



## **SHEDDEN PAPERS**

Australia, ANZUS  
and Rising China:  
can Melos have cake  
and eat it too?

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He was appointed to command the 2nd Cavalry Regiment in January 2006, and deployed to southern Iraq from late 2006 until mid 2007. He then served as Directing Staff on the Australian Command and Staff Course, before being posted as exchange instructor at the Canadian Forces College. On his return to Australia, he served in Headquarters 1st Division/Deployable Joint Force Headquarters, before attending the Defence and Strategic Studies Course at the Australian Defence College in 2013.

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## **Abstract**

This paper examines the wisdom of Australia's contemporary mindset, that middle-power Australia can moderate and influence the US and China to national advantage, against Thucydides' classic realist backdrop that the strong do as they can while the weak adjust accordingly. The paper contemplates whether Australia is destined to repeat the folly of the Melians, in relying on arguments of logic and pragmatism from an impartial 'middle ground', while ANZUS looms large as clear testament to Australia's true alignment. The paper examines the background and strength of the longstanding ANZUS. It then examines the Sino-Australian relationship, with a particular emphasis on economics as a potential determinant in shaping the future security dynamic. That is followed by an examination of Australia's declaratory foreign policy, drawing relevant comparisons to the Melian circumstance. Finally, the paper appraises the viability of this approach to determine whether it replicates aspects of Melian folly or whether contemporary international conditions are more amenable to Australia's optimistic designs for managing Sino-US accord in the Asia-Pacific region.

# Australia, ANZUS and Rising China: can Melos have cake and eat it too?

For ourselves, we shall not trouble you with specious pretences—either of how we have a right to our empire because we overthrew the Mede, or are now attacking you because of wrong that you have done us—and make a long speech which would not be believed; and in return we hope that you, instead of thinking to influence us by saying that you did not join the Lacedaemonians ... or that you have done us no wrong, will aim at what is feasible, holding in view the real sentiments of us both; since you know as well as we do that right, as the world goes, is only in question between equals in power, while the strong do what they can and the weak suffer what they must.

Thucydides, *History of the Peloponnesian War* <sup>1</sup>

## Introduction

Thucydides' account of the negotiations between Athens and Melos in 416 BC remains unbowed as the definitive statement of classical realism in international politics. In Chapter XVII of the *History of the Peloponnesian War*, the Melian dialogue recounts the ultimatum put to the magistrates of the small, unaligned island state of Melos by Athenian envoys during the Peace of Nicias—to either join the Delian League and submit as a tributary state or face certain destruction by the superior Athenian force sent to enforce compliance. In the ensuing debate, the Melian leaders present a series of moral and increasingly pragmatic arguments as to why it would be in Athens' interest to preserve the *status quo*, each of which are rebuffed on the fundamental premise that strong states do as they desire, while the weak suffer in consequence. Melos' refusal to submit and eventual destruction is presented as the archetypal validation of the primacy of power as the only true currency of value in international relations.

Some 2,500 years later, it is China's re-emergence as a global superpower, and its interaction with the US, that dominates Australia's strategic outlook. The question of China's future role as a *status quo* or revisionist world power, and the potential for strategic competition with the US, dominates international political discourse to such an extent it has been described by Jim Steinberg, a former US Deputy Secretary of

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<sup>1</sup> Thucydides, *History of the Peloponnesian War*, translated by Richard Crawley, J.M Dent and Co, London, 1903, Chapter XVII, available at <<http://ebooks.adelaide.edu.au/t/thucydides/crawley/chapter17.html>>, accessed 10 June 2013.

State, as ‘the greatest question of our time’.<sup>2</sup> Australia’s 2013 *Defence White Paper* restates a longstanding, non-partisan political view that ‘[m]ore than any other, the relationship between the United States and China will determine the outlook for our region’.<sup>3</sup>

Traversing the ground between two large powers with vested national interests and decisive influence in the Asia-Pacific region, Australia seeks to shape the potential protagonists toward a managed *détente* that encourages cooperation and reduces competition. This policy position seeks to reconcile and maximise two contemporary national interests—prosperity in the Sino-Australian relationship, and national security under the longstanding auspices of the ANZUS treaty between the US and Australia. *Prima facie*, Australia professes to carve out something of a geopolitical ‘middle ground’ from which it can best develop, influence and exploit the benefits of these bilateral relationships, in order to actively shape the trilateral dynamic, without exposing itself to the risks of irrevocable alignment one way or the other.

This strategy reincarnates the perennial political question, deriving from the central dilemma in the Melian dialogue, as to how far a state such as Australia—a small, middle power with a vested interest in managing superpower *démarche*—can shape powerful leviathans to secure its own national interests? A short survey of Australia’s declaratory strategic policy from 1972 reveals a consistent ostensible political belief that Australia is capable of playing a substantive interlocutory role between China and the US. The crux of Australia’s policy position is that it does not have to choose between the existing hegemon and a rising power, that Australia is capable of productively shaping the superpower relationship, and that arguments of logic and common sense, buttressed by the integrative forces of economic interdependence, can be persuasive and effective in the contemporary global commons. These assertions appear antithetical to Thucydides’ account of the perils

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<sup>2</sup> Jim Steinberg, US Deputy Secretary of State, 2010, cited in Jeanne Hoffman, ‘Unpacking Images of China Using Causal Layered Analysis’, *Journal of Future Studies*, Vol. 16, No. 3, March 2012, p. 1.

<sup>3</sup> Australian Government, *Defence White Paper 2013*, Department of Defence, Canberra, 2013, p. 9. See also Australian Government, *Australia in the Asian Century White Paper*, Department of the Prime Minister and Cabinet, Canberra, 2012, p. 228.

of neutrality and the impotence of political persuasion in the absence of compelling national power.<sup>4</sup>

This paper appraises the wisdom of Australia's contemporary mindset, that middle-power Australia can moderate and effectively influence the US and China to national advantage, against Thucydides' classic realist backdrop that the strong do as they can while the weak adjust accordingly. Thucydides rationalised his immense literary efforts on the basis of the constancy of human nature, declaring that past events will 'at some time or another and in much the same ways, be repeated in the future'.<sup>5</sup> From this vantage point, this paper contemplates whether Australia is destined to repeat the cardinal folly of the Melians, in relying on arguments of logic and liberal pragmatism from an impartial 'middle ground' from which to influence the Sino-American dynamic, while ANZUS looms large as clear testament to Australia's true alignment. Is Australia over-estimating its capacity to achieve the aims articulated in its recent declaratory strategic policy and, if so, why?

In order to answer this question, the paper looks through the beguiling rhetoric of Australian declaratory foreign policy to the fundamental characteristics of Australia's bilateral relationships with the US and China. It first examines the historical background and strength of the longstanding ANZUS treaty, invariably described as the 'bedrock' of Australian security and the touchstone of the strong Australia-US alliance. It then correspondingly examines the Sino-Australian relationship, with a particular emphasis on economics as a potential determinant in shaping the future security dynamic. That is followed by an examination of Australia's declaratory foreign policy that seeks to manage the trilateral relationship, drawing relevant comparisons to the Melian circumstance, to draw out the key tenets of Australia's proposed methodology. Finally, the paper appraises the viability of this approach in light of Thucydides' realist legacy to determine whether this approach replicates aspects of Melian folly or whether contemporary international conditions are more amenable to Australia's optimistic designs for managing Sino-US accord in the Asia-Pacific region.

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<sup>4</sup> Michael Seaman, 'The Athenian Expedition to Melos in 416 BC', *Historia: Zeitschrift für Alte Geschichte*, Vol. 46, No. 4, Fourth Quarter 1997, p. 415, available at <<http://www.scribd.com/doc/135029282/The-Athenian-Expedition-to-Melos-in-416-B-C>>, accessed 13 June 2013.

<sup>5</sup> Williamson Murray and Mark Grimsley, 'Introduction: on strategy' in Williamson Murray, Macgregor Knox and Alvin Bernstein (eds.), *The Making of Strategy: rulers, states and war*, Cambridge University Press, Cambridge, 1994, p. 6.

## ANZUS: the subliminal bedrock of Australia's national security

It is essential to Australia's security that a situation favourable to Australia should be assured in the Pacific and Indian Oceans and in South East Asia .... The United States of America is unquestionably the predominant power in the Pacific and accordingly, the security of Australia will depend upon close co-operation with the United States of America. It is, therefore, in Australia's strategic interest to support any measures designed to perpetuate the United States of America's influence in the Western Pacific.

'An Appreciation of the Strategical Position of Australia' (1947)<sup>6</sup>

### Historical foundations

On 29 April 1952, the 'Security Treaty between Australia, New Zealand and the USA' (the ANZUS Treaty) entered into force. Its provisions reflected post-World War 2 and emerging Cold War strategic considerations: Australia, having been exposed to a grave existential threat in the Asia-Pacific—and having come to rely on the military strength of the US to offset the diminishing presence and power of the British Empire—enthusiastically enrolled itself into a new alliance framework to underwrite its national security. Australia's geopolitical circumstances, as a sparsely populated, large island land-mass dependent on maritime lines of communication for its prosperity and survival, set against America's unrivalled post-war military might, made this an agreement of undisputable strategic benefit for Australia.<sup>7</sup>

Entry into ANZUS was not a difficult decision for the Australian government of the day. The 1946 and 1947 strategic appreciations that informed Australia's negotiations reflected a well-established Australian mindset of vulnerability and consequential reliance on an aligned great power.<sup>8</sup> Strategic analyses from this time have tended to reflect similar baseline historical and future predictive rationales that entrench reliance on a powerful international partner as a matter of strategic necessity. Initially, a major power or geopolitical movement is identified or

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<sup>6</sup> Australian Government, 'An Appreciation of the Strategical Position of Australia - September 1947', Chiefs of Staff Committee Minute 3/1947, 28 October 1947, available at <<http://www.dfat.gov.au/publications/historical/volume-12/historical-document-12-161.html>>, accessed 21 June 2013, paragraph 81.

<sup>7</sup> William Tow and Leisa Hay, 'Australia, the United States and a "China Growing Strong": managing conflict avoidance', *Australian Journal of International Affairs*, Vol. 55, No. 1, 2001, p. 38.

<sup>8</sup> Maryanne Kelton, *More Than an Ally? Contemporary Australia-US Relations*, Ashgate, Aldershot, 2008, pp. 23-6.

predicted to emerge as a potential threat to Australian sovereign territory and/or wider national interests.<sup>9</sup> Australia's geographic isolation, demographics and limited resource and industrial/economic bases are then identified as the geneses of strategic vulnerability.<sup>10</sup> In order to mitigate Australia's incapacity to secure its maritime lines of communication, close cooperation with a major maritime power with strategic reach is determined to be essential.<sup>11</sup> Finally, a close security relationship with America is strongly advocated in order to exploit the world's best military, technological, intelligence and logistic capabilities prior to any national security contingency becoming manifest.<sup>12</sup> These analytical foundations explain both the origins and concretion of ANZUS as the living embodiment of Australia's predilection to rely on—in Robert Menzies' famous words—'great and powerful friends'.<sup>13</sup>

### **From Treaty to ideational affinity**

To describe ANZUS in such simple terms, however, is to understate the essence of the strong Australia-US relationship that has developed. A sense of strategic vulnerability underpins but only partially explains why ANZUS has evolved from a relatively anaemic and generic security treaty into one of the world's closest alliances, particularly given the mismatch in power between the two states.<sup>14</sup> In seeking to explain this, commentators chart a powerful, underlying ideational and ideological affinity that has grown over time.<sup>15</sup> Mark Beeson observes that 'Australia

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<sup>9</sup> These have included, over many years, national entities such as the Soviet Union, political movements such as communism and, more recently (and contentiously), the phenomenon of international terrorism.

<sup>10</sup> Particularly in relation to Australia's capacity to control the northern air-sea-land gap, consistently referred to as a geostrategic 'lifeline' to the rest of the world. These views are predominant in the 1946, 1947, 1987, and contemporary Defence White Papers. See also Kelton, *More Than an Ally?*, p.3.

<sup>11</sup> This was originally Great Britain but, in the aftermath of the Second World War, this dependency transferred to the US based on the analyses inherent in the 1946 and 1947 strategic analyses.

<sup>12</sup> Once again, the genesis of this can be seen in the 1946 and 1947 strategic analyses.

<sup>13</sup> This choice has been eminently easier for Australia than Melos, in that Australia has not faced the requirement for open subjugation (tributary status) to a dominant power, which Athens demanded of Melos in both 426 and 416 BC. See Seaman, 'The Athenian Expedition to Melos in 416 BC', pp. 387-9.

<sup>14</sup> Tow and Hay, 'Australia, the United States and a "China Growing Strong"', p.38.

<sup>15</sup> A link most strongly articulated by John Howard as Australia's then Prime Minister in 2001, in declaring '[t]he relationship we have with the US is the most important we have with any single country ... [t]his is not only because of the strategic, economic and diplomatic power of



may not be the most important ally of the US but few could claim to be closer or more unequivocal in their support'.<sup>16</sup> While centrifugal political forces have tended to erode other ideological-based alliances, ANZUS persists as the 'unassailable bedrock' of Australian national security policy and the foundation for a close geopolitical relationship.

Ideational affinity is cited as a principal reason for the maintenance of strong belief in the merits of the alliance despite tectonic shifts in the international order, doubts about the efficacy and morality of US foreign policy, and growing evidence of the deleterious impact of such policies on narrowly-conceived 'Australian' interests.<sup>17</sup> A normative congruity with the rhetoric of American foreign policy is identified as overriding the populist Australian tendency to engage in cultural 'anti-Americanism'.<sup>18</sup> It is argued that Australians intuitively comprehend the advantages that accrue from a world order developed and maintained by American power, and strongly favour preservation of this *status quo*, despite the occasional 'glitch' in American international behaviour. In addressing this seeming but consistent paradox evident in polling on the US-Australia relationship, Greg Sheridan suggests that what the Australian public does 'take seriously is their own security, and they know this is greatly enhanced by the US alliance. They seem to know this in a hard-wired, deep conviction way that would be extremely difficult for any political movement to shift'.<sup>19</sup>

Sheridan's view seems to be borne out by the results of the most recent 2012 Lowy Institute poll. Of 19 countries included in the survey, Australians feel warmest towards New Zealand, with the US rated second, registering a high 71 degree rating

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the US. But of equal, if not more significance, are the values and aspirations we share'. Cited in Kelton, *More Than an Ally?*, p. 17.

<sup>16</sup> Australia has participated the most regularly in all conflicts involving the US since the Second World War. Australia has also been the only nation to invoke the provisions of Article IV in support of US actions in the 'War on Terror'. Mark Beeson, 'Australia, the United States and the Unassailable Alliance', in John Dumbrell and Axel Schafer, *America's 'Special Relationships' - Foreign and Domestic Aspects of the Politics of Alliance*, Routledge, New York, 2009, p. 76.

<sup>17</sup> Beeson, 'Australia, The United States and the Unassailable Alliance', p. 76.

<sup>18</sup> Beeson, 'Australia, The United States and the Unassailable Alliance', p. 79. The *National Security Strategy* posits that ANZUS strengthens Australian prosperity as well as security, given that the 'United States is integral to global economic growth and security, and provides the critical underpinning to the rules-based order that exists today'. See Australian Government, *Strong and Secure: a strategy for Australia's national security (Australia's National Security Strategy)*, Department of the Prime Minister and Cabinet, Canberra, 2013, p. 22.

<sup>19</sup> Greg Sheridan, *The Partnership: the inside story of the US-Australian alliance under Bush and Howard*, University of NSW Press, Sydney, 2006, p. 301.

on the thermometer scale.<sup>20</sup> Support for the US alliance is at its highest levels since the Lowy Institute poll began in 2005, with 87 per cent of Australians saying 'Australia's alliance relationship with the US' is either 'very important' (59 per cent) or 'fairly important' (28 per cent) for national security. In an open-ended question, asked to say which country 'will be Australia's most important security partner over the next 10 years', 74 per cent of Australians chose America.<sup>21</sup>

This intuitive conviction is fed by active propagation of the benefits of close cooperation. ANZUS is consistently reinforced as pivotal to national security because of the political, strategic, diplomatic, technological and intelligence benefits its membership provides.<sup>22</sup> The recent *National Security Strategy* is forthright in this regard, continually emphasising that '[t]he Alliance increases Australia's ability to protect itself and its interests by providing for regular dialogue, joint training exercises, intelligence-sharing, access to defence technology, scope for complementary diplomacy, and research and development cooperation'.<sup>23</sup> The intrinsic value of these benefits has led to public codification of ANZUS by then-Defence Minister Stephen Smith in June 2012 as the 'indispensable, enduring feature of Australia's strategic and security arrangements'.<sup>24</sup>

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<sup>20</sup> Consistent with the 2011 result of 70 degrees. Fergus Hanson, *The Lowy Institute Poll 2012: Australia and New Zealand in the world - public opinion and foreign policy*, Lowy Institute for International Policy, Sydney, 2012, p. 3, available at <[http://www.lowyinstitute.org/files/lowy\\_poll\\_2012\\_web3.pdf](http://www.lowyinstitute.org/files/lowy_poll_2012_web3.pdf)>, accessed 10 June 2013.

<sup>21</sup> Hanson, *The Lowy Institute Poll 2012*, p. 9. A small proportion (10 per cent) said it would be China.

<sup>22</sup> Alan Dupont, 'Living with the Dragon: why Australia needs a China strategy', Policy Brief, Lowy Institute for International Policy, Sydney, June 2011, p. 12. The reciprocal benefits may be of a lesser quantum for the US but they nevertheless remain important from security, economic and political (moral) support perspectives.

<sup>23</sup> This has also expanded into closer cooperation on cyber threats: Australian Government, *National Security Strategy*, p. 22.

<sup>24</sup> Stephen Smith, 'Speech in the Plenary Session on Deterrence and Regional Security', Shangri-La Dialogue, 2 June 2012, available at <<http://www.minister.defence.gov.au/2012/06/02/minister-for-defence-deterrence-and-regional-security-at-the-11th-international-institute-for-strategic-studies-singapore/>>, accessed 1 June 2013. This codification is also consistent across all of Australia's recent strategic policy documents. See Australian Government, *National Security Strategy*, p. 22; Australian Government, *Australia in the Asian Century White Paper*, p. 231; Australian Government, *Defence White Paper 2013*, p. 56.

## **'Special relationships'**

While this national sentiment is evident, the real question is whether it is immutable or subject to change? In the short to medium term, given how deeply embedded these views appear to be in the national psyche, a continued close affinity with the US seems likely to persist. Australia's historical sense of strategic vulnerability, cultural compatibility, and addiction to the capability-sharing benefits of the alliance sustains a self-reinforcing cycle of affirmation, which has tended to abrogate malcontent arising from specific, objectionable applications of US foreign policy.<sup>25</sup> In terms of basic cost-benefit analysis, the quantum of benefit is seen to outweigh the costs and associated risks of the occasional misadventure.<sup>26</sup>

This type of unity has led some commentators to conceive a new category of strategic relationship. In describing the concept of a 'special relationship', Dumbrell and Schafer suggest '[w]hile purely utilitarian *Realpolitik* does play a role, the powerful perceptions, images, projections and legitimations that underlie the special relationship narrative can determine relations beyond pragmatic interest or the personal chemistry between political leaders'.<sup>27</sup> The depth and resilience of ANZUS' ideational affinity is constantly reinforced in strategic messaging to internal and external audiences by the leaders of both nations. In addressing Australia's Parliament on 17 November 2011, President Obama declared:

As two global partners, we stand up for the security and the dignity of people around the world .... This is the alliance that we reaffirm today—rooted in our values; renewed by

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<sup>25</sup> For example, the decision to invade Iraq on the basis of inaccurate (or manipulated) intelligence that Saddam Hussein possessed weapons of mass destruction. The 2012 Lowy Institute poll asked Australians if 'in overall terms ... the war in Iraq was worth the costs for Australia?'. A majority (59 per cent) disagreed, with 39 per cent saying they 'strongly disagreed' it was worth the costs. Hanson, *The Lowy Institute Poll 2012*, p. 7.

<sup>26</sup> This reflected in both governmental pronouncements on the benefits and sanctity of the alliance relationship, and societal appraisal of the continued importance of a close security partnership and general alignment in foreign policy. See Kelton, *More Than an Ally?*, p. 19. See also Cavan Hogue, 'The Australia-US Alliance: a cost/benefit analysis', Associate Paper, Future Directions International, Perth, 19 April 2012, available at <<http://www.futuredirections.org.au/publications/associate-papers/484-the-australia-us-alliance-a-costbenefit-analysis.html>>, accessed 23 June 2013.

<sup>27</sup> John Dumbrell and Axel Schafer, 'Introduction: the politics of special relationships' in John Dumbrell and Axel Schafer (eds.), *America's 'Special' Relationships*, Routledge, Abingdon, 2009, p. 4.

every generation. This is the partnership we worked to deepen over the past three years. And today I can stand before you and say with confidence that the alliance between the United States and Australia has never been stronger. It has been to our past; our alliance continues to be indispensable to our future.<sup>28</sup>

This type of heraldic language is resplendent in political characterisations of the ANZUS alliance. The choice of a lexicon that emphasises ideas, values, historical bonds and personal friendship both reflects and amplifies a cultural psychology that runs deeper than simple pragmatism.<sup>29</sup> Proclamations of this nature also send powerful signals to other nations in the international system.

### Chinese perceptions of ANZUS

Since normalisation of relations in 1972, Chinese leaders have recognised and tacitly acknowledged the strength and depth of the ANZUS alliance, and factor this into their strategic appraisal of Australia's polity.<sup>30</sup> With the liberalisation of China's media, it is also increasingly evident that mainstream Chinese society also recognises the fundamental nature of the Australia-US strategic partnership.<sup>31</sup> In a recent *People's Daily* editorial it was pointedly observed:

Australia surely cannot play China for a fool. It is impossible for China to remain detached no matter what Australia does to undermine its security. There is real worry in the Chinese society concerning Australia's acceptance of an increased US military presence.

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<sup>28</sup> The White House, 'Remarks by President Obama to the Australian Parliament', Office of the Press Secretary, 17 November 2011, available at <<http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>>, accessed 21 March 2013.

<sup>29</sup> For example, the Howard Government believed 'Australia and the United States are natural friends. We share the same fundamental cultural, social, and political values and have long historical ties which bind us together'. Kelton contends that the alliance has flourished and been given precedence by Australian governments 'not only because threat perception survived, but also because this was supplemented by a preference for a culturally similar ally and an intent that it should resonate in the domestic political environment.' Kelton, *More Than an Ally?*, p. 21.

<sup>30</sup> See, for example, You Ji, 'Managing Off-Balance Tripartite Relations: how to avoid unnecessary confrontation' in James Reilly and Jingdong Yuan (eds.), *Australia and China at 40*, University of NSW Press, Sydney, 2012, pp. 94-6.

<sup>31</sup> See, for example, John Garnaut, 'Shun US "Tiger" and Japanese "Wolf" Colonel Warns', *Sydney Morning Herald*, 23 January 2013, available at <<http://www.smh.com.au/federal-politics/political-news/shun-us-tiger-and-japanese-wolf-chinese-colonel-warns-20130122-2d52d.html>>, accessed 21 March 2013. See also 'Australia Could be Caught in Sino-US Crossfire', *People's Daily* on-line, 16 November 2011, accessed at <<http://english.peopledaily.com.cn/90780/7646279.html>>, accessed 15 May 2013.

Such psychology will influence the long-term development of the Australia-China relationship.<sup>32</sup>

While China's diplomats have frequently asserted that Australia lacks real independence in its foreign policy because of a close alliance partnership and conformity with US geopolitical interests, recent evidence points to this view becoming far more mainstream in Chinese society.<sup>33</sup> Despite political protestations to the contrary, China still harbours a strong suspicion that Australia is not capable of decoupling its strategic decision-making from US influence. In much the same way that Athens rejected Melos' claims of neutrality—identifying Lacedaemian heritage as evidence of its true disposition—China similarly and understandably holds Australia to account.<sup>34</sup> An examination of the history of the Sino-Australian relationship reveals how difficult it has been to excise the influence of ANZUS, even in the supposedly quarantined areas of trade and commerce.

### **Sino-Australian relations: could economics have saved Melos?**

The China-Australia relationship will dominate our world stance for the next half-century; it will define the nature and outcome of the great quadrilateral of Australia's most important ties abroad—relations with Indonesia, Japan, the West Pacific region and the United States. To chart our future course, we need a proper understanding of what Australia did thirty years ago and why we did it.

Gough Whitlam (2002)<sup>35</sup>

Gough Whitlam's assertion of the importance of the Sino-Australian relationship is not controversial—in most respects this sentiment resonates strongly in Australia's recent declaratory foreign policy. The striking nuance in his analysis is the vector he

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<sup>32</sup> This editorial addressed the joint Australia-US agreement to rotate US Marine force elements through Darwin. *People's Daily*, 'Australia Could be Caught in Sino-US Crossfire'. The expansion of a specific foreign policy objection into a broader manifestation of strategic psychology parallels the concept of ideational affinity ascribed to ANZUS.

<sup>33</sup> Colin Mackerras, 'The Australia-China Relationship: a partnership of equals?' in Nicholas Thomas (ed.), *Re-Orienting Australia-China Relations*, Ashgate, Aldershot, 2004, p. 27. See also Nicholas Thomas, '30 Years of Engagement' in Thomas, *Re-Orienting Australia-China Relations*, p. 6.

<sup>34</sup> See, for example, Ji, 'Managing Off-Balance Tripartite Relations', p. 85.

<sup>35</sup> Gough Whitlam, 'Sino-Australian Diplomatic Relations 1972-2002', *Australian Journal of International Affairs*, Vol. 56, No. 3, 2002, p. 323.

prescribes, that is, it is the Sino-Australian relationship that will define all of Australia's future international relations. Given the demonstrated centrality and seeming inviolability of ANZUS in Australian strategic thinking, this aspect of his argument stands out as both controversial and contestable.<sup>36</sup> In Australia's most recent declaratory policy there is little to suggest the government predicts or desires the Sino -Australian relationship to usurp ANZUS, nor determine the wider 'nature and outcome' of Australia's foreign relations. Whitlam's assertion demands an examination of his reasons and the potential bases for the relationship to develop this way, and the factors that could precipitate such a dynamic change in Australia's strategic calculus. For many commentators, particularly modern liberals, it is the asserted power of economics from which they draw this inspiration.<sup>37</sup>

### **The economic relationship**

Since Australia normalised relations with China, there has been an exponential growth in both political and economic dimensions of the relationship.<sup>38</sup> Normalisation marked the demise of the previously-dominant strategic narrative that communist China constituted a threat to the international order, justifying Australia's tacit support for US-led containment policies.<sup>39</sup> Recognition of the Peoples' Republic of China (PRC) was open acknowledgement of China's potential to emerge as a major industrial power, irrevocably altering the distribution of political, economic and military power in the region.<sup>40</sup> To exploit this, Australia

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<sup>36</sup> Unfortunately, while Whitlam makes this bold assertion at the very commencement of his article, he does not go on to provide significant justification or evidence for this in the remainder. The focus for his article is on ensuring Australia opposes any move toward independence by Taiwan, and a rejection of deterministic views that the Asia-Pacific will become a battleground for a 'clash of civilisations' between the US and China. Whitlam, 'Sino-Australian Diplomatic Relations 1972-2002', pp. 323-36.

<sup>37</sup> This is not surprising, given that integrative impact of economic interdependency is more characteristically asserted by the liberal school of thought as a counter to the realist argument of the primacy of military power. From Thucydides' account, it is a strategic consideration that seems to have played little part in the determination of Melos' fate in the Melian dialogue

<sup>38</sup> Formally established through the 'Joint Communiqué of the Government of the People's Republic of China and the Australian Government Concerning the Establishment of Diplomatic Relations Between China and Australia' on 21 December 1972. See, for example, James Reilly and Jingdong Yuan, 'Australia's Relations with China in a New Era' in Reilly and Yuan, *Australia and China at 40*, pp. 2-21.

<sup>39</sup> Shannon Tow, 'Diplomacy in an Asymmetric Alliance: reconciling Sino-Australian relations with ANZUS', *International Relations of the Asia-Pacific*, Vol. 12, No. 1, 2012, p. 80.

<sup>40</sup> It was also, of course, assisted by a new-found US interest in collaborating with China rather than containing it, in order to contain Soviet influence in Asia. Tow, 'Diplomacy in an Asymmetric Alliance', pp. 80-1.

required political rapport. While Australian diplomatic overtures proceeded faster than the more cautious tenets of Sino-US rapprochement, the Whitlam Government nevertheless remained acutely conscious of ensuring expanded Sino-Australian relations did not alienate the US or undermine ANZUS.<sup>41</sup> Concurrently, China was also signalling the limitations a strong US-Australia alliance would impose on a deeper Sino-Australian relationship.<sup>42</sup> The need to achieve balance and to ensure careful management of both bilateral and trilateral dynamics was already emerging as a challenge for future governments.

Australia's political appetite to engage in this delicate 'balancing act' has been encouraged by increasingly congruent Sino-Australian economic interests. Initially identified as an important market for wheat and wool exports,<sup>43</sup> China's explosive economic development following Deng Xiaoping's 'Open Door' reforms set the conditions for a more intimate macroeconomic relationship. The solidification of a 'strategic economic partnership' under Howard, in which Australia actively promoted and sought to demonstrate its credentials as a reliable provider of commodities, resulted in a tripling of two-way trade between 1998 and 2007.<sup>44</sup> From this point, China's seemingly insatiable demand for Australian raw materials, manufactured goods and educational services has consistently underpinned strong Australian macroeconomic performance, even during periods of global financial instability.<sup>45</sup> The growth of trade, both gross and as a percentage of Australia's total international commerce, has been inexorable and exponential.

In 2007, China became Australia's largest trading partner.<sup>46</sup> China is now both Australia's largest export market (accounting for 29.5 per cent of exports in 2012), and its largest single source of imports (at 18.4 per cent). The balance of Australia's

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<sup>41</sup> Gough Whitlam, in a later reflection, asserted that '(t)he United States alliance [was] essential' and 'co-operation with the United States must be maintained'. Gough Whitlam, 'Australia – Base or Bridge', Evatt Memorial Lecture, Sydney University, Sydney, 1966; cited in Kelton, *More Than an Ally?*, p. 23.

<sup>42</sup> For example, in July 1971, Chinese Premier Zhou Enlai expressed to Gough Whitlam China's general ideological opposition to alliances and more specifically to the US alliance system as a means of containing China. Tow, 'Diplomacy in an Asymmetric Alliance', p. 83.

<sup>43</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 81.

<sup>44</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 90.

<sup>45</sup> See Yu Chang Sen, 'Sino-Australian Economic Relations: a general review' in Reilly and Yuan, *Australia and China at 40*, pp. 112-4.

<sup>46</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 90. It is also variously reported in other sources that China overtook Japan to become Australia's largest trading partner in 2009 and 2010; see, for example, Trading Economics, 'China Imports', *Trading Economics*, available at <[www.tradingeconomics.com/china/imports](http://www.tradingeconomics.com/china/imports)>, accessed 10 July 2013.

total trade with China in 2012 amounted to \$117,114 million, representing 24 per cent of Australia's total international trade.<sup>47</sup> This economic exchange far outstrips Australia's trade with America. Despite the presence of a Free Trade Agreement (FTA), Australia and the US have a more modest economic relationship, with the US constituting Australia's fifth largest export market (at 3.8 per cent of exports in 2012), and its second largest source of imports (at 12.6 per cent). Australia's total trade with the US in 2012 amounted to \$39,947 million, representing 8.1 per cent of Australia's total international trade.<sup>48</sup> While these raw figures demonstrate the preponderance of Sino-Australian trade, US foreign investment in Australia still dwarfs Chinese investment.<sup>49</sup>

### **Economics and politics - the liberal argument**

It is frequently asserted that economic interaction and interdependency of this magnitude must have a consequential impact on political relations. Liberals contend strong economic relationships bring into being powerful integrative forces that moderate political and ideological differences. A strong corollary argument suggests positive economic interaction between states also has a decisive influence on domestic politics. Revolutions in communication, transport and international regulatory frameworks are cited as creating a new, integrative economic dynamic that shapes decision-making in international relations, a dynamic that Thucydides never experienced or factored into his analysis of Melos' decision-making. Melos is distinguishable on this basis, its context being of limited applicability to the contemporary international environment.<sup>50</sup>

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<sup>47</sup> Department of Foreign Affairs and Trade, 'China Fact Sheet', December 2012, available at <<http://www.dfat.gov.au/geo/fs/chin.pdf>>, accessed 1 May 2013.

<sup>48</sup> Department of Foreign Affairs and Trade, 'United States Fact Sheet', December 2012, available at <<http://www.dfat.gov.au/geo/fs/usa.pdf>>, accessed 1 May 2013.

<sup>49</sup> In 2012, US foreign investment in Australia totaled \$617,517 million. By comparison, Chinese investment was a mere \$22,947 million. Department of Foreign Affairs and Trade, *China Fact Sheet* and *United States Fact Sheet*. This is another insightful indicator of Australian institutional and ideological affinity with the US, as Australian governments have been reticent to allow unfettered Chinese investment in Australian primary and service industries. See, for example, David Uren, *The Kingdom and the Quarry: China, Australia, fear and greed*, Black Inc., Collingwood, 2012, pp. 65-86.

<sup>50</sup> Thucydides' acolytes would acknowledge the influence but dispute the power and decisiveness of the effect, maintaining the primacy of power and politics over economics in any strategic equation. While economic considerations were present in the assessment and demand of tribute, there is little in the Melian dialogue to suggest economic factors were influential in Melos' decision to resist Athens. Some studies have examined the context of Athens' assessment of Melos and appraise it likely to have been excessive and punitive but the Melian



These theoretical arguments beg the more contemporaneous question—have economics made a decisive difference in the Sino-Australian political relationship, legitimising Whitlam’s prediction of sea-change in Australia’s strategic calculus? And if so, does the scale of Australia’s economic interaction with China *vis-a-vis* the US reflect this? In assessing the probity of contending positions, there is clear evidence of a powerful interplay between economics and politics regulating the temperature of Sino-Australian relations.

### **Economics shape but rarely dictate**

While both Australia and China have benefitted significantly from increased economic interaction, political considerations have tended to dictate the trade relationship rather than the inverse. That said, it is also clear that economic considerations have exerted a moderating effect on instances of political ‘jousting’. Ironically, Whitlam himself highlights the establishment of a realist political dynamic early in the relationship, citing the Chinese Trade Minister’s assertion that ‘[p]olitical relations cannot but affect trade relations’ as the basis for China’s decision to forgo a large contract with the Australian Wheat Board in 1971.<sup>51</sup> In attempting to resolve this commercial dilemma, the diplomatic dialogue between national leaders was—in Whitlam’s own account—as much about ANZUS as any of the relevant economic issues.<sup>52</sup>

Since this time, the complex and variable dynamic regulating political and economic interaction has been accentuated by the enormous growth in bilateral economic activity. The terms ‘prosperity’ and ‘security’ are now inextricably intertwined in Australia’s declaratory strategic policy.<sup>53</sup> China is recognising a similar confluence of these factors. As its economy has boomed, affording its population a taste of increased personal wealth and political freedom, this has accentuated demand for natural resources to fuel continued national growth.<sup>54</sup> The ruling Chinese Communist Party increasingly appraises strong economic growth as critical to social

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leaders do not highlight this aspect of the relationship in any of their arguments. Seaman, 'The Athenian Expedition to Melos in 416 BC', p. 400.

<sup>51</sup> Whitlam, 'Sino-Australian Diplomatic Relations 1972-2002', p. 328.

<sup>52</sup> Whitlam, 'Sino-Australian Diplomatic Relations 1972-2002', pp. 328-9.

<sup>53</sup> Australian Government, *National Security Strategy*, p. 5.

<sup>54</sup> See, for example, Lionel Barber, 'Asia's Rise, the West's Fall?', The 2011 'Lowy Lecture on Australia in the World', Lowy Institute, 17 November 2011, p. 13.

stability and support for the regime.<sup>55</sup> Australia's abundance of natural resources and relatively short supply lines to Asia have thus cemented Australia as one of China's most important economic partners, based on the strategic importance of the desired imports.<sup>56</sup>

Both nations benefit from, and now rely on, the symbiotic nature of the bilateral trade exchange. This symbiosis is evident in balance of trade figures, particularly in the area of minerals and fuels, which constitute 37.8 per cent of all Australian exports.<sup>57</sup> The export of iron ores, mineral concentrates, coal and crude petroleum accounts for 65 per cent of all Australian exports to China, and a substantial 44.8 per cent of Australia's total international export of minerals and fuels.<sup>58</sup> Chinese demand for Australia's mineral resources strongly underpins Australia's national prosperity.<sup>59</sup> Australia currently ranks as China's sixth largest import partner, accounting for 4.3 per cent of all its imports.<sup>60</sup> Yet China, as one of the world's biggest consumers of commodities, increasingly relies on specific exporters, such as Australia, given that its greatest import demand is for resources, specifically crude oil (12 per cent), iron ore (5 per cent) and coal.<sup>61</sup> Chinese demand for Australian iron ore continues to increase, with many Chinese commercial operators acknowledging Australia as their most important import partner in this regard.<sup>62</sup>

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<sup>55</sup> See, for example, Elizabeth Economy, 'The Game Changer: coping with China's foreign policy revolution', *Foreign Affairs*, Vol. 89, No. 6, November/December 2010, p. 3, available at <[http://viet-studies.info/kinhte/FA\\_Game\\_changer\\_LizEconomy.pdf](http://viet-studies.info/kinhte/FA_Game_changer_LizEconomy.pdf)>, downloaded 23 June 2013. See also John Lee, 'Divergence in Australia's Economic and Security Interests?' in Reilly and Yuan, *Australia and China at 40*, p. 159.

<sup>56</sup> It is the importance of the imports, rather than the volume, which is critical. This is demonstrated by China's courting of sub-national entities such as Western Australia *vis-a-vis* Australia as a whole. Western Australia provides 40 per cent of China's iron ore imports, as well as large quantities of liquid natural gas, alumina and copper, amounting to around \$50 billion a year. Uren, *The Kingdom and the Quarry*, p. 15.

<sup>57</sup> These are the most recent 2012 figures. Department of Foreign Affairs and Trade, *Australia Fact Sheet*, December 2012, available at <<http://www.dfat.gov.au/geo/fs/aust.pdf>>, accessed 1 May 2013.

<sup>58</sup> Australian Government, *China Fact Sheet*. See also Australian Government, *Australia Fact Sheet*.

<sup>59</sup> Australian Government, *China Fact Sheet*.

<sup>60</sup> Australian Government, *China Fact Sheet*.

<sup>61</sup> Trading Economics, 'China Imports', *Trading Economics*, available at <[www.tradingeconomics.com/china/imports](http://www.tradingeconomics.com/china/imports)>, accessed 10 July 2013.

<sup>62</sup> In 2013, Han Weixu, the General Manager of Ningbo Port, reported that half of the iron ore ships unloaded every year were from Australia. In 2012, of the 47 million tons of iron ore moving through this port, 24 million tons were from Australia. Stephen McDonnell, 'China's Hunger for Australian Iron Ore Tipped to Grow', *ABC News*, 15 May 2013, available at <[www.abc.net.au/news/2013-05-15/chinas-hunger-for-iron-ore-tipped-to-grow/4686722](http://www.abc.net.au/news/2013-05-15/chinas-hunger-for-iron-ore-tipped-to-grow/4686722)>, accessed 10 July 2013.

These are vital bilateral economic interests for both countries—commercial activity of this nature underpins and sustains key elements of national power. Yet in relative terms, the ratio and nature of Australia's respective trade balances seems to have had negligible impact in affecting Australia's security calculus. Rather, commentators continue to conclude that the inverse remains true, that 'Australia's alliance with the US means national security concerns will invariably impinge upon its economic relationship with China'.<sup>63</sup> Similarly, there appears negligible impact on China's strategic orientation; rather, it is intensifying efforts to diversify its sources rather than buttress any dependency on Australia.<sup>64</sup> In line with this, there are poignant examples of governmental willingness on both sides to exercise political muscle on the basis of wider strategic or security imperatives in national and sub-national economic activities. ANZUS and the Australia-US alliance has been a subtle but ever-present dynamic at play in many of these decisions.

### Security first

Bilateral relations during the Hawke Government are a good example of the complex interplay across political, economic and alliance dimensions in the Sino-Australian relationship. This period is highly instructive because many commentators continue to assert that the Hawke Government's China policy was shaped exclusively by bilateral economic factors, rather than any political or alliance considerations.<sup>65</sup> Hawke's Chief of Staff, Sandy Hollway, recounts that the Hawke Government viewed Australia's China policy as falling largely outside the ambit of the US alliance framework.<sup>66</sup> Similarly, in many diplomatic transactions, the lure of commercial benefit seemed to encourage political risk-taking. Australia gambled in seeking Chinese agreement to allow Taiwan and Hong Kong to participate in the inaugural Asia-Pacific Economic Cooperation (APEC) forum.<sup>67</sup> Yet while Hawke believed that establishing a strong political relationship with China was essential for extracting maximum economic benefit, it seems alliance considerations were still tacitly factored into Australia's political decision-making in these matters.

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<sup>63</sup> Uren, *The Kingdom and the Quarry*, p. 231.

<sup>64</sup> Lee, 'Divergence in Australia's Economic and Security Interests?', p. 161.

<sup>65</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 86.

<sup>66</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 86.

<sup>67</sup> Australia had strongly represented that APEC was an organisation composed of 'economies' and not 'nation states'. Hawke's Secretary of the Department of Foreign Affairs and Trade, Richard Woolcott, is credited with persuading China's new hard-line Premier, Li Peng, to accept this compromise. On this basis Australia avoided undermining its commitment to the 'one China' policy. Uren, *The Kingdom and the Quarry*, p. 35.

Hawke's Defence Minister, Kim Beazley, recounts that the US alliance remained the 'reference point' for many foreign policy and defence initiatives.<sup>68</sup> Similarly, Hawke's advisors have asserted that similarities in Australian and US policies toward China, both before and after the Tiananmen Square incident, made it infinitely easier to reconcile Australia's China policy with ANZUS.<sup>69</sup> While Hawke may have believed he could exercise a 'free hand' in unilaterally dictating the direction of Sino-Australian interaction, this freedom of action was more illusory than real, in that it was never openly contested by American leaders during his term. Thus Australia's freedom of action remained highly contingent on alignment in Australian and American engagement strategies toward China, rather than any newfound strategic independence in Australian policy-making reflecting newly-predominant economic imperatives.<sup>70</sup>

## **Domestic politics second**

Alliance considerations have not been the only security drivers impinging on economic freedom of action in the Sino-Australian bilateral relationship. Determinations of national interest, often reflecting domestic public opinion, have been at the heart of many political decisions limiting free-market economic interaction in the bilateral relationship.

As early as 1971, Beijing's termination of a large Australian wheat contract after the McMahon Government refused to extend diplomatic relations was China's 'first political shot across Australia's commercial bows'.<sup>71</sup> In another economic decision in furtherance of specific political objectives, China boycotted Australian iron ore in spot markets in early 2008 to enhance the power of its state-sponsored buying cartel of steel mills.<sup>72</sup> China's dependency on world markets for its supply of resources invests its economic engagement with overtly political objectives.<sup>73</sup> As China

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<sup>68</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 86.

<sup>69</sup> Particularly given the US was also cultivating a closer Sino-US relationship at the same time to offset Soviet influence in Asia. Tow, 'Diplomacy in an Asymmetric Alliance', pp. 86-7.

<sup>70</sup> Tow argues that a 'non-adversarial Sino-American relationship facilitated Sino-Australian engagement and, later, Australian efforts to preserve the institutional architecture of Sino-Australian relations after Tiananmen'. Tow, 'Diplomacy in an Asymmetric Alliance', p. 87.

<sup>71</sup> Whitlam, 'Sino-Australian Diplomatic Relations 1972-2002', p. 328.

<sup>72</sup> Uren, *The Kingdom and the Quarry*, p. 96.

<sup>73</sup> China views itself as a victim of monopoly forces in commodity markets, which encourages governmental intervention to reduce price shocks through manipulation of resource markets.

emerges as a global superpower, it is predicted to seek greater resource security through the pursuit of self-sufficiency, the dual strategies of diversification and equity ownership and, where supplies are directly threatened, through military force.<sup>74</sup> The Australian government is conscious that state intervention by the PRC in international free-market activities is both systematic and inimical to Australian economic interests.<sup>75</sup>

Accordingly, even in Australia's supposedly liberal and free-market economy, governments have consistently intervened to prevent Chinese firms obtaining controlling interests in Australian companies.<sup>76</sup> This has been based on political determination of the 'national interest' under the *Foreign Acquisitions and Takeovers Act*. Governments have acted decisively to control Chinese investment in Australian mining companies, such as Rio Tinto and BHP Billiton, despite calls from academics, economists and business leaders to allow greater Chinese investment in Australia's resource industry.<sup>77</sup> Leaked cable communications between the executive director of Australia's Foreign Investment Review Board (FIRB) and US embassy officials reveals that tighter controls on foreign investment are 'a stricter policy aimed

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This has led to significant covert intervention by the state in commercial acquisition activities in Australian primary industry and resource sectors in recent years. The enmeshed nature of China's state, public and private corporate activities and entities means it is difficult to draw a neat delineation between its political and economic activities. Uren, *The Kingdom and the Quarry*, p. 221.

<sup>74</sup> Uren, *The Kingdom and the Quarry*, p. 221.

<sup>75</sup> Perceptions of Chinese political manipulation of commercial activity have resonated in successive Australia governments since Kevin Rudd's initial term in 2008. Uren provides a detailed and illuminating insight into the complex nature of analyses about the motives underlying Chinese investment in Australia. See Uren, *The Kingdom and the Quarry*, Chapters 5-6, pp. 65-111.

<sup>76</sup> For example, intervention to stop China's largest mining company (Chinalco) from preventing BHP Billiton acquiring a controlling interest in Rio Tinto, in order to prevent the creation of a monopoly controlling over 40 per cent of China's iron ore needs. Uren, *The Kingdom and the Quarry*, pp. 86-104. Rio Tinto argued against this, arguing Chinalco was a 'mere cipher' for the state, because Chinese companies like this were increasingly commercial in their operations. Uren, *The Kingdom and the Quarry*, p. 100. Similarly, China was furious at what it considered to be outrageous extra-territorial intervention by the Australia's Foreign Investments Review Board in requiring government approval for China's sovereign wealth fund (the China Investment Corporation) to purchase a 14.9 per cent stake in the Singapore-based Noble Group, which had minority stakes in a start-up iron ore venture in the Northern Territory, and four coal projects in NSW and Queensland. Uren, *The Kingdom and the Quarry*, p. 105.

<sup>77</sup> In resisting these demands the government has invariably characterised Chinese companies as 'Trojan horses' for the state, and legitimised its intervention on the basis of compelling national or security interests. Uren, *The Kingdom and the Quarry*, p. 91.

squarely at China's growing influence in Australia's resources sector'.<sup>78</sup> Most recently, the Australian Government has moved to prevent the Chinese telecommunication company Huawei from tendering for delivery of services under the National Broadband Network project.<sup>79</sup>

China's official reflections on these economic 'skirmishes' acknowledge the primacy of political imperatives in the bilateral economic relationship.<sup>80</sup> A report by China's State Council's Development Research Centre has concluded that the PRC should accept Australian 'nationalism' as a force to contend with. On this basis, it has recommended a revised strategy of obtaining security of supply, rather than acquiring majority ownership or influence over an individual corporation's pricing in its dealing with Australian resource entities.<sup>81</sup> Yet it seems this alternate strategy is also foundering on the twin rocks of Australian public opinion and domestic political expediency.

### Prosperity third

Public backlash against Chinese investment in Australia has also precipitated overtly political decision-making on economic matters. In 2008, the Australian Government liberalised the foreign investment rules for residential investment property in order to prevent a collapse in the domestic housing market. In 2010, community anger reached a crescendo based on anecdotal evidence that 30-40 per cent of all residential property sales were going to Chinese buyers, outbidding Australian competitors on

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<sup>78</sup> In which the FIRB Executive Director was quoted as affirming that the Australian Government wished to 'pose new disincentives for larger-scale Chinese investments', in clear contradistinction to diplomatic messaging to China that these guidelines were not aimed at it specifically. Uren, *The Kingdom and the Quarry*, pp. 78-9.

<sup>79</sup> Again, citing national interest (security) grounds. Interestingly, it was reported that Australia moved in parallel with the US government on this issue. ABC News, 'Chinese Company Shut Out from NBN Tendering', 26 March 2012, available at <<http://www.abc.net.au/news/2012-03-26/chinese-company-shut-out-from-nbn-tendering/3911884>>, accessed 8 July 2013. See also Stephen McDonnell, 'Chinese Telco Tries to Shake Off Espionage Image', *The 7.30 Report*, 10 June 2013, available at <<http://www.abc.net.au/7.30/content/2013/s3778649.htm>>, accessed 8 July 2013.

<sup>80</sup> The Chinese Ambassador to Australia, Junsai Zhang, took the unprecedented step of publishing an opinion piece in *The Australian*, denouncing the new foreign investment review guidelines published in April 2008, two weeks after the 'dawn raid' by Chinalco. See Jeffrey Wilson, 'Resource Nationalism or Resource Liberalism? Explaining Australia's approach to Chinese investment in its minerals sector', *Australian Journal of International Affairs*, Vol. 65, No. 3, 19 May 2011, p. 289.

<sup>81</sup> Uren, *The Kingdom and the Quarry*, p. 108.

the basis of extremely low interest rates in China.<sup>82</sup> By April 2010, the Federal Government had reintroduced declaratory notification requirements, and mandated that temporary residents sell properties before leaving the country.<sup>83</sup> Similar, though less onerous measures soon followed in respect to Chinese purchasing of agricultural land and controls over the number of foreign students studying in Australia.<sup>84</sup> Arguments claiming that public xenophobia was driving political decisions with deleterious economic consequences for Australian businesses and universities soon began to surface.<sup>85</sup> Despite this, the Australian Government has remained strongly resistant to revisiting its foreign investment guidelines based on the political assessment that state-owned enterprises still dominate China's corporate sector.<sup>86</sup>

### **Economics as a moderating influence**

If politics has presided, economic pragmatism has nevertheless prevented a descent into dogma. Both governments strike for an appropriate balance in order to sustain favourable relations and commercial benefit, given the acknowledged nexus of security with prosperity. Where security, alliance or domestic political expediency has demanded political activism, a driving force for rapid repair is often pressure from business and industry to re-establish commercial links.<sup>87</sup> Tow identifies a general strategy that has emerged since Australia's strong reaction to the 1989 Tiananmen Square incident—political sanctions to punish the Chinese leadership while preserving the institutional infrastructure that sustains the long-term

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<sup>82</sup> Uren, *The Kingdom and the Quarry*, pp. 205-206.

<sup>83</sup> Uren, *The Kingdom and the Quarry*, pp. 205-207.

<sup>84</sup> Uren, *The Kingdom and the Quarry*, pp. 209-212.

<sup>85</sup> See, for example, Natasha Bitá and Siobhain Ryan, 'Shenhua Hints at 'Xenophobia'', *The Australian*, 7 July 2011, available at <<http://www.theaustralian.com.au/national-affairs/shenhua-hints-at-xenophobia/story-fn59niix-1226089281023>>, accessed 11 July 2013. Arguments to the effect that 'Australia needs to accept that equity ownership will be a Chinese imperative' and '[t]here is no role for Government in negotiating contracts or forging government-to-government agreements over commodity markets' seem to have made little headway in governmental consideration. See Uren, *The Kingdom and the Quarry*, pp. 233-4. For a summary of arguments made in various media outlets by Australian businesses, academics and commentators, see Wilson, 'Resource Nationalism or Resource Liberalism?', p. 289.

<sup>86</sup> Despite arguments contending they are subject to their own commercial drivers and demonstrate commercial rivalry with one another. Uren, *The Kingdom and the Quarry*, p. 234.

<sup>87</sup> See, for example, Uren, *The Kingdom and the Quarry*, Chapter 4, pp. 48-64; see also Wilson, 'Resource Nationalism or Resource Liberalism?', p. 289. Uren, in particular, illuminates the lobbying power that some of Australia's largest entrepreneurs bring to bear, and that they are able to dedicate extraordinary amounts of money to campaigns designed to influence government decision-making.

economic relationship.<sup>88</sup> A seminal example of this pragmatism was Howard's withdrawal of Australia's membership from the UN Commission on Human Rights in 1997, in favour of an annual bilateral dialogue to discuss the thorny political issue of human rights.<sup>89</sup>

These examples erode the probative weight of Whitlam's assertion of sea-change in Australia's strategic calculus, and any suggestion of liberal economic predominance in the Sino-Australian bilateral relationship. Analyses of Australia's respective bilateral relationships with the US and China indicate a comparative political bias toward the existing alliance relationship, despite the burgeoning economic relationship with China. These bilateral relationships form the wellspring from which Australia seeks to influence the Sino-American strategic relationship. Understanding the bases of, and interplay between, Australia's respective bilateral relationships allows for an informed assessment of the methodology employed to shape the wider trilateral dynamic.

### **Australia's Declaratory Strategic Policy: resurrecting Melian logic?**

'When I use a word', Humpty Dumpty said in rather a scornful tone, 'it means just what I choose it to mean—neither more nor less'.

'The question is,' said Alice, 'whether you can make words mean so many different things'.

'The question is', said Humpty Dumpty, 'which is to be master—that's all'.

Lewis Carroll, *Through the Looking Glass, and What Alice Found There* <sup>90</sup>

The foreword to the 2013 *National Security Strategy* outlines the principal purposes of Australia's declaratory strategic policy. Foremost, it communicates to domestic and external stakeholders Australia's perception of its security environment and the strategy for dealing with it. Second, it provides the framework to focus national

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<sup>88</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 86.

<sup>89</sup> This was after Australia had made strong diplomatic protests about China's human rights abuses, and imposed political sanctions. After making his point, Howard rapidly softened Australia's hard-line approach. This was seen as contributing to a decision by Vice Premier Zhu Rongji to quickly visit Australia with a strong business delegation. Uren, *The Kingdom and the Quarry*, p. 148.

<sup>90</sup> Lewis Carroll, *Through The Looking Glass, And What Alice Found There*, MacMillan and Co, London, 1871, pp. 44-5, available at < <http://www.goodreads.com/reader/367-through-the-looking-glass-and-what-alice-found-there?percent=48.726741>>, accessed 21 June 2013.



security efforts through the identification of priorities.<sup>91</sup> However, as Peter Jennings identifies, rhetoric and reality only ever align in the most generic sense in public documents of this nature. This is because the language of analysis, intent and action is carefully circumscribed to fulfil the higher ends of diplomacy and constructive public engagement. He argues that while such documents are often hailed as definitive statements of policy, the reality is that they constitute ‘political documents, produced and owned (at least temporarily) by governments and designed for purposes beyond detailing high-minded policy’.<sup>92</sup>

What then is the real value of this public policy in the international domain? While Jennings’ criticisms are valid, declaratory strategic policy nevertheless achieves purpose and effect through the process of transmission and receipt. Strategic messaging exists as a formal communication channel through which states can explain and clarify intentions, conduct negotiations and remedy misconceptions.<sup>93</sup> In the contemporary international system, dialogue of this nature is far more prevalent than the delivery of existential ultimatums of the type Thucydides recounts. The inherent challenge, as Humpty Dumpty counsels, is to contextualise and cross-reference the message in order to identify its ‘master meaning’. Analysis of this nature reveals a remarkable consistency in Australia’s engagement strategy for managing the Sino-Australian-US trilateral dynamic since 1972.

## Historical origins

A key focus of Australia’s foreign policy since 1972 has been the development of Sino-Australian relations while preserving the sanctity of ANZUS. This led to development of a dual-track engagement strategy utilising information-sharing and

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<sup>91</sup> Australian Government, *National Security Strategy*, p. ii. Similar purposes are reflected in preambles to the *Australia in the Asian Century White Paper* and *2013 Defence White Paper*. Unstated but implicit in all is the very real limitation of communicating unclassified information and providing only very generic information on classified aspects of national power.

<sup>92</sup> He argues their accuracy and longevity can therefore be quite limited—in Australia, ownership generally lapses with a transition of government (or even its leader) and the funding allocations envisaged are rarely ever enacted or delivered. Peter Jennings, 'The Uses and Abuses of Defence White Papers', *The Strategist* blog, Australian Strategic Policy Institute, 17 July 2012, available at < <http://www.aspistrategist.org.au/the-uses-and-abuses-of-defence-white-papers/>>, accessed 29 April 2013.

<sup>93</sup> Even where real meaning and intent is obscure. Tow, 'Diplomacy in an Asymmetric Alliance', p. 77.

'costly reassurance' to link the bilateral and wider trilateral relationships.<sup>94</sup> Australia's capacity to obtain discrete and valuable information bilaterally, to then be made available for sharing in the alternate, has been utilised to generate credibility and value in the trilateral dynamic, particularly given Australia's lesser power status. In developing a closer, more intimate relationship with each nation than they could with each other, Australian leaders have sought to harness and exploit critical information the more powerful states could not openly share with one another in their own bilateral dialogue.<sup>95</sup> Concurrently, Australia has consistently reassured the US of the centrality and inviolability of ANZUS, through both public and private messaging channels. This strategy has enabled and emboldened successive Australian governments to 'carve out an element of discretion for Australia's China policy within the alliance, which has persisted despite China's growing power and emerging Sino-American strategic competition'.<sup>96</sup>

Underpinning this methodology has been a persistent political belief that Australia occupies a unique position as a strategic interlocutor between China and the US.<sup>97</sup> Both nations are aware that this is Australia's perception, as well as its preferred position in the trilateral dynamic:

[Australia's] aim is to see calm and constructive dialogue between the United States and China on those issues which might potentially cause tension between them. It will be Australia's aim, as a nation which has different but nonetheless close relationships with both of these nations, to promote that constructive and calm dialogue.<sup>98</sup>

Thus far this policy position has not been openly challenged by either power, which is still interpreted as tacit affirmation of the value of Australia's position in the

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<sup>94</sup> Whitlam is identified as the original architect. Tow, 'Diplomacy in an Asymmetric Alliance', pp. 82-83.

<sup>95</sup> In this sense, Whitlam professed himself to be something of a 'pathfinder' for cordial Sino-American relations. Tow, 'Diplomacy in an Asymmetric Alliance', p. 83.

<sup>96</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 84.

<sup>97</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 87. Examples of the positive role that Hawke felt he played in moderating US policy toward China after Tiananmen Square included reassurance that China was not likely to enter into a clandestine alliance with the USSR, that China was unlikely to repeat Tiananmen Square style human rights abuses, and that Chinese economic reform was likely to continue. Whether these were instrumental or even moderately persuasive is highly questionable, though Hawke obviously believed so. Tow, 'Diplomacy in an Asymmetric Alliance', p. 88.

<sup>98</sup> Howard outlined this as a national agenda during respective addresses to the Australian Parliament by George W. Bush and Hu Jintao in October 2003. Uren, *The Kingdom and the Quarry*, p. 13.

trilateral dynamic.<sup>99</sup> To a degree, it also relies on a manageable perception that Australia occupies a morally sustainable 'middle ground' from which both powers can accept Australian counsel as impartial. Given cited Chinese scepticism of this, the strategy of 'information sharing' has provided more pragmatic utility than the highly rhetorical and contestable facade of Australian 'un-alignment'. Yet both have come to be reflected in the bevy of recent strategic policy documents.

### Contemporary declaratory strategic policy

Australia's current national security policy is outlined in a trinity of strategic documents—the *Australia in the Asian Century White Paper* (2012), the *National Security Strategy* (2013) and the *Defence White Paper 2013*. These documents stipulate that 'Australia must seek to shape an international environment favourable to Australia's future security and prosperity'.<sup>100</sup> The Sino-US relationship is reinforced as the critical determinant of stability in Australia's strategic environment.<sup>101</sup> Their interaction in the Indo-Pacific region is predicted to generate a complex strategic matrix reflecting trends of integration and competition, shifting power dynamics, military posturing, and an acknowledged potential for miscalculation at known flashpoints.<sup>102</sup> In contradistinction to the Melians, Australia aims to positively shape the environment rather than allowing it to dictate.

Accordingly, these documents outline a broad governmental agenda for dealing with the strategic environment, and potential avenues for influencing the Sino-US relationship. The identified lines of effort are familiar. Enhanced engagement is identified as a key priority for achieving national security, regional stability and economic prosperity.<sup>103</sup> The ANZUS alliance is re-emphasised as a key pillar, serving as a critical enabler for Australian military capability as well as an important

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<sup>99</sup> Tow, 'Diplomacy in an Asymmetric Alliance', pp. 92-3.

<sup>100</sup> Australian Government, *Defence White Paper 2013*, p.1. The *National Security Strategy* also states that 'Australia seeks to shape the international environment, both to prevent the emergence of security threats, and to achieve broader benefits for Australia (such as trade and economic benefits).' Australian Government, *National Security Strategy*, p. 5.

<sup>101</sup> Australian Government, *Defence White Paper 2013*, p.2.

<sup>102</sup> Australian Government, *National Security Strategy*, pp. 27-9.

<sup>103</sup> Australian Government, *National Security Strategy*, p. vii. National security is advanced as the approach Australia takes to shaping the environment, preventing and preparing for threats to sovereignty, people, assets, infrastructure and institutions, and how it responds to and recovers from security threats that become manifest. Australian Government, *National Security Strategy*, p. 5.

anchor for peace and security in the region.<sup>104</sup> Deepening of the Sino-Australian relationship, through enhanced political, economic and military exchange, is also broadly advocated.<sup>105</sup> While little in this seems new, the reinforcement of existing lines of operation reflects continued confidence in Australia's traditional dual-track diplomatic strategy and interlocutory utility.

Two developments represent new variables, and are anticipated to alter the familiar strategic environment within which the traditional methodology has proved effective. The first is the US 'rebalance' toward the Asia-Pacific, which is variously predicted to exacerbate and accelerate Sino-US interaction within Australia's strategic arc.<sup>106</sup> The second is the emergence of Asia as an economic and strategic centre-of-gravity, creating a 'vibrant arena for expanded middle power activity'.<sup>107</sup> In order to achieve its trilateral influence outcomes in this environment, Australia will need to 'work harder' in order to make its 'voice heard'.<sup>108</sup>

### **Thus more of the same?**

The essential question is how the Government proposes to amplify its voice in this new and more complex strategic environment. Unfortunately, beyond outlining a vision and reinforcing traditional lines of effort, the documents provide little of practical substance or definitive direction.<sup>109</sup>

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<sup>104</sup> Another key pillar that is outlined is the need for Australia to understand and be influential in the Asia-Pacific region, principally through expanded bilateral and multilateral engagement with regional entities. Australian Government, *National Security Strategy*, pp. 22-23.

<sup>105</sup> Australian Government, *National Security Strategy*, p. 35. See also Australian Government, *Defence White Paper 2013*, pp. 61-62.

<sup>106</sup> Australian Government, *Defence White Paper 2013*, pp. 10-12. See also Australian Government, *National Security Strategy*, p.27. For the US perspective, see David Berteau, Michael Green, Gregory Kiley and Nicholas Szechenvi, 'US Force Posture Strategy in the Asia-Pacific Region: an independent assessment', Center for Strategic and International Studies, 27 June 2012, pp. 39-41, available at <[http://csis.org/files/publication/120814\\_FINAL\\_PACOM\\_optimized.pdf](http://csis.org/files/publication/120814_FINAL_PACOM_optimized.pdf)>, accessed 21 June 2013.

<sup>107</sup> Australian Government, *National Security Strategy*, p. 27. The *National Security Strategy* posits that more active middle powers in the region are likely to challenge established regional dynamics and the degree of influence Australia currently possesses with our closest regional partners. Australian Government, *National Security Strategy*, p. 28.

<sup>108</sup> Australian Government, *Defence White Paper 2013*, p. 8.

<sup>109</sup> If strategy is about linking ends, ways and means, a common criticism of Australia's recent declaratory strategy is that it describes ways without articulation of the ends or allocation of the means. This criticism supports Jennings' thesis that such documents are political rather than practical. See, for example, Adam Lockyer, 'Politics First as White Paper Fails on Big Issues', *The Canberra Times*, 6 May 2013, available at

Australia will encourage China to use its growing capabilities and influence to contribute actively and positively to regional peace and stability.<sup>110</sup> In practical terms, this translates into little more than a stated desire to build on already established mechanisms—a robust economic relationship, existing forums for dialogue, and pre-established defence ties—to develop a ‘more comprehensive’ dialogue across the breadth of issues and shared interests.<sup>111</sup> Similarly, Australia seeks further cooperation on strategic issues of common interest with the US, including regional security priorities, and deepening of defence, intelligence and security linkages.<sup>112</sup> In order to increase national influence in the new regional middle-power dynamic, Australia will develop bilateral architectures, including regular meetings between leaders, enhance its intelligence and information-sharing, and broaden linkages with other states in order to build confidence and trust.<sup>113</sup> These are repetitive aims, traditional approaches and ethereal directives, offering little in the way of practical guidance to the agencies tasked with delivering the desired results.<sup>114</sup>

### **Influencing factors beyond Australia's control**

The use of generic statements of ways, without prescribing the ends or means, is a proven procedural approach for limiting accountability. Its adoption in Australia’s declaratory strategic policy reflects an intuitive understanding that many factors determining success lie outside Australia’s direct control. Australia’s dual-track diplomatic strategy relies on non-adversarial Sino-American relations to deepen the Sino-Australian relationship, because of the pervasive influence of ANZUS in Australia’s strategic calculus.<sup>115</sup> There are a range of other actors and influences

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<<http://www.canberratimes.com.au/comment/politics-first-as-white-paper-fails-on-big-issues-20130505-2j1gs.html>>, accessed 7 June 2013. See also Andrew O’Neil, ‘Defence White Paper Pulls its Punches on China’, *The Interpreter* blog, Lowy Institute for International Policy, 6 May 2013, available at <<http://www.lowyinterpreter.org/post/2013/05/06/Defence-White-Paper-pulls-its-punches-on-China.aspx>>, accessed 12 July 2013.

<sup>110</sup> Australian Government, *National Security Strategy*, p. 29; also *Australia in the Asian Century White Paper*, p. 223.

<sup>111</sup> Australian Government, *National Security Strategy*, p. 29.

<sup>112</sup> Australian Government, *National Security Strategy*, p. 35; also *Defence White Paper 2013*, pp. 56-7.

<sup>113</sup> Australian Government, *National Security Strategy*, p. 35.

<sup>114</sup> This is likely the aim in line with the construction principle of plausible deniability in political policy statements. Yet this is hardly in line with the self-professed creativity that the *Australia in the Asian Century White Paper* ascribes to recent strategic policy, in stating ‘[n]ew mindsets and creative approaches will be needed’. Australian Government, *Australia in the Asian Century White Paper*, p. 227.

<sup>115</sup> Tow, ‘Diplomacy in an Asymmetric Alliance’, p. 82

which also bear weight on the Sino-US relationship, including a range of pre-existing regional and global tensions from which Australia's voice can only emanate from the periphery.<sup>116</sup>

This is the precise point from which the most ardent criticism of the Government's declaratory policy emanates. There is strong belief that Australia has 'wished these dilemmas away' in pre-emptively characterising the future Sino-American relationship as predominantly cooperative, with infrequent but manageable incidences of competition likely to occur.<sup>117</sup> The 2013 *Defence White Paper* could be summarising the 'Peace of Nicias' in declaring '[s]ome competition is inevitable but both seek stability and prosperity, not conflict ... [and] the most likely future [is] one in which the United States and China are able to maintain a constructive relationship encompassing both competition and cooperation'.<sup>118</sup> In predicting that the superpowers will 'work hard to maximise cooperative aspects and minimise the competitive elements' in their bilateral relationship, without outlining a compelling probative basis for this assertion,<sup>119</sup> the voice of long-departed Melos is resurrected from its historical tomb:

The Government does not believe that Australia must choose between its longstanding alliance with the United States and its expanding relationship with China; nor do the United States and China believe that we must make such a choice. Their growing economic interdependence and developing security cooperation reinforce this point. The Government does not approach China as an adversary. Rather, its policy is aimed at encouraging China's peaceful rise and ensuring that strategic competition in the region does not lead to conflict.<sup>120</sup>

Melian logic reverberates in this appraisal. It is highly likely that Melos felt comfortable that a choice was neither necessary nor demanded until the fatal

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<sup>116</sup> These include the issues of Taiwanese sovereignty, Korean reunification and territorial disputes in the South and East China Seas.

<sup>117</sup> See, for example, Rajaram Panda, 'Australia's Defence White Paper 2013 – Analysis', *Eurasia Review*, 13 May 2013, available at <<http://www.eurasiareview.com/13052013-australias-defence-white-paper-2013-analysis/>>, accessed 15 July 2013.

<sup>118</sup> Australian Government, *Defence White Paper 2013*, p. 9. See also Australian Government, *Australia in the Asian Century White Paper*, p. 228.

<sup>119</sup> Australian Government, *Defence White Paper 2013*, p. 10. The *Australia in the Asian Century White Paper* comes closest to explaining the basis for this assertion in arguing 'Beijing and Washington both want to develop constructive relations and avoid conflict: their governments have consistently said so; the intensity, structure and sophistication of their engagement, often underestimated, has shown it; and they have deeply interlinked interests that will push them that way'. Australian Government, *Australia in the Asian Century White Paper*, p. 228.

<sup>120</sup> Australian Government, *Defence White Paper 2013*, p. 11.

Athenian expedition of 416 BC. Similarly, the Peace of Nicias proved to be an illusory guarantee of stability between the powers, and even less a guarantee of the *status quo* for the smaller powers of the Peloponnese. The Athenians were preemptively dismissive of the moral argument that neutrality entitled Melos to preservation of the *status quo*. The key points of differentiation remain the undeniable presence of a security treaty and very strong alliance, and an active focus on engagement rather than isolation in Australia's strategic calculus. All these factors bear relevance in any assessment of the wisdom and achievability of Australia's contemporary strategy for shaping and managing a Sino-US *détente*.

### Achieving the strategy: Melos revisited

We have done nothing extraordinary, nothing contrary to human nature in accepting an empire when it was offered to us and then in refusing to give it up. Three very powerful motives prevent us from doing so—security, honour, and self-interest .... Besides, we consider that we are worthy of our power. Up till the present moment you, too, used to think that we were but now, after calculating your interest, you are beginning to talk in terms of right and wrong.

Thucydides, *History of the Peloponnesian War*<sup>121</sup>

If portents for future success could be measured by the amount of congratulatory political self-reflection on the past, then Australia's contemporary strategy for assuring Sino-American *détente* would be a self-fulfilling prophecy.<sup>122</sup> The reality is otherwise, because Australia's most recent national security policy fails to explain how the traditional diplomatic methodology will overcome its own predictions of change in the future strategic environment. Australia's dual-track diplomacy has arguably stood the nation in good stead during the period in which Chinese power and influence were subordinate to America's.<sup>123</sup> However, as the Athenians advised the Spartans, power parity invariably compels the declining power to adopt arguments of morality rather than demonstrations of power to influence its competitor. Realists contend such admission encourages and emboldens the

<sup>121</sup> Thucydides, *History of the Peloponnesian War*, Book One.

<sup>122</sup> In 2004, Howard observed that 'one of the many successes of this country's foreign relations is that we have simultaneously been able to strengthen our longstanding ties with the United States of America, yet at the same time continue to build a very close relationship with China'. Tow, 'Diplomacy in an Asymmetric Alliance', p. 72.

<sup>123</sup> Tow contends that it was not until China emerged as a strategic power after the Cold War that Australia's alliance diplomacy has been seriously put to the test. Tow, 'Diplomacy in an Asymmetric Alliance', p. 89.

challenger to test normative boundaries, thereby increasing the likelihood of confrontation and—through miscalculation—conflict.

### **Australia's 'one-stop' policy wager?**

Many argue that if this dynamic is not already manifest, then it is imminent in the Sino-American relationship.<sup>124</sup> In asserting that Sino-American economic interdependence and security cooperation are likely to preserve or extend the *status quo*, the Australian Government gambles theoretically liberal rather than realist.<sup>125</sup> This prediction is also highly convenient in that it perpetuates the environmental conditions within which traditional diplomatic and interlocutory functions have been successful. Without strong empirical data or binding affirmation from the protagonists, this amounts to a strategic gamble if security policy does not contemplate an alternate or contingency response.

If declaratory policy is to be taken at face value, Australia's strategy and contingency response seem to be 'rolled into one'. That is, if strategic conditions degenerate Australia will work harder—using its traditional approaches—to re-establish the desired steady state. However, as previously outlined, this traditional methodology has only proven its utility in a defined set of strategic circumstances. First, where Sino-US strategic competition has been relatively benign, and China has not actively pursued a revisionist agenda. Second, where China and the US value Australia's 'information sharing' and interlocutory functions, because they serve their own respective national interests. And third, where the US does not need to 'call out' Australia on its ANZUS commitments, because China lacks the military and economic wherewithal to confront the US in the region. Based on the analyses earlier in this paper, Australia's professed methodology for, and ability to accomplish, its stated influence outcomes outside these strategic preconditions is contestable.

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<sup>124</sup> See, for example, Hugh White, 'Power Shift: Australia's future between Washington and Beijing', *Quarterly Essay*, Issue 29, 2010, pp. 44-5.

<sup>125</sup> Tow argues '[d]iplomacy and negotiation theorists argue that even in a bilateral negotiation context, weaker states are sometimes able to exercise greater influence than the distribution of comparative power and material capability suggests. Although power is informed by national capabilities, it is also a function of an actor's ability to persuade or elicit cooperation through diplomacy.' Tow, 'Diplomacy in an Asymmetric Alliance', p. 77.



## 'Thucydides' trap'

A fundamental premise that underpins Australia's influence strategy is the assumption that the Sino-American strategic relationship will be cooperative rather than competitive and, where competition does occur, the protagonists will remain amenable and responsive to mediatory input. This cannot be considered the consensus view in political or academic appraisals of the future. Many argue that history itself does not support such a conclusion; Allison asserts '[i]f we were betting on the basis of history, the answer to the question about 'Thucydides' trap' appears obvious. In 11 of 15 cases since 1500, where a rising power emerged to challenge a ruling power, war occurred'.<sup>126</sup>

Realists see nothing but competition on the horizon.<sup>127</sup> A leading realist, Professor John Mearsheimer, has warned 'I expect China to act the way the United States has acted over its long history ... [it] will try to dominate the Asia-Pacific region much as the United States dominates the Western hemisphere .... A much more powerful China can also be expected to try and push the United States out of the Pacific-Asia region'.<sup>128</sup> International relations theorists argue that this precipitates tightening of alliances and polarisation among regional actors, and warn that these trends are already evident.<sup>129</sup> The liberal counter is that there are new international dynamics at play rendering such theories anachronistic.

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<sup>126</sup> Graham Allison, 'Thucydides Trap Has Been Sprung in the Pacific', *Financial Times* (London), 21 August 2012, available at <<http://www.ft.com/cms/s/0/5d695b5a-ea3d-11e1-984b-00144feab49a.html#axzz2WzY8hRcN>>, accessed 23 June 2013.

<sup>127</sup> Hugh White, for example, argues it is already manifest, in that there are 'very real signs that rivalry between America and China is growing fast ... seen in the South China Sea and the East China Sea, where disputed islands are merely tokens in a contest in which [China] wants to show that it can challenge America at sea, and America wants to prove that it cannot. Underlying this is China's strategic build-up in Asia, and America's own build-up in response'. Hugh White, 'America or China: one day we will have to choose', *Sydney Morning Herald*, 28 May 2013, available at <<http://www.smh.com.au/comment/america-or-china-one-day-we-will-have-to-choose-20130527-2n7a0.html>>, accessed 1 July 2013.

<sup>128</sup> John Mearsheimer, 'The Gathering Storm: China's challenge to US power in Asia', Fourth Annual Michael Hintze Lecture in International Security, 4 August 2010, pp. 8-9.

<sup>129</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 74. The US has indicated it is already seeking to shore up alliances as part of its hedging strategy if China's rise is not as benign as is predicted; see Berteau, Green, Kiley and Szechenvi, 'US Force Posture Strategy in the Asia-Pacific Region', pp. 15 and 17.

The point here is not to make judgment on the probative merits of the opposing arguments; rather, it is to highlight that predictions about the future are highly contested, and there is no equivocal or consensus view that Sino-American cooperation will be the dominant narrative. There is a wealth of official statements emanating from both American and Chinese leaders that suggest that while cooperation is preferred, there is a realist acceptance that competition of some nature is inevitable.<sup>130</sup> The Australian Government's strategic analyses do not completely discount the likelihood of competition; rather, it is the character and consequences that are downplayed.<sup>131</sup> Australia's declaratory strategic policy admits of competition but posits that it will be manageable and that Australia can continue to be an effective mediator. The question is—will the traditional methodologies of 'information sharing' and 'costly reassurance' sustain this in light of the likely nature of this future competition?

### **ANZUS into the future**

Based on the findings of the first section of this paper, it would be natural to assume that the strong ANZUS alliance partnership would confer on Australia unquestionable and disproportionate persuasive influence with America. This is again a highly-contested assumption. Kelton puts forward a strong argument that the 'special relationship' has only ever conferred incidental influence, and invariably only where Australian and American interests have converged. A study of diplomatic relations reveals that American domestic political factors have always been the decisive factor where Australia seeks concessions from the US. There exist numerous instances of Australia's inability to secure free and fair trade outcomes, even at times of peak Australian military commitment in support of US geopolitical interests, as strong evidence that domestic preferences override any external influence in American foreign policy.<sup>132</sup> Such outcomes 'reflect both the exigencies of

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<sup>130</sup> See, for example, Matthew Pennington, 'Clinton Says US in Direct Competition with China', *The Washington Post*, 2 March 2011, available at < <http://www.washingtonpost.com/wp-dyn/content/article/2011/03/02/AR2011030202888.html>>, accessed 13 June 2013. See also Andrew Quinn, 'Clinton Says China Seeks to Outflank Exxon in Papua New Guinea', *Reuters*, 2 March 2011, available at < <http://www.reuters.com/article/2011/03/02/us-china-usa-clinton-idUSTRE7215UV20110302>>, accessed 1 June 2013.

<sup>131</sup> Australian Government, *Australia in the Asian Century White Paper*, p. 228.

<sup>132</sup> This was the case even during the very close personal relationship between John Howard and George W. Bush, at a peak time when Australia was contributing massively to US action in Iraq and Afghanistan. Kelton, *More Than an Ally?*, p. 1.

power in bilateral negotiations for any small government, in addition to a misplaced belief that cultural affinity [can] deliver material gain'.<sup>133</sup>

Thus despite Beeson's contention of unparalleled closeness and unequivocal support for the alliance, it is likely both parties accept that Australia needs America more than America needs Australia.<sup>134</sup> While Australia's geostrategic importance may increase based upon the US 'rebalance' to the Asia-Pacific, the fact that Australia gains more in practical benefits from ongoing alliance activity will remain a decisive factor in determining how much pressure Australia can bring to bear in bilateral negotiations.<sup>135</sup> Similarly, if polarisation and shoring up of alliances eventuates in the region, the quantum of strategic benefit for Australia will increase, with a corresponding and countervailing effect of decreasing Australia's bilateral bargaining power. Australia would stand to lose significantly if it were to 'walk away', which on the balance sheet of contribution, remains the biggest card it could play.<sup>136</sup>

'Walking away' could be interpreted in many different ways. Many commentators highlight increasing US interest in how Australia engages with China. Australian overtures that may not have crossed Washington's threshold of concern in the past are now more likely to do so, as its relative power decreases and the stakes in strategic competition intensify. This leads to speculation that Washington is more likely to challenge Australia's claims of 'middle ground' impartiality and morality, and to place alliance benefits on the table as an existential calculus for cost-benefit consideration in the future.<sup>137</sup> Any wavering of support for American geopolitical

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<sup>133</sup> Kelton, *More Than an Ally?*, p. 2.

<sup>134</sup> This is reflected in Australian political rhetoric and strategic analyses reflecting the necessity of the ANZUS alliance. It is also reflected—in the inverse—in the way American leaders talk about the close ideational, cultural and historical affinity with Australia. There is very little talk of 'strategic necessity' in American descriptions of ANZUS. There is talk of Australian geographical advantage, and how this assists American global reach and influence, but this does not equate to strategic necessity.

<sup>135</sup> Even in the 1990s, the US Secretary of State, Warren Christopher, was referring to Australia as its 'southern anchor' in the region. Kelton, *More Than an Ally?*, p. 4.

<sup>136</sup> By walking away, Australia's situation would become far more analogous to the Melians, than could presently be argued with ANZUS in effect.

<sup>137</sup> In response to the April 2013 announcement of a 'new strategic partnership' between Australia and China, Hugh White contends that 'Australia's warming relations with Beijing will worry Washington in exactly the same way that US marines in Darwin worried Beijing. Whatever they say publicly, the Obama Administration will be alarmed at Australia so obviously succumbing to China's pressure, and slipping further into China's orbit. In Asia's zero-sum-game, this win for China is a loss for them. Gillard can expect a call from Washington'. Hugh White, 'Australia is Now a Pawn in US-China Power Plays', *Sydney Morning Herald*, 16 April

interests could translate into a threat of withdrawal of benefits and loss of influence, something Australia has never had to seriously contemplate in the past. There is currently little discernible recognition or awareness of this danger in political dialogue, even though it is ubiquitous in academic literature.<sup>138</sup>

### **Rising China and the Spartan response**

Earlier discussion illuminated the fragility and brittleness in Australia's current capacity to influence Chinese decision-making. This is because ANZUS underpins China's insistence that Australia lacks independence in its strategic policy-making. While China communicates appreciation for isolated incidences of Australian support, only very occasionally at odds with the US position, there is tacit recognition that in these matters America has usually been prepared to indulge Australia.<sup>139</sup> Accordingly, there is little to suggest these instances have made a lasting impact in China's assessment of Australian impartiality or extension of influence.

The ANZUS partnership clearly erodes Australia's credibility and influence in the Sino-Australian bilateral relationship. Bilateral relations are pursued to intensify diplomatic, strategic and economic gains for the participants, proceeding from a 'unique exclusivity of interests and freedom of interaction'.<sup>140</sup> The Sino-Australian bilateral relationship lacks these factors, because China refuses to excise ANZUS from its bilateral relations with Australia.<sup>141</sup> Until such time as Australia can convince China of its 'Asian-ness', by satisfactorily decoupling itself from ANZUS, China will impose limits on further expansion of the bilateral relationship and thus increased opportunity for Australian influence.<sup>142</sup> Australia's declaratory strategic policy arguably outlines a strategy headed in precisely the opposite direction.

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2013, available at < <http://www.smh.com.au/federal-politics/political-opinion/australia-is-now-a-pawn-in-uschina-power-plays-20130415-2hvwv.html>>, accessed 13 July 2013.

<sup>138</sup> For example, Reilly and Yuan highlight that '[s]ince 1972, Australia has adopted a more pragmatic and less values-based approach to China than the US or most other European states, a divergence that has at times raised eyebrows in Washington'. James Reilly and Jingdong Yuan, 'Australia's Relations with China in a New Era', in Reilly and Yuan, *Australia and China at 40*, p. 5.

<sup>139</sup> Ji, 'Managing Off-Balance Tripartite Relations', pp. 89-91.

<sup>140</sup> William Tow, 'Geopolitics, the "National Interest" and the Sino-Australian Conundrum' in Nicholas Thomas (ed.), *Re-Orienting Australia-China Relations: 1972 to the present*, Ashgate, Aldershot, 2004, p. 51.

<sup>141</sup> Tow, 'Geopolitics, the "National Interest" and the Sino-Australian Conundrum', p. 51.

<sup>142</sup> Tow, 'Geopolitics, the "National Interest" and the Sino-Australian Conundrum', p. 51.

## The 'China choice'

Increasingly, doubts about the efficacy of Australia's strategic policy for shaping the Sino-American dynamic vest in a debate of binary character—whether or not Australia needs to 'make a choice' between China and America. For this debate to have any meaning, it necessarily accepts the declaratory policy position that ANZUS does not preclude Australia from assessing discrete issues impartially and on their merits.<sup>143</sup> Its subject matter also necessarily buttresses the realist prediction that competition will be the defining strategic narrative in the Sino-American dynamic.<sup>144</sup> Hugh White, in arguing that the US should cede 'strategic ground' to China to avoid 'Thucydides' trap', has contended:

As they compete for power and influence, any gain for one is a loss for the other. Australia is one of the prizes in this grim game. Every move Canberra makes in one relationship rebounds on the other. The relationships can't be kept in separate compartments .... This is the harsh new reality for Australia. Neither America nor China will allow us to keep the two relationships separate because, at the strategic and political level, our intrinsic value as a partner matters to each of them far less than our symbolic value as a prize.<sup>145</sup>

This zero-sum-game hypothesis decries the 'strategic hedging' which is often ascribed to Australia's strategic policy. White's thesis is that Australia is increasingly naïve in assuming a declaration of predisposition or alignment can be avoided, because the strategic context and pre-existing strategic relationships have fundamentally changed.<sup>146</sup> Maintenance of traditional diplomatic methodologies in this context exposes Australia to grave risk:

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<sup>143</sup> Otherwise there can be no debate of this nature. Without the possibility of a 'middle-ground' position, a choice must necessarily have been made. Note that the concept of a 'middle ground' is not synonymous with the Melian position of neutrality. Australia is clearly not neutral being in an alliance relationship with the US.

<sup>144</sup> Similarly, if there is no competition then a choice is not necessary. This debate is not about Australia choosing between cooperative entities.

<sup>145</sup> White, 'Australia is Now a Pawn in US-China Power Plays'.

<sup>146</sup> For example, the US and China now interact through the annual China-US Strategic and Economic Dialogue which was established in 2009. The talks are a major channel of communications to enhance trust, boost cooperation on various fields and properly deal with differences to prevent them from derailing general relations. This may reduce the potential scope for Australian interlocutory input but this will be dependent on the willingness of the parties to share information openly with each other, which Australian politicians would argue they have not done freely in the past.

For many years now we have not had to choose between the US and China .... America has kept us safe and China has kept us solvent .... The whole question, however, is whether this will still be so in future. Our leaders shamelessly evade this question, because although grammatically 'we don't have to choose' is about the present, they present it as a prediction about the future. They therefore assume that what's been true must stay true.<sup>147</sup>

White's argument is seductive but only compelling if one takes Australia's declaratory policy at face value. There is an alternative interpretation presupposing a different motivation: an unequivocal declaration of alignment or choice is not necessary if it can be effectively implied. Irrevocable and unequivocal statements, particularly if potentially inflammatory, are rarely the chosen instruments of diplomacy. Australia's declaratory strategic policy tends only to speak in absolutes where the message is affirmative.<sup>148</sup> Humpty Dumpty wisely counsels Alice to search for a master meaning among the many, and in this case, the master meaning in Australian declaratory policy appears implicit rather than explicit.

### **Australia hedges West**

There is strong support for White's view that Australia has not had to 'choose' in the past. While there have been several instances in which the US and China have expressed displeasure at Australian declaratory statements, it has not been in any of the parties' interests to irrevocably 'call out' Australia on its ultimate strategic disposition. Arguably, the 'inflammation' has arisen because Australia dared 'too far' and transgressed unwittingly into this territory unprompted. Chinese fury at the hawkish 2009 *Defence White Paper*, and US Deputy Secretary of State Richard Armitage's 'slapping down' of Foreign Minister Downer's interpretation of ANZUS provisions in 2004, stand out as strong examples of the superpowers 'reigning in' Australia for overstepping the normative mark. After the point was made, the public language was 'readjusted' and the issue consigned to the 'understandable misinterpretation' file on the basis that the language could be interpreted many ways. But, in each and every case, the message being sent through the revised

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<sup>147</sup> Hugh White, 'America or China: one day we will have to choose', *Sydney Morning Herald*, 28 May 2013, available at <<http://www.smh.com.au/comment/america-or-china-one-day-we-will-have-to-choose-20130527-2n7a0.html>>, accessed 1 July 2013.

<sup>148</sup> For example, in statements of support for the US, ANZUS, regional peace and stability, multilateral forums, etc.

interpretation invariably pointed to Australian support for American interests where the issue impacted on, or required confirmation of, the inviolability of ANZUS.<sup>149</sup>

Alliance theory prescribes 'junior partner' behaviour during periods of power transition, it is argued that 'junior allies' of a dominant global power will either intensify their support for the senior ally or realign with the rising challenger.<sup>150</sup> While Australian declaratory policy would profess otherwise by claiming 'intensification' in both directions, this is simply diplomatic sophistry that seeks to avoid irrevocably alienating China. This aims to preserve Australia's hard-won (if meagre) diplomatic influence and the economic benefits of a powerful trade relationship. Australia's choice, if and when the issue demands preservation of the security guarantee and the benefits concomitant to ANZUS, is the comfortable and ideologically compatible United States of America. China is well aware of this, with source reporting suggesting the covert element of its diplomatic efforts in Australia focus on obtaining Australia's natural resources and 'political compromise', by loosening the military ties under ANZUS to turn Australia into 'a second France; that dares to say "no" to the United States'.<sup>151</sup> Presumably, as Melos once said to the Athenians.

### **Melos distinguished**

While there are many parallels and analogies that can be drawn to the Melian circumstance, there is a very real danger of binary analysis. That is, if Melos had calculated differently in accordance with a realist worldview, its future would have been assured. This is pure speculation—at best, all that could be said in this hypothetical frame is that Athens would likely not have destroyed Melos as it felt compelled to do in 416 BC. The wisdom of Australia's contemporary strategic policy should not be appraised in similar binary fashion, which is the conceptual straightjacket that the 'China choice' introduces. To put Australia into the same existential situation as Melos is to mischaracterise the current strategic situation and misinterpret the parameters demanded of current policy.

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<sup>149</sup> See, for example, Howard's statement that Australia was a 'very close ally' and 'faithful ANZUS partner' after Downer had described ANZUS as 'symbolic' and not an automatic guarantee of Australian support in the event of attack on the US. Downer was left claiming he had been 'misreported'. Uren, *The Kingdom and the Quarry*, pp. 116-7.

<sup>150</sup> Tow, 'Diplomacy in an Asymmetric Alliance', p. 72.

<sup>151</sup> Uren, *The Kingdom and the Quarry*, p. 14.

Australia's current strategic policy reads as vague and uninspiring, aspirational and naïve, but it is also well suited to the purposes of declaratory policy in international relations. It is serially pilloried for failing to live up to its own expectations in the various forewords in the documentary trinity. But Humpty Dumpty would assert that its implicit meaning is its master meaning—Australia will continue to prioritise the proven ANZUS relationship and will continue to push as far as the US allows, within the sanctity of this relationship, to develop its relationship with China.<sup>152</sup> The prizes at stake are national security and prosperity, clearly prioritised in that order, but not separated. In order to achieve both it recognises that all feasible efforts must be made to preserve stability in the Sino-American strategic dynamic, because if this fails, the favourable *status quo* will disintegrate and Australia will be 'called out' to great national disadvantage on its true disposition.

This was arguably Melos' true folly, in that it seemingly waited for its destiny to be delivered upon it, rather than seeking to shape the strategic environment in its favour. It relied on arguments of morality and logic, and the threat of external intervention, to override the impulses of power, and failed—though in full understanding and acceptance of the consequences. Australia seeks to 'shape' and thus avoid such folly but whether it is capable of achieving the stipulated effect is highly questionable. All that can be said of its declaratory policy is that it does nothing explicit to undermine the aspiration, even though its veracity is dubious. But, unlike the Melians, there is a realist hedge implicit in its master meaning and that is that 'Australia's eggs lie undisturbed in America's nest', as they have done since the 1947 'Appreciation of the Strategical Situation of Australia'. In the absence of a better plan, it seems no decision is the best decision, and thus there will be more of the same—until such time as the same is rendered untenable.

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<sup>152</sup> Because this depends on American acquiescence, it would be difficult for policy to outline empirical (and accurate) measures of performance or effectiveness, as these would be outside Australia's control.



## Conclusion

'The strong do as they wish and the weak suffer as they must!'. So declared Athens, so opined Thucydides, and so realised Melos as Sparta remained idle. Thucydides' account of the Melian dialogue, and the failure of persuasion in the absence of compelling national power, has re-emerged as smaller states ponder the future of the contemporary Sino-US relationship. The Australian Government's most recent declaratory strategic policy implicitly challenges Thucydides' legacy—suggesting that a small, geographically remote, middle-power state can control its own destiny through the shaping of superpowers and the manipulation of great and powerful friends. This contemporary strategic policy advocates 'more of the same' in seeking to exploit Australia's bilateral relationships to shape the trilateral dynamic to national advantage. But in the face of changing strategic conditions, many ask whether Australia now overstates its capacity to shape a favourable trilateral dynamic given the likelihood of future Sino-American strategic competition.

Thus far, Australia's traditional dual-track strategy of 'information sharing' and 'costly reassurance' has built sufficient credibility and influence to allow Australia moderate interlocutory value in the Sino-American dynamic. It has created and sustained the conditions allowing Australia to develop a robust, largely economic bilateral relationship with China, while preserving the sanctity of the security partnership under ANZUS and the benefits that stem from it. Both major powers have cross-benefitted from Australia's respective bilateral relationships and this strategy, given that Australia has been relatively up-front in seeking 'permission' to act in this interlocutory role. On this basis, Australia seeks to undertake 'more of the same' in its future strategic engagement with the US and China. The public message is that Australia can be an honest broker irrespective of ANZUS and its close ideational affinity with America, it can break down Chinese scepticism by 'working harder' to reassure it along pre-existing lines of effort, and new and integrative forces in a more multilateral international system will assist, because cooperation rather than competition will be the dominant strategic narrative into the future.

Unsurprisingly, continuation of this approach has polarised political, academic and business opinion. It has been variously described in a spectrum ranging from highly positive to critically negative, as laudable but wishful thinking, as plausible and intelligent strategic hedging, and as seminal evidence of wilful governmental neglect in failing to choose one over the other as the situation clearly demands. In order to

understand the bases for these critiques, and to appraise the viability of Australia's declaratory strategic policy, this paper has examined the fundamental characteristics of Australia's bilateral relationships, and their potential for influencing the trilateral dynamic against the backdrop of an uncertain future regional security matrix. In so doing, striking similarities and notable differences are illuminated in the circumstances of two island states—Australia and Melos—across a 2,500 year time span.

Put simply, Australia aims to increase and expand engagement with both China and the US in order to extract maximum benefit from the respective bilateral relationships. National security and economic prosperity are the national interests directly targeted and, in seeking to build relationships that enmesh them in a matrix of mutual advantage, Australia seeks bilateral value and influence disproportionate to its size. New international dynamics, especially economics, are seen to count in this contemporary strategic space. Australia can use its influence to reinforce these integrative forces to promote further cooperation and mitigate instances of competition. This is liberal, 'aspirational' Australia. Yet paradoxically, this is also realist Australia hearkening Thucydides in seeking to shape—rather than simply suffer the whims of—its strategic environment.

Yet Australia intuitively understands that there are limits, and thus risks, in its capacity to achieve this. There are external forces at play outside Australia's sphere of influence and capacity to control. There exist long-lasting and deeply embedded historical, cultural and ideological factors that both generate momentum and impose inertia, in equal measure but in opposite directions. Realist and liberal strategists identify and rebut historical lessons and modern trends with equally compelling arguments. Australians identify with Americans, and intuitively understand and appreciate the benefits that have flowed from American power and global influence. China is rising, seemingly indispensable to Australia's prosperity, and yet aspects of its international behaviour and suspicious state-sponsored economic activities in domestic markets precipitate governmental intervention in the 'national interest'. While power parity with the US is foreseeable, it is still some way off. The future is not certain, and thus there is benefit to be gained from strategic hedging. This is 'realist' Australia. This Australia provides 'costly reassurance' to the US to preserve ANZUS but also seeks to qualify this so as to not alienate China, sparking displeasure and rebuke if the messaging strays beyond the equivocal. This Australia could be confused with Melos if Alice were to take declaratory strategic policy at

face value, or the facade of moral 'middle-grounding' is taken as Humpty Dumpty's 'master message'.

Australia's recent declaratory policy only fails to make strategic sense if it is interpreted and defined in absolute terms. Absolutes are rare in diplomatic declaratory language, and where Australia has strayed into this territory in some of its pronouncements, the protagonists have been brutally quick to intervene and restrain. Many of the criticisms levelled at contemporary policy are valid and are justifiable, where Alice's perspective is the prism of analysis and the Melian position is the frame of reference. But if the context is widened slightly, and the true nature of Australia's bilateral relationships are examined, it becomes apparent that rather than being an unequivocal statement of policy, Australia's declaratory strategic policy merely forms part of the shaping effect. Its broad generality, and subtle masking of its 'master meaning' perpetuate Australia's desire to maintain a difficult and precarious balance as valued interlocutor and moderating voice in the Sino-American dynamic.

On this basis, there is little to suggest—and nothing to be gained from the debate—that Australia needs to 'make an immediate and existential choice' between the protagonists. The timing and circumstances of this will be dictated by the global leviathans, and likely for reasons well outside Australia's sphere of control. This is precisely where Australia's strategy reveals itself to be one-dimensional, overly ambitious and—in the absence of compelling evidentiary data—serially overstated. Previous strategic circumstances have afforded Australia a modicum of influence, albeit brittle and contextually contingent, where there has been an alignment of Australian interest with either the individual or collective interests of both China and America. This is evident from the various circumstances in which Australian diplomacy has achieved successful outcomes, as well as the litany of instances where it has not. To draw on the examples of success, without acknowledging the instances of failure, to suggest influence where influence does not exist and—more importantly—to bank on this, would be folly of Melian magnitude.

Within its master meaning, Australia's declaratory foreign policy does not give any indication of contingency planning or shaping alternatives should competition become the dominant strategic narrative in the Sino-American dynamic. Australia's modest influence and stratagem of 'working harder to make its voice heard', through traditional methodologies more suited to a benign strategic environment,

are not strong portents of future success. Equally, however, they are neither a guarantee for failure in the present. Australia's fall-back position, subtly messaged in the policy but clearly evident from a contextual and historical analysis of Australia's bilateral relationships with China and America since 1972, remains ANZUS. This is the implicit but clear 'master message' of Australia's declaratory policy and, on that basis, Thucydides should rest content.

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