

The Man of Steel and The Dragon:  
Australia's relationship with China  
during the Howard Era

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Thesis submitted in fulfilment of the requirements  
for the degree of Master of Arts (Research)

College of Arts

Victoria University

2017

# Abstract

1996 was the worst year in the Australian-Chinese bilateral relationship since the Whitlam recognition. Yet in October 2003, Chinese President Hu Jintao became the first non-American head of state to address a joint sitting of Parliament, a deeply symbolic honour. This thesis examines how the Howard Government managed to go from the lows on 1996 to the highs of 2003, using it as a case study for Neoclassical Realism (NCR).

NCR shares the same characteristics with other theories of Realism, however it argues that those theories on their own cannot fully explain events. NCR combines the statesman centric role of Classical Realism with the systemic pressures of Neorealism, and contends that both internal domestic and external international factors contribute to a state's pursuit of its interpretation of its national interests. There are many internal variables that Neoclassical Realists argue impact on a state's decision making, including resource extraction and domestic interests groups. This thesis focuses on political leadership and contends that John Howard played a central role in improving the relationship.

To analyse Howard's decisions we must examine the political context within which he operated in. Australia's domestic institutions (including Parliament, political parties, bureaucracies, business and societal elites, the electorate) and its political culture (including Australia's historical fear of 'being swamped by Asians', of bandwagoning with greater powers, and Howard's own rise to power) shaped and restrained Howard's responses to changes to the international structure.

Knowing how the Howard Government managed to repair relations after such a disastrous start will help provide a useful blueprint for future governments with regards to how to manage similar situations. By analysing Australia's relationship with China during the Howard era, we can learn from the mistakes and replicate the successes.

This thesis concludes with an assessment of Australia's relationship with China at the end of the Howard Era, noting that it became Australia's biggest trading partner.

# Student Declaration

I, Stjepan T. Bosnjak, declare that the Master by Research thesis entitled *The Man of Steel and The Dragon: Australia's relationship with China during the Howard Era* is no more than 60,000 words in length including quotes and exclusive of tables, figures, appendices, bibliography, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

Signature



Date: 31 Aug. 2017

# Preface

My intellectual interest in the Sino-Australian relationship was first sparked in 2012, after a reading of Michael Sainsbury's 'Chinese burn at fumbles' in *The Australian*<sup>1</sup>, which highlighted the ALP's consistent failure to successfully engage China, while at the same time discussing China's key role in ensuring Australia's recent economic success. The article was published soon after the Gillard Government and the Obama Administration had taken the step in 2011 of deploying 2,500 US Marines in Darwin, allegedly as a symbolic measure to counter Chinese influence.

Following that article, I initially planned to examine the history of Australia's relations with both China and the United States and how the relationships might continue in the 21<sup>st</sup> Century. Following my first meetings with my supervisors, it became clear that a predictive approach was problematic in a number of ways, and it is now even clearer, at the beginning of the Trump US presidency, that any attempt at political forecasting is generally on shaky ground; examining Australia's relationship with China during the Howard years, however, allows me to continue to improve my understanding of how those relationships have tended to develop.

There are several other reasons as to why I have chosen this topic. There is the practicality of the 'bookends' of having a logical starting and ending point. The Howard Government was in power for such a long time that there is ample material to cover, and also that it was in power until only very recently, so its policies are still having an impact on current Australia-China relations. Howard was, and still is a very divisive figure in Australian society. I believe that the 21<sup>st</sup> Century will be 'the Asian Century' because of the 'peaceful rise' of China. How Australia handles its relations with China will dictate the way Australia manages its own place in the world in the 21<sup>st</sup> Century. The year I started this thesis, 2012 was also the 40th anniversary of the establishment of relations between Australia and the People's Republic.

Neoclassical Realism is relatively new and untested compared to other theories of international relations. It combines elements of two different schools of Realism -

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<sup>1</sup> Michael Sainsbury, 'Chinese Burn at Fumbles', *The Australian*, 5 Apr. 2012, <http://www.theaustralian.com.au/news/features/chinese-burn-at-fumbles/story-e6frg6z6-1226319043456> (accessed 23 April 2012)

Neorealism and Classical Realism, and my supervisors and I agreed it provided the relevant theoretical underpinning necessary.

I would like to thank my two supervisors Mark and Ed, who have been there from start to finish, full of ideas, helpful hints and good humour when I've needed 'the pick me up'. They suggested I consider both Howard and Neoclassical Realism. Their advice has been invaluable for a budding young novice academic, finding his way in the world of international relations. I genuinely consider them friends.

I have an equal debt of gratitude to all of my family and friends who have put up with late nights, requests for feedback and tolerating my moodiness. Kim, my wife, is a textbook example of what soft power can accomplish that hard power cannot.

Most Australians have a more intimate knowledge of what is happening in New York, Washington or London, than they do in Hong Kong, Beijing or Shanghai. Despite the 21<sup>st</sup> Century being the Asian Century, we are very illiterate when it comes to understanding Asia in general, and China in particular. Even among the educated intelligentsia, any discussion is coloured by preconceived judgements of politics and culture, rather than seeking to ascertain how the underlying characteristics of Chinese history and culture shapes its present. Due to the west's values, concepts and institutions dominating the international landscape over the last two decades it has "never been required to address and understand the conceptual framework of a non-Western culture."<sup>2</sup> My aim is that this thesis will contribute to this discussion by creating interest in the relationship Australia has developed with China.

Down the rabbit hole I went.

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<sup>2</sup> Martin Jacques, *When China Rules the World: The End of the Western World and the Birth of a New Global Order*, Second Edition, Penguin, London, 2009, p288

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# Notes on spelling, grammar, style and format

I have used the title ‘The Man of Steel and the Dragon’, to highlight not only Howard’s nickname bestowed on him by Bush in recognition of his staunchness, but to also reflect the importance of steel in Australia’s relationship with China during his period of incumbency. In addition, the Dragon is a mythical creature in Chinese culture and an historical archetype of imperial power. It has entered western consciousness as a symbol of China.

A vast amount of material was used in the research for this thesis, and I noticed many inconsistencies in regards to spelling and grammar. The spelling differences are mainly due to whether the author of a particular piece is British, American, Australian or having English as a second (or even third) language. Unless using a particular word in a quote, or as part of a title or institution (e.g. the American spelling of ‘Defence’ is with ‘s’ replacing the ‘c’) all words are spelt in the ‘Australian’ way. All words contained within “” are quotes.

Many texts are inconsistent in their use of proper nouns in the context of deferential capitalisation. Some use lower case letters when using terms such as ‘Prime Minister’ or ‘Communism’. There are other ‘isms’ that fluctuate as either capital letters or lower case, and not all are consistent, for example ‘Realism’, Neorealism and Classical Realism are spelled with lower case letters in many texts. Unless using a direct quote, or resource title, I will be using proper nouns where appropriate and will use lower case when referring to the positions/titles in a general way (prime ministers) and upper case when a specific person occupies a position (Prime Minister John Howard). The exception to this is ‘Liberal’ and ‘liberal’, with the former used when referring to the Australian Liberal Party and the latter used when referring to liberal ideology. The use of full stops between letters in an acronym is also inconsistent, for example some authors use ‘U.S.’ while others use ‘US’. I will not be using full stops to separate letters in an acronym unless I am using a direct quote.

Pinyin was adopted by the People’s Republic of China in 1979 as the official method of transliterating Chinese characters into the Roman alphabet, though other methods exist, such as the Wade-Giles method. For the most part, this thesis employs pinyin spelling. For example the pinyin ‘Deng Xiaoping’ is used, as opposed to the Wade-Giles ‘Teng-



Hsiao-ping'. Chinese naming order convention of 'family name first name' is used when referring to Chinese people, for example when using 'Mao Zedong', 'Mao' is the surname.

While I recognise that two parties have a claim on the use of 'China', and that other parties, notably the Tibetans and Uyghurs, have a claim that the use of 'China' does not apply to them, this thesis uses the term 'China' to describe the Australian recognised borders of the People's Republic of China, a recognition mirrored by the majority of the international community. This thesis also uses the terms 'PRC', 'Communist China', 'Beijing' and 'the mainland' to describe the People's Republic. For historical purposes, 'China' is also used to describe Imperial China, also known as the 'Middle Kingdom'. I leave it up to context to distinguish which China is being discussed. When describing the Republic of China, the terms 'ROC', 'Nationalist China', 'Taipei' and 'Taiwan' are used.

When a monetary amount is given, unless otherwise stated it is in Australian dollars. For large numbers, I write the word, for example '1,000,000,000' is written as '1 billion'.

I acknowledge that using the noun 'Era' in an adjective sense with 'Howard' with a capital letter to denote a pronoun will be contentious for some, especially to those who disagree with the direction Howard took Australia.

All of the sources I used had different standards and formats of referencing. The reference system used in this thesis is the Oxford system, with formatting consistent with Victoria University's referencing guidelines. For example, I use 'first name surname' in the footnotes, and 'surname, first name' in the Bibliography.

All sources used in this thesis are in the public domain. However, there is one ethical (and legal) consideration I must take into account. Classified documents released into the public domain by organisations such as Wikileaks retain their classified status, due to official obstinacy. As a current Defence member, I may face disciplinary, administrative or legal repercussions for accessing such sources, despite them being freely available in the public domain. To minimise the risk of becoming an Australian

version of the 'Nottingham Two'<sup>1</sup> I ensured that this type of information was used only if I came across it from other sources, such as newspapers or journals.

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<sup>1</sup> Polly Curtis & Martin Hodgson, 'Student researching al-Qaida tactics held for six days', *The Guardian*, 24 May 2008, <https://www.theguardian.com/education/2008/may/24/highereducation.uk> (accessed 4 July 2014)

# List of Abbreviations

ABC	Australian Broadcasting Corporation
ADF	Australian Defence Force
AIIA	Australian Institute of International Affairs
ALP	Australian Labour Party
ANZAC	Australian and New Zealand Army Corps
ANZUS	Australia, New Zealand and United States
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South-East Asian Nations
ASIO	Australian Security Intelligence Organisation
ASIS	Australian Secret Intelligence Service
AUSMIN	Australia-United States Ministerial Consultations
AWB	Australian Wheat Board
BHP	Broken Hill Proprietary
BMD	Ballistic Missile Defence
CAS	Chinese Academy of Sciences
CIA	Central Intelligence Agency
CPD	Commonwealth Parliamentary Debates
CTBT	Comprehensive Nuclear Test-Ban Treaty
DIFF	Development Import Finance Facility
DFAT	Department of Foreign Affairs and Trade
EU	European Union
FM	Foreign Minister
FPE	Foreign Policy Executive
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GWOT	Global War on Terror
G20	Group of Twenty
HKSAR	Hong Kong Special Administrative Region
HMAS	Her Majesty's Ship
ILO	International Labor Organisation
IMF	International Monetary Fund
IR	International Relations

LNG	Liquid Natural Gas
NATO	North Atlantis Treaty Organisation
NCR	Neoclassical Realism
NDRC	National Development and Reform Commission
NMD	National Missile Defence
NPT	Nuclear Non-Proliferation Treaty
NSA	National Security Agency
NSC	National Security Committee
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
ODI	Overseas Direct Investment
ONA	Office of National Assessments
PLA	People's Liberation Army
PLAN	People's Liberation Army - Navy
PM	Prime Minister
PM&C	(Department of) Prime Minister and Cabinet
PNG	Papua New Guinea
PRC	People's Republic of China
QLD	Queensland
RAN	Royal Australian Navy
ROC	Republic of China
SA	South Australia
SAS	Special Air Service
SIEV	Suspected Illegal Entry Vessel
SMH	Sydney Morning Herald
UK	United Kingdom
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNTAC	UN Transitional Authority in Cambodia
US	United States of America
WA	Western Australia
WMD	Weapons of Mass Destruction
WTO	World Trade Organisation
WWI	World War One
WWII	World War

# INTRODUCTION

On consecutive days in October 2003, President George W Bush of the United States of America and President Hu Jintao of the People's Republic of China addressed joint sittings of both houses of the Australian Parliament. This historic 48 hour period symbolises how Australia conducted its foreign relations with 'East' and 'West' during the Howard Era. The pragmatic decision to allow Hu Jintao to become the first non-American foreigner to address both houses demonstrates how John Howard viewed Sino-Australian relations. It showed the world that it was possible to have warm relations with both the United States and China. By the end of the Howard Era in 2007, China had become Australia's major trading partner.

This was a far cry from 1996, when in the first months of the newly elected Howard Government a series of events caused severe tensions in Sino-Australian relations, leading to the worst year for the relationship since the Whitlam recognition. This culminated in the Chinese response of banning visits to China by Australian ministers, a serious and crude manoeuvre in the nuanced world of diplomacy. From these frosty beginnings, the relationship between the two nations strengthened considerably. Paul Keating may have sown the seeds to Australia's 'pivot' to Asia, but it was the Howard Government that undertook the most significant shift in orientation, culminating in the historic addresses referred to above in October 2003. This was a result of the Howard Government prioritising and dedicating considerable attention, time, energy and resources to the bilateral relationship.

In this thesis I examine the role Howard's leadership played in allowing Australia and China to mend their differences, leading them to go from the low point of 1996 to the historic addresses in October 2003. I examine this case study through a Neoclassical Realist lens. Neoclassical Realists, like Neorealists acknowledge the important role played by the distribution of power in world politics. In this case, part of the story behind the shift in Australia's foreign policy is the rise of China. However, as Neoclassical Realists have noted, the structure of the international system only helps us to tell part of the story; we must also investigate the domestic factors that also shape a country's foreign policy.

Foreign policy is the dimension of public policy that deals with the outside world. Its job is to “create an international environment conducive to the nation’s interests.”<sup>1</sup> It includes the positions governments adopt on international issues, which treaties they sign, alliances they join, trading relationships they conduct, and military deployments. Foreign relations are the outcome of foreign policy, defining the relationship between sovereign states,<sup>2</sup> and diplomacy is the tool used to implement policy, a means to an end.<sup>3</sup> “Foreign policy choices result from a crosscutting interrelationship between national identity formation and reproduction, domestic political struggles for control of the state and external actors and conditions.”<sup>4</sup>

It was during the Howard years that China overtook Japan as Australia’s main export destination, and bilateral trade increased exponentially, between 1996 and 2006, Australian exports to China increased by 626%, at an average annual rate of 18%.<sup>5</sup> This growth in trade was of course caused in part by the ongoing rise of China as an economic power but, as this thesis shall demonstrate, it was also a consequence of Howard’s leadership in this area of foreign policy. The money that poured into government coffers allowed Howard to fund his ‘comfortable and relaxed’ white-picket fence vision,<sup>6</sup> the latitude to pursue his ideologically based domestic social reforms,<sup>7</sup> and helped him win four elections.

In the field of foreign affairs, the Howard Government earned an aggressive reputation, and is best known to the wider public as one of the key members in the US led GWOT, deploying military personnel and resources in Afghanistan and Iraq following 9/11. Howard and Bush had a close personal relationship, with Bush giving Howard the

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<sup>1</sup> John Lewis Gaddis, ‘Setting Right a Dangerous World’, Strobe Talbott & Nayan Chanda (eds.), *The Age of Terror and the World After September 11*, Basic Books, New York, 2002

<sup>2</sup> Allan Gyngell & Michael Wesley, *Making Australian Foreign Policy*, Cambridge University Press, Port Melbourne, 2003, p8

<sup>3</sup> Ibid

<sup>4</sup> Jennifer Sterling-Folker, ‘Neoclassical realism and identity: peril despite profit across the Taiwan Strait’, Steven Lobell, Norrin Ripsman & Jeffrey Taliaferro (eds.), *Neoclassical Realism, the State, and Foreign Policy*, Cambridge University Press, Cambridge, 2009, p116

<sup>5</sup> John Howard, *Lazarus Rising: a personal and political autobiography*, Second Edition, HarperCollins Publishers Australia, Sydney, 2011, p505

<sup>6</sup> Discussed in further detail in a later chapter

<sup>7</sup> Major reforms include the restructuring of the tax system; selling off public stakes in many businesses; reorienting the Government’s relationship with indigenous Australians; severely restricting the sales of firearms in Australia; implementing Work Choices, which put industrial relations in the employer’s favour; and, academically, fighting the ‘history and culture wars’ which sought to define Australia’s history and identity; and a failed referendum held in 1999 to decide whether Australia was to become a Republic.

nickname 'man of steel' in May 2003 because of Howard's staunch support for Bush's foreign policy.<sup>8</sup> Bush also described Howard as a 'sheriff',<sup>9</sup> following years of jibes by Howard's detractors that he was America's 'deputy sheriff'<sup>10</sup> in the South Pacific, pointing to the Australian led interventions in Bougainville, Papua New Guinea, Timor-Leste and the Solomon Islands and sanctions against Fiji. All of this Australian support for US foreign policy goals occurred while Australia was becoming closer to China than ever before.

What happens when there are internal disagreements about foreign policy and the national interest, or domestic actors try to influence or impede states from pursuing certain policies? Who ultimately decides the range of acceptable and unacceptable foreign policy options? Answering these questions dictates how a state responds to crises and events, and is not explained by current constructivist, liberal or previous realist theories of international relations, as they have not "managed to integrate systematic and unit-level variables in a deductively consistent manner."<sup>11</sup> Since the 1970s structural based theories have dominated the IR field and its proponents have lessened the importance of unit level based theories.<sup>12</sup> The current, dominant IR theory, liberalism, is especially unsuited, as its 'peace dividend' does not explain how states can simultaneously view each other as security threats and trading partners, a key feature of Australia's relationship with China during the Howard years.

Neoclassical Realism (NCR) answers the question "Why, as states grow increasingly wealthy, do they build large armies, entangle themselves in politics beyond their borders, and seek international influence?"<sup>13</sup> NCR is a relatively new reframing of Realism that looks into a state's internal characteristics and considers how these characteristics interact with the anarchic international system to determine how a state's foreign policy is made. NCR is well-suited for the analysis of foreign policy as it provides an overarching theoretical framework with which to examine the

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<sup>8</sup> 'Bush lauds Howard as "man of steel"', *Sydney Morning Herald*, 4 May 2003, <http://www.smh.com.au/articles/2003/05/04/1051987592763.html> (accessed 9 Sept. 2012)

<sup>9</sup> James Grubel, 'Bush's "sheriff" comment causes a stir', *The Age*, 17 October 2003, <http://www.theage.com.au/articles/2003/10/16/1065917555365.html> (accessed 17 May 2012)

<sup>10</sup> 'Australia as regional police doctrine puts Howard in damage control', 7:30, ABC, 27 Sept. 1999, <http://www.abc.net.au/7.30/stories/s55116.htm> (accessed 10 Oct. 2013)

<sup>11</sup> Jeffrey Taliaferro, Steven Lobell & Norrin Ripsman, 'Introduction: Neoclassical realism, the state, and foreign policy', *Neoclassical Realism, the State, and Foreign Policy*, p11

<sup>12</sup> Gyngell & Wesley, *Making Australian Foreign Policy*, p17

<sup>13</sup> Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role*, Princeton University Press, Princeton, 1998, p3

interconnection of external and domestic variables. NCR takes into consideration a range of domestic factors, and acknowledges that the makers of foreign policy are not automatons, but are influenced by various pressures when creating and maintaining policy. It is an improvement of Neorealism because it rejects Waltz's diffident view that theorists deal with 'autonomous realms', and as foreign policy is influenced by domestic and external factors it is not an autonomous realm.<sup>14</sup> As the body of work around NCR increases, it is becoming more obvious that "neoclassical realism is a more coherent approach to foreign policy than has been previously appreciated."<sup>15</sup>

This thesis makes a contribution to the body of NCR literature and does so in a number of ways. Firstly, while there are many domestic variables that have been analysed by NCR scholars, including resource extraction, and the role of domestic pressure groups, there remain areas of domestic politics that warrant attention. This thesis contributes to the development of NCR literature by considering the role of domestic political leadership as a driver for foreign policy change. Secondly, while the existing NCR literature incorporates analyses of a variety of different countries, there remain many gaps, a concern, given NCR's focus on domestic variables. For example, NCR case studies undertaken by American scholars, and applied to American scenarios would incorporating domestic variables unique to the United States. Australia's unique 'Washminster'<sup>16</sup> political system makes it an interesting case that is worthy of study, particularly as a foundation for potential comparative analysis where findings can be extrapolated to other democracies with similar political systems. Conducting an NCR case study encompassing an Australian scenario will help add depth and versatility to NCR, helping it become a viable alternative in comparison with other, more established IR theories.

Lastly, in addition to contributing to theoretical insights, there are practical benefits as well. "China's rise is the most significant external event affecting Australia for several decades. How it plays out will shape our national choices and profoundly influence not

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<sup>14</sup> Gideon Rose, 'Neoclassical Realism and Theories of Foreign Policy', *World Politics*, Vol. 51, No. 1, 1998, p145

<sup>15</sup> Norrin Ripsman, Jeffrey Taliaferro & Steven Lobell, 'Conclusion: The state of neoclassical realism' in policy', *Neoclassical Realism, the State, and Foreign Policy*, p280

<sup>16</sup> Washminster is a portmanteau of the British Westminster and American Washington systems of government, acknowledging that the Australian system borrows heavily from both. See Elaine Thompson, 'The Washminster Mutation', Patrick Weller & Dean Jaensch (eds.), *Responsible Government in Australia*, Drummond, Richmond, 1980



only our future prosperity but also our long-term security, China's rapid growth is driving the minerals boom that underpins Australia's economic growth. It is transforming Australia's strategic environment."<sup>17</sup> The People's Republic of China, more than any other Asian nation exemplifies the opportunities and pitfalls that were not just available to the Howard Government, but continue to be available to Australia in the 'Asian Century', as Australia's 'tyranny of distance' has been replaced by the 'prospects of proximity'. Australia's improvement of its relationship with China from the mid-1990s to mid-2000s arguably helped place the country in a better position to benefit from what may lie ahead. How it continues to handle its relations with China will define how Australia manages its own place in the world in the 21<sup>st</sup> Century. Knowing how the Howard Government managed to repair relations after such a disastrous start will help provide a useful blueprint for future governments with regards to how to manage similar situations. By analysing Australia's relationship with China during the Howard era, we can learn from the mistakes and replicate the successes.

Gideon Rose has noted how NCR stresses the roles played by foreign and domestic independent and intervening variables, explaining how research within NCR "carries with it a distinct methodological preference – for theoretically informed narratives, ideally supplemented by explicit counterfactual analysis, that trace the ways different factors combine to yield particular foreign policies."<sup>18</sup> NCR is applicable to any state, regardless of their internal structures. However, "the application of the approach (NCR) to any given country requires a great deal of knowledge about the nation in question"<sup>19</sup> The major NCR works have been case studies of how nations respond to their relative power declining or expanding, and it is widely agreed that case study analysis is the most effective method in addressing the necessary complexities of NCR's arguments.<sup>20</sup> Case studies coherently link multiple, clearly specified variables in a direct chain.

According to Allan Gyngell and Michael Wesley's 2003 overview, the most basic challenge when writing about the process of forming foreign policy is how to "develop an account that is at the same time comprehensible, reliable and broadly applicable, but

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<sup>17</sup> Andrew Shearer, *Sweet and Sour: Australian Public Attitudes towards China*, Lowy Institute Analysis, Lowy Institute for International Policy, Sydney, Aug. 2010, p1

<sup>18</sup> Rose, 'Neoclassical Realism and Theories of Foreign Policy', p153

<sup>19</sup> Thomas Christensen, *Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino American Conflict, 1947-1958*, Princeton University Press, Princeton, 1996, p248

<sup>20</sup> See Lobell, Ripsman & Taliaferro, (eds.), *Neoclassical Realism, the State, and Foreign Policy*

which also provides an authentic description of the great complexities and variations that attend the practise of foreign policy.”<sup>21</sup> Around the same time, Jack Levy identified the case study as one way in which this ideal could be approximated:

Case studies permit an intensive examination of particular historical sequences, and in doing so they can contribute to the process of theory development by helping to clarify the meaning of key variables and the validity of empirical indicators used to measure them, and by suggesting additional causal mechanisms, causal variables, and interaction effects. They can also help to identify the contextual variables that affect hypothesized causal processes (sic) and to identify the scope conditions under which particular theories are valid. These are all important steps in the theory-building process.<sup>22</sup>

Case study methods, especially those that combine process tracing with typological theorising,<sup>23</sup> have advantages over other methodologies in studying complex concepts that involve “interaction effects among many structural and agent based variables, path dependencies and strategic interaction among large numbers of actors across multiple levels of analysis”<sup>24</sup> Process tracing aims at uncovering traces of a causal mechanism through the confines of a case study. A “variety of evidence on the operation of casual mechanisms”<sup>25</sup> that may not be directly related is presented in the case study and allows conclusions to be drawn. Government makes its intentions known through varied, diverse and subtle methods of communication, such as policy statements, white papers, diplomatic notes, political speeches, military manoeuvres, and extending or breaking diplomatic courtesies. These provide ‘windows’ into the thinking of a government, and the source material in this thesis borrows heavily from these ‘windows’.

The thesis is structured around three chapters. The first chapter seeks to describe the theoretical framework around which the two case study chapters are built. In addition, it provides some of the necessary contextual detail that helps us to understand Howard’s leadership with regard to Australia’s policy towards China. The chapter starts by considering the historical emergence of Neoclassical Realism, so as to illustrate the foundational importance of the distribution of power within the international system of this branch of Realist research. Crucially however, chapter one demonstrates that Neorealism’s description of the anarchic nature of the international system is neither

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<sup>21</sup> Gyngell & Wesley, *Making Australian Foreign Policy*, p17

<sup>22</sup> Jack Levy, ‘Qualitative Methods in International Relations’, in Michael Brecher & Frank P. Harvey (eds.), *Millennial Reflections on International Studies*, Ann Arbor: University of Michigan Press, 2002, p436

<sup>23</sup> Andrew Bennett & Colin Elman, ‘Case Study Methods in the International Relations Subfield’, *Comparative Political Studies*, Vol. 40, 2007, p171, <http://cps.sagepub.com/content/40/2/170> (accessed 17 Mar. 2014)

<sup>24</sup> Ibid

<sup>25</sup> Ibid, p183

Hobbesian nor benign, but murky and difficult to read.<sup>26</sup> In particular, this chapter displays that current Realist literature shows that Neorealists continue to disagree as to the implications that the rise of China might hold for international politics, within the Asia-Pacific, and for the foreign policy choices of a middle power such as Australia.

The second part of this chapter then considers the domestic political factor that is identified here as a key driver of foreign policy change in this case; the political leadership of John Howard. The chapter offers a definition of the concept of leadership, before arguing that an understanding of a leader's capacity to promote foreign policy change is only possible if one has knowledge of the institutional and political cultural context in which that leader is situated. The chapter then provides this contextual detail, considering first the institutional context in which prime ministers operate, which includes institutions such as Parliament, political parties, bureaucracy, public elites and the electorate, and, second, the political cultural context, including Australia's past bandwagoning with major powers, and its historical fear of the 'being swamped by Asians', due in part to its geographical and cultural isolation. This consideration of political culture regarding China is important, as it provides an understanding of the political context and the constraints which Howard faced during his leadership.

Chapter two will examine Howard's rise to power, and how it helped forge his ideology. Howard was Opposition Leader twice, and during the 1980s prominent Australian conservatives, including Howard himself made several comments regarding Asian migration that evoked memories of White Australia. Howard's comments contributed to him losing his position as Opposition Leader. During the 1996 election the Coalition provided a stark alternative to the internationalist, idealist multilateralism of the ruling Hawke-Keating ALP Governments, proffering parochial bilateralism instead, denigrating its political opponents with its 'Asia first, but not Asia only' slogan and increasing 'middle class welfare', as part of Howard's white-picket-fence, 'comfortable and relaxed' vision for the nation.

Upon winning office, in an unprecedented move the Howard Government replaced most of the senior bureaucrats who had served under Hawke-Keating, depriving the novice government of vital institutional knowledge. The chapter will end with an analysis of

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<sup>26</sup> Rose, 'Neoclassical Realism and Theories of Foreign Policy', p152

the Howard Government's response to the various issues of 1996, and a discussion of why they made those responses. This will include the Taiwan Straits Crisis, where Australia was the only nation in the region to support the US response; the election of Pauline Hanson which evoked memories of the White Australia policy; Howard meeting the Dalai Lama, leading to Chinese claims Australia was interfering in internal affairs; the Sydney Statement between the US and Australia, which, along with Australia's response to the Taiwan Straits Crisis China condemned as a Cold War relic; the condemnation of Chinese nuclear weapon testing while agreeing to sell uranium to Taiwan; the repercussions for Downer from the cancellation of DIFF; and a cabinet minister visiting Taiwan.

Lastly, the third chapter examines the effort the Howard Government made to repair the relationship; this also includes domestic policies and issues that helped shape Australia's image abroad, such as its treatment of indigenous Australians and asylum seekers, Hansonism, and human rights. The efforts to repair the relationship began with Howard meeting Chinese President Jiang Zemin at APEC, with both pledging to put 1996 behind them. This was reinforced by a further meeting, when Howard visited Beijing in 1997.

The chapter will cover the establishing of the human rights dialogue with China as a mechanism that both nations were able to utilise to placate their domestic audiences; the led to the Defence Strategic Dialogue, which brought together top military members from each state; Howard's unprecedented concentration of state power through his 'presidentialisation' of the organs of state, weakening the cabinet and ensuring he had a say on issues he deemed important; Australia's focus on bilateralism, reaffirming the primacy of the state, while allowing for rapport to build and using it as a form of protectionism; defining the national interest to include definitions on China being essential to Australia's interests; and a look at international incidents that had an effect on the relationship.

Chapter three will finish with the historic occasion of Bush and Hu addressing the joint sitting of Parliament, which was not without hiccups. Senators moved that the addresses be cancelled, and Greens Senators heckled Bush during his speech, leading to them being unlawfully banned for Hu's. Howard was to call the joint sittings his proudest moment. Hu, deeply touched by the symbolic gesture wondered if Australia could be

turned into “a second France ... that dares to say ‘no’ to the United States.”<sup>27</sup> It was agreed to achieve this through “the application of economic pressures and incentives.”<sup>28</sup> Australia did not seek to follow such a path, but it certainly benefited from the improved relations with China that Howard constructed.

By its nature, a postgraduate thesis is a small, detailed piece of a puzzle. It helps shape understanding and influence discussion of the broader picture, though cannot include everything. This thesis is no different. Morgenthau identified the struggle when writing of international relations when he stated:

The first lesson the student of international politics must learn and never forget, is that the complexities of international affairs make simple solutions and trustworthy prophecies impossible...the best the scholar can do, then, is trace the different tendencies which, as potentialities, are inherent in a certain international situation.<sup>29</sup>

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<sup>27</sup> Richard Bullivant, ‘Chinese Defectors Reveal Chinese Strategy and Agents in Australia’, *National Observer*, (Council for the National Interest, Melbourne), No. 66, Spring 2005, pages 43–48, [http://www.nationalobserver.net/2005\\_spring\\_102.htm](http://www.nationalobserver.net/2005_spring_102.htm), (accessed 1 Aug. 2012)

<sup>28</sup> Chen Yonglin, media conference, reported in *The Epoch Times*, 24 June 2005

<sup>29</sup> Hans Morgenthau, *Politics Among Nations: The Struggle for Power and Peace*, Knopf, New York, 1967, p4-5

# CHAPTER I: Neoclassical Realism and Australian Foreign Policy

## Introduction

This chapter will to two things. It will introduce the theoretical framework that underpins this thesis and introduce the international and domestic context in which the analysis of Howard's leadership must be situated. There are multiple different approaches to NCR research which are adopted by different NCR scholars. They differ in terms of which domestic factors they choose to investigate. This includes resource extraction and domestic pressure groups. The focus of this thesis is on key political leadership as it occurs within a domestic political context that comprises both institutions and ideas.

Firstly this chapter will examine the characteristics of Realism, including concepts such as power and the anarchy of the international system, and how Neoclassical Realism emerged as a method to explain things that traditional Realism cannot. It will describe both Classical Realism, Neorealism, and their limitations. It will then briefly look at what Realist literature says of the implications of China's rise, and the responses available to Australia as a middle power. It will then assess the domestic variables that affect a state's decision making, defining leadership and focusing on the institutional and political cultural constraints on an Australian leader's power.

## The Historical Emergence of Neoclassical Realism

Realism as it is understood today has its roots in the works of Thucydides and Thomas Hobbes. Thucydides wrote of the importance of using power in pursuit of a polity's interests, and the significant role of individual actors.<sup>1</sup> Hobbes' principal argument was that human nature, combined with a contest for scarce resources, acts as the driver for individuals to be inclined to employ force or coercion to maximise survival and prosperity.<sup>2</sup> The creation of the modern nation state brought this state of affairs to the

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<sup>1</sup> See Thucydides (translated by Charles Forster Smith), *History of the Peloponnesian War*, Harvard University Press, Cambridge, 2003

<sup>2</sup> See Thomas Hobbes, *Leviathan or The Matter, Forme and Power of a Common-Wealth Ecclesiastical and Civil*, Project Gutenberg, 2013 (1651), <https://www.gutenberg.org/files/3207/3207-h/3207-h.htm> (accessed 23 June 2016)

international level, where the absence of any higher authority creates an anarchic environment, which exacerbates a state's insecurity.<sup>3</sup> Realism presupposes that the key actors in International Relations are sovereign states and international relations and politics are formulated in accordance with the national interest. Inherent in the national interest is the security of the state, the paramount requirement in the anarchic international system, though there is room for other interests, which usually include comforts and luxuries. As Dunn and Schmidt conclude "Despite the numerous denominations, we argue that all realists subscribe to the following 'three Ss': statism, survival, and self-help."<sup>4</sup>

Despite the common acceptance of these key ideas, the history of Realism has been characterised by debate and disagreement. Early work in the Realist tradition tended to be built upon the idea that international politics is shaped by the character of human beings. Proponents of this argument are usually termed 'Classical Realists' and include Hans Morgenthau, who stated that the "root of conflict and concomitant evil stems from the '*animus dominandi*,' or 'the desire to power.'"<sup>5</sup> Such Realists were not dismissive of the importance of the distribution of power amongst states, the 'balance of power',<sup>6</sup> but they did argue that states have the capacity to shape the international structure.<sup>7</sup> Kissinger argued that "makers of foreign policy do not act as automatons, prisoners of the balance of power and severely constrained by it. Rather, they are its creators... They are free to exercise their judgement and their will as agents for their states in the conduct of foreign policy with the expectation that they can have some constructive effect on outcomes."<sup>8</sup> Agents make more or less efficient use of both the intellectual and material resources they have at their disposal. For this reason, institutional and political cultural frameworks matter, as they inform the ways in which predicaments are

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<sup>3</sup> Tom Dyson, *Neoclassical Realism and Defence Reform in Post-Cold War Europe*, Palgrave Macmillan, Basingstoke, 2010, p96

<sup>4</sup> Tim Dunne & Brian Schmidt, 'Realism', John Baylis & Steve Smith (eds.), *The Globalization of World Politics: An Introduction to International Relations*, Third Edition, Oxford University Press, Oxford, 2005, p172

<sup>5</sup> Hans Morgenthau, *Scientific Man Versus Power Politics*, The University of Chicago Press, Chicago, 1974, p192

<sup>6</sup> 'Balance of power' refers to the idea that a nation's security is enhanced when power is distributed so no single state is strong enough to dominate all others. As there is no higher authority in the anarchical international system, if a state concentrates too much power they may threaten other states.

<sup>7</sup> John M. Hobson, *The State and International Relations*, Cambridge University Press, Cambridge, 2000, p52

<sup>8</sup> Paul Viotti & Mark Kauppi, *International Relations Theory*, Fourth Edition, Longman, New York, 2010, p60

approached, which resources at their disposal are deployed, and the policies shaped to achieve their objectives.

Later, Realism took a turn towards structuralism, with Neorealists such as Kenneth Waltz arguing that the balance of power is a consequence of the system and "...is not so much imposed by statesmen on events as it is imposed by events on the statesmen"<sup>9</sup> Waltz's Neorealism distinguishes three 'images' (i.e. contributing areas) of International Relations: the actions of states are entangled with the behaviour of individuals; the conduct of states is governed by the way each is organised in respect to diversity; and the actions of states conform to their specific power position in the anarchic international (now global) system.<sup>10</sup> While each 'image' is an important variable, Waltz contends that it is the structure of the international system that is the decisive variable, as states overall are relatively similar units, all functioning in the same international structure.<sup>11</sup> This socialisation of states to behave in a similar manner, regardless of regime type or domestic politics excludes domestic variables from the discussion of foreign policy. Waltz acknowledges that Neorealism is a theory of international politics and not a theory of foreign policy. Despite Waltz's hesitancy, Realists have shown little reluctance in arguing that the structure of the international system plays a determinative role in shaping states' foreign policies, including Mearsheimer (discussed later in this chapter).

In recent decades, Neoclassical Realism (NCR) has emerged as a distinct variant of Realism. It is, as its portmanteau name implies, a mixture of Neorealism and Classical Realism. Gideon Rose, who coined the term in 1998, states that NCR "explicitly incorporates both external and internal variables...because systematic pressures must be translated through intervening variables at the unit level."<sup>12</sup> It draws on "the rigor and theoretical insights of (neo) realism...without sacrificing the practical insights about foreign policy and the complexity of statecraft found in classical realism."<sup>13</sup>

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<sup>9</sup> Kenneth Waltz, *Man, the State and War: A Theoretical Analysis*, Columbia University Press, New York, 1959, p209

<sup>10</sup> Dyson, *Neoclassical Realism and Defence Reform in Post-Cold War Europe*, p97

<sup>11</sup> *Ibid*, p98

<sup>12</sup> Rose, 'Neoclassical Realism and Theories of Foreign Policy', p146

<sup>13</sup> Taliaferro, Lobell & Ripsman, 'Introduction', p4



NCR merges Neorealism's emphasis on analysis of systemic level constraints by the international sphere – constrictions caused by the incessant quest of states for 'survival' in the anarchic global realm – with Classical Realism's focus on the complex domestic relationship between the state and society, and the importance of state leaders in crafting foreign policy in this complex setting. NCR differs from Neorealism in that it pays attention to the foreign policy aims of individual states, and from Classical Realism by its inclusion of rigorous systemic level variables. This is because "*inter*-national competition has significant ramifications for *intra*-national competition and vice versa, these logics of competition should not be analytically isolated from one another."<sup>14</sup> Indeed, Waltz himself was to agree that "international structural pressure and foreign policy output is mediated by domestic factors."<sup>15</sup> Instead of seeking to explain why different states behave similarly, NCR explores why they behave differently.

NCR argues that domestic politics shapes the foreign policy of states. However, this position can be understood in different ways, and this NCR incorporates scholars who have pursued diverse research projects. Some have concentrated on the idea that, while the material power of a state is the core variable in a state's foreign policy,<sup>16</sup> "there is no immediate or perfect transmission belt linking material capabilities to foreign policy behaviour."<sup>17</sup> Others have noted that, since foreign policy choices are made by political leaders, it is their perceptions of relative power that matter as well as physical capabilities.<sup>18</sup> In addition, some NCR scholars have argued that as makers of foreign policy must extract and mobilise resources from domestic society to direct into power to pursue defined interests, they have to "work through existing domestic institutions and maintain the support of key stakeholders,"<sup>19</sup> some of which possess different interests. In each case, a domestic factor is identified as playing an important role in shaping the alignment of states' foreign policies with the structure of the international system. Thus, while there is diversity within the research, what is distinctive about NCR is that it places emphasis on explaining "why, how and under what conditions the internal characteristics of states" shape their responses to external conditions.<sup>20</sup>

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<sup>14</sup> Sterling-Folker, 'Neoclassical realism and identity', p115

<sup>15</sup> Kenneth Waltz, 'International Politics is Not Foreign Policy', *Security Studies*, Vol. 6, No. 1, 1996, p57

<sup>16</sup> Rose, 'Neoclassical Realism and Theories of Foreign Policy', p152

<sup>17</sup> *Ibid*, p146-7

<sup>18</sup> *Ibid*

<sup>19</sup> Taliaferro, Lobell & Ripsman, 'Introduction', p7

<sup>20</sup> *Ibid*, p4

The section above has offered a brief introduction to NCR; what follows is a more detailed elaboration of the theoretical framework underpinning this thesis. Firstly, the chapter examines Neorealist (and NCR) claims regarding the structure of the international system. Following the general introduction of these claims, the chapter goes on to consider their implications for the current international order, particularly as it pertains to the Asia-Pacific and to Australia. Secondly, the chapter elaborates the specific aspect of domestic politics that is advanced in this thesis as a key factor involved in the alignment of Australian foreign policy with the changing international structure. The domestic factor identified here, and examined in detail in the following two chapters is the political leadership of Prime Minister John Howard. The chapter introduces this notion of political leadership, emphasising the importance of the domestic political context in which such leaders operate. The final parts of this chapter then introduce key aspects of the Australian domestic political context as they pertained to Howard; these include the institutional setting in which the office of the prime minister is situated, and the political cultural setting in which Australian politicians must operate.

### **The Indeterminate Nature of the International System**

NCR is largely in agreement with other theories of Realism. It is based on the state's pursuit and possession of power, which is then used in application of promoting their national interests. Though "international politics, like all politics, is a struggle for power,"<sup>21</sup> the international system imposes constraints on the states within the system, meaning "the freedom of choice of any one state is limited by the actions of all others"<sup>22</sup>

Even in a post 9/11 and globalised world, the state remains the basic unit in the international system. They hold a near monopoly on global coercive power; hold significant economic and financial power, and provide the necessary conditions for the existence of other holders of economic power; are the basic units of international organisations, are the main subjects and formulators of international laws and regulations; and are a target of compelling non-familial loyalty.<sup>23</sup>

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<sup>21</sup> Morgenthau, *Politics Among Nations*, p29

<sup>22</sup> Waltz, *Man, the State and War*, p204

<sup>23</sup> Gyngell & Wesley, *Making Australian Foreign Policy*, p184

States, as the dominant actors in world politics, operate within an anarchical international system; that is, a political system that lacks a central point of authority. For Realists of all stripes, it is this lack of authority that explains why states must rely on their own power in order to achieve their security objectives. Furthermore, under anarchy power must be understood in relative terms: the power of state A can only be understood in comparison to that of state B. But to what are Realists referring when they speak of 'power'? Loosely speaking, 'power' refers to the capacity that a state has to influence events. To assess a state's power, Realists have tended to seek to measure those resources that have been seen to be linked to the influencing of events in international politics. Again, those resources are analysed in comparative or relative terms, be that in the context of the global political system, or in the context of specific relationships between states.

Realists have most often focused upon material resources as the foundations of state power. Such a definition of power tends to incorporate the military, economic, technological and diplomatic capabilities of the state relative to the power of other states. Stronger states have greater access to economic resources. However, many scholars have sought to add detail and nuance to this Realist tale of material power resources. For example, Fareed Zakaria has measured the strength of the state along several dimensions: "the degree of cohesion in central institutions (particularly the civil bureaucracy and the military); the degree of autonomy from society; the ability to generate revenue; and the scope of governmental responsibilities."<sup>24</sup>

Morgenthau identified nine elements of national power: geography, natural resources, industrial capacity, military preparedness, population, national character, national morale, the quality of diplomacy and the quality of government.<sup>25</sup> A state's influence over the behaviour of other states is not just determined by its capabilities, but its willingness to use these capabilities, and the perception of other states of this willingness. A state uses these capabilities to influence the behaviour and actions of others in accordance with their own needs. Taliaferro argues that the capacity to extract and mobilise Morgenthau's national power, which he terms 'societal resources' "varies across different countries and historical periods."<sup>26</sup>

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<sup>24</sup> See Zakaria, *From Wealth to Power*, p33-39

<sup>25</sup> Morgenthau, *Politics Among Nations*, p117-155

<sup>26</sup> Jeffrey Taliaferro, 'Neoclassical realism and resource extraction', *Neoclassical Realism, the State, and Foreign Policy*, p202-03

Academics including Joseph Nye further distinguish between 'hard power' and 'soft power'. Hard power includes military and economic capabilities. Economic pressure can achieve a desired outcome just as effectively as a state's use of military. Soft power comes from a state's ability to define the cultural identity of other states through the permeation of its own cultural ideals and norms. Such permeated states are more likely to support the original state's foreign policy, as it is likely that foreign policy promotes a 'national interest' containing the now mutual values.<sup>27</sup> 'Smart power' comes from the effective combination of both powers in foreign policy. Domestic constraints on power include population size and concentration, natural resources, social structures, class alliances, cultural links, and the role of the state.

This debate about the resources that produce state power remains ongoing, and it need not be resolved here. What is important is that Realists continue to argue that the distribution of power resources is the defining feature of the international system, one that drives patterns of international politics. However, while Neorealists all argue that the distribution of power resources is the determining factor of world politics, they do not agree on what the implications of a particular distribution of power might be.

"We do live in a world of nation states and we can't get away from that fact."<sup>28</sup> If a state existed in perfect isolation it would have little problem translating its national interest objectives into outcomes. Indeed objectives and outcomes would almost be one and the same, as the process of implementation would be effortless, as the state would be fully in control of its environment, able to manipulate it at will. The international system, however, does not resemble this picture. It is made up of various actors, states and non-states, each with their own defined interests, objectives and priorities, which, may not be conflicting with the national interests of others, are still nonetheless distinctive. Therefore, a degree of resistance in the external environment such as the objectives and capabilities of other states will be encountered, and must be navigated to successfully achieve defined national interests.

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<sup>27</sup> Michael Wesley, *The Howard Paradox: Australian Diplomacy in Asia 1996-2006*, ABC Books, Sydney, 2007, p168

<sup>28</sup> John Howard, *Doorstop Interview Asia Society*, New York, 12 Sept. 2005, <https://pmtranscripts.pmc.gov.au/release/transcript-21919> (accessed 20 May 2016)

In particular, Neorealists can be cast into two distinct camps: 'offensive' and 'defensive' Realists. Each theory has "different assumptions with respect to the way that states tend to behave within the context of anarchy,"<sup>29</sup> with the core difference being whether power is a means for the state to maximise its security, or an end in itself, as the state seeks to maximise its power.

Mearsheimer argues that the anarchy of the international system provides incentives for states to engage towards aggressive behaviour, which he terms 'Offensive Realism'.<sup>30</sup> States can never be sure of the intentions of their rivals, so are compelled to search for opportunities to increase their power relative to that of their rivals, as "the best way for any state to ensure its survival is to be much more powerful than other states in the system, because weaker states are unlikely to attack it for fear they will be soundly defeated."<sup>31</sup> Offensive Realism is inherently revisionist, as states always seek to improve their position. Weaker states may 'bandwagon' (align themselves) with a stronger state if they decide the costs of opposing that power exceed the benefits. Incentives such as treaties, protection and trade agreements may be provided.<sup>32</sup> Bandwagoning increases the stronger state's power, as it eliminates competitors from the international system, and any agreement with the weaker states is always in the stronger state's favour.

Mearsheimer's 'power maximiser' of Offensive Realism is in contrast to the 'security maximiser' of 'Defensive Realism', which argues that the anarchic nature of the international system provides states with incentives to seek to maintain the status quo. States seeking to achieve hegemony will be counterbalanced by other states seeking to maintain the status quo. They do this by 'balancing', which provides a restraint on the aspiring power, by making it less secure. The most famous example of balancing is 18<sup>th</sup> and 19<sup>th</sup> Century Europe, where, despite being the centre of world power, the 'concert of powers' prevented any one state from becoming the regional hegemon.

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<sup>29</sup> Liu Feng & Zhang Ruizhuang, 'The Typologies of Realism', *Chinese Journal of International Politics*, Vol. 1, 2006, p123

<sup>30</sup> See John J. Mearsheimer, *The Tragedy of Great Power Politics*, W.W. Norton & Company, New York, 2001

<sup>31</sup> John J. Mearsheimer, 'The Gathering Storm: China's Challenge to US Power in Asia', *The Chinese Journal of International Politics*, Vol. 3, 2010, p387

<sup>32</sup> Mearsheimer, *The Tragedy of Great Power Politics*, p162-163

As there is no higher authority in the international system to provide protection and enforce norms, a state's actions leads to the 'security dilemma', where measures a state takes to increase its own security, such as increasing its military or making alliances (through bandwagoning or balancing), relatively decreases the security of other states, leading those other states to respond with similar measures, which increase tensions and the potential for conflict, even if no side desires to fight.<sup>33</sup> Offensive Realism contends that the security dilemma is inescapable, whereas Defensive Realism argues that it can be avoided in certain situations through balancing.

### **Neorealism and the Rise of China**

The immediate aim for all politics is a struggle for power. In an international context, power can refer to the capacity that a state has to influence events. To assess a state's power capabilities, an analysis of the ability of a state to possess, extract and mobilise resources to be used to achieve its perceived objectives is required. This analysis can refer to a state's power in a general, global context, or it can be narrowed down to specific relationships between states. Military power is the most important factor governing the political power of a nation in international relations, but Morgenthau warns that if a nation has to use military power, then political power is diminished and military power overtakes political power in the struggle for power, because using the military means that politics has failed.

A material definition of power is the military, economic, technological and diplomatic capabilities of the state relative to the power of other states. A state's influence over the behaviour of other states is not just determined by its capabilities, but its willingness to use these capabilities, and the perception of other states of this willingness. A state uses these capabilities to influence the behaviour and actions of others in accordance with their own needs. An example of relative power is the US 'decline'. It is still the most powerful state in the world, but it is 'declining' compared to the rise of China's power.

Power does not exist solely as international competition between states that seek power to advance their national interests. The domestic sphere of the state is made up groups

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<sup>33</sup> See Robert Jervis, 'Cooperation under the Security Dilemma', *World Politics*, Vol. 30, No. 2, Jan. 1978, p167-174; and Robert Jervis, *Perception and Misperception in International Politics*, Princeton University Press, Princeton, 1978, p58-113

and individuals, all who seek power to advance their interests or to influence policies. “Because the state has become the primary allocative and authoritative unit of contemporary nations, subgroups within nations spend a great deal of time fighting over who will control it.”<sup>34</sup> NCR suggests a state’s power shapes the types of internal balancing strategies being pursued, and is a function of institutions of the state, as well as ideology.

For Realists, including Neo- and Neoclassical Realists, the rise of a new great power could dangerously destabilise the international system. This is due to changes in relative power placing pressure on the international system, as “the changes generate divergences in perceptions of power and privilege” which are a “principal source of anxiety and ambition.”<sup>35</sup> Rising powers are potential sources of instability as their interests expand with their increasing capabilities. Realists anticipate that such rising powers are likely to pursue more and more expansive goals – and not merely security within the status quo.<sup>36</sup> “In a world where power is relative, that extended stride cannot help but encroach on someone else’s toes.”<sup>37</sup> Even without toe encroaching, other states cannot help but be wary of rising powers, as they represent a threat to their own power, and states often disagree on a multitude of issues.

All this applies to the key international issue of the 21<sup>st</sup> Century, the rise of China and the response of other states to that rise. China is a great power on the verge of becoming a superpower, it is surrounded by other major powers, which implicates it on a host of security issues; its demand for energy and resources is a potential source of conflict; and it is simultaneously a strategic rival and substantial economic partner to the world’s superpower, the US.

Influential policymaker Zheng Bijian claims that China is an ‘exceptional’ case, by pointing out that while other emerging powers have increased their influence and acquired “resources through invasion, colonization, expansion, or even large-scale wars of aggression,” China’s emergence “has been driven by capital, technology, and

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<sup>34</sup> Sterling-Folker, ‘Neoclassical realism and identity’, p112-13

<sup>35</sup> Jonathan Kirshner, ‘The tragedy of offensive realism: Classical realism and the rise of China’, *European Journal of International Relations*, Vol. 18, No. 53, Mar. 2012, p56

<sup>36</sup> For example, Morgenthau argues that states “with political sense will avail themselves of the opportunity to improve their position in response to changes in the international balance of power.” See Hans Morgenthau, *In Defense of the National Interest*, Knopf, New York, 1951, p135

<sup>37</sup> Kirshner, ‘The tragedy of offensive realism’, p58

resources acquired through peaceful means.”<sup>38</sup> Such arguments support the thesis regarding, China’s ‘peaceful rise’, as has the suggestion that “the principles of the classical era that had secured China’s greatness: gradualist; harmonizing with trends and eschewing open conflict; organized as much around moral claims to a harmonious world order as actual physical or territorial domination.”<sup>39</sup>

Neorealist warnings regarding the rise of China have some foundation, however. Xi Jinping was elected Secretary General<sup>40</sup> of the Chinese Communist Party in November 2012 for a ten year term. His political slogan ‘The Chinese Dream’ is, like all political slogans, more style than substance. However, it ties in with the Party’s goals, envisioning “...a mighty nation reclaiming its rightful place in the world, not just economically but politically and culturally too.”<sup>41</sup> He has taken a hawkish stance on most foreign policy issues, notably with Japan over the Diaoyu/Senkaku islets and with Vietnam, Malaysia, Brunei and the Philippines over the South China Sea. This hawkish stance is making other nations in the region uneasy, and pushes them closer to the US. Xi predicts that China will become the chief military power in the region by 2049,<sup>42</sup> a timeline which indicates that the US is still very powerful, and will remain so for some time yet.

Neorealists expect that, as China becomes the regional hegemon, it will begin to exercise both its hard and soft power in its relations with other states.<sup>43</sup> The power gap between the China and the US is shrinking, and in the near future the US may no longer be the preponderant power in the Asia-Pacific.<sup>44</sup> This means the “future security environment in the Asia-Pacific region will revolve around China and the United States.”<sup>45</sup> As the global centres of political and economic power shift closer to the Asia-

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<sup>38</sup> Zheng Bijian, *China’s “Peaceful Rise” to Great-Power Status*, Foreign Affairs, September/October 2005, <http://www.foreignaffairs.com/articles/61015/zheng-bijian/chinas-peaceful-rise-to-great-power-status> (accessed 1 July 2014)

<sup>39</sup> Henry Kissinger, *On China*, Second Edition, The Penguin Group, New York, 2012, p500

<sup>40</sup> For a description of the different titles and powers office bearers in Chinese politics have, see Susan V. Lawrence & Michael F. Martin’s *Understanding China’s Political System*, Congressional Research Service Report, United States of America, 20 Mar. 2013, <https://www.lsrhs.net/sites/hosfordd/files/2013/04/CRS-ChinasPolStructure-3-13.pdf> (accessed 9 Sept. 2014)

<sup>41</sup> Hannah Beech, ‘How China Sees the World’, *Time Magazine*, New York, 17 June 2013

<sup>42</sup> Ibid

<sup>43</sup> See Zachary Keck, ‘The Hard Side of Soft Power’, *The Diplomat*, 24 July 2013, <http://thediplomat.com/the-editor/2013/07/24/the-hard-side-of-soft-power/> (accessed 17 June 2014)

<sup>44</sup> Mearsheimer, ‘The Gathering Storm’, p381

<sup>45</sup> Ibid, p387



Pacific, the importance of this change in the distribution of power between China and the US has particular consequences for the region. Within the Asia-Pacific the interests of a number of major powers intersect. These complex interrelationships between the major powers - the United States, China, Japan, and Russia - give them a special capacity for influence. Security in the region is underpinned by stable, productive and mutually beneficial relationships between these powers.

As IR academic Jonathan Kirshner aptly puts it “China lives in a very crowded neighbourhood.”<sup>46</sup> Geographically, as well as the aforementioned Japan and Russia, there is India, Vietnam, the potential of a unified Korea, and the US. All of those states are either major powers, or are on their way to becoming major powers and China has fought wars with all of those powers within the last 120 years.

Historically, China conducted its foreign relations as the Middle Kingdom, with the Emperor possessing the ‘mandate of Heaven’, a “symbolic intermediary between Heaven, Earth, and humanity.”<sup>47</sup> Political entities along the Middle Kingdom’s periphery were permeated by Sino culture and required to recognise the splendour and supremacy of the Emperor by paying tribute. Most of these states were influenced by what is today known as ‘soft power’, cultural and trade links with the hegemon. The central authority rarely intervened in the internal affairs of its periphery states, and a common proverb “The mountains are high and the emperor is far away” was used to describe the power of the central authority. There are concerns that modern China is aiming to establish a modern hybrid Monroe Doctrine with the imperial Chinese characteristics of a tributary system.<sup>48</sup>

Crucially, Neorealists – while agreeing with one another that the rise of China is important and potentially destabilising – disagree with one another regarding the precise impact that this rise will have. Mearsheimer expects China to try to dominate the Asia-Pacific in the same way the US has dominated the Americas. China will seek to maximise its power over the other major powers geographically located in the region - Russia, Japan and India - to neutralise them as threats to its security. It will try to push

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<sup>46</sup> Kirshner, ‘The tragedy of offensive realism’, p64

<sup>47</sup> Kissinger, *On China*, p12

<sup>48</sup> The Monroe Doctrine was a policy pursued by the United States in the 19<sup>th</sup> Century, aiming to expel European powers from the Americas and filling in the subsequent power vacuum, increasing its sphere of influence.

out the US out of the region, as the US pushed the European powers out of the Americas.<sup>49</sup> Defensive Realism suggests that China may be more reluctant to seek expansion of its power reach, instead being wary of the potential of causing a balancing coalition against it. Another way of appreciating the tension between these branches of Neorealism is to note their respective expectations regarding how other states might respond to the rise of China.

China's neighbours will either bandwagon with China, or balance with each other to prevent its rise. The key issue – raised by Neoclassical Realists repeatedly – is that Neorealism, despite its identification of the importance of the distribution of power, remains limited in its explanatory power.

### **Australia as a Middle Power**

Neorealism also struggles to explain the implications that the distribution of material power resources might hold for states such as Australia. Australia has often been labelled a 'middle power' by which scholars refer to a "diverse group of states that are neither 'great' nor failing, but which occupy a conceptual territory between these extremes, and which are taken to have broadly similar material attributes."<sup>50</sup> Cooper, Higgott and Nossal define middle power primarily based on a state's behaviour, with "their tendency to pursue multilateral solutions to international problems"<sup>51</sup> the essential characteristic. This position is also taken by Ungerer, who claims that the term 'middle power' is "shorthand for a pre-defined and generally agreed set of foreign policy behaviours."<sup>52</sup> These behaviours include working through multilateral institutions.<sup>53</sup> The reason both sources give for working through multilateral frameworks is that it allows middle powers to enhance their power as they pursue their national interests.

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<sup>49</sup> Mearsheimer, 'The Gathering Storm', p390

<sup>50</sup> Mark Beeson, 'Can Australia save the world? The limits and possibilities of middle power diplomacy', *Australian Journal of International Affairs*, Vol. 65, No. 5, Nov. 2011, p564

<sup>51</sup> Andrew Cooper, 'Leadership, Followership, and Middle Powers in International Politics: A Reappraisal', Andrew Cooper, Richard Higgott & Kim Nossal, *Relocating Middle Powers: Australia and Canada in a Changing World Order*, Melbourne University Press, Carlton, 1993, p19

<sup>52</sup> Carl Ungerer, 'The "Middle Power" Concept in Australian Foreign Policy', *Australian Journal of Politics and History*, Vol. 53, No. 4, 2007, p539,  
[https://www.researchgate.net/profile/Carl\\_Ungerer/publication/43475045\\_The\\_Middle\\_Power\\_Concept\\_in\\_Australian\\_Foreign\\_Policy/links/568e8ac808aef987e567c33d.pdf](https://www.researchgate.net/profile/Carl_Ungerer/publication/43475045_The_Middle_Power_Concept_in_Australian_Foreign_Policy/links/568e8ac808aef987e567c33d.pdf) (accessed 13 Apr. 2016)

<sup>53</sup> Ibid

As a middle power, Australia is more influenced and shaped by international events than great powers. As Downer noted in 1999, after three years as Foreign Minister “We are a middle power with the capacity to influence events. We have to make our way in the world in a way other countries don’t.”<sup>54</sup> Governments make foreign policy “based on their assessment of the relative distribution of power and other states’ intentions.”<sup>55</sup> Middle powers acknowledge the power of others, as well as their own limitations. In a high threat environment, the risks to the survival of the state is paramount and “under these circumstances, when the margin for error is minimal, the (foreign policy executive) will have powerful incentives to ignore domestic political interests and formulate security policy with the overriding goal of securing the state.”<sup>56</sup> A low threat environment minimises the costs to implement the national interest and allows the foreign policy executive to spend more time and resources in paying attention to the domestic sphere in its attempt to stay in power.

To counter China’s rise disturbing the international system, Mearsheimer contends Australia “will have no choice but to join the American-led alliance to contain China.”<sup>57</sup> He gives three reasons for Australia joining a ‘balancing coalition’ – China’s military will rival the US military in terms of equipment quality, and will have the advantage of being much larger; China could use its power to blockade and neutralise Australia; and China’s dependence on oil could mean that it stations military assets near Australia’s coasts to secure its oil supplies coming from the Middle East. Defensive Realists would offer different advice, pointing that China may not even make a bid for hegemony, as the risks of overthrowing the current system outweigh the benefits of remaining a status quo power.

Neorealism alone cannot fully explain what the rise of China means for the international system, nor explain Australia’s specific responses to this global power shift. “In order to arrive at a more detailed understanding of a state’s foreign policy, we must investigate other factors beyond the distribution of power.”<sup>58</sup> This is because states with similar levels of power and confronted with challenges in the anarchic international system will

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<sup>54</sup> Alexander Downer, quoted in Gyngell & Wesley, *Making Australian Foreign Policy*, p11

<sup>55</sup> Taliaferro, ‘Neoclassical realism and resource extraction’, p202-03

<sup>56</sup> Norrin Ripsman, ‘Neoclassical realism and domestic interest groups’, *Neoclassical realism, the state and foreign policy*, p186

<sup>57</sup> Mearsheimer, ‘The Gathering Storm’, p394

<sup>58</sup> Feng & Ruizhuang, ‘The Typologies of Realism’, p120

interpret the actions of other states based on historical perceptions and experiences, and will respond differently. What does NCR add to the picture? It tells us that domestic variables matter. As there are so many different variables, there are many different methods to approach NCR. This thesis will focus on the decisions of Australia's Prime Minister, John Howard. This raises the question of how we might conceptualise and then investigate the leadership of an individual such as Howard. The remainder of this chapter shall undertake this task, focusing on the importance of the institutional and political cultural context in which such leaders must operate.

### **Neoclassical Realism and Leadership**

Neoclassical Realism identifies a number of domestic political factors that mediate between changes in the international realm and shifts in a state's foreign policy. These can include resource extraction and the role of domestic interest groups. Here, however, it is the leadership of a national executive figure that is taken to be a key intervening variable that will help us to explain shifts in foreign policy.

In the last 50 years, there have been thousands of studies, books and articles dedicated to the study of leadership, variously focusing on differing traits and styles. Though providing interesting information on leadership, "none of these studies has produced clear profile of the ideal leader."<sup>59</sup> In the context of this thesis, political leadership is taken to refer to "someone who helps a group create and achieve shared goals."<sup>60</sup> The concept of shared goals are important, as leadership is a process with three key components: leaders, followers, and contexts. "The context consists of both the external environment and the changing objectives that a group seeks in a particular situation."<sup>61</sup> It is important, as, though leadership is a relationship between leaders and followers, context provides the frameworks that provides the traits of effective leadership.

Central to the understanding of leadership applied in this thesis is the principle that leadership is made possible, and constrained by, the context in which a leader is necessarily embedded. This context can be thought of as having two dimensions. The first of these dimensions is institutional, and comprises of the layers of formal and

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<sup>59</sup> Joseph S. Nye Jr, *The Powers to Lead*, Oxford University Press, New York, 2008, p22

<sup>60</sup> Ibid, p18

<sup>61</sup> Ibid, p85

informal institutions that lie around a national leader. The second dimension of the context in which leaders are embedded comprises of political culture, which refers to the ideational milieu that shapes expectations of political rhetoric and behaviour within a national political system. These dimensions comprise the layers that provide the frameworks where the traits of effective leadership manifest themselves. Each of these aspects of the context in which Australian Prime Ministers operate is considered in more detail below. The purpose of this discussion is to support the analysis in the following chapters comprising the political leadership of John Howard with regard to Australian foreign policy as it relates to China.

In Australia, it is the office of the prime minister that constitutes the most important position of leadership within the country. The most precious resource any nation's government has is its leader's time, and in Australia it is the prime minister who is ultimately responsible for the conduct of foreign affairs. Successes and failures are attributed to the prime minister by the public, the media, historians, and Master's thesis writers. The ability of states to extract resources depends on a leader's ability to raise and maintain support for their policies in regards to the national interest. Christensen developed the concept of 'national political power' which he defines as "the ability of state leaders to mobilize their nation's human and material resources behind security policy initiatives."<sup>62</sup> The prime minister sets the tone and direction of foreign policy due to the virtue of their position, which, despite, or because of the Constitution not mentioning the position of prime minister or their powers, enjoys unrivalled authority in the domestic sphere, and unfettered influence over all aspects of policy. The prime minister "automatically holds major advantages over any potential domestic opponents in terms of prestige, position and information."<sup>63</sup>

When the prime minister makes a statement it is automatically viewed as policy and remains so unless retracted or is overtaken by unforeseen events. Despite only being elected by one electorate, the prime minister is perceived to speak for the entire nation and because of this acts as the link between domestic politics and foreign affairs. As Australia's head of state resides in the United Kingdom, and when abroad, represents the interests of that country, the prime minister of Australia has the added responsibility

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<sup>62</sup> Christensen, *Useful Adversaries*, p17

<sup>63</sup> Colin Dueck, 'Neoclassical realism and the national interest: presidents, domestic politics, and major military interventions', *Neoclassical Realism, the State, and Foreign Policy*, p147

of a de facto head of state, as well as head of government. As prime ministers cannot insert themselves into every aspect of every foreign policy, what they do pick and choose is inevitably given a high profile and priority (and scrutiny), with relevant funding and resources attached. Furthermore, prime ministers are only able to engage in leadership on foreign policy matters in an institutional context that is comprised of a number of layers. The following section explains these institutional layers as they operate in the Australian political context.

### **The Australian Institutional Context**

Beyond the prime minister lies the foreign policy executive (FPE). This executive is Janus faced: it sits at the juncture of the international sphere, where states compete for power, and the domestic sphere. It is in this privileged vantage point that the executive is in the best position to access information on the state's capabilities and limitations, which makes it best equipped to perceive systematic constraints and help dictate what resources need to be utilised to pursue the national interest. The executive is the decision maker, by virtue of its domestic monopoly on power, which is drawn by its legitimacy. The FPE is committed to advancing its interpretation of the national interest. The Janus face nature of the FPE gives it a unique role, and can constrain or enable its actions. It can act internationally for domestic reasons, or domestically for international reasons.

As the decision makers, it is the FPE's worldview that matters, however, political necessity requires the executive to negotiate with other domestic factors, "in order to enact policy and extract resources to implement policy choices."<sup>64</sup> The FPE can make decisions with the intention of manipulating actors at home and abroad as its choices can strengthen the power of some factions while weakening others. The FPE has "an important political motivation that could have an impact on its policy decisions...namely its interest in preserving its own power position."<sup>65</sup> This interest allows other domestic variables to influence the decisions made when they interact with the FPE, and though the factional winners of policy choices may have more leverage, they are usually the winners due to the FPE's ideologies. "A state's domestic decision making environment – comprised of its institutional structures, decision-making

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<sup>64</sup> Taliaferro, Lobell & Ripsman, 'Introduction', p25

<sup>65</sup> Ripsman, 'Neoclassical realism and domestic interest groups', p172

procedures, and prevailing procedural norms – determines the degree to which its national security policy executive is insulated from its domestic opposition.”<sup>66</sup>

In order to influence policy, other domestic variables “need to be able to provide a sufficient payoff to policy-makers if they construct policies in the desired direction, or to impose sufficient penalties if they do not.”<sup>67</sup> The democratically elected members of the state have a more fragile hold on office, and motivated by their self-interest of staying in power are “selective about the wars they fight. They also fight to win.”<sup>68</sup> Since the FPE is dominated by democratically elected members who wish to retain their power and to pass their ideologically preferred policy agendas, they are most receptive to influence from factions “who can provide or deny electoral support.”<sup>69</sup>

While Parliament can gather information and subject the government’s actions to scrutiny through Question Time, it remains true that more than any other kind of public policy, foreign policy is the preserve of the executive government. Parliament has little say in foreign policy, as they are not professionals in the field. Knight and Hudson illustrated Parliament’s ineffectual role in foreign policy when they mentioned that:

It is...ironical...that if a Commonwealth government wished to declare war simultaneously on the United States and the Soviet Union it would be free to do so; if it wished to add a cent in tax to the cost of a packet of cigarettes it would have to arrange the preparation of appropriate legislation, survive debate in its own party room, pilot a bill through each of the two houses of Federal Parliament, accommodate publicity and calculate the electoral impact of the ire of nicotine addicts.<sup>70</sup>

There is the added disincentive that if an individual Parliamentarian wanted to concentrate on foreign affairs, he would have to “recognise that this aspect of his work may earn him little electoral advantage and may indeed cause him disadvantage, since, while those who agree with him may not take much notice of what he is saying, those who disagree certainly will.”<sup>71</sup> This is despite the increasing encroachment of previously exclusive domestic issues into the international sphere, including the threat posed by terrorism, people smuggling, and environmental issues.

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<sup>66</sup> Ibid, p189

<sup>67</sup> Ibid, p181

<sup>68</sup> Brian Rathbun, ‘A Rose by Any Other Name: Neoclassical Realism as the Logical and Necessary Extension of Structural Realism’, *Security Studies*, Vol. 17, Issue 2, 14 June 2008, p315, <http://dx.doi.org/10.1080/09636410802098917> (accessed 17 Mar. 2014)

<sup>69</sup> Ripsman, ‘Neoclassical realism and domestic interest groups’, p181

<sup>70</sup> John Knight & WJ Hudson, *Parliament and Foreign Policy*, Canberra Studies in World Affairs, No. 13, Department of International Relations, Australian National University, Canberra, 1983, p27

<sup>71</sup> J.D.B. Miller, ‘The role of the Australian Parliament in Foreign Policy’, *Parliamentarian*, Vol. 50, No. 1, Jan. 1969, p3

Allan Gyngell and Michael Wesley assert that the main difference between the prime minister and the minister for foreign affairs is that "...the Prime Minister can chose when to intervene, the Minister (for foreign affairs) cannot."<sup>72</sup> Most of the day-to-day decision making at operational level and most of the responsibility for the general direction of policy is left to the foreign minister. He shares DFAT with the minister for trade, though takes overall administrative responsibility for the department. Due to the enormous and complex nature of foreign policy and the multiple, competing demands on their time, the most authoritative figures – the prime minister, foreign minister, and senior advisers and secretaries, while wielding great influence, cannot attend to all policy matters, and their expertise does not extend to all fields, so can only exert their influence on certain matters.

The development of the modern diplomat in Renaissance Italy led to the perception that the diplomat is a "highly cultured practitioner in the elaborate game of oratorical manoeuvre, cunning and deception."<sup>73</sup> Australia's foreign policy bureaucracy is hierarchic and resembles the working of a central nervous system. The hierarchic pyramid of DFAT is fairly straight forward. Four deputy secretaries each oversee a series of divisions, which in turn are split into a series of branches. The deputy secretaries report to the secretary, who in turn reports to the ministers for foreign affairs and trade. These ministers have advisers, separate to the bureaucratic process, who may or may not have a foreign policy background. A number of Parliamentary enquiries in 2002 discovered that ministerial advisers are "able to escape Parliamentary scrutiny, unlike ministers and traditional bureaucrats."<sup>74</sup>

At the lower end of the pyramid are the staff who are organised into functional or geographic sections, depending on their area of specialisation, these sections are clustered into branches, who report to their branch heads, who in turn report to their higher ups. Foreign policy that is more routine, or is not so high profile can be dealt with by diplomats in a simpler, less top heavy way. The highest levels of the bureaucracy formulate the issue into a concise statement of background, issues and alternative choices and consequences for the NSC. The NSC makes a decision on an

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<sup>72</sup> Gyngell & Wesley, *Making Australian Foreign Policy*, p97

<sup>73</sup> Ibid, p17

<sup>74</sup> Ibid, p49



appropriate response, and the instructions for implementation flow back down the hierarchy to the ‘nerve endings’<sup>75</sup>

Bob Sercombe argues that there is one advantage the bureaucracy will always have, regardless of how long a government has been in power:

Ministers need them to write their briefs for them. Ministers fear standing up in Question Time and being torn to shreds by the Opposition. Saying ‘I acted on advice given to me in this brief by my ministry’ is the get out of jail for free card and deflects blame onto the bureaucrats, even when the minister told his advisors what to write in the brief.<sup>76</sup>

Gyngell & Wesley argue that foreign policy making in Australia is characterised by three properties: “it is consensual more often than conflictual; its various actors play complementary rather than competing roles; and the vast bulk of policy work involves ongoing policy issues or “flows”, rather than sequential and distinct decisions and initiatives.”<sup>77</sup> It occurs across four interrelated levels, the strategic, the contextual, the organisational, and the operational.<sup>78</sup>

NCR recognised that “despite the human predisposition to form groups, group construction is a contentious internal process because group resource decisions matter a great deal to its individual members.”<sup>79</sup> A political party “is a body of men united for promoting by their joint endeavours the national interest upon some particular principle in which they are all agreed.”<sup>80</sup> There is competition between groups for legitimate authority, contested in Australia through elections, with the party (group) with the most seats pledged to it in the Parliament the winner, but there is also competition within the group, leading to internal leadership battles within the party, which are won by the individual backed by the most party Parliamentarians. The successful winner of these competitions has the legitimised authority to control “resource allocation decision making for its constituent members.”<sup>81</sup> They wield the full power of the institutions of the state to further the national interest in the manner they see fit.

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<sup>75</sup> Ibid, p30

<sup>76</sup> Bob Sercombe, interview with author, Albert Park, 2013

<sup>77</sup> Gyngell & Wesley, *Making Australian Foreign Policy*, p41

<sup>78</sup> Ibid, p22-31

<sup>79</sup> Sterling-Folker, ‘Neoclassical realism and identity’, p113

<sup>80</sup> Edmund Burke, *Thoughts on the cause of the present discontents*, 1886, <http://www.unilibrary.com/ebooks/Burke,%20Edmund%20-%20Thoughts%20on%20Present%20Discontents.pdf> (accessed 19 Nov. 2015)

<sup>81</sup> Sterling-Folker, ‘Neoclassical realism and identity’, p112

Trade and economics take a central role in the Liberal version of the national interest. As the major partner in the Coalition, it is the Liberal Party's ideology that is dominant. The Liberal Party's manifesto *The Federal Platform* outlines the party's ideologies, including its foreign policy aims:

further develop the capacity of an internationally competitive Australian economy to benefit from the globalisation of trade and investment flows;  
maintain a strong national defence capability, with an appropriate mix of bilateral, regional and multilateral security alliances;  
strengthen our international relationships and alliances, especially with the United States;  
maximise the economic and strategic opportunities offered by closer engagement with the countries of the Asia-Pacific region.<sup>82</sup>

Therefore, as the major party in the Coalition the Liberal's governance when in power strives to achieve the aims stated in the manifesto.

The ALP tends to define Australia's national interest to include more idealistic, humanitarian aims. The ALP's manifesto *The National Platform* outlines the party's ideologies, including its foreign policy aims:

19 Labor defends Australia's national security, promotes our national interest and protects human rights. For more than a century, Labor has played a significant role in defending our national security, fighting against oppression and injustice and supporting international efforts for peace and development. While the challenges change, our resolve to protect Australia does not. As a nation, we can give no greater respect than to those who take up military service in the defence of Australia and of our values in the world. We honour and cherish our military veterans for their proud contribution to our nation and their willingness to sacrifice themselves for our common good.

20 Labor believes Australia's interests are best protected and advanced by promoting peace and cooperation, including through our historic alliance with the United States, international forums like the United Nations, engaging with Asia, through public diplomacy and overseas aid and development.

22 Labor is a party of human rights. Labor believes in a just and tolerant society that fully protects the rights and freedoms of all people in Australia. Labor supports the Universal Declaration of Human Rights and the international treaties to which we are a signatory.<sup>83</sup>

Therefore the ALP's governance when in power strives to achieve the aims stated in the manifesto.

The most profound restraint on a leader's power in a democracy is leadership selection. In Australia's 'Washminster' political system, the electorate do not directly elect the head of state – The Queen, represented by the governor general, or the head of government – the prime minister. The legitimacy of prime ministerial leadership derives from the party in power, and the party wishes to remain in power, and believes their

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<sup>82</sup> Brian Loughnane, *The Federal Platform of the Liberal Party of Australia*, Liberal Party of Australia, 2002, <http://lpaweb-static.s3.amazonaws.com/FederalPlatform.pdf> (accessed 14 July 2014)

<sup>83</sup> George Wright, *Australian Labor Party National Platform*, Australian Labor Party, 2011, [http://d3n8a8pro7vhmx.cloudfront.net/australianlaborparty/pages/121/attachments/original/1365135867/Labor\\_National\\_Platform.pdf?1365135867](http://d3n8a8pro7vhmx.cloudfront.net/australianlaborparty/pages/121/attachments/original/1365135867/Labor_National_Platform.pdf?1365135867) (accessed 22 Sept. 2014)

chosen leader is the best person to keep them in power. This leaves room for personal and party ideology to play a role in the conduct of foreign affairs.

The presence of 'veto players' – institutions, think tanks, the media, corporate interests and political parties, may constrain the action space of leaders and policy outcomes.<sup>84</sup> NCR recognises that leaders are not only interested in the national interest, but in holding onto their own domestic positions of power. Domestic conditions can therefore act as a variable on decision making. The leaders entrusted to protect Australia's place in world affairs are the same people who have to protect their own positions in power. Therefore foreign policy must compete with domestic politics and policy. Big matters are crowded out by the small, and international policy is used for domestic point scoring. This tension between domestic demands and international interests has always existed.<sup>85</sup>

The institutions described above constitute the first layer of the institutional context in which prime ministers must operate. However, further layers may be identified, particularly if one conceives of structures that operate as informal institutions. One such 'institution' may be referred to as the elite that operate in many countries. The elite include individuals who have substantial economic resources including high levels of income/wealth and/or ownership of businesses; those with a high social status or institutional position – such as the occupancy of key managerial roles in corporations; and those who control the flow of information, through their control of media.<sup>86</sup> The elite try to influence issues in three ways: shaping policy outcome; shaping the agenda that policy makers consider; and shaping public opinion.<sup>87</sup> While the political leadership

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<sup>84</sup> See George Tsebelis, *Veto Players: How Political Institutions Work*, Russell Sage Foundation, New York, 2002

<sup>85</sup> Peter Hartcher, *The Adolescent Country*, Lowy Institute, Sydney, 2014, p61

<sup>86</sup> Some elite theories postulate an amalgam of elites, defined by combinations of social status, economic resources, and institutional positions, who achieve a degree of unity through common backgrounds, coinciding interests, and social interactions. Mills' *The Power Elite* notes that his elites derived in substantial proportions from the upper classes, including the very rich and corporate executives, but their elite status was not defined by their wealth. Ripsman defines the elite as "the more influential domestic actors...with sufficient power to remove national executives from office...those that can act as "veto players" to obstruct the government's programmatic goals, or those that can shape the definition of the national interests." See Charles Wright Mills, *The Power Elite*, Oxford University Press, New York, 1956, [http://www.eindtijdinbeeld.nl/EiB-Bibliotheek/Boeken/The\\_Power\\_Elite\\_-\\_New\\_Edition\\_first\\_full-scale\\_study\\_of\\_structure\\_and\\_distribution\\_of\\_power\\_in\\_USA\\_2000\\_.pdf](http://www.eindtijdinbeeld.nl/EiB-Bibliotheek/Boeken/The_Power_Elite_-_New_Edition_first_full-scale_study_of_structure_and_distribution_of_power_in_USA_2000_.pdf) (accessed 19 Mar. 2015); and Taliaferro, Lobell & Ripsman, 'Introduction', p35

<sup>87</sup> See Martin Gilens & Benjamin Page, 'Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens', *Perspectives on Politics*, American Political Science Association, Vol. 12, Iss. 3., 2014,

maximises the national interest, the broader elite tend to be more narrow-minded and parochial in outlook, as they seek to maximise their interests in order to further their power and economic profit.

Though lacking the comprehensive monopoly on intelligence that the FPE possess, members of the elite are experts in their fields, and have their 'ears to the ground', listening for information pertaining to their factions, industries, sectors etc. Industry groups such as the Australia China Business Council, the Australian Industry Group, and the Business Council of Australia usually speak for a single industry sector. By lobbying and providing expert advice and information, they seek to influence a government's actions, and relationships are often as effective a currency as information.

The international system can affect the power of the elite within states by opening or closing opportunities to the benefit of some groups over others. The elite can be broadly split into "two broad and logrolled...coalitions, *internationalist* and *nationalist*."<sup>88</sup> The supporters of each coalition "converge on a common position, often for different reasons"<sup>89</sup> forming around shared interests, "What people want depends on where they sit."<sup>90</sup> Their foreign policy preferences depend on whether the orientation of their interests is domestic or international, and hence conflict with each other.

"The internationalist coalition is defined as the internationally competitive sectors plus outward-leading allies"<sup>91</sup> They have investments, interests and links overseas, or benefit from foreign economic exposure. This faction includes export orientated businesses, banking and financial services, and skilled labour. They support policies that advocate for heightened participation in the international system, as they "prosper from greater economic, political and military engagement in the international system."<sup>92</sup> This support requires coordination and collaboration with foreign governments and businesses to promote policies they believe will achieve mutual economic gains.

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[http://journals.cambridge.org/download.php?file=%2FPPS%2FPPS12\\_03%2FS1537592714001595a.pdf&code=781efe142613f28fa22b52fd9ff5084a](http://journals.cambridge.org/download.php?file=%2FPPS%2FPPS12_03%2FS1537592714001595a.pdf&code=781efe142613f28fa22b52fd9ff5084a) (accessed 14 Sept. 2015)

<sup>88</sup> Steven Lobell, 'Threat assessment, the state, and foreign policy: a neoclassical realist model', *Neoclassical Realism, the State, and Foreign Policy*, p58

<sup>89</sup> *Ibid*, p59

<sup>90</sup> Peter Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises*, Cornell University Press, Ithaca, 1986, p56

<sup>91</sup> Lobell, 'Threat assessment, the state, and foreign policy', p58

<sup>92</sup> *Ibid*

The nationalist coalition has been defined as comprising “the non-internationally competitive sectors and domestically orientated groups.”<sup>93</sup> They have few foreign assets or sales, and compete with foreign imports. This faction includes inefficient manufacturing and labour intensive industries. They contest policies that advocate for greater engagement in the international environment, as “it undermines their constituents’ domestic power and position.”<sup>94</sup> This means they take on a parochial mindset and oppose the “costs and risks of internationalism.”<sup>95</sup>

A final ‘institutional’ layer in which prime minister’s must operate can be defined as the electorate. In a democracy the electorate provide the legitimacy for a government to rule, though even in a democracy public opinion does not determine public policy. However, politicians are mindful of what their constituents think. That thinking does help shape the agenda, by identifying issues the electorate may find important, or finding outcomes the electorate will benefit from. While the political class do not always follow popular opinion (many in the political class are contemptuous of the public),<sup>96</sup> no statesperson is likely to act without taking into consideration the constraints and opportunities public opinion generates. British diplomat and historian Edward Carr sums up the importance of public opinion to maintain legitimacy when he wrote “power over opinion...is a necessary part of all power.”<sup>97</sup>

Australia’s ‘Washminster’ political system dilutes the relationship and the power the Australian electorate has with its leader, allowing the prime minister to make decisions unpopular with the electorate. However, every politician faces re-election, and it is

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<sup>93</sup> Ibid, p59

<sup>94</sup> Ibid

<sup>95</sup> Ibid

<sup>96</sup> Sir Alan Watt, former Secretary of the Department of External Affairs, wrote that “any private citizen who is sufficiently confident of his own opinions to tell a government precisely what it should do from day to day demonstrates not only his courage but also his rashness and perhaps his vanity.” McDougall and Edney argue the FPE have dismissed public opinion on foreign policy as not well informed and subject to rapid, irrational swings, though public opinion may fix the range of discretion within which government may act. Christensen explains “The public simply does not have the time or expertise to understand the subtleties of balance of power politics” and as a result, leaders encounter difficulties in convincing the public to make personal sacrifices in the national interest. Taliaferro reasons that this is pertinent in liberal democracies, where average citizens have expectations on personal creature comforts, discount geographically distant and indirect external threats, and have an “incentive to free-ride on the efforts of others when called upon to make sacrifices.” See Alan Watt, *The Evolution of Australian Foreign Policy 1938-1965*, Cambridge University Press, London, 1967, p363; Derek McDougall & Kingley Edney, ‘Howard’s Way? Public Opinion as an Influence on Australia’s engagement with Asia, 1996-2007’, *Australian Journal of International Affairs*, Vol. 64, No. 2, 2010, p207, p209; Christensen, *Useful Adversaries*, p17; and Taliaferro, ‘Neoclassical realism extraction’, p218

<sup>97</sup> Edward H Carr, *The Twenty Years’ Crisis, 1919-1939: An Introduction to the Study of International Relations*, Second Edition, R & R Clark Ltd, Edinburgh, 1946, p145

through its power at the ballot box that the public exercise their power the most. Foreign policy is different to most other types of public policy. It possesses a mystique that arises from its mandate to advance the national interest, and the associated use of power. The public respect and are sometimes even in awe of the government activity that works to protect the state, believing that those in power are doing the best job and do so with the interests and burdens of the state as a whole. Governments depend on this mystique and goodwill when they say they act in the national interest when bypassing Cabinet and Parliament, censoring reports and circumnavigating convention.

### **The Australian Political Cultural Context**

As well as operating in an institutional context, prime ministers and other politicians must operate in a particular political cultural context. In his *Politics of Australia*, Dean Jaensch defines political culture as the collection of beliefs, attitudes, and ideologies about the political process and systems.<sup>98</sup> Ideational factors such as nationalism and ideology play a role in the state's leadership's ability to "extract, mobilize, and direct societal resources and cultivate support among its power base."<sup>99</sup> This is because "the basic direction of a society is shaped by its values, which define its ultimate goals."<sup>100</sup> Nations "naturally and inevitably see the world according to their own history and experiences, an outlook that is tempered only by the constraints of geopolitics and realpolitik."<sup>101</sup> Their attitudes as to what the national interest consists of are determined by history and culture.

A thorough description of Australian political culture is, of course, beyond the scope of this thesis. Instead, the remainder of this chapter seeks to survey the historical development of Australians' attitudes towards Sino-Australian relations. In other words, it seeks to describe how popularly-held ideas regarding Australia's relationship to China have shaped and been shaped by Australian foreign policy. This description of Australian political culture, like the above description of the institutions within which

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<sup>98</sup> Dean Jaensch, *The Politics of Australia*, Second Edition, Macmillan Education Australia Pty Ltd, Melbourne, 1997, p19

<sup>99</sup> Randall Schweller, 'Neoclassical realism and state mobilization: expansionist ideology in the age of mass politics', *Neoclassical Realism, the State, and Foreign Policy*, p229-30

<sup>100</sup> Kissinger, *On China*, p426

<sup>101</sup> Jacques, *When China Rules the World*, p288

foreign policy is formed, supports the analysis of the leadership of John Howard that is carried out in the following chapters.

Historically speaking, Australians' attitudes regarding Sino-Australian relations can be broken down into two broad periods or phases: a first period characterised by fear of the "yellow peril", and a second characterised by the recognition of China and, more specifically, the rapidly growing Chinese economy, as offering Australia an opportunity for wealth creation. These categories of attitudes regarding China are not historically distinct – they have overlapped (and continue to do so) – but they can be understood, in part, as having evolved over the course of Australia's relations with China.

As the approach of this thesis focuses on the perceptions of the domestic leadership, and as perceptions are shaped by history and culture, some history on the bilateral relationship is required. This is to put the Howard Era relationship in context, and also to show how perceptions influence Australian attitudes towards China. China has long held a special place in Australia's imagination. It has been the home of the yellow hordes, the red menace, and Mao's blue ants.<sup>102</sup> Simultaneously, it has also been a Shangri-La and money making El Dorado.<sup>103</sup> Prior to WWII, Australian identity was very much amalgamated with a sense of 'Britishness', and its foreign policy was, in the main, run from London, as part of overarching architecture that was the British Empire.<sup>104</sup> The White Australia policy was Australia's attempt to maintain the nation's Britishness in a part of the world where it was very isolated from the motherland. Following the failure of the UK to fight Japanese aggression in WWII, Australia turned to a new protector.

### **Orange Peril**

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<sup>102</sup> This thesis uses 'Orange Peril' to refer to a combination of the traditional Australian fear of the yellow peril and the general Cold War fear of the Communist red menace. 'Blue ants' was a racist term aimed at the Chinese, using the fact that, due to an underdeveloped textile industry, most Chinese dressed the same, and implied they looked the same and had a 'hive mind'. It was coined by the French journalist Robert Guillain. See Robert Guillain, *The Blue Ants: 600 million Chinese under the Red Flag*, Secker & Warburg, London, 1957

<sup>103</sup> Shangri-La refers to an Orientalised 'land of opportunity' and an exotic concept of utopia. See Timothy Kendall, *Ways of Seeing China, From Yellow Peril to Shangri-La*, Curtin University Books, Fremantle, 2005, p17; Lachlan Strahan, *Australia's China: Changing perceptions from the 1930s to the 1990s*, Cambridge University Press, Cambridge, 1996, p298; and Donald S. Lopez Jr, *Prisoners of Shangri-La: Tibetan Buddhism and the West*, University of Chicago Press, Chicago

<sup>104</sup> See Stewart Firth, *Australia in International Politics: An Introduction to Australian Foreign Policy*, Second Edition, Allen & Unwin, 2005, p22-49

“Australia is ...no more different from China is Indonesia; no more different from Japan than is Malaysia; no more different from the Republic of Korea than is India.”<sup>105</sup> One of the world’s great geo-cultural anomalies is that a country that lies just to the south of Indonesia has an overwhelmingly white majority and has long been considered a Western country.<sup>106</sup> “[Australia was] founded as a Pacific outpost of Europe. It is still an outpost of Europe, a true Hesperia, a land looking west.”<sup>107</sup> Australia has always had a fear of the ‘yellow peril’. This is incorporated in our outlook of the world. “Australia is a country that prides itself on its Anglo-Saxon identity-not withstanding its geographical location –and its Western orientation, a significant expression of which has been its long tradition of hostility to non-white immigration.”<sup>108</sup>

Due to the massive size of their landmass and small population, Australians have considered themselves vulnerable to invasion from the very beginning. The would be threat to Australia’s physical and political sovereignty, or racial and cultural homogeneity, has shifted constantly, from the French, Germans, Russians Chinese, Japanese, the Chinese again, Vietnamese and Indonesians. The form that the invasion would take has ranged from physical attack to uncontrolled immigration, ideological subversion and economic competition. Prior to Federation, the colonies were concerned about invasion from French, Russian and German powers, and placed pressure the motherland to prevent any of those powers acquiring territory in the South Pacific, preferring a ‘British Lake’.

Australia’s contact with China extends back to pre-federation days. There were large numbers of Chinese working in the goldfields from the 1850s and this led to tensions with non-Chinese miners, including riots, notably the Lambing Flat riots of 1860-1861. In Victoria, between 1853 and 1859, the number of Chinese in Victoria grew from 200 to 42 000, most of them male. This was equivalent to 12-14% of the European population<sup>109</sup>. But in 1871 there were only 30 Chinese women in Australia.<sup>110</sup> The

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<sup>105</sup> Ross Garnaut, *Australia and the Northeast Asian Ascendancy: Report to the Prime Minister and the Minister for Foreign Affairs and Trade*, Second Edition, Australian Government Publishing Service, Canberra, 1990, p319

<sup>106</sup> Jacques, *When China Rules the World*, p367-68

<sup>107</sup> Frank K. Crowley, quoted in Kendall, *Ways of Seeing China*, p161

<sup>108</sup> Jacques, *When China Rules the World*, p369

<sup>109</sup> Peg White & Pete Young, *Australia’s Relations with Asia*, McGraw-Hill Book Company, Sydney, 1988, p20

<sup>110</sup> ‘Establishment of the Immigration Restriction Act’, *Australia’s Centenary of Federation*, ABC, 2001, [http://www.abc.net.au/federation/fedstory/ep2/ep2\\_events.htm](http://www.abc.net.au/federation/fedstory/ep2/ep2_events.htm) (accessed 9 Nov. 2012)



Chinese knew the Australian goldfields as the ‘New Gold Mountain.’<sup>111</sup> They were mostly “from the southern part of China, where political upheaval and natural disasters had made poverty widespread”<sup>112</sup> which was exacerbated by the Opium Wars fought between the British and Chinese Empires. Yet in the nineteenth century the idea of British imperial decline was as popular as the idea of American decline today. There was a popular genre of fictional books sensationalising the Chinese taking advantage of the decline and invading Australia, using the incomprehensible power of sheer numbers.<sup>113</sup>

The colonies of Victoria, NSW and South Australia introduced poll and monthly residence taxes levied on migrants. The anti-Chinese attitudes, combined with the growing scarcity of alluvial gold led the Chinese to disperse, until the 1870s, with the discovery of gold in Queensland.<sup>114</sup> This new wave of Chinese migrants was picked up by employers as cheap labour in other industries, leading to even more tensions. By 1888, there were approximately 50,000 Chinese in Australia out of a population of 3,000,000.<sup>115</sup>

Australia became a federation on the 1<sup>st</sup> of January 1901, following an act of the British Parliament. The first elections were held in March of that year. In June, Australia’s first Prime Minister, Edmund Barton introduced the Immigration Restriction Act. Partly due to cheap labour the nonunionised Chinese were providing, the Labor Party’s caucus decided its number one policy was a ‘White Australia’. During the debate for the bill, Chris Watson, who later became the first Labor national head of government anywhere in the world said “The objection I have to the mixing of these coloured people with the white people of Australia - although I admit it is to a large extent tinged with considerations of an industrial nature - lies...in the possibility and probability of racial contamination.”<sup>116</sup> William Hughes, who was later prime minister during WWI and is Australia’s longest serving parliamentarian said “We shall say that we have a white Australia by the only possible and sure way of getting it, namely by absolutely

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<sup>111</sup> ‘The Chinese And The New Gold Mountain’, *Australia’s Centenary of Federation*, ABC, 2001, [http://www.abc.net.au/federation/fedstory/ep2/ep2\\_culture.htm](http://www.abc.net.au/federation/fedstory/ep2/ep2_culture.htm) (accessed 9 Nov. 2012)

<sup>112</sup> Ibid

<sup>113</sup> David Uren, *The Kingdom and the Quarry: China, Australia, Fear and Greed*, Black Inc., Collingwood, 2012, p5

<sup>114</sup> White & Young, *Australia’s Relations with Asia*, p22, 24

<sup>115</sup> ‘The Chinese And The New Gold Mountain’

<sup>116</sup> Chris Watson, Immigration Restriction Bill’, *Commonwealth Parliamentary Debates (CPD)*, House of Representatives, 6 Sept. 1901, p4636-4637

prohibiting the introduction of undesirable aliens.”<sup>117</sup> Barton called it “one of the most important matters with regard to the future of Australia.”<sup>118</sup> Future three time prime minister Alfred Deakin linked it to the national interest, declaring “nothing less than the national manhood, the national character and the national future that are at stake.”<sup>119</sup> Other speakers expressed similar racist opinions. Only one of the 21 speakers in the debate, Tasmanian Donald Cameron<sup>120</sup> was in clear opposition to the Immigration Restriction Act. The Act passed and received Royal Assent on the 23<sup>rd</sup> December 1901.

The Bulletin encapsulated the atmosphere of the time when it stated that “All white men who come to these shores- with a clean record- and who leave behind them the memory of class distinctions and the religious differences of the old world... are Australians... No nigger, no Chinaman, no lascar, no Kanaka, no purveyor of cheap, coloured labour is an Australian.”<sup>121</sup> Along with other bills including the Pacific Islanders Labourers Act, the Immigration Restriction Act was the cornerstone of the White Australia policy and was aimed directly at Pacific Islanders, Chinese and Japanese. One of the key aspects of White Australia was the ‘Dictation Test’, in which a person would have to write fifty words in any European language. Between 1902-1909 the Dictation Test was administered 1359 times, with only fifty two people successful. After 1909 no person passed.<sup>122</sup> In 1925, Prime Minister Stanley Bruce had to reassure the public that Australia was still 96% British, following widespread public concerns that “persons of foreign birth are entering Australia in numbers so large as to menace the preservation of the preponderant British element in our population.”<sup>123</sup>

Though Australia sent five hundred NSW and Victorian sailors to help the Imperial powers in the Boxer Rebellion, the White Australia Policy effectively ended the Chinese ‘contribution’ to the ‘yellow peril’ until the 1950s, and Australians could now

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<sup>117</sup> William Morris Hughes, Immigration Restriction Bill’, *Commonwealth Parliamentary Debates (CPD)*, House of Representatives, 12 Sept. 1901, p4825

<sup>118</sup> Edmund Barton, Immigration Restriction Bill’, *Commonwealth Parliamentary Debates (CPD)*, House of Representatives, 7 Aug. 1901, p3497

<sup>119</sup> Alfred Deakin, Immigration Restriction Bill’, *Commonwealth Parliamentary Debates (CPD)*, House of Representatives, 12 Sept. 1901, p4804

<sup>120</sup> David Uren, *Takeover: Foreign Investment and the Australian Psyche*, Black Books, Collingwood, 2015, p30

<sup>121</sup> *The Bulletin*, 2 July 1887

<sup>122</sup> *Immigration Restriction Act 1901*, Documenting a Democracy, Museum of Australian Democracy, <http://foundingdocs.gov.au/item-did-16.html> (accessed 9 Nov. 2012)

<sup>123</sup> ‘Foreign Migration to Australia’, *The Daily Telegraph*, 26 Feb. 1925, <http://trove.nla.gov.au/newspaper/article/153840401?searchTerm=98%20white%20British%20population%20department%20of%20information&searchLimits=> (accessed 20 May 2016)

focus on their fear of the other ‘yellow peril’ - the Japanese. The Japanese, along with the Russian and German Empires created panic of foreign invasion due to Australia’s large Anglo-Saxon demographic and isolation from the motherland. The supposed aggressor had changed throughout the years, but there has always been a fear of invasion from the north in Australian consciousness. The threat of actual invasion has been low, with the notable exception of World War II, when the Japanese bombed parts of Australia. The White Australia policy was to persist in some form for the next seven decades.<sup>124</sup>

There are numerous alleged motives for the foreign territorial acquisition of Australia. It has been held that the countries to the north have looked upon Australia’s vast lands and agricultural and mineral resources as a means of alleviating poverty and over population. At other moments, Australia has been considered attractive for its strategic location. This list of potential aggressors, their assumed motives and means of invasion adds force to the suggestion that fear of invasion has never been isolation and static, but has developed into most enduring of all our national anxieties. Along with the Melbourne-Sydney rivalry, Australia even built its capital Canberra inland to protect it from naval attack,<sup>125</sup> as “so many cities in the world had been subject to ships coming in and...blasting away with a cannon.”<sup>126</sup> Due to our isolation, and fear of vulnerability the one constant in the history of Australian foreign policy is that Australian government has taken to bandwagoning with ‘great and powerful friends’<sup>127</sup> and no government has ever “seriously considered emerging completely from under the comforting wing of a Great Protector...depending on ‘great and powerful friends’ is unavoidable for a small population in a big country.”<sup>128</sup> Historically, a larger population is not popular with the public.

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<sup>124</sup> In March 1951 a Gallup poll asked voters “whether or not Australia should get immigrants”, listing 7 nations. Netherlands, Sweden, France and Germany received 78.4%, 74.7%, 57.8% and 53.9% yes votes respectively. Greece (41.5%), Yugoslavia (32.6%) and Italy (26.6%) received less strong support. The former nations all had the advantage of fair skin.<sup>124</sup> The UK was not included, as moving from the mother country was not perceived as immigrating. See George Megalogenis, *The Australian Moment: How we were made for these times*, Penguin Group, Camberwell, 2012, p106

<sup>125</sup> Megalogenis, *The Australian Moment*, p175

<sup>126</sup> David Headon, in Sonya Gee, ‘Why was Canberra established as an inland city and not on the coast?’ *Curious Canberra*, ABC, 13 Nov. 2017, <http://www.abc.net.au/news/specials/curious-canberra/2017-11-13/why-was-canberra-established-as-an-inland-city/9123568> (accessed 15 Feb. 2018)

<sup>127</sup> First coined by Robert Menzies

<sup>128</sup> Firth, *Australia in International Politics*, p43

However, Australia has not been a passive partner. Australians have died in their tens of thousands fighting enemies not of their choosing, through their involvement in distant overseas conflicts linked to the national interests of its 'great and powerful friends'. Australians actively participated in British imperial conflicts across the globe, from the Napoleonic Wars in Europe to the Boer War in Southern Africa. Following Federation, Australia involved itself in World War I & II on behalf of the United Kingdom, not just due to the fact that as part of the Empire, it was also at war by default. Particularly in the period before World War I, "Australian citizens felt that any patriotism that centred on Australia was a breach of the old loyalty to Great Britain or even to the Empire, to which nine-tenths of Australians were fervently attached."<sup>129</sup>

Barton stated that "There could be no foreign policy for the Commonwealth [of Australia]...foreign policy belongs to the Empire."<sup>130</sup> Labor Prime Minister Andrew Fisher vowed at the outbreak of WWI to "defend Britain to our last man and our last shilling."<sup>131</sup> Tens of thousands of males joined to fight for 'King, Country and Empire'. Many Australians continued to identify as British, even after the birth of the 'ANZAC Legend'. As recently as 1935, Australian foreign relations were conducted by the British Empire.<sup>132</sup> Indeed Menzies highlighted the continuation of Australia's subordinate role from WWI in 1939 when he informed Australia that it was his "melancholy duty to inform you officially that, in consequence of the persistence of Germany in her invasion of Poland, Great Britain has declared war upon her, and that, as a result, Australia is also at war... There can be no doubt that where Great Britain stands there stand the people of the entire British world."<sup>133</sup> Australia only ratified the 1931 Statute of Westminster – which granted dominion independence from Britain – in 1942.

### Free of any pangs

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<sup>129</sup> Charles W Bean, *ANZAC to Amiens*, Penguin, Melbourne, 1946, p8

<sup>130</sup> Edmund Barton, quoted in Gyngell & Wesley, *Making Australian Foreign Policy*, p210

<sup>131</sup> 'A Place in the World – Culture, Imperial Ties and World War One', *Australia's Centenary of Federation*, ABC, 2001, [http://www.abc.net.au/federation/fedstory/ep5/ep5\\_culture.htm](http://www.abc.net.au/federation/fedstory/ep5/ep5_culture.htm) (accessed 2 Sept. 2008)

<sup>132</sup> Wesley, *The Howard Paradox*, p5

<sup>133</sup> Robert Menzies, 'Declaration of War', *Australian War Memorial*, 3 Sept. 1939, [https://www.awm.gov.au/articles/encyclopedia/prime\\_ministers/menzies](https://www.awm.gov.au/articles/encyclopedia/prime_ministers/menzies) (accessed 12 Mar. 2018)

With the Japanese attack on Pearl Harbor, the Philippines and the Pacific colonies of the European powers, the long held Australian racist fear of ‘Asian’ invasion from the north seemed to be coming true. The fall of Singapore – the major British military base in the Pacific led to Darwin being attacked four days later, the first time (white) Australia had ever been attacked. This, and, British PM Winston Churchill’s insistence that Australian troops be used for the British war effort far from Australia’s shores led to Australians feeling betrayed by the ‘mother country’. John Curtin, despite stating “In the southern hemisphere, seven million Australians carry on a British community as trustees for the British way of life,”<sup>134</sup> felt that “Britain never thought that Japan would fight and made no preparation to meet that eventuality”<sup>135</sup>. This led to him famously declaring “Without any inhibitions of any kind, I make it quite clear that Australia looks to America, free of any pangs as to our traditional links or kinship with the United Kingdom.”<sup>136</sup>

US General Douglas MacArthur was appointed supreme commander of the South-West Pacific Area, with authority over all allied forces in the theatre, including Australia’s. MacArthur had been in charge of the defence of the Philippines before it fell to the Japanese. When he spoke to the Australian Parliament in March 1942 he said “We shall win or we shall die. And to this end, I pledge you the full resources of all the mighty power of my country, and the blood of my countrymen.”<sup>137</sup> This enthusiastic response greatly differed from that of the British. By putting Australian troops under MacArthur, Curtin gained a powerful ally and voice in Washington.<sup>138</sup> The beginning of Australia’s loosening of British ties had begun.

This led to the first time most Australians experienced another culture, albeit still a dominantly Anglo one. The American presence in Australia, referred to by some as the ‘American Invasion’. Due to Australia’s connection with Britain and its ‘Rule Britannia’ mentality, Hollywood was one of the very few American imports that made it

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<sup>134</sup> John Curtin, quoted in Gyngell & Wesley, *Making Australian Foreign Policy*, p210

<sup>135</sup> Ben Ulm, *Colour of War: The ANZACS, Episode 1*, Documentary, Film Australia Limited, NSW, 2004

<sup>136</sup> John Curtin, ‘The Task Ahead’, *Melbourne Herald*, 27 Dec. 1941, <http://john.curtin.edu.au/pmportal/text/00468.html> (accessed 9 July 2017)

<sup>137</sup> Ulm, *Colour of War*

<sup>138</sup> MacArthur was very popular with the American public, with the Republican Party perennially asking him to run for US President. His Napoleon like potential led Roosevelt to term him the ‘most dangerous man in America.’ By the end of the war the former US Army Chief of Staff, former President of the US Olympic Committee, was one of only four 5 star generals at the end of the war. See Evan Thomas, ‘The Most Dangerous Man In America: The Making of Douglas MacArthur’ by Mark Perry’ *The Washington Post*, 28 Mar. 2014, [https://www.washingtonpost.com/opinions/the-most-dangerous-man-in-america-the-making-of-douglas-macarthur-by-mark-perry/2014/03/28/74aa68e4-b049-11e3-a49e-76adc9210f19\\_story.html?utm\\_term=.81576f1c7e43](https://www.washingtonpost.com/opinions/the-most-dangerous-man-in-america-the-making-of-douglas-macarthur-by-mark-perry/2014/03/28/74aa68e4-b049-11e3-a49e-76adc9210f19_story.html?utm_term=.81576f1c7e43) (accessed 12 Mar. 2018)

through to Australia's shores prior to World War II, and most Australians saw Americans through Hollywood tinted glasses. There was no direct air route between the two nations, Australia only imported books published in Britain, American newspapers and magazines were years out of date by the time they reached Australian libraries and schools still focused their teachings around the distant motherland. This soon changed. Due to the presence of tens of thousands of American troops, Australia became flooded with American products, such as Coca-Cola, superhero comic books and even deodorant. Many Australians began to fear that their country would be permanently 'Americanized' by this subtle invasion.

Following the defeat of the Axis, Australia's relationship with Britain shifted. After the war, Australia stopped bandwagoning with Britain and started looking to America, turning from the 'mother country' to our 'older brother'. The ANZUS Treaty was signed in 1951. Though Menzies described himself as 'British to the boot straps,' and claimed "we do not and cannot think of the other British nations as foreign people,"<sup>139</sup> the British made little effort to keep Australia within its sphere of influence, gradually withdrawing from all Imperial responsibilities, culminating with their 1967 'East of Suez' Declaration. Menzies was disappointed with the British, but accepted the changes in the international sphere and firmed ties with the Americans, who were seen to have saved Australia from invasion. Between this 'transition period' between the two powers, Australia involved itself in affairs within the British sphere of influence such as the Malayan Emergency and Konfrontasi, while it participated in America's increasingly global sphere of influence, getting involved in Korea.

The enthusiasm the Australian public had had for the British transferred to the Americans. We continued to spill blood and treasure in service of bandwagoning with our 'great and powerful friends' bandwagon policy. After the 'East of Suez' Declaration, Australia was firmly within the sphere of US influence.

Following the 1949 Communist victory in China, Australian foreign policy was in two camps, due to Australia's transition period between the British and American spheres of influence: those wishing to follow the British lead and extend recognition on the basis of "The People's Republic was in effective control of China irrespective of whether one

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<sup>139</sup> Robert Menzies, quoted in Gyngell & Wesley, *Making Australian Foreign Policy*, p211

liked that government or not,”<sup>140</sup> and those wishing to follow the American argument that the Communists “...had to show that it had the support of the Chinese people and was an acceptable member of the international community.”<sup>141</sup> The Government deferred to the American argument, and continued to recognise the ROC.

A number of journalists, businessmen and peace delegates travelled from Australia to China between 1949 and 1956, often without consulting the Australian government. These visits received little attention from the authorities. By 1956, the government became concerned at these visits, as a large number of Australian communists were visiting the PRC. On the domestic political front, the Coalition used anti Communist rhetoric to win over voters, partly to entice preferential votes from the strongly anti Communist Democratic Labor Party, formed in following the ALP split in 1955 due to fears of Communist infiltration of the trade unions. Menzies was able to combine twin fears of the ‘yellow peril’ of Asians and the ‘red menace’ of Cold War Communism “From the Korean War the perception of China as the embodiment of militant and subversive communism became the strongest strategic bond binding Australia and America...and provided a rationale for resisting what Menzies called the ‘southwards thrust’”<sup>142</sup>

Australia’s first large scale trade with the PRC occurred in 1960 when Country Party Leader, and Deputy Prime Minister John McEwen authorised the selling of wheat to China during its great famine, in defiance of a US trade embargo. The wheat trade would become important to both countries in the 1960s, with Australia supplying around 40% of China’s wheat imports, which amounted to a quarter of Australia’s wheat exports. Trade later expanding to other primary produce such as wool, despite not recognising the PRC as the legitimate government of China.

Australian troops had fought the Chinese during the 1950-1953 Korean War and only a couple of years after the establishment of the wheat trade between the two, Australia got involved in the Vietnam War, where the PRC was sending military advisers. When

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<sup>140</sup> Derek McDougall, *Studies in International Relations: The Asia-Pacific, The Nuclear Age, Australia*, Second Edition, Hodder Education, Rydalmere, 1997, p403

<sup>141</sup> Ibid

<sup>142</sup> James Curran, ‘The world changes: Australia’s China policy in the wake of empire’, James Reilly & Jingdong Yuan (eds.), *Australia and China at 40*, University of New South Wales Press, Sydney, 2012, p27

announcing that Australia was sending troops to South Vietnam, Menzies said “The takeover of South Vietnam would be a direct military threat to Australia...it must be seen as a thrust by Communist China between the Indian and Pacific Oceans.”<sup>143</sup> Such was the fear of the orange peril posed by Beijing and its proxies, that External Affairs Minister Paul Hasluck visited the Kremlin to try persuade Moscow to join the US in Vietnam.<sup>144</sup>

### Shangri-La

During the Vietnam War BHP continued to export steel to China.<sup>145</sup> In 1962-1964, exports to PRC were 6% of Australia’s total.<sup>146</sup> In 1963, the AWB - then under direct ministerial supervision - sold one third of Australian wheat to the PRC, worth \$128.2 million,<sup>147</sup> which went up to almost all of Australia’s crop in 1964. Due to the ‘price stabilisation’ scheme at the time, the wheat sales were taxpayer subsidised, and China diverted some of the shipments to its allies North Korea and Cuba.<sup>148</sup>

There was some controversy about Australia still selling wheat to the PRC while fighting a war to stop the ‘orange peril’ in Vietnam with accusations of ‘we are feeding the enemy’, with Opposition Leader Arthur Calwell arguing:

The Government justifies its actions on the ground of Chinese expansionist aggression. And yet this same Government is willing to continue and expand trade in strategic materials with China. We are selling wheat, wool and steel to China. The wheat is used to feed the armies of China. The wool is used to clothe the armies of China. The steel is used to equip the armies of China. Yet the Government which is willing to encourage this trade is the same Government which now sends Australian troops, in the words of the Prime Minister, ‘to prevent the downward thrust of China’ The Government may be able to square its conscience on this matter, but this is logically and morally impossible.<sup>149</sup>

Menzies argued that it was possible to compartmentalise trade and politics, something that Howard would incorporate into his own domestic rhetoric decades later. The other partner in the Coalition, the Country Party also needed to placate its core rural

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<sup>143</sup> Robert Menzies, quoted in McDougall, *Studies in International Relations*, p404

<sup>144</sup> Gregory Clark, ‘Australia’s China policy adrift’, *Japan Times*, 5 Aug. 2016, <http://www.japantimes.co.jp/opinion/2016/08/05/commentary/world-commentary/australias-china-policy-adrift/#.V6Vxkvl96Uk> (accessed 5 Aug. 2016)

<sup>145</sup> Curran, ‘The World Changes’, p28

<sup>146</sup> Edmund Fung & Colin Mackerras, *From Fear to Friendship: Australia’s Policies towards the Peoples Republic of China, 1966-1982*, University of Queensland Press, Brisbane, 1985, p84

<sup>147</sup> Ibid, p83

<sup>148</sup> James Cotton, ‘From Kapyong to Kapyong: A cycle in Australia-China relations’, *Australia and China at 40*, p63

<sup>149</sup> Arthur Calwell, *Commonwealth Parliamentary Debates (CPD)*, House of Representatives, 4 May 1965, p1102-07



constituency, which would be devastated if such a massive consumer of primary produce stopped purchasing its goods. McEwen justified the position by saying “I know of no incident in history where peace and goodwill have been fostered by a government setting out to deny the people of another country ordinary foodstuffs.”<sup>150</sup>

Menzies had a history of compartmentalising trade and politics. In 1938, the Lyons Government imposed an embargo on Japan, following its 1937 invasion of China. BHP was allowed to continue to ship small amounts of pig iron to Japan, following the intervention of Menzies, earning him the nickname ‘Pig-Iron Bob’ after preventing a union attempt to ban the trade completely.<sup>151</sup> This pig iron was used to fuel the Japanese war machine, a machine Australians would become intimately acquainted with in just a few short years. In 1957, just 12 years after WWII, Menzies signed a trade agreement with Japan.

In 1970, Canada recognised the PRC as the legitimate government of China. Beijing declined to buy Australian wheat that year, offering the contract to Canada. For some time, communist China had been annoyed by Australia’s refusal to formally recognise its existence, and in 1971...threatened to cut its trade contract with the Australian Wheat Board.<sup>152</sup> The flaws in the Coalition’s compartmentalising of economics and security were exposed. The ALP Opposition, under Gough Whitlam, claimed that this was due to Australia failing to recognise the PRC. “If we could persuade every Chinese person to have a spoonful of sugar a year that would take care of the Queensland sugar crop, and if every Chinese person wore one sock that would take care of the wool crop”<sup>153</sup> is how he highlighted the PRC’s importance to Australia’s economy. Whitlam requested an invitation from Zhou Enlai, the Premier of the PRC and the ‘Comrade number two’ in the Chinese Communist hierarchy, behind Mao Zedong, to visit China.

Whitlam led a delegation to Beijing in July 1971, where he met with Zhou. On his way back to Australia, Whitlam visited Japan. While at a dinner with the Australian Ambassador and others he said he was “glad to be a pathfinder for Nixon: it will make things easier for him at home and for people all over the world.”<sup>154</sup> The Coalition, under

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<sup>150</sup> John McEwen, quoted in McDougall, *Studies in International Relations*, p405

<sup>151</sup> Uren, *The Kingdom and the Quarry*, p222

<sup>152</sup> Megalogenis, *The Australian Moment*, p16

<sup>153</sup> Ibid

<sup>154</sup> Curran, ‘The World Changes’, p32

Billy McMahon used the visit to continue associating the ALP with communism, saying the Chinese were manipulating Whitlam. Despite his Japanese comments, Whitlam put the China visit in the context of a new found Australian independence for his domestic audience. McMahon's attack backfired when it was announced that US President Richard Nixon would be visiting PRC in 1972. In fact, it emerged that Nixon's National Security adviser, Henry Kissinger was in Beijing at the same time as Whitlam, to arrange Nixon's visit, though Whitlam was unaware of this at the time.

Whitlam became prime minister on the 5<sup>th</sup> December 1972, and eleven days later Australia recognised the PRC, the official statement reading:

"The Australian Government recognises the Government of the People's Republic of China as the sole legal Government of China (and) acknowledges the position of the Chinese Government that Taiwan is a province of the People's Republic of China."<sup>155</sup>

In January 1973, Australia re-opened its embassy in Peking, resuming diplomatic relations with mainland China after 24 years.

Following the formal political recognition of the PRC, trade increased. Paramount Leader Deng Xiaoping told a delegation of Australian scientists visiting China in 1973 that China was a poor country and in need of scientific exchanges and learning from advanced nations such as Australia. He also told the scientists to see the backwardness of China and not just its achievements during their visit.<sup>156</sup> Both admissions were unprecedented from a Chinese leader. Deng chose his audience because he wanted to expand the relationship between Australia and the PRC from just agricultural products, and he knew that our closeness to the US would ensure the message reached them too, signalling China's desire to 'open up'.

Minister for Trade and for Secondary Industry (and future Treasurer and Deputy Prime Minister) Jim Cairns led a mission to China in May 1973, where he met top Communist officials, including Zhou. A trade agreement was signed in July, giving each country most favoured nation status. Cairns claims that Australian trade with China increased fivefold, from \$200 million before the Cairns visit to \$1 billion the following year<sup>157</sup> though other sources give more modest increases, stating that, despite wheat prices

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<sup>155</sup> McDougall, *Studies in International Relations*, p406

<sup>156</sup> Kissinger, *On China*, p322

<sup>157</sup> Jim Cairns, 'interview with Robin Hughes', *Australian Biography Project*, 25 May 1988, <http://www.australianbiography.gov.au/subjects/cairns/interview7.html> (accessed 14 Jan. 2013)

collapsing, exports to China rose from \$37.3 million in 1971-1972 to \$161 million in 1973-1974<sup>158</sup> with imports over the same period rising from \$41.3 million to \$71.3 million.<sup>159</sup> On 31 October 1973, Whitlam became the first prime minister to visit the People's Republic of China, by December Australia had agreed to sell iron ore to China.

The Fraser Government accepted Whitlam's changes, and because of Malcolm Fraser's anti-Soviet views, Australia sided with the PRC in its conflicts with the USSR and Vietnam. The Government established the Australia-China Council in 1978, whose role is the further understanding of each other in their respective nation. Wheat, iron ore and sugar were the main exports between the two nations, and Australia was China's third largest trading partner, behind Japan and West Germany. 1981-1982 Australian exports amounted to \$608.32 million.<sup>160</sup> Fraser was to continue the Coalition 'compartmentalisation' policy, with grain exports to the USSR almost tripling between 1979 and 1982,<sup>161</sup> ignoring (and benefiting) from a USA imposed embargo in response to the invasion of Afghanistan. This is despite Fraser's assertion that the Soviet Union was a threat to world peace.

Under the Hawke Government, various high ranking Chinese officials visited Australia. Premier Zhao Ziyang visited Australia in April 1983, though he had been invited by Fraser. Following his return from his first visit to China in 1984, Hawke enthusiastically endorsed the Party leadership and spoke of reducing Australia's reliance on Japan. He claimed China would provide an immense market for Australian raw materials and manufactured goods and that "power would be derived from the benefits of economic liberalism, and not, as Mao had put it, from the barrel of a gun"<sup>162</sup> Members of the Hawke government began to speak of a 'special relationship' with the PRC.

Party Secretary Hu Yaobang visited in April 1985. In the 1980s, China's two largest foreign investments, worth a combined \$310 million were both in the Australian resources sector.<sup>163</sup> Australian investment in China only began after China's economic reforms of 1984, and "was China's first bilateral aid donor, following the signing of a

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<sup>158</sup> Fung & Mackerras, *From Fear to Friendship*, p170

<sup>159</sup> Ibid, p84,194

<sup>160</sup> Ibid, p262

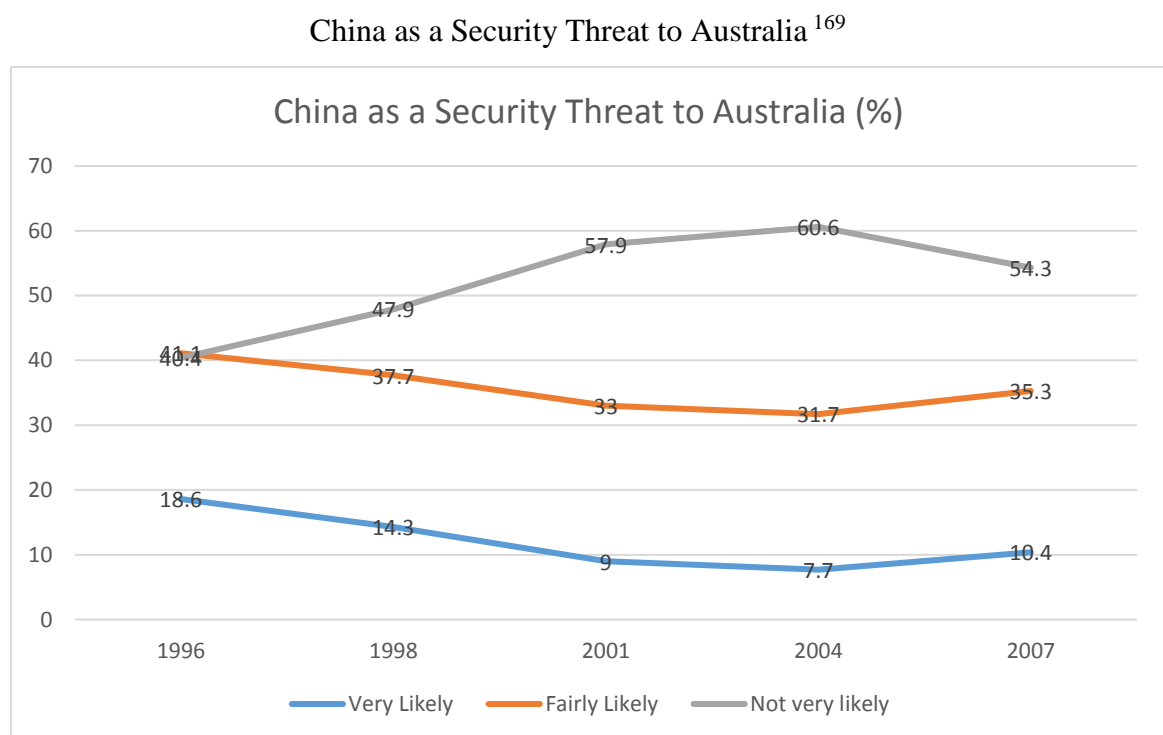
<sup>161</sup> Firth, *Australia in International Politics*, p41

<sup>162</sup> Kendall, *Ways of Seeing China*, p180

<sup>163</sup> Garnaut, *Australia and the Northeast Asian Ascendancy*, p98

Technical Cooperation Agreement in 1981.”<sup>164</sup> In 1984-1985, Australian exports exceeded \$1billion,<sup>165</sup> with wheat still accounting for 51% of exports.<sup>166</sup> In 1985, Australia sold its World War II era aircraft carrier HMAS Melbourne to the China United Shipbuilding Company for A\$1.4 million for scrapping.<sup>167</sup> The ship was not scrapped immediately, with People’s Liberation Army Navy (PLAN) experts examining the ship. From these studies, China’s current aircraft carrier program was born. Australia helped the PRC commence its application to GATT, the predecessor to the WTO in 1987.<sup>168</sup> Relations soured following the Tiananmen Square massacre in June 1989, with the Hawke government, guided by its idealistic and humanitarian ideologies imposing sanctions on the PRC.

Periodically, public surveys were undertaken to gauge the Australian public feelings towards China as a threat.



<sup>164</sup> Ibid, p101

<sup>165</sup> FA Mediansky & AC Palfreeman (eds.), *In Pursuit of National Interests: Australian Foreign Policy in the 1990s*, Pergamon press, Sydney, 1988

<sup>166</sup> White & Young, *Australia's Relations with Asia*, pg. 123

<sup>167</sup> See Andy Lee, *China's aircraft carriers: An interactive guide*, 2011, <http://chinageeks.org/2011/10/chinas-aircraft-carriers-an-interactive-guide/> (accessed 18 Sept. 2012); and David Hobbs, HMAS Melbourne (II) – 25 Years On, *The Navy*, Vol. 69, No. 4, The Navy League of Australia, 2007, [http://navyleague.org.au/wp-content/uploads/2012/06/The-Navy-Vol\\_69\\_No\\_4-Oct-2007.pdf](http://navyleague.org.au/wp-content/uploads/2012/06/The-Navy-Vol_69_No_4-Oct-2007.pdf) (accessed 18 Sept. 2012)

<sup>168</sup> Garnaut, *Australia and the Northeast Asian Ascendancy*, p153

<sup>169</sup> Ian McAllister & Juliet Clark, 2008 *Trends in Australia Political Opinion: Results from the Australian Election Study, 1987–2007*, p36, 74, <http://assda.anu.edu.au/aestrends.pdf> (accessed 15th January 2013)

In 1996, at a time when the Howard Government and PRC were at loggerheads (discussed in another section), almost a combined 59% of the population saw China as a threat. This decreased to a combined 52% in 1998, and 42% in 2001. The latter was a result not only of the conscious effort put in by Australia and China to repair the relationship, the GWOT also led focus away from the Asia-Pacific and Islamic terrorism replaced the yellow peril as Australia's bogeyman, and the increasing trade relationship between the two nations was feathering the pockets of more Australians. This combination led to a historic low of only 39.4% in 2004.<sup>170</sup> Opinion polls are not needed, however, to gauge Australia's traditional attitudes to China and the cultural constraints they created on policymakers.

## Conclusion

As this chapter has shown, NCR is multifaceted, with an enormous scope for use in international relations. While still very much based on Realism, and heavily borrowing themes from Neorealism and Classical Realism, NCR is different to both and provides a more coherent approach to foreign policy as it takes into consideration systematic and unit level variables. During the Howard Era, his political leadership was dominant. Despite this he could not act alone. Domestically, he had to frequently placate and negotiate with the other players to pass his ideologically driven agendas, and the environment of the international sphere constrained his actions. This chapter has furnished the theoretical underpinning required to provide the necessary NCR understanding in which to examine the Howard Government's relationship with China.

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<sup>170</sup> Murray Goot, 'Neither entirely comfortable nor wholly relaxed: Public opinion, electoral politics, and foreign policy', James Cotton & John Ravenhill (eds.), *Trading on Alliance Security: Australia in World Affairs 2001–2005*, Australian Institute of International Affairs, Oxford University Press, South Melbourne, 2006, p291

# CHAPTER II: Howard, China and the Trough of 1996

## Introduction

While in 2017 Australia's China policy appears something of a jumble, 1996 was the worst year for Sino-Australian relations since the Whitlam recognition. Asia's leaders knew what to expect from Australia under Hawke-Keating, Howard, though unknown, was already viewed warily due to his disparaging words and actions in the 1980s, drawing fears that he would take Australia back to its 'White Australia' days. The events of 1996 acted to confirm those suspicions. Those events include: the Taiwan Straits Crisis (and the Australian response); the Sydney Statement; the cancellation of DIFF (Development Import Finance Facility); condemnation of Chinese nuclear testing, while agreeing to sell uranium to Taiwan; the Dalai Lama visiting Australia and meeting Howard; Primary Industries Minister John Anderson (and future Deputy Prime Minister) visiting Taiwan; and "above all, Howard's 'tardy' response to the Pauline Hanson phenomenon."<sup>1</sup>

Sercombe states that at the beginning of a government the bureaucrats are usually more influential than the minister, as they possess institutional knowledge on what is required to run a state.<sup>2</sup> Due to the 'Night of the Long Knives,'<sup>3</sup> and being out of power for so long, the Coalition deprived itself of this institutional knowledge. "The inevitable learning period is complicated by the desire of the new administration to legitimize its rise to office by alleging that all inherited problems are the policy faults of its predecessor and not inherent problems; they are deemed soluble and in a finite time."<sup>4</sup> It was during this period in 1996 that Howard made his series of mistakes in regards to China. To help understand his actions, we must examine the context around Howard's rise to power.

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<sup>1</sup> Mohan Malik, 'Australia and China: Divergence and Convergence of Interests', James Cotton & John Ravenhill (eds.), *The National Interest in a Global Era: Australia in World Affairs 1996-2000*, Australian Institute of International Affairs, Oxford University Press, South Melbourne, 2001, p112

<sup>2</sup> Sercombe, interview with author

<sup>3</sup> Discussed in further detail in a later chapter

<sup>4</sup> Kissinger, *On China*, p377

## **Lazarus with a triple bypass – Howard’s road to the top**

John Howard was elected to Parliament in 1974. He rapidly rose through the ranks, becoming treasurer in the Fraser Government in 1977 and stayed in that position until Fraser’s defeat to Hawke in 1983. In August 1980, the IMF determined whether Beijing would be credited Taiwan’s gold deposits at the fund. As treasurer, Howard instructed the Australian representative at the IMF to vote in Taipei’s favour, calling the PRC proposal “international financial brigandry.”<sup>5</sup> Taiwan narrowly won the vote. Following the defeat of the Fraser Government in 1983, Howard stood for the leadership of the Liberal Party, losing the internal ballot 36-20 to Andrew Peacock.<sup>6</sup> Howard became deputy leader and shadow treasurer. Malcolm Fraser alleged in his memoirs that in 1977 Howard told him that Australia should not take in too many Vietnamese refugees.<sup>7</sup>

On 17 March 1984, prominent academic and inaugural Chair of the Australia-China Council, Geoffrey Blainey told a group of Rotarians in Warrnambool that the pace of Asian immigration was in advance of public opinion. He further developed these views in *All for Australia*.<sup>8</sup> Following the controversy of Blainey’s Warrnambool speech, Michael Hodgman the Coalition Shadow Immigration spokesman, and father of future Tasmanian Premier Will Hodgman, called for the Opposition to take up Blainey’s call and restrict Asian immigration, arguing such a policy would help the Liberals win up to a dozen seats.<sup>9</sup>

Peacock agreed and declared that if elected he would make up for the shortfall of decreasing Asian immigration by increasing European immigration. Howard took advantage of this to further his leadership claims against Peacock; in a speech in Parliament he called for a bipartisan approach to migration and stated that the Coalition would not make race an issue at the next election. This was enough to sink the Peacock/Hodgman proposal.<sup>10</sup> Peacock demanded Howard assure him he would not seek the leadership. Following Howard’s refusal Peacock tried and failed to have the party room sack him as deputy. In September 1985, Peacock resigned following this

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<sup>5</sup> Howard, *Lazarus Rising*, p512

<sup>6</sup> Ibid, p140

<sup>7</sup> Ibid, p135

<sup>8</sup> See Geoffrey Blainey, *All for Australia*, Methuen Haynes, North Ryde, N.S.W, 1984

<sup>9</sup> Kendall, *Ways of Seeing China*, p198

<sup>10</sup> Ibid

rebuttal, with Howard winning the subsequent internal ballot 38-32.<sup>11</sup> While deputy, Howard even mentioned that he harboured a dream of becoming foreign minister.<sup>12</sup> The accidental leader duly sacked Peacock from the shadow ministry in March 1987 after an expletive-soaked car phone conversation about Howard with Victorian Liberal leader Jeff Kennett.

In May 1984, businessman Hugh Morgan (who would later become the founding Chairman of the Asia Society Australia in 1997) gave a speech at the Australian Mining Industry Council (now known as the Minerals Council of Australia) annual minerals outlook seminar with an audience including Hawke and other Cabinet members. In his speech Morgan warned of the perils of Aboriginal ‘sovereignty’, the Christian doctrinal basis of the mining industry; the heroism of white settlement; and the barbaric nature of Aboriginal society, commenting on “the partiality of the Aborigines for the particular flavour of the Chinese, who were killed and eaten in large numbers.”<sup>13</sup> This speech kicked off a mining industry funded campaign against Aboriginal land rights reform. Both Blainey’s and Morgan’s “lines of argument led to the same conclusion: that Australia was turning into a land of tribes; that an inevitable clash of cultures would shatter the nation.”<sup>14</sup>

The Liberals released their policy and philosophy manifesto *Future Directions: It’s Time for Plain Thinking* in 1988.<sup>15</sup> This manifesto was to later influence the direction of the Howard Government. The key metaphor used was of the traditional family in front of a white-picket fence, giving the impression of being ‘comfortable and relaxed.’<sup>16</sup> This was to appeal to notions of economic and social stability to not just the family unit, but the nation in general, key tenets of Liberal ideology. The decisions made by the later Howard Government were made with the family and the picket fence in mind.

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<sup>11</sup> Howard, *Lazarus Rising*, p151

<sup>12</sup> Hugh White, ‘Can John Howard take on the World?’, *Sydney Morning Herald*, 13 June 1986

<sup>13</sup> Paul Kelly & Patrick Walters, ‘Land Rights: a step back to paganism’, *Sydney Morning Herald*, 3 May 1984, p1, 3

<sup>14</sup> David Marr, ‘David Marr on Pauline Hanson’s political dalliance with Joh Howard’, *WA Today*, 24 Mar. 2017, <http://www.watoday.com.au/good-weekend/david-marr-on-hansons-political-dalliance-with-howard-20170322-gv3okm.html> (accessed 24 Mar. 2017)

<sup>15</sup> See Liberal Party of Australia, *Future Directions: It’s Time for Plain Thinking*, Liberal Party of Australia, Canberra, 1988

<sup>16</sup> Tony Wright, ‘In wanting what he’d been denied, John Howard picked two words and a fence to save career’, *Sydney Morning Herald*, 28 Feb. 2016, <http://www.smh.com.au/federal-politics/political-news/in-wanting-what-hed-been-denied-john-howard-picked-two-words-and-a-fence-to-save-his-career-20160228-gn5k5r.html> (accessed 3 Mar. 2016)



In July 1988, Howard reversed the position on Asian immigration that won him the leadership when he made the first of his ‘One Australia’ speeches at Esperance, WA. These speeches outlined Howard’s discomfort with multiculturalism, preferring assimilation of ‘New Australians’<sup>17</sup> (the term he grew up with). On 1<sup>st</sup> August 1988, Howard was asked in a radio interview if the rate of Asian immigration was too fast. Howard replied “I think there are some people who believe it is...it would be in our immediate-term interest to be supportive of social cohesion if it were slowed down a little, so the capacity of the community to absorb was greater.”<sup>18</sup> *The Australian*’s Greg Sheridan said Howard’s position was ‘foolish and/or politically dishonest’. He mocked Howard, asking which Asians he wanted to deny entry to. “Does he mean Polish Jews from Israel, Indian doctors, Hong Kong businessmen, Indo-Chinese refugees who fought alongside Australian troops in Vietnam?”<sup>19</sup> Howard’s comments led to other conservative politicians commenting on migration. National Party leader Ian Sinclair said there were too many Asians coming into Australia, while Nationals Senator John Stone, a former head of treasury, said “Asian immigration has to be slowed. It is no use dancing around the bushes.”<sup>20</sup>

After these remarks Hawke introduced a motion in Parliament declaring that race should never be used as a criterion to determine migration into Australia. The Howard led Coalition voted against the resolution, with Howard, channelling the same sentiments as Pauline Hanson would several years later, arguing “I will never abandon the sovereign right of this country to decide who will be a permanent citizen of this nation.”<sup>21</sup> Four members, including former Immigration Minister Ian Macphree, future Immigration Minister and Attorney General Philip Ruddock, and former Premier of SA Steele Hall crossed the floor and supported the ALP motion. The whole ordeal weakened Howard’s standing within the party and with the press gallery (as well as with parts of the general public). This was to culminate in Howard being replaced as Leader in May 1989, losing the internal ballot 44-27 to Andrew Peacock,<sup>22</sup> the man he had replaced in 1985. After this defeat, Howard described his chances of returning to the leadership as “Lazarus with a triple bypass.”<sup>23</sup>

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<sup>17</sup> Howard, *Lazarus Rising*, p173-74

<sup>18</sup> Megalogenis, *The Australian Moment*, p199

<sup>19</sup> Ibid

<sup>20</sup> Ibid

<sup>21</sup> Ibid, p201

<sup>22</sup> Howard, *Lazarus Rising*, p180

<sup>23</sup> Ibid

Paul Keating launched *One Nation* in February 1992 as a recession buster response to the John Hewson (who had defeated Peacock in 1990) manifesto *Fightback!*. *One Nation* stipulated a one-off payment of \$300 million was to be sent to families. This one off payment was a template for future political escapes. Howard used it in 2001 and 2004,<sup>24</sup> and Kevin Rudd used it in 2008. In the 1993 election, Hewson had underestimated the extent to which Australians wanted government to look after them, and lost. The next Coalition Prime Minister would offer the middle class a new form of protection in the form of the white-picket fence to defeat Labor.<sup>25</sup>

In May 1994, after months of speculation on his position as leader, Hewson called a leadership ballot. He was defeated by the 'new generation' of Downer 43-36 in the ballot. Peter Costello was voted deputy leader unopposed. Howard was told not to bother running and voted for Downer.<sup>26</sup> Downer found himself immensely popular, being seen as part of the 'new generation'. In July 1994 "Newspoll had him ranked number one in 374 polls listing the approval ratings of all Opposition leaders since the mid-1980s."<sup>27</sup> Downer's downfall began over Native Title legislation. He told a WA Liberals meeting he supported repealing aspects of the 1993 Native Title Act, which was at odds with then Party policy. Then on a visit to NT he made comments during interviews that contradicted both his earlier statements and party policy. This led to a 17% fall in his approval rating.<sup>28</sup> Further negative media press followed when Downer dumped Hewson from Cabinet, and it was revealed that Downer had addressed a League of Rights meeting in 1987.

Downer and his staff had been working on a policy manifesto to replace *Fightback!* to take to the next election, naming it *The Things That Matter*. The title was an attempt to highlight what the Liberals felt was Paul Keating's obsession with symbolic issues at the detriment of 'bread and butter' issues. At the launch of the policy on 5<sup>th</sup> September 1994 at a NSW Liberals function, Downer used his sense of humour to describe individual sections of the manifesto, jokingly give them names that rhymed with the

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<sup>24</sup> Megalogenis, *The Australian Moment*, p234

<sup>25</sup> Ibid, p249

<sup>26</sup> Howard, *Lazarus Rising*, p203

<sup>27</sup> Tony Wright, 'Taking His Leave', *The Age*, 2 July 2008, <http://www.theage.com.au/national/taking-his-leave-20080701-303e.html> (accessed 27 Aug. 2012)

<sup>28</sup> Howard, *Lazarus Rising*, p204

title. The section dealing with children was ‘the things that patter’, family policy was ‘the flings that matter’, and domestic violence was ‘the things that batter’. Making fun of what was meant to be the cornerstone of his election battle led to another nosedive in his approval ratings. Soon it was reported that the “Newspoll list that ranks Downer top of the approval ratings also ranks him at the very bottom of that list of 374 polls - by December 1994, he had...a net approval rating of...a shattering minus 49.”<sup>29</sup> Internal party research showed the Liberals would lose 30 seats in an election under Downer, but would win under Howard.<sup>30</sup>

However, as he himself acknowledged, Howard’s “remarks about Asian immigration still bothered some of my close friends,”<sup>31</sup> and some in the media suggested that these remarks were the reason Howard had not been restored to the leadership, though Howard felt he had addressed the issue by discussing it at a dinner with Chinese community groups on the same day Downer was made leader. Nonetheless, Howard took steps to change that perception and *The Weekend Australian* published an article reporting that his comments on Asian immigration in 1988 were wrong, quoting Howard as saying “I’m sorry...[if] my remarks were seen by Australians of Asian descent as suggesting that I regard them in any way as lesser Australians than any other Australians, then I regret that very much.”<sup>32</sup>

Howard refused to run for the leadership until he could be sure he would be elected unopposed.<sup>33</sup> He held meetings with senior Liberals, including Downer’s deputy and shadow treasurer, Costello. In December 1994, Howard was meeting with Downer himself. On the 24<sup>th</sup> January 1995 Downer and Howard had dinner at Melbourne’s Athenaeum Club. Downer told Howard he would resign from the leadership at the party meeting on the 30<sup>th</sup> January and supported an uncontested transfer of leadership to Howard. Howard said he would make Downer Shadow Foreign Minister with the expectation implied he would be Foreign Minister upon winning the next election. Downer made a public announcement on Australia Day and Howard was elected

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<sup>29</sup>Wright, ‘Taking His Leave’

<sup>30</sup> Howard, *Lazarus Rising*, p208

<sup>31</sup> Ibid, p207

<sup>32</sup> Greg Sheridan, “I was wrong on Asians’, says Howard’, *Weekend Australian*, 7<sup>th</sup>-8<sup>th</sup> January 1995

<sup>33</sup> Howard, *Lazarus Rising*, p207

unopposed a few days later. Downer himself threatened to “kneecap” anybody who undermined Howard’s leadership.<sup>34</sup>

Downer’s eight-month leadership is the shortest tenure by a Liberal, and he was the first Liberal Opposition Leader to not take his party to an election. Downer earned enormous respect and goodwill within the party for selflessly stepping down from the leadership for the greater good and was granted the right to choose his own cabinet position. Downer was to become Australia’s longest serving Foreign Minister. During the 1996 election campaign Downer stated “Closer engagement with Asia will be our highest foreign policy priority.”<sup>35</sup> Throughout the Howard Era Downer served as Howard’s right hand man and his closest confidant in all matters, not just in international affairs.<sup>36</sup> He achieved this by ensuring no policy gaps with Howard, meaning that Downer’s and Howard’s outlook on foreign policy was the same. He went down with the ship, serving as Howard’s go-between with the rest of the government on whether Howard should resign as Prime Minister prior in the 2007 election, with Downer saying it would be “more like executing your father than sacking your boss”<sup>37</sup>

With its successes in multilateral forums on the world stage,<sup>38</sup> the ALP definitely had an edge over the Coalition in foreign policy in 1996. During the election campaign, Keating quipped that “All these leaders [in Asia] will speak to [Howard]...but they will not deal with him”<sup>39</sup> summing up the ALP view that Howard was a foreign policy novice and his ideological views were a White Australia relic. It reminded many of Howard’s 1988 remarks, portraying him as “a racist, deeply uncomfortable with cultural diversity and hankering for a return to a 1950s monoethnicity.”<sup>40</sup> Howard, aware of the

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<sup>34</sup> See Ian Ward, ‘Political Chronicle-Commonwealth’, *Australian Journal of Politics and History*, Vol. 41, No. 3, Dec. 1995, p445

<sup>35</sup> Alexander Downer, quoted in David Lague, ‘Howard Would Bring in US Weapons’, *Sydney Morning Herald*, 12 Feb. 1996

<sup>36</sup> Greg Hunt, quoted in Graeme Dobell, *The Downer legacy Part 1: Howard and Downer*, Lowy Interpreter, Lowy Institute for International Policy, Sydney, 26 Nov. 2008, [http://www.lowyinterpreter.org/post/2008/11/The-Downer-legacy-\(part-1\)-Howard-and-Downer.aspx](http://www.lowyinterpreter.org/post/2008/11/The-Downer-legacy-(part-1)-Howard-and-Downer.aspx) (accessed 9 Aug. 2012)

<sup>37</sup> Tony Abbott, ‘Captain John’, *Quadrant Magazine*, 1 Sept. 2008, <https://quadrant.org.au/magazine/2008/9/captain-john/> (accessed 20 June 2016)

<sup>38</sup> Among other things, the Hawke Government set up AUSMIN, Keating was instrumental in setting up APEC (see Paul Keating, *Asia in the New Order: Australia’s Diminishing Sphere of Influence*, The Keith Murdoch Oration State Library of Victoria, 14 Nov. 2012), and Gareth Evans received worldwide praise for his role in the Cambodian Peace Process, which led to Australia commanding the biggest ever UN peacekeeping operation, UNTAC

<sup>39</sup> Paul Keating, quoted in Michael Dwyer & Louise Dodson, ‘PM Questions Howard’s Pull in Asia Region’, *Australian Financial Review*, 2 Feb. 1996

<sup>40</sup> Wesley, *The Howard Paradox*, p8

damage the remarks would cause responded with “Is he going to say that...I won’t be allowed into certain Asian countries? Perhaps I’m going to be declared a prohibited visitor to certain countries.”<sup>41</sup>

In an explicit effort to differentiate from the ALP, and because of its association with the activist Hawke-Keating Government, Downer preferred other terms to the ‘middle power’ label. At the Young Liberals Convention in February 1996, Downer claimed that Australia was “not just a middle power”<sup>42</sup> and to call Australia one was to self-impose limitations on Australia’s foreign policy.<sup>43</sup>

To say Australia is a middle power implies we are merely similar to a multitude of other countries, a mediocre power defined only by the size of our population. Worse, it suggests we are helplessly wedged between big and small powers with very little role to play. This sells us short...I do not accept Australia as merely a middle power. Rather, I believe Australia is a ‘pivotal’ power.<sup>44</sup>

Around the same time an article was published in *Foreign Affairs* giving a concrete and widely accepted definition of a pivotal power as its “capacity to affect regional and international stability. A pivotal state is so important regionally that its collapse would spell transboundary mayhem: migration, communal violence, pollution, disease, and so on. A pivotal state's steady economic progress and stability, on the other hand, would bolster its region's economic vitality and political soundness”<sup>45</sup>

Though Downer never used the ‘pivotal power’ term again,<sup>46</sup> he sporadically used other terms to try describe how he saw Australia’s place within the international structure, even using the middle power, though with a caveat: “We are a middle power with the capacity to influence events. We have to make our way in the world in a way other countries don’t.”<sup>47</sup> Other alternatives he used regularly were ‘significant power’<sup>48</sup> and

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<sup>41</sup> John Howard, quoted in Ibid

<sup>42</sup> Alexander Downer, *The myth of ‘little’ Australia*, National Press Club, Canberra, 26 Nov. 2003, [http://foreignminister.gov.au/speeches/2003/031126\\_press\\_club.html](http://foreignminister.gov.au/speeches/2003/031126_press_club.html) (accessed 13 Apr. 2016)

<sup>43</sup> Alexander Downer, *Australia: much more than a middle power*, Young Liberals National Convention, Adelaide, 8 Feb. 1996

<sup>44</sup> Ibid

<sup>45</sup> Robert Chase, Emily Hill & Paul Kennedy, ‘Pivotal states and US strategy’, *Foreign Affairs*, Jan./Feb. 1996, <https://www.foreignaffairs.com/articles/algeria/1996-01-01/pivotal-states-and-us-strategy> (accessed 11 Apr. 2016)

<sup>46</sup> Carl Ungerer, ‘Australia’s place in the international system: Middle Power, Pivotal Power or Dependent Power?’, Carl Ungerer (ed.), *Australian Foreign Policy in the Age of Terror*, University of New South Wales, Sydney, 2008, p33

<sup>47</sup> Alexander Downer, quoted in Gyngell & Wesley, *Making Australian Foreign Policy*, p11

<sup>48</sup> Alexander Downer, *Governance in the Asia Pacific – Challenges for the 21<sup>st</sup> Century*, Asia Research Centre, Murdoch University, Perth, 18 Aug. 1999, [http://foreignminister.gov.au/speeches/1999/990818\\_arc.html](http://foreignminister.gov.au/speeches/1999/990818_arc.html) (accessed 13 Apr. 2016)

‘considerable power’.<sup>49</sup> These terms were justified by Downer due to Australia having the 8<sup>th</sup>-13<sup>th</sup> largest economy (the fluctuations depending on the year he made the assertion), being the 6<sup>th</sup> largest nation by landmass, being in the top 25% for population, having 10% of the world’s biodiversity, the 12<sup>th</sup> highest military expenditure, being actively involved in global and regional conflicts, and having strong institutions and social cohesion.<sup>50</sup> Downer compared his views with the ALP’s, which he denigrated as supporting a “Little Australia.”<sup>51</sup>

Howard’s ‘Asia First, but not Asia only’ doctrine<sup>52</sup> evolved as a dig at Keating’s worldviews, with the Liberal Party’s election manifesto, *A Confident Australia*, remarking that Australia ought not apologise for its “historical links with Europe.”<sup>53</sup> It states “Australia’s foreign policy is about the promotion of Australia’s national interests in a practical realistic way. We do not subscribe to unrealistic notions of global idealism. Foreign policy must be pursued with a realistic perspective of how to advance Australia’s security and economic interests.”<sup>54</sup> Apart from its association with Australian identity, Howard did not see foreign policy as a major election issue, campaigning on domestic ‘bread and butter’ issues such as healthcare, taxation, families, and industrial relations.<sup>55</sup> Howard felt Keating’s ‘preoccupation with Asia’ was a ‘discordant priority’ and ‘completely removed’ from the daily lives of the electorate.<sup>56</sup> He continued with the ‘comfortable and relaxed’ theme:

Let me respond to your question by saying this, I would ... by the Year 2000 I would like to see an Australian nation that feels comfortable and relaxed about three things: I would like to see them comfortable and relaxed about their history; I would like to see them comfortable and relaxed about the present and I'd also like to see them comfortable and relaxed about the future. I want to see an Australian society where the small business sector is providing more jobs for young people. I want to see an Australian society that sees this country as a unique intersection of Europe, North America and Asia. Australia is incredibly lucky to have a European heritage, deep connections with North America, but to be geographically cast in the Asian/Pacific region and if we think of ourselves as that strategic intersection, then I think we have a remarkable opportunity to carve a special niche for ourselves in ... in the history of the next century.<sup>57</sup>

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<sup>49</sup> Downer, *The myth of ‘little’ Australia*

<sup>50</sup> See Downer, *The myth of ‘little’ Australia*; and Alexander Downer, *Should Australia Think Big or Small in Foreign Policy?*, Centre for Independent Studies: The Policymakers Forum, Sydney, 10 July 2006, [http://foreignminister.gov.au/speeches/2006/060710\\_bigorsmall.html](http://foreignminister.gov.au/speeches/2006/060710_bigorsmall.html) (accessed 22 Apr. 2016)

<sup>51</sup> Alexander Downer, *Labor’s Little Australia*, Sir Thomas Playford Memorial Lecture, Adelaide, 23 Aug. 2007, [http://foreignminister.gov.au/speeches/2007/070823\\_lla.html](http://foreignminister.gov.au/speeches/2007/070823_lla.html) (accessed 23 Apr. 2016)

<sup>52</sup> See Howard, ‘Asia First, Not Asia Only’ *Lazarus Rising*

<sup>53</sup> Liberal Party of Australia, *A Confident Australia: Coalition Foreign Affairs Policy*, Liberal Party of Australia, Melbourne, 1996

<sup>54</sup> Ibid

<sup>55</sup> Howard, *Lazarus Rising*, p218-220

<sup>56</sup> Ibid, p227

<sup>57</sup> John Howard, ‘An Average Australian Bloke’, interview, *Four Corners*, ABC, 19 Feb. 1996, <http://www.abc.net.au/4corners/content/2004/s1212701.htm> (accessed 30 Apr. 2015)

With a campaign framed around the ‘comfortable and relaxed’, white-picket fence theme, Howard won the 1996 election by 45 seats, a massive swing that gave him huge power within the Coalition to do what he wanted. For the first time in over a decade, the Coalition was back in power. Giving an interview celebrating a decade in power, Howard later stated that the essence of his political success was that “A whole lot of people like that picket fence... They may not have a picket fence, but they know what it means.”<sup>58</sup> Around the same time Keating described Howard as “a nationalist” and nationalism’s stock in trade as “jingoism, populism and exclusion of the most calculating kind.”<sup>59</sup> Following Howard’s 1996 election victory, the Coalition continued to distance itself from the ALP’s ‘big picture’ engagement with Asia, which Howard disparaged as “simple bromides masquerading as grand strategy.”<sup>60</sup> The focus in Australian foreign policy changed from the ALP’s definition of the national interest to one that reflected the Coalition’s. They also set about achieving their national interest by focusing on bilateral, not multilateral means.

The Howard Government’s Secretary of DFAT from 1996-1998, Philip Flood, received a phone call from Howard the Friday after the election win asking him to be secretary.<sup>61</sup> The previous secretary, former Bill Hayden adviser Michael Costello had already been sacked, due to his closeness with the Hawke-Keating Governments.<sup>62</sup> Costello went on to be Opposition Leader Kim Beazley’s chief of staff.<sup>63</sup> Howard had broken the convention that incumbent secretaries would serve out their terms under a new government, by immediately replacing six secretaries. The mass sacking of department heads in Canberra was given the moniker ‘Night of the Long Knives’<sup>64</sup> and former Editor-In-Chief of *The Australian* Paul Kelly described it as “the greatest blood-letting upon any change of government since Federation.”<sup>65</sup>

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<sup>58</sup> Wright, ‘In wanting what he’d been denied’

<sup>59</sup> Paul Keating in Michelle Grattan ‘Keating on Howard, Hitler and nationalism’, *The Age*, 12 July 2007, <http://www.theage.com.au/news/national/keating-on-howard-hitler-and-nationalism/2007/07/12/1183833608489.html> (accessed 4 Aug. 2014)

<sup>60</sup> Wesley, *The Howard Paradox*, p9

<sup>61</sup> Philip Flood, quoted in *The Howard Years: The Inside Story of the Howard Government*, ABC DVD, 2008, <http://www.youtube.com/watch?v=aj9zl01SCKQ> (accessed 30 August 2012)

<sup>62</sup> Ibid

<sup>63</sup> Stephen Mayne, ‘Where are 150-plus Hawke Keating staffers’, *Crikey*, 30 July 2004, <https://www.crikey.com.au/2004/07/30/where-are-150-plus-hawke-keating-staffers/> (accessed 1 Apr. 2016)

<sup>64</sup> Arthur Sinodinos, quoted in *The Howard Years*

<sup>65</sup> Paul Kelly, quoted in Gareth Evans, ‘Hawke-Keating governments perfected public service partnerships’, *The Canberra Times*, 5 Apr. 2016, <http://www.canberratimes.com.au/national/public-service/hawkekeating-governments-perfected-public-service-partnerhips-20160402-gnwxaf.html> (accessed 25 July 2016)

## Howard's First Hurdle

Chinese nationalism manifests itself in maintaining the historic boundaries of the Middle Kingdom. Chinese officials worry about secessionist movements within their borders, as those movements have different histories, cultures and identities which interfere with the official “process of national identity construction.”<sup>66</sup> This makes them sensitive to contact with these movements by other actors in the international system, as they fear this contact legitimises those movements. The two secessionist movements that have the most interaction with international actors are Taiwan and Tibet. This interaction allows those movements to influence groups within other states and gain power and attention for their cause. Issues deemed by Beijing to be its exclusive internal affairs – namely Taiwan, Tibet and human rights – represent the third rail<sup>67</sup> of diplomatic ties with China, as suppressing discussion of these topics are deemed core national interests of the PRC.

Party mouthpiece *The China Daily* reported that any attempt to raise these issues would be regarded as “Western infringements on China’s sovereignty, territorial integrity and core national interests”<sup>68</sup> and warns that the west must “stop intervening if they want to remain on good terms with China.”<sup>69</sup> Any state that has contact with either the Taiwanese or Tibetans will receive official complaints from the PRC, which, as it has grown stronger in the international sphere, will use resources to leverage its power against the offending state.<sup>70</sup> Australian policymakers have struggled to juggle part of the electorate who insist on a moralistic hard line and pragmatic accommodation of their largest trading partner’s demands that Australia stay out of its internal affairs.

According to the Garnaut Report, China took 2.9% of Australian exports in 1989, whereas Taiwan took 3.5%. In the same period imports from China counted for 2.2% of

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<sup>66</sup> Sterling-Folker, ‘Neoclassical realism and identity’, p123

<sup>67</sup> Third rail is a metaphor for an issue so controversial that it is ‘charged’ and off limits. It is expected any official broaching of a third rail issue will encounter some sort of consequences

<sup>68</sup> ‘Wrong stance on Tibet hinders ties with China’, *China Daily*, 5 Mar. 2009, [http://www.chinadaily.com.cn/opinion//2009-03/05/content\\_7538602.htm](http://www.chinadaily.com.cn/opinion//2009-03/05/content_7538602.htm) (accessed 20 May 2016)

<sup>69</sup> Ibid

<sup>70</sup> See Andreas Fuchs & Nils Hendrik Klann, ‘Paying a visit: The Dalai Lama Effect on International Trade’, *Journal of International Economics*, Vol. 91, No. 1, Sept. 2013, p164-177, [http://www.parisschoolofeconomics.eu/docs/koenig-pamina/article\\_dalailama\\_effect\\_on\\_internationaltrade\\_jie\\_2013.pdf](http://www.parisschoolofeconomics.eu/docs/koenig-pamina/article_dalailama_effect_on_internationaltrade_jie_2013.pdf) (accessed 11 Apr. 2016)



Australia's total, while Taiwan's share was 3.9%. Australian exports to Taiwan in 1992-1993 were \$2.682 billion (4.4% of Australia's exports), as opposed to 3.7%.<sup>71</sup> In 1992-1993, exports to China under Keating rose to \$2.268 billion, (3.7% of total Australian exports); imports were \$2.557 billion (4.2% of total Australian imports).<sup>72</sup> Throughout the entire period, Australia maintained a positive trade balance in trade between the two nations, in that it exported more to the PRC than it was importing. This changed in 1994-1995. While Australia's two-way trade with China was \$6.6 billion,<sup>73</sup> Australian exports totalled \$2.96 billion, while imports were \$3.65 billion<sup>74</sup>, leading to an Australian negative trade balance of -\$690 million. This is significant, in that though the PRC was still buying primary goods from Australia, it was starting to export mass produce cheap manufactured goods in return.

Australia's trade relations with Taiwan from the recognition of the PRC as the legitimate government to the early 1990s continued to expand, though usually with a Taiwanese positive trade balance. The goods traded were similar to those with the PRC, Australia traded primary products such as wool and wheat and purchased manufactured products in return. On some occasions, Australia trade with Taiwan exceeded trade with the PRC.<sup>75</sup> Unofficial trade missions were exchanged and the Australian Chamber of Commerce set up a trade office in Taipei.<sup>76</sup>

In 1994 universal suffrage was introduced in Taiwan, laying the groundwork for the direct election of the Taiwanese President. This coincided with a resurgence in national Taiwanese identity as being distinct from Chinese identity. Among the chief advocates for Taiwanese identity and independence was Lee Teng-hui, the Nationalist Party chairman. Lee personified everything Beijing disliked about Taiwanese officials. A Taiwanese native (as opposed to an exile from the mainland), Lee had grown up during Japan's colonisation of Taiwan, had studied in Japan and served in the Imperial Japanese army in WWII.

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<sup>71</sup> See Garnaut, *Australia and the Northeast Asian Ascendancy*

<sup>72</sup> McDougall, *Studies in International Relations*, p407

<sup>73</sup> Kaye Healey (ed.), *Our Place in Asia, Diplomatic, trade & defence ties between Australia and other nations in the Asia-Pacific*, Issues for the 90s, Vol. 73, The Spinney Press, Balmain, p4

<sup>74</sup> Ibid

<sup>75</sup> PJ Boyce & JR Angel, (eds.), *Diplomacy in the Marketplace: Australia in World Affairs 1981-90*, Longman Cheshire, Melbourne, 1992

<sup>76</sup> McDougall, *Studies in International Relations*, p408

As the 1996 Presidential election grew nearer, Lee initiated a series of manoeuvres that challenged the status quo. He and his ministers travelled the world, visiting cities as they were hosting international conferences. The Taiwanese would then contrive “to be received with as many of the formal trappings of statehood as possible.”<sup>77</sup> In 1994 Lee’s plane was granted permission to refuel in Hawaii while en route to Central America, becoming the first Taiwanese leader to land on American soil. The Americans reacted to these developments with Clinton personally reassuring the PRC that they supported the One China policy.

Lee’s coup de grace was the June 1995 reunion of his alma mater at Cornell University, New York, where he received his PhD in 1968. US Secretary of State Warren Christopher had assured his Chinese counterpart Qian Qichen in April that Lee would not be allowed to visit, yet US Congress voted unanimously in the House of Representatives, and with only one dissenter in the Senate to allow Lee to visit. Faced with this pressure, the Clinton Administration granted a ‘personal and unofficial visit.’<sup>78</sup> At Cornell, Lee gave a speech that was seen by some as ‘subdued’<sup>79</sup> and by others as ‘pushing the boundaries’.<sup>80</sup>

The PRC responded by cancelling visits by officials, including recalling its US Ambassador and delaying approving the appointment of the American Ambassador to Beijing. It immediately mobilised military forces in Fujian Province (the closest mainland province to Taiwan) and conducted missile tests (using dummy warheads<sup>81</sup>) in the Taiwan Straits. Then just before the December 1995 Taiwan Parliamentary election, Beijing held a military exercise where it simulated an amphibious landing on hostile territory. Seeking to influence the outcome of the Taiwanese Presidential election, between 8-25 March 1996, Chinese missile tests ‘bracketed’ Taiwan, with missiles landing just off Taiwan’s northeast and southwest coasts. This was the Third Taiwan Straits Crisis.

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<sup>77</sup> Kissinger, *On China*, p472

<sup>78</sup> Ibid, p473

<sup>79</sup> David Chen, ‘Taiwan’s President Tiptoes Around Politics at Cornell’, *New York Times*, 10 June 1995, <http://www.nytimes.com/1995/06/10/world/taiwan-s-president-tiptoes-around-politics-at-cornell.html> (accessed 15 June 2016)

<sup>80</sup> Kissinger, *On China*, p473

<sup>81</sup> Ibid, p474

The Coalition Government, alone among Washington's regional allies, "confronted a China that already viewed Australian-Taiwanese ties as too close after the previous Keating Government had approved the opening of a 'Taipei Economic and Cultural Office'. From the Chinese vantage point, such initiatives imbued Australia-Taiwan relations with a quasi-diplomatic status."<sup>82</sup> Both Downer and Howard unequivocally supported the deployment of American naval forces to Taiwan, urged China to show restraint, and suggested APEC be used to mediate between the PRC and ROC.<sup>83</sup> Downer, also welcomed the US decision to move warships into the Straits as a sign of US commitment to the security of the East Asian region, "demonstrating [US] interest in participating in regional security issues in a very practical way,"<sup>84</sup> and "what we have seen in the last few days is a very clear demonstration by the United States that it is interested in maintaining its involvement in the security of the region and we obviously welcome that."<sup>85</sup> Defence Minister Ian McLachlan suggested that China's "newly assertive international posture"<sup>86</sup> was a 'strategic concern'<sup>87</sup> to regional stability and welcomed the US response. Australia was the only nation in the region to publicly support the US naval deployment.<sup>88</sup>

The Crisis had the potential to spiral out into a full regional conflict. The US response was the most significant show of force since the thawing of relations in 1971, deploying two aircraft carrier battle groups to the area, while Taiwan was the world's number one purchaser of arms (in US dollar amounts), and many military experts rated its military technology as far superior to the PRC's.<sup>89</sup> Both the PRC and US, having made their

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<sup>82</sup> Colin Mackerras, 'China', B. Bishop & D. McNamara (eds.) *The Asia-Australia Survey 1997-1998*, Macmillan, for the Centre for the Study of Australia-Asia Relations, Griffith University, Melbourne, 1998, p106-107

<sup>83</sup> David Teague, 'Canberra Protests at China's Sea Push', *Sydney Morning Herald*, 13 Mar. 1996

<sup>84</sup> Alexander Downer, quoted in Stephen Sherlock, *Australia's Relations with China: What's the Problem?*, Current Issues Brief 23, Foreign Affairs, Defence and Trade Group, 1997, [http://www.aph.gov.au/sitecore/content/Home/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/Publications\\_Archive/CIB/CIB9697/97cib23](http://www.aph.gov.au/sitecore/content/Home/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publications_Archive/CIB/CIB9697/97cib23) (accessed 25 May 2015)

<sup>85</sup> Don Greenlees & Richard McGregor, 'Downer warns China over war games', *The Australian*, 13 Mar. 1996, p8

<sup>86</sup> Uren, *The Kingdom and the Quarry*, p38

<sup>87</sup> Wesley, *The Howard Paradox*, p13

<sup>88</sup> Malik, 'Australia and China', p111

<sup>89</sup> In 1997, China's official defence budget totalled US\$10 billion, the same as Taiwan, and significantly less than that of Japan and South Korea. In the following decade, China's defence budget increased five-fold, and in 2008, China surpassed the UK as the second biggest military spender in the world, behind the US.<sup>89</sup> Defence spending was at less than 2% GDP in 1997, and is roughly the same today. The difference is the Chinese economy boomed between 1998 and 2007, with China's economy growing at an average annual rate of 12.5%. See John Cooper, *Taiwan: Nation State or Province?* Westview Press, Boulder, 1999, p168; and Richard A. Bitzinger, 'China's Double-Digit Defense Growth: What It means for a Peaceful Rise', *Foreign Affairs*, 19 Mar. 2015, <https://www.foreignaffairs.com/articles/china/2015-03-19/chinas-double-digit-defense-growth> (accessed 5 Apr. 2015)

points and wanting to avoid war, backed down and the elections proceeded as planned. The crisis reinforced to the Howard Government the belief that continued US military presence in the region was required to maintain peace and stability.<sup>90</sup>

### **Sydney Statement – ‘Craws of the Crab’**

The first meeting of Australia-United States Ministerial Consultation (AUSMIN) took place in 1985. AUSMIN is the best expression of Canberra’s high level access to Washington’s corridors of power. Former Official Historian Peter Edwards describes its significance:

The American Secretaries of State and Defense...plan their days in fifteen-minute segments, and literally hundreds of ambassadors and officials of comparable status in Washington would sacrifice much for one of those fifteen-minute sessions. To have unrestricted access to both Secretaries and the Chairman of the Joint Chiefs of Staff for an entire day, as Australians have at regular AUSMIN talks, is an extraordinary boon.<sup>91</sup>

Howard stood for a stronger ANZUS at the 1996 election and an emphasis on forward defence. The US rewarded him with an unusually high level delegation to the 1996 AUSMIN scheduled in July to be held in Sydney. Warren Christopher, Secretary of Defense William Perry and head of the Joint Chiefs of Staff John Shalikashvili all attended in Sydney.<sup>92</sup> The AUSMIN talks led to the release of the Sydney Statement, which asserted that the alliance remained strong and relevant in the post-Cold War world, even in the absence of a defined threat.<sup>93</sup> The Statement emphasised the common foreign policy goals of Australia and the US and the ‘vision’ of combined military operations. The statement ended with the sentence “The Australia-United States security relationship, having proved its value for five decades, will remain a cornerstone of Asia Pacific security into the twenty-first century.”<sup>94</sup>

Coming so soon after Australia’s response to the Taiwan Straits Crisis, China interpreted “the Sydney Statement as a manifestation of Australian involvement in an

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<sup>90</sup> Malik, ‘Australia and China’, p12

<sup>91</sup> Peter Edwards, *Permanent Friends? Historical Reflections on the Australian-American Alliance*, Lowy Institute Paper 08, Lowy Institute for International Policy, Sydney, 2005, p59, [http://www.lowyinstitute.org/files/pubfiles/Edwards%2C\\_Permanent\\_friends.pdf](http://www.lowyinstitute.org/files/pubfiles/Edwards%2C_Permanent_friends.pdf) (accessed 1 May 2014)

<sup>92</sup> Firth, *Australia in International Politics*, p160-61

<sup>93</sup> See DFAT, *Sydney Statement Joint Security Declaration*, Australia-United States Ministerial Consultations, Commonwealth of Australia, 1996, <http://dfat.gov.au/geo/united-states-of-america/ausmin/Pages/australia-united-states-ministerial-consultations-1996-sydney-statement.aspx> (accessed 5 May 2016)

<sup>94</sup> Ibid

American policy of containment.”<sup>95</sup> Party mouthpiece *People's Daily* noted that Perry had described Japan and Australia as the northern and southern anchors of US security arrangements in Asia and concluded:

From this we can see that the United States is really thinking about using these two 'anchors' as the craws of a crab...The recent moves by the US in Australia show that the Cold War thought process has not changed much in the minds of some people, who still hope to play the role of the global policeman.<sup>96</sup>

At the time, the United States had three bases in Australia: North West Cape, in Northern Western Australia; Pine Gap, near Alice Springs; and Nurrungar, near Woomera, which was closed down in 1999, with its operations moved to Pine Gap. Both sides reaffirmed “their commitment to long-term continuation of the current arrangements at Pine Gap”<sup>97</sup> in the Sydney Statement. Officially, these are joint facilities, but are used by American agencies including the CIA, NSA, US Air Force and Navy for signals and communications intelligence gathering and for controlling US missiles and satellites. These bases have been controversial over the years, especially their alleged role in being able to be used to fire nuclear weapons, but successive Australian governments have not made a big issue of the bases and view them as part of its ‘great and powerful friends’ policy.<sup>98</sup> It is these bases the PRC is mainly referring to when it describes Australia as the southern ‘craw’ in American plans for containment.

## DIFF

Downer’s tenure as foreign minister was almost as short as his leadership of the Liberal Party. The Government scrapped the Development Import Finance Facility (DIFF), a ‘soft loan’ Australia gave to foreign governments in a weak economic position to help pay for up to 35% of a tender to Australian companies.<sup>99</sup> The scheme had been controversial,<sup>100</sup> as it was not providing poverty alleviation; it was, according to Treasurer Peter Costello “a subsidy paid to domestic business.”<sup>101</sup>

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<sup>95</sup> Edwards, *Permanent Friends?*, p44

<sup>96</sup> *Sydney Morning Herald*, 8 Aug. 1996, p8

<sup>97</sup> DFAT, *Sydney Statement Joint Security Declaration*

<sup>98</sup> For more details see Des Ball, *A Suitable Piece of Real Estate: American Installations in Australia*, Hale & Iremonger, Sydney, 1980

<sup>99</sup> Ravi Tomar, *A DIFFerence of Opinion: Cancellation of the Development Import Finance Facility*, Foreign Affairs, Defence and Trade Group, Current Issues Brief 20, 1996, [http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/Publication\\_s\\_Archive/CIB/cib9596/96cib20](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publication_s_Archive/CIB/cib9596/96cib20) (accessed 22 Mar. 2016)

<sup>100</sup> Ibid

<sup>101</sup> Sandra Nori, ‘Development Import Finance Facility Abolition’, Parliament of New South Wales, 30 Oct. 1996, <https://www.parliament.nsw.gov.au/Hansard/Pages/HansardResult.aspx#/docid/HANSARD-1323879322-14059> (accessed 14 Nov. 2012)

Downer claimed in Parliament that no Asian minister had protested the cancellation of DIFF. China, Indonesia, Vietnam and the Philippines all countered this and claimed that they had lodged official protests at the ministerial level regarding the cancellation of DIFF.<sup>102</sup> The Chinese objected that the DIFF had been cancelled without consultation or warning and that a number of Chinese bodies had put time and money into investigating the feasibility of several DIFF projects. At the time there were 19 DIFF projects at various stages of completion in China, worth about \$140 million.<sup>103</sup> Hua Junduo, the Chinese Ambassador, said the cancellation would:

...not only cause financial loss on the Chinese side, but also do no good to the Australian side in terms of its credibility and business interests in China...We hope that the Australian Government will follow internationally accepted practices and continue to support the projects in the pipeline.<sup>104</sup>

This was reiterated by Wang Che, a Chinese Ministry of Foreign Trade and Economic Cooperation official who said that “All these projects have been committed by the two governments. If they are not to be carried out, then it won't be in line with international practices.”<sup>105</sup> The Chinese Government was concerned about loss of Australian economic assistance and considered that the manner in which the decision was carried out was a breach of international convention.<sup>106</sup> Howard stepped in to assist Downer avoid sanction for misleading Parliament.<sup>107</sup> This action, so early in Government helped forge the strong partnership between the two. This closeness ensured Downer and Howard were able to coordinate policy and with Howard's influence he could steer debate in Cabinet.

Downer expressed concern on the future of human rights in Hong Kong following the return of the territory from the UK to PRC. The Australian Parliament announced “an inquiry into the future of ‘democratic political structures’, the ‘protection of human rights’, problems of citizenship, and other implications for Australia of the return of Hong Kong to China.”<sup>108</sup> In July, the Mayors of Beijing and Shenzhen declined to attend an Asian cities' conference held in Brisbane to protest against the attendance of the pro-

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<sup>102</sup> Dobell, ‘The Downer legacy (part 1)’

<sup>103</sup> Tomar, *A DIFFerence of Opinion*

<sup>104</sup> Hua Junduo, quoted in Sherlock, *Australia's Relations with China*

<sup>105</sup> Wang Che, quoted in Ibid

<sup>106</sup> Rowan Callick, ‘Beijing reviews attitude to Australia relationship’, *Australian Financial Review*, 19 Nov. 1996, p47

<sup>107</sup> Dobell, ‘The Downer legacy (part 1)’

<sup>108</sup> Malik, ‘Australia and China’, p129

independence Mayor of Taipei (and future President), Chen Shui-bian. Downer had issued a statement saying that the federal government did not object to Chen's visit.<sup>109</sup>

In June 1996, both Howard and Downer released and circulated statements condemning China's latest nuclear weapons test, with Howard saying it was "contrary to the expectation of the international community"<sup>110</sup> and Downer saying the test was part of "out-dated war logic."<sup>111</sup> A Chinese periodical responded that Australia was confused about whether it wanted to be close to Asia or the US.<sup>112</sup> On 10 September, the Comprehensive Nuclear Test-Ban Treaty (CTBT) was adopted by a large majority of the UN General Assembly. China, only months after conducting a nuclear weapons test signed it, though at the time of writing it has not yet ratified it.<sup>113</sup>

In August, Downer confirmed that the government had authorised negotiations for the sale of uranium to Taiwan.<sup>114</sup> Downer justified the decision by stating that though Australia did not recognise Taiwan as a state, prior to its 1971 expulsion from UN, it had ratified the Nuclear Non-Proliferation Treaty (NPT).<sup>115</sup> Downer stated that the government was looking at ways to circumnavigate the "basic technical difficulty"<sup>116</sup> of Taiwan's non statehood, with using the US as a proxy being one option to sell uranium to Taiwan.<sup>117</sup> Coming so soon after Australian condemnation of Chinese nuclear tests, this decision was denounced by Beijing. It would be another decade before Australia agreed to sell uranium to Taipei, and also to Beijing.

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<sup>109</sup> *Australian Financial Review*, 11 July 1996

<sup>110</sup> John Howard, 'Communication of 13 June 1996 Received From the Permanent Mission of Australia to the International Atomic Energy Agency' *Information Circular 517*, International Atomic Energy Agency, 29 July 1996, [https://www.iaea.org/sites/default/files/infcirc517\\_0.pdf](https://www.iaea.org/sites/default/files/infcirc517_0.pdf) (accessed 4 Mar. 2014)

<sup>111</sup> Alexander Downer, quoted in *Ibid*

<sup>112</sup> See Stephen Hutcheon, 'Australia Under Fire Over Policy on Asia', *Sydney Morning Herald*, 30 Oct. 1996

<sup>113</sup> Ministry of Foreign Affairs, *China's Signature on Comprehensive Nuclear Test Ban Treaty*, People's Republic of China, [http://www.fmprc.gov.cn/mfa\\_eng/ziliao\\_665539/3602\\_665543/3604\\_665547/t18043.shtml](http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18043.shtml) (accessed 1 Apr. 2016)

<sup>114</sup> *The Age*, 17 Aug. 1996, p1

<sup>115</sup> Alexander Downer, 'Question No. 641', *Commonwealth Parliamentary Debates*, House of Representatives, 31 Oct. 1996, p6356, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;db=CHAMBER;id=chamber%2Fhansardr%2F1996-10-31%2F0118;query=Id%3A%22chamber%2Fhansardr%2F1996-10-31%2F0000%22> (accessed 10 Mar. 2016)

<sup>116</sup> *Ibid*

<sup>117</sup> *Ibid*

In September the Chinese lodged an official protest over Anderson bringing a business delegation to visit Taiwan in his capacity as Primary Industries Minister. The basis for its objection was that the visit contravened the One China Policy,<sup>118</sup> although visits had been made at least once every Parliamentary term since 1983 and continued to be made until the end of the Howard Era in 2007, on the implicit basis that they were characterised as ‘unofficial’.<sup>119</sup> The Chinese protest was a break with this unspoken protocol, a signal to the Howard Government that it was not happy with the relationship.

### **The Dalai Lama**

The Dalai Lama visited Australia in September 1996.<sup>120</sup> Buddhism was the fastest growing religion in the country at the time with 199,800 practitioners.<sup>121</sup> Many of the practitioners were recent white Australian converts, usually from an upper middle class background working in business or entertainment. The new converts organised the visit, which was sponsored by Nike and Ford.<sup>122</sup> The week before the visit, Deputy Prime Minister Tim Fischer was in China, and was quoted as saying that “Chinese rule in Tibet has done a lot of good for the Tibetan people.”<sup>123</sup>

When the Dalai Lama visits abroad, the Chinese will publicly release warnings that political leaders are not to meet the Dalai Lama as the Tibet issue is an internal issue and threatens the bilateral trade relationship with that nation. The Chinese threats over the Dalai Lama are usually mollified by domestic political leaders assuring the Chinese they recognise their sovereignty over Tibet, and that they are allowing the Dalai Lama to visit in his capacity as a religious leader, not a political one. When Howard said he would meet the Dalai Lama, the *People's Daily* launched a particularly strident attack on the Australian government:

the reason for this absurd decision is that those [Australian] politicians, in league with the Devil, have ulterior motives and are unwilling to abandon their evil intentions of interfering in China's

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<sup>118</sup> Uren, *The Kingdom and the Quarry*, p38

<sup>119</sup> Wesley, *The Howard Paradox*, p13

<sup>120</sup> ‘Travels 1990-1999’, *The Office of his Holiness, the 14<sup>th</sup> Dalai Lama*, <http://www.dalailama.com/biography/travels/1990---1999> (accessed 19 June 2016)

<sup>121</sup> ‘Religion’, *Australian Bureau of Statistics*, 24 Mar. 2016, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Previousproducts/56C35CC256682BC0CA256DEA00053A7A> (accessed 20 June 2016)

<sup>122</sup> Kalinga Seneviratne, ‘AUSTRALIA-TIBET: ‘The Dalai Lama Show’ goes Down Under’, *Inter Press Service*, 9 Sept. 1996, <http://www.ipsnews.net/1996/09/australia-tibet-the-dalai-lama-show-goes-down-under/> (accessed 20 June 2016)

<sup>123</sup> Ibid



internal affairs.<sup>124</sup> And warned that the decision would 'inevitably affect political, economic and trade relations' between Australia and China.<sup>125</sup>

The visit was a high profile one, with estimates that the Dalai Lama was the second most mentioned person in the media, behind Howard, and Tibet the fourth most mentioned topic.<sup>126</sup> Howard, knowing that it would rankle his domestic audience if it was seen that he was kowtowing to Chinese pressure said "it was unthinkable that I should do other than see him" because the Dalai Lama "is a colourful, charismatic religious leader"<sup>127</sup> and "there is worldwide sympathy for the people of Tibet."<sup>128</sup> To ease tensions, Howard said his 30 minute meeting on 26 September with the Dalai Lama was in his capacity as a spiritual leader, not a political one.<sup>129</sup>

The Chinese Government issued a statement expressing its "strong displeasure and deep regrets"<sup>130</sup> protesting that despite objections, the Government had "not only allowed the Dalai Lama to visit Australia and offered him forums for his anti-China activities, but also arranged for its leaders to meet him."<sup>131</sup> The statement repeated the warning that the decision would "unavoidably produce a negative impact on relations between China and Australia."<sup>132</sup> Regarding the Chinese threat that 'there is a price to pay' Howard said "I don't bow to threats... because the upholding of the principles on which this country is built is always more important than the possibility of some transient commercial difficulty, always more important."<sup>133</sup>

### Swamped by Asians

For the 1996 election, the Liberals endorsed fish-and-chip shop owner and former Ipswich local councillor Pauline Hanson for the seat of Oxley, the ALP's safest Queensland seat. Within the area "for as long as anyone could remember there had been

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<sup>124</sup> *Sydney Morning Herald*, 26 Sept. 1996, p1

<sup>125</sup> Ibid

<sup>126</sup> Robina Courtin, 'Beyond Extraordinary: His Holiness the Dalai Lama in Australia', *Foundation for the Preservation of the Mahayana Tradition*, 1996, <http://fpmt.org/mandala/archives/older/mandala-issues-for-1996/november/beyond-extraordinary-his-holiness-the-dalai-lama-in-australia/> (accessed 17 May 2015)

<sup>127</sup> Ibid

<sup>128</sup> Howard, *Lazarus Rising*, p509

<sup>129</sup> John Howard, 'Interview with Ray Martin', *A Current Affair*, 25 Sept. 1996, <https://pmt.transcripts.dpmc.gov.au/release/transcript-10117> (accessed 19 June 2015)

<sup>130</sup> *The Age*, 27 Sept. 1996, p3

<sup>131</sup> Ibid

<sup>132</sup> Ibid

<sup>133</sup> Howard, 'Interview with Ray Martin'

friction between blacks and whites in the streets and schools. Aboriginals and Islanders...made up only a couple of per cent of the population, [but] they were seen as the cause of all petty crime in town.”<sup>134</sup> Following a dozen Aboriginal deaths in custody over a 12 month period, Aboriginal leaders threatened UN action, and Robert Tickner, Keating’s Minister for Aboriginal and Torres Strait Islander Affairs urged Queensland to implement the recommendations of a royal commission into Aboriginal incarceration.<sup>135</sup>

Hanson wrote a letter published in the *Queensland Times* disagreeing with Tickner, arguing that Aboriginal Australians should not be treated leniently by the justice system because they are Aboriginal.<sup>136</sup> This led to Aboriginal protesters to mob Hanson’s fish and chip shop,<sup>137</sup> and to Hanson being disendorsed by the Liberal Party, but as it was too late to choose another candidate or alter the ballot papers. Hanson was elected with the biggest swing in the election, 19.3%,<sup>138</sup> becoming the first female independent Parliamentarian. Howard argued that she would never have won the seat if she remained the Liberal candidate.<sup>139</sup>

Hanson drew domestic and international condemnation with her maiden speech, specifically when she stated “I believe we are in danger of being swamped by Asians. Of course I will be called racist, but if I can invite who I want into my home, then I should have the right to have a say in who comes into my country.”<sup>140</sup> Howard disagreed with the two most provocative statements made in Hanson’s maiden speech, that Aborigines were not the most disadvantaged group in our society; and “being swamped by Asians,”<sup>141</sup> though he did believe her attacks on multiculturalism, political correctness and separate policies for black and white Australians echoed community sentiment.<sup>142</sup> Twelve days after Hanson’s maiden speech, Howard gave a speech in Queensland, her home state saying “One of the great changes that has come over

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<sup>134</sup> Marr, ‘David Marr on Pauline Hanson’

<sup>135</sup> Ibid

<sup>136</sup> See Pauline Hanson, ‘Equal Justice for all’, *Queensland Times*, 6 Jan. 1996, <http://www.gwb.com.au/gwb/news/onenation/qtfirst.html> (accessed 19 June 2016)

<sup>137</sup> Marr, ‘David Marr on Pauline Hanson’

<sup>138</sup> *Australian Politics and Elections Data Base*, The University of Western Australia, <http://elections.uwa.edu.au/index.lasso> accessed 3rd March 2016

<sup>139</sup> Howard, *Lazarus Rising*, p255-56

<sup>140</sup> Pauline Hanson, *Maiden Speech*, House of Representatives, 10 Sept. 1996, <http://australianpolitics.com/1996/09/10/pauline-hanson-maiden-speech.html> (accessed 7 Feb. 2016)

<sup>141</sup> Ibid

<sup>142</sup> Howard, *Lazarus Rising*, p256

Australia, in the last six months, is that people do feel able to speak a little more freely and a little more openly about what they feel. In a sense, the pall of censorship on certain issues has been lifted.”<sup>143</sup> This speech confirmed to many Howard critics that he was endorsing Hansonist views. He was asked three times on a 25th September 1996 *A Current Affair* interview if he endorsed Hanson’s comments on Asian migration by Ray Martin. Howard responded that he did not, and that Howard’s government had reduced the rate of immigration anyway.<sup>144</sup>

Downer has written that there is one single factor why Pauline Hanson and One Nation were so popular, and that is Howard Government’s response to the gun debate following the Port Arthur Massacre.<sup>145</sup> Costello agrees that the gun debate was influential, but One Nation managed to merge it with their “...anti-Canberra, anti-elite, anti-special welfare campaign”.<sup>146</sup> Dissatisfied Coalition voters found “...a new girl on the block...who intends to give them (the Labor and Liberal Parties) hell.”<sup>147</sup> This belief by his senior colleagues is not a view shared by Howard himself who argued that Hanson represented a group of Australians who “did not have a racist bone in their bodies”<sup>148</sup> and identified “very strongly with traditional Australian values.”<sup>149</sup> Howard shared their concerns about the pace of cultural change.

Another difference of opinion Howard had with his colleagues was how to handle Hansonism. Fischer, Costello, and Alexander Downer, were among the prominent members of government who urged Howard to rebuke Hanson. Howard was annoyed each time they prodded him,<sup>150</sup> as he argued that the best way to deal with Hanson was to ignore her, saying that “the more people attacked her, the more supporters she would attract and the greater would be the publicity given to her views”.<sup>151</sup> The huge domestic media coverage of Hanson, and Howard’s responses led to media coverage of the issue across Asia, with newspapers running adverse prominent stories, damaging bilateral relations. Downer, concerned about the “raised eyebrows”<sup>152</sup> Hanson’s comments were

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<sup>143</sup> John Howard, quoted in *The Howard Years*

<sup>144</sup> Howard, ‘Interview with Ray Martin’

<sup>145</sup> Downer, quoted in *The Howard Years*

<sup>146</sup> Peter Costello, quoted in *Ibid*

<sup>147</sup> Pauline Hanson, quoted in *Ibid*

<sup>148</sup> Howard, *Lazarus Rising*, p258

<sup>149</sup> *Ibid*

<sup>150</sup> Megalogenis, *The Australian Moment*, p280

<sup>151</sup> Howard, *Lazarus Rising*, p257

<sup>152</sup> Dobell, ‘The Downer legacy (part 1)’

causing in Asian countries, broke rank and publicly condemned Hanson. Fischer and fellow Cabinet minister Amanda Vanstone were to follow with their own condemnations.<sup>153</sup> Downer says “I made a speech attacking Pauline Hanson pretty vehemently. And I think I’m right in saying this, in nearly 12 years as the Foreign Minister I think it’s pretty much the only time he’s (Howard) rung me to chastise me... he wasn’t too impressed.”<sup>154</sup>

It took Howard until 8 May 1997 to publicly respond to Hansonism, addressing the issue at an Australia-Asia Society meeting in Sydney, saying Hanson was wrong in her assertions, and her politics were “based on fear and instability, and did not offer positive solutions.”<sup>155</sup> He also reiterated his beliefs that most of the people who identified with Hanson were not racist. Later, in 1998, on the eve of the QLD state election he described her views as verging “on the deranged in some places” and “fanning racist sentiment”<sup>156</sup>, though Hanson was not a racist herself in an attempt to dissuade Coalition voters from defecting. “When he called me deranged, he was calling the majority of Queenslanders deranged”<sup>157</sup> Hanson replied.

One Nation contributed to the defeats of two state Coalition Governments before sliding into electoral obscurity (until 2016). Firstly, One Nation helped take the Borbidge/Sheldon Coalition QLD government out of power in 1998, the first election it contested. One Nation gained 22.7% of the vote (more than the Liberals 16.1% and Nationals’ 15.2%),<sup>158</sup> picking up 11 seats.<sup>159</sup> One Nation also received 9.88% of the vote in the 2001 WA election, the third most of any party, winning 3 seats and helping defeat the Court Coalition Government, as it absorbed most of the 8.61% swing against the incumbent government.<sup>160</sup> In between, One Nation received 8.43% of the vote in the 1998 Federal Election,<sup>161</sup> though it failed to pick up any seats. Both major parties bled votes to Hanson, as blue collar baby boomers who had lost their jobs to deregulation and globalisation felt they were left behind. She rallied against the establishment and

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<sup>153</sup> Ibid

<sup>154</sup> Alexander Downer, quoted in Ibid

<sup>155</sup> Howard, *Lazarus Rising*, p261

<sup>156</sup> John Howard, ‘Radio Interview with Fran Kelly’, *Radio National*, ABC, 3 June 1998, <https://pmtranscripts.dpmc.gov.au/release/transcript-10775> (accessed 4 Mar. 2014)

<sup>157</sup> Megalogenis, *The Australian Moment* p282

<sup>158</sup> *Australian Politics and Elections Data Base*

<sup>159</sup> Ibid

<sup>160</sup> Ibid

<sup>161</sup> Ibid

identified an easily discernible scapegoat for those voters. Howard was to later assimilate them as part of his 'Howard's Battlers'.

As an outpost of Europe, Australia served as a reminder to many of its neighbours of their own negative experiences of European colonialism. The Hanson movement fixed for many Asians the image of Australia as 'White Australia', a racist, anti-Asian nation, refusing to accept its geographical location and clinging to British bootstraps. Many members of the public in Asian nations told Australian reporters that they thought that White Australia was still in operation.<sup>162</sup> There were numerous reports from many Asian nations, including China that Hansonism "would do Australia's reputation in the region lasting damage while also affecting regional trade, tourism and external relations"<sup>163</sup>

Hewson pointed out the damage Hanson was causing:

Hanson has been raised as an issue, without exception, in every one of my dozens of meetings in different parts of Asia since her maiden speech. Moreover, every time I turned on the TV in an Asian hotel, there was always a news item, or a not too flattering reference to Hanson and Australia. To many, it confirmed their belief that we'd never really abandoned the White Australia policy and it provided yet another opportunity for them to kick us.<sup>164</sup>

Howard's reluctance to denounce Hanson brought comparison to his own comments from the 1980s. The words from Hanson's maiden speech "I should have the right to have a say who comes into my country"<sup>165</sup> were appropriated and combined with Howard's earlier remarks in his 2001 statement on asylum seekers following the Tampa Crisis "We will decide who comes to this country and the circumstances in which they come."<sup>166</sup>

Australia became the Chinese media's whipping boy<sup>167</sup> and the "relationship virtually went into deep freeze in August/September of 1996. The Chinese placed a ban on visits to China by Australian ministers"<sup>168</sup> and stopped negotiating with Australian businesses.<sup>169</sup> Chinese criticism broadened into a general critique of Australia's foreign

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<sup>162</sup> Wesley, *The Howard Paradox*, p161

<sup>163</sup> Russell Trood, 'Perspectives on Australian Foreign Policy - 1997', *Australian Journal of International Affairs*, Vol. 52, No 2., July 1998, p194

<sup>164</sup> John Hewson, 'Phenomenally Poor Strategy', *Australian Financial Review*, 5 June 1998

<sup>165</sup> Hanson, *Maiden Speech*

<sup>166</sup> John Howard, *Election Campaign Launch Speech*, Sydney, 28 Oct. 2001, <http://electionspeeches.moadoph.gov.au/speeches/2001-john-howard> (accessed 7 Feb. 2016)

<sup>167</sup> Uren, *The Kingdom and the Quarry*, p38

<sup>168</sup> Howard, *Lazarus Rising*, p501

<sup>169</sup> Graeme Dobell, 'The Downer legacy: Northeast Asia', *Lowy Interpreter*, Lowy Institute for International Policy, Sydney, 14 Sept. 2009, <http://www.lowyinterpreter.org/post/2009/09/14/Downer-seminar-Northeast-Asia.aspx> (accessed 9 Aug. 2012)

policy, with an article in *World Affairs*, comparing Australia to a bat which gave its allegiance to the mammals when they triumphed, but showed its wings and declared itself a bird when the birds were victorious.<sup>170</sup> “It seems that Australia is suffering from the same confusion and embarrassment,” and has never had “a truly independent defence policy.”<sup>171</sup> Still stronger criticism was voiced by the *Guangming Daily*, which described Australia's support for US actions as “parrot-like behaviour”<sup>172</sup> and the reason why Australia lost its bid for a non-permanent seat on the UN Security Council.<sup>173</sup>

## Conclusion

1996 was the worst year for the Sino-Australian relationship since the Whitlam Recognition. It would not experience a comparable decline until 2009, when Australia blocked Chinalco from purchasing Rio Tinto, and allowed exiled Uyghur activist Rebiya Kadeer to attend the Melbourne Film Festival. In response, China arrested Stern Hu, an Australian-Chinese executive for BHP on corruption charges, encouraged Chinese students in Australia to protest, and was linked to the hacking of the Melbourne Film Festival's website.

Leaders do not always come to identical conclusions on the same situation. “Analysis depends on interpretation; judgements differ as to what constitutes a fact, even more about its significance.”<sup>174</sup> The major obstacle to continuity in Australia's foreign policy was the sweeping nature of the change of government. Having been in the opposition wilderness for so long, the Coalition were determined to place their stamp on foreign policy which would be distinctly different to that of the ALP. In practice this led to a power vacuum and brain drain that lasted several months, with the incoming government obliged to act by improvisation as it found its feet and adjusted to exercising its authority.

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<sup>170</sup> Sherlock, *Australia's Relations with China*

<sup>171</sup> *The Age*, 30 Oct. 1996

<sup>172</sup> Sherlock, *Australia's Relations with China*

<sup>173</sup> Stephen Hutcheon, ‘UN Vote blamed on Poor Links to Asia’, *Sydney Morning Herald*, 5 Nov. 1996

<sup>174</sup> Kissinger, *On China*, p363

# CHAPTER III: Howard, China and the Path to 2003

## Introduction

As the previous chapter discussed, the Howard Government's disastrous handling of a series of crises led to Australia's bilateral relationship with China entering a 'deep freeze'. This chapter will analyse the impact of Howard's leadership in the Government's decisions in reacting to the shifting power dynamic in the international system caused by China's rise. It will examine the actions, reactions and events that turned Australia's relationship with China from the unprecedented lows of 1996 to the unprecedented highs of 2003.

Among other things, this chapter will examine the establishment of joint dialogues that brought senior state officials from both nations into frequent contact with one another, Howard's belief system, the centralising control of various organs of state through the establishment of the National Security Committee, the use of flattering language towards China in various official documents, a favourable international environment, and an increasing trade relationship in assessing the how Howard repaired the relationship.

## APEC – Rebooting the relationship

Following the calamities of the previous few months, Canberra made a conscious decision to rectify the problems in the relationship. The Government issued a statement in November, reiterating that official Australian policy was to recognise One China.<sup>1</sup> Also in November, Howard and Chinese President Jiang Zemin met for the first time, at APEC in Manila. Howard rates this meeting “as about as important a meeting I held with any foreign leader in the time that I was Prime Minister.”<sup>2</sup> They agreed to put more effort into the relationship and start afresh. Howard talked about how Australia would like to see China in the WTO, its view that Chinese participation as a force of stability, and that Australia had a longstanding One China policy. He defended the US-Australian alliance, saying “It was designed to promote our security, not undermine the security of

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<sup>1</sup> Hutcheon, ‘UN Vote blamed on Poor Links to Asia’

<sup>2</sup> Howard, *Lazarus Rising*, p503

any other nation”<sup>3</sup> At the end of the meeting Howard says he told Jiang that “I would like to see China and Australia go into the next century in peace and cooperation, respecting our different cultural heritages and political standpoints. I said I did not believe in lecturing others anymore than we liked receiving lectures ourselves.”<sup>4</sup> Jiang extended an invitation to Howard to visit China, and as they walked out of the meeting said to Howard in English “face to face is much better, isn’t it?”<sup>5</sup>

After the meeting, a Presidential spokesperson described the meeting as “very friendly”<sup>6</sup> and the Chinese Foreign Ministry issued a statement stating:

The Chinese Government attaches importance to the statements of the Australian Coalition Government on placing emphasis on Sino-Australian relations, adhering to a one-China policy [and] being against containment...We would like to develop a long, stable relationship with Australia on the basis of mutual respect, non-interference in each other's internal affairs, and seeking common ground while reserving our differences.<sup>7</sup>

### **Top Level Meetings - Resetting and repairing the relationship**

In January 1997, Deputy Foreign Minister Chen Jian told an Australian journalist that “understanding had been enhanced” and there were “good prospects for the further development of Sino-Australian relations”<sup>8</sup> He blamed the 1996 difficulties in the bilateral relationship on the Australian government taking “some actions which ended up hurting the national feelings of the Chinese people,” concluding that: “As long as the two countries respect each other's sovereignty and territorial integrity, bilateral relations will continue to develop and the potential for cooperation between the two sides will be enhanced.”<sup>9</sup> In other words, Australia should not interfere in what the PRC viewed as its internal affairs.

Howard visited China over Easter in 1997. Before leaving he stated “that he wished to be judged by only one criterion: whether what he did in China was good for Australia.”<sup>10</sup> Howard brought with him a delegation of the “the most senior business

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<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> Sherlock, *Australia's Relations with China*

<sup>7</sup> Ibid

<sup>8</sup> Chen Jian, quoted in Sherlock, *Australia's Relations with China*

<sup>9</sup> Ibid

<sup>10</sup> David Goldsworthy, ‘An Overview’, *The National Interest in a Global Era*, p27



group ever to accompany an Australian Prime Minister abroad,”<sup>11</sup> a sign to the Chinese “that we were serious about the relationship and that the core of the relationship was mutual commercial interest.”<sup>12</sup> The two sides agreed to hold defence-to-defence talks, establishing the ‘Defence Strategic Dialogue’, and upgraded Foreign Ministry talks to a ‘political-military dialogue’. During the visit Howard met Premier Li Peng, the architect of the suppression of the 1989 Tiananmen Square protests, and raised with him the concept of a human rights dialogue as a substitute for supporting annual UN resolutions condemning China’s human rights record. They also discussed the importance of LNG as an energy source for China. Howard and Jiang became friendly, finding common interests such as Shakespeare. “The personal relationship we began to build over that Easter visit made a material contribution to the energy the bilateral relationship enjoyed over subsequent years.”<sup>13</sup>

On 10 April 1997, Chinese Justice Minister Xiao Yang visited Australia and reiterated to Downer his (China’s) support for “an early start”<sup>14</sup> to the human rights dialogue, which Downer publicly announced the same day, stating “China has agreed in principle to Australia’s proposal, put by the Prime Minister to Premier Li Peng last week during his visit to China, that we establish a formal and regular bilateral dialogue on human rights.”<sup>15</sup> Politburo member Ding Guangen visited the same month. As a further sign of the strengthening ties following Howard’s China visit, Vice Premier (and future premier) Zhu Rongji visited Australia in May, bringing a strong business delegation,<sup>16</sup> praising restored economic ties.<sup>17</sup> He declined to assure the Australians that its US military ties were not an issue for China. In the view of senior international relations expert William Tow, “The Chinese message was clear, any conflict over Taiwan would force Australia to choose between the United States and China...Australian support for China’s entry into the WTO and for its integration into the international trade and security framework could facilitate an easing of Sino-US tensions and minimise the

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<sup>11</sup> Alexander Downer, *Australia and China: A Partnership in Growth*, address to launch DFAT’s East Asia Analytical Unit’s study ‘China Embraces the Market: Achievements, Constraints and Opportunities’, Sydney, 21 Apr. 1997, <http://foreignminister.gov.au/speeches/1997/eaau.html> (accessed 22 Mar. 2017)

<sup>12</sup> Howard, *Lazarus Rising*, p504

<sup>13</sup> *Ibid*, p505

<sup>14</sup> Downer, *Australia and China*

<sup>15</sup> Roy Campbell McDowall, *Howard’s Long March: The Strategic Depiction of China in Howard Government Policy, 1996–2006*, Strategic and Defence Studies Centre, Australian National University, 2009, p18, <http://press.anu.edu.au?p=8361> (accessed 22 Mar. 2016)

<sup>16</sup> Firth, *Australia in International Politics*, p263

<sup>17</sup> William Tow, ‘Australia and the United States’, *The National Interest in a Global Era*, p175

prospects of Australia having to face its worst nightmare of becoming caught between these two great powers.”<sup>18</sup>

In July 1997, despite his human rights concerns a year earlier, Downer attended the opening of Hong Kong’s new Provisional Legislature, created by China to replace the democratically elected Legislative Council, following the British handover. The US boycotted the ceremony in protest, due to their own human rights concerns.<sup>19</sup> Downer justified his visit by stating that Australia had significant investments in Hong Kong and that “It is not in anybody's interests that the new HKSAR begin its life in controversy.”<sup>20</sup> The Chinese Embassy in Canberra had lodged a protest at the decision of the government to conduct an inquiry “into the future of democratic political structures, the protection of human rights, [and] problems of citizenship”<sup>21</sup> following the return of Hong Kong. Australia refused to grant asylum to Hong Kong dissidents, and, following another protest by Beijing, refused to allow the US to use the former Radio Australia broadcast facilities in Hong Kong.<sup>22</sup>

In September 1999, Jiang Zemin became the first Chinese head of state to visit Australia. During his visit, he and Howard agreed to base the relationship around “long-term stability, healthy development and all-round cooperation.”<sup>23</sup> Following his visit, Australian businessman James Peng, who had been kidnapped from Macau in 1993 by Chinese police and sentenced to 16 years jail for embezzlement, was paroled and deported to Australia.

### **Establishing Dialogues**

The Human Rights Dialogue replicated the Whitlam recognition of the PRC in that it brought the bilateral relationship closer and boosted economic ties. Howard ceased to publicly criticise China’s human rights record, claiming that public international condemnation did not help improve anything, and with China’s relative power greater

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<sup>18</sup> Ibid, p174-175

<sup>19</sup> Ann Kent, ‘Australia and the International Human Rights Regime’, *The National Interest in a Global Era*, p271

<sup>20</sup> Alexander Downer, *Hong Kong Handover*, 12 June 1997, [http://foreignminister.gov.au/releases/1997/fa52\\_97.html](http://foreignminister.gov.au/releases/1997/fa52_97.html) (accessed 20 May 2016)

<sup>21</sup> Malik, ‘Australia and China’, p129

<sup>22</sup> Kent, ‘Australia and the International Human Rights Regime’, p271

<sup>23</sup> ‘Sino-Australian relations to be enhanced’, *Beijing Review*, Vol. 42, No. 39, 27 Sept. 1999, p7

than Australia's, it did Australia more harm than it did to the Chinese. In the view of ANU researcher Roy McDowall this represented “

an important move in Australia-China relations, departing from the conventional modes of engagement and critique conducted by many other Western countries in relation to China. While differences remained, from now on Australia-China differences concerning human rights would be addressed in private negotiations rather than on the public floor of the UN General Assembly.<sup>24</sup>

For ideological reasons, the Howard Government was much more sceptical of participating in international bodies with idealistic, grandiose aims.

“The attempts to alter the domestic structure of a country of the magnitude of China from the outside is likely to involve vast unintended consequences.”<sup>25</sup> Howard acknowledged that western concepts of human rights and individual liberties were not directly translatable to a civilisation that had millennia old different concepts. Downer argued that it was more important to engage China on human rights issues rather than isolate and shame it.<sup>26</sup> Andrew Shearer, former National Security adviser to John Howard, contends that Australian China experts dismissed “popular concerns about Chinese investment, human rights abuses, assertive diplomacy and military power as ignorant, misguided or unimportant.”<sup>27</sup>

Part of China's harsh treatment of dissent is due to its traditional fear of political chaos, fears well justified throughout its history and made larger by modern questions of legitimacy. Attempts of western correction by ‘enlightenment’ was portrayed as rude, obnoxious, patronising and intrusive by the Chinese. However the major shift in this attitude coincided with the Howard Government's experiencing international condemnation of its own human rights record, in regards to its treatment of indigenous people and ‘boat people’, leaving it in a weak moral position internationally.

Various international bodies, including Amnesty International and the UN continued to criticise Australia's treatment of Aboriginal people under the Howard Government.<sup>28</sup> In 1997, while negotiating trade arrangements with the EU, the government refused to sign the Framework Convention on Human Rights that the EU attaches to its trade agreements as a matter of routine. They reportedly refused to sign “because the government feared potential European criticism of its policy towards Australian

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<sup>24</sup> McDowall, *Howard's Long March*, p18

<sup>25</sup> Kissinger, *On China*, p426

<sup>26</sup> Alexander Downer, ‘We Can Stand Proud in Our Region’, *The Australian*, 9 Mar. 2000

<sup>27</sup> Shearer, *Sweet and Sour*, p11

<sup>28</sup> Kent, ‘Australia and the International Human Rights Regime’, p270

Aboriginal people.”<sup>29</sup> Specific criticisms aimed at Howard were his refusal to give a formal national apology to The Stolen Generations, the lack of resources and will to reduce inequality between indigenous and non-indigenous Australians, and his personal<sup>30</sup> (and therefore government) response to the Mabo and Wik High Court rulings that overthrew the doctrine of terra nullius and established the legality of Native Title. Howard justified his government’s actions, stating he preferred a “practical reconciliation approach.”<sup>31</sup>

In September 1998, Australia became the first western nation to be asked to explain its domestic race policies to the UN Committee on the Elimination of Racial Discrimination. The committee report released in 2000 criticised the Howard Government’s native title legislation that restricted the impact of the High Court’s 1992 Mabo ruling. Ruddock, now the Minister for Immigration and Multiculturalism Affairs was criticised at an appearance before the UN committee in Geneva. He was asked why a wealthy nation like Australia was unable to provide for its small indigenous population?<sup>32</sup> On Ruddock’s return to Australia, the government accused the UN of being “blatantly political and partisan”<sup>33</sup> whose observations “are little more than a polemical attack on the Government’s indigenous policies...based on an uncritical acceptance of the claims of domestic political lobbies”<sup>34</sup> in “a subject well outside its mandate.”<sup>35</sup> Four months later, the UN Human Rights Committee, focusing on the Stolen Generations and mandatory sentences released similar criticisms.

Along with its treatment of indigenous Australians, the other source of human rights criticism of the Howard Government is its treatment of refugees. Three elements of the Howard Government’s policy on refugees were particularly condemned: mandatory detention of those without a visa, with some detention centres offshore; issuing ‘temporary protection visas’ of those successful in gaining asylum but still without a

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<sup>29</sup> Ibid, p267

<sup>30</sup> See John Howard, ‘The Role of Government’, *Headland Speech*, Menzies Research Centre, 1995, <http://australianpolitics.com/1995/06/06/john-howard-headland-speech-role-of-govt.html> (accessed 24 Mar. 2018)

<sup>31</sup> Kent, ‘Australia and the International Human Rights Regime’, p238

<sup>32</sup> In 2005, a report found that the life expectancy for the indigenous population was 17 years lower than for other Australians, that they were 11 times more likely to be imprisoned, and the suicide rate for those aged between 25-34 was up to 86 per 100,000 compared to the non-indigenous rate of up to 25 per 100,000. See Kent, ‘Australia and International Human Rights’, p238-9

<sup>33</sup> Alexander Downer, *Government to Review UN Treaty Committees*, 30 Mar. 2000, [http://foreignminister.gov.au/releases/2000/fa024\\_2000.html](http://foreignminister.gov.au/releases/2000/fa024_2000.html) (accessed 29 July 2016)

<sup>34</sup> Ibid

<sup>35</sup> Ibid

visa (a 1998 Hanson suggestion initially dismissed by the Howard Government and then adopted a year later); and ‘upstream disruption’, with ADF operations targeting boat people and making deals with Indonesia to stop boat people leaving its shores. In May 1997, the UN Human Rights Committee declared Australia in breach of its international obligations under the International Covenant on Civil and Political Rights over the detaining of Cambodian refugees in a Port Hedland detention centre.<sup>36</sup> In July the same year, the UN Committee on the Elimination of Discrimination against Women pointed to reversal in gender equality progress.

The Tampa incident of August 2001<sup>37</sup> became symbolic of the Howard Government’s tendency to prioritise “a narrow, domestically influenced construction of what the national interest might be”<sup>38</sup> concerning human rights and international treaty obligations,<sup>39</sup> finding concrete form with its ‘Border Protection Bill’ creating the ‘Pacific Solution’. The *MV Tampa*, the ‘Pacific Solution’ and the first major challenge to the ‘Pacific Solution’, ‘children overboard’,<sup>40</sup> was internationally criticised on the grounds of human rights and international law violations, including leading to a diplomatic crisis with Norway. Amnesty International sent a representative to Australia to comment on human rights in the country. The UN and some of its various organs like

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<sup>36</sup> Kent, ‘Australia and the International Human Rights Regime’, p269

<sup>37</sup> In August 2001, the Australian Maritime Safety Authority identified an Australia bound vessel being in distress, and requested the captain of a Norwegian container ship, *MV Tampa*, to rescue the passengers, which he did so. The passengers were all refugees. *MV Tampa* then headed for the nearest port, Christmas Island. The SAS was dispatched to make sure this did not happen. For eight days *MV Tampa* waited offshore, while the Howard Government introduced the ‘Border Protection Bill’, allowing the Government to forcibly remove any ship from Australian waters. This was rejected by the ALP, Greens and Democrats in The Senate. The Government, with the support of the ALP, then excised Australian islands from Australia’s migration zone and sealed a million-dollar deal with Nauru to place the refugees in detention centres there while their claims for refugee status were considered – thus preventing them from making their claims onshore in Australia as part of the newly introduced ‘Pacific Solution’.

<sup>38</sup> Katherine Gelber, ‘Australia as an International Human Rights Citizen: Understanding ‘National Interest’’, Russell West-Pavlov (ed.), 2005, *Whose Australia? Contemporary Politics, Society and Culture in Australia*, Trier : WVT, Wissenschaftlicher Verlag Trier, p11

<sup>39</sup> Ibid, p21

<sup>40</sup> On 6th October, the Olong (officially dubbed SIEV 4) carrying asylum seekers was intercepted 190km north of Christmas Island by HMAS Adelaide, and, under orders from Canberra forced it to turn around. The Olong’s engines failed, so the Adelaide “aimlessly towed them round the Indian Ocean” while waiting for Canberra to decide what to do. Under the strain of the towing, the barely seaworthy Olong started to break up and started sinking. Only when it had almost sunk, with people diving for their lives into the sea, did the Adelaide conduct a full scale rescue, managing to save everyone. Furthering the narrative of boat people being incompatible with Australian values, Defence Minister Peter Reith released photographs of the rescue, incorrectly passing them off as pictures of boat people throwing their children into the sea. This accusation was repeated by Howard and Ruddock. See David Marr, ‘Truth overboard – the story that won’t go away’, *Sydney Morning Herald*, 28 Feb 2006, <http://www.smh.com.au/news/national/truth-overboard--the-story-that-wont-go-away/2006/02/27/1141020023654.html?page=fullpage#contentSwap1> (accessed 8 Feb 2016); and George Megalogenis, ‘They sank the boat, Howard says’, *The Australian*, 27 Feb 2006

the UNHCR also condemned Australia. UN Secretary General Kofi Annan presented UNHCR's most distinguished award, the Nansen Refugee Award to the captain and the crew of *MV Tampa*.<sup>41</sup> Domestically, it was a different story. Gelber notes that polls indicate that the majority of Australians supported the decision to refuse these asylum seekers entry to Australia,<sup>42</sup> signifying that traces and vestiges of the White Australia mentality remained in the contemporary Australian psyche. Howard had countered Hanson's electoral threat by occupying her ideological ground.

A Senate committee after the election determined that no children had been thrown overboard. Howard asserted he was unaware that no children had been thrown overboard, and years later maintained that it was still the boat people's fault as "they irresponsibly sank the damn boat, which put their children in the water."<sup>43</sup> Mike Scafton, adviser to Reith at the time of children overboard, came out to the media as a whistleblower years later, and revealed that at the time he had informed Reith and Howard that Defence did not believe that children overboard had happened, and that he "thought that the intelligence he [Howard] was relying on was suspect."<sup>44</sup>

In July 2002, P. N. Bhagwat, on behalf of UN High Commissioner for Human Rights released a report on the detention of refugees in Australia, which he described as a "great human tragedy."<sup>45</sup> The report argues that conditions in detention centres breached the Convention on the Rights of the Child and the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.<sup>46</sup>

The government rejected the criticisms and responded by delaying a visit by the UN rapporteur on racism and cut the budget of the Australian Human Rights and Equal Opportunity Commission by 40% over three years, allowed its membership on the UN Commission on Human Rights to lapse, withdrew from the International Labour Organisation over conflicts about Australian worker rights (it did not send government

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<sup>41</sup> Firth, *Australia in International Politics*, p258

<sup>42</sup> Katherine Gelber, 'Australia as an International Human Rights Citizen', p20

<sup>43</sup> Megalogenis, 'They sank the boat'

<sup>44</sup> Catherine McGrath, 'Mike Scafton speaks live about children overboard affair', *The World Today*, ABC, 16 Aug. 2004, <http://www.abc.net.au/worldtoday/content/2004/s1177463.htm> (accessed 1 Apr. 2016)

<sup>45</sup> P. N. Bhagwati, *Human Rights and Immigration Detention in Australia*, UN High Commission for Human Rights, 2002, <http://www.smh.com.au/articles/2002/07/31/1027926913916.html> (accessed 11 Feb. 2016)

<sup>46</sup> Ibid

representatives to Geneva when the ILO Governing Body Committee on Freedom of Association heard the case against them),<sup>47</sup> and downsized the human rights sections in DFAT and in the Attorney General's Department. Australia partially withdrew from the UN human rights treaty system. It refused to sign or ratify the Convention on the Elimination of All Forms of Discrimination Against Women, and deferred the visit of a UN human rights delegation for two years.<sup>48</sup> It joined China, the US, Cuba and Libya to vote against adopting the text of the Protocol to the Convention against Torture.<sup>49</sup> "The Howard Government's main international human rights activity was to defend itself against criticisms arising from UN human rights bodies and even to turn the tables on those bodies by insisting on their reform."<sup>50</sup> While the irony would probably have been lost on the protagonists, Australia's conduct during this period was not dissimilar to the fits of pique it found annoying in its own negotiations with China.

The Howard Government's sensitivity to international criticism led to a reduction in criticism of the human rights records of other nations, including China. As one of the only Western nations not to openly criticise China on its human rights record, Australia was increasingly welcomed by Beijing with Chinese officials and leaders suddenly lavish in their praise, lauding Australia's "maturity, understanding, and accepting attitude...on a wide range of issues, including human rights, democratisation, and Tibet."<sup>51</sup> In reality, China knew it could exploit Australia's lack of moral high ground, due to the aforementioned problems with its indigenous population and asylum seekers. The decision to create the dialogue was also sharply criticised by human rights groups, which pointed out human rights in China had worsened since China "signed (but did not ratify) the International Covenant on Civil and Political Rights in October 1998."<sup>52</sup>

Diplomats do not have to persistently bring up human rights messages to their host governments, saving them for the bilateral dialogue. As one diplomat described: "Invitations to presidential cocktail parties are less likely to be forthcoming if an Ambassador insists on delivering yet another sermon."<sup>53</sup> When politicians boast of their record of advocating for international human rights they are usually referring to the time

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<sup>47</sup> Kent, 'Australia and the International Human Rights Regime', p275

<sup>48</sup> Firth, *Australia in International Politics*, p254

<sup>49</sup> Kent, 'Australia and International Human Rights', p245

<sup>50</sup> Ibid, p249

<sup>51</sup> Malik, 'Australia and China', p124

<sup>52</sup> Ibid, p125

<sup>53</sup> Brian Toohey, *Australian Financial Review*, 13 Dec. 1997

and resources undertaken under their administration in making bilateral representations. A 'representation' can be as simple as an Australian embassy abroad asking for a clarification on an alleged violation. The government receiving the request is under no obligation to respond. In the case of China (and Vietnam and Iran) the human rights bilateral representations take the form a human rights dialogue.<sup>54</sup>

The content of the dialogue is unknown, due to transparency, accountability and representation issues.<sup>55</sup> Participation is always by fairly junior ministers, which in the nuanced world of diplomacy, told the Chinese that the Australian government did not view human rights as an important facet of the bilateral relationship.<sup>56</sup> The structure of the dialogue is for diplomats to meet behind closed doors and raise concerns such as domestic civil and political freedoms within each nation. Australian delegates are even allowed to visit sensitive areas such as Tibet. They typically take a day to conduct. The dialogue is a winner for both countries. China keeps a Western country quiet, carrying on business as usual, while Australia can convey to audiences that they are doing something, deflecting criticism of China's human rights record when it came up in the media,<sup>57</sup> allowing the Howard Government to say "we have mechanisms in place to bring these concerns to Chinese attention."<sup>58</sup>

Chinese defector Chen Yonglin stated that "The dialogue on human rights between China and Australia over the past several years was merely a show put on to appease the Australian public. In fact, there was no progress made. When high-ranking Australian officials visited China, they did not raise any human right issues."<sup>59</sup> He also pointed to Australia's failure to implement its obligations under international treaties.<sup>60</sup> Following the introduction of these annual bilateral talks in 1997 on human rights, China continued to grossly abuse the human rights of its citizens. During 1998-2000 "Chinese authorities made widespread arrests of dissidents, detained thousands of members of the Falun Gong spiritual movement, and placed new restrictions on the religious freedom of Christians, Buddhists and Muslims."<sup>61</sup> Downer nevertheless felt he could claim the

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<sup>54</sup> Firth, *Australia in International Politics*, p252

<sup>55</sup> David Goldsworthy, 'Australia, Britain and the European Union', *Trading on Alliance Security*, p99

<sup>56</sup> Sercombe, interview with author

<sup>57</sup> Tony Jones, 'Downer on Chinese visit', *Lateline*, ABC, 23 May 2002, <http://www.abc.net.au/lateline/stories/s563018.htm> (accessed 14 Mar. 2015)

<sup>58</sup> Sercombe, interview with author

<sup>59</sup> Bullivant, 'Chinese Defectors Reveal Chinese Strategy and Agents in Australia'

<sup>60</sup> Kent, 'Australia and International Human Rights', p237

<sup>61</sup> Malik, 'Australia and China', p125



human rights dialogue had become “a role-model for others who seek to engage China on human rights issues,”<sup>62</sup> which at least turned out to be true in the case of the Australia-China Defence Strategic Dialogue.

The Defence Strategic Dialogue can be understood as having been built upon the ground-breaking Human Rights Dialogue. The improvement in the bilateral relationship was “evident in the closer defence links forged since 1998.”<sup>63</sup> Defence reportedly no longer viewed China as a threat, and defined its policy towards China as one based on constructive dialogue and engagement, with Australia welcoming China taking its rightful place as a world power.<sup>64</sup> The establishment of a defence dialogue at secretary/chief of ADF level with their Chinese equivalents provided a framework “to share views on a wide range of regional security issues”<sup>65</sup> to be discussed at the senior level. Today this dialogue is one of China’s longest running uninterrupted dialogues of this type.

Unlike the human rights dialogue, the success of the defence dialogue was founded on an increase in high-level reciprocal visits in order to improve defence engagement. Chinese Defence Minister General Chi Haotian visited Australia in February 1998, saying China wanted regional stability.<sup>66</sup> This was followed by a hugely symbolic act for a country that had long feared invasion from the yellow peril, with three PLAN warships visiting Sydney Harbour in May the same year. In May 1999, John Moore made the first visit by an Australian Defence Minister to the PRC since relations were established in 1972. In March 2001, Defence Minister Peter Reith visited China, giving a speech on Australia’s defence policy and the bilateral relationship at China’s National Defence University. In return, China’s Chairman of the Central Military Commission Zhang Wannian visited Australia in March-April 2001. Defence Minister Robert Hill visited China in 2003 and 2005, seeking to expand the relationship, building on the earlier visits by Moore and Reith. Hill’s visits bookended a reciprocal visit by the PRC Chief of General Staff General Liang Guanglie visiting in 2004. In October 2004, the RAN’s flagship HMAS ANZAC visited China and participated in a five day search and

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<sup>62</sup> Downer, ‘We Can Stand Proud in Our Region’

<sup>63</sup> Malik, ‘Australia and China’, p115

<sup>64</sup> Gary Klintworth, ‘Australia Prompts a Pacific Realignment’, *Jane’s Intelligence Review*, Oct. 1999, p 46-47

<sup>65</sup> DFAT, *In the National Interest: Australia’s Foreign and Trade Policy White Paper*, Commonwealth of Australia, 1997, p39

<sup>66</sup> Malik, ‘Australia and China’, p115

rescue drill with the PLAN. This was the first joint military exercise between the two countries, and one of the few China has conducted with a Western country.<sup>67</sup>

The Human Rights and Defence Strategic Dialogues provided the impetus for the resetting of relations following 1996, as they were specific mechanisms that enabled all disagreements and criticisms to be raised and discussed, away from the eyes of their respective domestic audiences. Significantly, these dialogues “were Australian initiatives. The government was reaching out to China rather than vice versa.”<sup>68</sup> Both dialogues continue to this day. From 1998 onwards, the Sino-Australian relationship was marked “by bonhomie, verging on appeasement, and convergence of interests in trade and economic spheres.”<sup>69</sup> Hanson’s failure to get re-elected in the 1998 election had also helped ease strains with Australia’s Asian neighbours more generally.

### **Howard’s belief system**

Due to the importance of the role of the leader in an NCR framework, knowing the leader’s ideologies provides a base to assist in understanding why they make decisions. Aulich and Wettenhall have argued that Howard’s ideology is defined by two factors: social conservatism and liberal economics.<sup>70</sup> Wesley argues that the values that drove Howard’s approach to foreign policy are shaped by his conservatism, his Methodist upbringing and the highs and lows of his long political career.<sup>71</sup> Howard’s political career has given him an understanding of how power works and what can be achieved in politics.<sup>72</sup> His conservatism has given Howard a certain ideological perception of the world, with moral ideas on how the “three ‘natural’ units in society – the individual, the family, and the nation”<sup>73</sup> should function. Howard’s stubborn adherence to his opinions is due to his Wesleyan Methodism, which, according to Wesley, preached “a conviction of the importance of a pure feeling of absolute certainty,”<sup>74</sup> as Wesleyan Methodism

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<sup>67</sup> Jian Zhang, ‘Australia and China’, *Trading on Alliance Security*, p107

<sup>68</sup> McDowall, *Howard’s Long March*, p18

<sup>69</sup> Malik, ‘Australia and China’, p109

<sup>70</sup> Chris Aulich & Roger Wettenhall, *Howard’s Second and Third Governments: Australian Commonwealth Administration 1998-2004*, UNSW Press, Sydney, 2005, p5

<sup>71</sup> Wesley, *The Howard Paradox*, p34

<sup>72</sup> Ibid

<sup>73</sup> Ibid, p47

<sup>74</sup> Ibid, p46

combines a belief of individual experience with conviction of the importance of a feeling of absolute certainty.<sup>75</sup>

Howard says both his parents were politically and socially conservative, with conservative views on foreign policy, seeing “Britain and America, in that order, as our real friends.”<sup>76</sup> Howard embraced his parents’ political attitudes,<sup>77</sup> saying that “I brought to my job the values that I learnt from my parents”<sup>78</sup> and “my Burkean conservatism drove my thinking.”<sup>79</sup> Howard believes Australia is “an extension of Western civilisation in our part of the world, driven by the values we had imbibed from our history, our background and our experience as a nation...moulded by the Judaeo-Christian ethic” and “embraced the values of liberal democracy and the Enlightenment.”<sup>80</sup> Wright argues that Howard’s own upbringing and ideology influenced the comfortable and relaxed white picket fence motifs. Howard judged this aspiration to be Australia’s deepest dream, as it was also his own, with a strong work ethic inspired in part by losing his war veteran father while still a teenager.<sup>81</sup>

### **Presidentialisation**

Within the Cabinet, Howard established a Cabinet subcommittee, the National Security Committee (NSC). This foreign policy executive served to entrench Howard’s institutional power. It is within the NSC that all important foreign policy and defence deliberations are made, with major decisions referred to full cabinet for endorsement. The NSC members were not confined to Cabinet members, gathering in one room the political, bureaucratic, military and intelligence elite of Australia.<sup>82</sup> The members were the prime minister, deputy prime minister, foreign minister, attorney general, treasurer, defence minister, their department’s respective secretaries, and the heads of the ADF, ONA, ASIO and ASIS. As Howard chaired this committee, and he included other PM&C bureaucrats he was able to increase his influence in the machinations of foreign and strategic policy to an unprecedented degree. Other senior officials attended when

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<sup>75</sup> Ibid

<sup>76</sup> Howard, *Lazarus Rising*, p23

<sup>77</sup> Ibid, p24

<sup>78</sup> John Howard, National Press Club Address, Canberra, 1 Oct. 1998

<sup>79</sup> Howard, *Lazarus Rising*, p200

<sup>80</sup> Ibid, p233

<sup>81</sup> Wright, ‘In wanting what he’d been denied’

<sup>82</sup> Firth, *Australia in International Politics*, p4-5

required on an ad hoc basis. Howard felt this gave foreign affairs decisions a ‘whole-of-government consistency.’<sup>83</sup>

The NSC was at the apex of the foreign affairs hierarchy, tying foreign policy with defence and security. It was established as a Howard control mechanism, ensuring the prime minister had a decisive role in driving policy and decision making, and to “achieve consistency and coherence of policy that would forestall any charge that a Howard government was mismanaging the nation’s security.”<sup>84</sup> This ‘presidentialisation’ of foreign policy does have a downside, “from exposing Australia’s international policy to the whims and timetables of one individual to the abandonment of structures designed to subject policy to cautious testing and contextualisation.”<sup>85</sup>

It was under Howard that significant steps were taken to shift the prime minister’s role in foreign policy; increasing it resembled a more presidential model. Along with the NSC, during the Howard Government’s tenure all appointments of Ambassadors and High Commissioners had to be vetted by Howard and Cabinet, replacing the previous system of the foreign minister making these decisions. Howard had a big influence on the appointment of all department heads, and made his impact felt immediately following the 1996 election, with the aforementioned ‘Night of the Long Knives’. Senior public servants were placed on short-term contracts that included performance KPI’s, and their performance was related to the expectations of their political masters.<sup>86</sup> Howard was to continue to place loyalists in high ranking bureaucratic positions for the rest of his time in office.<sup>87</sup>

The ‘Night of the Long Knives’ was also a salvo in Howard’s challenge to what Paul Kelly has referred to as the ‘Foreign Policy Establishment’, a “loose identity among the retired public servants, retired senior military officers, intellectuals, academics, economists and journalists involved in the international policy debate.”<sup>88</sup> The

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<sup>83</sup> Howard, *Lazarus Rising*, p238

<sup>84</sup> Michael Wesley, ‘Australia’s Foreign Policy Machinery’, James Cotton & John Ravenhill (eds.), *Middle Power Dreaming: Australia in World Affairs 2006-2010*, Second Edition, Australian Institute of International Affairs, Oxford University Press, South Melbourne, 2012, p267

<sup>85</sup> *Ibid*, p272

<sup>86</sup> Firth, *Australia in International Politics*, p77

<sup>87</sup> Cotton & Ravenhill, ‘Trading on Alliance Security’, *Trading on Alliance Security*, p5-6

<sup>88</sup> Paul Kelly, *Howard’s Decade: An Australian Foreign Policy Reappraisal*, Lowy Institute Paper 15, Lowy Institute for International Policy, Sydney, 2006, p6, [https://www.lowyinstitute.org/sites/default/files/pubfiles/Kelly%2C\\_Howard%27s\\_decade\\_1.pdf](https://www.lowyinstitute.org/sites/default/files/pubfiles/Kelly%2C_Howard%27s_decade_1.pdf) (accessed 25 Oct. 2013)

‘Establishment’, influenced by the previous ALP government worldviews, had three core beliefs in defining and pursuing the national interest. They were as follows: The key task of Australian foreign policy is engagement with Asia and its regional institutions; the US alliance was in decline; and Australia should enhance multilateralism, relying on UN and WTO institutions as legitimising vehicles for military interventions and global trade liberalisation.<sup>89</sup> This alienation of the ‘Establishment’s’ philosophies is symbolised by tensions between the Howard Government and three prominent figures: “former DFAT Secretary, Dick Woolcott, Australia’s most influential trade policy economist, Ross Garnaut, and the former Chief of the Australian Defence Force, General Peter Gration.”<sup>90</sup> These three represented the thinking of policy makers from the Whitlam to Keating eras that Howard was replacing with his new doctrines.

Howard was the decisive shaper of policy objectives and approaches across the government. Wesley states “even though much of the substance of Howard government policy has been carried out by Downer...such is Howard’s dominance of the government that bears his name that the Prime Minister’s influence on the conceptual approach to conducting Australian diplomacy...has been overwhelming.”<sup>91</sup> Downer once explained how a submission had been approved by Cabinet: “The Prime Minister and I voted for it, the rest of Cabinet were against. That means it was approved with a clear majority.”<sup>92</sup> Such was the dominance of Howard over his government. His views became Cabinet’s view, and this happened at times even without Cabinet or DFAT being consulted. This led to the diminution of the role of foreign policy professionals. Robert Hill described Howard as a “unilateral superpower.”<sup>93</sup>

Howard explained the “dynamic of the cabinet process is that the backing of the prime minister is essential to winning approval of any...change or reform which involves a measure of short- or longer term political pain.”<sup>94</sup> Political pain meaning any action by the government that is unpopular with the electorate. Howard used Parliament as a forum to develop and display his dominance in foreign affairs. He flaunted his foreign

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<sup>89</sup> Ibid

<sup>90</sup> Ibid

<sup>91</sup> Wesley, *The Howard Paradox*, p27

<sup>92</sup> Dobell, ‘The Downer legacy (part 1)’

<sup>93</sup> Gyngell & Wesley, *Making Australian Foreign Policy*, p87

<sup>94</sup> Howard, *Lazarus Rising*, p537

policy successes, and having foreign heads of state address Parliament underlined his international status. Emboldened by electoral success, Howard began to take Parliament and his backbench for granted. With the establishment of the NSC, the balance of power in foreign affairs was firmly tilted in favour of the executive, with the concentration of power described by experts as ‘unparalleled.’<sup>95</sup> If any Coalition MPs were uncomfortable, they did not make their concerns known. Incumbency led to quiescence.<sup>96</sup>

As Gyngell and Wesley noted the “internal structures of bureaucracies are important clues to a state’s foreign policy priorities.”<sup>97</sup> Suspicious of some bureaucrats who commenced their tenure during the Hawke-Keating years,<sup>98</sup> Howard and Downer were determined to be masters of policy, though political instinct and opportunism often trumped diplomatic judgment. Howard shifted much international policy making from DFAT to his own office,<sup>99</sup> meaning that DFAT languished as a source of advice and foreign policy was increasingly concentrated into Howard’s and Downer’s offices and the NSC.<sup>100</sup> Downer explains “A lot of these foreign affairs things... basically John Howard and I worked together... we didn’t necessarily draw everybody in; everyone else in at every stage of these kinds of decisions.”<sup>101</sup>

Writing of the long term consequences of these developments, Greg Raymond has recently concluded that the “Howard Government accelerated atrophying of policy capability by relegating the public service role to one of implementation rather than provision of advice. Real thinking was to occur in the offices of ministers and their advisors.”<sup>102</sup> Between 2000 and 2010, the budgets of Defence, ASIS, ONA and ASIO increased by 62%, 437%, 471% and 562% respectively.<sup>103</sup> Over the same period, DFAT’s budget not only stagnated, but shrank.<sup>104</sup> As a result of its diminished role, the

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<sup>95</sup> June Verrier, ‘Parliament and foreign policy’, *Trading on Alliance Security*, p325

<sup>96</sup> *Ibid*, p324

<sup>97</sup> Gyngell & Wesley, *Making Australian Foreign Policy*, p28

<sup>98</sup> Geoffrey Barker, ‘The Howard-Downer Legacy: Global Deputy, Regional Sheriff’, *Middle Power Dreaming*, p15

<sup>99</sup> *Ibid*, p13

<sup>100</sup> *Ibid*, p15

<sup>101</sup> Hunt, quoted in Dobell, ‘The Downer legacy (part 1)’

<sup>102</sup> Greg Raymond, ‘Political amnesia is damaging Australia’s national security’, *Lowy Interpreter*, Lowy Institute for International Policy, 5 Apr. 2016, <http://www.lowyinterpreter.org/post/2016/04/05/Missing-in-action-The-long-analytical-view-of-Australias-security-defence-and-military-affairs.aspx> (accessed 10 Apr. 2016)

<sup>103</sup> Wesley, ‘Australia’s Foreign Policy Machinery’, p264

<sup>104</sup> *Ibid*

number of DFAT employees went from 2521 in 1996 to just 1989 in 2005.<sup>105</sup> This allocation of state resources reflected Howard's worldview and prioritises, the politicising and concentration of foreign policy within his office, while concentrating resources in the GWOT/security at the top of the list, although it was the money coming in from trade with China that allowed the expansion of the other departments.

There are other governmental organisations in Australia that deal with foreign policy, including the Departments of Defence, which has informally described itself as a 'service delivery institution', not a policy institution; and the PM&C, which derives its power from its proximity to and the advisory role it plays to the ruling Government and is more political than a traditional bureaucracy as its make up reflects the priorities and interests of the government of the day. Firth argues that the most influential foreign policy adviser during the Howard Government was his senior adviser on international affairs, located in the PM&C,<sup>106</sup> (something of a revolving door, including Miles Jordana, David Ritchie, and Paul O'Sullivan) which explains why foreign policy under the Howard Government was influenced by calculations of its domestic effects within Australia.<sup>107</sup> In 2001 Gyngell and Wesley asked DFAT policy officers who wields the most influence over foreign policy issues: the prime minister and foreign minister were first and second, respectively.<sup>108</sup>

### **Bilateralism**

The Coalition takes a 'pragmatic' view to foreign policy, having a history of partitioning politics and trade.<sup>109</sup> This historical preference by his party adds another layer to the political cultural context when viewing the variables that influenced Howard's foreign policy. As mentioned in a previous chapter, Australia was trading with the PRC under Menzies, at a time before it granted diplomatic recognition, even as Australian troops fought and died in Vietnam - which was justified as an attempt to stop

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<sup>105</sup> Cotton & Ravenhill, 'Trading on Alliance Security', p6

<sup>106</sup> Firth, *Australia in International Politics*, p77-78

<sup>107</sup> Ibid

<sup>108</sup> Gyngell & Wesley, *Making Australian Foreign Policy*, p324

<sup>109</sup> While the Coalition has described themselves as 'realist', 'hard headed' and 'pragmatic,' these terms are used in their popular sense, and cannot be assumed to reflect or describe how the Howard government actually went about its foreign policy. For an example of the Coalition referring to themselves as 'hard headed' and 'pragmatic', see Alexander Downer, *Security in an Unstable World*, National Press Club, Canberra, 26 June 2003, [http://foreignminister.gov.au/speeches/2003/030626\\_unstableworld.html](http://foreignminister.gov.au/speeches/2003/030626_unstableworld.html) (accessed 2 July 2016)

Chinese aggression - Australia was selling wheat, wool and steel to the PRC.<sup>110</sup>

Promoting the bilateral method of governance allows for closer relationships to develop between countries or states, as elites establish rapport and friendship with each other. As the Human Rights and Defence Strategic Dialogue examples show, this building of rapport reduces the possibility of instability and conflict developing by addressing problems before they can be exacerbated. Bilateralism can be viewed as a form of protectionism as it grants preferential treatment and excludes other parties.

Howard made several major foreign policy speeches, where he expressed the belief that “in the international system, the nation state remains the focus of legitimate action,”<sup>111</sup> a view he repeated at the United Nations later the same year.<sup>112</sup> Bilateralism reaffirms the primacy of the state, and limits the power of multilateral institutions, as the state does not have to surrender any of its authority. This was reinforced in a doorstep interview in Kuala Lumpur in December 2005, responding to questions on the East Asia Summit, Howard stated “It’s the substance of bilateral relations between Australia and countries in this region that matter most to Australia and that will continue to be our prime focus.”<sup>113</sup>

The Howard Government was convinced its ideological commitment to pursue bilateralism was correct by three external events. Firstly, as APEC grew in members, Howard believed it became too big and unwieldy for economic reform and trade liberalisation. Another is the fiasco of the WTO meeting in Seattle in December 1999. And lastly, Australia felt it was being excluded by regional multilateral bodies, because in fact it was, by Malaysia.<sup>114</sup> As Australia was unable to benefit from the preferential trade agreements within these bodies, it decided to pursue their own preferential trade agreements with individual nations. In addition, they found that bilateral relations could be conducted more privately, secretly and discreetly and the focus was on trade, whereas multilateral relations usually included rhetoric on human rights.

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<sup>110</sup> Curran, ‘The world changes’, p28

<sup>111</sup> John Howard, *Address to the Lowy Institute for International Policy ‘Australia in the World’*, Westin Hotel, Sydney, 31 Mar. 2005, <http://pmtranscripts.pmc.gov.au/release/transcript-21660> (accessed 26 June 2016)

<sup>112</sup> See John Howard, *Address to United Nations*, New York, 16 Sept. 2005, <http://pmtranscripts.pmc.gov.au/release/transcript-21925> (accessed 23 June 2016)

<sup>113</sup> John Howard, *Doorstop Interview Regent Hotel*, Kuala Lumpur, 13 Dec. 2005, <http://pmtranscripts.pmc.gov.au/release/transcript-22080> (accessed 23 June 2016)

<sup>114</sup> For example see Mark Baker, ‘Malaysia thwarts Howard’s bid to join ASEAN summit’, *Sydney Morning Herald*, 6 Nov. 2002, <https://www.smh.com.au/articles/2002/11/05/1036308308710.html> (accessed 12 Mar. 2018)



The Howard Government committed less attention, resources and energy to various WTO negotiations compared to Hawke/Keating. The ALP's method of foreign policy governance has a history of using multilateral engagement as its tool of governance to meet its national interest aims. Whenever the ALP is in power Australia has stressed the importance of going through multilateral organisations, such as the UN, G20, or APEC when engaging in dialogue with a great power, especially on regional issues. This is because it believes all nations are equal in a multilateral environment. This equality ensures the influence of middle powers such as Australia is magnified, and the influence of greater powers is diluted. Greater powers are forced to constrain their ambitions, acknowledge the interests of multiple stakeholders and are placed under pressure to conform to majority opinion, as a multilateral system depends on the will of other states. The Hawke Government founded and chaired Cairns Group<sup>115</sup> participated extensively in the GATT 1986-94 Uruguay rounds of negotiation. In contrast, under Howard, Australia was not an active participant in the 2001-08 Doha rounds.<sup>116</sup>

The ALP believes that without strong international rules and institutions the world would become a 'dog eat dog' place and disastrous to not only the national interest but the country's survival. An example of the ALP's dedication to multilateral institutions is the UN Security Council. Australia has been a member of the UN Security Council on five occasions – 1946-74, 1956-57, 1973-74, 1985-86 and 2013-14. On all but one occasion (1956-57) it was the ALP that campaigned to win the seat while in power.

Howard's foreign policy ideas can be seen as antithesis of those of the previous ALP government. Howard placed higher priority on bilateral relations between states than on international organisations and multilateral cooperation.<sup>117</sup> The government saw that Australia's national interest would be best served by establishing and maintaining pragmatic bilateral relations with states that shared interests and mutual respect with Australia, not by middle power diplomacy as conducted by Keating, Hawke and Evans. For the Government, shared interests meant practical and concrete interests in political and economic relations, and what should be respected mutually were traditions, values,

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<sup>115</sup> The Cairns Group was founded in 1986 and aims to advance the interests of 20 agricultural exporting nations

<sup>116</sup> John Ravenhill, 'Australia and the Global Economy', *Trading on Alliance Security*, p209

<sup>117</sup> Wesley, *The Howard Paradox*, p42

beliefs and identity that naturally varied between states.<sup>118</sup> This paradigm shift portrays the changes that occur when a new government is elected, because even though all sides agree on what Australia's goals are, they disagree as to what method is best, as, due to ideology, each side has a different perception on what works best and therefore on how to allocate the state's resources to achieving the goals.

Australia has FTAs with nine different nations. They are: New Zealand (1965 & 1983), Singapore (2003), United States (2004), Thailand (2004), Chile (2008), Malaysia (2013), South Korea (2014), Japan (2014) and China (2014).<sup>119</sup> Beginning negotiations or ratifications for all of the post New Zealand FTAs occurred during the Howard Government, proof of the high priority it placed on bilateral relations.

### **Defining the National Interest**

Defining the national interest is a central task of foreign policy. Defining national interest is a central task of foreign policy. Sercombe contends "What matters is the definition of the national interest,"<sup>120</sup> as defining the national interest is integral to a country's peace and prosperity. At the same time, Kissinger has wondered if "national interest may be the most complicated element of international relations to calculate precisely. Most wars result as a combination of misjudgement of the power relationship and domestic pressures."<sup>121</sup> In a similar vein, Gyngell notes "It is a time honoured cliché of Australian policy white papers and political speeches to claim that the strategic environment we face is more fluid and complicated than ever before."<sup>122</sup> When in power, the ALP has tried to include 'being a good international citizen' as part of its 'national interest', a focus Howard dropped when he became prime minister.

In May 1996, consistent with its ideological interpretation of the national interest, and suspicion of idealistic multilateralism, the Howard Government introduced restructures of Australia's treaty making process, one of which was the introduction of a national

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<sup>118</sup> Ibid, p54-5

<sup>119</sup> DFAT, *Status of FTA negotiations*, Commonwealth of Australia, 2016, <http://dfat.gov.au/trade/agreements/Pages/status-of-fta-negotiations.aspx> (accessed 19 Oct. 2016)

<sup>120</sup> Sercombe, interview with author

<sup>121</sup> Kissinger, *On China*, p426

<sup>122</sup> Allan Gyngell, *Parallel Worlds*, Lowy Institute Perspectives, The Lowy Institute, Sept. 2003, p3 [http://www.lowyinstitute.org/files/pubfiles/Gyngell%2C\\_Parallel\\_worlds\\_A4\\_NEW.pdf](http://www.lowyinstitute.org/files/pubfiles/Gyngell%2C_Parallel_worlds_A4_NEW.pdf) (accessed 15 Feb. 2014)

interest analysis which would be tabled in Parliament with every treaty. It would “note the reasons why Australia should become a party to the treaty...this will include a discussion of the foreseeable economic, environmental, social and cultural effects of the treaty.”<sup>123</sup> At the same time, DFAT ‘realigned’ its mission statement in its annual report to reflect “the change in government priorities”<sup>124</sup> that came with the change of government. Its specific objectives were in order: “enhancing national security; promoting Australia’s economic growth, jobs, and the standard of living; assisting Australians overseas; strengthening global cooperation that enhanced Australia’s interests; promoting public understanding of Australia’s policies; and providing clients with professional and effective services.”<sup>125</sup>

*In the National Interest: Australia’s Foreign and Trade Policy White Paper*, released in 1997, was Australia’s first white paper on foreign affairs. It was issued at the onset of the Asian financial crisis. The paper was created and released by the Howard Government to boost its foreign affairs credentials, as its disastrous handling of its relationship with China the year before gave credibility to accusations by critics that the Coalition was not suited to run Australia’s foreign affairs and which seemed to confirm Keating’s preselection jibe that “Asian leaders won’t deal with him (Howard).”<sup>126</sup> Its aim was to be a framework document, creating an intellectual underpinning and focusing on the conceptual foundations of the Government’s foreign and trade policy. In a dig at the Hawke-Keating years, the white paper preferred “practical outcomes over grand theories,”<sup>127</sup> rejecting an idealist outlook for Australia’s foreign affairs, stating that “preparing for the future is not a matter of grand constructs.”<sup>128</sup> Instead, it was conceived to be “about the hard-headed pursuit of the interests which lie at the core of foreign and trade policy.”<sup>129</sup> The white paper reinforced the Coalition’s preference for bilateralism, calling bilateral relationships “the basic building block for effective regional and global strategies. Further developing...bilateral relationships...will be the core part of the Government’s diplomatic activity.”<sup>130</sup>

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<sup>123</sup> Alexander Downer & Daryl Williams, *Government Announces Reform of Treaty-Making*, 2 May 1996, <http://foreignminister.gov.au/releases/1996/fa29.html> (accessed 24 Apr. 2016)

<sup>124</sup> DFAT, *Annual Report 1996-97*, Commonwealth of Australia, 1997, pIII

<sup>125</sup> Ibid

<sup>126</sup> Greg Hunt, ‘PM wrong to dismiss Liberals’ commitment to Asia’, *The Australian*, 12 Apr. 2013, <http://www.theaustralian.com.au/national-affairs/opinion/pm-wrong-to-dismiss-liberals-commitment-to-asia/story-e6frgd0x-1226618594317> (accessed 15 Apr. 2013)

<sup>127</sup> Barker, ‘The Howard-Downer Legacy’, p15

<sup>128</sup> DFAT, *In the National Interest*, pIII

<sup>129</sup> Ibid

<sup>130</sup> Ibid

In line with Howard's pre-election 'Asia First, but not Asia only' doctrine and the opinion he had expressed that Australia ought not apologise for its "historical links with Europe,"<sup>131</sup> the white paper explicitly mentions that "closer engagement with Asia will not require reinventing Australia's identity or abandoning the values and traditions which define Australian society"<sup>132</sup> and "Australia does not need to choose between its history and its geography."<sup>133</sup> By recognising "the need to accommodate the domestic as well as the international community in the development of the nation's foreign policy,"<sup>134</sup> the white paper reassured "voters that their own values system will not be overlooked, either in the name of globalisation or to accommodate specific Asian influences,"<sup>135</sup> acknowledging the dominant role played by Europeans in shaping Australia's world view. Due to its ideological constructs, the white paper is less a blueprint for foreign policy in the new millenium and more a partisan mouthpiece. The fact that the white paper uses the term 'national interest' in the title and as a focus in the paper communicates the approach taken by the government's advisers at the time and also the fit of the neoclassical realist approach to be followed in my argument.

In the white paper the term 'National Interest' is defined as "the security of the Australian nation and the jobs and standard of living of the Australian people."<sup>136</sup> In pursuing the national interest the white paper recognised that "Australia's most important strategic and economic interests lie in the Asia-Pacific. This will not change over the next fifteen years,"<sup>137</sup> adding that "Trade and investment will grow as a contribution to GDP. It is in Australia's interests to invest in overseas markets, and be attractive to foreign investment, especially in high value-added activities. International trade liberalisation is in Australia's best interests."<sup>138</sup> With an eye to the damage caused by Hansonism, the white paper also acknowledges that "national interests cannot be pursued without regard to the values of the Australian community...central to these values is an unqualified commitment to racial equality and the elimination of racial

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<sup>131</sup> Liberal Party of Australia, *A Confident Australia*

<sup>132</sup> DFAT, *In the National Interest*, pIV

<sup>133</sup> Ibid

<sup>134</sup> Anthony Milner, 'Balancing 'Asia' against Australian Values,' *The National Interest in a Global Era* p35

<sup>135</sup> Ibid

<sup>136</sup> DFAT, *In the National Interest*, pIV

<sup>137</sup> Ibid, p1,3

<sup>138</sup> Ibid, p14

discrimination.”<sup>139</sup> This is fundamental as racism “repudiates Australia’s best interests.”<sup>140</sup>

The paper identified China’s enhanced growth and influence as the most important strategic developments over the subsequent fifteen years. One of the white paper’s principal strategies was greater emphasis on expanding bilateral relationships, especially with four core states (China, Japan, Indonesia and the United States), at the expense of the Hawk-Keating policy of multilateralism and regionalism. China’s inclusion was based on the recognition that “China’s economic growth, with attendant confidence and enhanced influence, will be the most important strategic development of the next fifteen years,”<sup>141</sup> and as a result “the government seeks an expanding economic relationship with a rapidly growing China.”<sup>142</sup> This depiction of China as an opportunity rather than a threat, by acknowledging the significance of China to the prosperity and security of not just Australia, was to endure for the entirety of the Howard Era.

The white paper noted that the Sino-Australian relationship would be based on hard headed pragmatism:

China will remain one of Australia’s key relationships. The Government’s approach to China will be based on shared interests and mutual respect. These principles provide the basis for a realistic framework for the conduct of the relationship, and offer the best prospects to maximise shared economic interests, advance Australia’s political and strategic interests, and manage differences in a sensible and practical way.<sup>143</sup>

The Australian Strategic Policy White Paper of December 1997 reinforced the pragmatic theme:

Clearly, the development of policies which serve our national interests while acknowledging China’s political, economic, and military growth will continue to be a major priority for Australia. Our policies and actions will seek to show China that the strategic outcomes we seek are consistent with China developing a key role on regional political, economic, and security issues commensurate with its legitimate claims as an emerging major power. The best way we can do that is to encourage more high-level dialogue and contact between China’s policy makers and our own to build better mutual understanding of each other’s positions.<sup>144</sup>

According to Howard, this bilateral policy framework delivered a “more productive, realistic, and sustainable relationship with China than at any time since the resumption of diplomatic relations in the seventies.”<sup>145</sup>

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<sup>139</sup> Ibid, pIV

<sup>140</sup> Ibid, p31

<sup>141</sup> Ibid, p3

<sup>142</sup> Ibid, p63

<sup>143</sup> Ibid

<sup>144</sup> DFAT, *Australia’s Strategic Policy*, Commonwealth of Australia, 1997, p24

<sup>145</sup> John Howard, *Address at a Lunch Hosted by Georgetown University*, Washington D.C., 13 July 1999

*Advancing the National Interest: Australia's Foreign and Trade Policy White Paper* was the Howard Government's second foreign affairs white paper. Released in 2003, its overarching framework is the same as its predecessor, continuing the realist focus on national interest, but using a more aggressive tone, boasting of its support for the US in the War on Terror, with much of its rhetoric following that of the Americans. It was announced before the Invasion of Iraq, but released afterwards and this timeframe is reflected in its belligerent tone. It defines the national interest as "the security and prosperity of Australia and our people."<sup>146</sup> The white paper states Australia's success in winning the contract to supply liquefied gas to China's first LNG project is a sign that the Chinese value our political stability and economic efficiency. In the view of the paper's authors America's successful demonstration of strength in the War on Terror has ensured none of the other major powers, including China, wish to challenge it.

In a post 9/11 environment, unlike its predecessor, the 2003 paper does not identify economic ties with Asia as Australia's first priority in foreign policy. Instead it focuses on Australia's close relationship with the United States. The central claim of the 1997 white paper that Australia's most important interests lay in Asia for the next fifteen years had been dropped after only seven. "Maintaining a productive interplay between these two things – close engagement with Asia on the one hand, and the basic Western makeup of Australian society and its institutions and our wider international associations on the other-lies at the heart of our foreign policy"<sup>147</sup> and confirms the role western culture plays in establishing foreign policy. "Australia will increasingly find itself in situations where we consider foreign and trade policy less in geographic terms and more in terms of developing functional affinities with countries and groups of countries with which we share specific interests."<sup>148</sup> The nations with 'which we share specific interests' were Australia's Anglophone GWOT allies.

However, the relationship with China was elevated from 'economic' to 'strategic', and the One China policy was reaffirmed. China's rise was "the most important factor shaping Asia's future."<sup>149</sup> The paper applauded China's ascension to the WTO and engagement in the GWOT as "positive signs that it takes seriously its international

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<sup>146</sup> DFAT, *Advancing the National Interest: Australia's Foreign and Trade Policy White Paper*, Commonwealth of Australia, 2003, pIV

<sup>147</sup> Ibid, p3-4

<sup>148</sup> Ibid, p5

<sup>149</sup> Ibid, p79

responsibilities as a major power.”<sup>150</sup> Acknowledging the inevitability of tensions in the US-Sino relationship’s potential to affect its own relations with China, the paper saw Canberra’s role as “helping both sides manage these tensions and their relationship more broadly.”<sup>151</sup>

### **International Developments**

The May 1999 bombing of the Chinese embassy in Belgrade by an American B-52 bomber provoked mass protests in China. Jiang reflected the anger of the protests when he said “The Great People’s Republic of China will never be bullied, the great Chinese nation will never be humiliated, and the great Chinese people will never be conquered.”<sup>152</sup> Downer expressed “the Australian Government’s deep regret over the NATO bombing of the Chinese Embassy in Belgrade and the resulting loss of life. I also offer my sincere condolences to the Chinese Government.”<sup>153</sup>

In July 1999, despite strong warnings from Australia,<sup>154</sup> PNG succumbed to Taiwan’s dollar diplomacy and the Skate Government switched its recognition of China from the PRC to the ROC, establishing full diplomatic relations in exchange for an estimated \$3.8 billion in aid.<sup>155</sup> The Howard Government publicly berated PNG and applied diplomatic pressure to get them to switch back to the PRC, warning that the move added unwelcome tension to the region, and would have negative economic implications for PNG.<sup>156</sup> The PRC also warned of consequences, putting at risk its \$110 million a year trade relationship with PNG at risk.<sup>157</sup> The Skate government collapsed (for other reasons) a week later, and PNG, under its new Prime Minister Mereke Morauta switched back to Beijing.

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<sup>150</sup> Ibid, p79-80

<sup>151</sup> Ibid, p80

<sup>152</sup> Robert Lawrence Kuhn, *The Man Who Changed China: The Life and Legacy of Jiang Zemin*, Crown Publishers, New York, 2004, p2

<sup>153</sup> Alexander Downer, *NATO Bombing Of Chinese Embassy*, 10 May 1999, [http://foreignminister.gov.au/releases/1999/fa047\\_99.html](http://foreignminister.gov.au/releases/1999/fa047_99.html) (accessed 23 Apr. 2016)

<sup>154</sup> Hamish Robertson, quoted in Richard Dinnen, ‘Aust fears destabilisation from PNG-Taiwan relations’, *AM*, ABC, 6 July 1999, <http://www.abc.net.au/cgi-bin/common/printfriendly.pl?http://www.abc.net.au/am/stories/s33687.htm> (accessed 15 Jan. 2015)

<sup>155</sup> Michael Wesley, ‘The Challenges of China: Australian Perceptions and Reactions’, *Asian Perspectives on the Challenges of China*, National Defense University Press, Washington, D.C., 2001, p63

<sup>156</sup> David Lague, ‘Ties with Taipei Infuriate Beijing’, *Sydney Morning Herald*, 7 July, 1999

<sup>157</sup> Dinnen, ‘Aust fears destabilisation from PNG-Taiwan relations’

China helped pave the way for the Australian led UN intervention in Timor-Leste by not using its veto on the UN Security Council. Australia had half expected China to use its veto as Jiang had refused to divulge to Australians China's intentions regarding East Timor on his September 1999 visit.<sup>158</sup> China voted for the UN intervention in Timor-Leste, not because of the massacre of the Timorese, but because it judged that it had more to gain than lose in dealing with a geopolitically weaker Indonesia. Beijing also remembered that the Suharto regime started and ended with widespread repression of ethnic Chinese in Indonesia. On 27 September 1999, at the UN Human Rights Commission, Australia voted to set up a panel to investigate human rights abuses in Timor-Leste. China, fearing the potential precedent, helped scuttle the idea.

Following the Beijing rebuke over Anderson's September 1996 visit to Taiwan, the Coalition over the years downgraded relations with Taiwan by refraining from sending a minister level official to Taipei for four years, something that previously had occurred annually. Downer visited Macau in December 1999 as part of Australia's official delegation to the handover ceremony of Macau to China from Portugal. Unlike his response to the Hong Kong handover in 1996, Downer did not publicly express any human rights concerns, rather he congratulated "China, Portugal and Macau on the handover proceeding smoothly."<sup>159</sup>

Howard invoked the 'national interest' as the reason for joining the US in invading Iraq.<sup>160</sup> Paul Kelly asserts that due to Howard's close personal relationship with Bush, the invoking of the ANZUS Treaty and fighting with US forces in Iraq, allowed Howard to obtain political immunity in Washington for his Asian diplomacy.<sup>161</sup> Australia's commitment to the alliance gave Australia the diplomatic leverage to profit from China's enormous development boom, without being compromised by Sino-American strategic rivalry.<sup>162</sup> Lowy Institute Fellow Graeme Dobell agreed, stating:

Being the most vocal US ally in Asia gave Howard and Downer a certain freedom in dealing with China. The Howard and Downer approach to China was markedly different to the early inclinations demonstrated by Bush. As the most loyal of friends, Canberra was able to pointedly disavow US language about hedging against China (and strenuously protest at any thought of containment of China) without any blowback from Washington.<sup>163</sup>

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<sup>158</sup> Malik, 'Australia and China', p120

<sup>159</sup> Alexander Downer, Visit to the South Pacific and Macau, 14 Dec. 1999, [http://foreignminister.gov.au/releases/1999/fa137\\_99.html](http://foreignminister.gov.au/releases/1999/fa137_99.html) (accessed 24 May 2016)

<sup>160</sup> John Howard, 'Transcript of Howard's press conference', *Sydney Morning Herald*, 18 Mar. 2003, <http://www.smh.com.au/articles/2003/03/18/1047749752613.html> (accessed 9 July 2017)

<sup>161</sup> Paul Kelly, 'Poised between giants', *Weekend Australian*, 23–24 July 2005

<sup>162</sup> Edwards, *Permanent Friends?*, p51

<sup>163</sup> Dobell, 'The Downer legacy (part 1)'



The Sino-Australian relationship was “substantially facilitated by unexpected international events, especially the 9/11 terrorist attacks and subsequent US led GWOT.”<sup>164</sup> These events prompted an unanticipated warming of ties between Washington and Beijing, which in turn profoundly influenced the tenor of the Sino-Australian relationship. Following the 9/11 attacks the Bush Administration changed its stance on China. Instead of being viewed as a ‘strategic competitor’, the 2002 National Security Strategy stated the US welcomed “the emergence of a strong, peaceful, and prosperous China.”<sup>165</sup> Sino-US rapprochement reduced the chances of Australia being drawn into a conflict between the two and having to choose sides. Symbolically showing its solidarity with the US, the war on terror entered China’s domestic sphere, with Beijing listing ‘terrorism’ as “one of the ‘five poisons confronting China.’”<sup>166</sup> This had the added advantage of allowing the party-state to pursue Muslim Uyghur separatists specifically, and other domestic enemies generally, under the guise of fighting the war on terror.

China welcomed America’s GWOT for other reasons too. US military resources and attention were diverted away from the Asia-Pacific and concentrated in the Middle East and Central Asia. Li Peng told Howard during a 2002 visit that China would not use its veto in the UN Security Council to block US action on Iraqi WMDs. The Chinese hoped the Americans would stay in Iraq for as long as possible, knowing it would deplete US power and take their focus off the Asia-Pacific.

### Setbacks

It is not always possible to manage international relations on a simple bilateral basis, and attempting to do so can create tangles that are difficult to unravel, as relationships with other states (and the interests of those states) are excluded.

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<sup>164</sup> Zhang, ‘Australia and China’, p91

<sup>165</sup> White House, *The National Security Strategy of the United States of America*, US Government Printing Office, Washington D.C., 2002, p27, <http://www.state.gov/documents/organization/63562.pdf> (accessed 10 Nov. 2015)

<sup>166</sup> Wesley, *The Howard Paradox*, p128

In 1999, former senior US official Richard Armitage<sup>167</sup> visited Canberra and said that “if Washington found itself in conflict over Taiwan it would expect Australia’s support. If it didn’t get that support that would mean the end of the US-Australia alliance.”<sup>168</sup> According to former Australian intelligence official, Paul Dibb, Armitage also stated “We would expect you Australians to bleed for us in the event of such a war.”<sup>169</sup> The reason for Armitage’s visit is unknown, though it is easy to guess that for senior member of the US FPE to visit Australia and make such a declaration, the US were concerned about the strategic drift towards China. China responded to this reinforced commitment, directly warning Australia of ‘very serious consequences’ if it chose to side with the United States in a conflict over Taiwan.<sup>170</sup>

Canberra called in Chinese Ambassador Zhou Wenzhong in March 2000 to ask China to tone down its belligerent rhetoric regarding Taiwan.<sup>171</sup> Zhou Wenzhong, a spokesman for the Chinese Ministry of Foreign Affairs responded by warning Australia that “relations will be severely damaged if Canberra supports a US intervention in a crisis in the Taiwan Strait”<sup>172</sup> Another spokesman, Zhu Bangzao said “Australia would breach its commitment to the one-China policy if it supported a military operation over Taiwan in alliance with the US.”<sup>173</sup> The attendance of five Australian parliamentarians in Taipei for the inauguration of new Taiwanese President Chen-Shui-bian further angered the Chinese.<sup>174</sup>

In July 2000 it was revealed that Pine Gap would be used to test the US National Missile Defence (NMD) system, which the Chinese understood was being aimed at them. They repeatedly raised their concerns with Australian officials.<sup>175</sup> Downer

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<sup>167</sup> Armitage was a former Assistant Secretary of Defense and he later became Deputy Secretary of State

<sup>168</sup> Greg Sheridan, ‘What if Bluff and Buster Turn to Biff?’, *The Australian* 10 Mar. 2000

<sup>169</sup> Paul Dibb, *submission to Joint Standing Committee on Foreign Affairs, Defence and Trade*, Inquiry into Australia’s Defence Relations with the United States, Commonwealth of Australia, Canberra, 2 Apr. 2004, <http://www.aph.gov.au/binaries/hansard/joint/commtee/j7502.pdf> (accessed 27 Aug. 2016)

<sup>170</sup> ‘China warns Australia not to side with US over Taiwan’, *Agence France Presse*, 5 Nov. 1999

<sup>171</sup> In July 1999, Taiwan’s outgoing president Lee said future relations between Taipei and Beijing should be “conducted on a special state-to-state basis.” The Chinese response was an angry one. Premier Zhu warned that Beijing “would not sit idly by and watch any serious separatist activity aimed at undermining China’s sovereignty and territorial integrity, such as those advocating the ‘two-state theory’ or the ‘independence of Taiwan’.” As in 1996, China conducted military exercises, and Beijing warned Washington it may take military action, leading to fears they were considering an amphibious landing on one of Taiwan’s uninhabited islands. See Malik, ‘Australia and China’, p118; and Julian Borger, ‘US backs Taiwan as China warns of Invasion’, *The Guardian*, 15 Aug. 1999

<sup>172</sup> Malik, ‘Australia and China’, p118

<sup>173</sup> Ibid

<sup>174</sup> Martin Chulov, ‘Taiwan Trip Riles Beijing’, *The Australian*, 17 May 2000

<sup>175</sup> Malik, ‘Australia and China’, p123

rejected China's worries, saying the NMD was defensive, not offensive, and said that China should reduce its nuclear weapon supply, condemning its role in sharing weapons technology with states like Iran and Pakistan.<sup>176</sup> A Chinese newspaper responded with "The Australian government should take a lesson from the past and not act as a cat's paw anymore."<sup>177</sup>

In early 2001, Beijing's relations with Washington nosedived with the advent of the new Bush administration. During the US Presidential campaign, Bush indicated he saw China as a 'strategic competitor' rather than a 'strategic partner'.<sup>178</sup> This tough line approach was confirmed once Bush was in office.<sup>179</sup> Washington terminated a strategic dialogue between the two countries.<sup>180</sup> China was suspicious of Howard's affinity with the new US administration.<sup>181</sup> A number of incidents between China and the US did not help matters.<sup>182</sup>

In April 2001 Bush reaffirmed America's commitment to Taiwan's defence, proclaiming "that the US would do whatever it took"<sup>183</sup> to help Taiwan defend itself. He also approved the largest arms sale to Taiwan in a decade,<sup>184</sup> including the first sale of submarines since 1974. ROC President Chen was granted permission to visit New York, where he met with US politicians, and in the same week Bush met with the Dalai Lama in the White House.

China's reaction and responses were similar to 1996, holding a simulated military assault on Taiwan. The military exercise did not merely take Taiwanese resistance into

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<sup>176</sup> Robert Garran, 'A US Rock and a Chinese Hard Place', *The Australian*, 24 July 2000

<sup>177</sup> Bob Burton, 'Missile System Torpedoes China' Australia Ties', *Asia Times Online*, 18 Aug. 2000, <http://www.atimes.com/oceania/BH18Ah01.html> (accessed 12 Jan. 2016)

<sup>178</sup> Zhang, 'Australia and China', p95

<sup>179</sup> Ibid

<sup>180</sup> Lanxin Xiang, 'Washington's Misguided China Policy', *Survival*, Vol. 43, No. 3, 2001, p10

<sup>181</sup> Zhang, 'Australia and China', p91

<sup>182</sup> The Chinese had been shadowing US reconnaissance aircraft operating near Chinese territory for several years. In April 2001 a US Navy EP-3 reconnaissance plane flying outside Chinese territorial waters was followed by a Chinese fighter jet. The two aircraft collided near Hainan Island leading to the death of the Chinese pilot and detention of the US aircrew, after it made an emergency landing near a Chinese military base. After 11 days, and following an official US 'letter of regret' for the death of the Chinese pilot, the aircrew were released.<sup>182</sup> The plane was also released, several months later, after the Chinese were finished inspecting it. See 'US says sorry, China to free crew', *The Guardian*, 12 Apr. 2001, <https://www.theguardian.com/world/2001/apr/11/china.usa> (accessed 15 June 2016)

<sup>183</sup> Sterling-Folker, 'Neoclassical realism and identity', p123

<sup>184</sup> The US\$4 billion sale included 4 destroyers, 12 maritime patrol aircraft and a promise to facilitate the acquisition of 4 diesel electric submarines. See Aaron L. Friedberg, '11 September and the Future of Sino-American Relations', *Survival* Vol. 44, No. 1, 2002, p39

consideration, it included a counterattack against “an enemy fleet attempting to intervene in the war,”<sup>185</sup> an unambiguously pointed message to the US. The US downgrade of the relationship was confirmed with the dispatch of comparably low ranking US officials to China in the first half of 2001.<sup>186</sup>

As in 1996, this caused tension in Canberra’s relations with Beijing, especially as Howard wished to build closer ties with Bush. Howard strongly backed the US over the EP-3 plane collision, and made a statement supporting Bush’s position on Taiwan. His statement was criticised by the Chinese Embassy in Canberra as “very inappropriate”.<sup>187</sup> On 17 April 2001 Australia sent three RAN ships through the Taiwan Straits. PLAN ships stopped the RAN ships and China lodged a formal protest, saying permission needed to be granted before warships could enter its territory.<sup>188</sup> As Australian ships had never been previously challenged in similar situations, this was Beijing sending a message to Canberra about its ties with Washington. Howard said the RAN ships passing through was innocent and China was too suspicious. “I’m sure China and the world understand the United States’ position in relation to Taiwan. We don’t want to see any aggression by China against Taiwan.”<sup>189</sup> At the same time, Australia’s support in participating in the US’s Ballistic Missile Defence (BMD) system was also attracting strong criticism from Chinese media.<sup>190</sup> Despite this, Howard maintained that the relationship was stronger than it was in 1996, highlighting the economic importance of the relationship.<sup>191</sup>

US Secretary of State Colin Powell visited Australia for AUSMIN in July 2001. He told a press conference that the possibility of formalising the US series of bilateral treaties in the Asia-Pacific had been discussed. Downer, keen to back “away from the language of leaders, deputies or sheriffs”<sup>192</sup> quickly added “We obviously... wouldn’t want new architecture in East Asia which would be an attempt to kind of replicate NATO or

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<sup>185</sup> ‘Chronology’, *Frontline Special: Dangerous Straits, Exploring the Future of US-China Relations and the Long Simmering Issue of Taiwan*, Frontline, PBS, Oct. 2001,

<http://www.pbs.org/wgbh/pages/frontline/shows/china/etc/cron.html> (accessed 31 Oct. 2015)

<sup>186</sup> Seiichiro Takagi, ‘The Impact of September 11 on China’s Key Foreign Relationships’, *Japan Review of International Affairs* Vol. 16, No. 1, 2002, p12

<sup>187</sup> Zhang, ‘Australia and China’, p95

<sup>188</sup> Ibid

<sup>189</sup> Hou Minyue, ‘The Role of the US in Post-Cold War China-Australia Relations’, *Centre for Australian & New Zealand Studies*, 14 Feb. 2008

<sup>190</sup> Craig Skehan, ‘Australia dancing to US tune, mocks China’, *Sydney Morning Herald*, 2 Aug. 2001

<sup>191</sup> John Howard, ‘Interview with Tracy Grimshaw’, *Today Show*, 30 Apr. 2001, <https://pmttranscripts.pmc.gov.au/release/transcript-12033> (accessed 20 May 2016)

<sup>192</sup> Wesley, *The Howard Paradox*, p133

something like that. We are talking here just about an informal dialogue.”<sup>193</sup> His denial did little to appease the concerns of the Chinese. A *People’s Daily* article described Powell’s suggestion as a move to contain China as part of a cold war mentality, and portrayed the US as a ‘Don Quixote’ with Australia as its servant ‘Sancho Panza.’<sup>194</sup> Five years later, when newly-appointed Defence Minister Brendan Nelson, headed to his first big Asian conference, the one question he got from a Chinese delegate was about the Asian NATO.<sup>195</sup> The Japanese, Australian and American trilateral Non-Asian NATO grouping had its first meeting in Sydney in 2006.

In August 2001, Downer announced that an agreement had been reached with the US to facilitate the sale of uranium to Taiwan.<sup>196</sup> Australian uranium would be enriched in the US, and the enriched uranium would be transferred to Taiwan. The agreement and its associated safeguards would pass the two houses of Parliament in 2002.<sup>197</sup>

Despite these setbacks, during the same period Canberra supported Beijing in several areas. Downer praised China’s willingness to open its markets while being critical of US neo protectionism,<sup>198</sup> and Howard criticised American policy towards China as being dependent on “sudden swings in rhetoric and atmosphere.”<sup>199</sup> Two of the PRC’s top priorities were to join the WTO and host the 2008 Summer Olympics. Being successful in both of these goals would symbolise China’s coming of age as a respected international player. Australia strongly supported these ventures, seeing great economic potential if China was successful in both endeavours. In July 2001, China was successful in its Olympics bid, and after 15 years, concluded negotiations to join the WTO in September the same year, entering in November.<sup>200</sup> As part of its WTO commitments China agreed to lower tariffs on agricultural imports and deregulate

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<sup>193</sup> Downer, quoted in Dobell, ‘The Downer legacy: Northeast Asia’

<sup>194</sup> Li Xuejiang, ‘Advice to Australia and the United States: Don’t try to be the modern ‘Don Quixote’’, *People’s Daily*, 1 Aug. 2001

<sup>195</sup> Dobell, ‘The Downer legacy: Northeast Asia’

<sup>196</sup> Alexander Downer, *Safeguards Arrangements for Uranium Exports to Taiwan*, 13 Aug. 2001, [http://foreignminister.gov.au/releases/2001/fa124\\_01.html](http://foreignminister.gov.au/releases/2001/fa124_01.html) (accessed 20 Mar. 2016)

<sup>197</sup> ‘Taiwan uranium deals no secret: miners’, *The Age*, 4 Apr. 2006, <http://www.theage.com.au/news/National/Taiwan-uranium-deal-okay-with-China/2006/04/04/1143916488672.html> (accessed 20 Mar. 2016)

<sup>198</sup> *The Australian*, 14 July 1999

<sup>199</sup> *The Australian*, 15 July 1999

<sup>200</sup> See WTO, *WTO successfully concludes negotiations on China’s entry*, Press Release, 17 Sept. 2001, [https://www.wto.org/english/news\\_e/pres01\\_e/pr243\\_e.htm](https://www.wto.org/english/news_e/pres01_e/pr243_e.htm) (accessed 30 Oct. 2015); and WTO, *WTO Ministerial Conference approves China’s accession*, Press Release, 10 Nov. 2001, [https://www.wto.org/english/news\\_e/pres01\\_e/pr252\\_e.htm](https://www.wto.org/english/news_e/pres01_e/pr252_e.htm) (accessed 30 Oct. 2015)

service sectors including banking, law, insurance, education and telecommunications. This opened doors to Australia's primary industries and white collar service sectors. Initially Beijing had heavily bid for the 2000 Olympics, and had the most votes in each of the first three rounds, before losing to Sydney in the fourth round. Following its successful 2008 bid, Australia offered to use its Sydney experiences to assist China in preparing for the games.<sup>201</sup>

Thanks to improved trade with China, Australia was becoming more 'comfortable and relaxed'. Howard increased the number of households that received more in benefits than they paid back to the government in income tax. The bottom four rungs of the income ladder, plus a fraction of those in the middle, the fifth rung, were income tax free.<sup>202</sup>

### **Howard's 2002 China Visit**

The Dalai Lama visited Australia in May 2002. This time Howard did not meet with him, citing that he would be in East Timor and China during the visit. Howard was going to China to lobby for the sale of Australian LNG. During his visit, the Dalai Lama was unable to visit any government ministers, as Howard, sensitive to Chinese opinion and to avoid jeopardising the LNG negotiations, took steps to ensure this did not occur. Howard received some domestic criticism for putting economic interests above human rights, but the Chinese media applauded his stance.<sup>203</sup> Howard was visiting to celebrate the 30<sup>th</sup> anniversary of the establishment of the bilateral relationship and to lobby for the WA's North West Shelf Consortium to win the contract to supply LNG to Guangdong Province. China had sourced most of its LNG from the Middle East, but wanted to diversify its supply.

The two front runners were North West Shelf and a partnership between BP and the Indonesian Government. Howard "thought it was important to lobby personally on behalf of the Australian consortium,"<sup>204</sup> and met with Zhu in Beijing and Jiang in

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<sup>201</sup> John Howard, *Transcript of the Prime Minister the Hon. John Howard MP briefing for Chinese Media*, Canberra, 16 May 2002, <https://pmtranscripts.pmc.gov.au/release/transcript-12528> (accessed 20 May 2016)

<sup>202</sup> Megalogenis, *The Australian Moment*, p302-303

<sup>203</sup> 'Australian PM not to meet Dalai Lama', *Xinhua News Agency*, 21 May 2002, [www.china.org.cn/english/FR/32957.htm](http://www.china.org.cn/english/FR/32957.htm) (accessed 10 Oct. 2014)

<sup>204</sup> Howard, *Lazarus Rising*, p507

Chongqing, in central western China. Zhu mentioned that British Deputy Prime Minister John Prescott had been lobbying for the BP/Indonesian consortium and had told Prescott that he “was bound to lose, as Britain had only sent the Deputy Prime Minister, whereas Australia had sent its Prime Minister. Prescott retorted that Tony Blair would be on the next flight if necessary.”<sup>205</sup> Jiang was impressed that Howard was willing to meet him in provincial China.<sup>206</sup> North West Shelf won what was then Australia’s largest ever export deal, \$20-25 billion to supply 3 million tonnes of LNG per year for 25 years. Chinese Ambassador to Australia Wu Tao described the deal as representing China’s confidence in developing a long term stable relationship with Australia.<sup>207</sup> In October 2003, another 25 year LNG contract was agreed to, worth \$30billion.<sup>208</sup> The length of these contracts was a clear sign that both nations were committed to the long term, and wanted to strengthen the strategic economic partnership between the two nations.

During his visit, Howard addressed a delegation of Communist Party cadres, “the first-ever leader of a western political party to receive such an invitation.”<sup>209</sup> During the Q&A component of his address, Howard was told by a member of the crowd that allowing the Dalai Lama to visit Australia was bad for the bilateral relationship, as “the Dalai Lama was engaged in wicked activities under the cover of religion”<sup>210</sup> Howard’s reply indicated he was influenced by Australia’s culture of tolerance, highlighting the 1951 referendum defeat of the Menzies Government bid to amend the Constitution to ban the Communist Party.

### **2003 – Hu and Bush: The Dragon and The Eagle**

Hu Jintao’s first visit to Australia was in the mid-1980s, because Hawke “asked Hu Yaobang who would be the influential leader in China in 20 years time that Australia should be cultivating.”<sup>211</sup> His next trip was in 2003, visiting before the APEC leaders’ summit in Bangkok. Hu specifically picked Australia as his first overseas trip as

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<sup>205</sup> Ibid, p508

<sup>206</sup> Ibid

<sup>207</sup> Wu Tao, ‘China’s ambassador to Australia Wu Tao: Welcome the warming development of China-Australia relations’, (Chinese), *Chinese Internet Information Center*, 15 Sept. 2002, <http://china.org.cn/chinese/zhuanli/249506.htm> (accessed 12 Oct. 2012)

<sup>208</sup> ‘China’s CNOOC to buy stake in Australia LNG field-source’ *China Daily*, 24 Oct. 2003

<sup>209</sup> Howard, *Lazarus Rising*, p510

<sup>210</sup> Ibid

<sup>211</sup> Uren, *The Kingdom and the Quarry*, p11

President, highlighting the importance of the bilateral relationship, and wishing to extend it beyond trade. It was on this trip Hu made his historic address to a joint sitting of parliament. A moment of great ceremonial and symbolic significance, Hu's address represented the highpoint in the Howard Government's engagement with China.

Prior to October 2003, only two foreign heads of state had addressed a joint meeting of Parliament: American Presidents George HW Bush in January 1992, and Bill Clinton in November 1996. This made Hu's address even more significant, as it symbolically equated him and the bilateral relationship with the US. Hu received the honour before even the British and NZ Prime Ministers, with Tony Blair achieving the honour in March 2006 and John Key in June 2011.

When first proposed, the idea of Hu addressing Parliament attracted significant opposition from the minor parties. Democrat Senator for Victoria, Lyn Allison moved two motions that Bush and Hu be received in the Great Hall at Parliament House instead of the House of Representatives.<sup>212</sup> Australia's longest serving independent Senator, Tasmania's Brian Harradine said:

The proposal is to allow President Hu, who is a dictator—he is not elected and certainly not democratic—to address the democratically elected parliament of this country in the chamber. I take the view that, if we accept this, it will set a very bad precedent indeed and will reflect on the elected chambers.<sup>213</sup>

Greens Leader Tasmanian Senator Bob Brown, called Hu “a dictator who has blood on his hands”<sup>214</sup> Much of the debate around Hu's visit occurred in the Senate, where Howard did not have a party majority. It focused mainly around China's human rights record and requested that human rights issues be raised with Hu during his visit. Brown suggested that the assembled politicians be allowed to question Hu during his address. These concerns were addressed by the Howard Government assertions that the Australia's Human Rights Dialogue with China was the appropriate mechanism for raising these issues.

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<sup>212</sup> Timothy Kendall, *Within China's Orbit? China through the eyes of the Australian Parliament*, Parliament of Australia, 2008, [http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/APF/monographs/Within\\_Chinas\\_Orbit/Chapterthree#\\_ftn6](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/APF/monographs/Within_Chinas_Orbit/Chapterthree#_ftn6) (accessed 11 Dec. 2013)

<sup>213</sup> Brian Harradine, 'Address by the President of the People's Republic of China', Senate, *Debates*, 9 Oct. 2003, p16022

<sup>214</sup> Kendall, *Within China's Orbit?*



A week before his speech, Bush was asked if he agreed with the September 1999 assessment of Howard (and Australia) being a deputy sheriff for the US.<sup>215</sup> Bush answered “We don't see it (Australia) as a deputy sheriff. We see it as a sheriff. There's a difference. Equal partners, friends and allies. There's nothing deputy about this relationship.”<sup>216</sup> The comment drew a mixed reaction, with US Ambassador to Australia Tom Schieffer saying the comment was Bush's way of saying Australia was an equal partner in the war on terror,<sup>217</sup> while Malaysian Deputy Defence Minister Shafie Apdal said “I suppose America wants a puppet of its own in this region whom they can trust who will do whatever they wish.”<sup>218</sup> Apdal's comments came after Malaysian Prime Minister Mahathir Mohamad had recently accused Australia of acting like a “deputy general” and a Western “transplant.”<sup>219</sup> Howard, mindful of the impact of the comments said “Australia did not see itself as sheriff or enforcer in the Asia Pacific region”<sup>220</sup>

For Bush's speech Parliament was closed to the public for the first time in the history of the Commonwealth.<sup>221</sup> Brown and his Greens colleague, NSW Senator Kerry Nettle interjected several times during Bush's address on 23 October, and ignored the Speaker's orders to leave the chamber. Bush responded to the interjections with “Isn't free speech great.”<sup>222</sup> For defying the Speaker's orders to leave, the two senators were “suspended from the service of the House”<sup>223</sup> for 24 hours, which would prohibit them from attending Hu's address the following day.<sup>224</sup>

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<sup>215</sup> In 1999, following the aftermath of East Timor, Bulletin Magazine proclaimed ‘the Howard Doctrine’, and that Howard saw Australia as a ‘deputy policeman’ to America's ‘global policeman’ for the region. This phrase was quickly taken up by other commentators, and entered the public lexicon to describe Howard's foreign policy. See Fred Brenchley, ‘The Howard Defence Doctrine’, *Bulletin*, 28 Sept. 1999, p24

<sup>216</sup> Grubel, ‘Bush's ‘sheriff’ comment causes a stir’

<sup>217</sup> Ibid

<sup>218</sup> Ibid

<sup>219</sup> ‘Bush hails ‘sheriff’ Australia’, *BBC News*, 16 Oct. 2003, <http://news.bbc.co.uk/2/hi/asia-pacific/3196524.stm> (accessed 10 Oct. 2016)

<sup>220</sup> ‘Howard denies Australia has sheriff role’, *Sydney Morning Herald*, 17 Oct. 2003, <http://www.smh.com.au/articles/2003/10/17/1065917588513.html> (accessed 10 Oct. 2014)

<sup>221</sup> June Verrier, ‘Parliament and foreign policy’, p305

<sup>222</sup> Howard, *Lazarus Rising*, p499

<sup>223</sup> Kendall, *Within China's Orbit?*

<sup>224</sup> The Speaker of the House of Representatives and the President of the Senate issued an instruction to security informing the Senators of the suspension. The instruction “included the extraordinary, and unprecedented, directive that security officers, if necessary, employ ‘preventative force’ to enforce their suspension.” Brown and Nettle questioned the authority of the Speaker and President to ban them, and approached the Chamber. As they got closer security spoke to them and the Senators withdrew without attempting to enter. It was later agreed that there was no authority to ban them. See Kendall, *Within China's Orbit?*

Hu's address on 24 October was not without its issues. Free Tibet and Falun Gong members planned demonstrations. The Australia Tibet Council ran full page advertisements in all major newspapers urging China to engage in constructive dialogue over the Tibet issue. The Chinese were rattled by the actions of Senators Brown and Kerry the day before. On the morning of the speech, China's Foreign Minister Li Zhaoxing complained to the Speaker of the House of Representatives Neil Andrew about the Greens inviting two Tibetan activists and the chair of the Federation for a Democratic China to the public gallery. Li said Hu "would not speak unless there were assurances that they would not be able to disrupt proceedings. Andrew ensured the dissidents were kept securely behind glass."<sup>225</sup>

In his introduction of Hu to Parliament, Howard mentioned that "It would be no exaggeration to say that 10 years ago an event such as this would have been seen as not only unlikely but indeed highly improbable."<sup>226</sup> He claimed that the event was made possible by the common sense and practical approach to the relationship by two very distinct cultures. Howard pointed out that 13.3% of his electorate was Chinese and people to people links are very important. Australia's aim of seeing "calm and constructive dialogue between the United States and China on those issues which might potentially cause tension between them,"<sup>227</sup> and using Australia's "close relationships with both of those nations to promote...constructive dialogue"<sup>228</sup> link in with the National Interest goals of regional stability.

Hu began his address by stating the Ming Dynasty fleets reached Australia in the 1420s, pointedly mentioning that they "lived harmoniously with the local people."<sup>229</sup> His speech was structured against the four principles he considered necessary for smooth state-to-state relations: finding common ground while mutually respecting different worldviews; economic complementarity; understanding the history, culture and traditions that make each country different, pointing out that cultural pluralism and part of the multiculturalism of both Australia and China; and a mutual trust and equal cooperation to maintaining peace. This includes "non-interference in each other's

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<sup>225</sup> Uren, *The Kingdom and the Quarry*, p12

<sup>226</sup> John Howard & Hu Jintao, *Address to Parliament, Joint Meeting of Senate and House of Representatives*, Parliament of Australia, 24 Oct. 2003, [http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/APF/monographs/Within\\_Chinas\\_Orbit/Appendix1](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/APF/monographs/Within_Chinas_Orbit/Appendix1) (accessed 30 Sept. 2012)

<sup>227</sup> Ibid

<sup>228</sup> Ibid

<sup>229</sup> Leaving unsaid the devastation wrought by British 'discovery' and settlement centuries later. See Hu, *Address to Parliament*

internal affairs”<sup>230</sup> and emphasis on China’s “independent foreign policy of peace”<sup>231</sup>, contrasting with the controversial US led Invasion of Iraq, which Australia participated in. Lastly, Hu asserted that Taiwan belongs to China. Throughout the speech, Hu described the China–Australia relationship as one of “all-round cooperation” several times.

The Americans and Chinese were offered an official luncheon in the Great Hall following their respective president’s address. The Americans accepted, the Chinese did not, as all members from both houses of parliament were invited, and the Chinese did not want the Green’s getting access to Hu. They chose an evening function at the Hyatt Hotel, allowing them control of the guest list. Even then, cultural differences appeared, as Howard casually introduced Chinese Australians to Hu, “we were suddenly surrounded by a large number of Chinese security personnel. They were not used to this kind of informal access to their leader.”<sup>232</sup>

As well as addressing both houses of Parliament, Hu’s trip included a Sydney Harbour boat cruise, a tour of the Homebush Olympic site, a business lunch and the signing of a \$30 billion contract from the Gorgon project off WA. The trip had a profound impact on Hu; he was proud that he had been invited to address the Australian Parliament on an equal footing with the US President. This experience led him to try have China exert influence on Australian policy, particularly on Taiwan. South Korea had declared it would not intervene in a conflict with Taiwan, could Australia do the same?<sup>233</sup> This was revealed in the 2005 Chen Yonglin incident.<sup>234</sup> Hou Minyue, the deputy director of the Institute for Asia-Pacific Studies in the Chinese Academy of Social Sciences, states that

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<sup>230</sup> Ibid

<sup>231</sup> Ibid

<sup>232</sup> Howard, *Lazarus Rising*, p500

<sup>233</sup> Rowan Callick, ‘Beijing Bid to Weaken American influence Began with Hu’s Visit’, *The Australian*, 16 Aug. 2011

<sup>234</sup> In June 2005, first secretary for political affairs at the Chinese Consulate in Sydney, Chen Yonglin, defected. He reported that Hu had outlined a work programme designed to make Australia part of “China’s ‘Great Border Area’ to obtain *both Australia’s natural resources and its political compromise* in mid-August 2004. In February 2005, Vice Foreign Minister Zhao Wenzhong visited Australia and held a meeting at the embassy with all of the Ambassadors and Consul Generals of Australia and New Zealand to discuss suggestions for implementing Hu’s program. The PRC’s strategic plan was for Australia to break its military ties with the United States and turn Australia into “a second France ... that dares to say ‘no’ to the United States.” It was agreed to achieve this through “the application of economic pressures and incentives.” See Bullivant, ‘Chinese Defectors Reveal Chinese Strategy and Agents in Australia’; and Chen Yonglin, media conference

Australia ranked only behind the US, Japan, Russia, Europe, ASEAN and India (in that order) in importance in terms of China's foreign relationships.<sup>235</sup>

Regarding the consecutive joint house addresses Howard contends that

Of all the events I was involved with which had a foreign policy connotation, nothing came anywhere near the symbolism of two days in October 2003, when, successively the presidents of the United States and the People's Republic of China addressed joint sittings of the two houses of the Australian Parliament...In one unmistakable gesture, Australia was telling the world it was possible, simultaneously, to have close relations with both the United States and China...At another time and in other circumstances, having the two addresses following each other would have generated sensitivity...It was precisely because we had unambiguously strengthened the American relationship, whilst pursuing a pragmatic, and to that point highly beneficial, improvement in our relations with China, that the two events were able to take place in such a smooth manner.<sup>236</sup>

The coincidental timing of the two visits, and "the symmetry of the arrangements for each visitor, inevitably conveyed a suggestion of parity between these two relationships for Australia's foreign policy."<sup>237</sup>

## Conclusion

Howard's acceptance of an invitation to visit China proved to be pivotal in re-establishing the bilateral relationship following 1996. It was during his visit in 2007 that the idea of a 'human rights dialogue' was raised, and its successful implementation provided a mechanism for the Government to quell domestic concerns about Chinese human rights abuses. The Defence Strategic Dialogue built upon the Human Rights Dialogue, and the language used in Australia's various white papers when referring to China was complimentary, empathising the importance the Howard Government placed on the relationship. International détente between the US and China, as America focused on pursuing its GWOT also helped Australia, as the interests of the two powers did not clash. Hu Jintao's address to a joint sitting of Parliament is proof that not only was the relationship re-established, but the two nations became closer than ever before. Howard's leadership was instrumental in shifting Australia's foreign policy towards a more positive relationship with China, providing the groundwork for all subsequent Australian governments to build on.

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<sup>235</sup> Hou Minyue, 'The Howard doctrine: An irritant to China', *Journal of East Asian Affairs*, Vol. 19, No.1, 2005

<sup>236</sup> Howard, *Lazarus Rising*, p498-99

<sup>237</sup> Hugh White, 'The limits to optimism: Australia and the rise of China', *Australian Journal of International Affairs*, Vol. 59, No. 4, Dec. 2005, p470, <http://dx.doi.org/10.1080/10357710500367273> (accessed 11 Apr. 2016)

# CONCLUSION

As Neorealists have argued, the rise of China represents a major change in terms of the distribution of power in world politics, and especially within the Asia-Pacific. But what does this change mean for the foreign policies of small and middle powers within the region? Neorealists disagree on this question. Some argue that such states are likely to bandwagon with a rising China, while others expect the formation of balancing coalitions. Neoclassical Realists, while accepting the fundamental importance of the distribution of power in the international system, suggest that in order to explain the specific foreign policies of individual states, we must observe the interplay between domestic variables and the structure of the international system.

This thesis has drawn on Neoclassical Realist theory in order to attempt to explain the dramatic shift in Australian relations with China that occurred between 1996 and 2003. In particular, it has argued that this shift can be best understood by examining the leadership of Prime Minister John Howard during this period. Howard, operating within an institutional and political cultural context that both empowered and constrained him, led Australian foreign relations with China from the lows of 1996 to the heights of 2003.

NCR “improves upon other schools of international relations theory precisely because it gives causal primacy to systemic variables and posits an important intervening role for domestic variables.”<sup>1</sup> NCR offers a distinct alternative to liberal theories of foreign policy, as the ‘peace dividend’, a core tenet of liberalism “posits that domestic economic interests will restrain states from aggressive foreign policy directed at significant trading partners.”<sup>2</sup> As the international system and domestic variables both play key roles in NCR, this allows NCR to posit more comprehensive arguments than other realist based theories of international relations. At the individual level, NCR understands that “the ideas that will impact most upon foreign policy are those held by those in decision-making positions in the state and those who directly advise them.”<sup>3</sup>

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<sup>1</sup> Ripsman, Taliaferro & Lobell, ‘Conclusion’, p298

<sup>2</sup> Ibid, p290

<sup>3</sup> Nicholas Kitchen, ‘Systemic pressures and domestic ideas: a neoclassical realist model of grand strategy formation’, *Review of International Studies*, Vol. 36, No. 1, 1 Jan. 2010, Cambridge University Press, Cambridge, p130

Indeed, the Howard Government managed to simultaneously improve relations with both the US and China. Australia faced the problem of managing the growing geostrategic power of Beijing, reconciling security concerns with the fact China's economic growth was increasingly underwriting the Australian economy. Howard addressed this by continuing the Liberal tradition of self-consciously compartmentalising its economic and strategic priorities, both represented in its relations with China to its commitments to the US. The organs of state were mobilised to ensure neither relationship spilled into the other.

Howard had a close relationship with Bush, and Australia's participation in the GWOT gave it the freedom to pursue its relationship with China without too many American concerns. The Howard Government focused its Chinese relationship mainly through economic relations, and managed the relationship through strictly bilateral channels. Indeed, one of the central themes in foreign policy throughout the Howard Era period was an accentuation of bilateralism. Australia and China made a conscious effort not to bring up human rights or democratic concerns as this was counterproductive to the economic relationship.<sup>4</sup> Australia would not have had to adopt these policies if China's rising power was not affecting the international environment, but nor would it have adopted these particular policies without the leadership of Howard. Howard had his cake and ate it too.

Howard was so successful as prime minister because he managed to satisfy the interests of all three domestic groups in regards to China. Building up the trade relationship satisfied the elite; making the public 'comfortable and relaxed', which in turn made them content enough to continue voting for the Coalition at elections; keeping the political elite in his party happy for Howard to remain in charge.

. This gave him the legitimacy and authority to advance the Coalition's interpretation of the national interest abroad, and his domestic agendas at home. Howard's philosophies and preferences were the single greatest influence on the Coalition government's foreign policy approach to China.

The first year of the Howard Government, 1996, was a terrible year for Sino-Australian relations. It started with Australia's response to the Taiwan Straits crisis, which was to

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<sup>4</sup> Nick Bisley, 'Never having to choose: China's rise and Australian Security', *Australia and China at 40*, p73-74

back the decision by the Americans to deploy the largest naval forces to the region since the Vietnam War, while at the same time urging China to show restraint. Australia also suggested APEC be used as a forum to mediate between the PRC and ROC. This confirmed for the Chinese the importance of Australia's position under ANZUS, especially after the Sydney Statement upgraded the Australian-American strategic security partnership. China's response was to apply pressure on Australia<sup>5</sup> by adopting an aggressive tone and protesting several decisions made by the Howard Government, including: Peter Costello's cancellation of the Development Import Finance Facility, a 'soft loan' Australia gave to foreign governments with a weak economic position<sup>6</sup>; Howard's personal condemnation of Chinese nuclear testing, following a test just before an international moratorium and Australia exploring ways to sell uranium to Taiwan through the US; Alexander Downer expressing concern on the future of human rights in Hong Kong; the Dalai Lama visiting Australia and meeting Howard; Primary Industries Minister and future Deputy Prime Minister John Anderson visiting Taiwan; and Howard's "tardy response to the Pauline Hanson phenomenon,"<sup>7</sup> following her "swamped by Asians" speech.

As a sign of the time, effort and energy Howard put into maintaining the relationship, by the end of his prime ministership, Howard had visited China more than any other country,<sup>8</sup> and more times than any other prime minister.<sup>9</sup> The visits were not all one way, with China reciprocating by sending at least one member of the all-powerful nine member Politburo Standing Committee to Australia every year since 2002, and all of them had visited Australia at least once.<sup>10</sup> This, along with visits by other prominent members from within the Chinese Communist Party ruling apparatus, ensured Australia received high level attention from China afforded to few others.

Howard was an effective leader within the context of the domestic variables of institutions and culture. During the Howard Era, power was concentrated into the prime minister's office in a historically unprecedented manner. Howard was able to use the

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<sup>5</sup> Joel Atkinson, *Australia and Taiwan: Bilateral Relations, China, the United States, and the South Pacific*, Brill, Boston, 2012

<sup>6</sup> Nori, 'Development Import Finance Facility Abolition'

<sup>7</sup> Malik, 'Australia and China', p112

<sup>8</sup> Cotton & Ravenhill, 'Trading on Alliance Security', p12

<sup>9</sup> Zhang, 'Australia and China', p97

<sup>10</sup> Alexander Downer, *China's Industrial Rise: East Asia's Challenge*, 29 Oct. 2003, [http://foreignminister.gov.au/speeches/2003/031029\\_chinas\\_industrial\\_rise.html](http://foreignminister.gov.au/speeches/2003/031029_chinas_industrial_rise.html) (accessed 27 Apr. 2016)

authority of the mandates he received from the public by leading the Coalition to four election victories. This gave him primacy within his party and the institutions of state, as he replaced bureaucrats with those he felt would best serve his ideological interpretation of the national interest.

The Howard Government's language in regards to China evolved during its time in office, delivering insights on how it viewed the relationship. From its 1996 support of the deployment of US troops to Taiwan and viewing China as a "strategic concern,"<sup>11</sup> Australia began to describe China in much friendlier terms. In its 2000 Defence White Paper, Australia referred to China as a "strategic interlocutor,"<sup>12</sup> a note to the importance it placed on the strategic dialogue between the two nations. In 2004 Howard stated Australia had successfully forged a "strategic economic relationship" with China.<sup>13</sup> Howard visited Bush in the US in July 2005, and during their joint press conference the tone used by the two world leaders revealed different attitudes towards China. Bush brought up points of difference between the US and China, while Howard stressed the close economic relationship between Australia and China.<sup>14</sup>

The 'tyranny of distance' is being replaced with the 'advantage of proximity' as the global centres of political and economic power shift closer to Australia's region. According to the University of Sydney and KPMG in recent years Australia has been the second largest recipient of Chinese overseas direct investment (ODI), with almost US\$90billion invested across multiple industries since the end of the Howard Era in 2007.<sup>15</sup> To put this into perspective, the third largest recipient of Chinese ODI, the EU, has 'only' US\$37.6billion invested.<sup>16</sup> It is due to Howard's policies towards China that this level of ODI in Australia is possible. ODI provides economic security for Australia while providing a degree of security for China's resource-intensive development, which

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<sup>11</sup> Wesley, *The Howard Paradox*, p13

<sup>12</sup> Department of Defence, *Defence 2000: Our Future Defence Force*, Commonwealth of Australia, 2000

<sup>13</sup> John Howard, *Australia's Engagement with Asia: A new paradigm*, Address to Asialink-ANU National Forum, 13 Aug. 2004, <https://pmtranscripts.pmc.gov.au/release/transcript-21457> (accessed 5 July 2016)

<sup>14</sup> See John Howard, *Joint Press Conference with the President of the United States of America George W Bush*, Washington D.C., 19 July 2005, <https://pmtranscripts.pmc.gov.au/release/transcript-21834> (accessed 20 May 2016)

<sup>15</sup> *Demystifying Chinese Investment in Australia*, KPMG & University of Sydney, 1 May 2017, p5,6, <http://demystifyingchina.com.au/reports/demystifying-chinese-investment-in-australia-2017.pdf> (accessed 3 June 2017)

<sup>16</sup> *Ibid*, p6



is not presently achieved through trade or portfolio investment. But Chinese ODI also raises security and sovereignty considerations for Australia.

Throughout Australia's history, the PRC has been viewed as the home to the orange peril, while simultaneously being seen as a Shangri-La. The national economy is part of a much larger network of economic relationships that encompass the globe. Firth describes Australia's role in this network:

Primary producers sell their products to the rest of the world. Australian companies trade with, borrow from and invest in overseas companies. Foreign companies invest in Australia and remit profits abroad. Foreign banks lend money to Australian companies and governments and are repaid with funds earned in Australia. Foreign tourists and students spend funds earned abroad here.<sup>17</sup>

The issues raised by this web of economic transactions are inevitably political. The international economy influences not only our prosperity by how that prosperity is distributed. National income limits a country's capacity to mobilise resources for power projection<sup>18</sup> Canberra had to reconcile that, despite China's geostrategic competition with Australia's 'big brother', the US, its "sustained, rapid economic growth increasingly underwrote the strong performance of the Australian economy."<sup>19</sup>

Almost every action Australia was to take in regards to the Sino relationship was with an eye to that action's economic impact, because this is the direction that Howard thought best served the national interest, increasing the revenues and materials of the state (and his government's re-electability). He described it as "one of those happy conjunctions of the availability of natural resources required by the hungry needs of an expanding economy."<sup>20</sup> Presiding over the economic boom fuelled by Chinese demand for Australian minerals, energy and food exports, Howard was not concerned by the potential for conflict in Australia maintaining its security relationship with the United States while it became increasingly dependent on trade with China.<sup>21</sup>

Primary commodities dominated Australia's exports to China, giving those with a stake in that area an incentive for Australia to maintain good relations with China, and open

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<sup>17</sup> Firth, *Australia in International Politics*, p104

<sup>18</sup> Paul Hubbard, *The economics of Asian geo-political stability*, East Asia Forum, 2 Nov. 2014, <http://www.eastasiaforum.org/2014/11/02/the-economics-of-asian-geo-political-stability/> (accessed 5 Nov. 2014)

<sup>19</sup> James Cotton & John Ravenhill, 'Preface', *Trading on Alliance Security*, pXI

<sup>20</sup> Howard, *Lazarus Rising*, p505

<sup>21</sup> Barker, 'The Howard-Downer Legacy', p16

up to more trade, regardless of the impact that decision may have on other sectors of the economy, such as manufacturing. Stakeholders included not just businesses involved in primary production, but all sorts of associated businesses providing goods and services to the primary businesses, employees of those businesses and their families. Many of these stakeholders were based in rural Australia, giving the added incentive of supporting the National Party's key demographic support base.

Whilst this thesis demonstrates that leadership matters in the forging of foreign policy, it also reinforces an important point that is often only implicitly connected to Neoclassical Realism, that being that the foreign policies of states can vary significantly over time despite relatively stable trends in the changing distribution of power in international politics. In this case, the leadership of Howard cannot be thought of as having 'solved' the challenge of Sino-Australian relations. Despite all of his efforts, this challenge emerged again for Howard after October 2003. In particular, the question of Australia bandwagoning with the US in any conflict with China as part of its ANZUS commitments kept coming up. In August 2004, at a press conference following a Beijing meeting with Premier Wen Jiabao in which he was informed China wanted to buy uranium,<sup>22</sup> Downer was asked about the nature of Australia's obligations under ANZUS in the event of a conflict over Taiwan. His response<sup>23</sup> caused an uproar,<sup>24</sup> as this was the first time an Australian foreign minister had publicly stated Australia may not side with the US in a future conflict. Howard stood by Downer<sup>25</sup> and reiterated that "America has no more reliable ally than Australia."<sup>26</sup> Faced with such an international

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<sup>22</sup> Uren, *The Kingdom and the Quarry*, p117

<sup>23</sup> Downer said "The ANZUS is invoked in the event of one of our two countries, Australia or the United States, being attacked. So some other military activity elsewhere in the world...does not automatically invoke the ANZUS Treaty. It is important to remember that we only invoked the ANZUS Treaty once, that is after the events of 9/11, because there was an attack on the territory of the United States. It is very important to remember that in the context of your question." See Alexander Downer, Media conference transcript in Beijing, Beijing, 17 Aug. 2004, [http://pandora.nla.gov.au/pan/25167/20070502-0000/www.foreignminister.gov.au/transcripts/2004/040817\\_ds\\_beijing.html](http://pandora.nla.gov.au/pan/25167/20070502-0000/www.foreignminister.gov.au/transcripts/2004/040817_ds_beijing.html) (accessed 5 June 2012)

<sup>24</sup> Among others, US ambassador Schieffer, Taiwan's Foreign Minister Mark Chen, Armitage and Kevin Rudd condemned the remarks. See Louise Yaxley, 'US Spells Out ANZUS Conditions', *PM*, ABC, 20 Aug. 2004, <http://www.abc.net.au/pm/content/2004/s1181620.htm> (accessed 19 Jan. 2015); Cotton, 'From Kapyong to Kapyong', p59; Joy Su, 'Mark Chen slams 'unfit' Aussie Minister Downer', *Taipei Times*, 21 Aug. 2004, <http://www.taipetimes.com/News/taiwan/archives/2004/08/21/2003199605/2> (accessed 19 Jan. 2015); Matt Brown, 'Downer accused of inflaming Taiwan tension', *PM*, ABC, 19 Aug. 2004, <http://www.abc.net.au/pm/content/2004/s1180794.htm> (accessed 19 Jan. 2015)

<sup>25</sup> Howard initially defended Downer, stating "I have no more dependable, able colleague than Alexander Downer" and that he hadn't "misstated" Australia's policy, but had been "misinterpreted." See John Howard, door stop interview, Adelaide, 20 Aug. 2004, <https://pmtranscripts.pmc.gov.au/release/transcript-21476> (accessed 20 May 2016)

<sup>26</sup> John Howard, *Interview with Neil Mitchell*, 3AW, 20 Aug. 2004, <https://pmtranscripts.pmc.gov.au/release/transcript-21474> (accessed 20 May 2016)

and domestic backlash, Downer subsequently retreated from his statement. Nevertheless, the change in rhetoric, however absent minded, reveals the shift in attitude on how important the government viewed its relationship with China, and the foreign minister making such a comment was unthinkable only a couple of years ago.<sup>27</sup> Howard was still fielding questions asking to clarify Australia's position in the aftermath of Downer's comments a year later.<sup>28</sup>

Describing the relationship as "mature, practical and substantial,"<sup>29</sup> in 2004 Howard claimed "I count it as one of the great successes of this country's foreign relations that we have simultaneously been able to strengthen our long standing ties with the United States of America, yet at the same time continue to build a very close relationship with China"<sup>30</sup> In September 2005, while visiting New York to give a speech to the UN, Howard told an American audience that while "it will inevitably place some strain on the international system...to see China's rise in zero-sum terms is overly pessimistic, intellectually misguided and potentially dangerous."<sup>31</sup> In his UN speech, Howard said that China's growth was good for the whole world, not just China. In the same speech, he attacked the failure of the UN's progress on responding to international issues, pointing to the superiority of nation state based unilateralism over multilateralism.<sup>32</sup> Following that speech, Howard says that "Chinese leaders began to omit the previous obligatory references to a One China policy during discussions with me."<sup>33</sup> In the same year Downer said "the peaceful economic and political rise of China...(was) constant and positive"<sup>34</sup> in an increasingly uncertain post 9/11 world.

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<sup>27</sup> Neither Downer, Rudd, Howard, the Taiwanese nor the Americans publicly mentioned that Downer was incorrect in his ANZUS assumptions. The ANZUS Treaty specifically mentions forces being attacked in the Pacific, which, if the US went to war with China over Taiwan, would be inevitable. This may not be surprising, considering that in 2007, US Ambassador Robert McCallum admitted he had not read the 840 word ANZUS treaty. See Department of External Affairs, *Security Treaty between Australia, New Zealand and the United States of America (ANZUS)*, Commonwealth of Australia, 1951, <http://australianpolitics.com/1951/09/01/anzus-treaty-text.html> (accessed 30 Mar. 2016); and Cynthia Banham, 'I've not read treaty, says US envoy', *Sydney Morning Herald*, 15 Feb. 2007, <http://www.smh.com.au/news/national/ive-not-read-treaty-says-us-envoy/2007/02/14/1171405299764.html> (accessed 1 Feb, 2016)

<sup>28</sup> John Howard, *Interview with John Miller and Ross Davie Radio 4BC*, Brisbane, 15 Mar. 2005, <https://pmtranscripts.pmc.gov.au/release/transcript-21644> (accessed 20 May 2016)

<sup>29</sup> Howard, *Australia's Engagement with Asia*

<sup>30</sup> Ibid

<sup>31</sup> John Howard, *Address to the Asia Society Lunch The Asia Society*, New York, 12 Sept. 2005, <https://pmtranscripts.pmc.gov.au/release/transcript-21917> (accessed 20 May 2016)

<sup>32</sup> Michael O'Keefe, 'Australia and the Fragile States in the Pacific', *Trading on Alliance Security*, p139

<sup>33</sup> Howard, *Lazarus Rising*, p511

<sup>34</sup> Alexander Downer, 'Securing Australia's interests: Australian foreign policy priorities', *Australian Journal of International Affairs*, Vol. 59, No.1, 2005, p7

By 2007, Howard had gone from viewing APEC with suspicion as a hangover vehicle of the Hawke/Keating multilateral agenda, to possibly staying in power a year too long in order to host it, constituting one of his last opportunities to assume the mantle of a global statesman. During APEC, China initiated an attempt to move the relationship beyond its economic focus, by establishing an annual diplomatic Strategic Dialogue, with meetings held at the secretarial level.<sup>35</sup> Australia was the first western nation with such a dialogue. In China's view, Australia was not just a vital supplier of energy and resources, but a potentially important strategic and security partner. Hu's 2007 APEC visit culminated in the 10 year loan of Wang Wang and Fu Ni, two giant pandas to the Adelaide Zoo for breeding. This was an enormous symbolic gesture as China had not allowed any pandas out of China for years. The deal, brokered by Downer and agreed to by Hu, meant that Downer's home state had the only pandas in the southern hemisphere. Downer noted that China had only sent about 20 giant pandas overseas, and that it was a demonstration of "how highly Australia is valued, the relationship with Australia is valued and how highly Australia is regarded in China."<sup>36</sup> The optimism and goodwill epitomised in the panda loan would have been unthinkable in 1996.

At the start of the Howard Era, the PRC was Australia's third biggest trading partner.<sup>37</sup> At the end it was number one. Between 1996 and 2006, Australian exports increased by 626%, or an average annual rate of 18% a year.<sup>38</sup> When Howard became Prime Minister, Commonwealth debt was \$95.8 billion, or 18.5% GDP.<sup>39</sup> When he left office in 2007, the Future Fund had a surplus of \$59.1 billion, or 5.4% GDP<sup>40</sup> with the government delivering 10 consecutive surpluses,<sup>41</sup> despite 5 consecutive years of tax cuts.<sup>42</sup> China was almost single handedly responsible for the prosperity Australia enjoyed under Howard. It is thanks to China that Howard's 'comfortable and relaxed' ideal with a white picket fence became a reality. Howard's leadership thus served his

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<sup>35</sup> Alexander Downer, *Establishment of Australia-China Strategic Dialogue*, 6 Sept. 2007, [http://foreignminister.gov.au/releases/2007/fa113\\_07.html](http://foreignminister.gov.au/releases/2007/fa113_07.html) (accessed 19 Feb. 2016)

<sup>36</sup> Zhang, 'Australia and China', p75

<sup>37</sup> DFAT, *Composition of Trade, Australia, 1995-96*, Commonwealth of Australia, 1996, p40

<sup>38</sup> Howard, *Lazarus Rising*, p505

<sup>39</sup> Treasury, 'Statement 7: Asset and Liability Management', *Australian Budget 2006-2007*, Commonwealth of Australia, 2006, [http://www.budget.gov.au/2006-07/bp1/download/bp1\\_bst7.pdf](http://www.budget.gov.au/2006-07/bp1/download/bp1_bst7.pdf) (accessed 21 Oct. 2016)

<sup>40</sup> 'Is the Government paying \$1 billion a month in interest on its debt?', *Fact Check*, ABC, 12 June 2014, <http://www.abc.net.au/news/2014-06-12/joe-hockey-one-billion-a-month-interest-fact-check/5478480> (accessed 21 Oct. 2016)

<sup>41</sup> Tim Costello, *Budget Speech 2007-2008*, House of Representatives, 8 May 2007, <http://www.budget.gov.au/2007-08/speech/html/speech.htm> (accessed 21 October 2016)

<sup>42</sup> Ibid

own (and his party's) electoral interests as well as transforming Sino-Australian relations. Understanding this interplay between international factors – the rise of China – and the leadership of individuals such as John Howard within domestic political contexts is an important goal if we are to better explain states' foreign policies in the future.

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# APPENDICES

## Appendix 1: Formalised dialogues between Australia and China<sup>1</sup>

Title	Australian Principal (s)	Chinese Principal (s)	Date first held
Human Rights Dialogue	Deputy Secretary of DFAT	Vice Foreign Minister	1997
Defence Strategic Dialogue	Secretary of Defence, Chief or Vice Chief of Defence Force	Chief or Deputy Chief of PLA General Staff	1997
University Leaders Forum (formerly High Education Forum)	University leaders	University leaders	2001
Bilateral Resources and Energy Dialogue	Senior bureaucrats from Department of Resources, Energy and Tourism	Senior bureaucrats from National Development and Reform Commission (NDRC)	2002
Consultation on Issues Related to Pacific Island Countries	Deputy Secretary of DFAT	Vice Foreign Minister	2005
Strategic Dialogue	Secretary of DFAT	Vice Foreign Minister	2008
Ministerial Dialogue on Climate Change	Minister for Climate Change and Energy Efficiency	Vice Chairman of NDRC, Minister responsible for climate change	2008
High Level Economic Cooperation Dialogue (HLECD)	Minister for Trade	NDRC Chairman	2010
Bilateral Health Policy Dialogue	Minister of Health; supported by AusAID	Minister of Health; supported by Chinese Ministry of Health	2011
Bilateral Tourism Dialogue	Representatives from Tourism Australia and Australian Department of Tourism.	Representatives from Chinese National Tourism Administration	2011

<sup>1</sup> Linda Jakobson, *Australia-China Ties: In Search of Political Trust*, policy brief, Lowy Institute for International Policy, Sydney, June 2012, [https://www.lowyinstitute.org/sites/default/files/jakobson\\_australia\\_china\\_ties\\_0.pdf](https://www.lowyinstitute.org/sites/default/files/jakobson_australia_china_ties_0.pdf) (accessed 22 Mar. 2016)

**Appendix 2: Military exchange and joint exercises between Australia and China  
(excluding Hong Kong)<sup>2</sup>**

<b>Year</b>	<b>Location</b>	<b>Type of exchange</b>	<b>Participants/description</b>
1997	Qingdao	Ship visit	Three Royal Australian Navy (RAN) ships visit Qingdao
1998	Sydney	Ship visit	Three Peoples Liberation Army Navy (PLAN) ships visit Sydney
1998	Shanghai	Ship visit	A group of RAN ships visit Shanghai
1999	Shanghai	Ship visit	A RAN ship visits Shanghai
2000	Shanghai	Ship visit	RAN ship <i>HMAS Success</i> visits Shanghai
2001	Sydney	Ship visit	A group of PLAN ships visits Sydney
2002	Qingdao	Ship visit	RAN ship <i>HMAS Sydney</i> visits Qingdao
2004	Qingdao	Exercise	RAN ship <i>HMAS Anzac</i> visits Qingdao. Search-and-rescue drill. First joint exercise between RAN and PLAN
2005	Shanghai & Zhanjiang	Ship visits	RAN guided missile frigate <i>HMAS Canberra</i> joins a brief exercise with a PLAN ship
2005	Perth	Exchange	Regional Counter Terrorist Subject Matter Expert Exchange. Participants: Australian Special Forces, Cambodia, China, India, Indonesia, Japan, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, Thailand, US, Vietnam
2007	Shanghai	Ship visit	RAN ships <i>HMAS Parramatta</i> and <i>HMAS Perth</i> visit Shanghai
2007	Sydney	Exercise	Drill on communications, fleet formation, vessel supply, and search-and-rescue involving one RAN ship, one New Zealand RNZN ship and two PLAN ships

<sup>2</sup> Ibid

### Appendix 3: Howard Government revenue and expenses<sup>3</sup>

Year	Revenue (\$ million)	Expenses (\$ million)	Fiscal Balance (\$ million)
1996-97	141,688	145,821	-4,223
1997-98	146,820	148,652	-1,979
1998-99	152,106	146,772	3,901
1999-00	167,304	155,558	11,815
2000-01	186,110	180,094	6,007
2001-02	190,488	193,041	-2,935
2002-03	206,923	201,259	5,377
2003-04	222,168	215,361	6,148
2004-05	242,507	229,245	12,228
2005-06	261,238	242,334	16,406
2006-07	278,411	259,726	16,801
2007-08	303,729	280,188	20,948

### Appendix 4: Howard Government achievements<sup>4</sup>

Area	1996	2007
Household wealth	\$2.215 billion	\$5.439 billion
Average mortgage rate	12.75%	7.2%
Average inflation	5.2%	2.5%
Unemployment rate	8.2% (Mar. 1996)	4.5% (Jan. 2007)
Long term unemployed	197,800 (Mar. 1996)	77,600 (Jan. 2007)
Real Wages Growth	-1.7% (Mar. 1983-Mar. 1996)	17.9% (Mar. 1996-Sept. 2003)
Tax burden	22.3% GDP (1995-96)	20.7% GDP (2006-07)
Middle tax bracket	34% - up to \$38,000	30% - up to \$75,000
Top tax bracket	47% - \$50,001	45% - \$150,001
Net government debt	\$95.8 billion (1995-96)	Net debt eliminated
Defence Force Funding	\$10.6 billion (1995-96)	\$20 billion (2006-07)
Health care for veterans	\$1.6 billion (1995-96)	\$4.7 billion (2006-07)
Health spending	\$20 billion (1995-96)	\$47.6 billion (2006-07)
Funding for science and innovation	\$3.8 billion (1995-96)	\$6 billion (2006-07)
Credit Rating	Downgraded twice to AA	Upgraded twice to AAA

<sup>3</sup> Treasury, *Historical Australian Government Data*, Commonwealth of Australia, 2015, [http://budget.gov.au/2014-15/content/myefo/html/16\\_appendix\\_d.htm](http://budget.gov.au/2014-15/content/myefo/html/16_appendix_d.htm) (accessed 2 Mar. 2016)

<sup>4</sup> Liberal Party of Australia, *Coalition Government: Eleven Years of Achievement*, 2 Mar. 2007, <http://australianpolitics.com/2007/03/02/howard-govt-11th-anniversary.html> (accessed 31 Aug. 2013)

## Appendix 5: Sino-Australian Bilateral investment

Australian investment in China (\$US100 million)<sup>5</sup>

<b>Year</b>	<b>Australian investment in China</b>	<b>Total foreign investment in China</b>	<b>Australian percentage of foreign investment</b>
2000	3.09	407.15	0.75
2001	3.36	468.78	0.71
2002	3.80	527.43	0.72
2003	5.93	535.05	1.10
2004	6.64	606.30	1.09
2005	4.00	724.06	0.55
2006	5.50	727.15	0.75
2007	7.80	835.21	0.93

Chinese investment in Australia (US\$ 1000 million)<sup>6</sup>

<b>Year</b>	<b>Chinese Investment in Australia</b>	<b>Total Chinese foreign investment worldwide</b>	<b>Australia as a percentage of China's total foreign investment</b>
2003	0.30	28.54	1.05
2004	1.25	54.97	2.27
2005	1.93	122.61	1.57
2006	0.87	176.33	0.49
2007	5.31	265.06	2.00

Chinese economic cooperation with Australia (\$US 10,000)<sup>7</sup>

<b>Year</b>	<b>Contracted projects</b>	<b>Labour service</b>	<b>Design consultation</b>	<b>Total</b>
2001	2326	28	9	2363
2002	3703	91	6	3800
2003	1726	49	4	1779
2004	2235	177	0	2412
2005	1738	277	15	2030
2006	19,926	238	20	20,184
2007	20,046	351	179	20,576

<sup>5</sup> Chang Sen, 'Sino-Australian Economic Relations', *Australia and China at 40*, p108

<sup>6</sup> Ibid, p109

<sup>7</sup> Ibid, p111