COMMONWEALTH OF AUSTRALIA

JOINT STANDING COMMITTEE

on

FOREIGN AFFAIRS, DEFENCE AND TRADE

ANZUS alliance

CANBERRA

Tuesday, 12 August 1997

OFFICIAL HANSARD REPORT

CANBERRA

JOINT STANDING COMMITTEE ON
FOREIGN AFFAIRS, DEFENCE AND TRADE

SEMINAR

ANZUS alliance

CANBERRA

Tuesday, 12 August 1997

Members

Senator MacGibbon (Chairman)
Senator ChildsMr Bevis
Senator ForshawMr Hollis
Senator Sandy MacdonaldMr Price
Mr Sinclair

The committee met at 8.59 a.m.
Senator MacGibbon took the chair.

SESSION 5: ASIAN PACIFIC POLICIES PHASE II—US POLICIES

US Policies	**Mr Doug Paal**
US Policies—a US military perspective	**Ambassador Richard Teare**
US Policies—an Australian perspective	**Dr Bill Tow**

CHAIRMAN—On behalf of the Joint Standing Committee on Foreign Affairs, Defence and Trade, I welcome you to the second and final day of this public seminar entitled 'ANZUS after 45 years'.

Yesterday we looked at the history and interpretation of the ANZUS Treaty; the effect of the New Zealand-US rift resulting from nuclear ship visits; the political, economic and technological impacts influencing the current nature of the committee; and the current practical realities of the relationship between Australia and the United States.

Today we will attempt to put the current nature of ANZUS in perspective: firstly, by looking at the treaty from the US side; then by examining the impacts of the treaty on regional relationships in the Pacific, South-East Asia and North Asia.

At the completion of session 7 at around 2.40 this afternoon, we will hold an open forum, at which the opportunity will be available for you to direct questions to several of those speakers who are still here from the previous sessions of the seminar. To this end, I repeat my invitation from yesterday for you to take full advantage of the presence of the speakers here to ask questions both at the end of each session and at the open forum at the completion of the seminar.The seminar today will conclude with an address by Professor Ross Garnaut on the future.

We will begin by commencing session 5. We will examine US policies in depth. Obviously, Australia is not the United States' only alliance partner, nor is Australia a major US ally with respect to size, yet ANZUS has been supported strongly by both Australia and New Zealand for 45 years. To examine the reasons for this, we will offer a number of perspectives of US policies in relation to Australia.

I would like to interject with a housekeeping message at this point and express an apology from Mr Sinclair. He had to go to a meeting in Sydney at 7.00 this morning and he will be back as soon as he can.

The first presentation will be provided by a video conference link from Mr Doug Paal in Washington DC. Mr Paal is the President of the Asian Pacific Policy Centre, a non-profit institution which promotes education and information regarding trade and investment, as well as defence and security ties. Mr Paal has served in the policy planning staff within the US State Department and as an analyst for the CIA, as well as in the US embassies in Singapore and Beijing.

This evening, in Mr Paal's time, he will offer us his own perspective of the United

States policy towards Australia. Good evening, Doug.

Mr PAAL—Good evening. For me it is a personal privilege and pleasure to be talking to so many friends on the joint committee and ladies and gentlemen in the audience in Australia. The wonders of technology allow me to do this without having to get on an aeroplane for 20 hours. The only thing I can say is that I miss the opportunity to see people face-to-face and to renew old friendships.

On speaking of the question of the United States' attitudes towards the ANZUS treaty, I think it is necessary to put the historical perspective forward. I look at the period we are now in, where we enjoy the fruits of the post Cold War period: economic prosperity has come to the globe—opening countries that have previously followed socialist economic principles—and democracy has been spreading in the aftermath of the Cold War. We have increasing emphasis on interdependence and telecommunications, the common interests of mankind.

Yet I look back and say that we have had similar periods before. If you look back to the 1890s, you can find many complementaries to the 1990s. The period between 1890 and 1914 is really instructive. Our economic growth in that period was very strong. The arrival of Australia, the United States and Canada in the global marketplace—as railroads and steamships expanded tolerance—heralded a new era when prices were kept down in the developing countries and new technologies made possible greater productivity. Standards of living rose and financial instruments became more available. Yet, in the developed countries, there were stresses as the farmers of the old world and the less efficient producers of the old world had to restructure or emigrate to the new lands.

We have a similar situation today with the rise of China and the emergence of the former Soviet Union as a group of democratising countries developing their markets and their marketing skills. We have South-East Asia performing tremendously in the global marketplace and posing new challenges to us. Looking back to the 1890-1914 period, many people at that time said that the interdependency and success of commerce had put in to history the possibility of war. Yet we all know that by 1914 war began to consume the 20th century and consumed it to the point that 150 million people lost their lives in combat in the course of the wars of the 20th century.

If you flash forward to where we are today, you hear the same sorts of predictions that interdependency has replaced power politics, that technology will breach or cover the many gaps among our societies. I think we have to be careful not to delude ourselves that we can somehow avoid another 1914 type calamity or that we can somehow carry the new century forward without conflict.

We can learn from the last century and try to build something new. In the aftermath of the war to end all wars, World War I, idealism in global affairs re-emerged, especially in the Pacific. Those who know the history will recall that in the 1920s the

Pacific was subjected to what were called the Washington naval treaties. Idealists and politicians in Europe, the United States and elsewhere got together to persuade Japan and England to rupture their previous alliance and to begin to build safeguards into the expansion of fleets in the Pacific.

Unfortunately, that treaty went awry, with economic disruptions caused by the Great Depression, with suspicions of one another. No longer anchored in a reliable alliance relationship, Japan began to take unilateral steps to secure what it thought were its interests. That was the direct antecedent to the formation of ANZUS. The Battle of the Coral Sea was the expression of Japan's effort to find greater security through greater control of its neighbourhood.

As economic force and animosities deepened, ANZUS was formed, to halt that Japanese thrust for greater economic and military aggrandisement. Since World War II, ANZUS has been a vital element in a web of alliances and defence relationships and arrangements that the United States has sought to put together with its allies.

All of us have seen Asia prosper in the period since the war despite, devastating local conflicts in Vietnam, Cambodia and Korea. We saw a fundamental unity achieved against the global aspirations of the former Soviet empire. Together we have managed, to bring about an ever more liberal international trade regime, through bilateral and multilateral cooperation based on our alliance structure.

My point here is to draw the connection between those stabilising features that the alliance brings to regional affairs and the peace and prosperity of the region. Joe Nye, the former Assistant Secretary of Defence—now Dean at Harvard—uttered the famous aphorism that security is like oxygen: you do not notice it until you do not have it and, when you notice you do not have it, you are in an awful lot of trouble. In this respect I think ANZUS plays an important role as one of the many components of the oxygen of security that we enjoy.

Today the Asia-Pacific region is home to greater economic dynamism than elsewhere in the world. We know from history that comprehensive power—the ability to project military power as well as cultural influence and economic influence—comes with great economic capabilities. We have to expect that in east Asia there will be no exception. As a result, Asia is home to the candidate rising powers—those powers which, in historical examples, have led the disruptions in their neighbourhood as they assumed responsibility and greater influence among their neighbouring states.

I think we can learn from history and act to prevent the inevitable rise of new powers leading to the kinds of conflicts that we experienced in the last century. We have a chance to make the 21st century escape this. In this context, ANZUS after the Cold War faces an evolving mission. We are no longer bound together against a common threat. Rather, our countries have a common basis to accomplish two prime objectives. The first

objective is to sustain a common defence structure that is threatening to no-one yet nevertheless prevents the creation of a security vacuum which would invite trouble from those who would seek to fill it.

The second prime objective is to use the rich cooperation made possible by an intimate alliance relationship between countries who share common values and aspirations to promote a greater agenda of multilateral cooperation and security. Those who know the Asia region know well how far it has to go to reach such goals. Asia does not have a strong multilateral tradition—quite the opposite: it has strong bilateral relationships as its hallmark. Many of the countries in the region have less friendly relations with their immediate neighbours than with distant powers. This makes the challenge of multilateral cooperation not impossible—far from it—but certainly difficult, demanding and worthy of constant effort.

In a sense, this ANZUS alliance is a vital part of the foundation upon which we can build an enduring edifice of regional and global cooperation. Last year, the Sydney Declaration, signed by the US and Australian ministers and secretaries of foreign affairs and defence, spoke clearly to American interests and Australian objectives for cooperation in the alliance. It argued that the alliance, firstly, serves to promote democracy, economic development and prosperity and strategic stability. Secondly, it seeks to forestall the resort to force in international disputes. Thirdly, it helps to prevent—and works to prevent—the proliferation of weapons of mass destruction. Fourthly, it encourages cooperation to enhance the security of the region as a whole.

Unlike our forebears, we are not going to be—and should not be—dismantling alliances in the elusive pursuit of idealistic goals. Rather, I think we have a chance, building on ANZUS and other alliances in the region, to build a future on the concrete lessons of the past. I think it is useful to look at a balance sheet of what we Americans think are the potential benefits and the real benefits to the United States of continued ANZUS cooperation.

First, and very importantly, this demonstrated ability to cooperate reinforces the US strategic engagement in Asia. This helps to work against our internal forces of isolation. It was partly the forces of isolation and idealism—and then the protectionism and isolation that came with economic trouble in the 1930s—that took us down the path that broke Japan free of a treaty relationship and that led to the conflict I alluded to earlier.

Second, Australia brings greater weight to US efforts to fight proliferation. We cannot, by ourselves, lead the world. We have trusted and counted on Australian cooperation in leadership in pursuit of the Chemical Weapons Convention, the Comprehensive Test Ban Treaty, efforts to strengthen the United Nations, the United Nations Security Council, the nuclear suppliers group of the International Atomic Energy Administration, the Missile Technology Control Regime, the Australia group itself and our counter-narcotic efforts.

Third, our cooperation sharpens our ability to function in the world of information warfare and high technology. Through cooperation at Pine Gap and Nurrungar we are able to meet the challenges of information technology warfare and to respond with effective intelligence and communication to crises anywhere in the world.

Fourth, Australia's close association with the United States lends support to what sometimes veers away from a sensible China policy based on facts and not myths. Australian counsel is taken as being worth more because there is an ANZUS alliance behind it.

Fifth, ANZUS reduces the cost and increases the likelihood of success in sustaining South-East Asia's remarkable development, a development that has taken it from adversity to prosperity. To quote a famous phrase of Jack Bresnan's, it has taken them from dominoes to dynamos. This has been accomplished through our overlapping defence arrangements, built on the ANZUS alliance and the high-powered defence arrangements that Australia is integral to in South-East Asia.

Sixth, this ANZUS cooperation adds weight to American foreign policy concerns in countries such as Burma, Cambodia and North Korea, where our values give us common purpose and our concerns unite us in an area where others may be concerned or fearful about speaking.

Seventh, our ANZUS cooperation strengthens our agenda for furthering trade liberalisation. Since the Bretton Woods Agreement in the 1940s, trade liberalisation has multiplied the globe's wealth and the prosperity of our citizens since the end of World War II.

Under Australia's leadership, together with Korea and with strong support from the United States, the Asia-Pacific Economic Cooperation group was launched and it remains a growing and, we hope, vitally successful instrument for regional trade liberalisation and, perhaps, even in the long distant future, a basic element in security cooperation. Australia and the United States have a common voice in most affairs in the World Trade Organisation. Again, we consider this a substantial benefit of the alliance.

Eighth, and finally, ANZUS cooperation provides a foundation for regional and global multilateral security mechanisms. Multilateral security mechanisms in Asia are truly in their infancy. We had SEATO in the 1950s, and it never took root; it was really a hothouse vegetable. Today, with the ASEAN Regional Forum, and Australia and the United States cooperating in that organ, there is hope that, in the initial phases, the accommodation of countries to one another and the ability to address specific issues and to have confidence-building measures and others will help to make the soil more fertile for multilateral security mechanisms which will provide true comfort and security for all the countries of the region and not line us up one against the other or one group against another. I think this is a major benefit flowing from ANZUS and US cooperation.

From the United States' perspective, the balance sheet clearly argues for a strong alliance with Australia. I have to leave it to you in Australia to draw up your own balance sheet, but my guess is that you will come to the same positive conclusion, as you seek to build a 21st century more peaceful and less bloody than the 20th. Thank you very much for the opportunity to speak and I look forward to your questions.

CHAIRMAN—Thank you very much, Doug. We will have two speakers after you: Ambassador Teare and Dr Bill Tow. I now have much pleasure in introducing Ambassador Teare, the second of our speakers on US policies this morning. He is the foreign policy adviser to the Commander-in-Chief of the US-Pacific Command. In his current position, Ambassador Teare provides advice on US foreign policy relating to Asia-Pacific and Indian Ocean nations. He is favourably known to most people in the audience here because he served as Deputy Chief of Mission between 1986 and 1989. As well as that, he served as the US Ambassador to PNG, the Solomon Islands and the republic of Vanuatu. As you can see, the credentials that the ambassador brings to his task this morning are quite impressive and are based on very extensive experience with this part of the world. I have much pleasure in introducing Ambassador Teare.

Ambassador TEARE—Mr Chairman, ladies and gentlemen, thank you. Over the weekend I saw an article about Jeff Kennett's tenure in Victoria and it repeated his well-known statement of 1994 when he said:

> There are two things in life you don't want: one is to die a slow death and the other is to go to Canberra.

My outlook is diametrically opposed to the Premier's on that second point. Of all the places I have lived and worked in in a long career, I think Canberra was probably the most satisfactory.

In my time here in the late 1980s, on the best of days at any rate, I was sometimes tempted to turn back my salary and even pay the United States government for the privilege of working here; but I never quite reached that point.

My assignment today, as I understand it, is to provide a US military perspective on ANZUS and on the region. I will quarrel with that just a little bit, to the extent of saying that I am not sure that there is a military perspective as distinct from an overall United States government perspective. Rather, I think there is a single United States perspective. Ambassador Holmes set forth quite a bit of it yesterday, and I view my remarks this morning as an extension of hers.

I would like to say, first of all, that the alliance with Australia under ANZUS is certainly the easiest and, as we heard yesterday, the closest and most congenial of any. It is the product, no doubt, of our common background, of our traditions of our service side by side in several wars, and of all the other factors that bind us. This is not to say,

however, that alliance management can be neglected. It cannot be, and fortunately it usually is not neglected.

In that connection I would like to note that ANZUS and the security relationship have benefited very greatly in recent years from the efforts of one man, who was here with us yesterday: the Hon. Leader of the Opposition. As Minister for Defence in the 1980s he had the wisdom and the foresight to modernise the workings of the alliance, to make the Joint Facilities truly joint and to demystify what they do. He explained yesterday very eloquently why and how he did all of that. The steps that he initiated, which I do not think anyone on the United States side would have had the vision to undertake, served us very well and put us where we are today, I think, with ANZUS—the US-Australian leg of it at any rate—in a very healthy state.

If, as Sun Tzu said, the successful general is the one who never has to commit his forces to combat, so the successful treaty alliance is the one that never has to be invoked; and ANZUS indeed has not had to be invoked. I think in that sense it has served part of its purpose very well indeed.

When I was last here in Australia, about three months ago, I happened to spot an unsigned capsule review in the *Weekend Australian* of a book about Australian naval aviation called *Wings and the Navy*, by Colin Jones. I have not read it, but the reviewer commended Jones for making the point—and this harks back to Paul Dibb's point yesterday about what era we are in—that:

> those controlling Australia's armed forces in the late 1940s did not think of themselves as living in a 'postwar' period. They were planning for a bigger war, in which communism would have to be confronted and stopped by force. The war that came in June 1950 was Korea. When the British Admiralty requested the *Sydney* for service, Canberra declined. The lessons of the previous war were fresh in our leaders' minds and Australia, they felt, might need defending.

That is an almost worthless historical nugget compared with the elegant presentation we had yesterday from Peter Edwards, but I had it in mind before I knew what he was going to say.

Returning to the main theme, the US perspective, we see the Asia-Pacific region in all its size and diversity as a challenging region, partly because, to echo what Doug Paal said a few minutes ago, multilateralism is only beginning to develop, bilateral relations are fundamental throughout this region, and no doubt they are going to continue to be so for years to come.

It is also a region that for the most part has benefited from peace for the last 50-plus years, and it is in those generally peaceful conditions that East Asian nations have made their enormous economic advances and have attained the prosperity that most of the region enjoys today. Again, that is a subject that Doug Paal just covered quite nicely. Furthermore, of course—and this was said by several people yesterday—the threat to

peace has diminished considerably with the collapse of the Soviet Union.

On the other hand, the East Asian region is not free of conflict or potential trouble spots. The foremost worry for us in the United States government today is North Korea. We also watch other situations in the region: Cambodia, where Australia and the US together have worked so hard and invested so much; Burma, where a harsh dictatorship continues to frustrate the expressed will of the people and from time to time drives refugees into neighbouring countries; and the South China Sea, where overlapping claims and interests have led to minor clashes so far, with the potential for worse. That is by no means the complete catalogue of the trouble spots in the area, simply the highlights at this moment.

The United States, given its standing and its commitments, believes that it can and should continue to play a major role in providing security for the region. We see our involvement in East Asia and the Pacific as anchored by ANZUS in the south and by our mutual security treaty with Japan in the north.

Our bilateral obligations run also to the Republic of Korea, to the Philippines and to Thailand. To meet our treaty obligations, and to preserve our own interests, we maintain forces forward-deployed in the region. They number about 100,000, of whom roughly 47,000 are in Japan, 37,000 in the Republic of Korea, and the remainder mostly afloat. Our commitment to maintain that figure of about 100,000 was endorsed in our first Quadrennial Defense Review, which came out a couple of months ago. President Clinton has reaffirmed it. He did so notably during his visit here last year, and it has been stated by two Secretaries of Defense, Perry and Cohen, and by two Secretaries of State, Christopher and Albright.

The number 100,000 is important symbolically, obviously. But the real measure, as Paul Dibb explained so clearly yesterday, is the capability that those forces represent; and, as Admiral Walls and I almost said in reply to Ambassador Dalrymple yesterday, capabilities are always going to be more important than sheer numbers. For reasons not always apparent to me, however, the US commitment is frequently questioned, even here in Australia. I can only say that you should watch that capability and see whether it is not maintained, because it is our intention to maintain it—through ANZUS, through the treaties with Japan and Korea, and otherwise.

In saying that, and in talking about forward-deployed forces, I would like to make very clear that we are not seeking additional bases. The slogan in the 1980s—and this was before the Philippine Senate vote in 1991—had become ‘places, not bases’. I had the privilege in 1989 through 1992 of working on some of the negotiations that brought about our current arrangements with Singapore, Malaysia and Brunei, in which we use other people’s facilities but do not invest in our own. We do not undertake the overheads, the headaches and all the burdens that Subic Bay and Clark air base sometimes represented.

I would add that we are not seeking bases in Australia, not even for the United States Marines, although I recall that there was a flurry on that subject a year ago. Again, if you doubt it, then I would say you should watch what happens over the next few years—or, in this case, what will not happen.

Our existing forward-deployed capability, as represented by troops in Korea and Japan, and by the 7th Fleet, underwrites our strategy, which operates at three levels. First, in peacetime we have a diverse pattern of engagement with many nations of the region—staff conferences, seminars, personnel exchanges, high-level visits, exercises, ship visits and the like. And, of course, we promote confidence-building measures among nations of the region through the ARF and by other means.

Second, in times of crisis we work to deter aggression and to prevent conflict through a credible crisis-response capability that is characterised by proximate, agile and ably controlled forces. The leading recent example of crisis response came in March 1996 when we responded to missile firings by the People's Republic of China in the vicinity of Taiwan by despatching two carrier battle groups to the same vicinity. So far this year there have been two lesser examples. Just last month, and on that occasion in very close coordination with Australia, we sent a modest force that was prepared to evacuate non-combatants from Cambodia, had that proved necessary. In the end, it did not. Earlier this year, we were also in close coordination with Australia over the potential for problems in Papua New Guinea.

Then at the third and extreme level, should deterrence fail, we will be capable of fighting and winning, multilaterally if possible, but unilaterally if necessary. We will maintain a balance of decisive and ready forces throughout our Area of Responsibility: forward deployed, which I have already covered; forward based, meaning those stationed in Alaska and Hawaii; and those based in the lower 48 states of the United States or, as our briefing at CINCPAC sometimes says, the continental United States. Together, the forces under the direction of the Pacific command total just over 300,000, which is the largest number of any of our regional unified commands around the world.

We believe that maintenance of that credible capability to fight and win a war is the best guarantee that we will not in fact have to use the capability. We believe that that capability also is what enables us to operate effectively at the lower levels of crisis response and, fortunately, most of the time, at the level of peacetime engagement.

As for defence cooperation between Australia and the United States, Doug Paal has already given us a list of the benefits to the United States. The forms it takes include, again, things that have already been discussed here at considerable length. I would cite particularly the Joint Facilities; the continuing exchange of intelligence; exercises such as Tandem Thrust, on which we were briefed yesterday; port calls; and high-level visits. My boss, Admiral Joe Prueher, has come to Australia five times in his first 18 months of office—once with President Clinton, once for the AUSMINs and three times on his own

account—and I expect he will be here frequently in the future.

There are other things that have gone on as well over the years. In my time it was the production of the FA18, under licence, in Melbourne. We have, on a continuing basis, large numbers, scores in fact, of American exchange officers here in Australia and Australian officers in the United States. There is our coordination with Australia and New Zealand of defence cooperation programs for the island nations of the Pacific. Of course, we have the annual ministerial talks—AUSMIN—and the military representatives talks that immediately precede AUSMIN. In other words, it is, as many other speakers have stressed already, a broad, diverse and dense relationship.

I do not submit that these programs, these exercises and all the other things that Doug and I have just referred to depend on ANZUS for their commencement or their continued existence—most of them in fact do not, technically speaking. However, the spirit and the fact of the treaty undoubtedly contribute to the effectiveness of these various examples of coordination which I have cited. I would note also that the fact that Australia is a treaty ally puts Australia at the head of the queue for a lot of things, including materiel and technology, in terms of United States law and policy.

Let me shift gears for just a moment and a swipe at a question that arose yesterday—that was the very first question of the morning, if you recall. Ambassador Holmes was asked about a seeming incompatibility between United States policy towards New Zealand and our signature a year ago of the protocols to the South Pacific Nuclear Free Zone Treaty, or SPNFZ, for short. She answered quite correctly that there is no contradiction or we would not have done what we did in 1996—that is, to sign the protocols.

I would simply like to elaborate on that with a bit of history and say that, as I think is generally known, at least in Australia, SPNFZ was drafted on behalf of the South Pacific Forum by Australian diplomats and defence officials with full knowledge of the United States' criteria for participation in such an arrangement. So really the protocols, from the day they were completed, were acceptable to the United States. Why then did it take another nine or 10 years for us to get around to signing on? I think it has to be attributed to one of those accidents of history, maybe of personality.

The treaty and the protocols came along very soon after the problems with New Zealand over nuclear-capable ships. There was a strong adverse reaction by certain very high people in Washington to anything new and, let's say, adventurous coming out of the south-west Pacific and there was a fear that nuclear-free zones might spread, that an attempt might be made to create them in other parts of the world where it would not have proved possible for us to go along with them.

The result was that we went through the late Reagan administration, the entire Bush administration and into the final year of the first Clinton administration before we

finally got around to signing. But I am pleased to say that we finally did. This is not to say that we are content with all other nuclear-free or nuclear-weapons-free zones that might come down the path. We do have problems with SEANWFZ, as it is called—the South-East Asian Nuclear Weapons Free Zone. I hope that those problems can be attended to and I think there were signs very recently that perhaps they will.

Let me turn now to one last aspect—the missing element of ANZUS, if you will—the NZ. I speak as one who knows that country rather well and feels great affection for it, and as one who was working there in 1984 when a new government brought in its policy with respect to nuclear-capable and nuclear-powered ships. I was one of those who, I am afraid, was stirring up the ether in early 1985 when there was, we thought, some hope that the policy New Zealand was on its way to adopting might be averted. Of course, as history has shown, we were not successful. The ether was conquered by some more powerful chemicals or something.

Needless to say, I do not question New Zealand's sovereign right to adopt the policies it adopted and later the legislation that it adopted, though of course I dispute the wisdom. The consequences were inevitable. The United States could not, and cannot, maintain two separate navies: one non-nuclear, for the defence of New Zealand, and another for all other purposes around the world.

We would welcome New Zealand back into the alliance and so, I am certain, would Australia. But New Zealand would first have to change its legislation and its policy, because the United States would never violate either one. Theoretically, there would seem to be some possibilities. Since 1992, it has been the general policy of the United States not to deploy nuclear weapons aboard surface ships, attack submarines and aircraft. However, we do not, to this day, discuss the presence or absence of nuclear weapons aboard specific ships, submarines or aircraft. Nor, would I add, do we wish others to make their own judgments about specific ships, submarines or aircraft, which I think was the way some of that ether was distilling in early 1985.

As for the safety of the nuclear propulsion systems of US navy vessels, I think the report of the Somers commission in New Zealand answered that question quite definitively at the time of its publication just a few years back. It is, however, a technical and objective answer; whereas the issue here, as with nuclear weapons, is, I am afraid, a political and a subjective one. So I do not foresee any change in that situation. I would note that, meanwhile, the United States is doing what we think we can with New Zealand in the defence realm, short of exercises, port calls or the other things that were ruled out as a consequence of New Zealand's decision of 1985, when the alliance went into suspension so far as we are concerned.

For example, two conferences will be held in New Zealand next year. New Zealand will be co-host to the Asia-Pacific Military Medical Conference. I think that is in March or April and I do not know the precise venue. The convening party on the United States

side is the Surgeon-General of the United States Army, Pacific, who is concurrently Commander of the Tripler Army Medical Centre in Hawaii. This is a conference that goes around the region; I think it was in Malaysia this year and it will be in New Zealand next year. Later in the year, New Zealand will be co-host to the Pacific Armies Senior Officers' Logistics Seminar, or PASOLS. The 1997 version was held in Vancouver just last week, and the 1998 version will be held at some time in August or September, I believe, in New Zealand. Realistically, those sorts of events, plus the contact that now exists at ministerial level, are about as far as we are going to be able to go under the present circumstances in New Zealand.

In any case, the United States fully understands and welcomes Australia's continuing defence relationship with New Zealand. We recognise also that it has never been easy, and it certainly was not easy during the period that Mr Beazley was talking about yesterday, for Australia to have maintained those two defence relationships simultaneously. Personally, I am very glad that Australia did so. Tomorrow I am going over to New Zealand for the first time in 11 years, and on Friday night I expect to be a guest aboard the first New Zealand ANZAC frigate *Te Kaha*, which is paying its inaugural visit to Wellington Harbour, so I applaud all that.

We as the US government might observe that New Zealand's policies of 10 or 12 years ago had the effect of bringing the United States and Australia even more closely into alliance. That is a very good place for our two nations to be, and we can look forward to the continuation of a healthy US-Australian alliance far into the future.

CHAIRMAN—Thank you very much, Ambassador Teare. Our final speaker in this session is Dr Bill Tow, Reader in International Relations at the University of Queensland. As a graduate of the University of Queensland and a sometime faculty member, it is good to see that standards have not declined since I left Australia's premier university. Dr Tow has a PhD from the University of Southern California and he specialises in international relations and Asian politics. He has published numerous books and monographs, including *A U.S. Strategy for the Asia-Pacific*, for the International Institute for Strategic Studies. He has extensive knowledge in this area, and it is with much pleasure that we introduce Dr Tow.

Dr TOW—Thank you very much. The title of my address was 'US policies: an Australian perspective' and obviously, given my accent, there is an immediate perceptional problem with that, so perhaps we should revise it to 'a quasi-Australian perspective' or 'a hybrid Australian perspective'. I have been here about six years, and let me reiterate Ambassador Teare's sentiments that it is a great country. I feel honoured and privileged to be able to work here, even at Queensland University! I take some comfort from the observation that standards have not been lowered; I was wondering what standards were, in effect!

Part of yesterday's discussion focused on the extent to which America's foreign

and strategic policies have become region-centric. Paul Dibb, in particular, made this point, and I think it is a very valid point. Certainly it is a clear concern for Australia and other so-called middle power allies that the remaining superpower in the world exercise greater sensitivity, or at least a high level of sensitivity, and awareness towards the interests of such allies. But perhaps an even stronger imperative is to tell the ANZUS story in a more convincing and, frankly, at times, a more entertaining way than those of us normally involved in the strategic studies field are perhaps accustomed to doing, otherwise I fear we risk defaulting this issue's relevance, certainly to the generation that I am teaching at the tertiary level today and certainly to the generations that may follow them.

I will address the second point later in my presentation. Let me give you a very quick account of a personal experience which occurred some 25 years ago in my life, in order to illustrate the first point. In my early postgraduate days at a major university on America's west coast, which has already been identified in the introduction, I attended an inspiring lecture given by one of the better known local politicians in California who was aspiring to higher, federal office. This person delivered a simply spellbinding lecture on the need for the United States as a global power to derive and pursue effective national security policies if its long-term interests were to be effectively served.

Following the talk, several of the more enthusiastic students, including yours truly, were invited to converse with the guest of honour about our own academic interests and aspirations. When asked about my own academic intentions, I said I wanted to study and write about a topic which I felt has not been sufficiently emphasised in the American security debate as it was evolving during the early 1970s. That, of course, was US security relations with Australia and New Zealand. Without missing a beat, the politician and several academics in attendance—probably some of you may know these people, but they will nevertheless remain anonymous for purposes of this account—urged me to reconsider, arguing that nuclear arms control, the US military presence in Vietnam, the growing politico-strategic divisions among the NATO allies over the implications of the dual track decision and simultaneously, the future of detente in Europe, and an array of other topics would be more relevant to discussing or addressing America's global strategy and, incidentally, more useful to me in earmarking a future within the US strategic studies community. Given these factors, why would I ever want to study an area of the world that was so remote and peripheral to the great strategic issues of the day?

Perhaps a bit too eagerly, and for reasons that perhaps I still do not fully understand, I responded by blurting out something to the effect: 'No, sir, I want to study ANZUS.' To my genuine surprise, the brow of the pollie furrowed deeply, with a look of genuine perplexity: 'ANZUS? What in tarnation is ANZUS?' I think this illustrates to some extent the low ratio of awareness, at least in southern California in the early 1970s, at a time, of course, when the anti-Vietnam War movement was capturing the headlines. Admittedly, this exchange took place more than a decade before the New Zealand nuclear ships dispute sharpened American public awareness about what the alliance was, and

certainly long before the end of the Cold War which threw the geopolitical and economic importance of the Asia-Pacific region into more graphic relief for the average American voter.

In a small way, however, I think it also reflects a major and longstanding frustration of middle-power allies such as Australia in dealing with a country such as the United States that the asymmetry of power within the relationship meant that it would always have to negotiate with the United States from a position of relative weakness and that, unless carefully managed, this inherent inequality would determine the overall course of the strategic relationship.

I must say that revisionist critics have taken this argument much too far, particularly in Australia and in New Zealand. Essentially, one revisionist critique has argued recently that Australia may have defined its postwar strategic posture as seeking and sustaining the American alliance, but it has never been a comfortable embrace because the United States' interests always overrode those of its regional ally. Perhaps Doug Paal's presentation, which we have just heard, has put to rest, at least in good part, this misconception.

A more balanced argument is that United States-Australian relations need to become more balanced, forming, if at all possible, a new sense of alliance purpose which will focus on encouraging a community of strategic interests with Australia's own region. I think this is a valid concern. But in the general spirit of the ANZUS love feast that seems to have been going on in the last day or so here, I would like to offer to you a counterargument to these types of observations, which is simply that both US strategic policy interests and security trends are working to infuse the Australian-American alliance with probably as much relevance and benefits to Australia as has been the case throughout the history of the alliance, although this condition could be undermined if the relationship is taken for granted and not carefully managed.

Three basic propositions underscore my assertion. They all relate to the United States' ability to sustain policy continuity. First, after considerable skirmishing with elements of the US Congress during President Clinton's first term of office, it is now increasingly evident that American foreign policy formulation is shifting back towards a more bipartisan approach. It is obviously not back to the level that we saw in the early Cold War days or before the War Powers Act; nevertheless, it is relatively benign and compatible in comparison to the assertion of Congress at intermittent periods of time since the War Powers Act was passed in the early 1970s. I think this general trend can only work to Australia's long-term advantage.

Secondly, there is a growing convergence between Australian and American strategic interests in the Asia Pacific which will work to reinforce alliance rationales. We heard a great deal about these yesterday. I think Doug Paal reiterated them this morning in his itinerary. I will try to address these from a different perspective in the limited time that

I have.

Thirdly, traditional alliance habits of consultation and collective action will most likely be reinforced rather than undermined by Washington and Canberra mutually seeking to resolve their obvious differences over trade, the environment, human rights and so forth. I will briefly assess each of these factors but wish to emphasise at the outset that, as the United States moves to develop new sets of relationships with different types of actors in a post Cold War setting, Australia's importance and effectiveness on issues relevant to the Americans will generally remain a constant and valued asset for both countries.

Less than three years ago the then US Assistant Secretary of State for East Asia and the Pacific, Winston Lord, quoted what became a well publicised memo to Secretary of State, Warren Christopher, which warned that a series of American policy measures directed towards this region threatened to corrode the United States image and influence in this area of the world. Problem areas listed included trade tensions with Japan, differences with China and various south-east Asian states over human rights and weapons proliferation and the lingering regional perception that US military power in Asia would be reduced substantially over time.

The memo could perhaps have been written as well by any number of Australian diplomats endeavouring to reconcile its own country's regional agenda with US policy struggles then under way. Indeed, in a well reported speech delivered at the time, the Australian Ambassador to the United States pleaded with US policy makers to adopt a less messianic approach to the region lest Asian receptivity to US views and interests was irreparably undermined.

The root of the problem was well understood, however, by most US allies, including Australia. The Clinton administration had deviated from the application of sustained pragmatic diplomacy under pressure from one of the most ideologically driven American congresses in recent memory and from various factions in the Republican Party, such as that led by Pat Buchanan, who were clamouring for their country's adoption of a more neo-isolationist posture.

The election of a more moderate congress along with Clinton's own re-election in November 1996 certainly signalled the return of the United States to a more balanced regional posture. That election, however, was merely the culmination of what must be viewed as a fairly remarkable US policy transformation which had already materialised throughout most of 1996.

Clinton's crisis management of the Taiwan Strait crisis in March, as already mentioned by Ambassador Teare, his visits to the five allied countries in Asia during April-November to reinforce the US bilateral security ties in the region, his full support of APEC in the ASEAN regional forum, his benchmarks for multilateral cooperation and his adept management of intra-Korean tensions during a growing North Korean food crisis all

reflected the initiatives of a more directed and self-assured administration reasserting the foreign policy formulation primacy of the American executive branch of government. I depart from text just to say that this is perhaps the best example of at least ad hoc multilateralism playing an increasingly significant regional role. Perhaps this was the 10 per cent that was referred to yesterday by Paul Dibb but I would say that it would be a very significant 10 per cent if progress towards political resolution in the Korean Peninsula actually does take place in the preliminary or actual four-power talks.

Occasional statements attributed to various US congressmen visiting this country or New Zealand that the ANZUS alliance was outdated seem very much at odds but are increasingly underscored by a more directed American president and a more cooperative American Congress, both intent on engaging the region more effectively.

Assuredly, trade-offs between the two branches of the US government still occur. Jessie Helms' demands that the US State Department be streamlined through the revamping or the integration of the US Information Agency and the US Arms Control Disarmament Agency into a leaner and meaner State Department in return for Helms' support for ratification of the chemical weapons convention would be a case in point where we still see the American checks and balances alive and well.

But I think Madeleine Albright's own reportedly positive relationship with Senator Helms underlines the larger and more significant point. There is unlikely to be, if you will, another memo of self-introspection, a la Winston Lord, floating from the US foreign policy establishment any time soon—at least not one deliberately leaked to the American press.

This resurgence of American leadership and relative national unity can only be good news for Australia which has been accustomed since promulgation of the Nixon doctrine and the War Powers Act to congressional checks and balances mitigating the foreign policy continuity with its great and powerful friend. I will leave this segment of presentation by observing that American foreign policy tends to be less strident and more consistent when shaped by the centrist elements of the US political establishment, leaving less room for misperceptions and miscalculation.

What about converging strategic interests? The Cold War rationales underpinning ANZUS were essentially twofold: as alluded to yesterday, most importantly to provide a viable cooperative mechanism whereby the United States could work with Australia—and until 1986 New Zealand—to contain a perceived global communist threat and, secondly, to ensure western maritime predominance in the south and south-west Pacific which has often been referred to as a strategy of strategic denial.

With the dissolution of the Soviet threat, some Australian commentators—probably none of them attending this particular function—argued that the alliance component of the Australian-American relationship was no longer relevant to national security interests.

Those holding such a view either advocate complete self-defence reliance for Australia or alternatively a radical new approach to security politics which denies altogether the utility of force capabilities as a useful component in Australian foreign policy and which rejects completely the so-called realist outlook of international relations.

By its very extremity, the second position has failed to sway any responsible Australian government and the probability of it doing so some time soon is still fairly low. Perhaps in part inspired by a conversation which we had following last night's session at the reception, I felt that it was important to address this problem to some extent because I think a significant portion of younger people in Australia continue to hold a fair bit of scepticism, or at least question more seriously than perhaps most of us sitting in this room do the rationale for the alliance. This relates to the ascension in the tertiary education sector of the so-called critical theory faction, which urges that a new discourse or vocabulary needs to be derived to define and discuss security issues which cannot be completely dismissed and that in fact a post-modernist bent needs to be taught frequently and fervently in this country's tertiary classrooms in order to underscore the legitimacy of intellectual inquiry.

As one of those who actually is immersed with this on a day-in day-out basis in one of the better tertiary educational institutions in Australia—so we are told—it seems to me that one of the great challenges confronting the security establishment of this country is to offer alternatives to these types of assumption. Perhaps we need to move beyond what might be perceived by these types of people as the all too often staid zero assumptions that underlie strategic studies analysis. Otherwise, national security elites, perhaps in both the United States and in Australia, will face greater difficulty in convincing young people that they can offer any hope other than history repeating itself and the prospect of a conflict-laden future. At best, such a paradigm may well be deemed irrelevant by a generation consumed by more pressing problems of unemployment and how to cope with the forces of globalisation. At worst, contending visions of how security should be pursued and managed to the alliance politics will increasingly challenge the prevailing wisdom.

I think that most of us in here have a challenge to perhaps tell the ANZUS story to a wider body of people and to more diverse age groups of people than we are normally accustomed to doing. That is the message from the tertiary education sector. I am not sure that the education minister would emphasise this in her agenda, but I think this is the appropriate setting to emphasise it.

In terms of the Sydney declaration, Doug Paal has gone through this in a fair amount of detail, so I can probably skip over the next page and a half of my presentation, in the interests of time. It might be interesting to attempt to translate expressions of the national security interest which were reflected in the Sydney declaration into some specific types of contingencies. This can always be a hazardous position, given the unpredictable course of international politics. Nevertheless, because I am here to sing for my supper, I

will venture into troubled waters, not only to justify this presentation but to try to bring into sharper focus the ANZUS Treaty's present applicability to Australia's regional security concerns and how they may coincide with those of the United States.

Among the most obvious—but by no means exclusive—scenario-related objectives entertained by alliance planners might be the following. The first might be the defence of both Australian territory and society from the threat of a military attack of such magnitude that US intervention would be required to either forestall or curtail it. By extension, there is the deterrence of a nuclear or other weapons of mass destruction strike against the territory of another ally or against either Australian or US forces deployed in forward positions throughout the region. Another obvious objective is the prevention of the achievement of strategic domination over east Asia by a hostile hegemonist or a great power and, by extension, the avoidance of regional hegemonic competition—which would either result in the above outcome or that of preventive war, particularly among the great industrial powers of north-east Asia which provide the major trading conduits for Australia. A final objective would be the peaceful succession of contemporary south-east Asian governments which would remain amenable to Australia and the United States and would be willing and capable of developing more sophisticated and liberalised domestic political institutions.

Given this itinerary, it seems to me that the convergent security interests of Australia and the United States can be fairly well surmised. As maritime powers and trading states, both Australia and the United States regard the defence of their populated coastlines—the east coast in the case of Australia—as a paramount geopolitical objective. In an Asian context this means clearing and holding a broad array of sea lane communication emanating from the west coast of the continental United States to the South-East Asian south-west Pacific. I thought it was interesting yesterday that Paul Dibb mentioned that there may have to be a shift in geopolitical focus over a period of time, away from our traditional emphasis on the north-east Asian sector and towards a broader sector moving to the south. I would concur that this is something which might need to be watched over time.

The nuclear deterrence function of ANZUS goes well beyond Australia's agreement to maintain the Pine Gap facility beyond the year 2000. It also entails planning for the unpleasant prospect that future tensions and events may yet render the nuclear non-proliferation treaty de facto ineffective in Asia. This could occur if China ultimately fails to participate in regional confidence and security building initiatives designed to curb regional security dilemmas and arms races or if North Korea remains isolated from the mainstream of regional security politics. ANZUS security interests would be well served if both of these states could be persuaded to modify their currently intense preferences for projecting sovereign based security postures over exploring the advantages—more seriously than they apparently do at present—of regime oriented security politics. In the event that they are not so moved, Australian-American collaborative research on theatre missile defence systems may have to be accelerated.

Finally, from an Australian perspective strategic stability in Asia translates into a regional environment where free trade is flourishing and political community building is visibly progressing. This generally coincides with the American vision, particularly since the Clinton administration has endorsed multilateral trade politics through its support of both APEC's Bogor declaration and the WTO as legitimate and desirable security processes, complementing rather than merely supplementing more traditional security or strategic politics.

Economic growth and strategic stability will only be enhanced if Asian elites can be persuaded to resist imposing authoritarian solutions for coping with their rising middle classes and to welcome the gradual sociopolitical liberalisation of their societies. For any number of reasons, however, so-called Asianisation postures may be employed by future regional governments to legitimise authoritarian practices and to justify viewing Western society through culturally competitive lenses. If such is the case, coordinating a mutual approach for responding to such trends may present the Australian-American relationship with one of its most daunting challenges to date, because both allies will then be required to examine more carefully those values which constitute the very foundation of their own alliance in terms of how they may be undercutting their influence with other Asia-Pacific actors in the process.

As I was reminded somewhat pointedly yesterday afternoon, Australian Prime Minister Howard has assured both his people and his country's American ally that Australia will not need to choose between its geography and history, that no schizophrenia need be expressed in this alliance as we move towards the next century. No alliance is tension free, however, and Australia's ongoing quest to define and shape its Asian identity will surely test the durability and viability of ANZUS over the next few years. From Australia's perspective, this should be viewed as an opportunity and not a burden. Alliance viability is usually measured by the compatibility of its members' interests, combined with a clear sense of its general purpose.

In this context, Australia's frustrations over the lack of market access to the United States and America's perceived intermittent insensitivity to Australia's own market needs may well spill over to affect the Australian electorate's perceptions in a manner reminiscent of Japan's trade surplus sensitising US public opinion to economic threats in the late 1980s. Alliance strains may also intensify if Australia resists complying with the international greenhouse gas emission standards.

I suspect, however, that such tensions would mostly stem from the Australian sense of resentment over American environmental diplomacy, perceived as unnecessarily isolating Australia from much of the world on a good international citizenship issue rather than from any American sentiment to impose any type of reprisals against Australia for non-compliance with internationally imposed emission standards. No country enjoys being lectured to by any other country, much less by perhaps one of its traditionally closest allies. At times, however, candour between friends is necessary and desirable as a precondition for that friendship to be preserved and even strengthened. Agreeing to

disagree and to resolve such differences as peaceably and creatively as possible is the real substance of alliance reinvigoration.

I am therefore concluding and complying with the generally predominant spirit of this workshop, that the occasional Australia-American acrimony generated by the disputes I have outlined will prove over time to be no match for the two allies' shared values and common heritage, which are fundamental to making the alliance an enduring partnership. The need to integrate American foreign policy consistency, which I think it is fair to say Australians view as a lubricant of both alliance and Asian stability, with policy creativity, without which neither Australia or the United States become full partners in Asia's future development, has never been greater. Neither country can afford to pursue its interests in Asia independently of the other, yet both must recognise that their security relationship, while remaining substantial, may well take on different forms.

I think Australia's future relevance to the United States is certain, but that importance can be enhanced even more if both America's and Australia's present and future leaders and policy planners continue to resist the at times understandable temptation to project Australia's and America's independently evolving Asian security identities at each other's expense. Instead, working together to realise both ANZUS countries' vital interests is the best formula for the alliance's relevance and survival to be sustained well into the next century.

CHAIRMAN—We have had three very thoughtful presentations from United States speakers on American policy in the Asia-Pacific region. I welcome back now Mr Paal, and we open this session for questions.

Mr BURREN—I welcome Doug Paal taking us back to the 1880-1914 halcyon days. The period that followed has probably been unimaginable to people living in those times. That might be a good starting point for Bill Tow's students in the educational sector now to look at our past situation in context. But my real question refers to Ambassador Teare. He mentioned that one of the prime concerns at the moment is North Korea. I would suggest there are three possible outcomes to the present situation in North Korea. The first is that North Korea explodes with quite unforeseeable consequences. The second is that North Korea maintains a situation of hostility with the region for an indefinite period, which would justify the retention of forward deployment of US forces in the region. The third outcome would be unification of the Korean peninsular, which would seemingly remove the justification for a large forward deployment.

I wonder which of those three outcomes is most feared or most welcome. Perhaps the real question is: how important is forward deployment of US forces in the north-west Pacific to maintenance of a balance of power to stop China becoming the predominant nation?

Ambassador TEARE—You have dropped quite a few things in there together. As

to the outcome in Korea, we simply do not know at this point. We do not know what form it is likely to take. It is 44 years since the armistice and we are only now at the point where the North Koreans are willing to sit down and talk with the South Koreans, as well as with us, about a peace treaty. It is perhaps only their domestic situation that has brought them to this point. We do not know for sure.

I think that the time to talk about any adjustment to our deployment in North-East Asia is after we have seen the settlement on the Korean peninsula, whatever form it takes, and after we have made certain that there is nothing left there that would threaten the peace of the region. I think that will be a good many years ahead. It could come more quickly than we imagine if there were an implosion, which is the word often employed. There is a theory current in Honolulu that we are more likely to see reconciliation of some sort than we are prompt reunification no matter how weak North Korea becomes but, again, we are in the realm of very great speculation here.

As to the time after that, and the relevance of forces forward-deployed to China, I think we are getting into a whole further realm and that is the sort of international actor that China is going to be. Again, we do not know that at the present time. We are trying to influence China in the direction of responsibility. We hope that that process will take. We see some evidence in favour of that and some evidence against it. We want to encourage the favourable development, naturally, of China as a responsible nation in the region.

We are conscious at the same time that China is growing in its economic strength and is looking outward more and is acquiring new systems, particularly missiles, that could put much of the region in jeopardy. It really is more up to China than it is up to the United States. But, so long as the issue remains in doubt, I think we will be around.

Mr PAAL—I think the picture of fundamental points is correct. I would like to look a little further. We can talk about what is going to happen in North Korea without any fear of immediate refutation because no-one knows enough about the situation there. I do think that one thing is certain and that is that the United States' interests are global and growing. Therefore, the United States will have interests to protect, globally. And Asia and the Pacific are showing greater growth than elsewhere so our power projection capabilities and our interests in the region will probably grow. The form they take may change as the revolution in military affairs begins to reshape the kinds of weapons needed to accomplish missions. But I think that the need for an alliance-based position by the United States, large or small, will continue for decades to come.

Prof. GARNAUT—I have a question for Doug Paal. You mentioned that part of the value of ANZUS to the United States was that the Australian counsel on China was helpful to US-China policy and that the counsel was more influential because of the existence of ANZUS. Could you expand a bit more on the ways in which Australian perspectives on China have been helpful to the US discussion?

Mr PAAL—I would be glad to, Ross. The debate in the United States over policy towards China has had many contributing elements. Some of it was politics, some of it was genuine revulsion at what took place in China in 1989 and revelations of various kinds of Chinese behaviour. In the transition from one president to another, we had a shaky, shakedown cruise, if you will. The Democrats came to power in 1993 and had been away from responsible policy making for quite a long time, and very few hands were available who had real experience in dealing with Asia and China. This led the Congress to step in. I would disagree, by the way, with a little of Bill Tow's chronology of what took place.

When we have leadership vacuums in the United States—we had one when it came to foreign policy, and China in particular, in the early part of the Clinton administration—Congress tends to step in to fill that vacuum. Of course, it really cannot. With 535 individual secretaries of state attempting to make policy things are very erratic.

I think that the outside counsel of Australia, particularly leading up to the Taiwan crisis, had an outsized impact on internal deliberations and the firming up of the determination of the Clinton administration to take a more coordinated and prioritised policy toward the PRC and Taiwan. Australia speaks from a level of intimacy in a relationship that is not matched by many others. Australian stakes in the region, with respect to Taiwan and China, give it a bigger voice, as well.

Dr EDWARDS—My question is directed to all three speakers but it takes up the tone of one of Dr Tow's comments that the alliance has to be carefully managed and not taken for granted. The Australian Centre for American Studies is a national centre backed by a consortium of universities—including, you will be glad to hear, Mr Chairman, that distinguished institution at St Lucia. Ambassador Dalrymple is the President, Sheila Austrian is a member of the board and I am the executive director. We are currently running a series of relationship studies where we aim to look through a combination of monographs and seminars at issues which affect or have the potential to affect the Australian-American relationship.

We have identified several of those. We are in the process of identifying more. I would like to invite the speakers to identify those issues which they think over, say, the next two to three years have the potential to become issues in the Australian-American relationship. I would mention that we have done something recently on the prospect of a bilateral free-trade agreement. We have something in train now, which will be reaching the seminar stage in November, on China as a potential issue in this relationship.

We have had some discussions and given some thought to other topics such as those touched on yesterday, defence industries and the revolution in military affairs. Does that have the potential to put a strain on the relationship if US technology advances so far ahead of Australian technology? We have thought about the question of the policy making process and how Australia can achieve any salience in the Washington policy making

process.

I would ask all three speakers to seek to identify issues which have that potential, and I might say that if there are other people here who feel constrained by their official positions not to speak too publicly that Ambassador Dalrymple and I can be the soul of discretion, and a quiet word in the ear over morning coffee can be quite fruitful.

Dr TOW—Probably the big one is agriculture—the export enhancement program and the dairy export enhancement program. As I understand it, US legislation over the past year or two has modified Australian concerns to some extent but not totally, in terms of the practice of American subsidies being assigned to finding new markets for US agricultural products overseas. This, of course, is being watched very carefully and will continue to be watched very carefully, particularly by this particular Australian government. Tim Fischer seems to have taken a very active role in terms of monitoring the American-Australian relationship.

Frankly, over the next two or three years, I do not see that much happening or changing in the strategic relationship apart from 'steady as she goes', unless there is an unexpected explosion or crisis in the region. Essentially, pocketbook issues are at the top of list.

Ambassador TEARE—I would agree with you entirely, Bill. I would add that, from my perspective, in looking back to my time here, the important thing, from the standpoint of the United States but also of any Australian government, is to keep trade issues distinct from defence issues and not to imply that somebody is going to cancel a lease because of an export-enhancement program.

I remember very well a demonstration, soon after I arrived here in 1986, by wheat farmers outside our gates over here in Yarralumla. They brought a sack of wheat, slit it open and dumped it out onto the flowerbed. Then a television crew arrived and they had missed that and so they said, 'Could you restage it?' The farmers all smiled cheerily, shovelled up the wheat, put it back in the sack and did it all over again. It would seem to me a nice spirit, more symbolism than anything else. But there were also serious suggestions that defence should suffer because of imbalances or perceived injustices in trade. I fought against that, and I think both governments need to be vigilant on that score. Otherwise, I do not see any looming issues for the next two or three years.

Mr PAAL—I have three issues that I think are going to be getting some ink devoted to them over the coming couple of years. The first is the reideologisation of human rights under Madeleine Albright. Her efforts to persuade the American people to pay more attention to foreign policy and to better budgets for foreign affairs are laudable. But one of the means that has been chosen to get to the public is advancing America's human rights agenda. That, I think, would be more counterproductive than productive in East Asia in policy terms, and Australia is going to come to have some concerns about

that.

The second area is related, and that is Malaysia. The recent ASEAN Post Ministerial Conference saw sparks fly between Madeleine Albright—and, presumably, the position of the United States of America—and Prime Minister Mahathir. Your former Prime Minister went down that route, and you know what happened. Your interests may not coincide with ours if this conflict is not contained.

Thirdly, around 1999, I expect to see tension between Taiwan and China rise again. I am not sure how the American political system will respond to that. I hope that the American system—the new Assistant Secretary of State, Stanley Ross and his colleagues—will begin to tackle that problem today and not wait until 1999 when Taiwan's election process resurfaces issues of independence that strain our common One China policy.

Mr BEHM—I have a comment which I would like to address to Doug Paal. Doug, I was really very pleased to hear your list of eight benefits which the United States derives from ANZUS, given the basic asymmetries within the alliance itself. I wonder, though, if I could possibly add one more to your list of eight—and we might get to 10 if somebody else wants to go a bit further. I would like to add one in the force dimension, because I think ANZUS actually has another benefit which is particularly real in the sort of ultimate circumstances for which ANZUS was originally created and, indeed, in the future, may actually have to be invoked.

Under ANZUS we conduct quite a lot of activities such as Peter Leahy detailed yesterday, in Tandem Thrust—that is, exercise activities; we do a lot of work on interoperability in C2; and we have done, over many years now, a great amount of work in standardisation. So what I would like to suggest is that your ninth benefit might well be that ANZUS supports force capability which enhances the credibility, authority and probably the legitimacy of bilateral alliance operations and, potentially, multilateral coalition operations. These, I noted, fitted in pretty well with some of the points that Dick Teare was making concerning the three-part strategy followed by the United States in the Pacific.

Mr PAAL—I would agree with you on that. I thought perhaps others would have made the point in the course of this gathering of two days, so I did not think it would be necessary to make it now. But clearly the capabilities are that there is a multiplier effect. I add as a tenth point—one that would seem too crass to be put in the original list—that defence technologies are much more affordable when we share them out among our allies. You get the benefit of those cost reductions and so do we, and those are very important to us.

Prof. EDDY—I am from the Centre for Australian and New Zealand Studies, Georgetown University, Washington. Last week there was a conference in this Parliament

House on the Australian-UK alliance. It was a little less fettered than this one because it had '2001 and towards the future' in the title. Not that this conference is looking backwards only, but it is, I suppose, a little constrained when it is talking about, from the ANZUS point of view, military-strategic and looking backwards, at least from the point of view of a platform. That in a way is a pity, though of course in many of the expositions we have had it stated quite clearly that there are many other areas that make the military, strategic and intelligence points of view understandable in their context and so on.

I would like to support Dr Edwards's point about the wider context that some of the centres—Bill Tow's point too about the newer generation—play in putting military-strategic features before the next generation. A point came up too about the study of history. Far be it from me to correct the chairman, but you yourself, Senator, referred to the beautiful arrangements between Australia and New Zealand at the beginning of the century and then the various sense of decline. I am afraid that the closer one looks at the Australian-American alliance the more one learns about each country, and, if you count in New Zealand, the more history begins to take on a life of its own.

A hundred years ago the New Zealanders voted with their feet not to become part of Australia. Ninety years ago the New Zealanders voted not to have a navy of their own, just when the Australian navy was being founded. In fact, if the New Zealand policy of 90 years ago had been followed, perhaps the Japanese would not have taken the role they did in the First World War and hence been tempted to take the role they did in the Second World War. History does live and it is not all wig history.

There is another thing, too, from the United States' point of view, a military point of view. The ambassador mentioned the Battle of Hamel. She might also have mentioned the Great White Fleet, which was a sort of pre-ANZUS massive investment in the South Pacific by President Roosevelt, who managed to afford to send the fleet here but did not have enough money to send it back. Congress would not give him enough money, and so on.

My point is that, as Mr Scanlan's exposition and so forth makes it quite clear, this is a living, ongoing relationship which certainly has very deep elements of military and strategic importance and, of course, this conference looks at them, particularly in the ANZUS context. But the next generation, the generation after, the ongoing, the actual interpretation of the past, all these things mean that we have to put our net a little wider.

It has been a great privilege in the last two or three years, along with ACAS and so forth, to actually be involved in setting up something in Washington DC, an American institution, an institution which has the patronage of people like Rupert Murdoch, Jim Wolfensohn and Tony O'Reilly, but which in fact is based in the school of foreign service, which is the home of the present President of the United States. Ambassador Galuchie is now the dean, Anthony Lake is now a new professor and, of course, notably there are Madeleine Albright and Charles Tenan, the new head of the CIA. Consequently,

there are all kinds of things moving.

I would just like to, as it were, reiterate Bill Tow's point, to congratulate people like Mr Paal who have been involved in these fields for so many years and people like Des Ball and Peter Edwards. I do not know what you say or do. You try to get help, you try to get interest for centres. We, for example, have graduated our first American undergraduate with a certificate in Australian and New Zealand studies. There are 16 undergraduate courses up; if you take six you get a certificate. This shows that there are new things going on, new things looking to the future but which will, in the context of Tom Clancy's *Patriot Games* and all that type of thing, written in and around Washington DC, influence military and strategic policies.

I simply want to extend the invitation that Peter Edwards has given to members of the defence, political, diplomatic and corporate communities for any new initiative. I think there will be a lot.

Just finally—I have gone on too long—I want to say that I am continually amazed to learn of the deep contacts that there have been, from Nantucket sailing ships in the first few years; we think of the French turning up the day after the British turned up in Port Phillip; we think of the Americans turning up a year or so after and so on. But it goes through to people who stop you in the street in Washington and point out to you that their brother is the manager of the National Bank in Dubbo and you say, anecdotally, 'How lovely,' then it turns out that that is not the point. The point is that they belong to Pittsburgh Sealand; they are developing the Adelaide docks, a $5 billion project. Thank you.

Rear Adm. ROBERTSON—My question is addressed to Ambassador Teare and to Mr Paal. Ambassador, you gave a rundown on some of the flashpoints in Asia which, of course, may have effects on the ANZUS alliance in due course. You did not mention what some of us think is one of the keys in the relationship in East Asia: the relationship between Japan and China. The recent incidents in the Senkaku Islands were, to some of us perhaps, a little disturbing. I wonder if you could give us your views—and, Mr Paal, perhaps you could give us your views—on whether you believe that in the future relationships between China and Japan will be able to be developed in a way which will enhance stability, as opposed to perhaps the problems which could arise from these territorial problems?

Ambassador TEARE—I will take a quick stab at that. I would say that we are hearing from the Chinese today, as we have heard from them over many years now, that they profess to be greatly afraid of a resurgent militarism in Japan. We think that China has misinterpreted our updating of our defence guidelines with Japan, which was to have begun in late 1995 and, in the event, occurred only a month or so after the Taiwan Strait crisis, perhaps increasing China's basis for misinterpreting.

In any event, we see the alliance with Japan as having continuing importance and relevance. We would also like to see relations of trust and confidence develop between Japan and China. We think there is a reasonable chance that they will. We think that Japan is not the nation it was 65 years ago. We would recommend that China come to a recognition of that view. We do not expect them to do so any time soon, but we think that there ought to be a basis for cooperation. We hope it will be found.

Therefore, I would say yes, that we take seriously incidents such as the Senkakus. On the other hand, we also observed some elements of restraint, at least the second time around, on the part of all of the participants. So I do not think it is hopeless, by any means, but I think it is going to be difficult.

Mr PAAL—I do not think it is possible to look at the history of Japanese-Chinese relations and not have great concerns about the management of their relationship in the future. The 1895 conflict, the constant friction throughout the 20th century between Japan and the Chinese, the motivation of a modern nationalist movement in China due to Japanese aggression and other actions, all of this is very much in living memory for the Chinese and for many Japanese as well.

This is a daunting challenge. If I am right and North Korea is on its way to collapse, then the reunification of Korea is to follow. Looking to Europe, the reunification of Germany, in retrospect, looks costly and messy but, nonetheless, quite a success. But that success was built on 45 years of NATO interaction, on 45 years of activist, Franco-German reconciliation, on the leadership in West Germany that was strong and wealthy and on a Gorbachev with compliance and in need of wealth.

Contrast that with the situation we could face in a year or three in East Asia. We do not have a security structure. We do not have trust between Japan and Korea—or Korea, Japan and China—to the degree that we have in Europe. We do not have the kind of leadership in each of these capitals that is prepared to deal with those issues. I think Mr Robertson's point is very important.

On the specific case of the Senkakus I side with Dick Teare. China unleashed forces of nationalism unwittingly in the initial phase of protesting Japanese continued occupation of the Diaoyu Islands or the Senkakus. It allowed forces to get out of control, coming from Hong Kong, and Taiwan had its own activists trying to claim Chinese sovereignty over the islands. But when they saw where the danger was leading, both the Japanese, who had been inattentive, and the Chinese, who had been somewhat provocative, backed away and tried to smooth over the issue. The issue remains but I am encouraged by the management of it in its later phases.

Major KERR—Could I ask our three speakers: through the life of ANZUS we in Australia have been lucky to have had US military officers, policy makers and even presidents who have served in combat with Australian forces—World War II, Korea,

Vietnam. This, of course is now passing. It is 20 years since Vietnam. We have a US president who has had none of that experience and this, I think, will continue into the future. Can the panel comment on how important the emotional ties have been in the formulation of ANZUS and the ongoing support that ANZUS has received, and what this heralds for a future in which Washington does not have that emotional link with Australia?

Ambassador TEARE—I can only agree with the thrust of the question. It is a real problem. As someone who worked closely with the Australian-American Association here 10 years ago, I saw our membership growing older and greyer. I would pick up on what Dr Eddy said a few minutes ago: that it is very difficult in normal times at least—with no crisis, no such external bonding—to develop support for an alliance structure. Maybe the two countries are growing closer together all the time in terms of popular culture and yet that does not necessarily translate into, as Bill Tow said, support among the current generation of undergraduates for defence cooperation.

I do not know an answer. I do not think whether or not a given president has served in combat, or with or without joint operations with the Australians, makes a huge difference. I think anyone at policy levels in either government is going to see the necessity. But I agree with you as to the danger that the spirit is going to dissipate.

Dr TOW—Someone earlier on the panel made the point—I don't think it was me, but it may have been, senility strikes—that military affinity and strategy is a component of politics, but it is only one component. I think this was very well demonstrated by Bill Clinton's trip to Australia in November 1996. I am an independent analyst so I can probably be a little more candid than perhaps other folks in the room.

The Bush visit really was not an all-time great hit. It was January 1992 when he visited Australia. He was obviously preoccupied with the economic doldrums of the US-Japan bilateral economic relationship at the time. I think he went on to Japan in the same trip. Certainly he did his very best to project a supportive type of posture. He was also becoming a bit more preoccupied with his forthcoming election problems.

Bill Clinton, frankly, turned a lot of people on when he came here in November l996. In particular, my barometer is my students in the classroom. They came in talking about Bill Clinton's speech in Sydney, but also what he had to say in Canberra.This was from a guy who does not really have the military affinity or wartime experiences whereas, if I am not mistaken, George Bush served in the Pacific during the Second World War and had known a number of Australians for a number of years. Clearly, it seemed to me that Clinton made a more favourable widespread impact in terms of his ability to relate to the Australian public during his trip in November 1996. Again, military is important, but it is only one component. Bill Clinton demonstrated that during his trip.

Mr PAAL—For some time it has been apparent that the aging of the wartime generation put greater requirements for both Australia and the United States to try to talk

to the younger generations about the meaning of the relationship. One of the day-to-day helps in doing that is that among the top three or four advisers to a president on national security affairs—Secretary of Defence or Secretary of State—one is someone with practical experience in the Asia-Pacific region and Australia in particular.

For me, the golden hero was Secretary of State George Schultz, who had a president who was Pacific-minded, but had long-term practical experience out in East Asia. He was quite sensitive to local concerns and trying to keep the public informed on the importance of our relationships with the region.

Currently we have no one with long-term or serious personal experience in East Asia serving President Clinton, so we end up with a kind of hit-and-miss process. Yes, the trip went well. That was a good thing, but sustained effort requires more personnel with personal experiences. I think this is something that we ought to speak up about at times when elections are being made of key personnel to staff for a new president's or a returning president's new cabinet.

CHAIRMAN—I want to bring this session to a close. We will have an opportunity for an extended question time after lunch today. I would like to thank the speakers very much for their time. Mr Paal in Washington has been kept away from his dinner. Thank you also to Ambassador Teare and Dr Tow.

SESSION 6: ASIAN PACIFIC POLICIES PHASE II

Australian Policy Objectives	**Mr Hugh White**
Australia and Multilateralism in SE Asia	**Professor Des Ball**
Alliances in North Asia	**Dr Russell Trood**

CHAIRMAN—Ladies and gentlemen, the Australia-US relationship does not exist in isolation from the foreign policies of other nations. We have discussed how the New Zealand relationship has been altered by Australia-US relations, but this session will discuss the effects of the Australia-US relationship on the policies of other regional nations. We are initially looking at it from an Australian point of view.

The first speaker in this session is Mr Hugh White from the Department of Defence. Mr White is currently the Deputy Secretary of Strategy and Intelligence within the department. That has a much enhanced role, as you will realise if you read the Defence Efficiency Review. In that position he has oversighted military policy interaction very much with the United States.

As well as other positions within the strategy and intelligence program, Mr White has held the position as head of Strategic Analysis within the Office of National Assessments and has been a senior adviser in international relations to a previous Prime Minister. Welcome, Mr Hugh White.

Mr WHITE—Thank you, Mr Chairman, and thanks for the opportunity to address this meeting and for arranging this seminar, which is on a subject very dear to our hearts. As you have pointed out, I am an official, but I just want to stress that I am not going to be giving an official view of the issues I will be talking about. It will, however, be an official's view—that is, the view of someone who works with the stuff in a practical way. That will colour and perhaps limit some of the things I have to say.

The occasion of the seminar is the 45th anniversary of the treaty itself. I do think it is a good idea to think about the treaty and the alliance a little bit separately. There is more to the alliance than the treaty; in fact, in our case our alliance with the United States started some few years before the treaty was reached. We lived in strategic sin, I suppose, for a few years. The alliance is bigger and broader than the treaty, but I think the treaty itself is a very important part of the alliance, for reasons that I want to talk about in more detail in a little while.

To start with, I just want to make a point that I think many who have worked practically with the document and with the relationship would share, and that is that it is very easy in the business of government to see the alliance as an end in itself. We have, as I sometimes say to the people I work with, inherited from our policy making predecessors a very intimate alliance with probably the most powerful country in

international comparative terms the world has perhaps ever seen since the time of the Romans. That seems like a pretty important part of the family jewellery and we had better be pretty careful of it. We had better make sure we hand it on to our successors as policy makers in as good a shape and order as we have received it. It is tempting to see it a bit like that, as part of the crown jewels—something to be treasured and handed on. But actually it is a bit more practical than that. It is part of the toolbox; it is not just there for decoration. It is that sense of the way in which it is part of the toolbox that I want to talk about.

In the end the alliance is an instrument of strategic policy and it is there for us, Australian policy makers, to use to achieve Australian national strategic objectives. In a broader sense, in a sense that is broad but not irrelevant to the way we manage the alliance day to day, our strategic aim is to maximise our security from armed attack. What I want to do is list—I got to five ways; I'm behind Doug in the numbers game—five ways in which it seems to me we use the alliance and to some extent the treaty, the document itself, in maximising our security from armed attack.

I want to start with the treaty and the security obligations under the treaty. I hope in an audience like this that not too many people will be surprised to hear that the traditional view that ANZUS contains only a commitment to consult is simply wrong. Article 4 of the treaty commits the parties, under clearly specified circumstances, to act to meet the common danger in accordance with their constitutional processes.

Books can and have been written on what the word 'act' means. The best of them to my mind remains the first one, which was written by J.G. Starke. But the fact is that that obligation, that language, carries with it a very strong presumption that Australia and the United States would use armed force together in the circumstances envisaged by the treaty. I do think that is a very important part of the treaty. Of course, it is a less important part of the alliance in some ways. It is certainly a less important part of Australian defence policy now—and has been for 20 years than it was when that document was perhaps first signed and than it was in the first two or 2½ of the 4½ decades that have elapsed since the document was produced.

We have, since 1976, had Australian governments of all persuasions very closely focused on the primary responsibility of Australia to maintain the capabilities to defend our own territory without relying on the combat forces of other countries. Nothing I am going to say in the next couple of minutes is intended to detract from that obligation. I do think it is the heart not just of our defence policy, but a very important aspect of the sort of country we are.

Nonetheless, I think that even within a self-reliant defence posture the fact that such a very powerful country has such a very clearly expressed obligation, with such clear connotation in the context of the treaty and the circumstance under which it was negotiated, that it would involve the use of armed force is a very significant strategic asset

to Australia.

It is traditional, but I think quite accurate still, to argue that the key importance of that phrase and that commitment is the complexity that it adds to the planning of any potential aggressor. What is important about article 4 is not that we can assume that the United States would send their armed forces to defend Australia, it is that any potential attacker would have to think very carefully about whether they wouldn't.

It is worth noting that the wording of the treaty is interestingly broad; it is not just attack on our territory it is also attack on our forces in the Pacific area. So it poses a very significant constraint in the straight military planning of anyone who intended to use armed force against Australia or our armed forces. And let me tell you, as a working strategic policy maker, that is something that is very good to have in the toolbox.

There is one other point I want to make in that connection. It goes to some things that were said in some of the very interesting discussion in the earlier session this morning; that is, a particular area in which the US undertaking to Australia has a special significance—the undertaking of article 4—and that is in the nuclear area. Australian governments must, so to speak, metaphorically look their taxpayers in the eye and answer the question, 'What are you doing to defend us against nuclear attack?' The only answer we have is, 'We have an alliance with the United States under which we enjoy extended deterrence.'

That remains a part of the alliance which a working strategic policy maker is very glad to have, though, for obvious reasons, partly because the circumstances under which it might occur are almost impossible to contemplate, it is not much talked about. That then is the first of my five ways in which I am glad to have the treaty in the toolbox.

The second way will get to some of the points that were raised yesterday, and it is a familiar element in discussions about the way in which the treaty and the alliance works in Australian defence policy. That is that the treaty and the alliance deliver us a high level of confidence that we would have US support in war short of the provision of combat forces. As Paul Dibb said back in 1986, the threshold of US combat involvement in wars involving Australia could be quite high, but we would hope, indeed we expect, that the threshold of US non-combat support in conflict could be quite low.

The traditional model of non-combat support is things that sound slightly boring and mundane like logistics and that sort of stuff. Increasingly—and this is very much to me something which is changing in very significant ways with the evolution of military technology, which is sort of gathered together under the rubric of RMA—support from US capabilities in war, short of the deployment of actual combat forces, is a very, very important part of Australia's defence posture. I go particularly to the whole issue, which I am sure was addressed yesterday, of the extent to which we can benefit from and rely on access to US information systems of all sorts.

As information technology becomes more and more embedded in the way we use military power, as the military advantage we can gain by exploiting those technologies becomes more important to the way Australia thinks of defending itself, as the military advantage you can gain by exploiting those technologies becomes more important to the way Australia thinks of defending itself, as the United States domination of that whole area of military technology increases, as it is, then our ability to fight to defend Australia using our own combat forces will increasingly depend on our access to US information systems. This is actually, down the track, a very significant development in the relationship.

If I were asked what would be my list of big things that might happen in the relationship to change it over the next few years, it would be the way in which we manage our increasing dependence on US information systems and the expectation of access to those systems in war. That is a very important part of the alliance and it is the second of the ways in which it is good to have the alliance there in the toolbox.

The third reason is, if you like, a bit more down to earth, getting back now from the circumstances in which the alliance helps you in war and starting to talk more about what it does for you day by day. Within the defence organisation, the thing about the United States alliance which strikes us every day is the access it gives us to US military technology, not just a very specific operation of the relevant sort I was mentioning before but across the board. If you go into the defence organisation and talk to people doing the job, most of them will not be thinking about the Americans' role in the ARF, important though that is; they will not be thinking about what the United States is doing on North Korea. They will be talking about whether we are going to get access to a particular version of a piece of military technology which is going to give us the confidence that our forces can fight and win. That is the real, day-to-day bedrock of the relationship.

It is a very important area. It is one in which we believe, on a lot of evidence, that we are extremely well served—we have an extremely privileged position in access to US technology—and it is simply essential to our capacity to defend this continent, with two per cent of GDP. For that reason, I would absolutely go along with the points that Paul made yesterday about the dollars that attach to that aspect of the relationship.

The fourth way in which it seems to me the alliance works for us and the way it serves Australia's strategic objectives is a bit broader. It relates more to the sorts of international issues that have been talked about over the last couple of days. But I do not want to start at the regional level; I want to start at the global level, because there is a very important global element to the alliance. Although the obligations in the treaty are limited to the Pacific area, the interests that the treaty serves, for both sides, have always had a strong global element. From the United States point of view, of course, the treaty was part of a global network of treaties and was significant to the United States in that connection as well what it meant for the United States regionally.

For Australia—although our perspective on the Cold War was very different, simply because of the differences in geography if nothing else—we always did, right up into the mid-1980s, as was said in the 1987 white paper, have a very clear strategic as well as a broader political focus on our commitment to the Western alliance. That particular global aspect of the treaty is past, but I believe the treaty and the alliance still have a very important global element to them. We, in Australia, have a very clear strategic interest in there being an international order, a global order, in which the use of armed force is discouraged and which has zero toleration for aggression.

It is a feature of our environment which is a bit like the Joe Nye oxygen that Doug Paal quoted, which we take for granted. The fact is that that international environment is maintained in the world today by the United States—by US power and US willingness to use power. That, to my mind, is the enduring strategic significance of the Gulf War. The fact that the United States was prepared to and had the capacity, militarily and diplomatically, to mobilise, lead and prosecute operations against the invasion of Kuwait sent a message of zero global toleration for aggression which has made every country in the world safer.

Our alliance with the United States, in ways we demonstrated in the Gulf War, is a small but, I think, not insignificant contribution to sustaining that US global posture. We should not forget the extent to which that serves our strategic interests directly.

Fifthly, and finally, I will get to the region, because the region is very important. Australia has a very complex set of regional strategic interests. I will not try now to give you a detailed dismantling of them all. I want to try to characterise them regionally in two ways. The first is that Australia's security from armed attack has been enormously shaped, particularly in the years since 1965, by the fact that we have lived adjacent to a region in South-East Asia of stable, prosperous, cooperative, effective, by and large, well governed countries that have been at peace with one another. That was not true for the decades before that and we had a very different strategic environment as a result. It is very easy for us to take for granted the fact that the South-East Asia which was, in the first decades after the Second World War, an international byword for chaos has become more recently an international byword for effective progress. We have a huge interest in preserving that.

There is, it seems to me, a very simple significance of the US role in the Asia-Pacific region which supports our interest in that kind of environment in South-East Asia—that is, that by dint of a combination of some bilateral alliances, some effective bilateral diplomacy outside alliance arrangements and a good network of access of the sort that Dick Teare mentioned before, the United States has a very effective and pervasive strategic presence in South-East Asia. The fact that it does not have any very big flags on it—it is not called NATO or anything like that—should not delude us that it is not extremely significant to the strategic perceptions of the countries in South-East Asia.

In a nutshell, I believe that the US presence in South-East Asia, subtle though it is,

makes a huge difference to the confidence that those countries will not face armed attack alone. That is very much to our strategic advantage. It is a key contributor to maintaining the kind of environment in South-East Asia which has made the difference between Australia being a very comfortable country strategically for quite a few decades and one that could have been a lot less comfortable.

Australia's involvement with the United States through ANZUS is a very direct support to its presence in South-East Asia, and our broader alliance relationship with them does a great deal to support that presence. In the regional context, this is the first way in which it seems to me that you have got a very strong direct Australian strategic interest in the effective management of this alliance through its effects on South-East Asia.

The second way of encapsulating or collapsing a very complex set of issues and interests for Australia is to look at North-East Asia. It is one of the consequences of the end of the Cold War that our region of primary strategic interest has expanded. During the Cold War, particularly in its later parts when Paul wrote the Dibb Review and the white paper that followed it, we defined our region of primary strategic interest as South-East Asia and the South-West Pacific. Governments, at least since 1994, have defined our region of strategic interest much more broadly—to include essentially the whole of the Asia-Pacific region. Certainly we have a much stronger focus now than we did before on the significance of North-East Asia to our security.

That is a huge subject and one could spend a lot of time talking about it. I want to try to express what I see to be Australia's key interest in a sentence—that is, we want to avoid the emergence of acute strategic competition between the major powers of North-East Asia. It is my view that without the US presence in Japan, in particular, the prospect for acute strategic competition between China and Japan would be very much greater than it is and we would be unwise to assume that that sort of competition will be limited in its effects to North-East Asia itself. I therefore believe we have a very direct national strategic interest in avoiding the emergence of that competition. The presence of US forces in Japan sufficient to give the Japanese a very high level of confidence in US willingness to fulfil US treaty obligations to Japan is a very important part—I would say the decisive factor—which prevents the emergence of acute strategic competition between those two countries.

I believe that, whilst our influence in North-East Asia and our influence on and contribution to US affairs in North-East Asia is weaker than it is in South-East Asia, it nonetheless remains the case that US policy actually increasingly does see the Asia-Pacific region as a system, recognises and works with the interconnections between them and, to my mind, has benefited a lot from the breadth of alliance relationships that the United States has in the western Pacific. I believe it would be much harder for the US and Japan to maintain their bilateral alliance alone if it was the only alliance the United States had in the western Pacific. The fact that it is part of a treaty system—separate treaties, separate relationships, but clearly part of a broad regional posture—I think makes that an easier

structure to preserve. So in that way, again, I see our maintenance of a strong US-Australia bilateral relationship as contributing to the maintenance of the US strategic engagement in the western Pacific as a whole and in North-East Asia in particular in ways that very directly serve our strategic interests.

There are just a couple of points I want to make about both the South-East Asian and the North-East Asian elements of that picture I have just drawn. The first is that the way I have described our interests there reflects I think how deeply they are shared with other countries in the Asia-Pacific region. The reason why, notwithstanding my professional predisposition towards pessimism, I am basically optimistic about the strategic affairs of this region, notwithstanding all the good reasons for pessimism, is that I do see a very strong sense of shared strategic interests amongst the countries in the region. The other element is that these interests, the way I have just described them, are of course deeply shared with the United States. It is true, as Bill said, that alliances work well when the interests of the parties are aligned and it is an important part of our environment that the strategic interests we have in the Asia-Pacific region are very closely aligned with the strategic interests not just of the rest of the region but also of the United States.

This is the place to make the point that, when Mr Howard last year stood up at the beginning of the AUSMIN meeting and made the point that was referred to earlier this morning about the fact that Australians do not have to choose between their relationship with the United States and their relationship with Asia, as a point of strategic policy, that is not just an aspiration, that is a fact. Doing the work day by day, you do not find yourself coming up with a whole lot of decision points where you have to think, 'Are we going to go this way or that way,' because the nature of the interests you are serving simply do not diverge to a significant extent. That is not to say that there are not differences; there are, but it is worth making the point that they do not emerge primarily in the strategic area. It is not a matter of making strategic choices. There are areas of divergence, but it is more likely to be in areas like human rights, in the way that Doug Paal mentioned. So, from a strategist's point of view at least, the idea that you do not have to choose is not just an aspiration, it is the way things are right now, and that makes a very big difference to the relationship and its future.

That gets me to my five. I want to finish with a sixth, which is not an objective. I guess this is slightly self-indulgent on my part, but I cannot resist adding a comment to some of things that have been said already about the vexed issue of the extent to which Australia should use the strategic relationship that I have been describing, the tools in our strategic toolbox, to do jobs in other parts of government business in areas like trade and so on. It will not surprise anyone who knows where I have been working to hear that for a long time I thought that was a really dumb idea, and I think a lot of others in here probably think the same.

But I want to make a slightly different point here. On the idea that we have in our strategic relationship with the United States, if you like, a natural instrument of influence

on a whole lot of non-strategic issues in Washington, I think people who think that are simply misunderstanding a very important part of the relationship. That would be true if our strategic relationship with the United States was on balance a net benefit to the United States rather than a net benefit to Australia. If it was clear that the United States was getting a lot more strategically out of this relationship than we were then it would make some sense to go to Washington and say, 'If you do not do what we want in the trade area, we will do something horrible to you in the strategic area.' The fact is that if you go to Washington and put that view to people they will be apt to think that you are mad. They would be apt to take the view that in fact Australia is a very strong net beneficiary of the relationship.

Not that we do not contribute a lot; we do. I was struck by Doug Paal's listing of the benefits the United States gets from the relationship. They are very important ones, to my mind. I would have added a few, including the one that Alan Behm added in the question time. But the idea that we have got a natural lever on US policy because they do us the favour of allowing us to be an ally is not one that has a lot of attraction in Washington, and I must say it does not make a lot of sense from Australia's point of view either.

My own view, then, is that the alliance, including the treaty that underlines it, the treaty that is now 45 years old, is a very central element in the way we actually manage strategic policy in Australia. But this has been true under successive governments and, because of the depth of the shared strategic interests that I have mentioned, I think it will continue to be for a long time to come. I am not too worried, I must say.

CHAIRMAN—Thank you very much. The next two parts of this session deal with a more detailed look at the South-East Asian area and after that the North Asian area. Our next speaker will look in detail at the web of alliances in our contiguous area to the north and the west. To discuss this topic we have Professor Des Ball, who is a professor at the Strategic and Defence Studies Centre at the Australian National University. Across the board there has been no other Australian academic who has published on such a wide range of issues in relation to Australian-American affairs as Professor Ball. It is with much pleasure that I invite him to address the topic of Australia and multilateralism in South-East Asia.

Prof. BALL—I have actually prepared quite a large paper on the subject of this morning's talk, which has been given to the *Hansard* staff. It is too long to read out here in the 20 to 30 minutes I have got, so I will just go through the major points that I want to get across this morning.

For four and a half decades now the United States has been Australia's most important ally, though the nature of the alliance has changed immensely during this period. In the 1950s and 1960s the US was commonly thought of in terms of being the guarantor of Australia's defence. The nature of the alliance changed quite dramatically in

the 1970s and 1980s. ANZUS was still regarded as the ultimate guarantee of Australia's security in the event of an 'overwhelming threat'—they are the words of Ian Sinclair in October 1982—but Australia was to take responsibility for its own defence in regional contingencies.

Since the 1980s, the important aspects of the relationship from the Australian point of view have been the preferential access to US defence technology, which has been important in maintaining the high technology focus of Australian defence strategy, the intelligence cooperation and exchange arrangements and the access to the most senior strategic councils in Washington that derives from Australia's hosting of the important satellite early warning and signals intelligence ground stations at Nurrungar and Pine Gap. At the operational level, the Australian Defence Force continues to be much more involved with the United States than any other single defence force.

However, another transition is under way in the relationship, perhaps less dramatic than the change to greater self-reliance in the 1970s and 1980s but more complex and ultimately more profound. The dynamics are more systemic, multifaceted and multilateral. They involve the end of the Cold War, the collapse of the Soviet Union and the transition from bipolarity to some as yet undefined form of multipolarity, with several major regional actors, new types of security concerns and the development of cooperative modalities in this region.

Australia has been at the forefront of the moves to enhance and institutionalise confidence- and security-building measures—CSBMs—and cooperative security activities in this region. You will recall the proposal by Foreign Minister Gareth Evans back in July 1990 to establish a Conference on Security and Cooperation in Asia—the CSCA—similar to the CSCE in Europe. Although the regional reaction to the CSCA proposal was negative in mid-1990, there is no doubt that the suggestion was an important progenitor of the establishment of the ASEAN Regional Forum, ARF, in 1993-94.

Australia has been one of the most active participants in the ARF. Australian officials have been particularly active in invigorating the Senior Officials Meetings—the SOMs—which are responsible for preparation of the ARF agendas and undertaking or sponsoring studies for consideration by the ARF. In particular, Australia has been very active in the process of intersessional SOMs, which have become the most important mechanism for the development and implementation of CSBMs in this region.

Defence activities are at the very forefront of Australia's regional security policy, whether measured in terms of personnel and fiscal resources involved or in the importance of the joint defence activities themselves. Defence cooperation between Australia and its South-East Asian neighbours has simply burgeoned since the late 1980s. In my paper, I have reproduced a table which was published by the Department of Defence in 1995. This table shows that in 1993-94 Australia spent some $229 million on cooperative defence activities with Asia-Pacific countries. We can niggle and argue about this figure, but about

$¼ billion is what Australia is spending on regional engagement.

The weight of the Australian Defence Force's joint activities has moved decidedly towards the ASEAN countries with respect to several aspects of Australia's defence cooperation in recent years. For example, for three years now the ADF has been more involved with ASEAN defence forces than with the United States, in terms of the total number of joint exercises, 38 per cent of its joint exercises being with ASEAN defence forces—compared with 29 per cent in 1994-95. Indeed, if you add up the exercises that we do with the ASEAN countries together with New Zealand, PNG and the South Pacific, they now greatly exceed the number of exercises which we do with the United States.

With the increase in ASEAN postings to Australia for training purposes, and especially the fee-for-service training activities of the Singaporean Armed Forces, there are now at any given time many more ASEAN defence personnel posted to Australia than there are US personnel here, including the 600 or so US personnel stationed at the joint facilities at Pine Gap and Nurrungar. The reciprocal side of Australia's defence cooperation with the ASEAN countries is perhaps even more remarkable. Most of the ASEAN countries, especially Indonesia, Singapore and Malaysia, are now more engaged with Australia with respect to cooperative defence activities than with any other country, including their own ASEAN neighbours.

Some of the important dimensions of regional security cooperation in which Australia has been centrally involved include the following. Firstly, intelligence exchanges: cooperation with respect to intelligence exchanges should serve as an important regional confidence-building measure. Exchanges of intelligence assessments and regular discussions among regional intelligence officials should lead to greater consensus concerning regional security developments, as well as closer personal relationships among the relevant officials. In turn, this should serve to reduce the possibilities of misinterpretations and misunderstandings. It should be a central element of greater regional transparency. There is now a very extensive network of bilateral intelligence exchange agreements throughout the region. The Australian intelligence and security community has been very much at the hub of this intelligence cooperation.

Secondly, reciprocal visits by senior officers: these provide a mechanism for increasing openness and closer personal relationships and for enhancing mutual understanding and trust. In Australia's case, senior Australian Defence Force and Department of Defence personnel now visit their ASEAN counterparts at the very senior levels at a rate of more than once a month.

Thirdly, enhancing transparency: it is now generally accepted throughout the region, by policy makers and independent analysts alike, that it is critically important to encourage much greater transparency with regard to strategic assessments, strategic objectives and major defence acquisition programs and activities. Australia has done much to advance the cause of transparency in the region. It has published regular,

comprehensive and detailed strategic reviews and defence white papers. The ADF has shared some of its important manuals on doctrine and operational concepts with its regional counterparts. Officials involved in strategic assessments have briefed their regional counterparts—for example, the strategic review team produced the *Strategic Review* in 1993—and Australian defence authorities have assisted some regional countries with development and preparation of their own white papers and defence statements.

Training programs provide a very useful means of imparting much appreciated staff and technical skills, sharing operational concepts and doctrines, reducing the likelihood of misunderstandings and misinterpretations and building trust. In recent years, some 600-odd members of ASEAN defence forces have been coming to Australia for training and study purposes under the auspices of the Defence Cooperation Program. In addition to these activities under the DCP, there has been an even larger increase in the number of ASEAN defence personnel who have been undertaking training and other activities, arranged on a direct service-to-service basis, undertaken on a fee-for-service contractual basis. This is especially the case with the Singaporean Armed Forces. There are now about 1,200 Singaporean personnel and dependents stationed in Australia. Arrangements are being finalised for a permanent base for another 600 or 700 Singaporean defence personnel. In addition to these 2,000 there have been a couple of months in each recent year in which there have been as many as 4,000 other Singaporeans here on their own unilateral training exercises.

Joint exercises are extremely productive in terms of building closer defence relations. Over the past several years Australia has conducted from two to three dozen exercises a year with one or more of the ASEAN defence forces, not counting passage exercises, or PASSEXs, as compared to about half-a-dozen a year a decade ago. These joint exercises have not just become more frequent and regular, they have also increased in scope to include a broader range of force elements. They have increasingly involved the coordination of some of the most sophisticated capabilities in the respective defence forces, and they have involved the promotion of closer cooperation and confidence building. Some of these exercise activities now include also a degree of interoperability between regional forces.

Because there are serious resource factors which inevitably limit the conduct and scope of joint exercises, invitations to officially observe a neighbour's other exercises are still a very important CSBM, especially in terms of assuaging concern about intentions. Australia now extends invitations to most of the ASEAN defence forces to observe major ADF exercises. Peacekeeping operations and training for PKO is another area where Australia has been very active in the region.

Finally, there are regional arrangements for coordinating defence cooperation. In the last few years Australia has established a large number of bilateral arrangements with various regional countries to further coordinate and develop defence cooperative activities. The most important of these are with Malaysia, Indonesia and Singapore.

I would like now to address some of the issues that arise out of this increasing multilateral and bilateral cooperation in the region, in the context of our alliance relationship with the United States. Let me say a few words to begin with about the place of multilateralism in the regional security architecture. It is sometimes asserted that the development of cooperative security activities represents a transformation of the regional security architecture in which national interests, power politics and military forces are being replaced by common security interests and the peaceful resolution of differences.

As far as Australia is concerned, there has been an argument that follows from that. It is along the lines that there is a tension, if not an incompatibility, involved in enhanced regional cooperation on the one hand and the maintenance of bilateral Cold War alliances on the other. It is argued that that tension comes about because on the one hand, if the maintenance of the alliance is required to deal with the possibility of regional threats, then Australia should be less transparent with its neighbours and potential adversaries; and on the other hand, if there is no possibility of potential threats becoming manifest, then there is no justification for either an expensive policy of self-reliance in defence of Australia or for the alliance with the United States.

In fact, the emerging regional security architecture across East Asia and the Asia-Pacific region is one which is going to be very firmly grounded in national self-reliance, with strong and important bilateral connections and a gradually thickening, but still very thin, veneer of multilateralism. In the light of the end of the Cold War and the changing regional security environment, most countries in East Asia have determined to enhance their defence self-reliance to enable them to better deal with regional contingencies on the basis of their own resources. It is this determination, more than anything else, that explains the regional defence build-ups and many of the other aspects of regional security developments that Paul Dibb and others were talking about yesterday.

As the Malaysian Prime Minister, Dr Mahathir, said just a couple of weeks ago, when he was addressing this very point about the relative roles of multilateralism and self-reliance in this region: in the final analysis, we can rely only on ourselves. Some of the bilateral connections remain critical to the stability of the regional security architecture, especially the US-South Korea and US-Japan connections. But it should also be noted that much of the burgeoning security cooperation in the South-East Asian region that I outlined before is bilateral rather than multilateral. Much of the regional dialogue and confidence building agenda is multilateral, but most of the arrangements which involve defence forces and substantive activities are bilateral, FPDA being the important exception to that.

Secondly, let me say something about regional concerns about the US commitment, since it is these concerns of virtually all countries in East Asia since the end of the Cold War that have fuelled the strategic uncertainty which now characterises the strategic developments of the region. Most countries want the US to stay, and with regard to China I would even have some disagreement with Paul Dibb's observation that in Beijing there was a marked shift in view about the US presence 18 months ago. There was such a

shift—I do not disagree with that—but I do not believe it was as overwhelming as Paul painted it. I think that there are still people in Beijing, even though they are very subdued and very muted and they are not prepared to speak out publicly or even in their own councils, who do prefer a continued American presence in the region; at least so long as that continues to put a cap on Japanese further defence expansion, and at least so long as it takes the Chinese modernisation program to catch up and overtake Japanese defence capabilities.

However, many regional security officials and analysts do remain apprehensive about the future of the US presence, and the belief does remain widespread that the US might not maintain the will, and perhaps over the longer term might lose the economic capacity, to ensure that no other power in the region will become ascendant. It must be said that the South-East Asian countries have done little to alleviate their own concerns in this direction. Neither officials nor analysts have been prepared to articulate the regional concerns that worry them, or to clarify which US capabilities and US operations are wanted. And no South-East Asian country has been prepared to provide the US with bases and facilities to support a local US presence, despite the commercial arrangements and other arrangements which Dick Teare mentioned with regard to Singapore, Malaysia and Indonesia. Most of Australia's neighbours are pleased that Australia has been willing to provide such facilities. The Australian connection enhances the US commitment to the region without imposing on the South-East Asian countries themselves.

A third, and related, issue concerns the US and multilateralism. It concerns the extent of the US commitment to the principle and practice of multilateralism in this region. As a major power the US could be expected to prefer bilateralism to multilateralism, because Washington would then be unambiguously the dominant partner in each bilateral alliance relationship, and in the late 1980s the US did strongly oppose any moves towards multilateralism in the Pacific. Multilateral endeavours were represented as damaging to the architecture of bilateral arrangements which had arguably served the region well during the previous decades. The US even opposed a CSCA type dialogue process, primarily because it would give the Soviet Union a say in regional security affairs, and more particularly because it would have given the Soviets a forum to pursue their goal of naval arms control in the Pacific.

As the Cold War wound down, there was considerable reluctance to explore a new security architecture for security in the Pacific. You might recall the lovely quote from Dick Solomon, in 1990, when he described proposals for CSBMs and security cooperation in the Asia-Pacific region as 'solutions in search of problems'. By 1991-92, though, some officials in the Pentagon, in the Bush administration, had become less intransigent. Secretary of State Baker himself, in late 1991, argued that the region could take on 'a stronger multilateral component'. In 1993, the new Clinton administration brought substantial change. However, the US came around to multilateralism too late to have a significant influence on the design and development of multilateralism in South-East Asia, including the establishment of the ARF in 1993-94.

The US has become seriously committed to the ARF process. However, the bilateral connections with Tokyo, Seoul and even Canberra remain more important to Washington. Indeed, it could well be that the Clinton administration's interest in multilateralism in the region has peaked. Few in Washington believe that the ARF will develop any real conflict resolution, crisis management or arms control capability, and I believe they are correct in that judgment. However, they do believe that some of the CSBMs which are being discussed at the moment could impede US activities in the region—for example, maritime surveillance operations over exclusive economic zones—and that ad hoc measures are likely to be more effective in dealing with specific regional issues such as the Korean peninsula. I believe that Australia can play a very useful role here in encouraging the US to maintain its commitment to multilateralism in the region as well as its commitments to continued physical presence and strong bilateral connections.

The fourth set of issues that I want to address concerns the revitalisation of the US alliance. One of the key planks in the coalition's defence platform during the 1996 election campaign was that a coalition government would 'revitalise the US alliance', and we have heard quite a bit about revitalisation in the past day and a half. Partly that was a political exercise and reflected the fairly widespread view within the coalition parties that a Labor government had focused too much on Asia at the expense of Australia's traditional allies—that is, the UK and the US. But it also reflected the strategic judgment that the United States is critical to maintaining peace and stability in the Asia-Pacific, that any withdrawal by the US would create pressures on countries in the region to increase their own defence spending and equipment acquisition, and that a more active alliance relationship would keep the US engaged in Asia and hence serve regional security.

During the coalition's first year in office and especially the first several months, revitalisation or reinvigoration of the alliance was given great fanfare—ministerial speeches, the AUSMIN talks, the re-agreement on various intelligence cooperation arrangements, and a very substantial increase in bilateral defence exercises, beginning with Tandem Thrust in early 1997. But it was an altogether very untidy picture.

Some elements had been under way during the Labor government—for example, the phase-out of Nurrungar and the expansion of Pine Gap. But they became conflated with the new initiatives, some of which had not been adequately considered. There was considerable confusion, as when Foreign Minister Downer said, in June 1996, that Australia and the US had discussed proposals to pre-position US military equipment in Australia and when the commandant of the US Marine Corps spoke about the possibilities for Marine Corps training and exercise activities in northern Australia in October-December 1996.

Notwithstanding the strategic importance of Australian efforts to strengthen the US commitment to the region, which I accept, there are several points which must be made about the coalition's revitalisation policy. First, it begged the question about any requirement for such revitalisation. In fact, I believe that the alliance had functioned

satisfactorily under Labor, in all its key dimensions, including the intelligence exchange arrangements and the access to advanced technological capabilities, as well as the political elements. Proclaiming revitalisation implied inattentiveness by Labor, but also raised unnecessary expectations about the coalition's policies. There was, unfortunately, some politicisation of the US relationship.

Second, the policy was poorly cast in terms of regional understanding. In particular, it invited suspicion from China, or what Australian officials have called 'misinterpretations' and 'misconceptions'. As recently as May 1997, Australia was sharply criticised in China's leading English language daily newspaper for being used with Japan as a US pincer to pin down China and warned that such behaviour would hurt Australian interests in Asia. There is a lot of rhetoric in this Chinese position but, on the other hand, I think it does contain a germ of truth.

Third, there was inadequate consultation with Australia's neighbours in South-East Asia, several of whom express some bemusement at Australia's efforts and especially at some of the particular moves, such as exercise Tandem Thrust. Fourth, the strategic and defence arguments for the very substantial increases in bilateral defence exercises, including Tandem Thrust and proposed arrangements for Marine Corps activities in Northern Australia, have yet to be satisfactorily explicated, whether with respect to the defence of Australia or with respect to regional contingencies. In the case of Tandem Thrust, for example, while there is no denying the military benefits of an exercise of that scale, especially the benefits with respect to the establishment and operation of a combined or coalition headquarters at the operational level, the geo-strategic context of the exercise, the strategic objectives and the purported area of operations remain unexplicated. The exercise did not easily fit credible contingencies in the defence of Australia.

Last night I had the good fortune to be given a copy of the report of the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade on their visit to exercise Tandem Thrust. Let me just quote the very final paragraph of that report because it happens to be something that I believe very strongly myself. It says:

> Exercise Tandem Thrust was primarily a US Marine Corps exercise incorporating a level of Australian participation. The scenario was more conducive to exercise US Marine Corps capabilities rather than those of the ADF. The subcommittee would like to see an increased Australian involvement in these exercises and ideally would like future exercises in this series to be designed to better match ADF training requirements and provide greater value for ADF combat forces and command structures.

I would like to endorse that very wholeheartedly. It brings me to a fifth point and that concerns the Marine Corps presence in Australia itself. The US Department of Defence officials and senior defence officers have said on many occasions that in March to June 1996, when the new Australian government sought expressions of interest in Washington about the expansion of defence activities, there was fairly general satisfaction of the scale and nature of the extant activities. It was the Marine Corps, however, faced with

difficulties with training facilities on Okinawa, which quickly took up the invitation and put up its hand.

There have been various press reports that I have quoted in my paper, as well as official statements, semi-official statements and statements made by Marine Corps officials on a not-for-attribution and private basis—so many, in fact, that it is very hard to see exactly what the truth is with regard to the possibilities of future basing, prepositioning, presence of Marine Corps detachments, companies, or whatever. My friend on my right, Dick Teare, said to me yesterday that the reports about basing were a furphy. My problem is that I cannot separate, and I do not know of any way from the public record of separating what are furphies from what is actually going on.

I do not know the current state of arrangements for expanding Marine Corps activities in northern Australia, but what I do know is that there is great concern in both Australia and the region about the proposals, or what purports to be proposals. Precisely what the scale and frequency of the proposed exercise activities is, how these activities will serve the defence of Australia and what they imply about regional intervention are questions which are being asked in the region at this very moment.

Let me also talk a little about constraints on further cooperation, because there are some very real constraints on the further enhancement of Australia's defence cooperation activities with the US on the one hand and regional defence forces on the other. These are practical constraints. They are not because of any theoretical incompatibility between the multilateralism, bilateralism and self-alliances I have argued; they are perfectly compatible in principle. But resources are limited and major cooperative programs are not cheap. In Australia's case, a quarter of a billion dollars spent on regional engagement, out of a defence budget of $10 billion, while small in percentage terms—2.5 per cent—represents a major opportunity cost. In a few years it would amount to more than sufficient to cover the acquisition of an airborne early warning and control capability—an AEW&C capability—which I believe remains one of ADF's highest priority projects, if not its highest.

It has been evident for half a decade now that the ADF has been finding that its regional exercise commitments were impinging on the effective satisfaction of nationally oriented tasks and roles, and that further regional involvement was difficult without increased allocation of resources to the ADF for the purposes of regional engagement. However, the resource demands of enhanced defence cooperation are not limited to financial allocations. Perhaps of greater importance is the demand on management and planning resources. I am told, for example, that the management resources involved in the organisation of some regional PASSEXs can be as much as those required of the navy for much larger but more routinised allied exercises, such as RIMPAC and, more generally, that the edges of the envelope have been reached in terms of available staff resources in both ASEAN defence forces and the ADF to support much further expansion in joint exercise activities. In any case, it is unlikely that the extraordinary pace of cooperative

activity between the ADF and ASEAN defence forces, which we have witnessed over the past several years, can continue to increase in the foreseeable future.

Fiscal and capability constraints, together with diminishing marginal returns in some areas, will require a new agenda for regional defence cooperation. In my view, it is going to be extremely difficult to satisfy the demands of self-reliance at the same time as promoting regional engagement and revitalising the US alliance, all within current resource levels. It is just not possible.

What do I conclude from all of this? The current transition in the Australia-US security relationship is very complex and in the context of enhanced multilateralism in South-East Asia it involves sensitive judgments, hard choices and careful balances. At the most general level, there is a need for a careful balance between the elements of self-reliance, the US alliance and other bilateral and multilateral security arrangements in Australia's national security policy. This is not to suggest that self-reliance should be compromised. Rather, it should be recognised that the pursuit of self-reliance can become nugatory after some point.

The experiment with multilateralism, on the other hand, contains risks, has costs and is founded on many important presumptions. I have become more pessimistic over the past 12 months or so about the prospects for multilateralism proceeding beyond dialogue in order to be able to grapple in any substantive way with conflict resolution, arms control or with any real security management role in the region. Determining the right balance between multilateralism, the alliance and self-reliance is a very difficult task.

Balance and sensitivity are especially necessary with respect to Australia's efforts to commit the US to the region. Most countries in the region are fearful of the consequence of a US withdrawal and are pleased for Australia to strengthen the US commitment. That part is not in doubt. But they are sometimes bemused and even worried by particular aspects of these efforts. I do not think China entirely misinterpreted the coalition's revitalisation of the alliance and I know that concerns have been expressed elsewhere in the region about Australia's interest in marine-type expeditionary capabilities. There needs to be a more careful appreciation of the regional security dimensions of the evolving Australia-US relationship. Thank you, Mr Chairman.

CHAIRMAN—Thank you very much, Professor Ball. The final speaker in this session will examine the effects of the Australia-US relationship in the context of other alliances further afield in North Asia. Dr Russell Trood will speak to this topic. He is Associate Professor of International Relations at Griffith University. He is also a former director of the Centre for the Study of Australian-Asian Relations at Griffith University, which is a very distinguished unit in Australian academia. He has lectured and published extensively on security and foreign affairs issues.

Dr TROOD—Thank you, Mr Chairman, and thank you for acknowledging that I

come from Griffith University, not that other august university institution. Further to that observation, I was delighted that the well-known generosity of most Queensland federal parliamentarians for support for outsiders has allowed you to invite me to the meeting. It is not true of all federal parliamentarians from Queensland, regrettably, but most do abide outsiders.

My brief is to speak to the question of alliances in North-East Asia. I take that to mean essentially the alliances which exist between the United States and Japan and South Korea. At first blush, perhaps, it is not obvious why this would be a subject which is appropriate to be included on this particular agenda, but there are at least three compelling reasons why this subject is an important one for us to examine. The first is that the alliances in North-East Asia are in transition and that that transition is in many ways an exemplar of the kinds of changes which are taking place in these alliances around the region more generally, around East Asia, around what Bill Tow and I have called the San Francisco system of alliances, that system of alliances created during the Cold War, essentially after the outbreak of the Korean War, between the United States and Japan, South Korea, Thailand and the Philippines and, of course, the ANZUS alliance.

The second compelling reason is that the changes in North-East Asia have an impact elsewhere in East Asia. That is self-evident from the discussions we have had over the last few days. The changes or possible changes in these alliances are really going to shape security arrangements throughout the whole region. That is certainly an important interest from Australia's perspective.

The third reason is that Australia has a burgeoning security relationship with both Japan and South Korea. Des has spoken at some length about the quite advanced and developed security cooperation relationships we have with South-East Asia, but we have growing contacts with North-East Asians as well. These are not alliances and it is important to recognise that. It is particularly important from the Japan perspective. Japanese officials would be extremely anxious were we to suggest that our relationship with Japan is anything like an alliance, nor indeed would they be pleased to have it characterised as a cooperative security relationship. My understanding, from discussions recently in Japan, is that if it is put as high as security contacts, then that is as far as the Japanese are actually comfortable with these developments.

The general theme of my remarks is that the form of the San Francisco system—both in North-East Asia and throughout the region—remains, but the substance of that system is in many ways rather different to that which existed during the Cold War. Further, the system continues to evolve and undergo quite rapid change in significant ways. Sometime, perhaps not very far into the next century, the structure of the regional security landscape is likely to look very different to that which exists now. Alliances—and here I take the observation of Brian Job when he has talked about alliances in the particular sense of exclusory bilateralism—are unlikely to be as central as they are to the security arrangements of the region, and perhaps not even as central to the local security

concerns of some of these states.

It is important that I emphasise that I do not see that system's collapse as in any way imminent. Indeed, I am persuaded that for the moment most of America's allies—indeed all of America's allies in the region—regard the continuation of the alliance system as absolutely critical to maintaining regional security. That proposition is widely shared throughout the region and not just amongst the allies. But, if I am right in suggesting that change is occurring here, I think it behoves us to try to think creatively about the nature of those changes and some of the implications they might have for regional security. It is in that context that, rather than seeking to argue a case of preordainment or something of that character, I am suggesting that these changes exist.

I will outline, broadly, three propositions and then raise three issues for the future of these relationships. My first proposition is, essentially, that America's allies in North-East Asia continue to value—and perhaps even depend on—their alliances with the United States. This is for a range of generic reasons and for more specific country reasons. Some of the arguments for the maintenance of these alliances are quite common to the arguments that underpin the maintenance of Australia's own alliance with the United States, and many of them have been mentioned during the course of the last day and a half. In the general category, one might cite such things as America's general wish to maintain a regional security presence and its preparedness to accept a large part of the burden necessary to actually do so. I think all allies recognise the underlying uncertainty about the stability of the regional security environment as we make the transition that Paul Dibb referred to yesterday from a global security structure to a more regionally based structure.

In this context, the alliance may help contain the tensions and, perhaps, the conflicts which might result from strong economic growth within the region. There is clearly no avoiding the fact that for many of these states there is a great deal of anxiety—particularly in North-East Asia—about the results of China's growing economic strength and its commitment to military modernisation, although South Korean and Japanese public statements on this subject are careful to play down the danger, generally speaking.

There is then a range of more specific reasons, germane to the particular countries, as to why they regard themselves as relying upon—even perhaps being dependent on—the continuation of the alliance for the moment. South Korea regards itself as facing a direct strategic threat from North Korea and, if the North Korean defector Mr Hwang is to be believed, Pyongyang is led by an irrational, geriatric group of ideological hardliners who are prepared to sacrifice just about everything to ensure the preservation of the North Korean state. Even South Koreans, who are inclined to accept the general worth of that particular observation, are unclear as to whether or not that is actually the reality which pertains in Pyongyang. The absence of transparency in decision-making, or even anything relating to the nature of government in Pyongyang, is really one of the most unsettling factors within the whole security environment in North-East Asia. South Korea also

remains cautious about China as a North Korean ally. Indeed it is important to recognise, as I think has been suggested this morning, that it is distrustful of the Japanese because of decades of humiliation imposed by Japanese imperial forces throughout much of the first half of the 20th century. More recently there have been some other differences in relation to Tok-To Island, for example.

Turning to Japan, it is important to note that the most recent Japanese white papers have now recognised that Japan faces no direct threats. But I think it is important to recognise that the psychology of Japanese security policy is such that, while Japan's defence remains constitutionally constrained, the US is an indispensable guarantor of its security, relying as we do on extended deterrence. There are from Japanese perspectives a range of different kinds of concerns—the reference this morning to the differences with the Chinese over Senkaku, anxiety about Russia from time to time, things of that particular character.

Thoughtful Japanese analysts also recognise that the US alliance offers a degree of reassurance to other states around the region who have experienced the impact of Japanese imperialism. So it is clear that in North-East Asia it is a complex strategic environment, and clearly I have mentioned only some of the factors involved, where the burden of history as well as the contemporary security dilemmas which exist there evoke high levels of anxiety about the security environment. In this particular situation there remains a series of powerful incentives for alliance maintenance on both sides of the Pacific.

But my proposition, too, is that, with the end of the Cold War and progress towards greater democratisation, governments and their security establishments are no longer the primary arbiters of the values of these alliances. To put it another way: debates over the value and continued relevance of alliances in North-East Asia are increasingly being penetrated by issues outside the narrow defence and security arena. These outside issues are shaping to some degree the perceptions of the value of these alliances. In Japan, for example, the last decade has seen on both sides of Japanese politics—both the right and the left—a combined challenge to the foundations of the US alliance. They have come at this obviously from different kinds of perspectives, but the result in some respects has been much the same—namely, to question the utility of the alliance and its implications for Japanese security. The alliance became a wider issue in the public debate and, if the metaphor is not too tortured, came from the closet onto the public agenda. This has resulted in this literature, which began to burden about a decade ago, I suppose, perhaps a little less time, about Japan as a normal state in international affairs.

More recently, the socialist critique of the alliance has been marginalised but the debate has been kept alive by a series of other factors: for example, threats of US action over trade surpluses—I understand the trade surplus is in fact rising again and perhaps may lead to the kind of tension that we saw in the late 1980s—the rape of a Japanese schoolgirl by US servicemen in September 1995 and the issue of the bases in Okinawa. This particular question has become embroiled in a debate about local autonomy and the

perception by some in Japan of a neo-colonial US presence in that country.

In late 1995 a Japanese newspaper poll suggested—and this was about the time of this rape—that opposition to the alliance had climbed from 23 per cent a few months before to 40 per cent and that support for the alliance had dropped from 60 per cent to 44 per cent. I suspect that those figures do not accurately represent the nature of the views that exist perhaps at the present time, but they are an indication of some of the views that exist amongst Japanese about the alliance.

In South Korea there is a similar questioning and challenging of the United States presence and the value of the alliance. In part this reflects a South Korean suspicion concerning the United States's own agenda for the region and, in particular, with regard to North Korea—a suspicion that the United States is pursuing its own interest there to the detriment of South Koreans. I am sure that is absolutely the case, but perhaps not with the kinds of sinister intentions that Seoul often attributes to it. In the nuclear crisis, for example, of 1994, South Korea complained that the United States had actually failed to consult fully with the South Korean government, although I understand that the United States's position is that in fact it consulted as widely as necessary and in a way which was perfectly consistent with the nature of the alliance relationship.

There are problems in the alliance with regard to the legal jurisdiction over United States forces in Korea, a rising nationalism among younger Koreans who again see the treaty as a colonial hangover and some resentment over the role of the United States in propping up anti-democratic forces in South Korea, especially around the time of the Kwangju massacre in 1980, which led to General Chun's installation in power. There is some pressure from the United States regarding still a strong inclination, perhaps uniform throughout North-East Asia but certainly in South Korea, towards economic protectionism. That is notwithstanding the fact that the present South Korean government is pursuing a very active globalisation agenda, but it is in the particular categories of trade which are creating problems.

There are some suspicions in South Korea regarding US intentions in relation to South Korea's adversary, or at least friend/adversary, Japan. Again an opinion poll suggests the nature of the changing relationship. In 1984 an opinion poll suggested that something like 69.9 per cent of Koreans were favourably disposed towards the United States. By 1990 that number had fallen to 23.9 per cent. This poll, like many polls, perhaps is used more for support rather than illumination; but it nevertheless is an indicator of a changing nature of the relationship.

It is important not to overstate the impact of these issues on the credibility of the US relationship. As I will argue in a moment, it remains strong but it does highlight the deepening complexity of these relationships in an era of rapid change. It also establishes some points of difference in the way in which we might evaluate the nature of the alliance. This leads me to my third proposition, which is that, in the light of these

changes, North-East Asian allies are redefining the character of their alliances to better respond to what they see as their own security priorities in a post-Cold War environment. Both allies are anxious to establish a more equal relationship with Washington and both are seeking to reinvent the alliances as a foundation for building peace and security in the Asia-Pacific.

In Japan the pressures placed on the Japan alliance with the United States have forced both sides into a re-evaluation of its contemporary importance. Events in the region—the 1994 crisis, for example, and more recently the 1996 Taiwan Strait crisis—have underscored this particular need. All this has led to a series of quite significant changes in the alliance. The April 1996 joint declaration, signed during President Clinton's visit, has broadened the foundation of the US-Japan security relationship quite significantly. The April 1996 conclusion of the acquisition cross-servicing agreement provides for Japanese logistic support for US forces in Japan in peacetime and, of course, more recently we have had the draft review of the US-Japan defence cooperation guidelines which extend the level of alliance cooperation, as I understand, in times of crisis and danger to Japan, but also in situations contiguous to the Japanese mainland.

These developments invite a range of differing interpretations. Most obviously they are an affirmation of the importance of the alliance to both sides and an indication of the need to undertake revitalisation. At the same time, they mark a significant step in encouraging Japan to do three things: to assume a more equal share of the burden of the alliance, to assume greater responsibility for its own defence and to undertake a more active role in regional security, at least in areas contiguous to the Japanese mainland. But—and I think it is an important caveat—it has to be said that Japanese policy makers and the Japanese people as a whole remain extremely cautious about these changes, particularly in relation to the most recent of them.

The Japanese government has been very careful to justify them in relation to the legal and constitutional restrictions on Japan's defence capacity and is sensitive to the impact that these changes are having around the region, especially in relation to its close and near neighbours. In that particular context, when these decisions were made and the interim agreement was announced, Japan undertook quite an extensive diplomatic activity to reassure both China and South Korea—and indeed more widely in the region—of what it saw as the implications of these changes. Nevertheless, it does seem to me that the US-Japan alliance is in a process of transition and that, whilst thus far proving resilient to the impact of change, further challenges are likely to test that capacity to adjust into the future.

Korea's main problem is, of course, to try to preserve the alliance, maximise its leverage over the United States, especially in relation to America's North Korean diplomacy, and simultaneously maintain and, if possible, enhance a degree of national independence. Security cooperation with the United States remains central to this enterprise but, increasingly, the South Koreans are putting a great deal of effort into a

multilateral strategy with at least three prongs: promoting the North-East Asian security dialogue; diversifying its diplomatic and security relationship, and I learnt in a recent visit to Korea that the Korean military now undertakes, as I understand, staff talks with at least eight different countries around the region, that is, the United States, Australia, Japan, China, Russia, Canada, France and Germany, and indeed the UK; and, active participation in multilateral fora such as ARF and CSCAP.

To date, I would argue the effect of this strategy has been only to lay the foundations of a more comprehensive and regionally oriented security posture but it is clear that Seoul is looking beyond the alliance to a more active role in the region. It is in the context of these transitions that are taking place in relation to the region that Australia has a particular interest. It is also clear that Australia's security contacts with both of these countries has been expanding. This is not a recent phenomenon but what is recent is the degree to which these contacts have been upgraded quite significantly or are in the process of being upgraded with both Japan and South Korea.

There are incentives for cooperation on both sides. On the Australian side, closer relations follow our economic interests. Japan became our most important export market in 1966-67 and it is now our number one trading partner; Korea is now our third most important trading partner, after the United States. North-East Asia as a whole takes 34 per cent of our merchandise trade and a significant percentage of the overall 60 per cent of the exports that go to East Asia. This underscores the point that Hugh White made earlier in the session, about Australia having a very direct economic interest to avoid acute strategic competition within the region.

The second strong incentive is security cooperation, which deepens our engagement with the region. It is a tangible reflection of the observation that many have made—Bob Hawke certainly made it in 1991, when he said that seeking security in and with Asia, rather than against Asia, ought to be a priority of Australian policy. These contacts are a manifestation of the defence cooperation with Asians which was declared in the defence white paper.

For Japan and South Korea there are equally significant incentives for cooperation. Australia is an Asia-Pacific state and a close ally of the United States. We are all part of the region's multilateral forums, ARF and APEC, and indeed the South Koreans frequently claim, as I understand it, that they are, with Australia, a midwife to the actual APEC process itself.

In Japan's case, Australia has consistently been one of its strongest supporters in the region and in particular for Japan to take a much more active role in regional affairs. We have been pressing this cause for so long that Japan has now come to accept the sincerity of our position and to accept that in the context of other countries around the region who are rather more sceptical of the desirability of Japan taking a more active role.

In the South Korean case, we have been an ally of South Korea throughout much of the post-Cold War period, in particular conflicts such as in Korea and in Vietnam, and we have continued to display a strong interest in foreign and security issues on the peninsula. An interesting new dimension of this is the conception which is developing in some security circles in Japan of the idea that South Korea might actually join Australia in being one of these active middle powers within the Asia-Pacific region and that there will be some strategic linkage. I think Paul mentioned this yesterday in his talk—the possibility of closer strategic linkages as this middle power activism develops within the region. The consequence of this is a convergence of interests between the three countries and, as I have said, a development of security cooperation between them.

In Japan there were arms control and disarmament talks of a tentative nature in 1986. Paul Dibb referred yesterday to the beginning of strategic discussions in 1990. Part of the institutionalisation of the whole relationship that we have with Japan is reflected in the fact that we now have POL/MIL talks with the Japanese, as I understand it, military talks and military exchanges, a range of other kinds of low-level military contacts. In 1996, when Mr Downer visited Japan, I think it was also on the agenda that we actually expand our security relationship in some measure, although the Japanese, I understand, were rather cautious about that particular proposal.

In South Korea our defence and security relationships are indeed rather modest—defence exchanges, students at the Australian College of Defence and Security Studies, RAN visits as part of RIMPAC, ROK officials visiting and, in 1996, the inaugural POL/MIL talks between senior officials, as well as, I think I am right in saying, the 1997 version of June this year, in Canberra.

I might say here that this is a good opportunity, with Hugh White sitting next to me, to invite him to explicate the nature of these discussions so that we could all be better informed about the nature of these POL/MIL talks, both between Australia and Japan, perhaps, and between Australia and South Korea. It is a golden opportunity, Hugh, to tell us more on this particular subject.

There are significant constraints, as I will suggest more fully in a moment, on the development of these relationships; but they are, I think, notable in the way in which they are beginning to reflect a common interest about security between the two countries. While they take place against the background of the strong alliance and relationship that all three countries have with the United States, they also are a reflection, I think, of the desire on the part of all countries to try and develop a more independent security posture within the region.

Let me turn broadly to three issues for the future. The first of these is the military presence, and, perhaps, the United States military presence. So much has been said on that over the last day and a half that perhaps I will avoid saying anything about that in detail, except to comment that there seems to me to be, in the United States, a range of different

kinds of pressures which will cause at least a questioning about the level of American commitment, although I accept the thrust of the arguments which have been put during the course of the seminar, that America has for the moment the will and the capability to maintain a strong presence within the region.

Just to suggest to you that this is not a fanciful idea, there appeared in the spring issue of the distinguished international journal *International Security* a long essay about the implication of the pressures on the United States for withdrawal of its forces around the region. The general thrust of this essay was that the United States should ‘bring its forces home’. The argument was not just an argument in relation to Asia; it was an argument made about US forces around the world. The core of the argument was that America should follow a strategy of restraint to enable it to concentrate on perfecting its own society.

Some of you who are practitioners, and perhaps sceptical of the value that academics may make to these sorts of debates, will perhaps not be impressed by the fact that this article is authored by two PhD candidates and a professor from MIT. This may undermine its authoritative nature, but nevertheless the fact that it is published in such a journal indicates, I think, that it is at least representative of some of the opinion which exists within the United States about its role within the region.

The second broad issue for the future is alliance mutuality. It seems to me that a critical measure of the continued relevance of these alliances is the extent to which the members share common security interests that can be pursued through an alliance framework. I have already noted that there remain currently some very strong incentives for alliance maintenance. These may actually be sufficient to sustain the alliance over a long period, and to encourage transition from exclusive bilateralism to a more expanded form of bilateralism. But there seem to me some obvious hurdles to be overcome before that is actually assured.

In no particular order, I mention the following. The first is the reconciling of globalism and regionalism in the context of these two alliances. A central dilemma for the North-East Asian allies is how to accommodate their primarily regional security interests to America’s essentially global strategic goals.

Nationalism, the second, I have mentioned. How long will dependence be consistent with the growing political and economic self-confidence on the part of America’s North-East Asian allies—the expectations of younger generations, for example?

The third is geostrategic change. Once Korea is unified, will it be necessary for the United States to retain a military presence on the peninsula? There is an argument certainly that it will, but would the United States public permit the maintenance of that relationship? From my perspective, the key question here is the way in which reunification might actually come about, and that likely to shape the way in which America will view

the situation.

The next is alienation, and Doug Paal referred to this subject this morning. We have already seen, I think, how Washington's pursuit of its enlargement agenda, by which it means essentially the expansion of democratisation and other Western values around the region, can be counterproductive to its interests. Now, this is less a problem in North-East Asia, of course, than it is in South-East Asia, but the impact flows throughout the region. And China looms large in the calculations of both of these countries for regional security. If China does emerge as a clear threat to their interests then it will probably reinforce the American alliance posture within the region. Certainly its threatening postures in the South China Sea and over Taiwan, among other developments, are unsettling.

But I would also suggest that we can look more positively at some of the Chinese contributions to diplomacy in the region: the 1994 peninsula crisis, for example, where it took a constructive role; the four-power talks, of which the first session has just concluded in New York; and I think an important dimension and reflection of Chinese intention is the attitude it took to the Hwang defection a month or so ago, which I would regard as a confidence building measure within the region. The fact that China resisted the obvious pressures which came from Pyongyang to return Mr Hwang from whence he came and resisted those pressures, which I imagine were very strong, and proceeded to deal with this question within the context of an international legal environment I think ought to be regarded by us all as a reflection, not conclusive of course, of China's desire to acknowledge some local norms for managing relations in the region.

There are a number of challenges to mutuality, as I have suggested. The point is not that these challenges are leading inevitably or in the short term to a breakdown of the alliance system but rather that over time it seems that the alliances seem to come under increasing pressure to adapt to changing patterns. In these circumstances, the value of the alliances as a hedge against all manner of strategic uncertainty may decline commensurate with the economic, political and strategic costs of alliance maintenance.

It is in this context that I return to the Australian links with these two countries, because, while I have suggested there are burgeoning contacts, it is important also to recognise the constraints which exist in the evolution of these contacts. Some of these are generic, and the reference that Des Ball made earlier to the particular problems of just funding some of these contacts might be equally made in relation to North-East Asia, and perhaps we would like to hear Hugh on that subject as well.

But there remain other restraints, I think. The first is that North-East Asia is far removed from Australia's area of immediate strategic interest. While I note Hugh's observation about the way in which that has expanded, the reality is that North-East Asia is particularly far removed, more removed from South-East Asia and, in the context of maintaining the defence of Australia doctrine, might arguably be of less priority.

Secondly, the centrality of the United States alliance to these two alliances is a constraint. It is important not to underestimate the significance that both Japan and South Korea attach to their common connections with the United States and the limitation that places on their desire to expand contacts with Australia. In our case, the common language, the strategic culture, which is shared with the United States, is an important factor in reinforcing our own contacts with the Americans.

Each of these allies, Japan and South Korea, is preoccupied with a specific security problem in its region. I think it is not putting it too strongly to say that Korea is obsessed with the north, and it is difficult to focus much beyond that. Japan, of course, is constrained by the constitutional realities of its circumstances. The last point I will make in relation to these constraints is that, on Japan’s side, the leftover from World War II remains a difficulty for the development of Japan’s presence within the region.

The third broad area of issue is multilateralism and bilateralism. It is unlikely that there will be any near-term dismantling of bilateralism in Asia in favour of new multilateral security structures. But, for a system constructed around the perception of common or pervasive threats, events are arguably running against the long-term survival. There are a range of considerations. I have six. I will just mention them briefly.

First, America’s regional economic hegemonic power is under challenge. Second, sustaining the multipolar balance, if that indeed is what it is, in a period of great political and economic change has historically proved difficult. Third, America’s allies, as I have argued, do not necessarily share the same security interests to the degree they did previously when these alliances were created.

Fourth, bilateralism is exclusionary; preserving advantage for some to the discomfort of others. Of course, it is a nice arrangement if you can get it, but not if the cost is a destabilised regional environment. Here I think it is important to reflect on China being outside the arrangement, and the desirability of finding some mechanism to join China into the multilateral structures of the region.

Fifth, there appears to be demand for strategic multilateralism, although Des has questioned this this morning, to complement regional economic multilateralism. Sixth, the small and middle powers appear anxious to engage great powers in mechanisms that constrain any isolationist, unilateralist or exclusionary tendencies that exist amongst those great powers.

By way of conclusions, America and its allies are participants in what might be regarded at the present time as expanded bilateralism, in which bilateral mechanisms have become somewhat porous, able to create cooperative linkages with more inclusive multilateral frameworks. But, for the reasons that I have argued, this seems to be at best a halfway house—but to where?

North-East Asia is a region where multilateralism, as Doug Paal mentioned, has a singularly undistinguished history. Indeed, there is a depressingly low level of that form of international cooperation. It follows that the emergence of institutionalised multilateralism as a part of a security community appears a long way off. But equally it is difficult to see a system of alliances created in a different era remaining the foundation of security well into the next century.

We are very evidently in a era of transition, and we need to do a great deal of creative thinking about approaches to security to ensure that we manage it safely. In this context, a series of questions should occur to us. These are adapted from some remarks that Brian Job has made recently. To what extent will bilateralism dominate future regional security arrangements? How can exclusory bilateralism be adapted to embrace expansive bilateralism? To what extent can bilateral formulations of security be integrated with multilateral formulations? If multilateralism is appropriate, will the ASEAN model be a sufficient foundation for that multilateralism? Finally, can an enduring regional order be constructed without the participation of great powers?

CHAIRMAN—I would like to thank the speakers for session 6 and I call for questions.

Mr BURREN—This is really a comment. It seems to me that if we are looking back over the last 45 years of ANZUS perhaps we are entitled to look forward for 45 years as well. One of the things which could really change in the North-East Asian sector is over that period, with a rapidly ageing population in Japan, with the prospect of a significant reduction in population over that period, this could prove a very interesting dynamic in the importance and nature of treaties with Japan.

I would find it difficult to imagine, as Des Ball suggested, that there might be more than a very small number of Chinese in Beijing who would be concerned to keep a US presence in the area to contain Japanese defence expansion. That does not quite seem to fit with the possible scenario which I painted. But this morning we have foreseen the possibility of US forward deployment in Asia being replaced by a capacity for force projection. The problem with capacity with a force projection is that you must be able to demonstrate from time to time that you have it, and Saddam Hussein misjudged that.

In the case of his misjudgment, Australia's involvement turned out to be a very peripheral one. As a layman reading the treaty and article 5, it seemed to me that if a missile was fired at a US carrier in the Straits of Taiwan the bells would really be ringing around this building. If that sort of scenario came about, it would seem to me that not only do we really need and rely on the ANZUS agreement but we had better be prepared for the fact that we are likely to have to participate in it and support it, and it may well be invoked. I am reminded of the words of Thomas Jefferson, that from time to time the tree of liberty needs refreshing with the blood of patriots and tyrants. Perhaps this is something which we should not lose sight of.

Mr WOOLNER—This is a caveat followed by a question. I think Professor Ball has overestimated the cost involved in regional engagement, especially as it exists as a policy initiative starting with, say, the 1994 white paper. The quarter of a billion dollar figures that he has referred to as prepared for the inspector-general's audit of the defence cooperation program include the ordinary run of defence cooperation programs such as the Pacific patrol boat project, which is declining and, apart from some ongoing maintenance costs, will soon disappear, and other longer established more traditional forms of bilateral engagement such as the five-power defence arrangements.

It is not clear to me what the real cost of regional engagement as developed as a policy initiative is, because the portfolio budget statements do not allow you to disaggregate those components. They give you the figures for DCP; they do not give you the figures for military engagement and officials' discussions and so on with countries in South-East Asia. So, although I do not know whether Hugh White has had those figures disaggregated, I would like to ask him what his impressions are on the fiscal balance between expenditures for regional engagement and the alliance, and whether he feels that the fiscal management of those two objectives is indeed the sort of practical problem to their joint pursuance to the extent that Des suggested they might be.

Mr WHITE—Thank you, Derek. Accountancy, from my observation, is not a precise science. That is not a thing I say when I appear facing the other direction in this room occasionally, but the figure of, roughly speaking, a quarter of a billion—and I would not presume to use as many significant figures as I think Des did in his statement—was an attempt that we made to get a handle on what regional engagement costs all up. But it is highly imprecise because not only does it cover a lot of things which we do have a very clear handle on, particularly DC, but also the cost of ADF deployments and activities in the region, and they make up the bulk of that. Ships and aircraft are expensive things to move around and expensive things to operate.

But it becomes particularly imprecise to try to attribute, within the costs of, say, a deployment to South-East Asia, how much of those costs should be put down on the regional engagement account and how much of the costs should be put down to what you might call normal operating costs, because in that tour they will do a number of bilateral exercises or multilateral exercises and within each of those exercises some elements will be of significant training value to the crew, say—let us talk about a ship—it will have a significant training value to the crew and that, if you like, should go down on the fleet commander's account for working up the ship's own skills. Some of the activities will have a more regional engagement focus. They might be going through some fairly simple exercises that do not do a lot of training value for the crew but contribute to the regional engagement objectives. They, you might argue, should go on the regional engagement account. But those attributions are not that easy to describe just like that but much harder to allocate dollar for dollar.

So for good conceptual reasons we cannot give a precise figure as to how much

regional engagement costs us, but the $250 million figure we came up with is, I think, an instructive guesstimate as to what the dollars are. It is certainly not a vast overestimate, nor is it a vast underestimate. It is not out by miles.

When you say it quickly or even slowly, a quarter of a billion dollars sounds like real money. But it is, as Des pointed out, 2½ per cent of the defence budget. I think that is about right. With that 2½ per cent we maintain the largest, most comprehensive set of bilateral defence relationships with the countries of Asia of any country. No country has a stronger set of bilateral defence relationships with the countries of Asia than Australia. That is a real strategic asset.

It is also worth making the point that it is not a recent thing. The sorts of dollars we are spending in South-East Asia have not arisen from policy initiative in the 1993 strategic review or the l994 white paper or even the 1987 white paper, or even the source of all things good, the Dibb review. It reflects an Australian strategic policy which goes back to the end of the second world war. We have been in the business of regional engagement continuously in different ways as circumstances have changed since the end of the war, and what we are doing there today with our quarter of a billion dollars is, in the different circumstances, the same sorts of things that we have been doing for decades before that.

How do I feel about the comparability between what we are spending on regional engagement and what we are spending on the alliance? The same problem applies. An awful lot of the dollars—I cannot give you a figure on how much our involvement in the United States alliance costs us. I also cannot give you a figure as to how much it pays us. But, if I had to take a stab, I would not come down far from where Paul came down yesterday. It is an accretion to our capability which is, in the rhetorical sense, incalculable.

In terms of practical activity, we would not cost most of the exercise activity, for example, that we do with the United States, as the costs of maintaining the alliance, because the reason we do it is not for alliance management reasons; it is provides a direct benefit to the ADF. You send an ADF naval task force to RIMPAC and they come back a better force. We pay for that not because we want to be nice to the Americans but because we want our ships to be as well crewed and as effective as possible. So to think of the money we spend on the alliance as money spent simply to preserve the alliance is just a misunderstanding of why we are spending the money.

Having tried to sound like an accountant for a couple of minutes, let me address the point more strategically. I do not have a concern that we cannot afford to maintain the alliance and I do not have a concern that we cannot afford to maintain a policy of regional engagement. Des is right. The graph is not going to keep going up on some of the particular categories of spending and particular categories of activity, particularly the expansion in the combined exercise program that we have seen in recent years.

That was a reflection of specific policy decisions. We decided we would go out there and change the shape of these relationships from a very heavy reliance on defence cooperation with I guess we would now describe something of an aid element to it, to something which is much more mutual and cooperative and much more attuned to developing shared capability. We have done that. We are pretty happy with where that is. We would like to expand it in some areas. We will move to cost sharing in some areas, which will help bring the costs back a bit. So the graph is not going to keep going up like that. I think it is about right at the moment.

There is a broader point: can the defence budget as a whole continue to fund our capabilities, our alliance activities, our regional engagement and do all the other things? That is a subject of an inquiry at the moment. But let me put it this way: when in my job I look at the numbers and look at the graphs that show where the defence budget is going in the next decade or two and see where the costs are coming, what worries me is not, gee, we cannot afford the regional engagement at $250 million a year or we cannot afford to undertake alliance activities, it is the real big costs, the costs that absorb 95 per cent of the defence budget, that stops you dead. That is buying capabilities, buying the new technology, operating very expensive systems and paying people the sort of dollars you need to pay them. That is where the defence budget goes and that is where the squeeze is coming on.

Prof. BALL—I do not think I really want to add much to that. In a book I did last year called *Presumptive Engagement: Australia's Asia-Pacific Security Policy in the 1990s* there were a couple of pages which in fact analysed that figure. It is the only couple of pages I know of anywhere which have tried to do some of the accounting about whether that figure is $229 million or really what it is.

It is clear that it does on the one hand contain some overestimation. It has got things which we would do anyway: the LRMP maritime surveillance patrol, Solonia and things which are added in there as a cost, as well as not so much the DCP but the biggest chunk of the cost is the joint exercises, many of which we would be doing anyway regardless of the policy of regional engagement, as you said. So it may have overestimated from that point of view.

On the other hand, it underestimates it from other points of view because there are other categories of cooperation, including, I believe, quite substantial service to service cooperation. It goes on at a variety of other levels, which is not, I believe, satisfactorily incorporated in this figure. As I said, there is give and take, but, if you want to use a rough figure, it is still going to come out at around $200 million to $250 million, around a quarter of a billion as a round figure.

I also accept that the costs of the regional engagement and the bilateral relations with the United States are relatively minor compared with the costs we put into self-reliance. I believe, perhaps even more strongly than Hugh White, that around the 2010-

2015 period the demands of not just replacing our current force structure but bringing in all the elements we still have not got, like AEW&C, plus all the new elements which are going to be required in the RMA information warfare area, are going to mean that it is going to be extremely difficult just to finance self-reliance, let along the other marginal things, which I admit are quite small. We are going to be in a very tight position around that 2015 period, which is the exact period when I believe that the regional security environment has potential to really go quite nasty. We are going to be facing these budgetary costs at exactly that same time, and that is going to be very difficult for us.

Major BIRCH—Mr Chairman, in the interests of time, I could delay my question until the open forum.

CHAIRMAN—If that is the mood of the meeting, I think we could well adjourn.

Luncheon adjournment

SESSION 7: ASIAN PACIFIC POLICIES PHASE III

ASEAN Perspectives **Mr Richard Woolcott**
Open Forum—General Questions **All available speakers**

CHAIRMAN—We now move into the penultimate session of this seminar. We have to make a few changes to the program. Mr Greg Sheridan, who was to be a speaker in this session 7, is indisposed with influenza, as he advised us this morning. We hope he makes a speedy recovery. A number of the lecturers have to go by 3.45 p.m. at the very latest. What I propose to do is to introduce Mr Dick Woolcott to speak to perspectives looking from the outside in, as it were. Then we will go into a forum for about ¾of an hour roughly, depending on the pressure of questions from you. Professor Garnaut will wrap it up, and I hope we can bring proceedings to a conclusion by 3.30 p.m.

To offer his own views, based on the experiences of a very busy life, a large part of which he has spent in South-East Asia, I would like to introduce Mr Dick Woolcott. He is familiar to everyone in this room. He is a former ambassador to the Philippines and Indonesia. He was the permanent representative at the Australian mission to the United Nations in New York in the early 1980s and he was High Commissioner to Singapore. As well as that, he was Secretary of the Department of Foreign Affairs and Trade just a few years ago. He is currently on many boards. From a foreign affairs point of view he is director of the Australasian Centre of the Asia Society. Of great interest from the parliamentary point of view, he is chairman of the Australia-Indonesia Institute. We would like Dick Woolcott to speak to us as to how outsiders in the South-East Asian region might or might not see the ANZUS alliance.

Mr WOOLCOTT—Thank you for inviting me to participate in this seminar. When I was at the United Nations, which you mentioned, the dreaded speaking slot was that of first speaker after lunch. But the lunches here are a little more modest than they were at the UN, and I do not see too many people asleep at this stage. I also see in the audience people who probably know a great deal more about South-East Asia than I do, so I hope I am not going to be presumptuous in talking about ASEAN perspectives of ANZUS.

The attitudes of ASEAN countries to our security, which to a large extent means their perspectives on our alliance with the United States, is very important because this is the region which we share. I think there can be a debate about whether or not Australia is part of Asia, but there can be no argument that in security terms Australia is and must be part of South-East Asia and the South-West Pacific.

Clearly, I cannot deal with nine different countries in 20 minutes. After all, if you just have a very quick look at ASEAN—I will not go around the map—it is a very diverse organisation. You have Singapore, a small, prosperous, predominantly ethnic Chinese city-

state. You have Thailand, which is a mainly Buddhist constitutional monarchy, which has never been colonised. You have the Philippines, which is a predominantly Catholic, former Spanish and subsequently American colony with a democratic form of government. You have Brunei, which is a small absolute monarchy, and an Islamic state. You have Malaysia, which is a complex multi-ethnic country made up of a number of former British colonies. You have Vietnam, which is a former French colony, and is still ruled by its communist party. And then, of course, you have Indonesia, the fourth most populous country in the world—a former Dutch colony, and by population the largest Islamic country in the world.

I have only mentioned seven of the nine very briefly, just to highlight the great diversity of the ASEAN countries. What I propose to do in the short time I have is to focus on some general issues and on the perspectives of the main ASEAN countries, in particular Indonesia, which is the largest and the most resource-rich and probably the most influential member of ASEAN.

I also would like to deal with three principal issues. The first one is how ASEAN countries view the ANZUS treaty. The second is the related issue of how ASEAN countries view the United States military presence in the region. And, thirdly, how does our membership of ANZUS impact on our relations with ASEAN countries? Does ASEAN, for example, feel it gains anything from our membership of ANZUS?

Before dealing with those three questions, I need to make a few brief comments about ASEAN itself in addition to those that I have already made. ANZUS had been in existence for 15 years before ASEAN was established in 1967 by the original five members—Indonesia, Malaysia, the Philippines, Thailand and Singapore—when they signed the Bangkok Declaration in 1967. The emphasis in the Bangkok Declaration, which was the basic ASEAN treaty, was on economic, social and cultural cooperation. But I think that masked the real nature of ASEAN, of the original five countries, which was a shared concern to promote a more secure regional environment.

All of the initial five members had faced, or were facing, communist insurgencies or separatist movements. Indonesia and Malaysia had just emerged from a conflict known as 'Konfrontasi' or confrontation launched by former President Sukarno against the formation of Malaysia. Malaysia and the Philippines were still in dispute over Sabah, and Singapore had only recently withdrawn from Malaysia. So in the early 1960s the ASEAN members were in the main motivated by or driven by mutual suspicions, concerns about ethnic tensions and fear of the People's Republic of China.

The ASEAN foreign ministers in their inaugural meeting recognised that instability and uncertainties in the region were holding back nation building and development. I think the importance of the Bangkok declaration really lies in the establishment of the institutional framework for closer cooperation, and its reflection of a new mood to establish a more secure and peaceful region.

Things then moved fairly quickly: what is called ZOPFAN—zone of peace, freedom and neutrality—was adopted as the ASEAN doctrine in 1971; the Treaty of Amity and Cooperation was signed in 1976; and the process of enlargement began, with Brunei being added in 1984, Vietnam in 1995, and Laos and Myanmar earlier this year. As I have said, ASEAN is a very diverse organisation and a relatively young organisation. Each country has its own attitudes to security issues. It has always placed a premium on developing agreed positions through consensus but I think behind that attempt to achieve consensus, which has almost invariably been successful, there is always a subtext of different attitudes and agendas.

Let me go back to the first of the three questions I posed at the beginning. How do ASEAN countries view the ANZUS treaty? During my four postings in ASEAN countries, which Senator MacGibbon mentioned, and my many visits for various meetings since, the actual subject of the ANZUS treaty, as distinct from the issue of regional security, was rarely raised as an issue. I would have to say that ANZUS, as a trilateral treaty, is not is not prominent in the thinking of ASEAN countries. It is not an issue which President Suharto or Dr Mahathir would think about when they were shaving in the morning, if I can put it like that.

ASEAN is really more concerned about the security of its own region and the development of that region. When it comes to the major security issues beyond that I think they would see them as lying in north Asia, with the questions of China-Taiwan, Korea and, of course, the Spratly Islands in the South China Sea rather than in South-East Asia. Obviously, though, if you ask the leaders there, and the people in the defence hierarchy, they are all comfortable to have a stable settled situation to their south.

I think when they do think about ANZUS they would see it as essentially a useful arrangement for Australia and New Zealand, and as one of the means by which the United States is involved in the security of the wider Pacific area. I think they would also see it as a security agreement between Australia and New Zealand, which really grew out of fears of Japan, stemming from the Second World War, which they would share and which in fact pre-dates the formation of ASEAN.

I think the real issue for the ASEAN countries lies in my second question and that is: how do ASEAN countries see the United States military presence in the South-East Asian region in the post-Cold War period? I think ASEAN perspectives on ANZUS will be influenced by ASEAN's assessment of the United States and of Chinese attitudes to the region and, of course, the attitudes of the United States and the Chinese to each other.

Unfortunately, I missed the mainly American policy session this morning so I do not know whether this was dealt with. But it seems to me that one of the factors impinging on ASEAN thinking about the United States' approach to the region and, in turn, security, and indirectly on ANZUS, lies in what is sometimes seen as the pursuit by the United States administration of conflicting policies. One aspect of course is idealism

and the longstanding American policy of promoting American concepts of democracy, human rights and a free market. On the other side is what they sometimes see as America's pragmatic pursuit of its narrow economic self-interest.

I think President Clinton has expressed both aspects of this policy tension without suggesting how they might be resolved. On the former, he said:

America's overriding purpose must be to expand and strengthen the world community of market based democracies.

That is essentially a crusading position rather than a detailed policy position. By contrast, his more pragmatic preoccupation with the domestic economy and the United States' self-interest is clear in the insistence that Asian countries should purchase more US exports so as to create more jobs for Americans.

Both these policy strains do attract negative reactions in ASEAN countries, which do not necessarily see the United States as the political or social model which they wish to emulate. They want to evolve their own balances between economic growth and political reform, and between the rights of society as a whole and the rights of the individual. I think they rather resent being lectured about these matters. Also they resent pressure, particularly if it is heavy-handed, to accept American export quotas and, generally, they are also opposed to managed trade.

As the sole remaining superpower, the United States itself likes to set the international agenda. The ASEAN countries, of course, want to set the regional agenda, and this leads to some testiness and impatience with each other. I think the United States' policy formulation process is compounded by what I would describe as a widespread ignorance in the United States Congress of South-East Asia, generally, and what is going on there by way of the economic transformation which is under way. I mention those issues, which are not security issues, because they do impact on security thinking.

On the other hand, they see China as coming to exercise more influence in the region through its membership of the ARF—the ASEAN Regional Forum—and because of its economic growth which, understandably, it will want to translate into political influence. On the one hand, ASEAN countries will be wary of a resurgent and an increasingly powerful China, with which some of them have territorial disputes and, on the other hand, they will want to engage China and make ASEAN more important to China.

Let me turn now to some of the specific attitudes. I will try and do this fairly quickly, running round the map. The Philippines obviously does not have a great problem with ANZUS or our membership of it. The Philippines, after all, has its own mutual security treaty with the United States, and it remains a signatory of the SEATO treaty, which still exists, although, the SEATO organisation is defunct. Much the same would be

true of Thailand which also has a security agreement with the United States through SEATO.

A more interesting ASEAN country, and most recent entry, is Vietnam. I think it was a watershed that Vietnam came into ASEAN, given that one of ASEAN's earlier concerns was about communist insurgencies in the region and the grave concerns about Vietnam's future direction in the early 1970s. One of the things that happened during the Vietnam War, and it is something that is not always mentioned, is that the Vietnam War enabled ASEAN to consolidate its own position while Vietnam was distracted in that exercise.

Vietnam is still ruled by its Communist Party and must be expected to have a somewhat ambivalent attitude to the United States military presence and, indeed, to our membership of ANZUS, which is influenced in part by its recent history. I think it probably quietly welcomes that presence as a possible restraining influence on the increasing potential power of China. On the other hand, I think Vietnam resents American pressures for domestic political reforms, and suspects that American attitudes are still influenced by a hostility towards its form of government, which is reinforced by American feelings—I am not sure that revenge is the right word—about the loss of the Vietnam War.

I will turn now to Indonesia's attitudes. I saw a recent article in the *New York Times* by Thomas Friedman. He began the article by saying:

Pound for pound Indonesia has to be the least understood country in the world.

I do not think that is true of Australia but it is certainly true of the United States. I understand also that Indonesia was not mentioned in the discussion this morning. I find that somewhat surprising given its key strategic location and its influence in any regional security architecture which is going to be built up in the region.

The board of the Australia-Indonesia Institute had a meeting with President Suharto only last month in Jakarta. In speaking about the enlargement of ASEAN and his vision for the security of the region, President Suharto said that ASEAN still aspired to a zone of peace, freedom and neutrality—in other words, the initial ZOPFAN proposal. This aspiration should not, he said, rely on a pact—I mention this because it is a recent expression of views by President Suharto—but rather on the stability of each of the member states.

Turning to the issue of ASEAN enlargement, he referred quite sharply to western opposition to the inclusion of Myanmar. As reported by Paul Kelly in the *Australian*—and I have no reason to doubt its veracity—this was, according to the President, short-sighted. He referred to the growing strength of the People's Republic of China and said that if Myanmar were to be isolated it would naturally seek closer cooperation with China, and

that this would not necessarily be helpful to ASEAN as it would give China additional weight and access to the Indian Ocean as well as its existing access to the Pacific. He said the United States did not seem to have considered this sort of geopolitical factor, which was more important to ASEAN than some of the factors on which the United States and some western European countries were focussing.

I would say that, so far, Indonesia's support for United States regional presence for security reasons remains intact. But I think it is important that the United States addresses this relationship, as I suspect it could come to be at risk in the future. Indonesia resents being publicly lectured, and has reacted negatively to the hectoring tone of some recent American pronouncements on human rights in East Timor, especially the congressional resolution on East Timor. This has been compounded, I think, by America's domestic politics.

The Democratic election campaign financing issue has pushed the administration and Congress to take a sharper public position on issues such as the need for more democracy in Indonesia and East Timor. All this, I believe, has led to a perceptible shift in the way Indonesia is conducting its foreign policy with the United States and the major western powers. This is a shift that I have noticed, say, in the last 12 months—I visit Indonesia regularly but let us take a 12-month lead time.

I can give five recent examples to reinforce that proposition: firstly, the rejection by Indonesia of a possible consensus outcome at the last Commission on Human Rights meeting in Geneva; secondly, foreign minister Ali Alatas's assertive position on the discussion of East Timor at the last EU ASEAN foreign ministers' meeting in Singapore; thirdly, Indonesia's withdrawal of interest in the purchase of F16s, and the expanded IMET program—in the context of this seminar, that is not unimportant; fourthly, the angry reaction to the state department's—in my view—intrusive comments on Indonesia's May 29 elections; and, fifthly, Alatas's strong reaction to what he regards as an upsurge in anti-Indonesian activity in the Congress. There is even legislation by certain states, such as Massachusetts, which in effect is calling for certain embargoes and boycotts on Indonesia.

Turning to China for a minute, and Indonesia's approach to that in the security context, Indonesia's rhetoric on China as a potential threat to regional security has, I think, been toned down over the last year or so. But Indonesia's closer alignment with ASEAN, and its role in pressing for the early expansion of ASEAN, still reflects the realisation of China's growing influence. For Indonesia, and I suspect this is true of most of the ASEAN countries, what they are looking for is a 'balance of interests'—to use the phrase the Indonesians use—in the east Asian strategic equation. That also envisages a stronger ASEAN being taken seriously by China.

My third question is: what do the ASEAN countries get out of our membership of ANZUS and is there any benefit to them in it? I would say that there is an indirect benefit, in probably two ways. Firstly, although ASEAN countries would certainly not ask

us to do so, I think all ASEAN countries would like to see Australia use its relationship with the United States, and to the extent that it can exert influence in the competitive Washington environment, and our different perspective to develop more understanding, less intrusive and more consistent policies in South-East Asia. That is policies which recognise the importance of the stability and continuing economic growth of both ASEAN as a group and of member countries.

Finally, Australia's alliance with the United States is seen as an element—quite an important element—in the security of the region as a whole. It is part of the structure from which the ASEAN countries themselves derive some benefit. Notwithstanding some of the concerns of Vietnam, and the more recent irritations that Indonesia has developed in its bilateral relations with the United States, I believe the ASEAN countries accept the desirability of a constructive—I stress constructive—American presence in the region, including a security presence, and that they do see some peripheral benefit as part of that security structure of Australian membership in ANZUS, even if they do not shout it from the rooftops. Thank you.

CHAIRMAN—Thank you. We will now move into a period of about 40 minutes of open question time for any issues that have arisen over the last two days and any elements of ANZUS that you wish to raise.

High Commissioner OTHMAN—The issue that I want to raise is the question of how Australia decides the dividing line between the defence of Australia, which I think the ANZUS treaty is supposed to mean to the Australians in general, and in protecting American strategic global or regional objectives. I see the differences between, let us say, the security treaty between the US and Japan, where that treaty provides for the protection and defence of Japan against foreign aggression, and the ANZUS treaty which is more of a mutual understanding of and a partnership in certain shared objectives. Is there a mechanism where you can say, when a situation has developed, 'This is of Australian national interest,' or 'This is more of an American strategic objective'?

CHAIRMAN—I think that is a question for someone on the Commonwealth payroll, which is either Hugh White or David Spencer.

Mr WHITE—I will make a couple of points in response to that question. The first is that our treaty with the United States, and the alliance which it underpins, does not have a focus solely on the defence of Australia, it is a mutual treaty. All of the obligations in it are shared by both parties, and that is one of the significant respects in which it differs from the treaty that the US signed with Japan at about the same time.

It has a very clear regional focus. The operative paragraphs in the treaty refer to events in the Pacific area. There is a lot of scholarly debate as to what exactly the Pacific area covers but, for working purposes, it certainly covers the whole of the western Pacific. It has always been recognised by both parties, at least to my mind, that the obligations

that ANZUS imposes, and the shared interests it is meant to serve, are ones that relate to activity throughout the Asia-Pacific region.

Given that broad sweep, the second question you posed was how we decide when something is in Australia's interests and how we decide when it is in the United States' interests. The way the question is posed to us is: what is in Australia's interests? The point about a treaty, of course, is that it does impose a degree of convergence on the way you act. Whether that is a sensible treaty depends on whether the interests themselves converge.

The point that I was trying to make in my comments this morning was that in the strategic environment we face at the moment—I believe this is a reviewable picture of our strategic environment—our interests are very closely aligned. In the vast majority of circumstances it would not confront us with a very awkward choice between Australian interests and US interests. Where that choice does arise, how you decide depends entirely on the circumstances. It is impossible to speak hypothetically about these circumstances; governments decide what they think is in their best overall interests in the light of the circumstances that arise when a crisis occurs. That is what they are paid to do. There is no sense in either an Australian or US policy doctrine having a preordained formula for working that out. We will wait and see.

Mr SINCLAIR—As a politician, I want to add something to that. Certainly, in government, I saw the interpretation of article 3 of the ANZUS agreement. The requirement to consult was in part included to address the situation where the policies of one intruded on the priorities that the other parties wished to pursue. It was then essential to have some form of consultation. I think that part of the reason that we, in our committee, saw this seminar as being worthwhile was to try to ensure that, if there were Australian national interests that had not been considered, we could identify those, and through this sort of a forum promulgate them and see to what degree ANZUS submerged our identify for the purpose of some other strategic benefit.

During the two days there have been a number of papers that have, to a degree, highlighted some of those differences. They have always come forward with a positive outcome. One of the aspects of the seminar that has surprised me is that there has been so little within the whole of the presentation of papers, and the questions from the floor, that would suggest, at least within this audience, any fundamental questioning of the national advantage for Australia of our continued membership of ANZUS.

I gather that this morning—unfortunately I was not here—Bill Tow expressed the attitudes and views of younger people, and that Des Ball spoke of the continuation of a cold war arrangement in a post-Cold War environment. But I think very little has emerged from the perspective of the Malcolm Fraser arguments of a week or so ago in the *Australian*, or the arguments that were canvassed by this committee in an earlier incarnation on the election of the Hawke government in 1982-83, when the committee

analysed the extent to which ANZUS still had a relevance to Australia or indeed in the reasons for New Zealand withdrawal.

Major BIRCH—To put my question in context, I would like to preface it with a couple of comments by some of the speakers. I am directing the question specifically to Dr Trood and Mr White, although I suspect a comment from any of the speakers this morning would be appropriate.

Firstly, Dr Trood commented about concerns in the remainder of Asia about China's potential economic growth and, secondly, on the importance of our independent regional security posture. Mr White comments on Australia's expanded area of strategic interest. I think the words were 'actions that avoid acute strategic disharmony'. I think these comments are important in light of the comments of a third speaker, not at this forum but at the World Masters of Business last week in Sydney, Mr Lee Iacocca, whom I am sure we are all familiar with, who made very strong comments about the vast natural resources that Australia has to offer both to South-East Asia and North Asia. In particular, he made with some vigour the statement that he thought Australia's economic future lay in China and that we should pursue this for our economic growth with some vigour.

Mr Chairman, my question is: given the US's own economic interest in China, if we were to see this economic growth that Mr Iacocca alluded to come to fruition on behalf of Australia, what effect is that likely to have on ASEAN and indeed in our immediate area of strategic interest?

Dr TROOD—The only point I was making about economic growth in particular was really alluding to a point which was made yesterday, in a way. There is no necessarily encouraging relationship between the development of market economies and peace. In fact, the development of a market economy can be argued to be an intensely competitive process which leads to frictions between states or has the potential to lead to frictions between states which may indeed lead to conflicts between them in some kind or other, more serious or not. That was the point I was alluding to when I made that observation.

In relation to China, the only point I would make there is that the reality is that of course China is growing strong. It is growing strong economically, it is growing strong militarily, and that is going to be a presence in the region with which we all have to deal. One would hope that the development of China's strength economically, politically and strategically would be one which would be in the broad interest and a constructive growth within the context of regional affairs, but there is perhaps a potential that it may not be.

Mr WHITE—I really would not have much to add to what Russell said on that. This morning and Doug Paal drew the analogies between our own circumstances and those of roughly speaking a century ago. I think up to a point they are quite helpful analogies, and in particular, and that is the point that Russell just made, that economic growth can

be, amongst other things, an engine for major strategic realignments. There is no doubt that the economic growth of China is one of the most significant strategic developments in our region for a very long time. Working out the strategic ramifications of that is a task for the region of historic proportions.

How serious you regard that problem as being I guess is one of those typical strategic problems: is the glass half full or the glass half empty? Yes, there have been very important steps towards building a regional consensus on strategic affairs that incorporates China and gives promise that, as President Clinton said in this building, China will define its greatness in ways that are consistent with the interests of the rest of us. But none of us, including the Chinese, should take for granted that that task has been achieved, and we will all need to keep working on it. It is for that reason that I believe, for example, that reducing the prospect for acute strategic competition between the big powers of North-East Asia over the next couple of decades is very important.

Prof. DIBB—Could I just add to that that historically nothing is more challenging than the emergence of a major new power. That is not to argue that China's rise to economic power, which Ross Garnaut has documented so well for us, necessarily means that we have a destabilising or aggressive power on our hands. Certainly I for one would rather see an economically strong China than a weak and divided China, which strategically would be a very considerable threat to the entire region.

But along with economic growth comes, as we have seen in ASEAN, greater exposure to what is sometimes called globalisation, greater contact with the outside world. And that itself can be seen as a threat in authoritarian countries like China, a country still ruled by an oligarchy of Communist Party members. Again the analysis, for what it is worth, in international relations theory—not something I am particularly strong on—tends to show that the most difficult period of transition is from authoritarian regimes to democratic or quasi-democratic regimes. There is a danger period. So it is something that the leadership of China will need to handle with great care.

If China becomes the region's largest economy by 2010-2015, as we said yesterday, undoubtedly it will have great political influence. We have already seen that, as far as I am concerned, with regard to a shift in ASEAN's traditional pro-Western attitude to at least taking out insurance as to where it stands with regard to the rising power of China. That is an issue, should it unfold in an undesirable direction, that would have first order strategic implications for Australia.

We are also seeing it with regard to something Russell Trood said with regard to increasing South Korean contacts with China as Korea looks towards, I think, post-unification and seeks to play a classical balance of power game between Japan and China. So I think there are a number of imponderables there. None of us can say, as Hugh White said, how it would unfold, but it is the most important question of our time, the rise of China.

Mr DALRYMPLE—Hugh White said, absolutely rightly, at some length that it was totally mistaken and foolish for Australians to imagine that they could use the security relationship with the United States to influence United States' trade policies by saying that we would close down the bases or nonsense of that sort. There was a terrible subterranean battle within the Australian government in 1985-86 over that issue and I would have hoped that the matter was put to rest, in the terms in which Hugh raised it this morning, at that time.

But subsequently we did make fairly extensive use of a different but related argument, namely, that bad treatment by the United States on trade issues, inadequate attention to legitimate demands and unfair treatment of Australian trade issues, was bound to erode the constituency in Australia for the relationship and for the alliance, whatever governments said or did. It was not a threat, it was an observation. I think there could still be in the future room for that kind of thing. It is a different point, but a related one. I think that more refined argument still has its place perhaps. I think it is a legitimate point to make in certain circumstances.

But I wanted to touch really on a more central point in relation to what Mr Sinclair said just now about there having been no questioning of the ANZUS treaty and the Australian security relationship with the United States during this very interesting seminar. I had not personally been so struck by that, but I think that perhaps in other circumstances the session we are in now might have drawn out some reflections or observations that might have come a bit closer to that issue. What I have in mind is that there is in Australia now quite a significant point of view that Australia should enmesh itself with East Asia to the point of Asianising Australia.

The Asianisation of Australia is a term that has been used, among others, by our absent speaker, Greg Sheridan; it is used extensively in Fitzgerald's new book, *Is Australia an Asian Country?* There are those who say that, in order for Australia to fulfil its destiny, it really has to become in some sense an Asian country. You can define that in various ways—as Fitzgerald does, in terms of preserving Australia's essential present character and that sort of thing. Whether that is realistic or not is another matter.

But, given that there is that point of view, and there is a significant element in the intellectual life of the country now, I guess, with that point of view who I think would certainly feel that there was some tension between the Asianisation of Australia, that extent of enmeshment of Australia with the region—Australia being inside the region to the extent of becoming recognised as one of the East Asian countries—there is a tension between that and the maintenance of the kind of relationship we have had with the United States up until now, that there is some kind of tension between the idea of Asianising Australia and the fact of Australia having its principal allegiances and security, political and ideological linkages with the United States.

Personally, I think that that is pushing things to an unrealistic extent. For one

thing, I do not think the Australian public will ever be persuaded—not in the foreseeable future, anyway—that it should follow a path of Asianisation as extreme as that. But it is an important issue, I think, that is to be addressed. I am not really asking a question, I am asking the panel to address it, but I think it should be noted that there is that view in Australia. Whether it will become stronger or weaker I just do not know.

On the other hand, you have got what I would think in some ways is a more realistic point of view. In addition to the point I made a moment ago about the point of view I have just been describing being, I think, probably a politically unsaleable point of view, there is the point of view that Paul Keating crystallised when he said that when he visited Jakarta and met with President Suharto it enhanced his standing that he was known by Suharto to have closer and strong relationships with the United States administration; when he went to Washington it enhanced his standing in Washington that it was known that he was a very close interlocutor with President Suharto. So I would just like to bring those points to the attention of the committee.

Mr WOOLCOTT—I have a comment on what Rawdon has said. I have the view that this question of Asianisation or the question of whether Australia is an Asian country or not is not the real issue. The core issue is that in security and economic terms Australia is deeply engaged with Asia. I think that is the key issue from an ASEAN perspective. While I take Rawdon's point that if the situation were to develop in certain ways they might expect us to make some sort of choice, I think that as far ahead as one can see, unless something goes radically wrong with the relationship between the United States and China, Australia really has something to gain from its close relationship with the United States, its European background and heritage, its international outlook and, indeed, its proximity and close engagement with South-East Asia.

Ms MAYWALD—I am actually here in an unofficial capacity as a masters student in international relations at ANU, so do not hold this against AusAID. I am very aware of facing an all male contingent at the desk in front of me here. I am also very aware that I was born after the birth of ANZUS, unlike most of the men in front of me. So don't take offence; this is an alternative view, but I think it is an important alternative view that most of Australians actually would like heard here. It is also reflected in article 1 of the ANZUS treaty, where the emphasis is on peaceful means and refraining from the threat or use of force.

So I suppose I have become more and more disappointed today that we are talking about building peace by preparing for war. I would be interested to know, from the full range of our military leaders, our political leaders, our strategic leaders and our academic leaders, whether you are all totally pessimistic about the wider ranges of options for resolving conflict and difference, for accepting difference, for working with and understanding difference.

Personally, I was relieved that New Zealand was not trying to grapple big guns and

therefore was able to act as mediator recently in the Bougainville crisis. Australia had made itself unable to do that by some of the stances that we have taken. I also think, like one of the earlier speakers, that conflict resolution is a bit like oxygen: we do not notice it when it is there because it works. Often, I think also conflict resolution cannot be publicised. It cannot get wide press, it cannot be photographed, because political leaders risk losing face if they are seen to be giving way to or accommodating other points of view. I believe that accommodating other points of view is really what we are on about and what we do need to do more often.

So I suppose I would like to know whether any of you have any optimism or hope that ANZUS in its future years can actually build on those alternatives so that we have a range of options other than preparing in a military sense.

CHAIRMAN—Who is first? I do not want to enter into this. I would love to, because I think it is a very nice concept, but it flies in the face of history and it is a misinterpretation of ANZUS to see it as an alliance which sees military force as the only resolution of the problems in the area. Who is going to start?

Dr WOODMAN—I will have a shot at that. I think it is a good question. I think it is a good question, though, because it does actually in some ways highlight something of a dilemma in a way between the state of where we are at with a lot of strategic and security planning and in fact the sort of new problems that are coming up. There is no doubt about it, we did come out of the Cold War with an awful lot of fairly fixed concepts based on military force. There is no doubt about that. There were an awful lot of world-wide military institutions, security planning institutions, which the Cold War forced into a particular mould, and it is not that long since that happened.

One of the interesting things I think you find in the 1990s is there is a new dimension starting to emerge—and it is occurring in Australia, it is occurring in the United States, and I think it has perhaps occurred for even a longer time in the countries of East Asia—and that is this idea that there is somewhere along the line a balance between, in a sense, insurance for the rainy day and strategic positioning and manoeuvring in the future. That is, there is a game out there to be played which is not just about what we put away in the cupboard. It is the idea in fact that military force, in particular, has two roles. One role is very much the preparation for the defence of the nation, but the other is a much more sophisticated role as people are working at how to engage other nations, what sort of tools they have got—even a country like New Zealand—to project themselves internationally.

There is no doubt about it that the military instrument is being given a new light, a new dimension, but I actually believe we are at this stage at a fairly, shall we say, elementary stage of our development of that. If you look at the sort of engagement that has been talked about by Australia in terms of the number of strategic dialogues we are getting with a range of countries both in South-East Asia and North-East Asia, I think we

are really only taking the first steps down that path. In a way I think that is inevitable. You just cannot change the strategic and security dynamics of the Cold War, the sorts of things that shaped your force structures, overnight.

I think there is going to be a very important challenge in this for the United States. Some of the problems which have been highlighted here, perhaps where Australia and the United States may be seen as being different, are in the areas of democracy and the human rights agenda. There is no doubt that one of the things that the United States has always had to do as a global power is take a single-line approach to many issues. In fact that is where the ANZUS debate blew out with New Zealand. It was not really a New Zealand issue. It was a much wider issue.

I believe, and I would be interested in other people's views on this, that this is going to be one of the real challenges for the United States in the 1990s—how much it comes to terms with the game of continual manoeuvring and continual positioning and, in that, how much it is able to distinguish in its policy between the dynamics of individual regions. Already there are different dynamics in North-East Asia from South-East Asia. There are different dynamics in the South Pacific.

The problem for the United States is that it has a very complex agenda out there, as was pointed out by some of our American speakers. Some of these countries do not have a lot of expertise, yet in a lot of ways there is more demand now for more sensitive regional and even sub-regional elements within the US policy. I think this is something that hopefully will come but it is something that you cannot expect to come overnight, with a click of the fingers, after you have spent 50 years fixed essentially in a force on force comparison, Cold War approach to doing things.

Mr SINCLAIR—I am glad you presented that point of view because it is one that certainly is held around the community, and I feel it is essential that it be put. We need to remember that it is the way in which force is applied that peace can so often be achieved. For example, in Cambodia, we had the largest United Nations peacekeeping commitment. It largely involved armed forces, including a significant element under the command of Australia's present chief of army. It is also interesting to note that participants in the last Bougainville peace talks in New Zealand were ferried back to Bougainville by a New Zealand warship. It is very hard to distinguish, even in regional peacekeeping initiatives, where the role of the military and the role of alternate conflict resolution can be separated. Michael Kirby has been very much involved in the peacekeeping process in Cambodia but I am afraid judges, without the backing of some form of international structure, do not get very far.

While that maybe outside the realm of ANZUS, I think it is important that we remember that, within the United Nations, both the United States and Australia have been major participants in a range of peacekeeping initiatives, all of which have been designed as peacekeeping rather than peacemaking. I certainly see the relationship that Australia has

with the United States within ANZUS as promoting an understanding of the limits in the application of force as much as the use of force, and I think that is very important.

Indeed, one of the elements that we inserted in the report on military education, which was not received with wide acclaim by the members of the ADF, was a suggestion that one of the great advantages of defence cooperation in our part of the world was the degree to which Australians involved in military training for forces of other nations can distil some of the concepts of our attitude towards human rights and the proper application of military force in their training. I still believe that to be a very beneficial way that we can help in the countries of our region. But that is a little aside from ANZUS itself.

Mr BEHM—I think the question put to us is very important because, in large measure, it is a contextual question. ANZUS grew out of certain circumstances and those circumstances necessarily focused the treaty on security issues. I point out that, even in Defence, we are not blind to the two major vectors that underpin the conduct of all international relationship activity. They are the actions which go into shaping your environment and those which go into hedging. Hedging is simply what you do when things go wrong, and they do go wrong from time to time.

From my own perspective—that is, running the International Policy Division in the Department of Defence—I think it is fair to say about 1½ per cent of the defence budget goes into shaping, and the other 98½ per cent probably goes into hedging. But I would like to believe that the figures are in fact reversed when one looks at the amount of intellectual energy which is put into all of the shaping mechanisms, both within the Commonwealth—that is, public sector activity—and by the nation at large.

Very shortly, I believe, our colleagues in the Department of Foreign Affairs and Trade will publish an extremely important white paper which is about all of the things that the questioner put forward to us, and very importantly so. The mechanisms that government looks to all of the time are mechanisms which are reinforcing, which are stabilising and which tend towards prosperity and stability rather than those mechanisms which force a different stability and different prosperity on either the environment or on one's neighbours.

I think the question is a very important one because it reminds us that the rather narrow issue that we have been dealing with over the last two days—that is, ANZUS and its impact on the defence of this country, and a very important policy issue it is, too—actually sits in a matrix of many other activities which help us very securely to shape our environment over long periods into the future.

I tried to point out yesterday that even in very important areas like the joint facilities they are as much about shaping as they are about hedging. For that sort of reason, it is not necessary to see what these antique males do, and I will include myself amongst them, as being necessarily focused only—I am excluding the Admiral—on the

hedging aspects. We do actually doff our hats more to shaping than otherwise might be believed.

Ambassador TEARE—Very briefly, I am in sympathy also with the intent of the question. I would suggest that the questioner take the quotation she borrowed and look at it again. What the professor was saying was that if you do not have security, then nothing else is possible. He was not saying that the provision of security accomplishes all other purposes. I think that is an important distinction.

As to Bougainville, I would simply say that, in my understanding, the people who met in New Zealand the other day are essentially the same people who met in Australia in late 1995. I do not think Australia has disqualified itself as a mediator in that situation, although there may be problems between Australia and the government of Papua New Guinea. But the government of Papua New Guinea was not a party to either set of talks.

Vice Adm. WALLS—Putting aside questions of age, testosterone levels or whatever, let me give you some thoughts from the military aspect, if you like. Anybody who has served in the military, and who has participated in combat and armed conflict, would amaze me if they ever wished to get involved in conflict again. War is a nasty business, and I am borrowing, of course, from other people's thoughts and quotes when I make those remarks, but I certainly accede to them.

You made some statements such as avoiding conflict, accepting difference, conflict resolution not getting the publicity or the coverage or awareness that it deserves, and the ability to accommodate other points of view. All of those activities, in my experience, are covered in the military, strategic and operational level discussions, analysis, contingency planning or whatever that goes on, certainly under the aegis of the ANZUS treaty.

I make the point that a deliberate part of the process of contingency planning in the military is absolutely to look at preferable alternatives other than the use of military force and engaging in conflict. The notion that this is old men with boys' toys or something—perhaps I am stretching the point too far to draw that inference from some of your remarks—and that these preferable alternatives would be looked at in some way which values them less than proceeding to armed conflict is a notion that I absolutely abhor, and I would speak strongly against it in any way that I could.

Brig. LEAHY—October 1952: I join you on the age stakes! Firstly, the experience in peacekeeping under the auspices of the United Nations in Somalia, and our performance there, was greatly added to by operating with US forces. I think ANZUS from that point does add a capability. Let me add to the point that Mr White made this morning that, with a lack of alternatives—the admiral put it very eloquently that this is not something that we would choose to do—ANZUS adds to the bottom line capability of being able to defend Australia, and I think we need to engage in ANZUS because of that.

Mr SPENCER—There is more to the alliance between us and the United States than the treaty and there is certainly more to the treaty than the threat of force. In addition to the areas of peacekeeping that have been mentioned, if you look at the extent to which Australia and the United States have cooperated in a range of areas, I think that you can counter the argument that ANZUS, through the threat of force, is the only thing that we are trying to accomplish. Look at the whole range of disarmament issues. In recent years we have had the NPT, the CTBT, the chemical weapons convention, the Canberra Commission, the MTCR and the Australia group. They represent a number of areas where we have worked very cooperatively with the United States in the disarmament and non-proliferation area.

In the area of trade cooperation, the United States and Australia were instrumental in achieving the conclusion of the Uruguay Round. We were instrumental in getting APEC up and running. President Clinton was very helpful in Seattle and then in Bogor in developing an APEC vision. In the ARF, we have talked about how small the multilateral element of peace and security is, but there the United States has also worked closely with Australia in trying to promote that process. So if you look at those areas, and at what we are doing on counter-terrorism, and at what we are doing in cooperation on drugs, I think that you can say that there is much wider scope to this alliance than just ANZUS and the threat of force.

Rear Adm. ROBERTSON—For the last two days we have heard the ins and outs of ANZUS, and there seems to have been a very strong measure of support for our fire insurance policy. I would like the panel as a whole to revert to a question that was, in part, asked yesterday. It fundamentally concerns article 2 of the ANZUS treaty. In view of the mutuality of this ANZUS pact, and what we have heard are the advantages both to us and to the United States, and given the background of the changing strategic situation to our north and the very large uncertainties which have been touched on all around the table in the last two days, does the panel think that Australia is fulfilling its requirements under article 2? And, for its own safety in the future, is it spending the right proportion on its own defence and its contributions to ANZUS or should it examine it?

Mr WHITE—That is a very complicated issue. In the end, governments make judgments about how much they need to spend on defence on the basis of a process which, these days, we call risk management. My own view, for what it is worth, is that if you spend about two per cent of Australia's GDP very intelligently, with a very clear focus on those particular military tasks that you most need to perform, then we have got a good prospect over coming years of maintaining the sorts of relative capabilities that we have enjoyed in previous years. That is not to say we give the government as wide a range of military options to cope with as wide a range of contingencies as they would like to have and we would like to offer them but we could offer the government a range of military options and a range of circumstances which would be broadly sufficient. There are two caveats on that. First of all, we are not getting two per cent of GDP at the moment and, secondly, what is important is not the percentage of GDP. It is the actual

number of dollars you get and how effectively you spend them.

The approach successive governments have taken has been quite reasonably to say that before they look seriously at expanding the defence vote they are going to want to make sure that the defence dollars we are getting at the moment are spent as effectively as possible. That involves how intelligently we make the decisions about the sorts of capability we develop, how effectively we make decisions about other ways we spend the defence dollars—like the sorts of things we talked about before lunch—and how effectively the system is actually administered in the broadest sense.

This government has gone to quite a lot of trouble to look very carefully at those issues. My own view is that we are going to be getting a lot better value for our defence dollar than we used to get. Whether that will be by itself sufficient to ensure that we can acquire the sorts of capabilities we are going to need into the next century in a real sense is still unclear. I would only be echoing the words of my minister if I said that it is not immediately clear that we will and the prospects for us to need to get some real growth in the defence vote over the next few years are quite high.

Prof. BALL—The first question is: do we contribute enough to the alliance and should we be contributing more? I believe that we really do contribute our fair share in a variety of ways including some of the sensitive ways about which we have heard here in the last couple of days but for various reasons could not hear more of the detail of what we do with the joint facilities and other ways in which we provide really quite vital assets to the United States. Facilities which they have had in Australia in the past have not just been your run-of-the-mill satellite ground stations. They have been regarded at the highest levels in the United States. They are really quite vital and unique. We not only receive intelligence in reams from the United States, posing the problem that someone referred to yesterday in terms of how we process and understand it, but we also provide intelligence to Washington. This is not only technical intelligence collected from our own signals intelligence apparatus but also human intelligence collected by a human intelligence service which ranks as one of the best in the world. Its expertise and product from this region is something which I believe is really quite valued in Washington.

I think our own efforts at self-reliance and undertaking the basic tasks of the defence of Australia, which is really where I come from, also provides a contribution to Washington. It means that the sorts of things that Washington is requiring of other countries in the region, they do not have to require from us. On the contrary, we can in fact be doing things on the basis of our self-reliance in the region to assist Washington.

I thought the list that Doug Paal and others have come up with show that it is not really a one-sided relationship but we do provide our dues. We have provided our dues in the past through the Korean war, Vietnam war and all the rest. Sometimes I believe indeed we have provided those dues rather unnecessarily. I think we do pay our way.

The answer to the second question, 'Is the defence budget sufficient for the defence of Australia?' is going to depend really on where the regional security environment goes in the next 15 to 20 years. I think that as far as one can see over the next 10 years things are fairly benign. I doubt very much if we are going to have any major regional conflagration, such as in North-East Asia and spreading down through South-East Asia, which is going to affect the defence of Australia in the next 10 years. But when one looks further out there are a wide range of possibilities many of which are not only extremely serious, consequential and calamitous but in fact of quite significant probability of actually eventuating. In that situation I do not believe that the current Australian defence budget—which I already have some problems on; indeed, evidently more than Hugh White does—would be sufficient. On the other hand I believe that, as the region starts changing the way that I see it unfolding, we will not be sticking to a defence budget of two per cent anyway. We will start putting more resources into the defence budget as we turn into the very first years of the next century. I think we will start increasing beyond the two per cent then.

CHAIRMAN—I must reluctantly bring this question session to an end. We are running out of time; several of our speakers have to catch planes and they will slip away through the next part of it. I would like to thank those who have to go for contributing to what has been a very good seminar.

SESSION 8: THE FUTURE

The Future **Professor Ross Garnaut**

CHAIRMAN—The closing address will be on the future of ANZUS by Professor Ross Garnaut, Professor of Economics at the Research School of Pacific and Asian Studies at the Australian National University. It will take some time to list all of Professor Garnaut's achievements and qualifications. He was ambassador to China. He has published extensively on international economics and economic development particularly in relation to East Asia and the south-west Pacific. He has held a number of chairmanships in major companies and banks and is currently on the editorial board of a number of prominent South-East Asian economic journals.

Prof. GARNAUT—Thank you. I am a bit of an outsider to the security debate so I suppose you asked me so that I can cover the landscape lightly and perhaps naively. One important fact that has not come out of the discussion in the last two days—and it is rather a central one—is that the reason we are talking about the survival of ANZUS after a very long time, nearly half a century, and talking about it having long-term prospects and, as Australians, talking about it favourably is that we have an alliance with a state that happens to be the state governing the most successful of the old industrial economies. It is a relatively open economy, a highly market-oriented economy, a very flexible and dynamic economy exercising powerful global leadership in financial markets and the development of new technologies where a lot of the action in the world economy is, supported by the world's best graduate schools. There have been problems that emerged a decade and a half ago with the political framework for economic policy-making in the United States. The emergence of large budget deficits looked as if they would get in the road of continuing economic development. However, despite some creakiness along the way, the political system has shown that eventually it can come to grips with even that problem.

The United States economy is the stronger because of the inclusiveness of the United States society. It is still an economy of large-scale immigration absorbing a lot of very talented young people from abroad. That means that the United States, unlike Japan and unlike all of the countries of western Europe, is not facing a demographic implosion of dramatic ageing and population decline in the 21st century. ANZUS would not have the same future if the US economic system, as an economic system, faced prospects similar to that of Japan or Germany.

I will make a few comments on the general strategic environment. There have been frequent references over these last two days to the shift of the centre of gravity of the world economy towards East Asia—the big shift that has been going on since the early years after the Second World War. It has gathered momentum since 1978 with economic reform in China, since the mid-1980s with the new outward-looking economic strategy in Indonesia, and was joined in the 1990s by major South-East Asian economies which had

been sluggish earlier, including Vietnam and recently the Philippines. The discussion has been premised on the expectation, the high probability, of continuation of these powerful trends—and I think that is a reasonable expectation.

There have been references—by Paul Dibb and others—to the Chinese economy becoming the biggest in the world within a couple of decades. That is a normal thing to expect. The Chinese economy will be the largest economy in the world when, on average, Chinese are one-quarter as productive as Americans. That will happen within that sort of time frame, unless something goes badly wrong.

A number of the other East Asian economies, quite apart from China, are very large in world terms. Japan at this stage in history is still the second largest economy in the world. Korea is becoming a very large economy. There will be a difficult job of absorption of the North, but our expectation must be that once that has been completed, some time after that, after the re-capitalisation of the North and a substantial adjustment period, you will be looking at an economy, a unified Korea, as large as any economy in Europe.

South-East Asian growth momentum has been very powerful. We noted how, not very long ago, Australians talked about the Australian economy, Australian GDP, being larger than the whole of ASEAN and how those relativities have changed dramatically. They will continue to change, and the recent hitch in financial markets in Thailand and the lesser hitches in Malaysia and Indonesia have their comprehensible causes which do not raise doubts about long-term growth performance.

There has been a bit of reference to economic growth in South Asia, by Paul Dibb in particular. India is a true demographic giant: the number of very young people, in their first few years, in India is now larger than the number of very young people in China. Indian economic reform since 1991 has been making headway haltingly, with the greater problems of trying to make complex reforms work and overcome vested interest in a democratic polity, but with significant success. At this time, when people are harking back to partition on the Indian subcontinent, we are mindful of how much damage the conflict between India and Pakistan has done, and continues to do, to development in the whole of South Asia. But should the happy event of some kind of reconciliation on the subcontinent ever occur, that would be bound to be reflected in much stronger economic growth performance, both in India and in Pakistan.

Also a very important part of Australia's strategic environment, in which we have seen a little bit of a role for ANZUS in the discussion yesterday and today, is the south-west Pacific. As we observed yesterday, this is an area of very large problems: halting development, problems of governance, of societies and polities grasping to find a basis for political stability, and of high population growth—very high in some parts of the region. Realistically, there is some prospect over the next couple of decades of Australia having to deal with very severe consequences of a major failure in development which would test

our security in fundamental ways. That is an important part of our security environment that we cannot forget. I was interested that Ambassador Teare mentioned this morning the consultations on Papua New Guinea earlier this year as having been one of the areas of profitable exchange on security matters between Australia and the United States.

A lot of the discussion has kept coming back to China, for good reasons. China is by no means the whole of the Asian development story but it is a big part of the story. I think there is very little reason to expect discontinuity of a serious kind in the trend of very powerful growth that is now well established in China: the deep integration into the international economy; the wider and wider use of markets for resource allocation. Serious problems that arise in economic management in the reform of a socialist, centrally planned economy, problems that have had to be dealt with in Russia and eastern Europe, have been dealt with as they have arisen in China, pragmatically, gradually, one after another. Most recently, China for the first time has brought an inflationary boom to heel without overshooting and going through a period of much slower growth. The problems that still remain in transition are not as daunting as the problems that have already been resolved—which is not to say that the problems that lie ahead are trivial.

Strong growth in China in the last few years has been fuelled by the largest flow of direct foreign investment to a developing country, by a very wide margin, that the world has ever seen. More than half of the direct foreign investment flows into East Asia in recent years have been to China. So it is reasonable to work on the basis that the emergence of China as a very large economy, with commensurate political influence, has high probability and that the probability of this event is not seriously amenable to external policy choice.

There are a couple of characteristics of Chinese economic growth that are relevant to our discussion. Chinese economic growth in the 1990s has been associated with rapid growth of more capital intensive and higher technology industries than one would normally expect in an economy at this stage of economic development. Sure, a lot of the weight of growth has been in the simple, labour intensive goods, but there is a lot else in the mix. The proportion of technologically sophisticated industry is surprisingly high for this early stage—surprising, that is, until you look at some other facts about China: the strong emphasis, at times when economic resources were being wasted in many ways, on science and technology, on technological development in investment; plus the highly competitive high school education system and the selection of top students for entry into the best centrally located universities, with a lot of the best students going into fields like maths, science and engineering. It happens that, amongst these concentrations of brilliant young people, an ambition shared by 100 per cent of these students is to one day study in the best graduate schools in the United States. Most of them will realise that ambition. Once they are there they will go many ways, some back to China, some back to China after a period working in applied occupations in the United States, and some remaining in the United States. This cadre of brilliant young Chinese will be providing a lot of the intellectual fuel for the rocket science in Los Angeles and Boston, as well in Shanghai and

Beijing.

The international character of scientific and technological learning in China will mean that Chinese technological development will be highly porous, as is American technological development. I might note that the great talent of inclusiveness of American society means that it is capturing a share of this talent that would otherwise not be available to it.

I have a couple of comments on Chinese security perceptions. One point has not been reflected here in talking about the Chinese strategic outlook. When we talked about China in Asia, we have been talking mainly about insular and peninsula Asia, South-East Asia and North-East Asia. But, strategically, China is first of all a Eurasian continental power. It has along its borders a dozen and a half countries, any one of which if it shared a land border with us, would preoccupy our strategic analysis.

Those countries include large and strategically complex countries like Russia, Vietnam, India and Korea. They include half a dozen countries with Islamic populations that are grappling to find a basis for political stability in a modern state. You can count that dozen and a half countries without including the sea borders across the Straits of Taiwan and the Sea of Japan. So, strategically, China has a lot to think about before it gets to thinking about the issues that we have been talking about yesterday and today.

Dick Woolcott said a little while ago that President Suharto and Prime Minister Mahathir do not think very much about ANZUS when they shave in the morning. I think it was Kissinger who said he does not think about Australia when he shaves in the morning. One can be sure that Jiang Zemin, at least in his capacity as Chairman of the Central Military Commission, does not think very much about Thailand when he shaves in the morning, let alone Malaysia or Australia.

For China, I think that an old alliance, a part of the international furniture like ANZUS, can be accepted because it is there and because it is not one of the things that China is mainly thinking about. It can continue to be accepted in that way unless some special event brings it into immediate prominence on issues of central strategic importance to China. Sure, as Paul Dibb and Des Ball discussed yesterday, over the last 18 months there have been some questions raised in China about the US alliances in this region. My own view on that is that the Ball perspective is closer than the Dibb perspective on this particular issue. But, in any case, this is not a central question for China. The simplest option for China is to accept the ANZUS alliance as one of the premises of Australian foreign policy, as China has done ever since the restoration of diplomatic relations in 1992.

When one thinks about what circumstances could change to raise questions about this perspective, Taiwan Strait comes into prominence. Taiwan is the big problem, a big strategic problem of China-US relations. I was interested that Doug Paal said this morning

that part of the value of ANZUS to the United States is its magnification of the influence of Australia's independent counsel on China, including on the Taiwan Strait issue. The context of his comment was that an independent Australian perspective can be helpful in dampening extremes of ignorant United States political opinion on this issue. He commented that the counsel of Australia had indeed played this role on the Taiwan question in recent years. Properly understood in Beijing, this becomes a Chinese benefit of ANZUS as well as a United States benefit of ANZUS.

I will make a couple of comments on the current role and strengths of ANZUS as a basis for some comments about the future. I found this aspect of the discussion of the past two days very interesting. We have seen very strong statements from US and Australian perspectives about the large continuing value of ANZUS to both. In the words of Brigadier Leahy yesterday, the value for Australia is more in what it allows than in what it promises. That is an important and interesting perspective, one that I am not sure is widely appreciated in Australia. It would have been even less widely appreciated 20 years ago.

Brigadier Leahy talked about the role of ANZUS in strengthening the current effectiveness of our defence forces, and Hugh White added a number of aspects of security and political value. Above all ANZUS allows us to have effective defence forces in an age of changing information technology that would otherwise carry prohibitive cost. This difference in effectiveness could well be decisive in our effective intervention in a number of regional arenas, including the south-west Pacific arenas to which I referred earlier.

For Australia, the established comfortable alliance increases the chances of United States military involvement directly in the defence of Australia if that is ever required. That point was made and I certainly found that convincing.

There has been some discussion about whether there are also large costs to Australia involving conflict between what is required for our Asian relationships and what is required for the maintenance of ANZUS. My opinion is that those costs in terms of Asian relationships only become high if our diplomacy is clumsy and ineffective.

On the value to the United States, we benefited from Doug Paal's eight points, turned into nine by Allan Behm subsequently, including the global communications input; the low cost support in this geographic area; and the model of effective military coalition building, which in the modern world, when you think of the range of international peacekeeping operations that require coalition building, is by no means a small advantage to the United States. Then there has been reference to the range of intelligence and diplomatic and political advantages that depend on the excellence and independence of Australian analysis, and on the quality of our own relationships into Asia. That I think is a very important point made by Paal and others through the discussion in the last couple of days. It is the quality of our independent assessments that has special value.

We have heard that ANZUS is not controversial in the United States, although it is not prominent in United States perspectives. Ambassador Teare said that the easiest and most comfortable of the United States' alliances is ANZUS—a powerful statement and one with large implications for its sustainability in the United States' polity.

In these uncontroversial circumstances, looking to the future, a productive and active relationship amongst the people directly responsible for keeping it moving forward helps to maintain its own support. But wider community support in both countries would be required if we were to move on, in adverse circumstances, from Brigadier Leahy's issues related to what ANZUS allows into the issues of what ANZUS promises. Everything affecting the quality of US-Australia relations would eventually be brought into account if we were taking that step beyond what the alliance allows—the business relationship, the educational relationship, and people to people relations at all levels. Yesterday we had some discussion of these issues. There was a very important statement by Phil Scanlan about the problems that would be gratuitously created for US-Australian relations by any Australian attempt to enter the North American Free Trade Association.

The trade relationship between Australia and the United States, especially on the Australian export side, is now not very important. As an export market, the United States is substantially less important than the Chinese economies taken together, substantially less important than the ASEAN economies, less important than Korea alone. All of these relative magnitudes reflect underlying economic realities.

Artificial attempts to make the relationship larger than economic factors naturally want to make it would create all of the problems that Phil Scanlan identified yesterday. Such artificial attempts—formation of a free trade area with the United States would be artificial—would introduce unnecessary tensions in relations with the United States itself because the United States polity simply could not deliver on issues that are politically critical for us. What would matter most for us would be the agricultural issues. The United States could not even deliver on those for Canada and Mexico. So we would be setting ourselves up for a new set of tensions that would make the tensions over grain in the mid-1980s look pretty small in comparison—and for no result. It would damage the relationship.

Such a move towards a free trade area would weaken our value to the United States by cutting across our key Asian relationships, starting with Japan. It would cause Asian partners to see conflicts that are not seen now between Australia's relations with themselves and with the United States. So I was pleased that Phil knocked that idea on the head yesterday.

But there is value for strengthening the general political basis for the US-Australia relationship if we can expand aspects of the bilateral relationship where there is natural potential for productive expansion. Obviously, working together within APEC, within the framework of open regionalism, we are doing that. The steps forward last year in the

sectoral trade liberalisation leading on from the APEC summit to the WTO meeting in Singapore are important in this regard.

We will get further in seeking to expand the bilateral relationship if we put less emphasis on the bilateral trade relationship and look at opportunities for strengthening relationships in investment and financial market integration, where the United States naturally plays a much larger role in Australia. These are hugely important areas for Australia and areas of great strength for the United States, and they are currently subject to many artificial barriers to expansion of economic relations. As the chairman of Lihir Gold, the only company ever to have introduced an initial public offering to stock markets in the United States and Australia simultaneously, I can tell you that the artificial regulatory barriers to integration of financial markets in the two economies are very great.

ANZUS has three members, and we had a very interesting discussion yesterday about the missing, suspended member. After that discussion, I could not help thinking that the absence of one of the three partners is a serious point of vulnerability for ANZUS. We can say that it is New Zealand's loss and not America's or Australia's—which it is. We can say that ANZUS functions fine as a bilateral relationship—which it does. But the loss of effectiveness of the combined use of New Zealand and Australian forces, as a result of not being together within the alliance, could matter in some circumstances, including on issues that we may want to deal with together in the South-West Pacific.

Perhaps even more important, one can imagine that, in unfavourable political circumstances, the loose strand that New Zealand represents could play a role in a wider unravelling of the political basis of the bilateral ANZUS. The absence of the third member does matter, and New Zealand should be left in no doubt that it matters.

Finally, I have some observations around the theme of Australia as a branch office society. Some of the discussion of military technology and intelligence relations between Australia and the United States yesterday has resonated in my mind against a wider issue affecting long-term Australian security: the problems of Australia as a branch office society. In a relationship of such asymmetry in scale as the US-Australia security relationship, it is easier for the smaller party to be relegated to the role of a branch office or, to use the terminology of an Australian intelligence agency, even a lickspittle.

This was an issue raised by our friend from the Malaysian High Commission in his question. He was saying that ANZUS seems fine if Australia is doing it for its own defence but, if ANZUS is only or mainly an instrument of wider strategic purpose for the United States, then there is more of a question about it. The question from Malaysia was well answered by members of the panel. But, lying behind all that, there is still an issue that we need to address.

The US presentations at this meeting indicate that the value of ANZUS to the United States depends a lot on our having high quality, independent intelligence and

analytic capacity. Its value to the US depends on our views sometimes being divergent, as our views will be—from our different perspectives—if we do our jobs well. We let our allies down if we weigh currently dominant trans-Pacific assessments above their true worth. There have been times in Australian and US relations when there has been a bit of a tendency to do that.

If we are to play the role that our friends from the United States have told us that they especially value in ANZUS, there must be in Australia not only branch offices but also some global headquarters of intellect and analysis, of business, of technological development and of diplomacy. This is not so easy in a small isolated country in this modern age of globalisation of information and economic activity. Some Australian organisations are passing the test of competitiveness in a global economy, but a lot are making heavy weather of it.

The shift of the centre of gravity of the world economy to east Asia is somewhat diminishing our isolation. A combination of this shift of the centre of gravity of the world economy—and the centre of gravity of the world polity—towards Australia, and of the modern development in information technology can help to reduce the disadvantages also of our small scale. Our historical disadvantages of small scale and isolation are more capable of amelioration in the emerging world technological and economic circumstances than they have been in easier times.

How well we use this opportunity of interaction with East Asia to overcome our disadvantages of isolation and small scale in order to build in Australia genuine headquarters of significant areas of intellect, technology and business will be important to sustaining ANZUS into the long-term future. I would predict, looking to the future, that Americans will be less interested in ANZUS when Australians have nothing of their own to say.

CHAIRMAN—Thank you very much. Ladies and gentlemen, it only remains for me to thank the speakers who have given absolutely unstintingly of their time and energy to make this seminar the very interesting and successful meeting it has been. On your behalf I thank them very sincerely for the two days they have given to us.

It is also incumbent on me to thank the audience very much for their participation and their questions. In planning a seminar like this, you cannot cover all topics, yet there are a range of issues that are important; and so you have to rely on question time to fill out those corners and to illuminate some parts of the envelope. The range of questions that we have had from you has filled in a lot of the gaps that I had had some secret fears that we would not have covered, and without those questions the completeness and the integrity of the seminar would not have been as complete as it now is.

I would like to thank Paul Hislop, the Secretary of the Defence sub-committee—and, indeed, the whole of the secretarial staff of the Joint Standing Committee on Foreign

Affairs Defence and Trade. They have run a flawless operation here in supporting us with all the arrangements.

Finally, I would like to thank *Hansard* for the support they have given us through the two days. There will be proceedings published, and everyone who is a registered member here will get a copy in due course. It will not come in tomorrow morning's mail, but those of you who have spoken will get a proof copy as soon as we can get it to you for correction of what is in the statement, and in due course we will have a final copy out.

Thank you all very much once again for your attendance.

Seminar concluded.