

# Australia and U.S.-China Relations: Bandwagoned and Unbalancing

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“We know Communist China is there; we want to live with it, and we are willing to explore new ways of doing so; but we are not prepared to fall flat on our face before it.”

Foreign Minister Paul Hasluck, August 18, 1966<sup>1</sup>

Since Kevin Rudd and the Australian Labor Party ended Prime Minister John Howard’s 11 1/2 years in office in late 2007, each new government in Canberra has faced a very similar and rather narrow foreign policy fixation. Australia’s relations with China, and Australian policies or pronouncements that may affect China, have become the main focus of foreign policy commentary both inside and outside the country. Increasingly, Australia’s own defense and foreign policy pronouncements and long-standing and deep relations with the United States and Japan are being reinterpreted through this China lens. This mostly critical commentary has tried to divine new directions in Australian foreign and security policy and reasons why these perceived new directions are harmful to Australia’s relations with China. From their very first baby steps, the Abbott administration and Prime Minister Tony Abbott himself have been subject to this increasingly singular China-centered focus and its set of questionable underlying assumptions.

The Australian case, as this book, is both animated by and significantly questions two systemic assumptions about the emergence of the People’s Republic of China (PRC) as Asia’s leading economic power and U.S.-China relations. The first systemic assumption at the core of the realist tradition of thought is that the rise of a new power destabilizes the affected security order and consequently states in that order will change policies to respond to this rise and associated destabilization. The tense of the terms used to identify the continuum of alignment policy options – bandwagoning, accommodating, hedging, and balancing – further focusses attention on the present and the idea of necessary, reactive change.<sup>2</sup>

The second systemic assumption at the core of the liberal tradition of thought in international relations is the interdependence between commercial relations and interests (predominantly non-state in nature) and security relations and interests (predominantly state in nature). The more closely two economies become intertwined, the closer the affected states’ diplomatic and security relations will or should become and the less likely either will or should adopt diplomatic postures or security policies that might upset the other. The weaker the state is in this dualistic depiction, the more this is seen to hold true. The widespread use of trade statistics with China to analyze the direction Australian foreign and security policy has taken, will take, or should take towards the PRC on this alignment continuum is the clearest and most frequent operationalization of this hard-wired assumption.<sup>3</sup> Similarly, the literature on hedging considers closer economic relations with a rising power as an element of balancing towards it and consequently an element against bandwagoning with the identified competing power. In Asia, it is not clear how the deepening trade and investment relationship between China and the United States fits with assumptions about U.S.-China competition and whether states are balancing with or against either major power.

With a particular focus on Australian foreign and security policy under the present Abbott administration and the commentary on it, this chapter challenges each of these assumptions and through that the larger regional and global debate about the emergence of the PRC as

Asia's leading power and only potential peer competitor to the United States. It begins by looking at why the Australian case is a particularly important one for testing the assumptions, then looks at each assumption and how the Australian case challenges it, and ends with some thoughts about what the Australian case, as presented, can tell us about the proclivities and weaknesses of the larger regional and global debate about the rise of the PRC.

The upshot is that Australian foreign and security policy in relation to the rise of the PRC has remained consistent for decades. Australia from before it was an independent state has bandwagoned behind the leading power globally with the greatest strategic weight in Asia and has long sought an Asian security order unbalanced in favor of that power and against any alternate order dominated by the largest Asian power. The names of the global and Asian powers have changed from the United Kingdom and Japan to the United States and China respectively, but Australian grand strategy and its influence on foreign and security policy have not. Australia's alignment position was determined decades ago, and recent foreign and security policy actions support this alignment decision given the changing regional and national security and economic situations.

## A CENTRAL CASE

Three elements of Australia's present relations with China make Australia a powerful, central case study for assumptions about how states respond to power redistribution among major powers in their region. They suggest that Australia is a "purer" case study than any East Asian state. All three suggest that Australia, if the liberal assumption about commercial and strategic convergence is accurate, should have and should be seeking closer economic and strategic ties with China and desisting from policies aimed at or perceived to be aimed at annoying China even at the cost of annoying other major powers such as Japan and the United States.

First, Australia's trade dependence on China has rapidly increased over the last two decades, is already at historically high levels in the post-imperial era, and is likely to grow even more.<sup>4</sup> According to the latest Australian trade statistics, the Chinese market accounted for 36.7 percent of Australian exports in 2013-14 (up 28.3 percent year-on-year) at A\$100.1 billion, while imports from China accounted for 19.9 percent of the Australian total at A\$50.1 billion (up 12.7 percent). In a matter of five years, Australian exports to China have grown about 250 percent while imports have grown about 25 percent. Reflecting the sizable asymmetry in the bilateral economic relationship, Australia only absorbed 1.7 percent of Chinese exports in 2013 and accounted for 4.7 percent of its imports.<sup>5</sup>

A comparison with Japan, Australia's largest export market for four decades until China overtook Japan in 2009, shows just how profound Australia's trade dependence on China is and how comparatively quickly it is mounting. In 2008, exports to Japan were roughly 30 percent greater than the China figure. By 2013-14, exports to Japan were half the China figure and lower than the 2008 figure. The comparative import story is a more moderate version of the same trend. China's exports to Australia were roughly double those from Japan in 2008 and close to three times larger in 2013-14.<sup>6</sup> Australian exports to China are significantly larger than Australian exports to the next four largest markets, as shown in Table 1.

**Table 1: Australia's to Five National Trading Partners, 2013-14**

	Exports (A\$B)	Share	Imports (A\$B)	Share
China	100	36.7%	50	19.9%
Japan	49	18.0%	18	7.3%
South Korea	21	7.7%	11	4.5%
United States	11	3.9%	21	11.1%
India	8	3.1%	3	1.1%

Source: DFAT country fact sheets.

A comparison of Australia's relative trade dependency on China with other Asia-Pacific economies, as shown in Table 2, further reinforces the depth of the China-Australia trade relationship and its importance to Australia. No other major economy in the Asia-Pacific is as trade dependent on China as Australia.

**Table 2: China's Share of Exports and Imports (latest data)**

	Share of exports	Growth y-on-y	Share of imports	Growth y-on-y
Australia 2013-14	36.7%	28.3%	19.9%	12.7%
Taiwan 2012	26.8%	-3.1%	15.1%	-5.4%
South Korea 2013	26.0%	0.0%	16.1%	8.5%
Japan Jan-Nov 2014	18.3%	-1.3%	22.3%	0.7%
Philippines 2013	14.2%	30.8%	12.9%	5.2%
Indonesia 2013	12.3%	4.2%	16.9%	1.0%
Malaysia Jan-Nov 2014	12.0%	-3.6%	16.7%	7.2%

Source: Relevant government websites for each country.

Not only is the Australian trade dependence on China very high comparatively and growing rapidly, Australia's trade relationship with China—what it exports and imports to and from China—is qualitatively different from its regional peers. For the East Asian economies in Table 2, unlike Australia, a large share of their trade with China is determined by their respective links in regional and global production chains, many of which terminate in China. These production chains are predominantly controlled by non-Chinese firms. Exports to

China from East Asia that are part of these value chains are better understood as an element of these East Asian economies' trade dependency on the states where these value chain-controlling firms are headquartered than on China. While a large share of Australian imports from China are products developed by these chains with the final stages of assembly in China, Australian exports to China are not production chain-based. Rather, Chinese firms and individuals are the importers.

Iron ore and concentrates alone accounted for close to 60 percent of Australian exports to China in 2013-14 and the top four raw resource export items including iron ore for 76 percent of total exports. Education and personal travel to Australia accounted for a further 6 percent of total exports and 81 percent of total services exports. Australian trade with China is much more related to China's domestic economy than its export-oriented one, and hence the health of Australia's internationally-oriented economy is closely tied to the health and direction of the Chinese domestic economy. Australia is much more economically dependent on China than other regional economies both in quantitative and qualitative terms.

A third factor that classifies Australia as a central, purer case for how states respond to the rise of the PRC as Asian's leading economic power is historical and political in nature. As with New Zealand and the United States, Australia has strategic depth in relation to China. Beijing is over 9,000 kilometers away from Canberra. Australia shares no land or maritime borders with China, and it is not a neighbor of China in the same sense as Singapore is in the eyes of China and Singapore. Moreover, Australia, alone among the states considered here, has no history of "discovery" by China, invasion by China, direct military threat from China, or Chinese support for rebel groups threatening the Australian state.

## ALLIANCE ATTRIBUTES

Australia also is a central case for those with an interest in the durability of U.S. strategic primacy in the Western Pacific and the alignment of allies' and U.S. security partner interests in regional security with those of the United States, the "reigning hegemon." As the *eminence grise* of Australian international journalism Paul Kelly sagely noted, "if the rise of China can compromise a rock-solid alliance with Australia, no other American alliance relationship in the Pacific can be considered safe from erosion."<sup>7</sup>

Two attributes of the Australia, New Zealand, and United States (ANZUS) security alliance make it comparatively rock solid and germane to the larger question of the future of the U.S. security role in East Asia in the face of the rise of the PRC. First, the Australia-United States alliance is particularly deep and institutionalized. As each Australian leader notes when visiting Washington or receiving a U.S. president, Australia has fought along side the United States in each major war since World War I. No other ally or security partner in the region or wider world can make the same claim. This fact is behind the high and growing number of Australian senior defense officials and armed forces' personnel embedded in senior positions in the Pentagon, the Pacific Command (PACOM) and even Central Command (CENTCOM). Australia is second only to the United Kingdom in terms of the number of military personnel embedded with U.S. forces and the seniority of their embedded roles.<sup>8</sup> Australian warships are now routinely operationally embedded in the U.S. Seventh Fleet.<sup>9</sup> The depth of this alliance relationship would raise the costs to Australia of any shift away from its strong

bandwagoned position with the United States. Alliance relationships, by their very nature, are more profound alignments than security partnerships.

The ANZUS alliance is different in origins and focus than the other U.S. alliance relationships and security partnerships in the region. From the Australian side at least, it did not have its origins in preparing for the Cold War. Rather, it was focused on maintaining Australian security from Japan, the only foreign country to have attacked Australia.<sup>10</sup> Moreover, as Australia has not faced a credible direct military threat from any country since World War II, the ANZUS alliance has been predominantly focused on regional and even global order maintenance. The only time Australia has invoked ANZUS was after the September 11, 2001, terrorist attacks in the United States. Japan, Taiwan, South Korea, the Philippines, and Thailand were all “front line” states in the Cold War and, with the exception of Thailand, are within the “first island chain” off the east coast of China. Australia was not a front line state in the Cold War and is not within the first island chain.

This broader, order-maintaining nature of the alliance relationship may make Australian faith in the reliability of the United States as a security partner in the face of a rising PRC less fragile and prone to doubt than regional states such as Japan, the Philippines, and Vietnam that perceive their security relationship with the United States as primarily focused on combatting direct threats from China. Unlike the “core ASEAN states” covered by Cheng-Chwee Kuik in this publication, Australia’s alignment with the United States is not constrained or complicated by an overriding commitment to ASEAN and its goal of denying any great power dominance in Southeast Asia. Australia only joined the East Asia Summit after negotiating with ASEAN that signing the ASEAN Treaty of Amity and Cooperation, the *quid pro quo* for membership in the EAS, would not infringe upon the U.S.-Australia alliance relationship.<sup>11</sup> South Korea and Japan did likewise. Unlike India, as mentioned by Daniel Twining, or Indonesia and Malaysia, Australia has no legacy of non-alignment that constrains closer security relations with the United States in the post-Cold War period.

## BANDWAGONED

The same factors that have made Australia a central case for the policy responses of regional states to the historic power shift in Asia have led many analysts to perceive Australia as taking a leading role in unambiguously balancing against China’s rising regional influence. Edward Luttwak, noting that Australia “fully retains the Anglo-Saxon trait of bellicosity,” argues that “It is not surprising, therefore, that Australia has been the first country to clearly express resistance to China’s rising power, and to initiate coalition-building against it that is mandated by the logic of strategy.”<sup>12</sup> In August 2009, *China Daily* expressed similar sentiments when it criticized “Sinophobic politicians” in Australia (read widely to be a group including Prime Minister Kevin Rudd) of leading the world’s “anti-China chorus.”<sup>13</sup>

A large number of strategic commentators in Australia regard Tony Abbott as following a similar direction. Robert Ayson claims that Australia has changed its East China Sea policy in ways that suggest it is siding with Japan against China.<sup>14</sup> Linda Jakobson in a wider broadside against the recently elected Abbott government agrees and goes further: “It is questionable whether jumping on the bandwagon with the United States and Japan to criticize China about a contested issue between China and Japan was the most effective way for the new government to start defending Australia’s values.”<sup>15</sup>

This popular depiction of Australian responses may well obscure more than clarify Australian strategic thinking and the resulting policies. This depiction of present-day Australian policy and the larger regional discussion about U.S.-China relations and the effects on smaller affected states suffers from the “parochialism of the present.” The rapid rise of the PRC and the journalistic and academic propensity to overstate present problems have distorted the public interpretation of Australia’s strategic policy and changes in its position in relation to the United States in a different way but with similar muddying consequences, as Daniel Twining suggests the Indian commentary obscures the understanding of Indian strategic policy choices and its position in relation to the United States. As David Kang argues in relation to South Korea, successive Australian administrations have neither bandwagoned with nor balanced against the PRC since the beginning of its rise three decades ago but accommodated its rise with “no fundamental change either way in military stance or alignment posture.”<sup>16</sup>

Strongly informed by the continent’s small population, huge land and maritime territories, and the cultural differences with its neighboring South Pacific and Asian states, Australian leaders always have bandwagoned with the leading global power for a regional order unbalanced in their favor. In the first half of the twentieth century, the United Kingdom, the metropole of the Australian settler colony, was the global power with which Australia actively bandwagoned. Since the signing of the ANZUS agreement in 1951, it has been and continues to be the United States.

During the period of bandwagoning with Great Britain, Japan was the leading Asian power that sparked Australian security concerns, driving the decision to bandwagon with the United Kingdom and to strengthen Australia’s nascent military capabilities against a direct threat from Asia’s leading power.<sup>17</sup> Concerns in Canberra about the erosion of the United Kingdom’s East Asian order-maintaining interest and capability started before World War II and culminated in the decision to shift Australia’s seat on the United Kingdom bandwagon to that of the United States with the signing of the ANZUS treaty. New Zealand was much less supportive of this historic and culturally wrenching shift of strategic allegiances.<sup>18</sup>

Communism and the PRC quickly replaced Japan and its expansionist agenda as Australia’s primary security concern. In 1963, even Gough Whitlam, who would later shift Australia’s diplomatic recognition from the Republic of China to the PRC, acknowledged that China posed the greatest threat to Australia.<sup>19</sup> In 1967, a plurality of Australians polled agreed with this assessment.<sup>20</sup> Rather than a new post-Cold War prime consideration, the PRC’s military capabilities and strategic interests and their potential negative effects on the prevailing regional security order have been a staple concern of each Australian Defence White Paper and their predecessor documents. The first such document, the 1946 *Strategic Appreciation*, focused on what a Communist victory in China and a China-Soviet Union partnership would mean for the interests of “the empire” in East Asia. The 1968 *Strategic Basis for Australian Defence Policy* elevated China to “key significance in shaping Australian strategy.”<sup>21</sup>

Throughout the post-war period Australia’s commitment to maintaining the U.S.-led regional order has been consistently pursued through three sets of policies. First, Australia has been a keen proponent and participant in regional institutions that include the United States and/or support U.S. strategic leadership in Asia. Examples include encouraging

the United States to join the Colombo Plan in the 1950s, joining the Southeast Asian Treaty Organization (SEATO) and South Korea's Asia Pacific Council (ASPAC) in the 1960s, taking a lead with Japan in establishing the Asia Pacific Economic Cooperation (APEC) forum and with Japan, Singapore, and Indonesia the ASEAN Regional Forum in the 1990s, and floating the idea of a new Asia-Pacific Community and supporting U.S. membership in the East Asia Summit (EAS) in the 2000s. SEATO and ASPAC excluded China and were established to counter the perceived Chinese threat to the prevailing order in maritime East Asia. APEC, ARF, Prime Minister Rudd's Asia-Pacific Community idea, and the EAS include China and are institutional attempts to bring it into the prevailing U.S.-led regional order.<sup>22</sup>

Australia also has been willing repeatedly and without fail to contribute to British or U.S.-led military initiatives aimed at maintaining the prevailing security order from its leading role in supporting Singapore and Malaysia against the China-supported communist rebels in the 1950s and Sukarno's *Konfrontasi* in the 1960s to fighting in the Korean and Vietnam wars. Australian defense planning has long been organized around the idea of having adequate national capabilities to defend Australia's territory and to contribute to U.S.-led regional and global operations. Continued U.S. strategic primacy in the Western Pacific is judged to permit Australia to focus more national capabilities on the former while providing irreplaceable intelligence and surveillance information and access to leading-edge technology to better fulfill this task.<sup>23</sup>

Finally, Canberra has long portrayed the British Empire and the post-war U.S.-led regional security order and Australia's active support for both as based on much more than *realpolitik* hard power concerns and capabilities. Their creation and maintenance of liberal international and regional political and economic institutions and reflection of Australia's own values are core to Australia's unflinching support for both.<sup>24</sup> As an open, trading economy with a huge territory and limited national capabilities in a culturally distinct region, Australia's defensive worries and cultural pride combine in its strong support for a liberal, rules-based regional and global economic and political order—one in which the rules are determined by the leading global power of the time. This fusion of strategic interests and cultural values has long meant that Australian support for a regional order unbalanced in favor of the leading global power has been a powerful bipartisan source of domestic political legitimation well reflected by public opinion in favor of this extreme alignment choice.

If one gives these powerful sources of strategic policy continuity the weight they deserve in analyzing recent Australian security policy, then it is very difficult to see any fundamental change. While the member states of ASEAN may have fundamentally shifted their strategic alignment at the end of the Cold War from bandwagoning with the United States to hedging between the United States and China, as noted by Cheng-Chwee Kuik, Australia has not. The 2009 Defence White Paper is best seen as the most robust reiteration of continued bandwagoning with the United States and commitment to an unbalanced regional order in favor of the United States and its regional allies and security partners. While presented as a white paper focused against China, it is best read as one focused on the U.S. role in Asia.<sup>25</sup> The paper talks about the need to adopt a strategic hedging approach to the erosion of American primacy in the face of China's rise and the consequent greater risk of major power tensions and potential conflict. The paper's significant capability commitments

including 12 long-range submarines, up to 100 F-35 Lightning II combat aircraft, and Australia's first sea-based cruise missiles fit very well with increasing its contribution to any potential U.S.-led regional missions and greater burden-sharing in the alliance.<sup>26</sup>

The same continuity of alignment and purpose applies to the Gillard government's 2011 agreement to open up defense installations in Darwin to the regular rotation of up to 2,500 U.S. marines and advanced discussions for greater U.S. access to the Stirling naval base near Perth and the upgraded air force facilities on the Cocos Islands in the Indian Ocean. In the aftermath of the Australian-led intervention into East Timor, the 2004 Boxing Day tsunami, the 2006 coup in Fiji, the 2008 Cyclone Nargis, and the government's growing embrace of the concept of the Indo-Pacific region, Australia has committed to a greater amphibious capability and contribution to Indian Ocean security.

In each of these major humanitarian disasters in Southeast Asia and the Indian Ocean, Australia worked closely with the United States and Japan. Amphibious and strategic lift capabilities were crucial to the immediate response. Working closely with the U.S. marines at staging posts like Darwin for military and humanitarian activities in Southeast Asia and the eastern Indian Ocean—as shown recently in the super-typhoon Haiyan in the Philippines and the disappearance of flight MH370—contributes to both objectives.<sup>27</sup> How these objectives and subsequent deepening of the ANZUS alliance are part of an Australian attempt to directly balance against China militarily, the *a priori* assumption of much of the commentary in Australia and China, is much harder to divine.<sup>28</sup>

Claims that the Abbott government is siding with Japan against China over the East China Sea dispute are even more questionable and, seemingly, the victim of placing everything in a U.S.-China-Australia framework based upon U.S.-China rivalry and consequent Australian repositioning. It first substitutes Japan for the United States in this questionable triangular construct and then reads balancing against China motives for Australian actions. Yet, what the offending 2013 U.S.-Japan-Australia Trilateral Strategic Dialogue joint declaration stated was joint support for territorial disputes to be dealt with peacefully and in line with international law.<sup>29</sup> This is diplomatic boilerplate more noticeable for its absence than appearance. Australia has never expressed an opinion on the clashing sovereignty claims in the East China Sea, as it has not in the Sea of Japan dispute between South Korea and Japan or in the South China Sea dispute.

As reiterated by Defence Minister Johnston at the 2014 Shangri-la Dialogue, Australia has long upheld the need for the management of disputes between states in the regional order to be based on peaceful means and international law.<sup>30</sup> The increase in tensions in the East and South China seas involving China and concerns that China's growing power may destabilize this order may have motivated the clear restatement of this principle. This is what is new, not Australian pronouncements in support of this principle.

## SEPARATION

Australia's high level of trade with China and the widely understood benefits this has delivered to an economy approaching 100 consecutive quarters of positive growth despite the Asian financial crisis and the global financial crisis have led to three factors being divined to encourage strategic policy shifts in favor of alignment with China. First, is simply the size of

the economic relationship and its fundamental importance to Australia. As Shiro Armstrong notes, “Australia may still catch a cold when the United States sneezes, but is likely to get pneumonia if China catches a cold unless Australian policymakers understand how they have to manage the shocks that will inevitably emanate from the country that is now our biggest economic partner. That’s the reason why Australia is often called everyone’s favourite short on China.”<sup>31</sup> Analysts have taken this high and rising level of asymmetric interdependence as reason for why Australian governments should be increasingly cautious about adopting policies that could raise Beijing’s ire and should seek some kind of equidistant, balanced position between China and the United States.<sup>32</sup>

Adding to this balance towards China argument, leading Australian business figures, many dependent on or coveting the China market, have joined the debate and moved it beyond the ivory towers of academia and the cloistered halls of power in Canberra. At a 2012 national conference on Australia in China’s Century, billionaire Kerry Stokes attacked the 2009 Defence White Paper for causing concern in China, while fellow billionaire James Packer opined that Australians seemed ungrateful to China.<sup>33</sup> Opinion polls show positive feelings towards China’s rise and the China-Australia commercial relationship, adding further weight to this argument. In the 2014 Lowy Institute poll, a plurality disagreed with Prime Minister Abbott’s declaration that Japan was Australia’s closest friend in Asia. Thirty-one percent opted for China compared with 28 percent for Japan and 12 percent for Singapore.<sup>34</sup> In the 2013 Lowy poll, a full 76 percent identified China as the most important economy for Australia compared with only 16 percent for the United States. In 2009 only 63 percent of Australians had opted for China compared with 27 percent for the United States.<sup>35</sup>

The third factor is based on fear and apparent prudence. Many advocating that Australia balance its existing policies toward China and the United States have raised the specter of China’s economic “punishment” of Australia as Japan, the Philippines, Norway, and others are deemed to have suffered.<sup>36</sup> The drawn-out trade negotiations between China and Australia that started in 2005 were the most frequent rod to divine the actual presence of this fear. Critics of Abbott’s perceived shift against China argued that he was putting the trade deal at risk.<sup>37</sup> Yet, as with negotiations with South Korea that commenced in 2010 and those with Japan that commenced in 2007, the Abbott government was able to bring those with China to a successful end, as announced during Xi Jinping’s state visit to Australia in November 2014.

The successful conclusion of trade talks with China that delivered a deal much deeper and broader than the China-New Zealand FTA signed in 2008 or the China-ASEAN FTA significantly undercuts the third fear-based argument about why Australia should seek strategic policies less likely to draw criticism from China’s leaders, academics, or unrepresentative “netizens.” Likewise public opinion about the importance of the commercial relationship with China is countered by long-standing and potentially deepening public concerns about China as a military power.

In the 2014 poll that showed a plurality viewing China as Australia’s best friend in Asia, a much larger 48 percent plurality thought it likely that China will become a military threat to Australia in the next 20 years, the highest level of worry since this question was first asked in 2009. The share that views China as a likely direct military threat to Australia has

never dipped below 40 percent.<sup>38</sup> In 2013, when a majority viewed China as Australia's most important economic relationship, a majority believed that Australia's relationship with the United States was more important than that with China, and 82 percent believed the alliance with the United States was fairly or very important (28 percent and 54 percent respectively).<sup>39</sup>

The Australian case shows that security and economic interests are not as intertwined and co-dependent as is often perceived. Rather, this case reaffirms the judgment that "economic cooperation is not predicated upon political alignment with China. Indeed, a strong trading relationship may exist amidst significant bilateral political tensions, and will not necessarily prevent the outbreak of military conflict."<sup>40</sup> Despite much fretting, policies in line with Australia's bandwagoned position with the United States have not identifiably carried any costs for the Australia-China economic relationship. Likewise, Australia's deep, asymmetric economic relationship with China has not identifiably weakened Australia's alliance relationship with the United States. Rather, as James Reilly notes, successive Australian governments have been successful in strengthening economic relations with China and security relations with the United States.<sup>41</sup> This win-win situation for Australia is also what opinion polls suggest the public wants and expects.

## CONCLUSION

The Australian case, and its centrality as an empirical testing ground for assumptions about the rise of the PRC and regional states' relations with both China and the United States, suggests three preliminary, potentially generalizable conclusions:

1. The strength of the U.S.-Australia alliance has not been eroded by the rise of the PRC. Rather, this significant change to the balance of power in East Asia has reaffirmed the rock solid state of the alliance. The changing security environment has deepened both sides' commitment to the alliance and provided new scope and opportunities for greater bilateral and minilateral allied cooperation. The change in government from a Liberal-led coalition to a Labor government in 2007, the change of prime ministers in 2010 in that Labor government, and the 2013 change in government back to a Liberal-led coalition did not change Australia's decades-old bandwagoning alignment with the United States. Australia's primary grand strategic commitment to a regional order unbalanced in favor of the prevailing global power (and not the leading Asian power) has not changed and shows few signs of imminent change.
2. The Australian case reaffirms the realist assumption that commercial interests and levels of dependency, as measured by bilateral trade statistics, and strategic interests and alignments, as measured by alliance relationships and commitment to them, are far from co-dependent. They can remain on very separate planes for decades. As Linda Jakobson cautions though, Australia may be exceptional. As the provider of essential primary products for China's continuing economic development, Australia may have more economic leverage over China than the asymmetric bilateral trade flows suggest, which may "protect" Australia from any Chinese economic "punishment" for its continued bandwagoning with the United States.<sup>42</sup> Unless Australia stops playing this crucial role for China's economic development and/or China decides to demonstrably "punish" Australia for its alignment choice, we will not be able to test the validity of this caution of exceptionalism.

3. There is a strong alignment of views between the Australian public, as evidenced by consistent opinion polling data, and successive governments from both sides of the aisle in parliament in favor of continued bandwagoning with the United States and pursuit of closer economic relations with China. Hence, where Australia has and should position itself in relation to the United States and China does not feature in election campaigns or debates between the two major parties that control Australian politics.
4. There is a strong difference of view, though, between these successive governments and leading academic commentators and former prime ministers. The latter focus much more on the apparent wisdom of shifting from the present bandwagoned with the United States position to a more equidistant hedging position between the United States and China, citing fears of entrapment, backing the wrong horse (the USA not the PRC), and rising domestic costs. Former Liberal prime minister (and public advocate for Green party candidates in the last national election), Malcolm Fraser has been the most forthright and expansive in his public criticism of Australia's continued bandwagoning with the United States and its presumed impact on relations with China.<sup>43</sup> Former Labor Party prime minister Paul Keating was particularly pointed in his criticism of Obama's choice of the Australian parliament to make his "pivot" speech and Australia's continued bandwagoning with the United States. Keating interpreted it as aimed at China rather than as simply restating the long-standing US global grand strategy and the changing place of Asia within this.<sup>44</sup> Keating chose the launch of Hugh White's *China Choice* book at the Lowy Institute for International Policy to give his most extensive broadside against the Obama speech and Australia's continuing alignment position. Hugh White's book, despite being written about America and not Australia, and his earlier more Australia-focused writings on the same theme have been the most cited and influential academic work on Australia's policy choices in relation to the United States and China.<sup>45</sup>
5. The fact that the most recent Labor and Liberal coalition governments have stayed fully committed to Australia's long-standing bandwagoned alignment with the United States in the face of such attacks and more considered criticism by former political leaders, business magnates, and leading academics is testimony to the durability of this grand strategic choice. Wide coverage of the opinions of Hugh White and Malcolm Fraser to the point they are even at times presented as mainstream thinking shows that academic and journalistic coverage of Australia's position in relation to the United States and China is out of step with both government policy and public opinion. This is a useful corrective and caution for all academics and journalists attempting to analyze and reflect reality.

## ENDNOTES

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2. The continuum is taken from David Kang, "Between Balancing and Bandwagoning: South Korea's Response to China," *Journal of East Asian Studies*, Vol. 9 (2009), p. 9.
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