

# The Challenges of China: Australian Perceptions and Reactions

by Michael Wesley

A rapid worsening of Sino-Australian relations in 1996 provided the new Coalition government in Canberra—elected that March—with a clear practical demonstration of the importance of China. China’s irritation with Australia, already roused by the awarding of the 2000 Olympic Games to Sydney rather than to Beijing, had increased in March when an Australian government statement expressed support for the U.S. intervention in the Taiwan Strait crisis.<sup>1</sup> In June 1996, Chinese Minister for Trade Wu Yi expressed “strong concern” over Australia’s sudden decision to discontinue its Development Import Finance Facility (DIFF) aid program. China was one of several Asian nations with joint projects that were jeopardized by the DIFF cancellation.<sup>2</sup>

China’s annoyance with Australia increased in July 1996 after Australia voiced concerns over the fate of democracy and human rights in a post-handover Hong Kong<sup>3</sup> and over China’s July nuclear test on the eve of a testing moratorium.<sup>4</sup> Annoyance became anger in August, when an editorial in the *People’s Daily* denounced the “strengthening” of the Australia-U.S. alliance as part of a coordinated campaign to contain China that included the earlier renegotiation of the U.S.-Japan alliance: “From this we can see that the United States is really thinking about using these two ‘anchors’ as the claws of a crab.”<sup>5</sup> Simultaneously,

a Chinese Foreign Ministry statement accused Australia of breaching the “one China policy” in approving an unofficial visit by Primary Industries Minister John Anderson to Taiwan.<sup>6</sup>

Later in August, Australian Defense Minister Ian McLachlan suggested that China’s actions during the Taiwan Strait crisis, its claims in the South China Sea, and its “newly assertive international posture” were destabilizing to the region.<sup>7</sup> In September, Australian Prime Minister John Howard met with the visiting Dalai Lama, despite Chinese threats that such a meeting would jeopardize bilateral relations.<sup>8</sup>

Although none of these incidents in isolation would ordinarily have upset bilateral relations, their occurrences in the space of several months plunged Sino-Australian relations to the lowest point since the Tiananmen incident in 1989.<sup>9</sup> China canceled official visits to Australia, and verbal attacks on Australia became common in the official Chinese media, bringing Australian leaders face-to-face with the consequences of soured relations. The business community raised concerns over the future of the flourishing bilateral trade. The Chinese-Australian community and Asianist scholars questioned the government’s commitment to the Asian region. Foreign policy makers pondered the added difficulties that an openly hostile China would add to the country’s already delicate regional diplomacy. The strategic community considered the additional defense measures that would be required if China became an enemy.

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Concerns were expressed outside Australia as well. Countries in Southeast Asia questioned whether the worsening of Australia's relations with China represented a shift in its regional policy, which could alter their relations as well. United States President Bill Clinton, embroiled in his own bilateral friction with China, urged the Australian government to mend relations with China during his November 1996 visit to Australia.

The lessons of 1996 for Australian foreign policy makers were profound. The Foreign and Trade Policy White Paper, released in September 1997, listed China as one of Australia's "foremost" bilateral relationships, alongside the United States, Japan, and Indonesia. It noted that the Sino-Australian relationship would be based on hardheaded pragmatism:

*China will remain one of Australia's key relationships. The Government's approach to China will be based on shared interests and mutual respect. These principles provide the basis for a realistic framework for the conduct of the relationship, and offer the best prospects to maximize shared economic interests, advance Australia's political and strategic interests, and manage differences in a sensible and practical way.<sup>10</sup>*

The Australian Strategic Policy White Paper of December 1997 continued this theme:

*Clearly, the development of policies which serve our national interests while acknowledging China's political, economic, and military growth will continue to be a major priority for Australia. Our policies and actions will seek to show China that the strategic outcomes we seek are consistent with China developing a key role on regional political, economic, and security issues commensurate with its legitimate claims as an emerging major power. The best way we can do that is to encourage more high-level dialogue and contact between China's policy makers and our own to build better mutual understanding of each other's positions.<sup>11</sup>*

These observations, providing a policy framework for the bilateral relationship, are ubiquitous in the foreign policy establishment's statements on Sino-Australian relations, from Department of Foreign Affairs and Trade (DFAT) briefings to speeches by the Prime Minister and the Foreign Minister.<sup>12</sup> According to both the Prime Minister and the Foreign Minister, the bilateral policy framework has delivered to Australia "a more productive, realistic, and sustainable relationship with China than at any time since the resumption of diplomatic relations in the seventies."<sup>13</sup>

This policy framework gives the impression that there is a unified view among Australian policymakers on the future of China, how this will affect the Asia-Pacific region, and how Australia should respond. Closer analysis reveals, however, that no such unified view exists. The following discussion outlines the three different visions of China's future role in the region that are held by Australian policymakers and academics: (1) as a player in an "accelerating status quo" in the Asia-Pacific; (2) as a crucial participant in an increasingly integrated Asia-Pacific community; and (3) as a great power in an imminent balance of power.

While these visions all tend to agree on China's objectives—the need to become a unified, internally stable, great power—they differ on China's ability to achieve these objectives and how its development will affect the region, and they differ on their prescriptions for how Australia should manage bilateral relations with China and the United States. The different visions are not always mutually exclusive, nor do individual policymakers and academics always subscribe to the same one. Each vision tends to rise to prominence when called forth by different events in the region.

## **Three Visions of China's Future in the Region**

### **Vision 1: An "Accelerating Status Quo"**

This vision of the future for China in the region, a view held by many Australian policymakers and academics, is like the others in that it expects China and other states of the Western Pacific to seek greater wealth, power, and internal stability. However, it disagrees with the other views on China's ability to achieve equal status with other great powers.

This skepticism is expressed in two ways. One cluster of opinion suspects that China's rise to great power status will be interrupted by serious internal problems: corruption, unemployment, political instability.<sup>14</sup> The other cluster argues that even if China does become wealthy, internally stable, and powerful, the nature of power has changed in such a way that China will not be able to assail the lead in power that the United States possesses. The United States will continue to lengthen its lead over China due to revolutions in information and technology, which place American power in a different strategic league and complement the "revolution in military affairs" (RMA).<sup>15</sup>

The common conclusion reached by both of these schools of thought is that the continuing predominance of American power, and its estimated 25-year lead in military technology over its closest Western Pacific competitors, will see the present security structure in the Asia-Pacific region persist for the majority of the 21<sup>st</sup> century. That all of the states of the region—China, the United States, Japan, and the ASEAN states—will continue to advance in wealth and power will mean the situation will “accelerate,” but not in any way alter the status quo in the current hierarchy of power. Neither will these advances change the basic hub-and-spokes structure of bilateral security relationships between Asia-Pacific states and the United States.

### **Vision 2: The Emerging Asia-Pacific Community**

Agreeing with the first view that China and other Western Pacific states want wealth, power, and internal stability, this vision argues that pursuit of these goals will alter the nature of their societies and order in the region. Analysts point to the growing interdependence and continued economic dynamism of the Asia-Pacific, despite the recent Asian financial crisis, as the most direct route to attaining wealth and power. The incentives are for these states to foster these interdependent links—through regimes promoting trade liberalization, regional stability, and greater understanding.<sup>16</sup>

Asia-Pacific institutions—the Asian-Pacific Economic Cooperation (APEC) forum, the ASEAN Regional Forum, and the ASEAN Post Ministerial Conference—will all make gains in their strength, resources, and effectiveness. These interdependencies and the regimes that foster them are judged to be ultimately more important than the occasional tensions and conflicts that flare up in the region. In fact, broader and more regular contacts will breed a sense of common regional feelings and mutual identification that will make such disputes less and less common.<sup>17</sup> Furthermore, greater openness and contact will eventually alter the Asia-Pacific states’ domestic structures, bringing greater liberalism and democracy. Newly democratic “Asian tiger economies,” such as South Korea, Thailand, the Philippines, and perhaps Indonesia, provide evidence that economic liberalism brings political liberalism.

From this point of view, then, China will integrate further into a strengthening set of Asia-Pacific regimes as it pursues wealth, power, and stability, and

in the process become more open, liberal, and less inclined to pursue interests that oppose other countries in the region.

### **Vision 3: A Balance of Power in the Asia-Pacific**

According to Defense Minister John Moore, China will be “probably the second-biggest power” in the world.<sup>18</sup> China, Japan, Russia, and India are particularly bent on gaining on the United States in power. Such is the imperative in balancing the predominant American power in the region that they are likely to single-mindedly devote themselves to this goal and achieve it. The regional power race is also likely to be provided by the rivalry between China, India, and a Japan that is increasingly unsure about the U.S. security commitment.

The Asia-Pacific region is likely to see a full economic recovery from the effects of the Asian financial crisis, but plagued by both old and new tensions, rivalries, and instability. A five-power balance may not emerge initially. Analysts see moves such as the December 1999 signing of the Sino-Russian communiqué urging all nations to join a “balanced, multipolar world order” as evidence of an increasing willingness of former rivals to join together in balancing U.S. power.<sup>19</sup> New regional institutions will form around this new imperative to balance power.<sup>20</sup> There will be little prospect of reconciling the competing powers; permanent friendships will be superseded by permanent interests. The imperative of all states in the Asia-Pacific will be to ensure that open conflict does not break out between them, four of which have nuclear arsenals. In this vision, China will be one of the great powers in an Asia-Pacific “Balance of Power.”<sup>21</sup>

### **How China Will Affect the Asia-Pacific Region**

Each vision of China’s future entails a specific prediction about how China will affect the Asia-Pacific region in the future. The “Accelerating Status Quo” vision is essentially one of a frustrated, and perhaps increasingly desperate, China using regional diplomacy to try to leverage its power in relation to that of the United States. The region will continue to be plagued by the Sino-U.S. rivalry, as well as other rivalries, comprising an unresolved “uni-multipolar” structure of both attraction to and competition with the United States.<sup>22</sup>

Under an “Accelerating Status Quo,” the issue of Taiwan reunification is unlikely to be resolved, despite China’s persistent efforts to seek unification. Taiwan, on the other hand, is likely to act with increasing confidence if it sees the relative U.S. lead undiminished and if the U.S. commitment to Taiwan security continues.<sup>23</sup> The more pessimistic opinion of China’s potential foresees domestic problems in China creating further instability in the region, possibly through massive refugee flows.<sup>24</sup> Regional instability will be increased if recovery from the Asian financial crisis is not complete. Continuing economic fluctuations will create domestic turmoil, particularly in ethnically mixed Asian states with governments that have weak legitimacy. There is a potential for an “arc of instability” to form to the north and east of Australia, stretching from Burma and Cambodia through Indonesia and Papua New Guinea, with New Zealand becoming ever less significant as a strategic force in the region.<sup>25</sup>

The “Asia-Pacific Community” vision has a much more benign prediction for how China will affect the region. China’s decision during the Asian crisis not to devalue its currency demonstrated its commitment to the return of economic stability and growth to the region.<sup>26</sup> Figures already show that the region is well on its way to a full recovery, and before long will be leading the world in economic growth.<sup>27</sup> In this context, regional institutions will be strengthened and made more effective; institutional innovations are already being mooted with this purpose in mind.<sup>28</sup> China’s growing interest in and commitment to regional institutions will continue.<sup>29</sup>

Interdependence and regime membership will increasingly define China’s relationship with the Asia-Pacific region. These forces will also begin to transform China and the Asia-Pacific. Economic openness will be followed by political liberalization and the “demand for new institutions, social welfare structures, and a more predictable legal framework.”<sup>30</sup> Generational change in leaderships will bring new political values into the governments of China and others.<sup>31</sup> As interdependence breeds a sense of regional community, structures of sovereignty and rivalry will begin to be mitigated. This may eventually contribute to the resolution of the region’s most serious ongoing tensions—between China and Taiwan, on the Korean Peninsula, and in the South China Sea.

The “Balance of Power” vision sees China’s rise to power exerting a profound influence on the region. Security calculations of the region’s states, until now

determined by U.S. strategic predominance, will need to be reviewed in relation to a new center of power emerging.<sup>32</sup> Thailand and Malaysia have already dabbled in developing closer relations with China as they become uncertain about their ties to the United States.<sup>33</sup> For its part, China will seek allies to balance the coalition of U.S. allies in the region: This has been the motive of its refusal to devalue its currency during the crisis, and its campaign to improve relations with Southeast Asian states.<sup>34</sup>

For the most part, China’s regional strategy will be driven by its overriding rivalry with the United States, leading it to seek accommodation with former great power rivals Russia, India, and possibly Japan. Asia-Pacific states will have more options if their relations with the United States become strained. On the other hand, the new imperative for the smaller states of the region will be to avoid being trampled in the course of great power competition. They will need to manage their relations with the great powers in such a way as to avoid being “chain-ganged” by a larger ally into a conflict not of their making. They will also have an interest in maintaining stability and peace between the great powers in order to escape the devastating effect of what may possibly be a nuclear conflict. Regional tension spots such as Taiwan and the Korean Peninsula, will become possible conflict detonators and are likely to attract great attention within the region.

### **Australia’s Regional Policy**

The different visions of China in the region also call forth different imperatives for how Australia will relate to the Asia-Pacific region. If an Accelerating Status Quo develops, Australia’s overriding objective will be to maintain its security alliance and close relations with the United States. To these ends, the Foreign and Trade Policy White Paper states that:

*A key objective of the Government will be to strengthen further the relationship between Australia and the United States by expanding the already close links that exist at the bilateral, regional, and multilateral levels. The Government will be looking, in particular, to broaden its dialogue with the United States on Asia-Pacific issues, and to encourage it to accord sustained high-level policy attention to the region.*<sup>35</sup>

The East Timor crisis—for which Australia appealed to the United States to lead the international

peacekeeping force into the devastated province but was politely rebuffed—introduced another element into these calculations. Echoes of the Nixon doctrine were audible in the U.S. commitment to provide logistical support but not troops, urging Australia to take the lead. This led to the now-infamous interview given by the Australian Prime Minister and its characterization as the “Howard doctrine”—Prime Minister John Howard suggested that Australia could take the lead in stabilizing regional turmoil while U.S. forces played the role of a “lender of last resort” in security terms. In an “Accelerating Status Quo” vision, Australia could be an agent of U.S. security policy in low-level security situations:

*[The East Timor operation, led by Australia] has done a lot to cement Australia's place in the region. We have been seen by countries, not only in the region but around the world, as being able to do something that probably no other country could do; because of the special characteristics we have; because we occupy that special place—we are a European, Western civilization with strong links to North America, but here we are in Asia.<sup>36</sup>*

The Prime Minister has since retracted support for this so-called Howard doctrine in the face of political ridicule and media criticism.<sup>37</sup> Elements of the intent behind the Howard doctrine can, however, still be heard in statements of the military and foreign policy establishments.<sup>38</sup>

A vision of an “Asia-Pacific Community” requires Australian policy to focus on participating in and the strengthening of regional multilateral institutions:

*Active participation in APEC and other regional institutions demonstrates Australia's recognition that its future is inextricably linked to the future of the Asia-Pacific region. It reflects the Government's commitment to being closely involved—from the inside—in shaping the region's future.<sup>39</sup>*

Regional states that are not yet members of these institutions and important global institutions should be included as soon as possible. Furthermore, it is important that the great powers abide by the rules and norms of these institutions, thereby protecting the interests of smaller regional players like Australia.

The current government is wary of placing all of Australia's interests in “grand constructs,” and much more skeptical of multilateralism than its predecessor had been:

*Australia must be realistic about what the multilateral system can achieve. The twentieth century has been*

*both the incubator and the graveyard of a long list of initiatives for international cooperation. In most cases their failure reflected an inability to recognize that international organizations can only accomplish what their members states are prepared to enable them to accomplish. All too often international initiatives have failed to match aspirations with capability.<sup>40</sup>*

At the same time as the government has elevated “practical bilateralism” to the core of Australia's foreign policy, the current Australian government has remained committed to and interested in multilateral structures, from the United Nations and the Comprehensive Test Ban Treaty, to forging a link between its own free trade agreement with New Zealand and the ASEAN Free Trade Area.

A “Balance of Power” vision requires Australian diplomacy to be flexible, able to respond quickly to shifts in power balances. It also needs to be pragmatic and dedicated to developing working relationships with all states in the region, which it can subsequently call on in the context of the evolving balance. “Special relationships” are to be shunned, as is “emotionalism” in foreign policy. This has been emphasized by the Australian government, particularly in relation to China: “[A]ffirming that we have a special relationship with China does not improve our policy choices, it constrains them. It sets up unreal expectations both here and in China which cannot always be met. In the end, it only sets us up for a fall.”<sup>41</sup>

Many see Australia's unthreatening nature and its creativity in foreign policy as conferring the advantages of playing the role of a middle power,<sup>42</sup> helping to mitigate tensions between great powers: “For Australia, it is adherence to fundamental values wrapped around a creative and nimble diplomacy that helps to show the bigger powers the imperative of reaching solutions.”<sup>43</sup> At the same time, the new instability in the region has led many to question Australia's military preparedness, comparing defense spending of less than 2 percent of GDP in 1998 unfavorably with Australia's more than 5 percent of GDP defense budget in 1951.<sup>44</sup>

Another view within the balance of power school is that Australia should prepare for the coming bipolar or multipolar regional system by prioritizing relations not with the United States or China, but with the smaller states of the region, which are similarly torn between the two and endangered by the prospect of the Sino-American rivalry spilling into open conflict:

*Our best guarantee against being forced to choose [between the United States and China] is to give much greater emphasis to our relations with other countries in East Asia and to make common cause with them—in our separate bilateral relations and in larger, multilateral formations. This gives us options and flexibility and some possibility of working together with other East Asians to help ameliorate the tensions between Washington and Beijing.*<sup>45</sup>

## **Australia's China Policy**

Examining Australian policies toward China in the context of these three different visions helps explain some of the complexities in Australia's larger foreign policy. Each vision prompts a distinctive set of Australian policies towards China.

The vision of an "Accelerating Status Quo" in the Asia-Pacific, and Australia's imperative to maintain a close relationship with the culturally similar American superpower, is comforting to those who are convinced that "there will continue to be major differences between our societies and political structures,"<sup>46</sup> and that these differences have a major influence on the ability of states to associate. China policy therefore depends heavily on the state of Sino-American relations at any given point in time. Australia's alliance imperative to support the United States in the Asia-Pacific, both rhetorically and materially, will sometimes entail tension in the Sino-Australian relationship. However, Australia will continue to have important interests that require a workable relationship with China; the imperative therefore will be to try to mitigate conflicts between Australia's interests with China and its commitment to the U.S. alliance.<sup>47</sup>

The structures underlying the "Accelerating Status Quo" vision are likely to be the RMA and the proposal for theater missile defense (TMD) in North Asia. Australia will probably need to subscribe to or support these programs in the future,<sup>48</sup> while its forces will need to remain interoperable with those of the United States and its Asia-Pacific allies.

Those with visions of an "Asia-Pacific Community" believe Australian policy toward China should focus on a number of different imperatives:

*First*, China's participation in, and commitment and adherence to, regional and multilateral institutions should be encouraged: "China must have a place in international institutions and a say in setting the

rules it is expected to abide by. But China's participation must be on a basis that will strengthen those institutions."<sup>49</sup>

Australia has strongly backed China's bid to become a member of the World Trade Organization (WTO), and was an early advocate of including the "three Chinas"—China, Hong Kong, and Taiwan—in APEC.<sup>50</sup> Institutions and norms are the best way to accommodate China's unsettling regional aspirations: Australia actively promoted the adoption of a code of conduct to regulate the actions of China and its rival claimants to the South China Sea,<sup>51</sup> and reacted with disappointment when China rejected the proposed code.<sup>52</sup>

*Second*, Australia should build a stronger and more varied bilateral relationship with China. This has prompted innovations such as the "One and a Half Track" security talks and the establishment of exchanges with the People's Liberation Army (PLA) as an extra line of access into the Chinese government.<sup>53</sup> Such regular contact and socialization is important in fostering empathy between the two countries: "[T]here is absolutely no substitute for face-to-face contact in gaining a better understanding of how another country sees the world."<sup>54</sup>

*Third*, Australia's policy should be dedicated to working with China on issues where their interests converge:

*Australia has worked to build a relationship which maximizes our mutual economic interests, promotes cooperation on the many issues of common concern; protects our strategic interests, and is direct about the differences in values while managing them as productively as possible.*<sup>55</sup>

*Fourth*, positive domestic change within China in a non-confrontational way should be promoted. Current Australian policy includes an annual bilateral human rights dialogue and a human rights technical assistance program designed to promote civil society and the rule of law.

An Asia-Pacific "Balance of Power" vision entails a number of benefits as well as imperatives for Australia's China policy. In fact, a number of benefits in finding common cause with China have emerged in recent years. China intervened on Australia's behalf in its attempts to free jailed aid workers Peter Wallace and Steve Pratt from a Belgrade jail.<sup>56</sup> In September 1999, imprisoned Chinese-Australian businessman James Peng was released from a Shanghai prison. As a

permanent member of the Security Council, China is important to various initiatives Australia may want to pursue in the United Nations.<sup>57</sup>

Australia has also proved useful to China. A furious China relied partly on Australia to pressure Papua New Guinea to reverse its decision in July 1999 to establish full diplomatic relations with Taiwan in exchange for an estimated \$3.8 billion in aid.<sup>58</sup> Australia has already been able to use its strengthened ties with China to apply pressure to the United States over the troubled issue of Australia-U.S. trade. Visiting Beijing in July 1999, Foreign Minister Alexander Downer unfavorably contrasted the U.S. announcement of its imposition of quotas on lamb imports—a major Australian export market—with a recent Sino-Australian understanding on trade: “So, on the one hand [the United States is] closing off an important export market to Australia and on the other hand, on the other side of the Pacific, through our World Trade Organization negotiations with China, we are getting better access to a whole range of markets.”<sup>59</sup>

The relationship with China must at all times be pragmatic, and interest-based, however: “[I]n the past, Australia’s relations with China have assumed an overly emotional character, with a tendency to succumb to the excesses of opprobrium or enthusiasm.”<sup>60</sup>

A realistic view of Australia’s relative importance to China can have real advantages in a Balance of Power. As Foreign Minister Downer noted:

*Australia will rarely dominate China’s foreign policy considerations. . . . But this does have advantages for us. We do not come to the Chinese with the same complicated political baggage that others have. We do not challenge Beijing in the same way. We are also not directly embroiled in regional issues like the South China Sea, where Beijing believes it has core national interests at stake. We can talk to China about such matters without having our own vested interest called into challenge and, as a result, are now seen as valuable interlocutors on a whole series of regional issues.*<sup>61</sup>

This advantage also means that Australia should not adopt a confrontational stand on human rights. Here, Australian policymakers are less constrained than their American counterparts because of the lack of a large and organized lobby concerned with China’s human rights record. Australian public concern tends to peak around issues such as the Tiananmen incident or the forced abortion—under the one-child policy—of a pregnant woman deported from Australia to

China.<sup>62</sup> Australian leaders have adopted the stance that, “Shouting at the Chinese about human rights in public forums is counter-productive,”<sup>63</sup> which allays some of the media and public criticism of their stance of not confronting China on human rights abuses.<sup>64</sup> They have also argued that not only does confrontation with China risk Australia’s trade ties and diplomatic influence, it is pointless, given Australia’s lack of diplomatic weight with China. Moreover, it is less effective than private representations and dialogue.

## **Australian Policies toward the United States**

Each vision also prescribes different ways to handle Australian relations with the United States. The “Accelerating Status Quo” view places Australia-U.S. relations at the center of Australian foreign policy; thus, all policy decisions should follow from the prerogatives of the alliance with the United States. The U.S. presence in the region is vital for Asia-Pacific security: “Australia—along with others in the region—regards [American] strategic engagement as vital for the stability of Asia. We are committed to providing the political and practical support to make that possible.”<sup>65</sup>

There are two main policy prescriptions involved in this task. The first is to ensure that the United States remains interested in and engaged in the Asia-Pacific region. Great nervousness is caused by isolationist elements in the U.S. Congress, which would see the U.S. reduce its security forces in the Western Pacific and perhaps close its markets to Asian exports.<sup>66</sup> The maintenance of the bilateral alliance, of “highest strategic priority” for Australia, is crucial for maintaining U.S. engagement: “[T]he US-Australia alliance has come to be seen by both sides as an important element in the post-Cold War strategic architecture in the Asia-Pacific region, helping to sustain US strategic engagement in the Western Pacific.”<sup>67</sup>

The second policy requirement is to make sure that the United States never loses interest in its alliance with Australia. Australia, long dependent on alliances with “great and powerful friends,” also has a visceral fear that its allies will not come to its assistance when it is attacked.<sup>68</sup> For this reason, Australia must continually demonstrate its usefulness to the United States, in intelligence sharing, in regional

diplomacy, and in maintaining a significant enough strategic presence to be useful as a coalition partner with U.S. forces in regional operations.<sup>69</sup> Australia must also restrain itself from pushing issues of conflict with the United States, such as agricultural trade, which could damage the core security relationship.

The “Asia-Pacific Community” vision dictates that the United States must be kept committed to and engaged in regional institutions. For the most part, this is consistent with policies seeking continued U.S. engagement in the region. It leads Australian policy-makers to stress the achievements of regional organizations such as APEC, in order to maintain U.S. interest in the organization.<sup>70</sup> On the other hand, it entails harsh criticisms of American policy when this is seen to be damaging to, or ignoring its obligations under regional institutions.<sup>71</sup> It also has brought criticism when U.S. policy toward China and Asia more generally is characterized as “confused,” to the detriment of the institutions and norms emerging in the Asia-Pacific.<sup>72</sup>

A sub-stream of opinion within this vision suggests that it may be easier to construct more viable regional institutions if the United States is left out of them. Citing ongoing bilateral tensions between the United States and both China and Japan, such opinion proposes a regional organization in the Western Pacific, including Australia and New Zealand with the ASEAN states, China, South Korea, and Japan, but not the United States or Canada.<sup>73</sup> This arrangement would not be in order to balance against U.S. power and influence; rather, the United States would still be tied into the Asia-Pacific region through other bilateral and institutional structures, as it is with the European Union.

The “Balance of Power” vision creates greater freedom to maneuver Australian policy toward the United States. The evolution of different centers of power means that Australian policy would no longer be tied to the maintenance of one key bilateral relationship, but could balance it differently as its interests were affected by different issues. This would resolve a central tension in Australian foreign policy: its current overwhelming reliance on the bilateral security alliance with the U.S., but a growing frequency of disagreements with the United States on a variety of regional issues, from trade to human rights and environmental standards.<sup>74</sup> If the balance remained loose, the prospect for Australia may be to gravitate toward states with more complementary

interests and views on particular issues. On the other hand, threatening to gravitate elsewhere could present Australia with some additional leverage over the United States:

*We in fact have more powerful weapons in our hands than we know. Since the end of the Cold War the strategic alliance with the US has become less important and less central to our affairs. . . . Would we be brave enough to say to the US: we want your friendship, we want the strategic alliance to remain but, if you want it to remain, you also have to treat us as an economic ally rather than as an economic enemy?*<sup>75</sup>

The danger of the balance of power, however, would be the added risk of being drawn into a major great power conflict. Such concerns were raised as recently as July 1999, as China reacted angrily when Taiwanese President Lee Teng-hui described theirs as “state to state” relations: “If China attacked Taiwan, the United States would probably support Taiwan. Australia and Japan could be drawn in under the terms of their defense agreements with the US.”<sup>76</sup>

## Conclusion

The purpose of this analysis has not been to suggest that the Australian foreign policy establishment, academics, and the media are divided into three cohesive groups of opinion on China and the region’s future, and its implications for Australian policy. The analysis itself uses statements made by the same people on different issues and at different times to illustrate different visions. The central point of this analysis has been to argue that a close examination of Australian foreign policy and the statements of leaders and academics show that in Australia there is no consensus on the future of China in the region. The three visions outlined above are simplifications of current opinion in Australia; they do allow similar views in the same rubric. They allow one to explore the implications of each vision for Australian policy toward China and the United States.

Each vision is based on a different prediction for China and the region in the future. As events emerge to support or call into question these predictions, different visions and their policy consequences will rise to prominence. The Asian crisis, in calling into question the inevitability and sustainability of the “Asian miracle,” has seen the Accelerating Status Quo vision

gain currency since 1997. At the same time, the weak responses of regional institutions to the Asian crisis called into question the Asia-Pacific Community vision and its predictions of a more institutionalized, norm-governed, stable region. Yet this vision has gained strength from China's decision against devaluing its currency, and the democratization of a number of western Pacific states. The Balance of Power vision has been given new prominence by the December 1999 Sino-Russian communiqué and the South Asian nuclear tests.

None of these "standards of evidence" are decisive enough to allow one vision to predominate. For this reason, Australian pronouncements and policy frequently contain elements and consequences of all three. Whether the weight of evidence accumulates in favor of one vision or all three is likely to determine the policy responses of Australia. However, at this uncertain time, it is unquestionably better to have several possible visions of the future than for Australia to have invested all of its confidence, resources, and interests in one, possibly mistaken, vision.

## Notes

<sup>1</sup> China's military forces conducted live-fire air and naval exercises in the Taiwan Strait between March 8 and March 25, 1996. Missiles were launched from China into the sea near Taiwan's two major ports. The exercises were seen as intimidation of Taiwan shortly after it held the presidential election in which Lee Teng-hui became the first directly elected head of state in China's history. The United States responded by sending two carrier battlegroups to the area.

<sup>2</sup> See Michael Dwyer, "Downer Forced into Backdown," *Australian Financial Review*, June 25, 1996.

<sup>3</sup> On July 1, 1997, Britain officially ceded sovereignty over the territory of Hong Kong to the PRC.

<sup>4</sup> Don Greenlees, "Downer Warns China on HK," *Australian*, July 26, 1996; Gabrielle Chan, "Downer Condemns Chinese N-Test on Moratorium Eve," *The Australian*, July 30, 1996.

<sup>5</sup> Michael Dwyer, "Australia and Japan are the Claws US Will Use to Entrap Us, Says China," *Australian Financial Review*, August 8, 1996.

<sup>6</sup> Mark Baker, "China Launches Double Attack," *Sydney Morning Herald*, August 8, 1996.

<sup>7</sup> Don Greenlees, "McLachlan Criticises China," *Australian*, August 24, 1996.

<sup>8</sup> D. D. MacNicholl and Don Greenlees, "PM Defies China's Economic Threats to Greet Dalai Lama," *The Australian*, September 27, 1996.

<sup>9</sup> On June 4, 1989, the Chinese government used tanks and military forces to suppress thousands of student demonstrators in Tiananmen Square.

<sup>10</sup> Commonwealth of Australia, *In the National Interest: Australia's Foreign and Trade Policy White Paper* (Canberra: National Capital Printing, 1997), 63.

<sup>11</sup> Commonwealth of Australia, *Australia's Strategic Policy* (Canberra: DPUBS, 1997), 24.

<sup>12</sup> See, for example, the Department of Foreign Affairs and Trade Website at <http://www.dfat.gov.au/geo/na/prc>.

<sup>13</sup> John Howard MP, Prime Minister of Australia, Address at a Lunch Hosted by Georgetown University, Washington, DC, July 13, 1999.

<sup>14</sup> See, for example, David Lague, "Dancing With the Dictators," *Sydney Morning Herald*, September 8, 1999.

<sup>15</sup> See, for example, Paul Dibb, "The Revolution in Military Affairs and Asian Security," IISS Annual Conference on Security Challenges in the Rising Asia-Pacific, Singapore, September 11–14, 1997.

<sup>16</sup> See, for example, Ross Garnaut, *Open Regionalism and Trade Liberalisation: An Asia-Pacific Contribution to the World Trade System* (Singapore: ISEAS, 1997).

<sup>17</sup> See Gareth Evans, "Australia in East Asia and the Asia-Pacific: Beyond the Looking Glass," speech to the Asia-Australia Institute, Sydney, March 20, 1995.

<sup>18</sup> Quoted in David Lague, "Dancing with the Dictators," *Sydney Morning Herald*, September 8, 1999.

<sup>19</sup> David Lague, "Russia, China in Pact Against West," *Sydney Morning Herald*, December 11, 1999.

<sup>20</sup> For example, South Korean President Kim Dae-jung suggested in October 1999 that Southeast Asian nations and the three Northeast Asian nations—South Korea, the People's Republic of China (PRC), and Japan—establish a new regional mechanism on economic and security cooperation; see Chon Shi-yong, "Kim Calls for Merger of East Asia, ASEAN," *The Korea Herald*, October 23, 1999.

<sup>21</sup> Paul Dibb, David D. Hale, and Peter Prince, in "The Strategic Implications of Asia's Economic Crisis," *Survival*, Vol. 40, No. 2 (Summer 1998), suggest that both China and the United States have emerged relatively strengthened by the Asian crisis, a factor likely to lead to added competition and balancing urges.

<sup>22</sup> This term was coined by Samuel P. Huntington, "The Lonely Superpower" *Foreign Affairs* 78 (March/April 1999).

<sup>23</sup> See Greg Austin, ed., "Missile Diplomacy and Taiwan's Future: Innovations in Politics and Military Power," *Canberra Papers on Strategy and Defence No. 122* (Canberra: Australian National University, 1997).

<sup>24</sup> Australian concern over the effects of refugee flows has been heightened in recent months by the rising tide of illegal immigrants and people-smuggling operations that have been detected by the Australian customs and immigration service; see Bernard Lagan, "The People Smugglers," *Sydney Morning Herald*, May 22, 1999.

<sup>25</sup> Dibb et al., "The Strategic Implications of Asia's Economic Crisis."

<sup>26</sup> Ben Dolven and Lorien Holland, "Softly, Softly," *Far Eastern Economic Review* 62, No. 23 (June 10, 1999).

<sup>27</sup> "ASEAN Looks to the New Year," *The Economist*, December 19, 1998.

<sup>28</sup> Michael Wesley, "The Asian Crisis and the Adequacy of Regional Institutions," *Contemporary Southeast Asia*, Vol. 21, No. 1 (April 1999).

<sup>29</sup> Patrick Walters, "China to Play Key Role in ASEAN Forum," *The Australian*, July 23, 1996.

<sup>30</sup> Howard, Address at a Lunch Hosted by Georgetown University, July 13, 1999.

<sup>31</sup> Recently, Foreign Minister Downer cited the introduction of elections at the village level in China as evidence of the progress of liberalization, but warned that much still remained to be done; see Alexander Downer, "The 1999 China Oration," Australia-China Business Council, Sydney, November 25, 1999.

<sup>32</sup> Greg Austin, "Apocalypse Next? Will Asia Become the Next Arena For Great Power Conflict?" *Asia-Australia Papers*, September 2, 1999.

<sup>33</sup> Michael Vatikiotis, Murray Hiebert, and S. Jayasankaran, "Imperial Intrigue," *Far Eastern Economic Review*, Vol. 160 (September 11, 1997).

<sup>34</sup> "East Asia's New Faultlines," *The Economist*, March 14, 1998.

<sup>35</sup> Commonwealth of Australia, *In the National Interest: Australia's Foreign and Trade Policy White Paper*, 58.

<sup>36</sup> Fred Brenchley, "The Howard Defence Doctrine," *The Bulletin*, September 28, 1999, 24.

<sup>37</sup> Paul Kelly, "Delusions of Grandeur," *The Australian*, December 11, 1999.

<sup>38</sup> Howard, in a speech to the Millennium Forum in Sydney at the end of November 1999, said, "I don't think this country has stood taller and stronger in the chanceries of the world than it does at the present time"—a clear signal that the triumphalism derived from the East Timor operation is still alive and well in the thinking of the Prime Minister and foreign policymakers.

<sup>39</sup> Commonwealth of Australia, *In the National Interest: Australia's Foreign and Trade Policy White Paper*, 45.

<sup>40</sup> *Ibid.*, 47.

<sup>41</sup> Downer, "The 1999 China Oration."

<sup>42</sup> Michael Wesley and Tony Warren, "Wild Colonial Ploys? Currents of Thought in Australian Foreign Policy," *Australian Journal of Political Science*, Vol. 35, No. 1 (March 2000), 19.

<sup>43</sup> Bruce Wolpe, "Learning to Stand on Our Own Feet," *Sydney Morning Herald*, August 30, 1999.

<sup>44</sup> "Time to Take on Defence," *Sydney Morning Herald*, September 17, 1999.

<sup>45</sup> Stephen FitzGerald, "How (Not) to Deal With China," *Quadrant*, Vol. 41, No. 7–8 (July–August 1997), 19–20.

<sup>46</sup> Howard, Address at a Lunch Hosted by Georgetown University.

<sup>47</sup> Stuart Harris, *Will China Divide Australia and the US?* (Sydney: Australian Centre for American Studies, 1998).

<sup>48</sup> Stephen Lunn, "\$10 bn for Defence to Catch Up," *The Australian*, November 1–2, 1997, quotes remarks by Deputy Secretary of Defence Hugh White predicting that this amount of investment will have to be made over the next 10 years if it is to remain compatible with U.S. systems. He also stated that Australia's failure to do this would create a "strategic risk" in the region.

<sup>49</sup> Howard, Address at a Lunch Hosted by Georgetown University.

<sup>50</sup> Michelle Grattan, "PM Backs China's Trade Bid," *Sydney Morning Herald*, September 9, 1999.

<sup>51</sup> Craig Skehan, "Downer Push for Regional Code," *Sydney Morning Herald*, July 27, 1999.

<sup>52</sup> Joseph Brady, "China Snubs Island Peace Code," *Sydney Morning Herald*, November 27, 1999.

<sup>53</sup> David Lague, "Canberra Forges New Links with PLA," *Sydney Morning Herald*, February 26, 1999.

<sup>54</sup> Downer, "1999 China Oration."

<sup>55</sup> Howard, Address at a Lunch Hosted by Georgetown University.

<sup>56</sup> David Lague, "China to Plead for Aid Pair," *Sydney Morning Herald*, July 13, 1999.

<sup>57</sup> A recent reminder of this was China's refusal to endorse the renewal of the U.N. mandate for the peacekeeping force in Macedonia because of Macedonia's recognition of Taiwan; see "China Pressed on Macedonia," *Sydney Morning Herald*, February 27, 1999.

<sup>58</sup> Australia's representations to Papua New Guinea to cut ties with Taiwan included its warnings that its neighbor's move added "unwelcome tension" to the region, and would have "negative economic implications" for Papua New Guinea; see David Lague, "Ties with Taipei Infuriate Beijing," *Sydney Morning Herald*, July 7, 1999.

<sup>59</sup> Michelle Grattan, "Give Us Action, Not Talk: PM," *Sydney Morning Herald*, July 14, 1999.

<sup>60</sup> Downer, "1999 China Oration."

<sup>61</sup> *Ibid.*

<sup>62</sup> Damien Murphy, "China Forces Asylum Seeker to Abort Baby," *Sydney Morning Herald*, May 5, 1999.

<sup>63</sup> Downer, "1999 China Oration."

<sup>64</sup> See David Lague, "Downer's China Syndrome: What Human Rights Abuses?" *Sydney Morning Herald*, July 17, 1999.

<sup>65</sup> Howard, Address at a Lunch Hosted by Georgetown University.

<sup>66</sup> Geoff Hiscock, "US View of Asia Dangerous, Says Hawke," *Australian*, August 7, 1996.

<sup>67</sup> Commonwealth of Australia, *Australia's Strategic Policy*, 19.

<sup>68</sup> Wesley and Warren, "Wild Colonial Ploys?", 15.

<sup>69</sup> Max Walsh, "The Dollars and Sense of Defence," *The Bulletin*, September 28, 1999, 25.

<sup>70</sup> Michael Wesley, "The Politics of Early Voluntary Sectoral Liberalisation in Australia," Research Paper for the Institute for Developing Economies, Japan External Trade Organisation, February 2000.

<sup>71</sup> For example, Prime Minister Paul Keating referred to the U.S. push to include the Russian Federation in APEC as "an act of international vandalism."

<sup>72</sup> Michelle Grattan, "Stop the Violence, PM Tells Jakarta," *Sydney Morning Herald*, July 15, 1999.

<sup>73</sup> See, for example, former Prime Minister Malcolm Fraser, "Great Power Relations and the Issue of Taiwan in the Asia Pacific," *Asia-Australia Papers*, No. 2, September 1999; a variant may also be the original Australian concept for APEC, which envisaged an organization without members from the eastern Pacific.

<sup>74</sup> Andrew MacIntyre, "Pacific Adrift: Southeast Asia and the US-Australia Relationship," *Pacific Review*, Vol. 9, No. 4 (1996).

<sup>75</sup> Former Prime Minister Malcolm Fraser, "Memo US: We're an Ally, Not an Enemy," *The Australian*, February 27, 1997.

<sup>76</sup> David Lague, "Taiwan's Swagger Provokes Outburst," *Sydney Morning Herald*, July 14, 1999.