>193</sup> Interview with John Bowan, 18 September 2007.

strategic insurance in an increasingly fluid international environment.<sup>194</sup> Accordingly, the Hawke Government was conscious to manage Australia's reputation as a reliable and useful junior ally. This did not mean that Australia had to unqualifiedly support Washington's position on every policy issue. Instead, the Government sought to mitigate damage to the United States' core interests in ANZUS and thereby prevent a broader unravelling of the alliance.<sup>195</sup> This was evident in the 1983 ANZUS Review and in the introduction of joint control of the defence facilities, through which the Hawke Government sought to neutralise left-wing opposition and prevent circumstances emerging which could engender damage to the alliance.<sup>196</sup> Beazley has since observed that the Hawke Government's concern not to disrupt the US alliance permeated most of its foreign policy and defence decision-making.<sup>197</sup>

What is noteworthy is the extent to which alliance considerations did not significantly feature in Hawke's decision-making regarding China—both before and after Tiananmen. This section argues that this partly resulted from convergent Australian and American interests toward China after Tiananmen. More fundamentally, however, it is attributable to a longer standing trend of compartmentalising the China relationship from the ANZUS alliance. This was facilitated by those changed understandings of alliance contribution described in the previous chapter. So long as core US regional interests were not damaged, these understandings mitigated the risk associated with pursuing Australia's independent interests toward China and, correspondingly, enhanced Australia's intra-alliance bargaining power in this issue-specific context.

### *Consistency with American Interests*

Convergent Australian and American interests toward China were, as Snyder suggests, facilitative of the negligible role that ANZUS played in shaping Australia's post-Tiananmen response. As elucidated previously, shared democratic political values engendered an assumption among Hawke and his advisors that Australian and American policy approaches would be compatible.<sup>198</sup> This led alliance considerations to, accordingly, be subsumed in the Australian policy process. However, convergent

<sup>194</sup> Interview with Bob Hawke, 24 July 2007; Hawke, 'Australia's Security in Asia'.

<sup>195</sup> Interview with John Bowan, 18 September 2007.

<sup>196</sup> Hawke, *The Hawke Memoirs*, p. 204.

<sup>197</sup> Beazley, 'The Hawke Years', p. 350.

<sup>198</sup> Interview with Sandy Hollway, 19 September 2007; Interview with anonymous Australian official, 1 August 2007; Interview with John Bowan, 18 September 2007.

Australian and US interests fail to account for why Hawke and his advisors were not more carefully attuned to prospective changes in American policy toward China and did not calibrate their response accordingly.

This suggests an implicit causal role of intra-alliance bargaining power. Even in the instance that Australian and American reactions to Tiananmen had differed, Australia would have pursued its divergent but highly-valued interest toward China with little fear of recrimination by its senior ally.<sup>199</sup> Sandy Hollway partly attributes this highly valued interest to the profound personal response that Tiananmen evoked from Hawke.<sup>200</sup> Yet Hawke's response was situated within a general assessment that Australian policy would not pose any significant risk to the alliance.<sup>201</sup> His personal values and the value he assigned to the alliance were thus never brought into fundamental conflict. In the event that Australian and American responses had differed, Australia's disengagement strategy was likely to garner implicit American acquiescence so long as it did not compromise evolving US regional interests and was consistent with changing notions of alliance contribution.

Far from compromising core American regional interests, Australia's post-Tiananmen response was consistent with, and even reinforced, these interests. Both countries shared an interest in promoting compliance with international human rights standards.<sup>202</sup> Both also sought to maintain an open and developed regional order that was not dominated by a single power with hegemonic ambitions.<sup>203</sup> Australia's post-Tiananmen China policy was consistent with these objectives. By maintaining some basis for relations between China and the West, the Hawke Government hoped to encourage an outward and reform-oriented China that was amenable to a US regional presence. To make this argument is not to say that tactical differences did not arise between Canberra and Washington.<sup>204</sup> A key example is the difference that emerged over whether China should be permitted to launch an AUSSAT satellite (a Chinese

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<sup>199</sup> As noted previously, Hawke's Chief of Staff, Sandy Hollway, and international affairs advisor, John Bowan, both reflect that if a difference between Australia and the United States had emerged on Tiananmen, the Government would have thought more carefully about alliance implications but still would have adopted the same response. Interview with Sandy Hollway, 19 September 2007; Interview with John Bowan, 18 September 2007.

<sup>200</sup> Interview with Sandy Hollway, 19 September 2007.

<sup>201</sup> Interestingly, Hawke's advisors also attribute the Hawke Government's independent policy response to Tiananmen to these broader intra-alliance understandings. Interview with John Bowan, 18 September 2007; Interview with Sandy Hollway, 19 September 2007.

<sup>202</sup> Interview with James Przystup, 23 September 2007; Hawke, 'Transcript of News Conference, Blair House'.

<sup>203</sup> Interview with Brent Scowcroft, 23 September 2007; Hawke, 'Australia's Security in Asia'.

<sup>204</sup> In the event there were tactical differences on Tiananmen, Hawke and his advisors believed they could be negotiated with the United States. Interview with Sandy Hollway, 19 September 2007; Interview with John Bowan, 18 September 2007; Interview with Bob Hawke, 24 July 2007.

launched satellite useful to Australian telecommunications).<sup>205</sup> However, the consistency between Australia's China policy and core American regional interests rendered whatever tactical differences may have emerged after Tiananmen relatively insignificant from an alliance perspective.

Beyond its consistency with these interests, Australian confidence in pursuing an independent China policy was grounded in the revised concepts of alliance purpose and alliance contribution after the end of the Cold War. No longer was the central locus of the alliance focused on containing an ideologically rampant China, despite the uncertainty surrounding the future of Chinese foreign policy evoked by Tiananmen. Instead, alliance purpose and corresponding alliance contributions were defined in terms of preserving the global strategic balance and facilitating an American regional presence. It was these understandings that enabled Hawke and his advisors to confidently formulate Australia's policy response to the Tiananmen Square incident without necessarily coordinating with the United States.

### *Consistency with Intra-Alliance Understandings of Contribution*

During the 1980s, Australian interpretations of alliance contribution provided additional guidance as to what comprised acceptable risk-averse behaviour from within ANZUS. They suggested when consultation and deference to American preferences was necessary and which Australian actions or foreign policies fell outside the alliance purview. The Hawke Government's perceptions of shared understandings of alliance contribution were predicated on common, increasingly less threat-centric, strategic interests that underpinned ANZUS. Both allies had a vested interest in continuing to support a global nuclear deterrent against the Soviet Union and in ensuring verifiable arms control.<sup>206</sup> However, other shared interests were illustrative of a shift in alliance purpose toward maximising strategic opportunities in a fluid strategic environment. The two allies sought to provide for a continuing US regional presence, both through

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<sup>205</sup> The AUSSAT satellite was an important component of Australia's telecommunications network and Canberra was eager to proceed with the Chinese launch, despite the violation of US law it encompassed. The Hawke Government made representations to Washington to this effect. In December 1989, Bush deferred. He waived the export prohibition clause (affecting the satellite's transfer to China) on the grounds of 'national interest'. Interview with Douglas Paal, 16 September 2008; Suettinger, *Beyond Tiananmen*, p. 100.

<sup>206</sup> As Evans observed at the time, '[w]ith arsenals like this still in existence and their elimination still a long way away, and with all the uncertainty that presently prevails about the future course of events in the Soviet Union ... it is not an unnecessary luxury, but to stay on one's guard.' Evans, 'Alliances and Change', p. 9; Hawke, 'Speech by the Prime Minister of Australia, the Hon. R.J.L. Hawke, AC M.P., Joint Meeting of the United States Congress'; Hawke, *The Hawke Memoirs*, p. 214.

ANZUS and by other means such as regional multilateralism.<sup>207</sup> Both countries also sought to maintain freedom of access and sea lane security in Southeast Asia and the Southwest Pacific.<sup>208</sup> Finally, both Australia and the United States sought to uphold a range of broader global security interests, including the emergent global collective security regime vested in the United Nations.<sup>209</sup>

Hawke and his advisors conceived of Australia's alliance contributions in terms that supported these interests. The most important contribution was protecting and securing the Australian-American joint facilities. The critical importance of these facilities to the central strategic balance led the Australians to perceive them as a non-negotiable component of the alliance.<sup>210</sup> Beazley's efforts to integrate Australia more thoroughly into their operational management meant that Australia became a genuine stakeholder in these facilities and, accordingly, could be viewed as an essential contributor to the alliance.<sup>211</sup> Other alliance contributions were Australia's efforts to facilitate an ongoing American regional presence by providing port access to US vessels and maintaining Australia's self-reliant defence capacity.<sup>212</sup> By undertaking defence responsibility for Australia's area of direct military interest and mitigating the burden that Australia imposed on the broader Western alliance, the Government sought to reduce the costs the Americans would bear in maintaining a regional presence.<sup>213</sup> Finally, Beazley assured his American counterparts that a self-reliant defence posture did not equate to an isolationist one. Australia would continue to contribute to US-led global operations.<sup>214</sup> Token contributions to US-led efforts to protect oil tankers during the 1988 Iran-Iraq war as well as to the 1991 Gulf War underscored this commitment.

The Hawke Government's interpretations of shared understandings regarding alliance contribution had two main ramifications for its conduct of Australian foreign

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<sup>207</sup> Bob Hawke, 'Australia's Security in Asia'; Bob Hawke, 'Speech by the Prime Minister of Australia, the Hon. R.J.L. Hawke AC M.P., to the National Press Club', 26 June 1989, BHPML.

<sup>208</sup> Interview with James Przystup, 23 September 2007; Interview with Kim Beazley, 14 June 2007; Hawke, 'Speech by the Prime Minister of Australia, the Hon. R.J.L. Hawke AC M.P., to the National Press Club'.

<sup>209</sup> Interview with Douglas Paal, 16 September 2008; Interview with Kim Beazley, 14 June 2007.

<sup>210</sup> Interview with Hugh White, 5 September 2007; Interview with Sandy Hollway, 19 September 2007.

<sup>211</sup> Previously, the Australian Government had relied on Department of Science inspection mechanisms to ensure that the facilities were being used in a way consistent with Australian national interests. In renegotiating the terms for the defence facilities, however, Beazley sought to integrate Australians into the operational management of the facilities at every level. This meant that Australian participation was integral to the running of the facilities. This altered the nature of the dependency relationship. By making Australia a stakeholder in the facilities, Beazley was able to present it as a 'contributor' to the alliance and to both Australian and US strategic objectives. Interview with Kim Beazley, 14 June 2007.

<sup>212</sup> Interview with Hugh White, 5 September 2007; Interview with Kim Beazley, 14 June 2007; Hawke, 1988, 'Speech by the Prime Minister of Australia, the Hon R.J.L. Hawke, AC M.P., Joint Meeting of the United States Congress'.

<sup>213</sup> Beazley, 'Australia and the Asia Pacific Region', p. 233.

<sup>214</sup> Interview with Kim Beazley, 14 June 2007; Interview with Paul Dibb, 19 July 2007.

policy. First, they defined the aspects of Australian strategic and foreign policy that warranted consultation and possible deference to American preferences—although how, and to what extent, these impacted on specific issues was sometimes ambiguously defined.<sup>215</sup> American concern to maintain the global deterrent, whilst understanding of Australia's unwillingness to participate in the Strategic Defense Initiative, is one example. Discerning the 'limits' of Australian foreign policy autonomy in an alliance context often involved some degree of intuition on the part of Hawke's advisors and ministers.<sup>216</sup> As a general guide, however, so long as Australian policy did not detract from the contributions noted above, the Hawke Government believed that differences could be afforded on more peripheral issues.

Second, the Government believed that Australia's alliance contribution of self-reliant defence facilitated a more independent Australian regional policy. As Evans observed in 1988:

In a very real sense, the Hawke Government's defence policy has once and for all liberated Australian foreign policy. Our alliance with the United States remains a fundamental pillar of our defence and foreign policy. But it is no longer necessary for Australian foreign policy to begin with the assumption that its first task is to ensure the defence of Australia by attracting the protective attention of great and powerful friends.<sup>217</sup>

Beazley was also conscious of the interrelationship between a self-reliant Australian defence posture and independent foreign policy. He believed that the higher the threshold for American intervention in Australian defence, the greater independence Australia would gain in its foreign and strategic policies.<sup>218</sup> A self-reliant defence capacity provided Australia with confidence to act diplomatically as a regional power, without necessarily consulting with the United States on every regional initiative.<sup>219</sup> Canberra's failure to consult with Washington prior to discussing its Asia-Pacific Economic Cooperation (APEC) initiative with Asian leaders is illustrative. To Australian policymakers, defence self-reliance facilitated an alliance culture that accommodated Australian foreign policy initiatives and allied differences on regional issues. It, consequently, enabled Australian policymakers to implicitly assume

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<sup>215</sup>As Beazley later observed: '... Australian Ministers struggled to get to grips with what was core in the alliance system, and what was dispensable ...,' Beazley, 'The Hawke Years', p. 351.

<sup>216</sup>Interview with Bill Hayden, 30 July 2007; Interview with Hugh White, 5 September 2007. Indeed, there was an element of mutual responsiveness on the part of both allies. Both Australian and American officials note that on issues that were extremely important to the Americans, the Australians would endeavour to adjust. Conversely, on issues that were of critical importance to the Australians or about which the Australians had greater knowledge, the Americans were more likely to accommodate Australian concerns. Interview with anonymous US official, 23 September 2008.

<sup>217</sup>Gareth Evans, 'Making Australian Foreign Policy', Melbourne: Australian Fabian Society, p. 9.

<sup>218</sup>Fitzsimmons, *Beazley*, p. 230; Interview with Kim Beazley, 14 June 2007.

<sup>219</sup>Interview with Kim Beazley, 14 June 2007; Beazley cited in Fitzsimmons, *Beazley*, p. 231.



American acquiescence, or non-opposition to, Canberra's regional policies (unless representations were made to the contrary) and to pursue them without conscious consideration of US preferences. This contrasts with dependency scholars' typical portrayal of Australia as actively seeking the support of its senior ally and calibrating its policies accordingly.

Instead, it is through the prism of allied acquiescence that the Hawke Government's post-Tiananmen policy response should be viewed. By the 1980s, China did not feature in Australian perceptions of alliance purpose or, correspondingly, in shared understandings of alliance contribution. Like its Labor predecessor, the Hawke Government viewed Australia's China policy as largely falling outside the ambit of the alliance.<sup>220</sup> Australia's independent post-Tiananmen response was consistent with its more independent regional foreign policy brought about by the shift toward defence self-reliance.<sup>221</sup> Australia's China policy was part of its sovereign prerogative as an independent and self-reliant country. What Australian policymakers viewed as shared understandings with American officials on this point mitigated the risk attached to not more closely coordinating China policy with Washington.

This interpretation of the legitimate role of the alliance with respect to Australian China policy appears to have been broadly endorsed by US policymakers at the time. The United States welcomed Australia's policy response to Tiananmen. In fact, the Bush Administration used Hawke's response to legitimise its own approach toward China against that of a more hard-line Congress.<sup>222</sup> When interviewed by the author, however, then National Security Advisor Brent Scowcroft observed that a differing Australian response to Tiananmen would not have posed any significant problems for the alliance.<sup>223</sup> During the 1980s, the Americans were comfortable with Australia conducting its own independent relations with third states. Similar to the views of their junior allied counterparts, they considered this as part of Australia's sovereign prerogative.<sup>224</sup> This was particularly the case with regard to China, where

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<sup>220</sup> Interview with Sandy Hollway, 19 September 2007.

<sup>221</sup> Interview with Bob Hawke, 24 July 2007.

<sup>222</sup> Interview with Douglas Paal, 16 September 2008; George Bush, 'The President's News Conference', 27 June 1989, available at <[http://bushlibrary.tamu.edu/research/public\\_papers.php?id=607&year=&month=](http://bushlibrary.tamu.edu/research/public_papers.php?id=607&year=&month=)>, accessed 30 August 2007.

<sup>223</sup> Interview with Brent Scowcroft, 23 September 2008. This is evidenced by Washington's consternation at European economic sanctions against China, but without any significant effect on NATO.

<sup>224</sup> Interview with George Shultz, 30 September 2008; Interview with anonymous US official, 23 September 2008.

there was no clear consensus in Washington about what sort of actor it would become in future.<sup>225</sup>

This is not to say that allied consultations about China did not take place. Bush and Hawke discussed the events of Tiananmen during Hawke's visit to Washington in late June 1989. Frequent consultations also took place among Australian and American officials at the embassy levels, both in Washington and Beijing.<sup>226</sup> Yet, what Hawke and his advisors perceived as the consistency of Australia's disengagement preference with evolving US regional interests and shared understandings of intra-alliance contribution mitigated the risk that a corresponding strategy would pose to ANZUS. These understandings subsequently reinforced the high value that the Hawke Government assigned to its independent interests in China and led to Australian perceptions of significant intra-alliance bargaining power in this issue-specific context. As Snyder's theory would project, this in turn underpinned Australia's confidence in disengaging with China as well as its efforts to independently re-establish relations in 1991.

#### **Australian Engagement Restored: Lifting Sanctions against China in 1991**

In contrast to the Lyons Government's shift away from disengagement in 1937, the Hawke Government's decision to ultimately abandon sanctions against China stemmed predominantly from factors inherent to bilateral Sino-Australian relations rather than alliance considerations. Of critical importance was what Australian policymakers perceived as China's emergent responsiveness to Australian concerns on human rights. By 1991, Beijing had become increasingly eager to restore its international reputation and to politically re-engage with the rest of the world.<sup>227</sup> This assumed greater urgency with US Congressional threats to overrule President Bush's executive decision and to deny China MFN trading status.<sup>228</sup> Beijing was conscious that Australia had its own independent views on China and that, as in the past, it could serve as a useful Western partner with which to converse and test ideas. Whether for these or other reasons, the Chinese sought to reinvigorate Sino-Australian relations by sending multiple officials to

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<sup>225</sup> James Przystup observes that this provided US allies with greater autonomy in pursuing independent China policies from within an alliance context. Interview with James Przystup, 23 September 2008.

<sup>226</sup> Interview with Douglas Paal, 16 September 2008; Interview with anonymous US official, 16 September 2008; Interview with anonymous Australian official, 1 August 2007.

<sup>227</sup> Interview with David Sadleir, 17 July 2007.

<sup>228</sup> Van Ness, 'Australia's Human Rights Delegation to China, 1991', p. 62.

renew high-level contact in Australia.<sup>229</sup> In order to more fully restore Sino-Australian relations, the Chinese leadership became increasingly amenable to the idea of an Australian parliamentary delegation visit to inspect Chinese human rights practices.<sup>230</sup>

To the Hawke Government, this represented Chinese progress on at least *addressing* human rights issues and a degree of responsiveness to Canberra's concerns. Significant Sino-Australian differences on human rights persisted. The Chinese leadership continued to subscribe to the paramountcy of non-interference and state sovereignty over international human rights standards.<sup>231</sup> Nevertheless, Beijing's agreement to a human rights delegation signified its 'accept[ance] that human rights are a proper subject for discourse in its bilateral relationships and have a legitimate place on the international agenda'.<sup>232</sup> The delegation visit would also encompass an Australian evaluation of the extent to which China's constitutional guarantees, judicial procedures and freedoms of expression and association were in accordance with the UNDHR. By establishing this mechanism of human rights monitoring, Australia and China were able to reach a consensus on how to deal with human rights in the bilateral relationship.

Renewed prospects for re-establishing a politically acceptable *modus vivendi* underpinned Australia's policy shift back to more normalised relations. After the Chinese Government agreed to host a human rights delegation visit, the Hawke Government lifted most of the remaining Australian post-Tiananmen sanctions. Evans accepted an invitation to visit China in April 1991. Yet, the close relationship that Hawke forged with Chinese leaders during the mid-1980s was not replicated. It was not until the advent of the Howard Government that Sino-Australian relations again flourished. Nevertheless, China's more flexible position on human rights issues in 1991 enabled the Government to again reconcile Australian values with politico-economic incentives to cooperate with China. Accordingly, the Hawke Government was able to lay the foundation for a more pragmatic and enduring Sino-Australian relationship during the 1990s.

## Conclusion

The Hawke Government's policy toward China was a logical progression from that of the Whitlam Government during the early 1970s. While Whitlam established the

<sup>229</sup> Interview with Ross Garnaut, 29 August 2007.

<sup>230</sup> Interview with anonymous Australian official, 1 August 2007.

<sup>231</sup> Van Ness, 'Australia's Human Rights Delegation to China, 1991', p. 72.

<sup>232</sup> Evans (1991) cited in Russell, 'Australia's Human Rights Policy', p. 38.

necessary understandings in both Beijing and Washington to facilitate an independent Australian China policy, the Hawke Government's response to Tiananmen is illustrative of this independent policy in action. Shifts in the Government's engagement policy stemmed almost exclusively from the dynamics of bilateral Sino-Australian relations. Existing international relations theories cannot sufficiently explain these shifts. Power transition theory would view the Australian Government's disengagement from China as a bandwagoning response to the United States' own changing policy toward that country after Tiananmen. However, this does not explain why Australia imposed diplomatic sanctions against the Chinese leadership *before* the Bush Administration's response. Nor can it account for why alliance considerations did not significantly feature when the Hawke Government was formulating its policy response to Tiananmen.

Snyder's theory of intra-alliance bargaining power provides a better starting point from which to explain the changing dynamics of Australian engagement policy toward a rising China from within ANZUS. To a greater extent than power transition theory, Snyder's theory allows for a junior ally's independent interests to dictate its foreign policy toward a rising power. It also more precisely and accurately defines the conditions under which alliance considerations are more likely to impact on a junior ally's engagement strategy. Hawke and his advisors' perceptions of underlying Australian intra-alliance bargaining power, more than convergent Australian and American interests, account for why Canberra pursued its post-Tiananmen response without significant regard to US preferences. As in other cases previously analysed, however, Snyder's concept of intra-alliance bargaining power is useful only as an intermediating factor. It cannot explain variation in Australia's interests toward a rising China. Nor can it explain how the Hawke Government came to assign such a high value to these interests and thus how perceptions of Australian intra-alliance bargaining power came about.

It is in this context that the supplementary theoretical propositions this study advances have value and application. The Hawke Government's interest in temporarily suspending cooperation, whilst preserving the broad fabric of Sino-Australian relations, derived from a disjuncture between the components that this study's theoretical propositions have identified as critically shaping a junior ally's engagement preferences. Essential to the Government's broad engagement-based approach (as opposed to a non-engagement approach) was Hawke's belief that China could be conditioned to become a benign regional power vis-à-vis Australia's preferred construct of regional order.

Ongoing Chinese economic reform and China's need for a stable regional order conducive to economic development reinforced this assessment. A reformist and integrated China also promised considerable diplomatic and economic benefits. However, the Tiananmen Square incident shattered the previous Sino-Australian *modus vivendi* that had guided bilateral relations. Hawke's inability to reconcile what he considered to be Australian values with politico-economic incentives driving cooperation with China ultimately gave rise to Australian disengagement in the wake of Tiananmen. It was not until China demonstrated progress on at least addressing human rights that the Hawke Government was able to reconcile these imperatives and to reach a new *modus vivendi* with the Chinese leadership. Despite different time periods and different rising powers that Australia was disengaging from at the time, the Lyons and Hawke cases both illustrate the importance of the Australian-rising power *modus vivendi* in underwriting shifts between engagement and disengagement preferences.

What differs between the Hawke Government's response to the Tiananmen Square incident and the other cases in this study is the decreased amount of attention that it gave to alliance considerations in formulating its policy toward the rising power. American acquiescence to Australia's post-Tiananmen China policy was assumed instead of consciously procured. This assumption derived from the same two factors that underpinned allied acquiescence in the other cases examined. First, Australia's disengagement preference did not fundamentally compromise core American regional interests. Australia's disengagement preference was also consistent with what Australian policymakers perceived as shared understandings of intra-alliance contribution. These no longer focused around China and, indeed, provided for reasonably independent Australian policy initiatives on regional issues. Accordingly, they mitigated the risk that the Hawke Government associated with adopting an independent disengagement strategy toward China. This only further underscored the strong value that the Hawke Government attached to its interest in suspending cooperation with China. It facilitated the Hawke Government's perceptions of intra-alliance bargaining power, underpinning its shift to disengagement after Tiananmen and then again returning to normal relations in 1991.

The growing independence of Australia's China policy as a result of evolving shared understandings of alliance contribution does not undermine the relevance of Snyder's theory of intra-alliance bargaining power. Instead, it underscores the utility of this framework as one that provides discretion for a junior ally's interests to dictate its policies toward a rising power. The growing role that Australia's interests assumed in

determining its China policy also illuminates the importance of this study's supplementary theoretical propositions. These propositions add greater specificity to Snyder's concept of interest in a junior allied engagement context, by stipulating when Australian policymakers have been more or less likely to develop an interest supporting an engagement or disengagement preference. They also delineate when an asymmetrically dependent junior ally will value and pursue this interest in an intra-alliance context. As such, they account for the growing separation of the alliance from Australia's China policy. However, they have so far only been examined in periods during which China was significantly weaker than the United States. By exploring Australian engagement with China as it started to emerge as a potentially significant strategic competitor to the United States, the following case illustrates the utility of these theoretical propositions under fundamentally differing strategic circumstances.

## CHAPTER EIGHT

### ADJUSTING TO CHINESE POWER: HOWARD'S ENGAGEMENT DIPLOMACY, 1996–98

Sino-Australian relations were slow to recover in the wake of the Tiananmen Square incident. The early 1990s marked a period of transition in Sino-Australian relations. Most Australian political sanctions were lifted during the Hawke Government. The Keating Government also recognised that fully normalising relations with China, after that country's post-Tiananmen diplomatic isolation, was in Australia's geopolitical and economic interests.<sup>1</sup> Like his predecessor, Prime Minister Paul Keating believed Australia's interests were best served by an open and outwardly engaged China rather than one that was closed and resentful.<sup>2</sup> Consequently, he sought to enmesh China into the evolving regional security architecture, by securing its entry into APEC and the newly-formed ASEAN Regional Forum (ARF). However, psychological barriers and issue-specific disputes still impeded Sino-Australian relations. These included continuing Chinese human rights abuses and the incarceration of Australian businessman James Peng.<sup>3</sup> Keating also worked to develop a range of other regional relationships and structures, as a hedge against a potentially more resentful China in the future.<sup>4</sup> While the Keating Government therefore established the foundations for better Sino-Australian ties, lingering equivocation inhibited relations from developing beyond much normalisation.

It was not until the Howard Government came into office in 1996 that a more concerted Australian engagement strategy toward China emerged. In the first few months of government, a series of factors threatened to undermine Sino-Australian relations. These included Australia's support for US deployment of the Seventh Fleet during the 1996 Taiwan Strait Crisis, an 'unofficial' Australian ministerial visit to Taiwan, cancellation of the Development Import Finance Facility, and Prime Minister

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<sup>1</sup> Under the Keating Government, efforts to further normalise Sino-Australian relations included a series of high-level visits between Australian and Chinese leaders, progressive removal of defence-related restrictions imposed after the Tiananmen Square incident, and expansion of the trade relationship.

<sup>2</sup> Interview with Allan Gyngell, 29 February 2008.

<sup>3</sup> As one 1995 DFAT submission to a Senate Inquiry observed, 'Australia's relationship with China ... remain(s) cooperative and businesslike, but not uncritical'. DFAT (1995) cited in Senate Foreign Affairs, Defence and Trade References Committee, *Australia China Report*, Canberra: Parliament of the Commonwealth of Australia, 1996, p. 26.

<sup>4</sup> Interview with Allan Gyngell, 29 February 2008.

John Howard's meeting with the Dalai Lama. None of these events was intentionally directed at distancing Australia from China. However, they were perceived as such by Beijing.<sup>5</sup> The Chinese leadership responded by freezing most official contact between the two countries.

In view of these negative developments, the Howard Government quickly directed its attention to mending Sino-Australian relations. Howard assumed direct control over China policy, working closely with his chief of staff Grahame Morris, international affairs advisor Michael Thawley, Secretary of DFAT Philip Flood, and Australian Ambassador to China Ric Smith. Together, they sought to repair damage to Sino-Australian relations and to construct a framework for more substantive cooperation between the two countries.<sup>6</sup> The Howard Government's ensuing engagement strategy toward Beijing involved two stages. The first stage comprised of restoring relations in the lead-up to, and during, the Howard-Jiang meeting at the November 1996 APEC Summit in Manila. The second stage involved rebuilding the relationship during and after Howard's visit to Beijing in April 1997.<sup>7</sup> These two meetings signified the beginning of a concerted Australian engagement strategy that was to last throughout Howard's Prime Ministership. This chapter focuses on these meetings as the 'critical turning point' in contemporary Sino-Australian relations. By establishing a new overarching framework for the relationship post-Tiananmen, the 1996–98 period represented the most important phase in Sino-Australian relations since recognition.<sup>8</sup>

Most analysts interpret Howard's engagement diplomacy as a knee-jerk reaction to the difficulties of 1996.<sup>9</sup> Yet, fractious Sino-Australian relations merely provided him with the opportunity to implement an engagement strategy predicated on deeper considerations.<sup>10</sup> These considerations do not easily coincide with existing theoretical explanations regarding intensified junior allied relations with a rising power. Power

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<sup>5</sup> Interview with Alexander Downer, 11 March 2008; Interview with anonymous Australian official, 12 August 2008; Interview with Ron Huisken, 20 September 2007; Interview with Hugh White, 15 August 2008.

<sup>6</sup> Interview with Philip Flood, 20 September 2007; Interview with anonymous Australian official, 3 August 2007.

<sup>7</sup> Interview with anonymous Australian official, 3 August 2007.

<sup>8</sup> Interview with Paul Kelly, 25 July 2007.

<sup>9</sup> Mohan Malik, 'Australia and China: Convergence and Divergence of Interests', in James Cotton and John Ravenhill (eds), *The National Interest in a Global Era: Australia in World Affairs 1996–2000*, Oxford: Oxford University Press, 2001, p. 113; Paul Kelly, *Howard's Decade*, Lowy Institute Paper No. 15, Sydney: Lowy Institute, 2006, p. 67; Michael Wesley, *The Howard Paradox: Australian Diplomacy in Asia 1996–2006*, Sydney: ABC Books, 2007, p. 126.

<sup>10</sup> Interview with John Howard, 15 July 2008; Roy Campbell McDowall, *Howard's Long March: The Strategic Depiction of China in Howard Government Policy, 1996–2006*, Canberra Papers on Strategy and Defence no. 172, Canberra: Australian National University E-press, 2009, p. 8.



transition theorists would attribute Howard's China policy to bandwagoning with the United States' own changing approach toward Beijing. Although the Howard Government's China policy paralleled the Clinton Administration's changing approach, it did not derive from Washington's policy. Australia's intensified engagement was, instead, primarily driven by how the Prime Minister conceived of Australian interests in relation to China over the course of 1996 and 1997. This was evident by the consistency of Canberra's engagement strategy toward China compared to the shifting emphasis in US China policy during the late 1990s. Power transition theory cannot adequately account for this seemingly more independent Australian China policy.

Snyder's theory of intra-alliance bargaining power better explains these trends. The Howard Government's confidence in its ability to effectively calibrate its engagement strategy toward China with more intimate Australian-American relations—even during strained periods in Sino-US relations—suggests Australian perceptions of significant intra-alliance bargaining power played an important role. As long as Sino-American relations remained non-conflictual, Howard did not believe that his engagement strategy would engender any negative repercussions for the alliance.<sup>11</sup> However, Snyder's theory has two limitations in accounting for Australia's intensified engagement strategy. First, it cannot explain why the Howard Government developed an interest in significantly enhancing cooperation with China, thereby supporting an engagement preference in the first place. This is necessary to fully understand the changing dynamics of Australian engagement between the Keating and Howard Governments. Second, it cannot account for why Howard assigned such a high value to this interest and thus subsequently deduced that it maintained significant intra-alliance bargaining power in this particular context. This is surprising, given Howard's desire to present Australia as a reliable diplomatic supporter of the United States at a time when Sino-US competition began to increase.

Addressing these two issues, this study's theoretical propositions provide a useful explanatory supplement. Howard's decision to more concertedly engage with China in late 1996 was premised on an alignment of the same three factors that this study has argued crucially underpin engagement. Most important, this shift was based on Howard's changing assessment of China relative to Australia's core strategic interests in regional order. Increasingly, Howard believed that China was a potentially benign regional power that could be conditioned to behave in a way consistent with these interests. Within this political context, his engagement diplomacy was driven by

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<sup>11</sup> Interview with John Howard, 15 July 2008.

diplomatic and economic incentives to cooperate that ensued from China's growing material power. Howard's belief that he would be able to reach a *modus vivendi* with the Chinese leadership on how Sino-Australian relations should be managed was another critical variable that gave rise to engagement. As in preceding cases, these factors combined to underpin the Howard Government's interest in deepening Sino-Australian relations. Howard wanted to establish cooperative relations with China that could yield valuable economic and diplomatic benefits, provided that this cooperation did not conflict with Australia's strategic interests in regional order.

What distinguishes this case from the Whitlam and Hawke periods is the high value that the Howard Government assigned to its interest in deepening cooperation with China in the context of emergent Sino-American strategic competition.<sup>12</sup> The value that the Howard Government assigned to its interest, in this differing great power context, was still predicated on an assumption that the US would acquiesce in Australia's engagement strategy. Howard and his advisors arrived at this assumption on the basis that Australian engagement with China would not compromise core US regional interests. This assumption was further supported by what the Howard Government perceived as shared Australian-American understandings of alliance contribution, providing for considerable discretion in Australia's China policy from within ANZUS. The Howard Government viewed Australian relations with other countries (including China) as Australia's sovereign prerogative.<sup>13</sup> The likelihood of American acquiescence, on this basis, mitigated what the Howard Government perceived as the risk associated with closer Sino-Australian relations. This underscored the high value that the Government assigned to this objective and, in turn, gave rise to Australian perceptions of significant intra-alliance bargaining power. For these reasons, the Government was able to confidently conduct a relatively independent China policy from within ANZUS, despite the vagaries of Sino-American relations.

To better understand the Howard Government's engagement diplomacy, this chapter initially explores the regional power dynamics in which it developed. It then more thoroughly examines the strengths and limitations of power transition theory and

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<sup>12</sup> The term 'strategic competition' is used to denote competition brought about by changing relativities in material power. This does not automatically translate into adversarial policies on the part of China or the United States. As David Shambaugh observes, strategic competitors can cooperate in some areas whilst maintaining competitive—and sometimes contentious—relations in others. He observes that strategic competition 'reflects the natural balancing between major powers ...'. David Shambaugh, 'Sino-American Strategic Relations: From Partners to Competitors', *Survival*, 42(1) 2000, pp. 99–100.

<sup>13</sup> Interview with Alexander Downer, 11 March 2008; Interview with anonymous Australian official, 3 August 2007; Interview with anonymous Australian official, 12 August, 2008; Interview with Philip Flood, 20 September 2007.

Snyder's theory in accounting for the Howard Government's policy approach. The third part of the chapter explores this study's theoretical propositions in relation to Howard's and his advisors' decision-making. It does so, initially, by examining these propositions relative to the Howard Government's interest in deepening cooperation with a rising China. It then analyses how the Prime Minister reconciled this interest with political obligations linked to preserving Australia's alliance commitment. The propositions this study advances go some way to illuminate why Howard did not envision an inherent tension between his China diplomacy and his effort to reinvigorate the American alliance.

### *Sino-American Power Shift During the 1990s*

Foreign policy commentators and academic analysts generally link the Howard Government's China policy with that country's growing power during the late 1990s.<sup>14</sup> In making these assertions, however, they understate the continuities in Australian assessments of regional power relativities. Another factor bearing on the Howard Government's engagement diplomacy toward China was Australia's reaffirmed confidence in the United States as the dominant regional power.<sup>15</sup> Successive Australian Governments had always viewed the United States as the dominant regional power in terms of relative material capabilities. American superiority in weapons technology enabled it to maintain a considerable marginal lead in military capabilities over any near competitor.<sup>16</sup> However, the Keating Government was less certain of the United States' will to exercise a regional leadership role. It expressed concern that US economic constraints, coupled with the absence of a post-Cold War strategic rationale for US forward deployment, would undermine its willingness to 'accept primary responsibility for maintaining peace and stability in the region'.<sup>17</sup>

<sup>14</sup> McDowall, *Howard's Long March*, pp. 5, 7; Malik, 'Australia and China', p. 113; Wesley, *The Howard Paradox*, pp. 125–26; Kelly, *Howard's Decade*, p. 67.

<sup>15</sup> Interview with Hugh White, 15 August 2008; Commonwealth of Australia, *In the National Interest*, Canberra: Australian Government Publishing Service, 1997, p. 57. This was echoed in several of John Howard's statements, in which he declared that the US was in 'an unparalleled position of power and influence'. See, for instance, John Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association', New York, 30 June 1997, available at <<http://www.pm.gov.au/news/speeches/1997/fpa.html>>, accessed 1 July 2005.

<sup>16</sup> Department of Defence, *Australia's Strategic Policy*, Canberra: Department of Defence, 1997, p. 14; Paul Dibb, 'The Asia-Pacific Region Post Cold War', in Defence Sub-Committee, *ANZUS After 45 Years*, Canberra: Strategic and Defence Studies Centre, 1997, p. 3.

<sup>17</sup> Commonwealth of Australia, *Defending Australia*, Canberra: Commonwealth of Australia, 1994, p. 8.

Yet, by 1997, Australian defence planners had renewed confidence in the United States' willingness to exercise regional leadership. Australia's 1997 defence review, *Australia's Strategic Planning* (ASP97), declared that:

Earlier post-Cold War uncertainty about America's strategic commitment to the Asia-Pacific has now been assuaged. US statements and actions have made it clear that it intends to remain closely engaged in the Asia-Pacific's strategic affairs, both for its own interests and to support wider regional stability. Moreover, it will retain the capacity to deploy decisive military power into the region if necessary.<sup>18</sup>

This reversed assumption was predicated on a series of actions in which the United States demonstrated its ongoing commitment to the region. Most significant to this fundamental change in Australian perceptions was US deployment of the Seventh Fleet during the 1996 Taiwan Straits Crisis. The United States deployed its Fleet in response to Chinese missile launches and military exercises that were taking place in the vicinity of Taiwan.<sup>19</sup> The US commitment to retaining 100 000 permanently deployed troops in the Asia-Pacific, as outlined in the 1995 East Asia Strategy Initiative, also underwrote Australian confidence.<sup>20</sup> Signalling the United States' unwillingness to cede regional dominance,<sup>21</sup> Australian policymakers continued to view the US as a leading power in the Asia-Pacific. They adopted this view despite the growing prominence of other regional powers.

From 1993 onwards, Australian government officials identified the rise of China as the most important source of change in the region.<sup>22</sup> The 1997 DFAT White Paper, *In the National Interest* (INI97), concluded that 'China's economic growth, with attendant confidence and enhanced influence, will be the most important strategic development of the next fifteen years'.<sup>23</sup> With China's economic growth rates continuing at close to 10 per cent per annum, the Australian Government anticipated

<sup>18</sup> Department of Defence, *Australia's Strategic Policy*, p. 14.

<sup>19</sup> China regards Taiwan as a part of China and has never renounced the possible use of force in seeking unification. The Chinese leadership regards Taiwan as central to its continuing legitimacy and nationalist credentials. Although it has generally accepted the current situation of de facto Taiwanese independence, any Taiwanese declaration to this effect or formal secession might prompt China to use force to defend its claims. In 1995, Taiwanese President Lee Teng-hui's various initiatives suggesting that Taiwan was seeking greater sovereign status in the international system prompted China to launch missiles and conduct military exercises to deter the Taiwanese leader. See Robert Ross, 'The 1995-96 Taiwan Strait Confrontation: Coercion, Credibility, and the Use of Force', *International Security*, 25(2) 2000, pp. 94-95; Robert Ross, 'Navigating the Taiwan Strait: Deterrence, Escalation Dominance, and US-China Relations', *International Security*, 27(2) 2002, p. 54.

<sup>20</sup> Interview with Hugh White, 15 August 2008.

<sup>21</sup> Interview with Hugh White, 15 August 2008.

<sup>22</sup> Interview with Hugh White, 15 August 2008; Department of Defence, *Australia's Strategic Policy*, p. 14. The 1994 Defence White Paper observed that, '[o]ver the next fifteen years, the most important focus of economic growth in Asia will be China. If the patterns of recent years are sustained, China's economy will become the largest in Asia and the second largest in the world within the next fifteen years. This will affect global power relationships and become a dominant factor in the strategic framework of Asia and the Pacific'. Commonwealth of Australia, *Defending Australia*, p. 9.

<sup>23</sup> Commonwealth of Australia, *In the National Interest*, p. v.

that China could one day surpass Japan or even the United States as an economic power.<sup>24</sup> The strategic significance of China's growing economic power also became apparent. China was making use of its economic prosperity to modernise its armed forces. The decline of the Russian continental threat, and the availability of Soviet military technology, facilitated Chinese expansion of its surface, submarine and aircraft capabilities. China started to emerge as an air/maritime power and not simply a continental power. It was also rapidly expanding its ballistic missile capabilities and, in so doing, was disrupting the cross-Strait military balance.<sup>25</sup> Australian policymakers projected that as China's economic and strategic power increased, so too would its regional political influence.<sup>26</sup> Australian policymakers began to contemplate a future in which China not only eclipsed Japan, but could potentially challenge US strategic primacy in the Asia-Pacific.<sup>27</sup> This projected strategic challenge was most clearly explicated in ASP97, which observed that '[i]t would not be in Australia's interests for China's growing power to result in a diminution of US strategic influence ...'.<sup>28</sup>

As late as 1997, however, Australian policymakers foresaw a number of hurdles that China needed to surmount if it was to emerge as a genuine regional strategic competitor to the United States. Although the 1996 Taiwan Strait Crisis hastened Chinese preparations for a future cross-Strait conflict, defence still remained the 'fourth modernisation'.<sup>29</sup> China was, moreover, starting from a relatively low capability base.<sup>30</sup> The vast majority of Chinese naval vessels were equipped for only coastal operations or limited projection into the South China Sea.<sup>31</sup> Australian policymakers thus predicted

<sup>24</sup> Hugh White, 'Four Decades of the Defence of Australia: Reflections on Australian Defence Policy over the Past 40 Years', in Ron Huisken and Meredith Thatcher (eds), *History as Policy: Framing the Debate on the Future of Australia's Defence Policy*, Canberra Papers on Strategy and Defence no. 167, Canberra: ANU E-press, 2007, p. 173; John Howard, 'Australia and Britain: The Contemporary Partnership in a New International Environment', 23 June 1997, accessed through Pandora Archive, National Library of Australia (NLA).

<sup>25</sup> Shambaugh observes that the PLA was accelerating deployments of M-9 and M-11 mobile short-range ballistic missiles at bases opposite Taiwan. David Shambaugh, 'Sino-American Strategic Relations', *Survival*, 42(1) 2000, p. 103.

<sup>26</sup> Commonwealth of Australia, *In the National Interest*, p. 63. See also, Alexander Downer, 'Australia and China: Engagement and Cooperation', 10 September 1997, accessed through Pandora Archive, NLA.

<sup>27</sup> Interview with Hugh White, 15 August 2008; Interview with Allan Behm, 22 August 2008. As early as 1993, later Deputy Secretary of Strategy and Intelligence Hugh White observed, '[c]ountries numbered in the billions, with economies growing at 10% a year for decades on end, soon acquire the strategic potential to challenge any outside power for hegemony in its own region. ... It seems that China is keen for the US to get out of Asia, and it is fair to assume that they will try to take America's place'. Hugh White, 'Notes on Australia's Strategic Circumstances', January 1993, unpublished paper, courtesy of Hugh White.

<sup>28</sup> Department of Defence, *Australia's Strategic Policy*, p. 14.

<sup>29</sup> Interview with anonymous Australian official, 12 August 2008.

<sup>30</sup> Department of Defence, *Australia's Strategic Policy*, p. 14.

<sup>31</sup> James Mulvenon, 'Chinese Nuclear and Conventional Weapons', Elizabeth Economy and Michael Oksenberg (eds), *China Joins the World: Progress and Prospects*, New York: Council on Foreign Relations, 1999, p. 331.

that any Chinese strategic challenge to the United States would not take place for a number of years.<sup>32</sup> Nevertheless, China's growing economic and military capabilities led Australian policymakers, for the first time, to cast China in this role. China's emergent material power consolidated support for the idea that China could emerge as the preeminent Asian power in the twenty-first century.<sup>33</sup> As this idea became further ingrained in the Australian policy community, one would expect power transition theory to have greater resonance in explaining Australian policy trends toward China. On the contrary, the following section highlights the limitations of this theoretical approach in accounting for Australian engagement with China under these changing structural conditions.

## **Explaining Australian Engagement with China**

### *Power Transition Theory*

Power transition theory would attribute the Howard Government's intensified engagement with Beijing to either increasing dissatisfaction with the United States or to bandwagoning with US China policy. Yet, neither explanation adequately accounts for the shift toward more concerted Australian engagement with China in 1996. Despite China's growing material power, the Howard Government viewed regional power relativities in essentially similar terms to its predecessors. If anything, Howard believed that US power was on the rise.<sup>34</sup> He welcomed this development, in view of his profound satisfaction with US leadership at both the global and regional levels. In part, this satisfaction was grounded in what he perceived as shared liberal democratic and capitalist values between Australia and the United States.<sup>35</sup> Howard was a 'cultural traditionalist', who placed (his concept of) traditional Australian values at the centre of his foreign policy.<sup>36</sup> The Howard Government's satisfaction with the US-led regional order was also based on collective strategic and economic benefits bestowed by the

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<sup>32</sup> Interview with Hugh White, 15 August 2008; Interview with anonymous Australian official, 12 August 2008; Interview with Chris Barrie, 20 August 2008.

<sup>33</sup> Interview with Allan Behm, 22 August 2008; Interview with Hugh White, 15 August 2008.

<sup>34</sup> Kelly, *Howard's Decade*, p. 49; John Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association'; John Howard, 'Transcript of the Prime Minister The Hon. John Howard M.P. American-Australian Association Luncheon', New York, 1 July 1997, available at <<http://www.pm.gov.au/media/Speech/1997/us-aust.cfm>>, accessed 1 July 2005.

<sup>35</sup> Kelly, *Howard's Decade*, p. 49; Wesley, *The Howard Paradox*, pp. 50–52; Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association'.

<sup>36</sup> Kelly, *Howard's Decade*, p. 23; Wesley makes a similar point through what he observes as the centrality of Howard's concept of 'moral community' to his foreign policy. Wesley, *The Howard Paradox*, pp. 47–57.

United States. As in previous decades, the United States was perceived as an integral force for regional stability at a time of profound structural change. It provided *reassurance* as regional countries further developed regional multilateral cooperation, as well as *insurance* in the event of regional conflict or the emergence of an expansionist hostile power.<sup>37</sup> By providing for regional stability, the Howard Government believed that the US, in turn, would help underwrite regional economic prosperity—regional countries could devote resources to economic development instead of participating in regional arms races.<sup>38</sup> The US was also a major market and source of foreign investment.<sup>39</sup>

To preserve these collective benefits, the Howard Government encouraged the United States in its leadership role by providing political and military support to that power. As then Foreign Minister Alexander Downer observed:

It is in the interests of Australia and others in the region to support an active US engagement in the region's affairs ... Australia's consistent approach will be to reinforce US engagement, underscoring the importance of established US security ties.<sup>40</sup>

Australian efforts to support US leadership in the Asia-Pacific were manifest in its reconfiguration of ANZUS to render it more relevant to both parties' post-Cold War security interests. The 1996 'Sydney Statement' outlined a more region-centric strategic rationale for the alliance.<sup>41</sup> Australia also supported US regional engagement by endorsing regional multilateral forums, such as APEC and the ARF, that were inclusive of the United States instead of limited to East Asian participation. Far from being dissatisfied with the US-led regional order, Australia sought to preserve this leadership role.

Under these circumstances, power transition theorists would attribute the Howard Government's engagement strategy to its efforts to demonstrate support for the US-led regional order by bandwagoning with US China policy. However, this

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<sup>37</sup> Alexander Downer, 'Asia-Pacific Security: Practical Cooperation in an Asian Context', 19 September 1996, available at <[http://www.dfat.gov.au/media/speeches/foreign/1996/iiss\\_asi.html](http://www.dfat.gov.au/media/speeches/foreign/1996/iiss_asi.html)>, accessed 10 June 2005; Howard, 'Australia and Britain'; Interview with Hugh White, 15 August 2008.

<sup>38</sup> Commonwealth of Australia, *In the National Interest*, p. 58; Alexander Downer, 'Australia and the United States- A Vital Friendship', 29 May 1996, available at <<http://www.australianpolitics.com/foreign/anzus/96-05-29downer.shtml>>, accessed at 15 August 2005; Alexander Downer, 'Australia's Asia-Pacific Endeavour', 1 October 1997, available at <[http://www.dfat.gov.au/media/speeches/foreign/1997/asia\\_pacific1october97.html](http://www.dfat.gov.au/media/speeches/foreign/1997/asia_pacific1october97.html)>, accessed 10 June 2005.

<sup>39</sup> Downer, 'Australia and the United States'; Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association'.

<sup>40</sup> Downer, 'Australia and the United States'.

<sup>41</sup> Department of Foreign Affairs and Trade, 'Sydney Statement Joint Security Declaration', 26 July 1996, available at <[http://www.dfat.gov.au/geo/us/ausmin/sydney\\_statement.html](http://www.dfat.gov.au/geo/us/ausmin/sydney_statement.html)>, accessed 12 August 2008.

interpretation is not borne out by differing American and Australian relationships with China as they respectively unfolded during the late 1990s.

After the 1996 Taiwan Strait Crisis, US President Bill Clinton adopted engagement with China as one of his key foreign policy objectives. This stemmed from his realisation that China was rapidly emerging as an important East Asian power, coupled with his view that Sino-US relations had become increasingly fragile.<sup>42</sup> Disappointed with the results of coercive tactics against China, Clinton opted for a more cooperative approach, which, he hoped, would yield greater economic and geopolitical gains.<sup>43</sup> As Clinton declared to a joint sitting of the Australian Parliament during his Australian visit in October 1996:

The emergence of a stable, an open, a prosperous China, a strong China confident of its place and willing to assume its responsibilities as a great nation is in our deepest interest ... What the United States wants is to sustain an engagement with China ... in a way that will increase the chances that there will be more liberty and more prosperity and more genuine cooperation in future.<sup>44</sup>

This shift in America's China policy ultimately gave rise to the summit diplomacy of 1997 and 1998, during which Clinton and Jiang Zemin agreed to work toward 'a constructive strategic partnership'.<sup>45</sup> Within this overarching framework, intergovernmental working dialogues were established to resolve Sino-American differences in specific issue areas, including human rights, arms control and commerce. Clinton also reinstated a strategic dialogue between the Chinese and US military and civilian defence establishments.

However, the overriding construct of a Sino-American 'strategic partnership' was aspirational for the Clinton Administration, which carefully used future-tense language when describing it.<sup>46</sup> Washington still approached the relationship with an element of caution. The Clinton Administration was eager, for instance, to put an end to Chinese discourse of 'multipolarization' of the international system.<sup>47</sup> One former US diplomat suggested that military engagement with China had dual purposes of both securing Chinese goodwill and simultaneously deterring Chinese military leaders by

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<sup>42</sup> Patrick Tyler, *A Great Wall: Six Presidents and China*, New York: Public Affairs, 2000, p. 418; Interview with James Przystup, 23 September 2008.

<sup>43</sup> Robert Suettinger, *Beyond Tiananmen: The Politics of US-China Relations, 1989–2000*. Washington, DC: Brookings Institution Press, 2003, p. 283.

<sup>44</sup> Clinton (1996) cited in Suettinger, *Beyond Tiananmen*, p. 283.

<sup>45</sup> 'Fact Sheet: Achievements of US-China Summit', White House, 27 June 1998, cited in Shambaugh, 'Sino-American Strategic Relations', p. 98.

<sup>46</sup> Interview with anonymous US official, 24 September 2008; Interview with David Shambaugh, 15 September 2008.

<sup>47</sup> Interview with anonymous US official, 24 September 2008.



demonstrating American defence superiority.<sup>48</sup> The Sino-American relationship was also increasingly subject to attack by Congress. Within days of Clinton's return from Beijing in 1998, Congress reaffirmed the United States' commitment to Taiwanese defence under the Taiwan Relations Act.<sup>49</sup> Sino-US relations deteriorated further in 1999 with the accidental US bombing of the Chinese embassy in Belgrade.

The Australian Government welcomed Clinton's engagement-based approach toward China between 1996 and 1997, believing that a non-adversarial Sino-US relationship critically facilitated Australia's engagement strategy toward China.<sup>50</sup> However, the Howard Government was also conscious of the underlying fragility of Sino-American relations during this time. The Government was aware that there were elements in Washington who viewed China in terms of a threat.<sup>51</sup> This was signalled by ASP97, which observed: 'Competition [between China and the United States] is not inevitable, because the regional strategic balance need not be a zero-sum game. But there are some – in China and elsewhere – who are inclined to see it that way.'<sup>52</sup> The term 'elsewhere' was an indirect reference to the United States.<sup>53</sup> Nor did the Howard Government necessarily trust Clinton as a reliable custodian for the relationship, in view of his susceptibility to domestic pressure in managing American China policy.<sup>54</sup> In this political context, the Australian Government was neither able nor willing to predicate Sino-Australian relations on what it viewed as an unpredictable American policy framework. This was evident in the growing divergence between Australian and American policies toward China during the late 1990s. While Sino-American relations deteriorated towards the end of the century, the Sino-Australian relationship continued to flourish.<sup>55</sup>

Canberra's engagement strategy thus did not axiomatically follow from that of the United States, as power transition theorists suggest. Instead, Australia's engagement

<sup>48</sup> Interview with anonymous US official, 24 September 2008.

<sup>49</sup> This was conducted in response to Clinton's 'three noes' policy reiterated in Beijing in 1998. Clinton observed that the United States did not support independence for Taiwan, did not support two Chinas or one Taiwan and one China, and did not support Taiwanese membership in any organisation for which statehood was a requirement. Suettinger, *Beyond Tiananmen*, p. 348.

<sup>50</sup> Interview with John Howard, 15 July 2008; Interview with Michael Thawley, 26 September 2008; Interview with Hugh White, 15 August 2008.

<sup>51</sup> Interview with Chris Barrie, 20 August 2008; Interview with John Howard, 15 July 2008.

<sup>52</sup> Department of Defence, *Australia's Strategic Policy*, p. 14.

<sup>53</sup> Interview with Hugh White, 15 August 2008.

<sup>54</sup> Interview with Paul Kelly, 25 July 2007; Interview with Michael Thawley, 26 September 2008.

<sup>55</sup> Downer declared at the time that, 'US-China relations have been strained for much of 1999, especially following Premier Zhu Rongji's visit to Washington in April and the NATO bombing of the Belgrade Embassy in May. This has had no resonance in Australia's relationship with China—and nor should it'. Alexander Downer, 'Australia and China—Partners for Progress', 25 November 1999, available at <[http://www.foreignminister.gov.au/speeches/1999/991125\\_aust\\_china.html](http://www.foreignminister.gov.au/speeches/1999/991125_aust_china.html)>, accessed 10 June 2005.

strategy was shaped primarily by the Howard Government's assessment of China relative to Australia's own strategic and economic interests.<sup>56</sup> In fact, Howard envisaged a role for his Government in helping to *shape* Washington's preferences in a way that preserved a non-zero sum Sino-US relationship.<sup>57</sup> The Howard Government's proactive approach to Sino-US relations contrasts to the reflective bandwagoning behaviour that power transition theory depicts. Power transition theory cannot adequately explain why the Howard Government exercised considerable independence in forging its engagement strategy toward a potential peer competitor to Australia's dominant global ally. Thus, the Howard case suggests that the relative influence of the alliance on junior allied engagement is more subtle than power transition theory usually portrays. If not the alliance, what were the principal determinants of the Howard Government's shift toward more concerted engagement with China? Why was the Howard Government not *more* constrained by alliance considerations in view of its desire to support US regional leadership?

### *Snyder's Theory of the Alliance Security Dilemma*

Snyder's theory again provides a better starting point from which to approach these questions. As in the preceding cases of engagement this study has analysed, it is difficult to attribute the Howard Government's diplomacy to Australian fears of entrapment by the United States. Like the ALP in 1971, the Government hoped its engagement strategy toward China would exercise a moderating influence on US China policy. However, this was not the primary driver of Australia's intensified engagement strategy, as Snyder's theory would suggest. The Howard Government's engagement strategy took place at a time when Clinton's engagement strategy suggested that the risk of entrapment was considerably lower than it had been for much of the 1990s. Furthermore, alliance considerations appeared to have played a secondary role in policy formation toward China relative to Howard's assessment of Australian interests in that country.

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<sup>56</sup> Interview with John Howard, 15 July 2008; Interview with Philip Flood, 20 September 2007; Interview with Michael Thawley, 26 September 2008; Interview with anonymous Australian official, 3 August 2007; Interview with Alexander Downer, 11 March 2008.

<sup>57</sup> Interview with John Howard, 15 July 2008. Interview with Michael Thawley, 26 September 2008; Interview with anonymous Australian official, 12 August 2008. Former Prime Minister Howard observes that his Government endeavoured to do so by providing the United States with insights about China that would assist to maintain stable Sino-US relations.

Snyder's theory of intra-alliance bargaining power better accounts for the Howard Government's decision-making in relation to China. As noted previously, intra-alliance bargaining power provides greater discretion for a junior ally's independent interests in determining its policies toward another power. Although Howard and his advisors did not consciously think in these abstract terms, their decision-making reflects similar operational considerations to what this concept engenders. They believed that they could confidently engage with China without concern as to negative repercussions for the alliance, despite any tactical allied differences that existed or could arise with a change in US China policy. Moreover, Snyder's theory of intra-alliance bargaining power better encapsulates the situational constraints that Howard and his advisors had to reconcile in reaching this conclusion: principally, how to balance Australia's dominant fears of abandonment by the United States with its interests in the rising power.

Although lower than at any other point during the twentieth century, Australia still maintained very real, albeit latent, fears of abandonment by its senior ally during the 1990s. These were underwritten by what the Howard Government perceived as Australia's continuing alliance dependence. This dependence was, in part, founded on Australian policymakers' uncertainty surrounding the impact of regional structural change. Australian defence planners did not envision a direct military threat to Australian territory.<sup>58</sup> They were, however, apprehensive about the speed with which such a challenge could emerge in future.<sup>59</sup> Apprehensions derived from two changes in Australia's strategic environment. First, growing regional prosperity meant that regional countries had the economic means to acquire sophisticated military capabilities.<sup>60</sup> Australia could no longer confidently maintain a 'decisive advantage in military technology over credible regional adversaries'.<sup>61</sup> Second, the breakdown of the Cold War international system—a system that had previously constrained regional powers from competing for influence—meant that Australian security would again be more significantly affected by developments outside Southeast Asia and the Southwest Pacific.<sup>62</sup> As then Deputy Secretary of Strategy and Intelligence Hugh White recalls,

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<sup>58</sup> Commonwealth of Australia, *Defending Australia*, p. 3; Department of Defence, *Australia's Strategic Policy*, p. 4.

<sup>59</sup> As ASP97 observed, '... circumstances could arise in future which would reduce our security from armed attack, threaten our vital interests, or directly imperil our peace and safety. We do not judge those circumstances as likely to occur, but they are not implausible.' Department of Defence, *Australia's Strategic Policy*, p. 4.

<sup>60</sup> Department of Defence, *Australia's Strategic Policy*, p. 5.

<sup>61</sup> White, 'Four Decades of the Defence of Australia', p. 175.

<sup>62</sup> Department of Defence, *Australia's Strategic Policy*, pp. 9–10.

‘[i]t quickly became clear that strategic competition between the great powers of Asia could in future—as in the past—intrude into and destabilise Australia’s nearer region, and potentially pose a threat to Australia itself’.<sup>63</sup>

The Howard Government viewed Australian defence forces as insufficient to provide for Australian security in this new strategic landscape. The defence of Australian continental territory and denial of air and maritime approaches was still Australia’s primary strategic objective.<sup>64</sup> Yet to accomplish this objective in a regional environment in which Australia’s strategic weight was declining, Australian defence planners concluded that they needed to use sophisticated strike capabilities further away from Australian shores.<sup>65</sup> ASP97 also envisioned that Australia might need ‘to make a direct contribution to the maintenance of broader regional stability in a future conflict in which Australia’s strategic interests were engaged’.<sup>66</sup> This included a contribution to potential conflicts involving the major regional powers.<sup>67</sup>

These developments in Australia’s defence strategy underscored its dependence on the US alliance. As a bilateral defence arrangement, Australia remained strategically dependent on the United States for preferential access to defence technology, logistical support and intelligence.<sup>68</sup> The joint facilities provided Australia with intelligence on regional military developments that it could not afford to replicate<sup>69</sup>—an increasingly important function at a time when Australia’s defence doctrine was shifting toward forward deployment of the Australian Defence Force. As a broader regional arrangement, Australia remained dependent on the alliance as a vehicle for maintaining US engagement in the Asia-Pacific.<sup>70</sup> The Howard Government deemed the US presence as integral to regional stability. As noted previously, the US presence reassured regional countries as they developed patterns of cooperation and dialogue,

<sup>63</sup> White, ‘Four Decades of the Defence of Australia’, p. 173.

<sup>64</sup> Commonwealth of Australia, *Defending Australia*, p. 3; Department of Defence, *Australia’s Strategic Policy*, pp. 8, 29.

<sup>65</sup> Interview with Hugh White, 15 August 2008; Graeme Cheeseman, ‘Facing an Uncertain Future: Defence and Security under the Howard Government’, in James Cotton and John Ravenhill (eds), *The National Interest in a Global Era, 1996–2000*, Oxford: Oxford University Press, 2001, pp. 201–202.

<sup>66</sup> Department of Defence, *Australia’s Strategic Policy*, p. 32.

<sup>67</sup> Interview with Hugh White, 15 August 2008.

<sup>68</sup> Interview with Allan Behm, 22 August 2008; Interview with Chris Barrie, 20 August, 2008; Department of Defence, *Australia’s Strategic Policy*, p. 18; Desmond Ball (ed.), *Maintaining the Strategic Edge: The Defence of Australia in 2015*, Canberra Papers on Strategy and Defence, no. 133, Canberra: Strategic and Defence Studies Centre, Australian National University, 1999, p. 14.

<sup>69</sup> Interview with Allan Behm, 22 August 2008.

<sup>70</sup> Commonwealth of Australia, *In the National Interest*, p. 39; Department of Defence, *Australia’s Strategic Policy*, p. 19. Howard echoed these views. See, Howard, ‘Australia and Britain’; Department of State, ‘Joint US-Australian Press Conference’, 27 July 1996, available at <<http://dosfan.lib.uic.edu/ERC/briefing/dossec/1996/9607/960727dossec.html>>, accessed 12 August 2008.

thereby mitigating regional security dilemmas.<sup>71</sup> It also provided strategic insurance to Australia (and to other Pacific allies) in the event an emerging regional conflict or an expansionist hostile power. Accordingly, the alliance helped to prevent regional destabilisation and the intrusion of hostile regional powers into Australia's immediate strategic surrounds.<sup>72</sup> While Australia maintained a number of other regional defence partnerships, the United States' unique role as a stabilising 'balancer of last resort' rendered it the most critical to Australian security.<sup>73</sup> Moreover, the Howard Government viewed Australia as *asymmetrically* dependent on the United States, as a result of the disproportionately valued benefits Australia derived from the alliance.<sup>74</sup> This asymmetric dependence rendered it unwilling to damage or to potentially jeopardise the US relationship when pursuing other Australian foreign policy interests (such as those related to China).

The Howard Government maintained confidence in the continuation of the US alliance. This confidence, in part, derived from what the Government generally perceived as the United States' strengthened commitment to the Asia-Pacific.<sup>75</sup> During the Taiwan Strait Crisis, the Australian Foreign Minister welcomed what he viewed as the 'very clear demonstration by the United States that it is interested in maintaining its involvement in the security of the region'.<sup>76</sup> The United States also reinvigorated its bilateral regional alliances. To Australian policymakers, these developments suggested that the US would likely be involved in any regional conflict and would provide useful non-combat support to Australia.<sup>77</sup> Renewed Australian confidence in both the American commitment to ANZUS, and to the region generally, engendered

<sup>71</sup> As Downer observed in 1996, '[The United States] presence strengthens countries' regional confidence in their security—in effect helping to minimise tensions and maintain balance'. Downer, 'Asia Pacific Security' Practical Cooperation in an Asian Context', 19 September 1996, available at <[http://www.dfat.gov.au/media/speeches/foreign/1996/iiss\\_asi.html](http://www.dfat.gov.au/media/speeches/foreign/1996/iiss_asi.html)>, accessed 10 June 2005; Commonwealth of Australia, *In the National Interest*, p. 58.

<sup>72</sup> Interview with Hugh White, 15 August 2008; Department of Defence, *Australia's Strategic Policy*, p. 18.

<sup>73</sup> As ASP97 observed, '[o]ur alliance with the United States is by any measure our most important strategic relationship. It is a major strategic asset and its preservation and development is among our highest strategic priorities'. Department of Defence, *Australia's Strategic Policy*, p. 18; William T. Tow, 'The Future of Alliances: AUSMIN as a "Case Study,"' in Desmond Ball (ed.), *Maintaining the Strategic Edge: The Defence of Australia in 2015*, Canberra Papers on Strategy and Defence, no. 133, Canberra: Strategic and Defence Studies Centre, Australian National University, p. 291.

<sup>74</sup> Interview with Allan Behm, 22 August 2008; Interview with Ron Huiskens, 20 September, 2007; Interview with Hugh White, 15 August, 2008; Tow, 'The Future of Alliances', p. 273.

<sup>75</sup> Commonwealth of Australia, *In the National Interest*, p. 29.

<sup>76</sup> Downer (1996) cited in Nicola Wasson, 'Asian countries treading carefully', *USA Today*, 15 March 1996, p. 1.

<sup>77</sup> White, 'Australian Policy Objectives', p. 155. As Defence Minister Ian McLachlan observed in 1998, '... the US has a strong record of standing by its allies and Australia can—and does—expect we would receive valuable help in a major crisis'. Ian McLachlan, 'Diplomacy and Strategy: An Australian Government View', in William T. Tow (ed.), *Australian-American Relations: Looking Toward the Next Century*, South Yarra: Macmillan, 1998, p. 30.

comparatively lower fears of abandonment than during the other time periods this study has analysed.

This is not to say, however, that these fears did not exist or did not exercise a constraining influence on Australian foreign policy. This was manifest in Australian policymakers' consciousness of the power asymmetry and the associated limited leverage that Australia exercised in bilateral disputes. As White observed in 1997:

One idea is that we have in our strategic relationship with the United States, if you like, a natural element of influence on a whole lot of non-strategic issues in Washington. I think people who think that are misunderstanding a very important part of the relationship. That would be true only if our strategic relationship with the United States was on balance a net benefit to the United States rather than a net benefit to Australia.<sup>78</sup>

Moreover, there was a continuing recognition that the alliance was not a 'one-way' street. To ensure an ongoing American commitment to Australia's security and the broader region, the Howard Government believed that Australia needed to contribute to shared regional and global objectives.<sup>79</sup> This was evidenced by Australian actions to facilitate a US military role in the Asia-Pacific, to support inclusive regional multilateralism, and to support US global initiatives. While fears of abandonment were thus less prominent, they still exerted a constraining influence on Australian foreign and strategic policy.

What is surprising, however, is the relatively minimal influence that alliance considerations, ensuing from these fears of abandonment, had on the Howard Government's policy toward China. In interviews with the author, Howard and his former advisors cited factors relating to Australia's strategic and economic interests as the *primary determinant* of the Government's shift toward more intense engagement with China during the late 1990s.<sup>80</sup> This supports Snyder's assertion that a junior ally will be less constrained by alliance dependence and commitment if it sufficiently values the interest at stake.<sup>81</sup> The value the Howard Government assigned to its interest in China, and the primacy this assumed in directing Australia's engagement strategy toward that country, suggests an important operative role for intra-alliance bargaining power. Yet while intra-alliance bargaining power provides one explanation of how the

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<sup>78</sup> White, 'Australian Policy Objectives', p. 159. Then First Assistant Secretary of the Americas Division in DFAT David Spencer shared similar views. He observed, 'The reality is that our trade related difficulties with the United States have more to do with the power imbalance between the two of us and the lack of our negotiating leverage.' David Spencer, 'ANZUS in Context', in Defence Sub-Committee, *ANZUS After 45 Years*, Canberra: The Parliament of the Commonwealth of Australia, 1997, p. 28.

<sup>79</sup> Interview with Ron Huisken, 20 September 2007; Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association'.

<sup>80</sup> Interview with John Howard, 15 July 2008; Interview with Philip Flood, 20 September 2007; Interview with Michael Thawley, 26 September 2008; Interview with anonymous Australian official, 3 August 2007; Interview with Alexander Downer, 11 March 2008.

<sup>81</sup> Snyder, *Alliance Politics*, p. 171.

Howard Government reconciled Australian interests in China and alliance imperatives, it cannot fully account for the changing dynamics of Australian engagement during this time. Why, for instance, did the Howard Government develop an interest in intensifying cooperation with a rising China in the first place? How did the Government come to assign such a high value to its interests in China, given its fears of abandonment, and thus derive significant intra-alliance bargaining power? This study's theoretical propositions help to illuminate these ambiguities.

### **Developing an 'Interest' in a Rising China**

Australian engagement stemmed not from the concurrent shift in US China policy but from how the Prime Minister conceived of the Australian national interest in relation to China. Conventional analysis frames this interest in terms of economic motivations—when the Chinese froze relations in 1996, Howard urgently set about restoring the relationship to mitigate damage to Australian trade. However, this conventional account of Howard's China policy obscures the complexity of those considerations underpinning it. The Prime Minister sought to forge a working relationship with China to gain access to diplomatic and trade benefits, ensuing from China's growing economic, strategic, and political power. These benefits provided important incentives to engage. Nevertheless, Howard's engagement diplomacy was predicated on the condition that Sino-Australian cooperation needed to be consistent with Australia's strategic interests in regional order. Economic and diplomatic incentives thus only gave rise to an Australian interest in deepening cooperation with the PRC in the context of Howard's assessments that China could emerge as a benign regional power (as this study defines it) and that he could reach a *modus vivendi* with the Chinese leadership. The same factors supporting Australian engagement strategies in the other case studies thus also critically underpinned the Howard Government's intensified engagement strategy in 1996–97.

The first part of this section examines what the Howard Government viewed as Australia's strategic interests in regional order and how the Prime Minister conceived of China in relation to those interests. It then explores what Howard and his advisors perceived as growing incentives to cooperate with China in this political context. Finally, it analyses how Howard's belief that he could forge a politically acceptable *modus vivendi* with the Chinese leadership gave rise to an overarching framework for bilateral relations. This framework provided the auspices under which Sino-Australian

relations flourished throughout the rest of his Prime Ministership, despite intensifying Sino-US competition.<sup>82</sup>

### *Australian Strategic Interests in Regional Order*

By the 1990s, the region had come to assume an even greater prominence in Australian foreign policy. Australian security was no longer tied to the global balance between superpowers, but to the evolving dynamics of great power relations in the Asia-Pacific.<sup>83</sup> Australia's trade was also increasingly tied to the region, with over 60 per cent of its exports absorbed by East Asia.<sup>84</sup> Preserving a regional order that would facilitate Australian security and trade was thus central to the Howard Government's foreign policy agenda. Unlike the ALP during the 1970s and the Hawke Government, Howard did not have a coherent 'vision' or 'preferred construct' of regional order to which he aspired. He did, however, recognise Australian strategic interests in regional order similar to those embodied in the ALP's and the Hawke Government's more formalised constructs.

Like its Labor predecessors, the Howard Government was eager to preserve US regional primacy. Significantly, increasing Chinese strategic power meant that Australian policymakers no longer equated US primacy with simply an American regional presence.<sup>85</sup> Nevertheless, an ongoing regional presence was an integral component of US primacy and bestowed important collective 'goods' from which Australia benefited. As Howard observed in a 1997 speech to the US Foreign Policy Association:

The role of the United States has been crucial to the unprecedented stability and growth that the Asia-Pacific has achieved. I believe it would be an error of historic proportions for the United States to diminish the level of its engagement in the Asia-Pacific region.<sup>86</sup>

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<sup>82</sup> Australian policymakers still recognised the Sino-US relationship as a cooperative-competitive one, but recognised that the competitive aspect of this relationship assumed a more prominent role than it had previously.

<sup>83</sup> Department of Defence, *Australia's Strategic Policy*, p. 9.

<sup>84</sup> Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association'.

<sup>85</sup> This was evident in ASP97, which hinted that growing Chinese power had emerged as an independent factor that could lead to a diminution of US strategic influence. Department of Defence, *Australia's Strategic Policy*, p. 14.

<sup>86</sup> Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association'.



As noted previously, it provided Asia-Pacific countries with both strategic reassurance and strategic insurance.<sup>87</sup> This prevented destabilisation of, or intrusion of hostile major power adversaries into, Australia's immediate strategic surrounds.<sup>88</sup> Bilaterally, an ongoing US presence contributed to Australian defence capacity and complicated an adversary's planning in lower-scale contingencies.<sup>89</sup> ANZUS was the principal vehicle through which Australia sought to maintain an ongoing American presence and thus preserve the benefits of US regional primacy.

In view of the potential seamlessness between developments in the wider Asia-Pacific and Australia's nearer approaches,<sup>90</sup> the Howard Government also endeavoured to foster region-wide political cooperation. The Government viewed stable great power relations—principally among China, Japan and the United States—as critical.<sup>91</sup> Stable great power relations were necessary to mitigate the risk of regional strategic competition and conflict.<sup>92</sup> They also provided a cooperative framework within which regional countries could engage in multilateral cooperation.<sup>93</sup> The ARF was emerging as a promising forum for confidence-building, dispute resolution and preventive diplomacy in the region. APEC was also viewed as usefully reinforcing patterns of regional consultation.<sup>94</sup> Significantly, however, the Howard Government viewed cooperative bilateral relations among regional countries as the most enduring force for regional stability—it was in these relationships that points of inter-state conflict were most often resolved.<sup>95</sup>

Another important Australian strategic interest was maintaining 'a benign security environment' in Southeast Asia and preventing it from being dominated by a

<sup>87</sup> Alexander Downer, 'Asia Pacific Security'; Interview with Hugh White, 15 August 2008; Department of Defence, *Australia's Strategic Policy*, p. 18.

<sup>88</sup> Interview with Hugh White, 15 August 2008.

<sup>89</sup> Department of Defence, *Australia's Strategic Policy*, p. 18; Hugh White, 'Australian Policy Objectives', p. 154.

<sup>90</sup> This region encompassed islands ranging from Indonesia to Papua New Guinea, the Solomon Islands and those in the Southwest Pacific. Department of Defence, *Australia's Strategic Policy*, p. 10.

<sup>91</sup> Commonwealth of Australia, *In the National Interest*, p. 29; Alexander Downer, 'Australia and Asia: Taking the Long View', 11 April 1996, available at <<http://www.dfat.gov.au/media/speeches/foreign/1996/asia-long.html>>, accessed 10 June 2005; Department of Defence, *Australia's Strategic Policy*, p. 7.

<sup>92</sup> Department of Defence, *Australia's Strategic Policy*, p. 8.

<sup>93</sup> Alexander Downer, 'Australia's Commitment to the Region', 19<sup>th</sup> Asia-Australia Institute Lecture, 6 November 1996, available at <[http://www.dfat.gov.au/media/speeches/foreign/1996/asia\\_ins.html](http://www.dfat.gov.au/media/speeches/foreign/1996/asia_ins.html)>, accessed 10 June 2005.

<sup>94</sup> Commonwealth of Australia, *In the National Interest*, p. 41.

<sup>95</sup> INI97 stated: 'While foreign and trade policy strategies must deploy all three approaches—bilateral, regional and multilateral—effective bilateral relationships constitute the basic building block.' Commonwealth of Australia, *In the National Interest*, p. 53; Department of Defence, *Australia's Strategic Policy*, p. 25; Interview with Alexander Downer, 11 March 2008.

potentially hostile power.<sup>96</sup> As ASP97 stated, '[Southeast Asian countries are] strong and self-confident enough to resist pressure from without, cohesive enough to cooperate, and sharing broad approaches to regional affairs which closely parallel our own. Our strategic objective is to help maintain these positive elements ...'.<sup>97</sup> To realise this objective, the Australian Government encouraged cooperation among Southeast Asian countries, as well as further developing shared strategic perceptions between these countries and Australia.<sup>98</sup> Although Australia's focus had broadened to the wider region, the Howard Government still maintained strong defence connections with Southeast Asia to discourage potentially hostile and expansionist powers in the future.<sup>99</sup> This was evident in Australia's continuing commitment to the FPDA and, at that time, the Agreement on Maintaining Security with Indonesia.<sup>100</sup> Australia also cultivated bilateral defence relationships with other Southeast Asian countries including Thailand, the Philippines and Vietnam. These relationships were increasingly shifting from defence aid to strategic dialogue, interaction and interoperability.<sup>101</sup> By fostering strategic cohesion between Australia and Southeast Asia, the Howard Government hoped to preserve regional stability and keep any potential adversary far from Australian shores.

The Howard Government adopted a parallel interest in the Southwest Pacific. It sought to preserve regional stability amidst growing political turbulence in the sub-region, whilst simultaneously 'ensuring that no potentially hostile power achieves undue influence...'.<sup>102</sup> These objectives were interrelated. Small island states' political and economic weakness made them more vulnerable to influence from potentially hostile powers.<sup>103</sup> To prevent this situation from emerging, the Howard Government strengthened political and economic linkages between Australia and the Southwest Pacific island countries. In so doing, it aimed to contribute to those countries' economic development and improved governance.<sup>104</sup> It also sought to forge a sense of regional strategic cohesion, by enhancing the Southwest Pacific island countries' capacity to

<sup>96</sup> Department of Defence, *Australia's Strategic Policy*, p. 8.

<sup>97</sup> Department of Defence, *Australia's Strategic Policy*, p. 21.

<sup>98</sup> Department of Defence, *Australia's Strategic Policy*, p. 22.

<sup>99</sup> Stuart Harris, 'Australia's Regional Security Planning', in J. Mohan Malik (ed.), *Australia's Security in the 21<sup>st</sup> Century*, St Leonards, NSW: Allen and Unwin, 1999, p. 119.

<sup>100</sup> This Agreement was signed during the Keating Government. Indonesia terminated the Agreement in September 1999, in response to the Australian-led UN peacekeeping mission in East Timor. William T. Tow, *Asia-Pacific Strategic Relations: Seeking Convergent Security*, Cambridge: Cambridge University Press, 2001, p. 142.

<sup>101</sup> Department of Defence, *Australia's Strategic Policy*, p. 22; Harris, 'Australia's Regional Security Planning', p. 118.

<sup>102</sup> Department of Defence, *Australia's Strategic Policy*, p. 13.

<sup>103</sup> Department of Defence, *Australia's Strategic Policy*, p. 13.

<sup>104</sup> Department of Defence, *Australia's Strategic Policy*, p. 20.

protect their sovereignty and affirming Australia's role as the primary defence partner for the region.<sup>105</sup> Through these policies, the Howard Government endeavoured to 'prevent the positioning by any foreign power of military forces which might be used to attack Australia or its interests'.<sup>106</sup>

Not all of these interests assumed the same priority in Howard's thinking. A survey of Howard's speeches, in 1996 and 1997, suggests that he was most concerned with maintaining US primacy and political cooperation among the region's great powers.<sup>107</sup> This contrasts to the Whitlam Government's and the Hawke Government's focus on Southeast Asia. Nevertheless, Howard's concern to preserve stability in Australia's more immediate strategic surrounds was later evident in his response to political turbulence in the Solomon Islands and escalating Sino-Taiwanese diplomatic competition in the Southwest Pacific.<sup>108</sup> Critical to the Howard Government's interest in deepening cooperation with China during the late 1990s was Howard's perception that emergent political cooperation would dovetail with, rather than compromise, these strategic interests.

### *China as a Potentially Benign Regional Power*

While the freeze in Sino-Australian relations during 1996 was catalytic, Howard's shift toward more concerted Australian engagement is more fundamentally attributed to his changing perceptions of China relative to these interests. Neither Howard nor his ministers viewed China's growing material power as inherently threatening. They accepted that growing Chinese power would lead to commensurate efforts on the part of China to expand its influence and define the terms for its participation in international institutions.<sup>109</sup> What determined the Howard Government's engagement-based

<sup>105</sup> Department of Defence, *Australia's Strategic Policy*, p. 21. As part of enhancing the Southwest Pacific islands capacity to defend their sovereignty, the Howard Government continued the Pacific Patrol Boat Program and sent naval advisors to most of the islands.

<sup>106</sup> Department of Defence, *Australia's Strategic Policy*, p. 20.

<sup>107</sup> See, for instance, Howard, 'Australia and Britain'; John Howard, 'Australia and Asia: An Enduring Engagement', 8 May 1997, courtesy of Australian Parliamentary Library (APL); Howard, 'Transcript of the Address by the Prime Minister the Hon. John Howard M.P. Dinner Hosted by the Foreign Policy Association'.

<sup>108</sup> Growing political turmoil in the Solomon Islands led to an Australian police intervention, RAMSI, in July 2003. Meanwhile, Howard became increasingly concerned by Chinese and Taiwanese competition for influence in 2005–06. He sought to stem the destabilising effects of this competition by urging China to conform to OECD principles of aid provision and to participate in sub-regional joint venture projects with Australia. Graeme Dobell, 'China and Taiwan in the South Pacific: Diplomatic Chess versus Political Rugby', CSCSD Occasional Paper 1, 2007, available at <[http://rspas.anu.edu.au/cscsd/occasional\\_papers/cscsd\\_op1\\_4\\_chapter\\_1.pdf](http://rspas.anu.edu.au/cscsd/occasional_papers/cscsd_op1_4_chapter_1.pdf)>, accessed 15 July 2009.

<sup>109</sup> Downer observed in 1996 that, '[a]s China's economy modernises and expands, its influence as a regional and global power will become increasingly apparent. It will naturally be active in pursuing its

approach was whether China could develop benign intentions— that is, whether it could be conditioned to exercise its power in a way that was consistent with Australia's regional strategic interests. In early 1996, China's belligerent response during the Taiwan Strait Crisis and hostile discourse about the US presence in the Western Pacific cast some initial doubt in Howard's mind. While the Howard Government did not perceive China as a threat, it did view it as a potential 'strategic challenge'.<sup>110</sup> Yet, as the Prime Minister learned more about China, both from his advisors and his meetings with Jiang Zemin, Howard's perceptions changed. Increasingly, he believed that China could be conditioned to become a 'responsible' regional player and, consequently, overcame his initial caution in deepening Sino-Australian relations. Howard's evolving assessment of Chinese intentions was premised on three factors: (1) China would not inherently challenge US strategic primacy in the Asia-Pacific; (2) China could be socialised to cooperate with other regional powers and would not threaten the territorial integrity of other regional states; and (3) China was unlikely to encroach into Australia's immediate strategic surrounds.

Most critical to Howard's evolving assessment of China, and willingness to engage with that power, was his view that it would acquiesce in a continuing US regional presence. Previously, Howard entertained apprehensions about whether deeper Sino-Australian political cooperation would be consistent with this most fundamental Australian strategic interest.<sup>111</sup> During the mid-1990s, Beijing frequently reiterated its ideological opposition to the US regional presence and alliance network. Chinese analysts advocated greater 'multipolarisation' of the international system and called for the United States to remove its forces from the Asia-Pacific.<sup>112</sup> Meanwhile, Chinese officials claimed that the US alliance network was an outdated 'power politics' model of regional order-building. In its place, Beijing advocated a 'New Security Concept', in which 'security [was] based neither on military build-up nor on military alliance, but rather ... should be grounded in mutual trust and common interests'.<sup>113</sup>

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national interests, and of course you would expect that'. Downer, 'Australia and Asia.' See also Howard, 'Transcript of the Address by the Prime Minister the Hon. John Howard M.P. Dinner Hosted by the Foreign Policy Association'.

<sup>110</sup> Interview with Hugh White, 15 August 2008; Interview with Michael Thawley, 26 September 2008; Interview with Ron Huiskens, 20 September 2007.

<sup>111</sup> Interview with Philip Flood, 20 September 2007.

<sup>112</sup> Shambaugh, 'Sino-American Strategic Relations', p. 104; Yong Deng, 'Hegemon on the Offensive: Chinese Perspectives on US Global Strategy', *Political Science Quarterly*, 116(3) 2001, pp. 346–47.

<sup>113</sup> China's 'New Security Concept' model for regional order-building was most comprehensively outlined by Chinese Foreign Minister Qian Qichen at the 1997 ARF summit. 'Opening Statement by HE Mr Qian Qichen, ASEAN Regional Forum (ARF)', Address delivered at ASEAN Regional Forum, Subang Jaya, 27 July 1997, available at <<http://www.shaps.hawaii.edu/security/china/qian-arf-9707.html>>, accessed 18 August 2008.

Both Howard and Downer were concerned about this Chinese discourse. As late as September 1997, Downer remarked, ‘... I notice that—from time to time—Chinese journals criticise the United States presence in the Asia-Pacific. This view appears to stem from a misconstruction of the objectives of that presence.’<sup>114</sup> Downer was referring to the tendency of this discourse to associate the American force posture in the Pacific with containment of China. Howard and others in the Australian Government (particularly in the Department of Defence) were more fundamentally concerned that Beijing was toying with the idea of predicating positive relations with China on looser alliance structures and associations with the United States.<sup>115</sup> Howard was unwilling to distance Australia from the United States in order to build more favourable relationships with Asian countries.<sup>116</sup> Instead, he maintained that Australia would not ‘choose between her history and her geography’.<sup>117</sup> This catch-phrase was as much a policy-prescription as it was Howard’s genuine belief.<sup>118</sup>

However, Howard was assuaged on this issue after his initial meeting with Jiang Zemin at the APEC Summit in November 1996.<sup>119</sup> Prior to the meeting, then Secretary of DFAT Philip Flood briefed Howard that China’s real view of the Australian-American alliance differed from its declaratory statements. Flood advised Howard that, in his assessment, Beijing understood Australia’s alliance with the US and bore no significant objection to it.<sup>120</sup> Beijing was concerned only that the alliance was not directed against China or used as a ‘launching pad’ for an attack against the PRC or in the event of a Taiwan contingency.<sup>121</sup> Any lingering concerns Howard may have had were further ameliorated during his initial meeting with Jiang at APEC. Howard reiterated to Jiang that while ANZUS was not directed against China, Australia would

<sup>114</sup> Downer, ‘Australia and China: Engagement and Cooperation’.

<sup>115</sup> Interview with Philip Flood, 20 September 2007; Interview with Hugh White, 15 August 2008; Interview with Alexander Downer, 11 March 2008.

<sup>116</sup> Interview with Michael Thawley, 26 September 2008. Thawley observes that, in part, this derived from what the Government viewed as the utility of the US alliance in enhancing Australia’s status and leverage in Asia.

<sup>117</sup> Howard, ‘Transcript of the Address by the Prime Minister the Hon. John Howard M.P. Dinner Hosted by the Foreign Policy Association’.

<sup>118</sup> This is evident in Howard’s 1997 Weary Dunlop Asialink Lecture, in which he observed: ‘I am unequivocally committed to deepening our engagement with the countries of Asia. However, in pursuing this objective the Government will not neglect Australia’s interests elsewhere. Our policy is Asia first or Asia plus, not Asia only.’ John Howard, ‘The 5<sup>th</sup> Annual Sir Edward ‘Weary’ Dunlop Asialink Lecture’, 11 November 1997, available at <<http://www/pm.gov.au/media/Speech/1997/wearydun.cfm>>, accessed 1 July 2005.

<sup>119</sup> Interview with John Howard, 15 July 2008; Interview with Philip Flood, 20 September 2007.

<sup>120</sup> Interview with Philip Flood, 20 September 2007.

<sup>121</sup> Interview with John Howard, 15 July 2008; Interview with anonymous Australian official, 12 August 2008.

remain a close US ally and that this was non-negotiable.<sup>122</sup> Howard recalls that Jiang accepted this position.<sup>123</sup> The Prime Minister signalled Sino-Australian accord on this issue in a press conference in April 1997. He observed:

We have an alliance with the United States borne out of a clear-headed and independent assessment of our national interest and that has been our position for a long time and will always be our position ... [T]he Australian/US relationship is not directed at anybody, I've made that very clear. I am encouraged to believe that perhaps is understood within the Chinese leadership.<sup>124</sup>

Accordingly, Howard reaffirmed the same understanding with the Chinese leadership that had facilitated successful Sino-Australian relations from within ANZUS since Whitlam's initial discussion with Zhou Enlai in 1971. Australia's alliance with the United States was not directed against China, but was simultaneously not subject to Sino-Australian discussion. This accord was critical to Howard's ensuing engagement preference toward Beijing.

The Prime Minister's more benign assessment of China was further supported by his changing views of Chinese foreign policy in the broader international system. This derived both from Howard's increasing knowledge of China as well as Beijing's changing approach to the region. The 1996 Taiwan Strait Crisis gave rise to some initial caution in the Howard Government with regards to China.<sup>125</sup> This caution was exacerbated by a series of other provocative Chinese actions. These included China's intransigence on territorial disputes in the South China Sea, its nuclear weapons test and its initial reluctance to participate in regional multilateralism. None of these actions or stances were seen as inherently threatening in themselves, but were viewed as indicators of China's more general strategic posture.<sup>126</sup> They gave rise to initial misgivings as to whether deeper Sino-Australian engagement was consistent with the Government's strategic interest in fostering regional political cooperation.<sup>127</sup> Howard and his advisors wanted China to emerge as a 'responsible' participant in the international system.<sup>128</sup> 'Responsibility' encompassed transparency on military modernisation; adherence to

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<sup>122</sup> Interview with John Howard, 15 July 2008; Interview with Michael Thawley, 26 September 2008; Interview with Andrew Shearer, 15 July 2008.

<sup>123</sup> Interview with John Howard, 15 July 2008.

<sup>124</sup> John Howard, 'Press Conference, Diaoyutai State Guest House', Beijing, China, 1 April 1997, APL.

<sup>125</sup> Howard's former international affairs advisor, Michael Thawley, observes that one of the purposes of the Government's response to the crisis was to signal to China that its behaviour was unacceptable and to urge it to adopt greater restraint in future. Interview with Michael Thawley, 26 September 2008.

<sup>126</sup> Interview with Hugh White, 15 August 2008.

<sup>127</sup> John Howard, 'Nuclear Weapons Test by China', Press Release, 8 June 1996; Interview with Hugh White, 15 August 2008; Interview with Andrew Shearer, 15 July 2008; Interview with Chris Barrie, 20 August 2008; Interview with Michael Thawley, 26 September 2008.

<sup>128</sup> Interview with Michael Thawley, 26 September 2008; Interview with anonymous Australian official, 3 August 2007.

international norms and conventions; assurance of regional countries; and forging constructive relationships with other regional powers.<sup>129</sup>

It was not until late 1996 or early 1997 that the Howard Government was more confident that, over time, Beijing could be persuaded to meet these standards. Prior to his visit to Beijing in March 1997, Howard was briefed by the Ambassador to China, Ric Smith, who explained that 45 per cent of China's Gross Domestic Product (GDP) derived from the international economy. Consequently, China could not easily extricate itself from the international system without significantly damaging its economic base.<sup>130</sup> This assessment profoundly impacted Howard's thinking, underscoring his perception that China was unlikely to emerge as a disruptive power in the international system for at least the short- to medium-term future.<sup>131</sup> In one press conference during his Beijing visit in April 1997, he stated:

It seems to me that the last thing a country that wants to achieve historic transformation would do would be to act in a hostile fashion towards the very countries, that is the countries of the region and many others outside the region, that are crucial and fundamental to economic transformation.<sup>132</sup>

The ascendance of Zhu Rongji—a committed economic reformer—in the Chinese leadership strengthened his confidence that deeper Sino-Australian relations would be consistent with Australia's strategic interest of fostering regional political cooperation.<sup>133</sup>

These perceptions were underscored by China's own changing approach to the region. Following the 1996 Taiwan Strait Crisis, China was anxious to stabilise relations with the United States. Beijing viewed stable Sino-American relations as necessary to preserve its access to the US market and to maintain the international stability that was conducive to its economic growth.<sup>134</sup> Accordingly, China undertook a

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<sup>129</sup> This definition of 'responsibility' was outlined by Defence Minister McLachlan in a 1998 book chapter. It bears much resemblance, however, to that of former Ambassador to China and Howard advisor Ric Smith who observed in 2006: 'What we want from China is continued economic growth, managed transition to a responsive and more democratic political order that respects the rights of its people and transparent and responsible approach to military capability. We also want a China which respects international conventions and comports itself as a constructive global citizen. China has gained from international order and we expect China to in turn contribute to that order.' Ric Smith, 'Address by Secretary R.C. Smith to University of Western Australia "Looking forward by looking back: Reflections on China 1996-2000"', 13 April 2006, available at <<http://www.defence.gov.au/secretary/speeches/smith/speech20060413.htm>>, accessed 6 July 2008.

<sup>130</sup> Smith, 'Address by Secretary R.C. Smith to University of Western Australia'.

<sup>131</sup> Smith, 'Address by Secretary R.C. Smith to University of Western Australia'; Interview with anonymous Australian official, 3 August 2007.

<sup>132</sup> Howard, 'Press Conference, Diaoyutai State Guest House'.

<sup>133</sup> Interview with anonymous Australian official, 3 August 2007.

<sup>134</sup> Phillip C. Saunders, 'China's America-Watchers: Changing Attitudes towards the United States', *The China Quarterly*, no. 161, 2000, p. 60.

series of actions in which it sought to demonstrate its 'responsible power' credentials.<sup>135</sup> Jiang repaired China's relationship with the United States during meetings with Clinton at APEC, and the summit diplomacy of 1997 and 1998. In September 1996, China voted in favour of the Comprehensive Test Ban Treaty. In 1997, it co-hosted the ARF inter-sessional group on confidence-building measures. All of these measures had a demonstrably positive effect on Australian policymakers' perceptions of China. As Downer observed in 1997, '... beyond the unparalleled dynamism of the market place, China is making a number of constructive contributions in regional and international forums ... China is already deeply engaged with the rest of the world, and its engagement is accelerating.'<sup>136</sup> Increasingly, Australian policymakers believed that China could be conditioned to emerge as a responsible regional power.

There was certainly nothing to suggest that China would emerge as an expansionist military power.<sup>137</sup> It was unlikely to threaten the territorial integrity of Southeast Asian states or to encroach into Australia's nearer approaches. With regard to Southeast Asia, Beijing harboured defensive intentions. It sought to maintain a stable regional environment that was conducive to its economic development.<sup>138</sup> In the Southwest Pacific, China competed with Taiwan for diplomatic influence. Yet, Australian policymakers viewed this competition primarily in terms of political recognition and commercial advantage rather than as part of a Chinese endeavour to cultivate a strategic presence in that Ocean.<sup>139</sup>

Howard's assessment that closer Sino-Australian relations would be consistent with Australia's strategic interests is not to suggest that all of the Government's concerns were resolved. There were still lingering uncertainties about how China's foreign policy would evolve over the longer term. This was evident in INI97, which observed:

China's economic growth, with attendant confidence and enhanced influence, will be the most important strategic development of the next fifteen years. How China manages its economic growth and pursues its international objectives, and how other nations, particularly the United States and Japan, respond to China will be crucial issues over this period.<sup>140</sup>

In an interview with the author, one former advisor to Howard recalled that they could not be certain that China would not, in the future, change its position on the alliance or

<sup>135</sup> Yong Deng, 'Hegemon on the Offensive', p. 360.

<sup>136</sup> Alexander Downer, 'Australia and China: A Partnership in Growth', 21 April 1997, available at <<http://www.dfat.gov.au/media/speeches/foreign/1997/eaau.html>>, accessed 1 July 2005.

<sup>137</sup> Interview with John Howard, 15 July 2008.

<sup>138</sup> Interview with Hugh White, 15 August 2008; Interview with Ron Huisken, 20 September 2007.

<sup>139</sup> Interview with Hugh White, 15 August 2008.

<sup>140</sup> Commonwealth of Australia, *In the National Interest*, p. v.



try to 'finlandise' Australia from the United States.<sup>141</sup> Another concern was China's unwillingness to renounce the use of force against Taiwan.<sup>142</sup> However, these concerns did not signify a contradiction in the Howard Government's engagement-based approach toward China, as some analysts have suggested.<sup>143</sup> Instead, the Howard Government generally assumed that China could be socialised into accepting the international status quo (and thus would behave consistently with Australia's strategic interests) before it was capable of challenging the United States' regional leadership.<sup>144</sup> Critical to the Howard Government's engagement approach, as with other Australian governments, was an assumption that Chinese intentions were not *unalterably* aggressive. This rendered an engagement with China politically plausible. Yet, the Howard Government's lingering uncertainties surrounding China's long-term intentions simultaneously provided it with additional impetus to engage with that country.

### *Engagement Incentives: Strategic, Diplomatic, and Economic*

Howard's perception that China could be socialised to behave in a way consistent with Australia's regional strategic interests rendered engagement plausible but was not inherently sufficient for it to emerge. The same incentives that augmented the likelihood of Australian engagement with China, in the past, also supported Howard's diplomacy toward that power in 1996 and 1997. These included: (1) the greater likelihood that China would emerge as a long-term strategic challenge if it was not engaged; and (2) the diplomatic and economic benefits Australia could gain by forging a political relationship with the region's most dynamic rising power.

In view of some residual uncertainty about China's long-term strategic intentions, the Howard Government's interest in deepening Sino-Australian relations was underpinned by the prospect that cooperation would decrease the likelihood of China emerging as a strategic challenge in future. Like its predecessors, the Howard Government did not believe that Chinese intentions were innately fixed. How they evolved would partly depend on how the international community responded to China's growing power. The Government adopted the view that if China was treated as an enemy, it would be more likely to emerge as an enemy. Conversely, if China was

<sup>141</sup> Interview with anonymous Australian official, 3 August 2007.

<sup>142</sup> Interview with Michael Thawley, 26 September 2008; Smith, 'Address by Secretary R.C. Smith to University of Western Australia'.

<sup>143</sup> Malik, 'Australia and China', p. 114; McDowall, *Howard's Long March*, pp. 5, 7.

<sup>144</sup> Interview with Hugh White, 15 August 2008; Interview with anonymous Australian official, 12 August 2008.

brought into regional multilateral institutions and embedded into global economic networks, it would be more likely to define its long-term objectives in ways consistent with the status quo.<sup>145</sup> Howard was conscious of this factor as an incentive to deepen cooperation with Beijing. As he observed in a 1997 address to the Australia-Asia Society, ‘...it is in no one’s interests to treat China as a threat. We want to see China fully involved in regional and global institutions’.<sup>146</sup> Reducing the long-term strategic challenge that China posed represented an incentive to engage with that power, as well as increasing the likelihood that Sino-Australian political cooperation would be consistent with Australia’s regional strategic interests.

Within this political context, the Howard Government recognised that China’s growing material power provided additional diplomatic and economic incentives to deepen Sino-Australian relations. Howard and Downer differed in terms of how they conceived of Chinese diplomatic benefits. Downer viewed these benefits in terms of China’s importance in resolving a number of outstanding regional problems, including governance in Myanmar, the North Korean nuclear program, and later the 1997–98 Asian Financial Crisis.<sup>147</sup> Howard conceived of diplomatic benefits in terms of future Sino-Australian bilateral relations. Howard and his advisors were acutely conscious that as China’s power grew, Australia would need to forge a constructive relationship with that country.<sup>148</sup> By engaging with China at a time when it was still a nascent rising power—and somewhat reliant on positive relations with the international community—Australia could cultivate Chinese goodwill and better devise the terms for its future relationship with China. The Prime Minister envisaged an important opportunity to establish a framework for cooperative Sino-Australian relations that did not compromise core Australian interests and values. In an interview with the author, Howard recalled that it was in Australia’s interests to develop early-on a relationship with China ‘based on mutual respect, our [Australia’s] democratic system, and our alliance’.<sup>149</sup> To Howard, the main *political* incentive for cooperation with Beijing during the late 1990s was to develop principles for managing the relationship in a way that was consistent with Australian values and reinforced Australian strategic interests.

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<sup>145</sup> Stuart Harris, *Will China Divide Australia and the US?* Sydney: Australian Centre for American Studies, 1998, p. 47; Interview with Alexander Downer, 11 March 2008; Interview with Chris Barrie, 20 August 2008; Interview with John Howard, 15 July 2008.

<sup>146</sup> Howard, ‘Australia and Asia’.

<sup>147</sup> Interview with Alexander Downer, 11 March 2008.

<sup>148</sup> Interview with John Howard, 15 July 2008; Interview with anonymous Australian official, 3 August 2007.

<sup>149</sup> Interview with John Howard, 15 July 2008.

In Howard's thinking, however, this political motive featured less prominently than economic incentives. At a time when the centre of world production was shifting to East Asia, economic cooperation with China was increasingly central to the future of the Australian economy. Howard recognised that Australia was in a unique position to capitalise on China's growing economic power due to trade complementarity between the two countries. Like Hawke, he viewed China and Australia as 'natural economic partners'.<sup>150</sup> Australia provided China with commodities and, increasingly, financial, legal and management expertise. China, in turn, was an important foreign investor in Australia and a major supplier of clothing and steel. By 1997, Australia's trade with China was growing twice as rapidly as its trade with the rest of the world.<sup>151</sup> China was projected to become Australia's third largest trading partner by 2000.<sup>152</sup>

In view of this trade complementarity, Howard developed the notion of a Sino-Australian 'strategic economic partnership.' He designated this economic partnership 'strategic' because it qualitatively differed in purpose from Australia's other trade relationships. Like Australia's relationship with Japan in the 1950s, Howard envisioned Australia as a reliable supplier of commodities that would fuel China's future economic modernisation and growth.<sup>153</sup> This would reciprocally contribute to Australia's national economic growth and to broader prosperity in the Asia-Pacific (which would further expand Australian economic opportunities).<sup>154</sup> Howard's concept of a 'strategic economic partnership' was a further development of the commodity-based Sino-Australian economic relationship established under the Hawke Government. Like Hawke, Howard believed that an economic relationship with China was central to Australia's national economic interests in the twenty-first century.<sup>155</sup> China's economic strength during the Asian Financial Crisis underscored this view.<sup>156</sup>

These economic incentives provided a functional basis through which Sino-Australian relations could be developed. Notably, most of the Howard Government's initial efforts to deepen Sino-Australian relations occurred in the economic sphere. These included gaining Australian access to Chinese banking licences, participation in a

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<sup>150</sup> John Howard, 'Address at the Reception to Mark the 25<sup>th</sup> Anniversary of Diplomatic Relations between Australia and China', 17 December 1997, APL.

<sup>151</sup> Howard, 'Address at the Reception to Mark the 25<sup>th</sup> Anniversary of Diplomatic Relations between Australia and China'.

<sup>152</sup> Downer, 'Australia and China: A Partnership in Growth'.

<sup>153</sup> Interview with Michael Thawley, 26 September 2008; Howard, 'Australia and Asia'.

<sup>154</sup> Interview with Michael Thawley, 26 September 2008.

<sup>155</sup> Interview with John Howard, 15 July 2008; Interview with Michael Thawley, 26 September 2008; Downer, 'Australia and China: A Partnership in Growth'.

<sup>156</sup> Interview with Philip Flood, 20 September 2007; Interview with anonymous Australian official, 3 August 2007.

feasibility study on the sale of Australian iron ore to China, and additional sales of Australian liquefied natural gas to that country. These initiatives were complemented by regular summit meetings between Howard and the Chinese leadership and frequent ministerial dialogues. This ostensibly supports conventional interpretations that maximising Australian economic gain was a powerful driving force behind the Howard Government's intensifying engagement diplomacy.<sup>157</sup>

What existing analysis obscures, however, is that these economic incentives only augmented engagement in the context of Howard's assessment that Sino-Australian politico-economic cooperation would emerge consistent with Australia's strategic interests. Howard was conscious of the inextricability of the political and economic relationships when dealing with China. He knew that Australia would only be able to maximise trade opportunities if it simultaneously maintained positive political relations with Beijing.<sup>158</sup> This recognition was most vividly demonstrated by the high-level Australian business delegation that accompanied Howard on his trip to Beijing in April 1997.<sup>159</sup> As Howard observed in a press conference during his visit:

[The business delegation visit] has made the point to our Chinese hosts that the government and the business community work together when the Australian national interest is involved and work together in dealings with overseas governments and overseas companies.<sup>160</sup>

Nevertheless, he continued to predicate Sino-Australian political relations (and hence the future of Sino-Australian economic relations) on an assessment that engagement would not detract from Australia's other strategic interests.<sup>161</sup> China needed to at least be capable of developing benign intentions vis-à-vis Australia's strategic interests in regional order. This proviso was evident in Howard's initial hesitancy to engage with China. Although there was little question as to the economic incentives to cooperate with Beijing in 1996, it was not until Howard was assured as to China's acquiescence in ANZUS and preference for regional stability that he vigorously set about deepening Sino-Australian relations. Thus, it was both politico-economic incentives deriving from China's growing power *and* Howard's assessment that China could develop benign intentions that underwrote Australia's engagement-based approach from 1996 onwards.

<sup>157</sup> McDowall, *Howard's Long March*, pp. 5, 7; Malik, 'Australia and China', p. 113; Wesley, *The Howard Paradox*, p. 125; Kelly, *Howard's Decade*, p. 67.

<sup>158</sup> Interview with John Howard, 15 July 2008.

<sup>159</sup> This business delegation included representatives from Western Mining, the International Wool Secretariat, the Australia-China Business Council, the Commonwealth Bank, and Ernst and Young. Paul Kelly, 'PM Offers Trade Partnership', *Australian*, 31 March 1997, p. 1; Paul Kelly, 'Marriage of Convenience', *Australian*, 5 April, p. 21.

<sup>160</sup> Howard, 'Press Conference, Diaoyutai State Guest House'.

<sup>161</sup> Interview with Andrew Shearer, 15 July 2008; Interview with Hugh White 15 August 2008; Interview with Michael Thawley, 26 September 2008.

What distinguished the Howard Government's China policy from the less intense engagement strategies of other Australian Governments after the Tiananmen incident was Howard's belief that he could reach an effective *modus vivendi* with the Chinese leadership. In line with the theoretical propositions this study advances, this was the third critical factor that underwrote the Howard Government's interest in deepening cooperation with, and associated engagement preference toward, a rising China. Many of the same issue-specific disputes that disrupted Sino-Australian relations during the Keating Government persisted. However, the priority Howard assigned to the relationship, coupled with his confidence that he could establish a set of shared principles for cooperative interaction, is a key factor that helped determine the timing of Australia's intensified engagement with China during the late 1990s.

### *Establishing a Modus Vivendi with China*

The Sino-Australian summit diplomacy of 1996 and 1997 did not totally resolve those difficulties which had previously marred relations. Although Australia urged a peaceful settlement with Taiwan, Beijing was unwilling to renounce the use of force.<sup>162</sup> Another difficulty was human rights. Like its predecessors, the Howard Government sought to improve human rights practices in China. It also worked to secure the release of jailed Australian businessman James Peng.<sup>163</sup> While Howard and Jiang did not completely settle these issues during their meetings in 1996–97, what was important about these summits was that, 'the leadership on both sides came to understand each other in a qualitatively different way'.<sup>164</sup> Howard concluded that the two parties could reach a *modus vivendi* on shared expectations for the relationship and principles to guide cooperative interaction. His confidence was grounded in the priority that he assigned to establishing productive Sino-Australian working relations, what he perceived as Chinese responsiveness to his approach for the relationship, and the limited utility of forcing issues of concern.

Most important to Howard's underlying confidence in reaching a *modus vivendi* with China was his own commitment to establishing a working relationship with that power (once assured that such a relationship was compatible with Australian strategic interests). Howard recognised that China would become the most important Asian

<sup>162</sup> Interview with Michael Thawley, 26 September 2008. See also, 'Transcript of the Prime Minister the Hon. John Howard M.P. and His Excellency Mr Jiang Zemin President of the People's Republic of China Joint Statement', 8 September 1999, accessed through Pandora Archive, NLA.

<sup>163</sup> Interview with anonymous Australian official, 12 August 2008.

<sup>164</sup> Smith, 'Address by Secretary R.C. Smith to University of Western Australia'.

power. In this context, he believed that the totality of the relationship was more important to Australian interests than any single issue-specific dispute with Beijing.<sup>165</sup> In contrast to Hawke's elevation of human rights in bilateral relations after Tiananmen, Howard de-prioritised such issue-specific disputes (as will be elucidated below with respect to human rights). Howard and his advisors reasoned that unless disagreement emerged with China over an important Australian strategic interest, or China took action to disrupt regional stability, it was better to focus on the general relationship.<sup>166</sup> They believed that this approach was broadly supported by domestic public opinion.<sup>167</sup> Public criticism over the Government's mishandling of the relationship during the first part of 1996 convinced Howard that successful management of Sino-Australian relations was important to demonstrating the Government's foreign policy credentials.<sup>168</sup>

Reflecting his decision to de-prioritise issue-specific conflicts, Howard developed an overarching framework for Sino-Australian relations of 'mutual interest and mutual respect'.<sup>169</sup> Through this framework, he sought to build a pragmatic Sino-Australian relationship that focused on shared interests rather than accentuating differences. As he observed during his visit to Beijing:

Australia and China are very different societies, our histories have been very different, our political systems have been very different. ... Each of us has fully understood the depth of those differences, yet resolved to work together to capitalise on the areas of mutual benefit and common interest. It is always important in relationships between two very different societies that you put aside those differences and you focus on those areas of common agreement ...<sup>170</sup>

In focusing on shared interests, Howard did not ignore the differences that existed between the two governments. During the April 1997 meeting with Jiang, for instance, Howard made representations regarding the release of James Peng, peaceful resolution of the cross-Strait dispute, and maintenance of rule of law in Hong Kong.<sup>171</sup> What was important about Howard's framework was that it established a way of managing these differences so as not to damage the broader relationship. There was an implicit assumption that ongoing differences would be 'addressed through dialogue and good

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<sup>165</sup> Interview with Philip Flood, 20 September 2007; Interview with Andrew Shearer, 15 July 2008; Interview with anonymous Australian official, 12 August 2008.

<sup>166</sup> Interview with Andrew Shearer, 15 July 2008; Interview with Michael Thawley, 26 September 2008.

<sup>167</sup> Interview with Michael Thawley, 26 September 2008; Interview with John Howard, 15 July 2008.

Importantly, however, domestic public opinion served only as a reinforcing contextual factor that further underscored the value that Howard and his advisors already assigned to deeper Sino-Australian relations.

<sup>168</sup> Interview with Paul Kelly, 25 July 2007.

<sup>169</sup> Howard, 'Press Conference, Diaoyutai State Guest House'.

<sup>170</sup> Howard, 'Press Conference, Diaoyutai State Guest House'.

<sup>171</sup> Howard, 'Press Conference, Diaoyutai State Guest House'; Laura Tingle, 'Howard's New Deal with China', *Age*, 1 April 1997, p. 1.

communication between the two governments ... in the context of a broad and mature relationship'.<sup>172</sup>

The viability of Howard's approach to engagement partly depended on the Chinese reaction. The Chinese leadership was generally responsive to this approach. Jiang agreed to Howard's formula when the Australian Prime Minister initially proposed it during the November 1996 APEC Summit.<sup>173</sup> This formula resonated with the Chinese leadership, because it coincided with their preference for overarching frameworks and provided a basis for predictability in Sino-Australian relations.<sup>174</sup> Howard signalled the *modus vivendi* he had reached with the Chinese leadership on this approach when, in April 1997, he declared:

The three of us, [Jiang Zemin, Li Peng, and John Howard], have agreed that ... if you have the right framework in place then ... differences can be effectively managed and dealt with in a way that does not do any damage to the broader relationship and ... that doesn't in any way prevent the maximisation of goals we have in common.

When Australian officials and their Chinese counterparts subsequently reached an impasse over a given issue, they resorted back to the consensual first-principle of 'mutual interest and mutual respect' to mitigate any broader negative repercussions for the relationship.<sup>175</sup>

The 1996 and 1997 summit meetings also gave rise to Chinese responsiveness on some of the specific issues of Australian concern outlined above. Most importantly, Jiang acceded to Howard's interpretation of the alliance as an instrument that was not directed against China and that was non-negotiable.<sup>176</sup> On more peripheral issues, the Chinese offered to establish a bilateral human rights dialogue if Australia ceased co-sponsorship of the United Nations Human Rights Commission (UNHRC) resolution condemning Chinese human rights practices.<sup>177</sup> The Australians agreed to this compromise. Over time, Chinese officials also began to accommodate Australian concerns by working toward the release of James Peng, curtailing illegal immigration to Australia from southern China, and offering tariff concessions on Australian wool exports.<sup>178</sup> Beijing's desire to rebuild Sino-Australian relations was also apparent in other Chinese-instigated initiatives, including conducting a feasibility study for Chinese

<sup>172</sup> Commonwealth of Australia, *In the National Interest*, p. 64.

<sup>173</sup> John Howard, 'Prime Minister the Hon. John Howard M.P. Doorstep Interview Following Meeting with Chinese President, Mr Jiang Zemin', 24 November 1996, APL.

<sup>174</sup> Interview with Andrew Shearer, 15 July 2008; Kelly, *Howard's Decade*, p. 67.

<sup>175</sup> Interview with Andrew Shearer, 15 July 2008.

<sup>176</sup> Interview with John Howard, 15 July 2008; Interview with Philip Flood, 20 September 2007; Howard, 'Press Conference, Diaoyutai State Guest House'.

<sup>177</sup> Smith, 'Address by Secretary R.C. Smith to University of Western Australia'.

<sup>178</sup> Interview with anonymous Australian official, 3 August 2007; Interview with anonymous Australian official, 12 August 2008.

purchase of Australian iron ore and positing a reciprocal visit by Jiang to Australia in 1998–99. Chinese responsiveness affirmed Howard's and his advisors' beliefs not only that a new framework for Sino-Australian relations was possible, but that it could provide the basis for a sustainable partnership.

Howard's assumption that he *should* and *could* reach a *modus vivendi* with the Chinese leadership was further underscored by what his Government viewed as the inefficacy of a more forceful approach or coercive tactics in yielding better results. This is suggested by the Howard Government's decision on how to approach Chinese human rights practices. In April 1997, Australia abandoned its longstanding co-sponsorship of the UNHRC resolution condemning Chinese human rights practices. The Howard Government made this decision on the basis that the resolution had been repeatedly defeated in the UNHRC over the past seven years and that Beijing would not receive representations on human rights issues so long as Western countries persevered with this approach.<sup>179</sup> By terminating Australia's co-sponsorship and establishing a bilateral dialogue in its place, the Howard Government assessed that Australia was more likely to achieve practical human rights outcomes.<sup>180</sup> As the Prime Minister observed at the time:

[We] need to work constructively with the Chinese on issues of human rights and the best way to do that is to ensure we have our own dialogue with them on these issues rather than give public lectures ... [D]ialogue will produce better results than publicly shouting at each other.<sup>181</sup>

Both Howard and Downer (like their Labor predecessors) were conscious of the need to not be bullied by China but also to not alienate it to the point that it emerged as an ostracised and recalcitrant power.<sup>182</sup>

The ensuing Sino-Australian *modus vivendi* was an integral component of the Government's engagement strategy throughout the rest of Howard's Prime Ministership. It provided a basis for shared expectations and cooperative principles of interaction. This *modus vivendi* was also predicated on terms that would allow Sino-Australian relations to flourish in a way that was consistent with Australia's strategic interests in regional order: Australia would be able cultivate relations with China without compromising the American alliance. It was Howard's perceptions of incentives to cooperate with China, in the context of his beliefs regarding Chinese

<sup>179</sup> Smith, 'Address by Secretary R.C. Smith to University of Western Australia'.

<sup>180</sup> Interview with John Howard, 15 July 2008.

<sup>181</sup> Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association, New York'.

<sup>182</sup> Interview with John Howard, 15 July 2008; Interview with Alexander Downer, 11 March 2008; Interview with Michael Thawley, 26 September 2008.



intentions and the prospects for reaching a *modus vivendi*, which ultimately gave rise to his interest in deepening cooperation with China and relevant engagement preference. This study's theoretical propositions therefore appear to better account for Howard's decision-making regarding China.

What is noteworthy is that it was Howard's perceptions of China in relation to Australian interests, rather than Washington's preferences, which were the primary determinant of his response. This occurred despite Australian perceptions of continuing alliance dependence and what the Howard Government identified as the imperative to actively support that ally. Moreover, it took place at a time when Sino-American structural competition was intensifying. Most power transition and alliance theorists would argue that this emergent competition should have engendered greater Australian consultation and coordination with its American ally. After all, a principal function of alliances is to provide political or military support against a potential strategic competitor.<sup>183</sup> Why then did Howard so confidently pursue his engagement strategy toward Beijing during the late 1990s? How was he able to reconcile this with the political expectations associated with being a junior partner in ANZUS? To what extent does this study's proposition regarding allied acquiescence have applicability in this more competitive great power setting?

### **Alliance Politics: The Impact of ANZUS on Australia's Engagement Strategy**

Alliance considerations were not absent from Howard's policy formation toward a rising China. Like his Labor predecessors, Howard was risk-averse when it came to ANZUS. Whilst less concerned than Whitlam or Hawke to demonstrate his Party's credentials in alliance management, he regarded ANZUS as Australia's most vital strategic asset.<sup>184</sup> Bilaterally, Australia garnered useful defence technology, intelligence and logistical benefits.<sup>185</sup> In a regional context, ANZUS supported ongoing US engagement in the Asia-Pacific.<sup>186</sup> Howard also viewed the alliance as usefully reinforcing Australian engagement with Asia. It provided Australia with an additional

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<sup>183</sup>George Liska, *Nations in Alliance*, Baltimore: The Johns Hopkins Press, 1962, p. 12; Stephen Walt, *The Origins of Alliances*, Ithaca: Cornell University Press, 1987, pp. 156–58; Arnold Wolfers, *Discord and Collaboration: Essays on International Politics*, Baltimore: Johns Hopkins Press, 1962, p. 29.

<sup>184</sup>Kelly, *Howard's Decade*, p. 3.

<sup>185</sup>Department of Defence, *Australia's Strategic Policy*, p. 18; Commonwealth of Australia, *In the National Interest*, p. 58.

<sup>186</sup>Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association, New York'; Howard, 'Australia and Britain'.

element of credibility and stature when relating to East Asian countries.<sup>187</sup> In view of the alliance's fundamental importance to Australian foreign and defence policy, Howard was still conscious of the need to manage Australia's reputation for alliance loyalty as a reliable and useful junior partner.<sup>188</sup> Accordingly, the Howard Government sought to reinvigorate the US alliance relationship by enhancing Australian interoperability with US forces, expanding operational defence activities, and cooperating with that power in regional multilateral forums. In line with Snyder's theory, it provided support for the United States in the hope that this would render the United States less likely to weaken its commitment to Australia, and the region, in future.<sup>189</sup>

Howard's risk aversion vis-à-vis the alliance did have some bearing on his China policy. As will be further elucidated in the next section, the Howard Government did not undertake initiatives toward China that would have compromised the discretion of its strategic relationship with the United States.<sup>190</sup> The Government also reassured Washington of its continuing allegiance by highlighting the qualitative difference between the two relationships. Howard argued that whereas the relationship with the United States was based on shared values (in addition to mutual interest) and was therefore more intimate and enduring, the Sino-Australian relationship was simply predicated on shared interests.<sup>191</sup> What is surprising, however, is not that the alliance influenced Howard's China policy, but that it was not the primary determinant of Australian engagement dynamics—that Howard's perceptions of China relative to Australian strategic and economic interests played a more significant role.

The primacy that Howard assigned to his interpretation of Australian interests in directing China policy, coupled with his lack of coordination with Washington, suggests an important role for Australian perceptions of intra-alliance bargaining power. The pertinent question is how did these perceptions come about, given the counterpressures exerted by Australia's alliance dependence? This section argues that Howard and his advisors placed a high value on, and subsequently pursued their interests in China because of what they implicitly assumed (whether or not correctly) to be American

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<sup>187</sup> Interview with Michael Thawley, 26 September 2008; Howard, 'The 5<sup>th</sup> Annual Sir Edward 'Weary' Dunlop Asialink Lecture'.

<sup>188</sup> As Howard stated in a 1997 address to the US Foreign Policy Association, 'Australia has been a good and faithful partner. In each case we have given practical, financial or strong public backing to the United States. When it matters we have been a friend and ally prepared to stand up and be counted'. Howard, 'Transcript of the Address by the Hon. John Howard M.P., Dinner Hosted by the Foreign Policy Association'.

<sup>189</sup> Snyder, *Alliance Politics*, pp. 183–84.

<sup>190</sup> Interview with Philip Flood, 20 September 2007; Interview with Michael Thawley, 26 September 2008; Interview with Allen Behm, 22 August 2008.

<sup>191</sup> Wesley, *The Howard Paradox*, pp. 50–55.

acquiescence to Australia's engagement strategy. Australian policymakers' assumption of American acquiescence was predicated on the same two factors that were responsible, in the past, for Australia's policy discretion toward a rising China: first, Australian engagement did not compromise core US interests; and, second, Australia's policy was consistent with what Howard and his advisors viewed as shared understandings of alliance contribution.

### *Consistency with American Interests*

As Snyder's theory suggests, Howard and his advisors viewed convergent Australian and American approaches as facilitative of their engagement strategy toward China. Australia and the United States were both committed to cooperating with China so that it would emerge as a 'responsible' power in the international system. They sought to encourage a China that was stable, prosperous, open and participated in regional multilateralism.<sup>192</sup> Howard recognised these parallels in the Australian and American approaches.<sup>193</sup> As he remarked during his first visit to the US, 'I don't think there's any difference in our end objective. We are both concerned to have a constructive relationship with China ... It's a question of how you get there and the differences are not great ...'.<sup>194</sup> Converging Australian and American approaches meant that, for the time being, alliance considerations were comfortably subsumed in Australian policy formation toward China.<sup>195</sup>

Yet, they were not absent. This was partly because the Howard Government was concerned that the convergence of Australian and American approaches might only be temporary. Nor was Australian and American convergence regarding China complete. The two governments agreed on the broad strategic approach to be adopted toward China, but sometimes differed over how this was to be effectively translated into policy. This engendered some differences between the Clinton Administration and the Howard Government over how to address Chinese human rights, China's entry into the World Trade Organization, and how to view Chinese military modernisation.<sup>196</sup> Notably,

<sup>192</sup> Howard, 'Radio Interview—ABC Programme', 26 June 1997, available at <<http://www.pm.gov.au/media?Interview/1997/26June.cfm>>, accessed 1 July 2005; Harris, *Will China Divide Australia and the US?*, pp 39–40, 44–45; Interview with Chris Barrie, 20 August 2008; Interview with anonymous US official, 22 September 2008.

<sup>193</sup> Interview with Michael Thawley, 26 September 2008.

<sup>194</sup> Howard, 'Radio Interview—ABC Programme'.

<sup>195</sup> Interview with Alexander Downer, 11 March 2008; Interview with Hugh White, 15 August 2008; Interview with John Howard, 15 July 2008; Interview with Michael Thawley, 26 September 2008.

<sup>196</sup> Interview with Paul Kelly, 25 July 2007; Interview with Chris Barrie, 20 August 2008.

however, Australia was not constrained by these differences or by shifts of emphasis in US China policy (whether across time or issue area) when formulating its engagement strategy toward the PRC.

This was largely because Howard and his advisors did not believe that their engagement strategy compromised core American regional interests, thus engendering American acquiescence. These American interests were similar to those that existed during the 1980s. They included maintaining access to a region that was not dominated by a single power with hegemonic ambitions, preserving freedom of access to sea lanes in the Western Pacific, fostering regional prosperity and promoting democracy.<sup>197</sup> The principal difference from the 1980s was that Washington increasingly began to view its strategic interests through the prism of China—particularly as some elements in the American foreign policy establishment came to perceive China as an emergent strategic competitor. How Washington conceived of its interests relative to China, and which of these were negotiable and non-negotiable, was ascertained by Australian policymakers through interactions with their American counterparts.<sup>198</sup>

With regard to China, the broad American interest of preserving access to the region translated into three subsidiary interests (deemed necessary to realising this objective) that Washington hoped its allies would respect. These were not forging a strategic (or security) relationship with China, not engaging in technology transfer to the People's Liberation Army, and not consistently supporting Beijing in Sino-American political disputes.<sup>199</sup> Howard and his advisors were mindful of these interests when constructing their engagement strategy toward China. Although the Chinese consistently pressed Australia to form a genuine 'strategic partnership', Howard was opposed.<sup>200</sup> The Howard Government was acutely conscious that it was the politico-

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<sup>197</sup> Interview with James Przystup, 23 September 2008. Russell Trood and William Tow, 'The Strategic Dimension', in William Tow (ed.), *Australian-American Relations: Looking Toward the Next Century*, South Yarra, Vic: Macmillan, 1998, p. 114.

<sup>198</sup> Interview with Hugh White, 15 August 2008; Interview with Andrew Shearer, 15 July 2008.

<sup>199</sup> Interview with Randall Schriver, 26 September 2008; Interview with anonymous US official, 22 September 2008; Interview with James Przystup, 23 September 2008.

<sup>200</sup> Interview with Andrew Shearer, 15 July 2008; Interview with Michael Thawley, 26 September 2008. In recent years, China has developed a number of 'strategic partnerships' with Russia, Central Asian, and East Asian states. China's 'strategic partnerships' usually envision focusing on common interests and enhancing cooperation in a wide range of areas. This includes increasing economic cooperation, intensifying political exchanges, and cultural and scientific exchanges. Significantly, they also usually entail a security component and greater cooperation on 'major regional and international issues'. See, for instance, 'Joint Declaration of the Heads of State/Government of the Association of Southeast Asian Nations and the People's Republic of China on Strategic Partnership for Peace and Prosperity', 8 October 2003, available at <<http://www.aseansec.org/15265.htm>>, accessed 15 August 2008; Robert G. Sutter, 'China and Japan: Trouble Ahead?', *Washington Quarterly*, 25(4) 2002, pp. 40, 45; 'China, Russia Pledge Further Development of Strategic Partnership', 25 September 2004, available at <<http://www.fmprc.gov.cn/eng/topics/wjacfd0/t162168.htm>>, accessed 15 August 2008.

economic instead of the broader strategic nature of Sino-Australian relations that prevented Australia's engagement diplomacy from conflicting with alliance expectations and thereby undermining American trust.<sup>201</sup>

Howard also believed that his engagement strategy was compatible with US strategic interests because it was premised on China accepting Australia's close and non-negotiable alliance relationship with the United States.<sup>202</sup> As noted previously, Howard made clear to Jiang Zemin that deeper Sino-Australian ties could not be prejudicial to that relationship.<sup>203</sup> Australian government officials also demarcated the US alliance from Sino-Australian dialogue.<sup>204</sup> By framing Australia's China policy in a way that reflected Australia's commitment as a US ally, Canberra was acting consistently with core American strategic interests in maintaining US regional access. Accordingly, Australian policymakers believed that their engagement strategy, whilst divergent in emphasis, would ultimately be sanctioned by Washington.

However, there were two important caveats that served to potentially qualify Australia's independent China strategy in the future. First, some differences were already emerging between Australia and the United States over Taiwan. Unlike the United States which maintains a non-binding interest in Taiwanese defence as part of the 1979 Taiwan Relations Act, Australia has no such formally expressed interest. Indeed, Canberra harboured concerns that another Taiwan crisis would potentially implicate it in a Sino-American conflict.<sup>205</sup> These concerns were brought to a head during the 1999 Australian-American Leadership Dialogue. The then advisor to US presidential candidate George W. Bush, Richard Armitage, told Australian participants that the United States would expect Australian support in a Taiwan contingency. This speech gave rise to some initial strain in bilateral relations, with Australian officials reluctant to indicate under what circumstances an Australian contribution would be forthcoming.<sup>206</sup> The Howard Government's diplomacy was instead directed at preventing such a conflict from emerging in the first place.<sup>207</sup> Because the Howard Government's engagement diplomacy did not compromise US interests in this regard, it

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<sup>201</sup> Interview with Philip Flood, 20 September 2007; Interview with Andrew Shearer, 15 July 2008; Interview with Allan Behm, 22 August 2008.

<sup>202</sup> Interview with John Howard, 15 July 2008; Interview with Michael Thawley, 26 September 2008; Interview with Philip Flood, 20 September 2007.

<sup>203</sup> Interview with John Howard, 15 July 2008.

<sup>204</sup> Interview with Chris Barrie, 20 August 2008; Interview with Hugh White, 15 August 2008.

<sup>205</sup> Interview with Randall Schriver, 26 September 2008; Interview with anonymous US official, 23 September; Interview with Edward Gnehm, 23 September 2008.

<sup>206</sup> Interview with Edward Gnehm, 23 September 2008; Interview with Richard Armitage, 17 September 2008; Interview with Randall Schriver 26 September 2008; Interview with anonymous US official, 22 September 2008; Interview with Hugh White, 15 August 2008.

<sup>207</sup> Interview with John Howard, 15 July 2008.

did not pose any substantive problem for the alliance in the 1990s. There is some ambiguity, however, as to how seriously Australian non-support for US military involvement in Taiwan would impact on alliance relations. Stuart Harris observes that ‘the costs to Australia of support for US military involvement on Taiwan, which Congress would probably decide was a vital US interest, could become very high, but so would be the costs of not supporting the United States’.<sup>208</sup>

Even if a Sino-American conflict or a more definitively adversarial Sino-US relationship emerged over some other issue, it would be difficult for Australia to continue to reconcile its independent engagement strategy with alliance imperatives. Interviews with former Prime Minister John Howard and his advisors suggest that Australia’s engagement was premised on a non-conflictual or non zero-sum Sino-US relationship. If China and the United States were at odds with one another, it would have been far more difficult for the Howard Government to reconcile its engagement diplomacy with its alliance commitment.<sup>209</sup> Under these circumstances, the United States would be more likely to perceive Australian engagement diplomacy as compromising its core interests of maintaining access to the region, sea lane security, or preventing regional domination by (what Washington would perceive as) a hostile power.

This is not inconsistent with power transition and alliance theories. These theories predict that, in the event of great power competition, a junior ally will find it harder to conduct an independent foreign policy toward a rising power without sacrificing the trust of its ally.<sup>210</sup> Yet the Howard case adds an important qualification to this assumption. It suggests that, under the auspices of cooperative–competitive great power relations that fall short of being adversarial, a junior ally can reconcile a relatively autonomous engagement policy with alliance imperatives so long as it does not compromise the ally’s core strategic interests. Junior allied perceptions of allied acquiescence are more likely under these conditions. Despite growing ambiguity as to how core US interests related to China, the Howard Government’s confidence in American acquiescence was further boosted by what Howard perceived as the consistency between Australian engagement and shared understandings of alliance

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<sup>208</sup> Harris, *Will China Divide Australia and the US?*, p. 66. In an interview with the author, Richard Armitage indicated that Australian non-participation in the defence of a fellow democracy in Asia would not necessarily be an alliance-breaking issue. It would, however, ‘raise questions’ domestically regarding the ongoing utility of ANZUS. Interview with Richard Armitage, 17 September 2008.

<sup>209</sup> Interview with John Howard, 15 July 2008; Interview with Michael Thawley, 26 September 2008; Interview with Hugh White, 15 August 2008.

<sup>210</sup> Liska, *Nations in Alliance*, p. 147; Wolfers, *Discord and Collaboration*, p. 32.

contribution. To Howard and his advisors, these understandings still provided for significant discretion in Australia's China policy.

### *Consistency with Intra-Alliance Understandings of Contribution*

Despite the more prominent structural competition between China and the United States, Australian perceptions of intra-alliance contribution remained relatively unchanged from the late 1980s. To the extent that change was manifest, it was in perceptions of an even less threat-centric and more regionally focused alliance. The shift toward such an alliance was signified by the 1996 'Sydney Statement'. The Sydney Statement was part of a broader post-Cold War reconfiguration of ANZUS' purpose to facilitate common Australian and American regional interests. Based on the AUSMIN96 and AUSMIN98 joint communiqués, these interests included: (1) maintaining a US regional presence; (2) maintaining freedom of access and sea lane security in Southeast Asia and the Southwest Pacific; (3) contributing to Australia's self-reliant defence capability; (4) promoting regional prosperity; and (5) promoting international human rights.<sup>211</sup> Beyond these regional interests, the alliance also entailed a common commitment to upholding certain global interests, including non-proliferation and support for the UN.<sup>212</sup>

As in preceding cases, the Howard Government interpreted Australia's alliance contribution in terms of measures that supported these interests. First, Australia regarded itself as a regional anchor for a continuing American presence in the Western Pacific.<sup>213</sup> The alliance, and the various American defence activities it supported, facilitated this regional US presence. Joint exercises, US access to Australian ports and airfields, and American use of training ranges in northern Australia, were all directed to this end. The Howard Government also contributed to US regional access (as well as Australia's own self-reliant defence capability) by extending the American lease for the joint intelligence facilities. The joint facilities continued to play an integral role in

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<sup>211</sup> Department of Foreign Affairs and Trade, 'Sydney Statement Joint Security Declaration'; Department of State, 'Joint US-Australian Press Conference', 27 July 1996, available at <<http://canberra.usembassy.gov/irc/us-oz/1996/07/27/ds1.html>>, accessed 20 July 2008; 'Australia-United States Ministerial Consultations, Joint Communiqué', 31 July 1998, available at <[http://www.dfat.gov.au/geo/us/ausmin/ausmin98\\_joint\\_communique.html](http://www.dfat.gov.au/geo/us/ausmin/ausmin98_joint_communique.html)>, accessed 20 July 2008; 'Joint Press Conference at the Conclusion of the AUSMIN Talks', 31 July 1998, available at <<http://canberra.usembassy.gov/irc/us-oz/1998/07/31/press.html>>, accessed 20 July 2008; See also John Baker and Douglas H. Paal, 'The US-Australia Alliance', in Robert D. Blackwill and Paul Dibb (eds), *America's Asian Alliances*, Cambridge, MA: MIT Press, 2000, pp. 87–107.

<sup>212</sup> 'Australia-United States Ministerial Consultations, Joint Communiqué'.

<sup>213</sup> Department of State, 'Joint US-Australian Press Conference'; Department of Defence, *Australia's Strategic Policy*, p. 18.

providing intelligence on regional capabilities and verifying arms control agreements.<sup>214</sup> Second, Australia incorporated US defence technology into its weapons systems to both increase its self-reliant capacity as well as to effectively participate in joint operations with the United States.<sup>215</sup> Third, Canberra worked with Washington to promote trade liberalisation agendas in both APEC and the WTO.<sup>216</sup> Fourth, Australia continued to be an active contributor to US global missions. Australia's military contribution to the US-led strikes against Iraq in February 1998 was illustrative.<sup>217</sup>

As during the Hawke Government, Australian policymakers believed that so long as they provided these alliance contributions (most of which were defence related) differences on other foreign policy issues were acceptable—and even natural—within the alliance. As Howard observed during his trip to the United States:

[The US-Australian connection] is, of course, a relationship that does not get any closer in terms of shared values and shared beliefs and although along the way you inevitable have some differences as I have said before, it is the strong relationships and not the fragile ones that can absorb some differences of view. But on the fundamentals we are very close and we share a very similar view of the world.<sup>218</sup>

Then Secretary of DFAT, Philip Flood, echoed these sentiments. He argued that Australia's independence should not be assessed in terms of the number of disagreements with the United States, but that 'any disagreements stem from a clear judgement of Australian interests and are managed without any significant impact on the core elements of the relationship'.<sup>219</sup> So long as Australia adhered to these 'fundamentals' or 'core elements', Howard and his advisors believed that there was scope within the alliance for an independent and relatively unconstrained Australian foreign policy.

<sup>214</sup> Allan Behm, 'Managing Alliance Relations', paper presented for Australia-Taiwan Strategic Dialogue, 9-11 May 2005, p. 5. By 1997, Northwest Cape had become an exclusively Australian facility, that provided some support for US submarines on request. The Nurrungar ballistic missile early-warning facility was also due to close in 1999, with many of its functions continuing at a Relay Ground Station for early warning data located at Pine Gap. Pine Gap remained the sole joint facility operative by the end of the century.

<sup>215</sup> Baker and Paal, 'The US-Australia Alliance', pp. 91, 95; Trood and Tow, 'The Strategic Dimension', p. 114.

<sup>216</sup> Trood and Tow, 'The Strategic Dimension', p. 106; 'Joint Press Conference at the Conclusion of the AUSMIN Talks'.

<sup>217</sup> White, 'Australian Policy Objectives', p. 157. These strikes were conducted in response to Iraq's failure to adhere to UN Security Council resolutions and to destroy its weapons of mass destruction. Australia's contribution included a company from the Special Air Service to support US search and rescue activities, two tanker aircraft, and medical and technical personnel.

<sup>218</sup> John Howard, 'Press Conference—Willard Intercontinental Hotel', Washington DC, 27 June 1997, accessed through Pandora Archive, NLA.

<sup>219</sup> Philip Flood, 'Regional Diplomacy and the Alliance: A DFAT Perspective', in William Tow (ed.), *Australian-American Relations: Looking Toward the Next Century*, South Yarra, Vic: Macmillan, 1998, p. 64.



These interpretations of how shared understandings of alliance contribution impacted on Australian foreign policy facilitated the Howard Government's largely independent policy toward China. Australia's relations with third states were deemed part of its sovereign prerogative.<sup>220</sup> Subsequently, there was no attempt to actively coordinate Australia's China policy with Washington. Instead, engagement was determined primarily by what the Prime Minister perceived as Australia's national interests.<sup>221</sup> Howard attributed this principally to the fact that ANZUS is a defence alliance, not an all-encompassing framework for foreign policy.<sup>222</sup> So long as there was consensus on those defence issues noted above and Sino-Australian cooperation was not prejudicial to ANZUS, differences on foreign policy matters were unproblematic. In fact, the Howard Government perceived Australia's foreign policy toward China as falling largely outside of the alliance's purview. Former officials attributed this to Australia's status as an independent and self-reliant country 'that does not need to seek permission from its ally on every issue'.<sup>223</sup> The then international affairs advisor to the Prime Minister, Michael Thawley, recalls that any natural differences that emerged between Australian and US China policy would, in fact, work to Canberra's favour. Howard did not believe that the United States would appreciate Australia any more and, indeed, would have been less inclined to move toward Canberra's more temperate position on China, if the Australians did exactly what the Americans wanted.<sup>224</sup> The Howard Government was thus able to carve out discretion for its China policy from within the ANZUS alliance.

Its efforts to do so were reinforced by the fact that the Americans genuinely shared in Australian perceptions of alliance contribution as they related to China policy. When questioned as to why Australia was able to pursue a largely independent China policy during the late 1990s, several American policymakers responded that Washington did not believe it had the right to dictate to its allies how they developed

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<sup>220</sup> Interview with Alexander Downer, 11 March 2008; Interview with anonymous Australian official, 3 August 2007; Interview with anonymous Australian official, 12 August 2008; Interview with Andrew Shearer, 15 July 2008.

<sup>221</sup> Interview with John Howard, 15 July 2008; Interview with Philip Flood, 20 September 2007; Interview with Michael Thawley, 26 September 2008; Interview with anonymous Australian official, 3 August 2007; Interview with Alexander Downer, 11 March 2008.

<sup>222</sup> Interview with John Howard, 15 July 2008.

<sup>223</sup> Alexander Downer cited. Interview with Alexander Downer, 11 March 2008. This corresponded with accounts from other officials involved in Howard's China policy during this period. Interview with anonymous Australian official, 3 August 2007; Interview with Philip Flood, 20 September 2007; Interview with Murray McLean, 15 October 2007.

<sup>224</sup> Interview with Michael Thawley, 26 September 2008.

their relations with third countries.<sup>225</sup> This was particularly the case in regard to China, on which there was still no consensus within Washington as to what sort of strategic actor that power would become. This made it difficult to define expectations of alliance contribution in relation to that country. Australia therefore had significant autonomy in forging its policies toward China.<sup>226</sup> Australia's China policy, consequently, remained relatively compartmentalised from the alliance.

This is not to say that consultations did not take place between the Howard Government and the Clinton Administration on China-related issues.<sup>227</sup> Nor can we surmise that this compartmentalisation of ANZUS from Australia's China policy will persist indefinitely. In the event of adversarial Sino-US relations, core US regional interests or definitions of intra-alliance contribution could evolve in such a way as to curtail Australia's scope to forge closer relations with China without negative alliance repercussions. In 1997, however, what Howard and his advisors viewed as the consistency between Australia's engagement preference toward China and shared understandings of alliance contribution led to an implicit assumption of American acquiescence. By mitigating the risk associated with pursuing an independent Australian China policy, this reinforced the high value that the Howard Government placed on its interest in deepening cooperation with that power. As Snyder would project, this offset the constraining influence of Australia's alliance dependence and general fears of abandonment. Ensuing Australian perceptions of significant intra-alliance bargaining power account for how the Government was able to reconcile closer Sino-Australian relations with alliance management imperatives and subsequently translate its engagement preference into an engagement strategy.

## Conclusion

The calculations driving Australia's China policy under Howard's Prime Ministership were therefore considerably more complex than, as most analysts have suggested, simply restoring Sino-Australian ties to maximise trade. Nor do power transition theory or Snyder's theory necessarily better account for the Howard Government's concerted

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<sup>225</sup> Interview with Randall Schriver, 26 September 2008; Interview with anonymous US official, 23 September 2008.

<sup>226</sup> Interview with James Przystup, 23 September 2008; Interview with anonymous US official, 23 September 2008.

<sup>227</sup> Interview with Randall Schriver, 26 September 2008; Interview with Edward Gnehm, 23 September 2008; Interview with anonymous US official, 23 September 2008; Interview with John Howard, 15 July 2008; Interview with Michael Thawley, 26 September 2008.

engagement strategy toward Beijing in 1996. Power transition would attribute Howard's engagement strategy to bandwagoning with the parallel shift in US China policy. Yet, Howard's engagement strategy was driven primarily by his own perceptions of China in relation to Australia's strategic and economic interests. The alliance was, at best, a secondary consideration.

Because it provides greater scope for a junior ally to pursue its autonomous interests toward a rising power, Snyder's theory of intra-alliance bargaining power is more useful in understanding Australian engagement. As Snyder's theory would suggest, Howard confidently pursued Australian interests in deepening Sino-Australian relations, without significant concern as to the negative repercussions for the alliance. However, Snyder's theory of intra-alliance bargaining power, whilst useful, cannot fully account for why Howard adopted a more concerted engagement strategy in 1996. It cannot explain why the Howard Government developed an interest in deepening Sino-Australian relations in the first place. Nor is it evident, from Snyder's theory, how the Government came to assign such a high value to this interest in an alliance context. Thus, it cannot explain how the Howard Government's perceptions of significant Australian intra-alliance bargaining power transpired.

The supplementary theoretical propositions that this study has advanced are helpful in this regard. The Howard Government's interest in deepening Sino-Australian cooperation was underpinned by the same three factors that gave rise to engagement in the other case studies examined. Economic incentives did play an important role in driving Australian engagement toward China. However, diplomatic benefits and the prospect of mitigating the potential long-term strategic challenge that China posed to regional order were also important incentives to deepen cooperation. Moreover, these various incentives only augmented the likelihood of Australian engagement in the context of Howard's respective beliefs that China could become a benign regional power and that he could forge a *modus vivendi* with the Chinese leadership on a framework for cooperative interaction. In line with the theoretical propositions set out in Chapter Two, it was the confluence of these beliefs and the aforementioned incentives that gave rise to the Howard Government's interest in deepening Sino-Australian relations. This interest subsequently emerged as the primary determinant of Australian engagement toward China.

The influence that it exercised was contingent on the Howard Government's assumption that the US would acquiesce to Australia's corresponding engagement strategy. This assumption was partly founded on convergent Australian and American

strategic approaches toward China during 1996 and 1997. Yet, there were still important differences between these two countries on how engagement should be implemented. More fundamentally, the Howard Government's assumption of American acquiescence was based on two factors. First, Howard and his advisors viewed their engagement preference as consistent with core American interests. Because Australia was developing a politico-economic instead of a strategic relationship with China, the Howard Government did not anticipate any fundamental opposition to its policy from Washington. Second, Australia's engagement preference was sanctioned by what the Howard Government interpreted as shared understandings of alliance contribution. Despite intensifying Sino-US competition, these understandings were still somewhat loosely defined with regard to China. This allowed Australia considerable discretion in forging its policies toward that country. The Howard Government's implicit assumption of American acquiescence to its China strategy underscored the high value that it assigned to its interest in deepening Sino-Australian relations. Ensuing perceptions of Australian intra-alliance bargaining power (in the event of Australian and American differences regarding China), in turn, provided for a relatively independent Australian engagement strategy toward China.

When supplemented with the theoretical propositions noted above, Snyder's theory has greater explanatory power in the context of junior allied engagement with rising powers. It is subsequently able to specify both the necessary factors underpinning junior allied engagement with a rising power, as well as when the junior ally is more or less likely to be influenced by its senior partner's preferences. Accordingly, it is able to account for the Howard Government's relatively independent engagement strategy toward Beijing during the late 1990s.

These theoretical propositions thereby also assist to illuminate why Australian policymakers have believed that they have not had to choose between the rising power and Australia's senior ally. Far from developing a novel approach to managing Sino-Australian and Australian-American relations, Howard's success lay in reaffirming the understandings that had historically facilitated American acquiescence to Australia's engagement with China—and compartmentalisation of these two relationships in Australian foreign policy—at a time of structural change. Like his predecessors, Howard premised engagement with China on Beijing's acceptance of the alliance as a non-negotiable term. Meanwhile, loosely-defined intra-alliance understandings with regard to China meant that Australia's policy toward that power was still essentially demarcated from the purview of the alliance. Thus, Howard did not view his efforts to

strengthen Sino-Australian relations as contradictory to his Government's efforts to reinvigorate the American alliance. Rather, Australia's China policy was entirely consistent with what he perceived as the political obligations associated with alliance management.

## CONCLUSION

This study is concerned with the central question of *how* and *when* a single junior ally of a global hegemon has come to engage with a rising power. It illuminates important differences between the foreign policy behaviour of Australia and international relations theorists' predictions regarding how a junior ally is most likely to respond to structural change in the international system. To the extent that international relations theorists have addressed this issue on an abstract level, they have generally portrayed the junior ally as a loyal supporter of the global hegemon that refrains from conciliating with the rising power. Alternatively, they predict that the junior ally will realign with the rising challenger to the detriment of its relationship with the dominant global power.<sup>1</sup> Neither of these predictions is empirically borne out in the six Australian historical cases this study examines. During the two major regional power shifts of the twentieth century, Australia consistently engaged with rising powers from *within* the context of its alliances with successive dominant global powers. What theoretical inferences can be derived from the historical cases? What do they suggest about how, and under what circumstances, this initially puzzling foreign policy behaviour emerged?

Drawing on insights from existing theoretical literature and a combination of deductive and inductive processes over the course of research, this study advances three intertwined arguments. First, it argues that Australia's ostensibly puzzling foreign policy behaviour suggests a more complex interrelationship between alliance membership and Australian engagement with rising powers than power transition and alliance theorists have traditionally assumed. It posits that Glenn Snyder's theory of the alliance security dilemma best characterises this interrelationship. As a deductive model of alliance politics, however, Snyder's theory cannot explain *when* Australia's interests were more likely to favour adopting an engagement preference. Nor can it predict *when* Australian policymakers were likely to assign a sufficiently high value to them to pursue them in an intra-alliance context. These two issues are directly linked to answering the central research question driving this study.

To provide Snyder's theory with greater determinacy in regard to junior allied engagement, this study has developed a second argument. It argues that whether

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<sup>1</sup> A.F.K. Organski, *World Politics*, New York: Knopf, 1958, p. 354; Robert Gilpin, *War & Change in World Politics*, Cambridge: Cambridge University Press, pp. 32–34. For similar assumptions in alliance theory, see Arnold Wolfers, *Discord and Collaboration: Essays on International Politics*, Baltimore: Johns Hopkins University Press, 1962, p. 32; George Liska, *Nations in Alliance: The Limits of Interdependence*, Baltimore: Johns Hopkins University Press, 1962, p. 147; Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace*, New York: Knopf, 1960, p. 190.

Australian policymakers adopted an interest supporting an engagement preference depended almost exclusively on their perceptions of the rising power. Of particular importance were perceptions of the rising power's intentions; incentives to cooperate with that power; and the prospect of reaching a *modus vivendi* with that country's leadership. These factors determined the *substance* of Australia's interest in the rising power and its corresponding engagement preference.

The study's third main argument is that whether Australian policymakers translated this preference into an associated engagement strategy depended on their assessment of whether the senior ally would acquiesce to this strategy over time. If Australian policymakers believed the senior ally would ultimately acquiesce to their engagement strategy, they were more likely to adopt this strategy with minimal concern as to their dependence on the alliance. Conversely, if Australian policymakers did not believe that the senior ally would ultimately acquiesce to their prospective engagement strategy, considerations of alliance dependence and the senior ally's preferences substantively influenced Australian policy. Australian policymakers' perceptions of allied acquiescence thus significantly influenced the *value* they assigned to their interest in and preference toward the rising power, their perceptions of Australia's intra-alliance bargaining power, and their confidence in engaging with that power despite the senior ally's potentially divergent preferences.

The preceding six empirical chapters have expanded upon and largely substantiated these arguments. When coupled with Snyder's theory of intra-alliance bargaining power, these arguments were useful in explaining both the origins and dynamics of Australian engagement with a rising power from within an alliance to the dominant global hegemon. This concluding chapter summarises the findings of the six empirical chapters, which provide evidence for the three arguments outlined above.

After summarising these findings, this chapter explores their implications. It examines their potential contribution to international relations theory and Australian foreign policy studies. It then draws relevant lessons for Australian policymakers relative to the current period of regional structural change. Finally, the chapter posits directions for future research and how the findings of this study may be applied to develop a generalised understanding of junior allied responses to power shifts in the international system.

## Summary of the Findings

Discerning *how* a junior ally comes to engage with a rising power is premised upon understanding *when* it will be more or less inclined to engage with that power. To investigate this question, this study adopted three lines of inquiry with reference to the Australian case. It examined: (1) to what extent Australian policies toward a rising power were *determined* by alliance considerations; (2) if the alliance did not exert a determining influence, what factors shaped whether Australia was more or less inclined to engage with this power; and (3) whether, and under what circumstances, the alliance acted as a constraint on Australian policymakers' engagement strategies. The study pursued these lines of inquiry by adopting both deductive and inductive methods in each of the six cases. This section summarises and collates the findings of these cases relative to each line of inquiry and to the three arguments this study has advanced.

### *The Alliance as Determinant of Australian Policies toward the Rising Power*

According to most power transition and alliance theorists' predictions, Australian efforts to maintain its alliance should have meant that its senior ally's preferences exercised a determining influence on its foreign policies toward a rising power.<sup>2</sup> The six empirical cases revealed that Australian policymakers endeavoured to generally support their dominant global ally's leadership in the international system.<sup>3</sup> This support was grounded in both their socio-cultural identification with that power and their recognition of important collective and private benefits that Australia derived from their ally's continuing leadership. Throughout the first half of the twentieth century, Australian policymakers viewed Great Britain not only as Australia's most important market but as integral to upholding global and regional security with its military power, vast Empire, and endorsement of collective security principles. Even in the 1950s, as British power was waning, the Menzies Government viewed Great Britain as enhancing Australian security by playing a valuable role in maintaining stability and order in Southeast Asia—a role which the Americans were unwilling to assume.<sup>4</sup> Nevertheless, successive

<sup>2</sup> Organski, *World Politics*, p. 354; Gilpin, *War & Change*, pp. 24, 30–31; Morgenthau, *Politics Among Nations*, p. 185; Robert Rothstein, *Alliances and Small Powers*, New York: Columbia University Press, 1968, p. 57; Eric Labs, 'Do Weak States Bandwagon?', *Security Studies*, 1(3) 1992, p. 389; George Liska, *Nations in Alliance*, Baltimore: The Johns Hopkins Press, 1962, p. 74.

<sup>3</sup> An exception was the Menzies Government during the 1950s which supported the idea of an Anglo-American condominium in the wake of Britain's postwar decline.

<sup>4</sup> David Goldsworthy, *Losing the Blanket: Australia and the End of Britain's Empire*, Carlton, South Vic.: Melbourne University Press, 2002, p. 26.



Australian Governments have generally regarded the United States as the paramount source of security benefits since the Second World War. The United States' vast military capabilities and regional presence have led Australian policymakers to view it as the principal underwriter of stability and economic prosperity in the Asia-Pacific. In both instances, Australian policymakers endeavoured to support their dominant global ally's leadership by assuming defence responsibilities and promoting non-exclusionary regional multilateralism.

What emerged as surprising in the empirical cases was that Australian policymakers did not equate general support for the senior ally with deference to, or bandwagoning with, that ally's preferences regarding the rising power. Non-adversarial relations between the senior ally and the rising power certainly facilitated Australia's engagement diplomacy. In the first part of the twentieth century, Australian engagement with the United States was supported by the evolving global Anglo-American strategic partnership. Later in the century, Australian engagement with a rising China was facilitated by Sino-American *détente* during the late 1960s. As discussed in Chapter Six, the rapprochement between these powers formed part of the consciousness within which ALP Leader Gough Whitlam decided to establish cooperative Sino-Australian relations.<sup>5</sup> Non-adversarial Sino-US relations also underpinned the Howard Government's engagement diplomacy as China began to emerge as a strategic competitor to the United States in the late 1990s. Power transition theorists might argue that, under such circumstances, Australian foreign policy behaviour was consistent with their theoretical assumptions—Australian engagement was simply a reactive and supportive response to changes in the dominant ally's own policies toward the rising power.

However, a detailed exploration of the decision-making processes underpinning the dynamics of Australian engagement renders it difficult to characterise this diplomacy as simply bandwagoning with the senior ally. The timing of, and changes that occurred within, Australian engagement toward an ascendant America and rising China, suggest that Australian engagement strategies often followed their own causal trajectory. They were not calibrated solely in accordance with the senior ally's preferences. In most cases this study analysed, the alliance was not the primary consideration in Australian policy formation toward the rising power. More important were Australian considerations relating to the rising power. Consequently, successive Australian Governments often pursued policy outcomes toward rising powers that

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<sup>5</sup> See footnote 180, Chapter Six.

diverged from their senior allies' immediate preferences. Key examples include the Deakin Government's decision to invite the American Fleet to Australia and the Menzies Government's willingness to be party to a Pacific security arrangement that excluded Great Britain. In the Sino-American cases, Australian policies toward a rising China usually paralleled those of the United States, but were not determined by US China policy. This was evident in the steadiness of Gough Whitlam, Bob Hawke and John Howard in cultivating deeper Sino-Australian relations despite what they viewed as the tenuous nature of Sino-US cooperation.

This is not to suggest that Australian policies toward rising powers were unaffected by alliance considerations. On the contrary, the central argument of this study is that the interrelationship between Australian efforts to support its dominant global ally and Australian policies toward rising powers is more complex than power transition and most alliance theorists have traditionally assumed. How and when Australia has come to engage with a rising power cannot simply be determined by examining shifts in the dominant global ally's own policies toward that power. Instead, the nuanced relationship between alliance membership and Australian engagement supports two inferences. First, the dynamics of Australian engagement were profoundly shaped by factors *besides* the alliance. Second, the alliance only *conditionally* impacted Australian engagement with a rising power.

These inferences suggest the importance of focusing on Australian interests in the rising power, instead of the alliance, as a starting point for analysing junior allied engagement. Based on this premise, Snyder's theory of the alliance security dilemma served as a useful initial framework. His theory provides greater scope for a junior ally's interests to direct its policies toward another power. It also more accurately encapsulates the dilemma Australian policymakers confronted in reconciling these interests with political obligations ensuing from alliance management. Although the level of Australia's dependence on its alliance varied, Australian policymakers consistently believed that they derived more valuable benefits from the alliance than did their senior partner. Coupled with doubts about the partner's regional commitment, Australian policymakers often maintained latent, if not explicit, fears of abandonment. In the Anglo-American cases, these fears focused on Britain's relative military decline and de-prioritisation of the Far East in its global strategy. During the Sino-American power shift, Australian fears surfaced in response to the American retraction from the Asia-Pacific. Australian policymakers attributed this retraction to a decline in American

resolve rather than lack of US capacity.<sup>6</sup> In both instances, fears of abandonment introduced pressures on Australian policymakers to support their senior ally's regional presence by endorsing and contributing to its international initiatives.

Yet, as Snyder's theory anticipates, the constraining influence of these fears was frequently modified by Australian policymakers' interests in the rising power.<sup>7</sup> This was evident in the strong correlation that existed between Australian interests (and associated engagement and disengagement preferences) and Australia's ensuing strategy towards the rising power. Moreover, Australian policymakers generally developed policy alternatives, and justified their selection, based on the strategy toward the rising power that would best fulfill Australia's security or economic needs rather than accommodate its senior ally's preferences. Prime Minister Joseph Lyons adopted trade diversion as the best means of forestalling an Australian economic crisis. Foreign Minister Percy Spender selected a Pacific Pact over other security proposals because it committed US power to regional defence. The fact that Australian policymakers, at times, developed and pursued their interests and associated engagement preferences with little concern as to negative repercussions for the alliance suggests that, what Snyder terms intra-alliance bargaining power (underpinned by highly valued interests), played an important role.

Yet, although Snyder's theory is consistent with the findings in the six empirical cases, it does not entirely explain them. It cannot account for when Australian interests favoured an engagement, as opposed to a disengagement or non-engagement strategy. Nor can it fully explain why Australian policymakers sufficiently valued, and confidently pursued, their interests toward the rising power. How did perceptions of intra-alliance bargaining power come about? It is in this context that this study's arguments, manifest in its inductively-derived theoretical propositions, became integral to understanding Australian engagement with rising powers from within an alliance.

### *Factors Shaping whether Australia Engages with a Rising Power*

The six cases that this study examines substantiate the supplementary theoretical propositions (and the arguments inherent in these) that were outlined in Chapter Two. The cases reveal that whether Australian policymakers developed interests supporting

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<sup>6</sup> Since the end of the Vietnam War and the 1969 Guam Doctrine, Australian policymakers have exhibited perennial fears that domestic popular sentiment and the decline of a global threat would lead the United States to play a lesser role in regional affairs.

<sup>7</sup> Glenn H. Snyder, *Alliance Politics*, Ithaca: Cornell University Press, 1997, p. 171.

engagement with a rising power depended on: first, whether Australian policymakers believed the rising power maintained, or could be conditioned to develop, benign intentions; second, whether they viewed incentives to cooperate with that power; and, third, whether they believed they could reach a *modus vivendi* with that power's leadership. All three of these factors underpinned a sustained and intentional Australian strategy of long-term cooperation with the rising power.

Australian policymakers' beliefs that the rising power maintained, or could ultimately develop, benign intentions provided for the *possibility* of an *engagement-based approach* (encompassing either engagement or disengagement preferences) over a non-engagement-based approach. Benign intentions did not simply mean that the rising power would not attack Australia. More broadly, it meant that the rising power would behave in a way consistent with Australia's enduring strategic interests in regional order. What constituted these interests varied somewhat, depending on the time period. Generally, however, Australian policymakers expected the rising power to acquiesce in the strategic primacy of Australia's globally dominant ally or to forge a condominium with that ally; not to disrupt regional stability and to participate in regional multilateralism; and not to threaten Australia's nearer approaches by penetrating Southeast Asia or the Southwest Pacific.

The importance Australian policymakers ascribed to the rising power's respect for these interests was particularly manifest in Australia's shift from a non-engagement to an engagement-based approach toward a rising power during both the early 1900s and the 1970s. In 1908, the Deakin Government feared the prospect of Japanese expansionism despite British encouragement that Australia look to Japan as an ally.<sup>8</sup> These fears complicated Australian-Japanese political relations.<sup>9</sup> This starkly contrasted with warming Australian-American relations during the same period. These warming relations were underpinned by an assumption that a common Anglo-Saxon heritage rendered the US more likely to supplement, rather than to challenge, British power in the Pacific. This assumption underwrote Australian engagement with the United States throughout much of the first half of the twentieth century. In the Sino-American case, the principal factor that underwrote the Australia's policy shift from non-engagement to engagement was the ALP's differing assessment of Chinese intentions than preceding Australian governments. Unlike successive Liberal Governments, the ALP did not

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<sup>8</sup> Neville Meaney, *The Search For Security in the Pacific, 1901–1914*, Sydney: Sydney University Press, 1976, pp. 127, 129.

<sup>9</sup> Neville Meaney, *Towards a New Vision: Australia and Japan through 100 Years*, East Roseville, NSW: Kangaroo Press, 1999, pp. 60, 66–67.

believe that China was inherently committed to evicting the United States from the region. It was encouraged by what it viewed as Beijing's acquiescence to ANZUS—at least for the short-term. It also de-linked Chinese assistance to Southeast Asian insurgencies from any broader expansionist threat to Australian security.<sup>10</sup> The value that Prime Minister Howard assigned to his advisors' assurances that China would continue to accept the US alliance and was an essentially status-quo power reveals the ongoing importance of such assessments. Collectively, these cases demonstrate the significance of Australian calculations regarding a rising power's 'benign intentions' to both the instigation, and the sustainability, of an engagement-based approach.

Incentives to cooperate with the rising power, such as security and economic benefits, also played an important role. By providing impetus for Australian policymakers to adopt an intentional and calculated strategy of cooperation, they increased the *likelihood* of engagement. In the cases this study explores, two incentive factors stood out. The first of these was what Australian policymakers perceived as the existence of some sort of threat to Australia's strategic interests in regional order. In the Anglo-American case, Australian engagement with the United States usually intensified when threat perceptions concerning Japan or Communist China were most acute. Threat perceptions also played a role in augmenting Australia's engagement with a rising China during the Sino-American power shift. Unlike the first case, these threat perceptions were linked to the rising power itself. Australian engagement with China was underpinned by fears that it would emerge as a more resentful and aggressive power if it was ostracised from the international system. A dynamic interrelationship between Australian policymakers' perceptions of China as a potential threat and their perceptions of China as a socialisable power underwrote Australia's engagement of that power.

Another incentive factor that increased the likelihood of engagement was the rising power's growing material and diplomatic capacity. This was a particularly strong driving force in Australia's engagement diplomacy toward a rising China. China's economic modernisation and vast potential for economic growth afforded substantive economic opportunities to Australia. Although the idea of a Chinese *El Dorado* had been longstanding in the Australian polity,<sup>11</sup> China's 'Open Door' policies underscored the prospect of significant returns to the Australian resource sector as a result of closer Sino-Australian political relations.

<sup>10</sup> 'The Strategic Basis of Australian Defence Policy—1971', NAA: A5882, CO 1191.

<sup>11</sup> Lachlan Strahan, *Australia's China: Changing Perceptions from the 1930s to the 1990s*, Cambridge: Cambridge University Press, 1996, p. 285.

Both incentive factors only augmented the prospects for engagement, however, in the context of Australian policymakers' essential assessment that the rising power maintained, or could be conditioned to develop, benign intentions. This was visibly evident in three Sino-American cases. Despite the substantive and growing trade benefits that a closer political relationship with China promised, the Whitlam, Hawke and Howard Governments all predicated intensifying political relations with China on that power's acquiescence to Australia's continuing participation in ANZUS and, correspondingly, a US regional presence. Yet, even in the case of the Deakin Government, there was some suggestion that Australian cooperation with the United States was predicated on that power supporting Imperial over German interests in the Southwest Pacific. Both the Sino-American and the Anglo-American sets of cases demonstrate that assessments of benign intent and incentives for cooperation needed to exist *in tandem* to engender an engagement-based approach.

Such an approach did not mean that relations between Australia and a rising power were always complaisant. Differences occasionally emerged between Australia and the rising power leading to a temporary withdrawal of cooperation. This was manifest in the disengagement strategies of both the Lyons Government and the Hawke Government. However, disengagement was usually compartmentalised from the broader relationship and still implemented with the intention of building a long-term cooperative partnership. Whichever variant of an engagement-based approach emerged—either an engagement or disengagement *strategy*—was predicated on whether Australian policymakers believed they would be able to reach a *modus vivendi* with the rising power.

This prospect of reaching a *modus vivendi* was the third necessary factor that underpinned those engagement strategies analysed. Australian policymakers deemed such a *modus vivendi* important because they conceived of engagement as an interactive process rather than merely a unilateral Australian strategy. In all four cases in which Australian policymakers adopted an engagement preference, they believed they would be able to forge a *modus vivendi* with the rising power. Beliefs regarding the prospect for reaching a *modus vivendi* were predicated not simply on the value they assigned to developing the general relationship (as opposed to focusing on specific conflicts of interest), but on their assessment of how the rising power would respond. The more responsive the rising power was to Australian overtures and concerns and the less useful Australian policymakers viewed limited coercive tactics, the more optimistic Australian policymakers were regarding the prospect for reaching a *modus vivendi*.

## CONCLUSION

Conversely, if Australian policymakers did not believe they would be able to reach a *modus vivendi* with the leadership of the rising power, they were more likely to adopt a disengagement strategy or to not cooperate at all with that country. This was because they did not envision cooperation as likely on terms they found acceptable. In the instances of disengagement this study analysed, Australian policymakers were either unable to reach a *modus vivendi* (in the case of trade diversion) or there was a breakdown in the pre-existing *modus vivendi* (in the case of the Tiananmen Square incident). In both cases, Australian policymakers were pessimistic regarding their prospects for reaching an understanding with the rising power through verbal persuasion alone. The Lyons Government adopted its trade diversion policy as a result of disagreement with the US over trade liberalisation principles and what it viewed as American intransigence in negotiations. Similarly, the Hawke Government instigated limited political sanctions in response to what it perceived as China's blatant violation of human rights at Tiananmen Square. Hawke and his advisors viewed China's unwillingness to exercise greater restraint against the protestors as both morally reprehensible and as a significant reverse in China's progress toward compliance with international human rights standards.<sup>12</sup> This case illustrates how it was not until the rising power showed some responsiveness to Australian concerns that the prospect of reaching a renewed *modus vivendi* emerged and Australian interests evolved in a way that again fully supported an engagement strategy.

In sum, this study's empirical cases reveal that *whether* and *when* Australia developed an interest and associated preference to engage with a rising power depended on the relative configuration of the three factors outlined above. If Australian policymakers were to fully engage with a rising power, all three factors had to be present. They had to believe that the rising power maintained or could develop benign intentions over time; that there were incentives to cooperate with that country; and that they could reach a *modus vivendi* with its leadership. In the event of any disjuncture between these three factors, Australian policymakers were likely to either tactically withdraw cooperation (disengage) or to not cooperate at all with the rising power (non-engage). These factors were the principal determinants of Australian engagement preferences toward rising powers and the changing dynamics of Australian engagement over time. In contrast to most engagement-related scholarship, however, this study found that alliance considerations did, at times, have some bearing on whether these preferences were translated into corresponding strategies.

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<sup>12</sup> See footnote 15, Chapter Seven.

*The Constraining Influence of the Alliance Context*

Snyder's theory accurately encapsulates the interrelationship between a junior ally's autonomously-derived interests and alliance constraints in shaping its policy toward a rising power. Whether Australian policymakers pursued their interest and associated preference toward a rising power depended on the *value* they assigned to this interest in an alliance context. If Australian policymakers assigned a high value to this interest, they were more likely to deduce that they maintained significant intra-alliance bargaining power. They would, accordingly, translate their engagement preference into a corresponding engagement strategy. When Australian policymakers assigned a low value to their interest in the rising power, considerations of alliance dependence and the senior ally's preferences had a greater influence. Thus, as Snyder's theory would suggest, Australian engagement preferences did not axiomatically translate into a relevant engagement strategy.

This study has developed upon Snyder's theory, however, by discerning when Australian policymakers were more or less likely to assign a sufficiently high value to their interests in the rising power that they were willing to pursue them. It identified Australian policymakers' perceptions of the senior ally's acquiescence as the most important determinant of this value. If the policymakers believed the senior ally would ultimately acquiesce to their engagement or disengagement strategy, they were more likely to assign a high value to their interest in the rising power. Securing an ally's acquiescence did not mean adopting identical policies to, or even reaching a policy consensus with, the ally. Instead, it meant convincing senior allied policymakers of the worth of Australia's policy toward the rising power to the extent that they would not strenuously object to it. This lower benchmark for retaining the ally's support provided Australian policymakers with significant scope to autonomously engage with a rising power whilst maintaining their existing alliance.

It explains those occasional incongruities between Australian strategies toward the rising power and the senior ally's immediate preferences. During the 1950s, for instance, the Menzies Government persisted in its efforts to obtain a US security guarantee despite what it recognised as British disapproval. Robert Menzies and Spender did so not simply because of the intrinsic importance of this guarantee to Australian defence but on the basis that they would ultimately be able to persuade Whitehall of its utility in facilitating British interests. An American alliance would



enable Australia and New Zealand to more easily contribute to Commonwealth operations in the Middle East. In the case of a rising China, Whitlam and Howard were concerned not with calibrating Australian China policies with those of the United States. Instead, they sought merely to ensure that these policies would neither damage the alliance nor engender American acrimony.

Australian perceptions of allied acquiescence were usually predicated on two assessments that were either tacitly assumed or were derived from communications with allied counterparts. First, Australia's engagement preference toward the rising power—whether engagement or disengagement—could not be viewed as detracting from the senior ally's core global or regional interests. The Lyons Government's calculations surrounding the continuation of trade diversion are illustrative. In November 1937, it became evident to Lyons and his ministers that by withholding Australia's Ottawa preferences and continuing with trade diversion, they could potentially compromise core British interests in developing an economic and political partnership with Washington.<sup>13</sup> At this point, they relinquished these preferences and abandoned trade diversion in order to mitigate damage to Anglo-Australian relations and the trade and diplomatic benefits they derived from it.<sup>14</sup> Similar considerations were involved in the Howard Government's decision to develop only a politico-economic instead of a strategic relationship with China. Australian policymakers assumed that any Sino-Australian strategic relationship was unlikely to garner Washington's acquiescence and would potentially jeopardise American trust.<sup>15</sup>

Yet across the six cases this study analysed, differences of approach toward the rising power often emerged on issues that did not appear to compromise the senior ally's core interests. In these circumstances, a second consideration underpinning Australian policymakers' judgements about allied acquiescence was whether their engagement preference was consistent with shared understandings of alliance contribution. What Australian policymakers deemed an alliance contribution was centrally linked to their perceptions of alliance purpose and the role they negotiated with their ally in facilitating that purpose. Both alliance purpose and Australian interpretations of its alliance contribution were inherently dynamic and subject to re-negotiation between allied counterparts. Australian policymakers also had considerable

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<sup>13</sup> Earle Page, "United Kingdom-United States Trade Negotiations and their Empire Significance", 24 November 1937, NAA: A1667, 430/B/52E, NAA.

<sup>14</sup> See, for instance, Earle Page, "United Kingdom-United States Trade Negotiations and their Empire Significance", 24 November 1937, NAA: A1667, 430/B/52E.

<sup>15</sup> See footnote 201, Chapter Eight.

leeway to interpret whether and how Australia's alliance contribution impacted on its policy toward the rising power.

Australian policymakers' reliance on these shared understandings as an additional source of guidance as to what policies would garner its senior ally's acquiescence was evident in both sets of cases. In the Anglo-American set of cases, Australian interpretations of alliance contribution were critically linked to the increasing sovereign responsibility Australia assumed for its defence. As Australia assumed greater defence responsibilities, it successfully negotiated with Great Britain for greater autonomy in determining its own policies in the Pacific. This included its policies toward the United States. By the 1950s, Spender viewed regional decentralisation of imperial defence and, correspondingly, greater Australian purview over its own Pacific policies as legitimising his efforts to obtain an American security guarantee.

During the Sino-American transition, what Australian policymakers viewed as shared understandings of alliance contribution derived not simply from Australia's assumption of greater defence responsibility but from shared alliance interests. As a contractual relationship unified by shared interests, these interests assumed a more prominent role in defining Australia's contribution to ANZUS than they did in Australia's imperial alliance. During the 1970s and 1980s, Australia's contribution to ANZUS was gradually reconfigured away from containing China to more generally underwriting regional stability by facilitating an American presence. This transformation was integral to the considerable discretion Australia subsequently exercised in its China policy. It was reinforced by Australia's increasingly self-reliant defence capacity and its policymakers' greater self-confidence in developing a commensurately more independent regional foreign policy. This confluence of factors meant that the alliance became a less conscious consideration when Australian policymakers formed their policies toward China. Coupled with the ally's core interests, Australian interpretations of alliance contribution defined the range of Australian foreign policy practices acceptable within the alliance to which the senior ally would ultimately acquiesce.

That range enabled Australian policymakers to reconcile their respective engagement or disengagement preference with alliance management. Australian perceptions of allied acquiescence mediated between fears of abandonment and Australia's subsequent engagement strategy. If Australian policymakers believed their ally was likely to acquiesce or they could convince the ally to acquiesce to their strategy over time, they were more likely to assign a high value to their interest and to view

themselves as maintaining significant intra-alliance bargaining power in this issue-specific context. Consequently, fears of abandonment and the senior ally's preferences had marginal influence on Australia's strategy toward the rising power. In all three cases of Australian engagement with a rising China, Australian policymakers' interpretations of alliance contribution underpinned their confidence in US acquiescence. Under these circumstances, US preferences assumed less importance in Australian policy formation toward a rising China.

Alternatively, when Australian policymakers did not believe their ally could be ultimately convinced to acquiesce, they assigned a lower value to their interest in the rising power and believed that Australia maintained less intra-alliance bargaining power than its senior ally. Fears of abandonment became more important and Australian policymakers were, consequently, more likely to defer to their ally's preferences. This was illustrated by the Lyons Government's decision to abandon its Ottawa preferences and trade diversion in order to preserve the diplomatic and economic benefits that it derived from Great Britain. By further specifying the interrelationship between alliance membership and Australian foreign policies toward rising powers, the theoretical propositions that this study advances build upon Snyder's theory to more fully explain the changing dynamics of Australian engagement.

## **Implications of the Findings**

### ***Implications for International Relations Theory***

In addressing the three lines of inquiry identified above, this study contributes to power transition, alliance, and engagement strands of international relations theory. First, it centrally addresses how junior allies respond to structural change in the international system. Using archival and interview-based research, it explores the actual decision-making processes of Australian policymakers instead of assuming that the alliance inherently determines these processes. In so doing, it arrives at a differing conclusion than existing literatures as to how junior allies respond to power shifts in the international system. The Australian historical record suggests that although a junior ally may generally support the leadership of its globally dominant ally in the international system, this does not necessarily preclude it from cooperating with a rising power. In the Australian context, this was because Australian policymakers did not view structural change in clear allied–adversarial terms (as power transition and alliance

theorists usually represent). Under the auspices of a cooperative–competitive great power relationship, Australian policymakers had the inclination and believed there was generally greater scope to autonomously engage with a rising power from within the context of their alliance with the global hegemon. This study finds that, under these circumstances, Snyder’s theory of the alliance security dilemma more aptly characterises the interrelationship between alliance membership and a junior ally’s relations with rising powers than either power transition or traditional alliance theories.

The second contribution of this study is that it applies and further builds on Snyder’s theory to develop a framework for conceptualising junior allied engagement with rising powers. In line with Snyder’s theory, Australian interests were usually the primary determinant of its policies toward rising powers.<sup>16</sup> To more fully explain the changing dynamics of Australian engagement, however, this study inductively developed two sets of supplementary theoretical propositions. As the preceding section explored in depth, the first set of theoretical propositions details what factors shape the *substance* of a junior ally’s interest in a rising power—that is, when these interests were more or less likely to support an engagement preference. The second set of theoretical propositions defines when junior allied policymakers are more likely to assign a high *value* to, and subsequently pursue, these interests in an intra-alliance context.

In developing these theoretical propositions, this study makes a third theoretical contribution. It systematises and prioritises the various factors that engagement scholars have highlighted as important to this strategy emerging. It also illuminates which of these factors give rise to change in engagement, over time, instead of across space. Notably, the study found that while short-term economic or security benefits provided important incentives to engage with a rising power, they did so only under the auspices of an assessment that the rising power had, or could develop, benign intentions (particularly with regard to Australian interests in regional order). This finding contrasts to what some engagement theorists have argued to be the sufficiency of these benefits for an engagement strategy to emerge.<sup>17</sup> Furthermore, this study finds that, as a junior ally, Australia’s engagement strategy was not totally unconstrained by the political obligations associated with its alliance membership (as some engagement theorists suggest). Instead, Australia’s engagement or disengagement strategies have been predicated on an implicit assumption that, over time, Australia’s senior ally could be induced to acquiesce.

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<sup>16</sup> Snyder, *Alliance Politics*, p. 171.

<sup>17</sup> See David Edelstein, ‘Managing Uncertainty: Beliefs about Intentions and the Rise of Great Powers’, *Security Studies*, 12(1) 2002, pp. 14–15.

Based on a single country's diplomatic history, the supplementary propositions this study outlines warrant further testing before revising existing international relations theories. Nevertheless, Australia serves as a valuable pilot case. As a 'most-likely' case that should have conformed to power transition and traditional alliance theories' predictions, Australia's deviation from many of these predictions casts some doubt on their viability. This is further evidenced by the fact that while this study focused on a single country, it made use of a number of comparative historical cases. These cases transcended different alliance and cultural contexts. There is thus some basis for generalising the theoretical propositions that this study advances. Hence, the study provides a set of working propositions that could be tested against other country cases to develop a more sophisticated theory of junior allied engagement.

### *Implications for Australian Foreign Policy Studies*

To outline the wider theoretical application of this study is not to negate its contribution to the Australian foreign policy literature. It joins with other studies to challenge the dominant 'dependency' school of thought. Dependency theorists in Australian foreign policy studies echo many of the assumptions of power transition and traditional alliance theorists. They generally portray Australia as actively and solely calibrating its foreign policies in accordance with those of its senior ally—whether it be Great Britain during the first half of the twentieth century or the United States during the latter half.<sup>18</sup> This study does not negate the importance that the alliance played as a factor in Australian engagement with rising powers. However, it suggests that other factors have also critically shaped the changing dynamics of Australia's strategies. At times, Australian policymakers even pursued policies that substantively differed from those of their senior partner. Australian historians such as Joan Beaumont, Carl Bridge, Bernard Attard and Neville Meaney have all highlighted Australia's independent policy forays in specific historical contexts.<sup>19</sup> Richard Leaver, however, is the first scholar who has analysed this as a longstanding trend in Australian foreign policy and has situated his argument

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<sup>18</sup> T.B. Millar, *Australia's Foreign Policy*, Melbourne: Angus and Robertson, 1968, pp. 7–9; Coral Bell, *Dependent Ally*, Melbourne: Oxford University Press, 1998, pp. 2–5, 199–203. More recently, see Bruce Grant, *Fatal Attraction: Reflections on the Alliance with the United States*, Melbourne, Black Inc., 2004, p. 89; Joseph A. Camilleri, *Australian-American Relations: The Web of Dependence*, South Melbourne: Macmillan, 1980, pp. 10–19.

<sup>19</sup> Joan Beaumont, *The Evolution of Australian Foreign Policy, 1901–1945*, East Melbourne: Australian Institute of International Affairs/School of Social Sciences Deakin University, 1989, p. 3; Carl Bridge and Bernard Attard, 'Introduction', in Carl Bridge and Bernard Attard (eds), *Between Empire and Nation: Australia's External Relations from Federation to the Second World War*, Melbourne: Australian Scholarly Publishing, 2000, pp. 2–3; Meaney, *The Search for Security in the Pacific*, pp. 7–12.

relative to mainstream Australian foreign policy studies debates.<sup>20</sup> This study supports Leaver's arguments, observing that Australia has frequently exercised considerable foreign policy autonomy from within a bilateral alliance setting.

The study builds on Leaver's argument by offering an explanation as to why Australia has been able to conduct a reasonably independent policy (at least toward rising powers) from within an alliance. It has argued that this is because Australian policymakers have generally been more concerned with securing the senior ally's acquiescence on points of difference instead of complying with the ally's preferences. Not all interests are created equal in alliances. So long as Australian policymakers met what they interpreted as their core alliance obligations, they were frequently able to assume an independent stance on peripheral issues.

The extent to which, and under what circumstances, they were able to pursue an independent policy toward the rising power depended on the timeframe and how Australian policymakers interpreted their senior ally's core interests and Australia's alliance contribution. During some historical periods, Australian policymakers viewed policy toward the rising power as central to their alliance contribution. Under these circumstances, dependency theorists' arguments about Australian coordination with its senior ally's preferences had credence. Australia's China policy during the 1960s supports their arguments.<sup>21</sup> Once Australian interpretations of alliance contribution became less China-centric during the 1970s and 1980s, however, Australia exercised greater discretion in its initiatives toward that country. Australian foreign policy behaviour along the lines that dependency theorists assert was thus mediated by policymakers' perceptions of what comprised an alliance contribution. These perceptions were by no means constant. There was frequently considerable scope for Australia to pursue its autonomous interests toward the rising power from within a bilateral alliance context—not just the multilateral context that the middle power school identifies.

By providing support for Leaver's arguments, and building on them, this study supports the possible creation of a third school of Australian foreign policy studies. This school would focus on Australian foreign policy independence within its alliance. It would examine Australian foreign policy entrepreneurship not only in multilateral

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<sup>20</sup> Richard Leaver, 'Patterns of dependence in post-war Australian foreign policy', in Richard Leaver and Dave Cox (eds), *Middling, Meddling, Muddling: Issues in Australian Foreign Policy*, St. Leonards, NSW: Allen and Unwin, 1997, pp. 69–90.

<sup>21</sup> For literature demonstrating Australia's efforts to coordinate its China policy with the United States, see Garry Woodard, *Asian Alternatives: Australia's Vietnam Decision and Lessons on Going to War*, Carlton, Vic: Melbourne University Press, 2004, p. 273.

contexts but in its bilateral alliance, investigating, most importantly, how Australia secures its senior ally's acquiescence to potentially divergent foreign policy outcomes. This re-conceptualisation of Australian foreign policy may have useful policy ramifications. Instead of focusing merely on the point at which Australia will have to choose between China and the United States, this line of thinking may prompt further debate as to the policy options available to Australia for concurrently managing the two relationships.

### *Relevance for Australian Policymakers*

What insights does this study present for the Australian policymaking community relative to the current structural change taking place in the Asia-Pacific? Australia possesses substantive and growing economic interests in China, whilst also maintaining strategic interests in preserving its alliance with the United States.<sup>22</sup> In the current context, it would therefore be useful to identify the conditions that, in the past, facilitated Australian management of both relationships simultaneously, as well as examining whether these same conditions still exist.

Historically, several factors have been central to Australian efforts to simultaneously manage its relationships with the rising and dominant powers. First, the cooperative–competitive instead of the adversarial nature of great power relations has been critical. Preserving cooperative–competitive Sino-US relations may, in future, be more difficult if the rivalry between these two powers intensifies. Difficulties in preserving this relationship are likely to be further complicated by the two powers' dissimilar ideological systems and differing expectations of the role China should play in future regional order.<sup>23</sup> Like past governments, however, Australian policymakers may be able to help preserve the current temper of Sino-US relations. Previous governments endeavoured to preserve cooperative–competitive Sino-US relations by providing both China and the United States with insights about each other, in order to mitigate the risk of misperception and any ensuing potential security dilemma. In so doing, they exerted a moderating influence on the two great powers' foreign policies

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<sup>22</sup> China is now Australia's second largest trading partner. In 2008, China represented 15.1 per cent of Australia's total trade volume. Richard Rigby and William Tow, 'Insecurities and Uncertainties: Fostering Pragmatic Sino-Australian Security Relations', conference paper presented at *Non-Traditional Security in PRC-Australian Relations: Global Issues of Common Concern in an Age of Uncertainty*, 1–4 July, 2009, Guangzhou, China; Department of Defence, *Defending Australia in the Asia-Pacific Century: Force 2030*, Canberra: Department of Defence, 2009, pp. 43, 50, 93.

<sup>23</sup> Hugh White, 'The limits to optimism: Australia and the rise of China', *Australian Journal of International Affairs*, 59(4) 2005, pp. 474–76.

and encouraged them to focus on shared interests instead of their incipient rivalry. Such a role could continue to serve Australian policymakers well in assisting to maintain the non-adversarial great power relations that previously facilitated Australian engagement.

A second factor that has traditionally provided scope for Australia to engage with a rising China from within the alliance was Beijing's acquiescence to ANZUS and its respect for Australian strategic interests in regional order that broadly paralleled those of the United States. How long China will continue to do so cannot be certain. As Robert Gilpin and other international relations scholars have argued, rising powers often seek to redefine international norms and institutions and to shape the international system in ways that accommodate their interests.<sup>24</sup> There is little reason to expect that China will behave differently. Increasingly, Chinese policymakers and scholars have advocated a 'peaceful transformation' of the international system from one that is dominated by the United States to one that is based on co-existence and equality with other great powers.<sup>25</sup> China has also sought to direct the evolution of regional multilateralism in a way that promotes its interests.<sup>26</sup> Although Chinese proposals for abandoning existing regional alliances have been less frequent than during the mid-1990s, Beijing continues to insist that these alliances should not be used to support US forces in the event of a Sino-American conflict over Taiwan.<sup>27</sup> Changing geopolitical circumstances, such as renewed Sino-American tensions over Taiwan or a militarily 'normalised' Japan, could lead Beijing to be less accommodating of the Australian-US alliance. If history is any guide, Australia's successful management of both relationships will depend on whether it can continue to secure Chinese acquiescence to ANZUS and other Australian strategic interests in a dynamic regional order.

Finally, past Australian experiences suggest that the alliance relationship needs to be carefully managed during this period of structural change. This does not require Canberra to either mirror or conform to US China policies. Instead, it warrants a general Australian-American consensus on what sort of regional order both countries desire and how they view the rising power in relation to that order. Alliance tensions have

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<sup>24</sup> Gilpin, *War & Change*, pp. 42–43; Alastair Iain Johnston, 'Is China a Status Quo Power?', *International Security*, 27(4) 2003, pp. 6–11; Randall Schweller, 'Managing the Rise of Great Powers: History and Theory', in Alastair Iain Johnston and Robert Ross (eds), *Engaging China: the Management of an Emerging Power*, London: Routledge, 1999, pp. 18–20.

<sup>25</sup> Rosemary Foot, 'Chinese Strategies in a US-hegemonic Global Order: Accommodating and Hedging', *International Affairs*, 82(1) 2006, p. 91.

<sup>26</sup> Foot, 'Chinese strategies in a US-hegemonic global order: accommodating and hedging', pp. 88–89; Christopher R. Hughes, 'Nationalism and Multilateralism in Chinese Foreign Policy: Implications for Southeast Asia', *The Pacific Review*, 18(1) 2005, pp. 127–30.

<sup>27</sup> Director-General of North American and Oceanian Affairs, He Yafei, cited in Rigby and Tow, 'Insecurities and Uncertainties: Fostering Pragmatic Sino-Australian Security Relations', p. 13.



historically been most acute when allied stances on such issues have differed. This was evident in strained Anglo-Australian relations in the early 1900s when Britain favoured closer Australian relations with the Empire's designated Pacific ally, Japan.<sup>28</sup> While Alfred Deakin believed he was facilitating British interests over the longer-term, the British regarded his attempt to foster an anti-Japanese entente with the United States as operating at cross-purposes to their own regional strategy.<sup>29</sup> Conversely, Australian policymakers have been successful in reconciling Australia's China relationship with ANZUS because of the allies' essentially convergent purposes of enmeshing China into a US-led regional order. If Sino-US rivalry intensifies, there is greater potential for Australian and American divergence on the kind of order each ally is willing to accommodate and how they conceive of China's role in that order.<sup>30</sup> To continue to mitigate the strain that Sino-Australian political cooperation poses for the American alliance, Canberra and Washington will need to engage in frank exchange on their regional strategic objectives and the extent to which these are shared.

Australia's success in simultaneously managing Sino-Australian and US-Australian relationships also depends on how shared understandings of alliance contribution evolve. Over the past forty years, alliance purpose and notions of alliance contribution have been defined in general terms rather than being China-centric. Australian policymakers subsequently obtained considerable discretion for their China policy from within ANZUS. So long as there is no consensus in Washington that China is an adversarial power, Australia is likely to continue to enjoy considerable leeway in its diplomacy toward Beijing. As in previous decades, Australian policymakers can facilitate this process by helping to shape both how the United States views China and how Canberra and Washington define the future purpose of ANZUS. This will emerge as one of Australia's key challenges, as US regional interests evolve and as the United States redefines the purpose of its Asia-Pacific alliances accordingly. Australia's success in meeting this challenge will go some way to determine whether, and to what extent, it will be able to continue to engage with a rising China from within an alliance context.

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<sup>28</sup> Ian Nish, *Alliance in Decline: A Study in Anglo-Japanese Relations, 1908–23*, London: University of London, 1972, p. 51.

<sup>29</sup> Meaney, *The Search For Security in the Pacific*, pp. 165–66.

<sup>30</sup> For discussion on these Australian-American divergences, see White, 'The limits to optimism', pp. 478–79; William T. Tow, 'Sino-American relations and the 'Australian factor': inflated expectations or discriminate engagement', *Australian Journal of International Affairs*, 59(4) 2005, p. 462.

*Implications for Future Research*

This study serves as a building block for further research on Australian foreign policy as well as for a deeper conceptual understanding of how junior allies respond to power shifts in the international system. The study was designed to explore the seemingly anomalous Australian foreign policy behaviour of engagement with a rising power from within the context of its alliance to a dominant global hegemon. Accordingly, the study examined Australian cases of engagement and disengagement with rising powers and investigated the relative influence of Australia's alliance on these foreign policy outcomes. It would be useful, however, to explore patterns of junior allied engagement under different conditions and with reference to other countries.

This study suggests that while the interrelationship between alliance management and Australia's foreign policies toward rising powers is more nuanced than has generally been construed, the interrelationship does in fact exist. One avenue for future research may be to investigate when this interrelationship does *not* exist. Are there some circumstances in which alliance considerations are totally eclipsed in Australia's policy toward a rising power? This additional line of inquiry is important to understanding the changing dynamics of Australian engagement with a rising power from within an alliance. It could help to define the essential parameters of Australia's risk-averse behaviour vis-à-vis the alliance when constructing its policies toward the rising powers. Because of the specific cases it adopted, this study had to accept Australia's risk-averse behaviour as given. This further line of inquiry could also assist to understand the limits of the alliance as a contextual constraint. It could indicate when Australia might be more inclined to privilege its interests in the rising power over, or unaffected by, concerns of alliance management.

A second avenue for future research may be to explore how Australian policymakers, or indeed other junior allies, have conducted their diplomacy toward a rising power under differing conditions in the great power relationship. To introduce an element of control (and thus effectively compare the two sets of cases), this study explored historical periods when great power relations were non-acrimonious. Though findings suggest that cooperative-competitive great power relations facilitated Australia's engagement diplomacy, it would be useful to test this assertion systematically. This could be done by examining how Australia or other junior allies have responded during periods of crisis or intense competition between the rising power and dominant global ally. Key examples might be Australia's response to Anglo-

American acrimony in the wake of the 1927 Geneva Conference or a more in-depth investigation of Australia's reaction to the 1996 Taiwan Strait Crisis. Understanding how a junior ally, such as Australia, behaves toward a rising power during periods of great power crisis would further elucidate the conditions under which it is able to engage with a rising power from within an alliance to the global hegemon. This may be particularly useful to policymakers if Sino-US rivalry intensifies and conflicts of interest between these powers become more frequent and pronounced.

The findings of this study may also have wider applicability. Australia presents a useful 'pilot' case as a country that has consistently engaged with regional rising powers from within its alliances with successive global hegemon. Nevertheless, other regional countries have also, at times, exhibited the same seemingly anomalous foreign policy behaviour. Japan, South Korea, Thailand and the Philippines have all, at some point, forged cooperative relations with China from within their bilateral alliance to the United States. Testing the theoretical propositions that this study advances against these other cases may help to either verify or modify them in such a way that they better explain junior allied engagement more generally.

Developing a further understanding of how junior allies respond to international power shifts is particularly useful in view of the structural change that is currently taking place in the Asia-Pacific. Although an ascendant China and dominant United States are competing for position in the international system, they are reluctant to do so by engaging in conflict. Indeed, they have sought to defuse crises—such as the 1996 Taiwan Strait Crisis and the 2001 US military plane crash in Hainan—which could potentially lead to armed escalation. As during the Cold War, great power competition has been manifest in these powers' efforts to cultivate political influence among regionally weaker countries.<sup>31</sup> This includes the junior allies of the United States. While no single junior ally is particularly critical to Chinese or American dominance of the region, the Sino-US balance of political influence among these states, collectively, has emerged as an important component of the power shift that is taking place.

Discerning the factors that shape how junior allies respond to a rising power is therefore increasingly central to understanding structural change and the evolving regional order in the Asia-Pacific. If the interrelationship between alliance membership and a junior ally's foreign policies was as straightforward as power transition and traditional alliance theorists posit, we might expect to see the same dualistic divide in

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<sup>31</sup> For background on these competitive dynamics, see Evan S. Medeiros, 'Strategic Hedging and the Future of Asia-Pacific Stability,' *Washington Quarterly*, 29(1) 2005–06, pp. 146–58.

## CONCLUSION

the international system that existed during the Cold War. Instead, current international relations in the Asia-Pacific are far more fluid and complex. Regional states must develop relationships with both China and the United States. As a backdrop for these states' relationships, the nature of the great power association is important but far from determinative. It is the interactions between weaker states and great powers, as well as between the great powers themselves, that will determine the shape of the evolving international system.

APPENDIX ONE: LIST OF INTERVIEWEES AND THEIR POSITIONS

<i>Interviewee</i>	<i>Interviewee's Position Relevant to Case Study<sup>1</sup></i>	<i>Interview Date</i>
Ambrose, David	Minister and Deputy Chief of Mission, Australian Embassy, Beijing, 1985–88	10 September 2007
Armitage, Richard	President of Armitage Associates, 1996–2001  Foreign Policy Advisor, George W. Bush Campaign, 1999–2000	17 September 2008
Bailey, Peter	First Assistant Secretary, Department of Cabinet Office, 1968–71  Deputy Secretary, Department of Prime Minister and Cabinet, 1972–77	12 April 2007
Barrie, Chris	Chief of Defence Force, 1998–2002	20 August 2008
Beazley, Kim	Attended 1971 ALP Federal Executive Conference  Minister of Defence, 1984–90	14 June 2007
Behm, Allan	First Assistant Secretary, International Policy Division, Department of Defence, 1996–98	22 August 2008

<sup>1</sup> All government positions are Australian unless otherwise indicated.

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Bowan, John	Senior Advisor on International Relations to Prime Minister Bob Hawke, 1983–90	18 September 2007
Brabin-Smith, Richard	First Assistant Secretary for Force Development and Analysis, 1986–90  First Assistant Secretary for International Policy, Department of Defence, 1990–92	18 July 2007
Costello, Michael	Deputy Secretary of Foreign Affairs, 1989–93	5 September 2007
Cottrill, Ross	Head, Intelligence Liaison Section, Department of External Affairs, 1970–71  China desk officer, China-Korea Section, Department of External Affairs, 1972  Charge d'affaires ad interim and then Counsellor, Australian Embassy, Beijing, 1973–74	15 April 2007
Dibb, Paul	Ministerial Consultant to the Defence Minister Kim Beazley, 1984–86  Director, Joint Intelligence Organization, 1986–88  Deputy Secretary of Defence, 1988–91	19 July 2007
Downer, Alexander	Minister for Foreign Affairs and Trade, 1996–2007	11 March 2008

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FitzGerald, Stephen	<p>Research Fellow, Australian National University and Advisor to ALP Delegation to Beijing, 1971</p> <p>First Australian Ambassador to PRC, 1973–76</p>	2 May 2007
Flood, Philip	Secretary, Department of Foreign Affairs and Trade, 1996–98	20 September 2007
Freudenberg, Graham	Speechwriter and Advisor to Gough Whitlam	27 July 2007
Garnaut, Ross	<p>Australian Ambassador to China, 1985–88</p> <p>Professor, Australian National University, 1977–</p>	29 August 2008
Gnehm, Edward	US Ambassador to Australia, 2000–01	23 September 2008
Gyngell, Allan	Foreign Policy Advisor to Prime Minister Paul Keating, 1993–96	29 February 2008
Harries, Owen	Professor, University of Sydney and University of New South Wales	4 May 2007
Harris, Stuart	<p>Secretary, Department of Foreign Affairs, 1984–87</p> <p>Secretary, Department of Foreign Affairs and Trade, 1987–88.</p>	16 July 2007

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Hawke, Bob	Prime Minister of Australia, 1983–91	24 July 2007
Hayden, Bill	Member of Federal Parliamentary Labor Party Executive, 1967–72  Minister for Social Security, 1972–75  Minister for Foreign Affairs, 1983–87  Minister for Foreign Affairs and Trade, 1987–88  Governor-General of Australia, 1989–96	30 July 2007
Hollway, Sandy	Chief of Staff to Prime Minister Bob Hawke, 1988–90	19 September 2007
Howard, John	Prime Minister of Australia, 1996–2007	15 July 2008
Huisken, Ron	Director-General, Alliance Policy, Department of Defence, 1995–2001	20 September 2007
Kelly, Paul	Journalist, <i>The Australian</i> , Press Gallery, Canberra, 1971–73  Editor-in-Chief, <i>The Australian</i> , 1991–96  International Editor and Editor-at-Large, <i>The Australian</i> , 1996–	25 July 2007
Kent, Ann	Visiting Fellow, Contemporary China Centre, Australian National University, 1988–91.	20 July 2007



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McLean, Murray	<p>Australian Consul-General, Shanghai, 1987–92</p> <p>Assistant Secretary, East Asia Branch, Department of Foreign Affairs and Trade, 1992–96</p>	15 October 2007
Paal, Douglas	<p>Policy Planning Staff (Senior Member for Asian Affairs), US State Department, 1985–86</p> <p>Director of Asian Affairs (including the Pacific Islands), US National Security Council, 1986–93</p>	16 September 2008
Przystup, James	<p>Policy Planning Staff (Senior Member for Asia-Pacific), US State Department, 1989–91</p> <p>Counsellor for Regional Security Strategy, Office of US Undersecretary of Defense for Policy, 1991–92</p> <p>Consultant to Office of the US Secretary of Defence, 1992–94</p> <p>Director of the Asian Studies Centre, Heritage Foundation, 1994–98</p>	23 September 2008
Sadleir, David	Australian Ambassador to China, 1988–91	<p>2 July, 2007</p> <p>17 July 2007</p>
Scowcroft, Brent	National Security Advisor to US President George H. Bush, 1989–93	23 September 2008

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Shambaugh, David	Professor of Political Science and Director of Sigur Center for Asian Studies, George Washington University	15 September 2008
Shearer, Andrew	Senior Advisor (Asia), International Division, Department of the Prime Minister and Cabinet, 1996–98  Senior Advisor (International) to Prime Minister John Howard, 2006–07	15 July 2008
Shultz, George	US Secretary of State, 1982–89	30 September 2008
Schriver, Randall	Assistant Country Director for PRC, Taiwan, and Mongolia, Office of the US Secretary of Defence, 1995–97  Senior Country Director for PRC, Taiwan, and Mongolia, Office of the US Secretary of Defence, 1997–98	26 September 2008
Thawley, Michael	International Affairs Advisor to Prime Minister John Howard, 1996–99	26 September 2008
Walsh, Eric	Journalist, <i>Australian Financial Review</i>  Member of ALP Opposition Leader Gough Whitlam's Staff, 1969–71	12 June 2007

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White, Hugh	<p>Private and Senior Private Secretary to Minister for Defence Kim Beazley and PM Hawke, 1985–90</p> <p>First Assistant Secretary, International Policy, Department of Defence, 1993–95</p> <p>Deputy Secretary for Strategy and Intelligence, Department of Defence, 1995–2000</p>	<p>5 September 2007</p> <p>15 August 2008</p>
Woolcott, Richard	Secretary, Department of Foreign Affairs and Trade, 1988–92	14 September 2007
Uren, Tom	<p>ALP Member of Parliament, 1958–90 (active member of ALP left-wing)</p> <p>Opposition front bench (responsible for housing and urban affairs), 1969</p> <p>Minister for Urban and Regional Development, 1972–75</p>	23 July 2007
Anonymous US official		24 September 2008
Anonymous US official		23 September 2008
Anonymous US official		22 September 2008
Anonymous US official		16 September 2008
Anonymous Australian official		<p>12 August 2008</p> <p>1 August 2007</p>
Anonymous Australian official		3 August 2007

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