AUSTRALIA'S FOREIGN POLICY TOWARDS SOUTHEAST ASIA (1991-2002)

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...TO MUMMY AND PAPA!

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Preface

A geographical remote country with a population of around 20 million, Australia is the only nation to govern an entire continent and is the sixth largest country in the world in land area. Australia's multicultural society includes its Indigenous peoples and migrants from some 200 countries worldwide.

Australia's foreign policy is driven by core national interests - the security of the Australian nation and the prosperity and well-being of the Australian people. History, geography and culture help shape Australia's place in the world. The interplay between Australia's abiding interests in Asia, the basic Western make-up of its society and institutions and its wider international associations - particularly with North America and Europe - lie at the heart of Australian foreign and trade policy.

After the Second World War, Australia looked to the U.S. as a guarantor of their security, which culminated in the signing of ANZUS in 1951. Major changes in Australia's Foreign Policy took place in 1972. It was perceived that Australia's security and trading interests would be enhanced if it became self reliant and closely interacted with its neighbors. This new thinking continued to dominate the subsequent governments of Fraser in late 1970's and that of Hawke in the 1980's. The policy towards Southeast Asia was formally spelt out in a statement of 1989 by the Foreign Minister Gareth Evans title "Regional Security". This document clearly stated that Southeast Asia was of primary importance to Australia – therefore Australia was going to follow a policy of "Constructive Engagement" with the region.

We can presume to define a role for Australia's Foreign Policy in the 1990s, or any other decade, without first understanding the dynamics, and the limitations of the institutional processes, which in practice have to be employed to develop and apply that policy. It is helpful to group Australia's interests or policies in three broad categories: Geo-political or strategic interests; economic and trade interests; and national interest. The scope of the first two categories is fairly obvious, of the third probably less so. Interest in the real world is not the same as influence, which is not necessarily measured quickly or easily.

Australia's foreign policy towards Southeast Asia has been an important focus of Australia's foreign policy. Earlier in 1990, Australia's pursuit of comprehensive engagement under Prime Minister Paul Keating was reflected by a regional foreign policy agenda that was both vigorous and proactive. The government also took a leading role in advocating the need to focus resources and attention to regional ecological problems such as climate change, atmospheric pollution, sustainable development, bio-diversity, and desertification and the immigration from different Southeast Asian countries. Also, an effort was made to both strengthen and consolidate meaningful person-to-person links through the promotion of educational exchanges and tourism and by facilitating increased Asian immigration into the country. A new regional security strategy by the end of 1995 led the Keating Government claim success on each of these fronts.

In 1996 a new Liberal-Nationalist coalition led by John Howard, who was sworn in as Australia's Prime Minister in March of that year, replaced Keating's Government (Labor). Although Asian engagement was a main issue of the 1996 campaign, and also a growing debate over commitment to bring the U.S. alliance back to the centre stage of Australia's foreign policy, the overall direction of Canberra's external orientation has not changed substantially since 1989. Southeast Asia is still viewed very much as a political priority as is the general need to enhance regional security cooperation and stability. In endorsing this stance, the current foreign minister, Alexander Downer, has specifically stated "there is national consensus on the importance of Australia's engagement with Asia and a strong understanding that no side of Australian politics 'owns' the Asian vision.

The experience of Southeast Asia's economic crisis of 1997 and Australia's effort in bringing peace to East Timor have seen a significant positioning of Australia's policy towards Southeast Asia. In the case of Indonesia, Australia developed a close rapport with the country. However, Indonesia's brutality and violence in East Timor and the subsequent end to the violence through the efforts of Australia-led INTERFET in1999, there was a souring of relations between the two countries. Accusations by Australian media were negatively received in Indonesia. It is interesting to know that earlier as part of its appearament policy towards its large neighbour. For Australia Southeast Asia's strategic importance has grown since 9/11 and the Bali bombing where Australians were

the main targets of terrorist attack. Considering that Australia has always felt vulnerable considering its geographical location and its Anglo Celtic background, it has tried even in the past to play an active and cooperative role in the region.

For maintaining security and prosperity, the government is acting decisively to strengthen Australia's domestic defences against terrorism. Australia's vigorous participation in the war against terrorism is vital to protect the long-term security of Australia. And the links with Southeast Asia are important as the government works to strengthen counter terrorist cooperation and capabilities in the region. The Bali terrorist attacks have thrown into stark relief the need for Southeast Asian countries to act decisively against the regional threat of terrorism. All ASEAN countries have deplored acts of terrorism. They are looking at Australia as a strategic partner in the fight against terrorism. Australia concluded counter terrorism agreements with Indonesia, Malaysia and Thailand.

In line this recognition of the need for regional engagement, Australia played a constructive role in both track one and track two multilateral diplomacy as well as moved to foster stable and mutually supportive bilateral government to government links.

On the whole, however, engagement with Asia and more specifically Southeast Asia continues to form a basic objective of Australia's Foreign Policy. As with Keating, Howard has recognized Indonesia as essential to this aim of regional engagement, not the least because of its size, geographic proximity, strategic influence, and preeminent position within ASEAN. Although the liberal-nationalist coalition has been prepared to adopt some what a more force full and less placatory line with Jakarta-a stance that became particularly clear in late 1998 to 1999 when the crisis in East Timor erupted. managing stable bilateral partnership has always remained a key objective of the government. The security environment for Australia - regionally and beyond - is fluid and uncertain. Key components of Australia's security strategy include a strong national defence capability; the security alliance with the United States; bilateral defence and security relationships with Asia Pacific regional countries; and multilateral security links. especially through the ASEAN Regional Forum.

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Chapter-1 Introduction

Introduction

The starting point in the making foreign policy is the concept of national interest. It is truism that all foreign policy is, or should be, directed towards the protection and advancement of the national interest. It requires definition, elaboration and thorough thinking.

Foreign policy is a reflection of a nation's attitude, actions (i.e. economic sanctions, peace keeping, military activity) as well as the dealings with the other countries (i.e. trade, immigration, aid, defence) and anything that is directed towards preserving and furthering national interests. Foreign policy seeks to maintain national security, promoting economic and trade interests, expanding regional and global links.²

Among the central determining forces of foreign policy are the nation-state's decision-makers. While decision-makers may vary in their determinations of suitable foreign policy, depending on their political orientations, there are certain enduring influences on those decisions, irrespective of who leads the government. Geography and other obvious physical factors have an enduring influence on foreign policy. Less permanent but equally important determinants of foreign policy are a nation's industrial and military strength, the human element, to which the decision-makers themselves belong. The human element is both quantitative in terms of sheer numbers, and qualitative in the sense of civilization – their material, philosophical, and political culture, their remembered past, their educational – technical strength.³

Gareth Evans & Bruce Grant, *Australia's foreign relations in the world of the 1990s* (Canberra: Melbourne Univ. Press, 1995), p.33.

² Australian foreign policy, [www.planetpapers.com/Assets/2182.php, 2004.]

James Ferguson, Australian Foreign Policy (Queensland: The Deptt. Of Int. Relations, SHSS, Bond University, 2000-01), p.1.

The Elements of foreign policy can be summarized as follows: (a) The relatively permanent material elements, like geography, natural resources, minerals, food, production, energy and power; (b) Less permanent material elements like Industrial establishment, military establishment, Changes in industrial and military capacity; (c) The human elements like quantitative & qualitative are: quantitative — population; qualitative — (i) Policy makers and leaders, (ii) The role of ideology, (iii) The role of information. ⁴

According to the British academic William Wallace, foreign policy must be formulated within the context of both international and domestic Constraints like state geographic position: its relative strength in terms of its population, military, economy and natural resources; foreign policy attitudes of other states; International opinion; International mores or shared values on acceptable and unacceptable behavior and International law. Here he notices the interaction between power and constraints: even quite a powerful state may find itself constrained. Thus Germany and Japan are both powerful states, but are constrained by the international system and by the voluntary limits on military strength. ⁵

Australian academic Smith, holds that there are certain cultural determinants in Australian case. He writes: - "We share democratic values with a number of other countries. Politically, socially and culturally we look to Europe and North America, an orientation reinforced by the commonwealth connection, by immigration and by the English language." ⁶

⁴ Ibid p 2

⁵ Roy C. Macridis, ed., Foreign policy in world politics (New Jersey: Prentice Hall, 1992), pp.1-2.

Background

Australia is an island, about the size of continental United States. Its population of around 20 Million, however, is only one-fifteenth that of the United States. The first westerners arrived with Britain's Captain James Cook in 1770. Shortly thereafter the British established a penal colony at Port Jackson (now Sydney). Most of the early settlers were convicts and their keepers. Even today Australia's "first families" like to claim descent from criminals.

The Commonwealth of Australia was established in 1901, as a Federal Democracy. Modern Australia is a Democratic Federal state within the Commonwealth of Nations. Executive power is vested in the Governor-General, who represents Queen Elizabeth II. The Federal Parliament consists of a 76-member Senate and a 150-member House of Representatives. Elections are held at maximum intervals of three years. One-half of the senators and all the representatives are elected by compulsory ballot. Each of the six states in the Federation has its own government, with a governor and a bicameral legislature, apart from Queensland, which has a unicameral legislature.⁷

Ever since, Australia attained independence from the United Kingdom in 1901, the Federation has been faced with challenge of reconciling its Anglo-Saxon origins with its Asian geography in creating a viable security identity. As a result, for nearly 70 years of the twentieth century Australia sought to deal with the dilemma by fostering friendly

⁷ Hugh Smith, *International Politics and Foreign policy* in F.A. Mediansky (ed.) *Australia in a changing world: New Foreign policy directions* (NSW: Maxwell Macmillan, 1992), p.19.

relations with the world's major western powers in the hope that those nations would underwrite Australia's own security interests in the Asia-Pacific.

In the initial stages the Commonwealth of Australia looked to Great Britain to fulfill their external guarantor role. (prior to World War II Foreign Policy of Australia, if, any, merely revolved around supporting and endorsing initiatives that came out of London).

Although the Constitution of 1901 listed external affairs as a legislative power to be exercised under section 51 by the Federal government, this was constructed by government to mean little more than the implementing British Government's decisions. The department of external affairs also had a slow growth, as it was not until 1940 that the first diplomatic posts were established. Prime Minister Andrew fisher pledged in support of the British Empire "to our last man and our last shilling" in 1910.8

Australia's foreign policy has been slow evolving. The slow development of an autonomous foreign policy was not due to a lack of interest in it, on the contrary, very early on, the Australian government demonstrated a keen awareness of external issues, particularly those pertaining to the pacific region. There were no revolutionary jolts of self-consciousness, and Australia clung to British imperial view of the world rather longer than might have been expected of the brash and nationalistic people who crated a nation for themselves in 1901. The political elite of Australia perceived its national interest to be best served by closely aligning with the mother country. However, Canberra's lack of

⁸ Gareth Evans & Bruce Grant, n.1, p. 18.

power and diplomatic independence vis-à-vis Great Britain largely excluded the possibility of flexibility and influence in international affairs.⁹

Even in the early 20th century the regional focus of security doctrine broadened to encompass larger Pacific, thanks to the growing influence and bellicosity of Japan. The Japanese victory over Russia (1904-05) and its emergence as the undisputed power in the western Pacific further aggravated. Australian fears of being situated in to an extremely valuable position exposed to attack, even invasion from Asia (particularly from Japan). Though Japan didn't pose any immediate threat to the infant Commonwealth; yet the main issues between Australia and Japan was Australian immigration policy which was intend to exclude not only Chinese but also Japanese and all other coloured people form Asia entering Australia. Prime Minister Andrew Fisher said in 1910 that, "When we turn to the Pacific, we find that even where we have no jurisdiction we have important interests and we are entitled to share in the mother country's sphere of influence."

Australian claim to regional inference was directed by its huge geographical size and perception of Japan as the main threat. 11

The period from 1901 to 1939 is characterised not by evolution of Foreign Policy per se, but by a belief that Australian diplomacy necessarily had to be conducted, if not on behalf, at least in conjunction with British officials. This was perhaps more clearly illustrated than when Prime Minister Robert Gordon Menzies announced war against Germany in 1939, "It is melancholy to inform you officially that consequence of

⁹ Evans, n. 1, p. 15.

¹⁰ Myra Willard, History of the White Australia Policy (Melbourne, 1923) section IV.

Sydney Morning Herald, 8 Feb. 1910, Sydney, Labour Prime Minister Andrew Fisher (1910-13) pledged.

persistence by Germany in her invasion of to Poland, Great Britain has declared war upon her and that as a result Australia is also at war."¹³

Prime Minister Joseph Lyons (1932-1939) proposed at 1937 Imperial Conference "a regional understanding and a pact of non-aggression in the pacific (with primarily Japan in mind)." Robert G. Menzies who succeeded Lyons in 1939 corrected the focus of Australia's regional perception by implicit acknowledgement of Japanese threat and focussing defence and foreign policy on Australian neighborhood rather than Europe. Expressing his concern over Australia's security and to draw British attention Menzies said, "What Great Britain calls the Far East is to us the near North. But his loyalty to the empire was unquestioned: "Her peace is ours, if she is at war, we are at war." He was ready to accept British lead but only in matters related to Europe; in Pacific affairs he desired an effective and decisive role. He said, "It is true that we are not a numerous people but we have vigour, intelligence and resource and I see no reason why we should play not only an adult but an effective part in the affairs of the pacific."

Prime Minister John Curtin took an isolationist stand in 1941 when he remarked, "The wars of Europe are quagmire in which we should allow our resources, our strength, our vitality to be sunk....our first duty is to Australia, and our position is such that the total of our resources must be available for our own defence." ¹⁸

¹³ Menzies announcement of war, cited in Meaney, 1985.

¹⁴ Document of Australian Foreign Policy, vol.37-38, p. 78.

¹⁵ Svdney Morning herald, 27 April 1937, Sydney.

¹⁶ Hasluck, Government and People (1939-41), (Canberra, 1952), p. 119.

¹⁷ Contemporary Parliamentary Debates, vol. 157, p. 429.

¹⁸ Booker Malcom, *The Last Domino* (Sydney: Collins, 1976), p.31.

The unstated implication was that if London had become involved in a conflict of the magnitude of War, Canberra had a reciprocal responsibility to participate in it. In built in this logic was the assumption that only the U.K. had capability to protect Australia from power plays of other European states (such as Germany and Russia) and Asiatic nations and more specifically Japan's incursions from the North. Japanese onslaught southwards in the Pacific placed the survival of Australia in jeopardy for the first time in its history. ¹⁹

During the Second World War a change began to appear in the directions of Australia's thinking regarding Foreign Policy, with Canberra increasingly looking to the United States, rather than Britain as its external guarantor and the Japanese regression in the Pacific proved to be a vital factor in encouraging this shift.

The disastrous sinking of ten British warships in December 1941, and Britain's failure to prevent the fall of Malaya and Singapore in 1942 and, more importantly, prevent the Japanese attacks on the Australian coastal cities of Darwin and Broome, underlined a simple reality in Canberra that in times of global conflict, the U.K.'s capacity to provide Australia with security were extremely limited.

Evans & Grant point out that it became clear that when Australia was under fire from Japan, it was rescued not by the imperial British but by the republican Americans. This was a half turning point in Australian history. It was only half turn, because Australian political elite turned from one protector to another. However, in the process they shed some illusions and learnt some lessons.²⁰ This brought a growing awareness

²⁰ Gareth Evans & Bruce Grant, n.1, p.21.

¹⁹ Alan Watt, The Evolution of Australian Foreign policy, 1938-45 (Cambridge, 1967), p.24.

that it was the United States, and not the United Kingdom, that could best guarantee Australia's Forward Defence in Asia.

It was World War II that shifted the Australia's defence concern away from Europe towards Southeast Asia and brought home to Australia the realization that its future had to be secured.²¹

Regional arrangements such as ANZUS and SEATO became the pillars of Australian Security. Hence, from this perspective, Australian threat perception has changed very little over the decades.

The content of Australian Post Second World War Foreign Policy was based on the American doctrine of containment, which was largely precipitated first, by communist victory in China in 1949, and second by the French defeat in Indochina in 1954.

A curious aspect of Australia's security perception is that although it has not faced any direct threat since the Second World War, it has continued to feel insure. This is due to its geo-strategic location, which has guided its security policy. The cultural and ethnic differences of the people inhabiting its neighborhood added to a feeling of isolation and vulnerability. The result is that Australia always looked for security as part of a larger entity. Its Foreign Policy in the Post Second World War period was consequently dominated by the need to prevent potentially powerful states from gaining access to the region.

²¹ Evans, n.1, p. 22.

Desmond Ball & Pauline Kerr, *Presumptive Engagement: Australia's Asia-Pacific Security Policy in the* 1990s (NSW: St. Leonard's, 1996), pp.10-11.

In the absence of sufficient military strength Australia had to inevitably enter into strategic partnerships with the U.S.A. The ANZUS treaty of 1951, composed of Australia, New Zealand, and the US, was part of this strategy, and its main aim to ensure a US commitment to defend Australia against a resurgent Japan. The ANZUS Treaty preceded the "forward defence" doctrine conceptually.²³ The strategy of "forward defence" was aimed at the containment of China supporting the communists in Southeast Asia. It was based on the presumption that Australia's security was best served by the defeat or at least containment of communist movements in Southeast Asia. As a result, Australia made contributions to security arrangements with the United States in the hope that such support would be reciprocated in the event of an attack against it.

In furtherance of this policy, the US nuclear ships were stationed in Australian ports and U.S. bases (now known as joint facilities) in North West Cape in Western Australia, Pine Gap in the Northern Territory and Nurrunger in South Australia were connected to the US nuclear infrastructure through the presence of US C 3 I facilities.²⁴ As the threat of communism loomed large in Southeast Asia, Australia became a member of the U.S. sponsored South East Asia Treaty Organization (SEATO) in 1954, and sent military contingents to Korea and later to South Vietnam. Thus, after adopting a foreign policy based on a close alliance with the USA, Australia interacted intimately with countries that were a part of the western alliance system.

Menzies had explained the concept of forward defence in 1955 as follows

"The simple English of this matter is that with our vast territory and our small population are cannot survive a surging communist challenge from abroad except by the cooperation of powerful friends, including in particular the United Kingdom and the

²³ Greg Fry, "Australia's Regional Security Doctrine: Old Assumptions, New Challenges, "in Greg Fry (ed.), Australia's Regional Security (Sydney, 1991), p.5.

United States. Similarly, it is unbelievable that any responsible Australian should fail to see that if the battle against communist is to be an effective one it must be as forward of Australia as possible...If Malaya is vital to our defence, more vital, properly understood, than some point on the Australian coast, then are must make Malaysian defence in a real sense our business."²⁵

The linchpin of the policy was willingness to act as the western bloc's primary southern anchor by engaging in joint action with United States and its major allies. Thus, since late 1940s Australia also supported and assisted the British forces in Malaya, Singapore and the two Borneo colonies.

The end of Second World War brought to fore other security issues of Southeast Asia as well as for Australia. Australia faced a fresh wave of immigration from Europe during this period, it supported Indonesian struggle for independence from the Dutch. Australia was a natural advocate of the Indonesian cause due to its own history of colonial rule and also because of the bond, which was formed between them as a result of many troops having served in Indonesia during World War II. Main reason was the geographical closeness of Indonesia.

Australia security policy centered on keeping its "great and powerful friends" committed to maintaining their military presence in East and Southeast Asia. Further, through its "White Australia" policy it followed a discriminatory immigration policy that prevented Asian form entering Australia.²⁶

While the former strategy was keeping with the Cold war calculations, the latter smacked of an apartheid policy. Asians viewed the "White Australia Policy" as a racial

²⁵ Announcement of further military commitment to ANZAM (British, New Zealand & Australia agreement for Malaya), April 1995(Meaney, Documentary history op. ct p.329).

Neville Meaney, "The End of "white Australia's" Changing Perception of Asia, 1945-96", Australian Journal of International affairs, vol. 30, Nov. 1990, pp.171-81.

insult. The Australian Prime Minister, J.B. Chifley in 1949 tried to justify the country's immigration policy by saying that, "This country was and is aware that, sooner or later, trouble and misery result when people of different races, living standards, cultures, and historical backgrounds live side by side in the same community".²⁷

Australia became a party of a complex network of international Agreements; negotiated by its own representatives, made in its name and ratified by the Australian government. With the traditional conception of security vanishing during the Second World War, Australia became keen to reconstruct within the Pacific region a new arrangement for security. However, Australia's problem became one of reconciling her traditional ties with Britain with the hard geopolitical reality of the U.S. power in the Pacific. The first important exercise of Australian initiative resulted in the ANZAC pact of 1944, with New Zealand under which the two countries agreed to establish a regional zone of defence comprising the South West and South Pacific areas. The Pact led to the establishment of South Pacific Commission in 1947, which comprised of six Pacific Trust Territory administering powers, i.e. Australia, New Zealand, U.S.A, UK, France and Holland. This Pact aimed at encouraging and strengthening international cooperation and in promoting the economic and social welfare of the peoples of the non-self governing territories in the South Pacific region. It was used as an effective machinery for coordinating Australian policies on many issues. South Pacific Commission had machinery for joint endeavors and it prompted by slow degrees a sense of community among the territories and their people, a forum for meeting and discussion a regional outlook, as well as some cooperativeness in agriculture, fisheries, education and

²⁷ Cited in Gordon Greenwood, *Approaches to Asia: Australian Post-War Policies and Attitudes* (Australia: Mc Graw- Hill Book Company Pvt. Limited, 1974), p.161.

communication.²⁸ But the Australian government interpreted a regional commission as a device in which it had the major role and which was composed of friendly powers responsible for all territory in the region, as an arrangement that would minimize the opportunity for outside interests to gain a foothold in the region and so threaten Australian security.²⁹

The final victory of Communist forces in China in October 1949, and the out break of hostilities in Koreas in June 1950, were all perceived by the United States as further deterioration in the system and realised the need for stemming the tide of communist expansion. Unable to construct in the Pacific a single strategic system comparable to NATO, the United States began to explore the possibility of similar and separate military organisation. ³⁰ T.B. Millar points out that Foreign Secretary of Australia Spender wanted not only the protection which a treaty with the United States would provide but the opportunity it would after to influence policies and events in Australia's own region.³¹

Australia and New Zealand attempted to seek a formal security arrangement with USA in 1951. The ANZUS Treaty declared:

"Each party recognizes that an armed attack in the Pacific Area on nay of the parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with constitutional process. It was further explained in the article 5 of the treaty that, "an armed attack on any of the parties deemed to include the metropolitan territory of the parties, or on the island territories under its jurisdiction in the Pacific, or on its armed forces, public vessels or aircraft in the Pacific."

²⁸ Current notes on International Affairs; vol. 43, no. 2, February 1972, pp. 42-48.

Greg Fry (ed.) Australia's Regional security (Sydney: Allen & Unwin, 1990), p.4.

³⁰ J.A. Camilleri, ANZUS (Colorado, 1987), p.3.

³¹ T.B. Millar, Australia's foreign policy (Sydney, 1968), p.260.

Dennis Phillips, *Ambivalent Allies: Myth and Reality in the Australian-American Relationship* (Victoria: Penguin Books, 1988), p.145.

In 1954, Australia became a part of the now defunct South East Asia Treaty Organization. (SEATO) which included Britain, France, New Zealand, Pakistan, Thailand and the Philippines as well as United States. The pact offered the prospect of a collective defence arrangement in Southeast Asia with firm U.S. commitments. As partner in the American security alliance, it sent military contingents to Korea and later to Vietnam. It was then argued that the U.S.-Australian relationship remained Canberra's most important defence association. Australia's involvement in the Vietnam War has been described as "the most controversial aspect of her foreign policy in the post-1945 period if not in her history". 33

The successive governments in terms largely of its SEATO obligation have justified this involvement. Australian Minister of External Affairs said on 30 May 1966 "It could be wrong to say that Australia government is acting today in Vietnam solely because it is obliged to do so under SEATO. Even if SEATO did not exist Australia would want to see communist aggression and working practical arrangement which Australia address to and observes in pursuit of our own interests and policies. Our actions in Vietnam are pursuance of our obligations through SEATO but are not because of SEATO alone". ³⁴

'1 Ibid., p.283.

Gordon Greenwood and Harpee, (Ed.) Australia in the world Affairs (1966-70), (Melbourne, 1974), p.288.

SEATO was thought by the Australian government to have bridged the Southeast Asian security gap between the British defence line from Aden to Singapore and the American one from Alaska to Manila by committing the USA to the defence of the Southeast Asian mainland and to that of Australia and New Zealand as well. It also enabled Australia to build up range of additional military contacts with the United States, at all levels, to coordinate planning and develop common practices which are not provided by ANZUS.

ANZAM was mooted to Australia forward defence plan. The 1949 ANZAM led to the conclusion of the British Malayan Agreement on external defence and with initial assistance in October 1957, after Malaya got independence earlier in 31 August 1957. This Agreement granted Britain the right to maintain the Malaysian defence forces. But Australia's acceptance of security responsibilities for Malaysia resulted in strained relation with Indonesia in 1960's though Australia played a crucial role in independence of Indonesia. The main cause of discord was Sukarno's revolutionary ideology against the imperialist forces in Malaysia and Indo-China.

Australia strongly opposed Indonesian President Sukarno's attempts to oust the Dutch from Irian Jaya – a policy increasingly came to be defined in terms of radical, quasi leftist ideology on non-alignment and work alongside the UK during both the Malayan emergency (1948, and 1960) as well as the undeclared 'confrontation' (Konfrontasi) between Indonesia and Malaysia (1963 to 1966). The threat of communism remained even till the end of sixties. Its insecurity resurfaced again when Britain decided to withdraw from East of Suez in 1967 and when president Nixon announced through the famous 'Guam Doctrine' that US would come to help its allies only if the region was

threatened by an external power and not in the local conflicts. The three basic points in the doctrine, which the US president enumerated in his foreign policy report of 18th February 1970:

"The United States will keep its treaty commitments. We shall provide a shield if a nuclear power threatens the freedom of a nation allied with US or of a nation whose survival we consider vital to our security and the security of region as a whole. In case of other types of aggression we shall furnish military and economic assistance when requested and as appropriate. But we shall look to the nation directly threatened to assume manpower for its defence."

The Guam Doctrine gave American allies including Australia the primary responsibilities of maintaining their own defence, thus generating a tide of nationalism within the country. This also brought a concern over Australia's general involvement in Southeast Asian political and economic affairs, which precipitated in an increasingly criticism of the Australia's Post-1945 foreign policy.

A peculiar situation arose when economic difficulties led to the British retrenchment from East of Suez forces British Labour Government declared to withdraw half of the forces from Malaysia and Singapore by 1971 and rest by 1976. The British decision of total withdrawal grieved Australia. Immediate initiatives to change the British decision of complete withdrawal resulted in a Five Power Defence Agreement (FPDA) signed on 1 November 1971 with Australia, New Zealand, Malaysia, the United Kingdom and Singapore. These arrangements replaced the Anglo Malaysian Defence Agreement with which Australia and New Zealand were earlier associated. Under the new arrangement in event of any attack all five powers were to conduct joint consultation

³⁵ Stated in Henry Kissinger, *The White House Years*, (New Delhi, 1979), pp. 224-25.

before joint or separate action. The central command was stationed at Singapore under Commander in Chief of ANZUK forces.

However, there was discernible shift of Australia's foreign policy during the 1970's. The concern of Guam Doctrine culminated in the election of 1972 of the country's first Labor Government after 23 years of Conservative Liberal Party rule, sought to put Australia on an entirely different path with regard to the western alliance system vis-à-vis its relationship with the Asian countries.

At least five noteworthy changes were introduced. First, Australia withdrew from the Vietnam war; Second France was taken to the International court of justice for conducting atmospheric nuclear tests in the south pacific; third, recognition was give to China, North Vietnam, East Germany and North Korea; fourth, cultural agreements were signed with many of the counties of Asia including India in 1971, and development assistance to the third world countries was substantially increased; and fifth the "White Only" discriminatory immigration policy (non European immigration had began in 1967) was done away with, thus facilitating Asian immigration to Australia. There was an increasing stress on relations with friendly Asian countries including India and on foreign policy independent of the US. ³⁶

The new government under Prime Minister Gough Whitlam, after assuming power asserted that "Australia had its own unique interests, which needed to be determined and assessed in light of the country's specific circumstances and not as part of

³⁶ Meg Gurry, "Identifying Australia's 'Region' from Evat to Evans," *Australian Journal of international Affairs*, Vol. 49, May 1995, pp.17-31.

the United States under global objectives". ³⁷It was intended as acknowledgement of Gareth Evans not being subservient to the interests of the United States. ³⁸

The Whitlam period provided a watershed in Australian foreign policy. Gareth Evans has described it as, "it divided the prolonged obeisance of Manzies to the idea of imperial unity, and the transference of many of the emotions and the attitudes of loyalty to the United States during the period of the Cold War from the emergence of the kind of Australian foreign policy that we now taken for granted". ³⁹

In the phase of revised foreign policy, Australian government down played the centrality of the American (forward defence) alliance system, placing greater emphasis on the regional engagement and self-reliance although it was not until late 1980's and early 1990's that these concepts were incorporated into the foreign policy.

Whitlam government also gave emphasis on the development of a policy toward Asia-Pacific. The decision of Canberra to reorient aspects of its vigorous anti-communist stance formally recognized North Vietnam, North Korea, East Germany and Peoples Republic of China (PRC). It also had cultural agreements with countries of Asia and Pacific. Whitlam was resolute to indicate that his government is not an isolationist because of its action with regard to military intervention in Asia. On the day of his taking office he declared

"The change of government provides a new opportunity for us to reassess the whole range of Australian foreign policies and attitudes...Our thinking is towards a more independent Australian stance in international affairs, as Australia which will be less military oriented and not as a distinctive, tolerant, cooperative and well regarded nation, not only in the Asia-Pacific region but in the whole world at large". 40

³⁷ Gareth Evans & Bruce Grant, n.1, p.26.

³⁸ Gareth Evans, n.1, p.27.

³⁹ Gareth Evans, n.1, p.26.

⁴⁰ Meaney, Documentary history, p. 402.

These changes to a small extent were influenced by the general ordering of Southeast Asian politics following the signing of the 1973 Paris Peace Accord which formally ended the phase of United States direct military involvement in Vietnam War. Similarly, countries such as Thailand, Malaysia and New Zealand undertook steps, which were in principle aimed at building necessary adjustments to an altered regional geopolitical as well as strategic environment.

However, Whitlam period was short-lived and as a result largely transient interns of impact on the future policies. Following the fall of Whitlam government in 1975, the pattern of Australian foreign policy quickly returned to its pre-1972 phase with the election of Malcom Fraser as Prime Minister and a Conservative government at the helm of affairs till 1983.

Even though the new prime minister did not specifically set out to reverse the foreign policy initiatives of the Whitlam period, however he consciously reaffirmed the Australian-American alliance as a simple, cheap and effective way of securing the country's interests in Asia. 41

Fraser continued the relations with China and the rest of the Third World and he acknowledged the significance of Asia-Pacific region. He even visited China and made and abortive attempt to formalize a Four-Power Treaty (including China, Japan, United States and Australia) to contain Soviet Union. Fraser government faces a litmus test when a boat carrying refugees from Vietnam arrived at the Darwin shore in 1976 and immigration reached its peak in 1979.

⁴¹ Ibid., p.27.

However, Fraser government faced both the Australia's obligation as a signatory of the United Nations convention on Refugees and also managed the popular sentiments of the local people with regard to these new people.

The outcome of the Vietnam War in 1975, forced to re think concerning the policy of forward defence. ⁴²In Nov 1976, a new approach to Australia's defence was articulated in a Government White Paper, which argued that Australia should be more self-reliant and focus more attention on the regions adjacent to Australia ⁴³ 'self-reliance' did not, however mean any significant diminution of Australia's commitment to the American alliance, but rather that Australia's independent capacity would be enhanced by US support. ⁴⁴

Australia's threat perceptions – both at the regional and international levels pushed its policy towards direct engagement with Cold War policies. 45

It was not until the late 1980's that any decisive moves were made to develop and institute a forceful and systematic policy of regional engagement. To be sure the Bob Hawke who governed Australia from 1983 to 1991 continued to endorse and support a vigorous United States alliance. Australia was critical of New Zealand's decision for its decision to prevent American nuclear armed vessels from visiting its ports (it marked the end of New Zealand's participation in ANZUS alliance) 'asserting that his decision undermined a key pillar of peace and stability in the South-Pacific. ⁴⁶ Nevertheless Australia continue to host various space defence and submarine very low frequency

David Horner, 'Security objectives' in FA Mediansky (Ed.). Australian Foreign Policy: The New Millennium (South Melbourne: Mc Millan, 1997), p.81.

⁴³ Ibid., pp.81-82.

⁴⁴ Ibid., p.82.

⁴⁵ Greg Fry, "Pieces Left Missing from the Soviet-Threat Puzzle," Sydney Morning Herald, 6 Aug, 1985.

⁴⁶ Gareth Evans & Bruce Grant, n.1, p. 29.

(VLF) radio facilities for Washington, rejecting the arguments that this way in any way inconsistent with the position it had to assume concerning global disarmament issues.⁴⁷

In June 1984 Prime Minister Hawke said that the US facilities were not military because there were no 'combat' personnel and there were no weapons. However, Foreign Minister Bill Hayden said in 1983 and 1984 that, although he supported the idea that the facilities might contribute to the verification of arms control agreements through early warning and nuclear-testing detection, he was concerned that none of the facilities should be involved in pre-emptive nuclear attacks by the United States.⁴⁸

However, what could be regarded as a precursor for the Post-Cold War era Hawke government (1984-1991) made an effort to have for more direct unilateral attention to the Asia-Pacific. He not only attempted to establish more integrated and substantive economic links to the north, by initiating the Asia-Pacific Economic Cooperation (APEC) process in 1989, he also sought to position Australia as an active participant in the regional middle power diplomacy. To a large extent these initiative were influenced by three government documents viz. (i) Review of Australia's defence capabilities, Report to the Minister for defence by Mr. Paul Dibb, March, 1986 Canberra; (ii) The Defence of Australia, 1987-The White paper on Australia's defence policy, March, 1987, Canberra; (iii) Australia's Regional security; Ministerial statement by Senator Gareth Evans, Minister for Foreign Affairs and Trade, Dec., 1989. The 1986 Dibb Review could be seen as a logical extension of the Nixon Doctrine in that, under the review, Australia is seeking to defend her territory in more rational and economic way.

⁴⁷ Ibid., p.29.

Malcolm Maclutosh, Arms Across the Pacific: Security and Trade issues Across the Pacific (London: Pinter Publishers, 1987), p.83.

The Dibb report started a debate over the defence policy to be adopted. The report analysed the defence force structure of Australia and called for Australian self-Reliance in defence. Paul Dibb summarizing his report stated:

"In general I see no need to precipitate change; adjustments to our force structure can be made progressively over the next five years and more. We have time to develop Australia's defence force structure to a more self reliant basis, because we are not eminently threatened. There are some lesser possibilities of conflict, however, involving the region, which are more credible in the shorter term, and where we would need to have an independent combat capability. The review gives particular attention to the publications of these contingencies for our force structure."

The Defence White paper of 1987, for the first time spelled out a coherent policy of security self reliance. The report aimed to achieving for 'fundamental objectives i.e. independent defence of Australia's territory promotion of regional security and stability capability to meet alliance obligations and contribute to global strategic security. 50

As Gareth Evans noted in 1988:

"I see the white paper of March 1987 as watershed not only in defence, but also in foreign policy. In a very real sense, the Hawke government's defence policy has once for all liberated Australian foreign policy....It is no longer necessary for Australian foreign policy to begin with the assumption that its first task is to ensure the defence of Australia by attracting the protective attention of great and powerful friends. As a result, an Australian Foreign Minister is now free to think about his responsibilities a little more systematically, and may I say, a little more intricately, than has ever previously been the case". 51

The immediate consequence was the realization as well as 'appreciation of the reality that Australia's interests are multidimensional'. 52

⁵² Ibid., p. 324.

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⁴⁹ Review of Australia's Defence Capabilities, Report to the Minister for Defence by Mr. Paul Dibb, March 1986 p. V.

⁵⁰ Gareth Evans & Bruce Grant, n. l. p. 29.

Si Gareth Evans 'Australia's Place in the World: The Dynamics of Foreign Policy Decision Making', in Desmond Ball (ed.) *Australia in the world: Prologue and Prospects*, Canberra papers on Strategy and Defence No. 69 (ANU, Canberra, 1990), pp. 323-24.

Thus, in December 1989, the Minister Gareth Evans issues a statement on Australia's Regional security, which officially expressed a multidimensional approach to Australian security policy and planning.

The policy responses or instruments available to protect Australia's security are multidimensional. They all go well beyond strictly military capabilities, essential though these are. They also embrace traditional diplomacy, politico-military capabilities (In the border-zone between defence and diplomacy), economic and trade relations, and the development assistance. And they extend to immigration, education and training, cultural relations, information activities and a number of less obvious areas of government activity. ⁵³

He also clearly stated the principle needs and its focus areas by declaring that 'although Australia can undoubtedly make a significant contribution to global security in various ways (e.g. though our hosting of the Australia-United States) joint facilities, with their early warning and verification capabilities, and though our active involvement in multilateral disarmament issues, such as chemical weapons prohibition, the reality is that as we weigh our interest against capabilities, it is appropriate that we particularly focus our security concerns and priorities on the Southeast Asia & Southwest Pacific.

Ministerial statement laid the conceptual framework for Australia's regional security doctrine in the 1990's and identified Southeast Asia, the South Pacific and eastern reaches of the Indian Ocean as regions of primary strategic interests to it.

⁵³ Australia's Regional Security, Ministerial Statement by Senator Gareth Evans, Dec. 1989. p.2.

The key elements of Australia's regional security policy were identified as a policy of "comprehensive Engagement" with Southeast Asia. The region responded favourably to the Australian initiatives, and a country which was once considered an 'odd man out' was almost accepted as an "odd man in". Australia also took active interest in regional issues, participating in Cambodian Peace Process; becoming a major aid donor to Vietnam; taking initiative towards the normalization of the Asia-Pacific Economic Cooperation (APEC); becoming a dialogue partner of the ASEAN (Association of South East Asian Nations) and a member of the ARF.

At the end one can conclude that after the demise of the British power in the Pacific, Australia looked to United States for security – the origins of the 1951 ANZUS Pact. The United States in turn has looked upon its ANZUS partners as the linchpin of Western security in the Southwest Pacific and the most reliable of allies. However, since late 1980's. Australian Foreign Policy has been concentrating on the ASEAN states. Its regional policy objectives are based on regional threats, and a need to build a closer relationship with the ASEAN countries. This strategy also emphasizes political stability in the region in order to serve security interests of Australia.

In Australia, attitudinal trends (in part a reflection of generational change), suggest there is some going on erosion of public support for Australian contributions to US involvement in the Middle East – many Australians now believe the alliance benefits the US more than Australia.

Chapter-2 Paul Keating Administration (1991-96)

The Paul Keating Administration

During the Post-Cold War era, two governments have determined Australia's foreign policy stance: the Labor Administration of Paul Keating (1991-1996) and the Liberal-Nationalist Coalition of John Howard (1996-). Although coming from different ends of the political spectrum, both have consciously sought to consolidate Australia's regional position in the Asia-Pacific.

Australia's geopolitical shift toward Asia undoubtedly gathered momentum from the late 1980s. This shift in emphasis reflected the changing nature of the international state's system. The debate over whether Australia should continue to define its foreign policy in terms of the U.S. alliance or on the basis of independently assessed imperatives was essentially decided due to the collapse of the Soviet Union and the subsequent end of the Cold War. As the new geostrategic landscape emerged, Australia found itself in a world remarkably different from the one it had occupied for the past 40 years. No longer seeing itself as wholly dependent on the U.S. for protection, Australia began vigorously to pursue the course it had tentatively started earlier in the 80s namely, defining its own unique interests independent of traditional alliance commitments while seeking to develop a network of regional ties. An early indication of this reoriented Post-Cold War posture was the proposal for a Conference on Security and Cooperation in Asia (CSCA), which was specifically advanced as a metaphor for Asian dialogue and Mutual Confidence Building.¹

The Labor Government under Prime Minister Paul Keating was more outward looking in its engagement with Asia-Pacific than before. Multiculturalism (most

Gareth Evans & Bruce Grant, Australia's foreign relations in the world of the 1990s (Canberra: Melbourne-Univ. Press, 1995), p.117.

immigrants are now from Asia) became the new policy through which Australia wanted to be accepted by the Asian countries.² The "White Australia Policy" which was first introduced in 1901 had laid the cornerstone of Australia's relations with the non-European part of the world but also of Australia's national identity earlier. In the years before this Policy was rejected in 1972, the Asians were perceived as inferior to their own Anglo- Celtic culture. Due to poverty, illiteracy and the high population growth of most Asian countries. Australians feared that they might be overwhelmed by immigrants of an "inferior race" into their comparatively less inhabited country that also had seen the highest standards of living in those years. It is perhaps from such prejudices and fears that the 'White Australian policy' came into being. According to this policy, Australia could maintain homogeneity by introducing strict immigration rules in order to protect Australian from the coloured people.³

Prime Minister Keating wanted to erase this image of Australia as Euro centric backwater, which still clung to the remnants of 'White Australia Policy'. Also, whatever the critics might say Keating did not see Australia turning into an Asian nation. No one is that naïve to ignore that majority of the people are racially European and are culturally Western. However, what Keating did was to emphasise Australia's geographical reality and encourage Asian immigration. The economic future of Australia was seen in the Asia Pacific. All the old connections with Britain were seen as an embarrassment to Australia's effort at an identity of its own. He wanted Australia to be a Republic and suggested that the Jack be removed from the upper corner of the Australian flag. He felt it

² L. J. Perry, 'The irrelevance of being Asian', Asian Studies Review, Vol.18, No.2, pp. 113-118.

Neville Meaney, "The End of "White Australia" and Australia's changing perceptions of Asia. 1945-1990, Australian Journal of International Affairs, Vol.49, No. 2, Nov. 1995, pp. 45-46.

would facilitate considerably the improvement of its relations with Asian neighbours, as they would consider Australia free and independent in its Foreign Policy.

Australian policy at this instance also identified with the Post-Cold War aims of democratization and individual human rights, which placed the country uncomfortably in the middle of the "Asian versus Western values" debate that had began in the early 1990s. Aware of the dangers that this position posed to the wider objective of regional engagement, Canberra opted to pursue these general goals through quiet and tacit diplomacy (as opposed to the more-strident approach the United States was emphasizing).

In 1990, Australia's pursuit of Comprehensive Engagement under Paul Keating was reflected in a regional Foreign Policy agenda that was both vigorous and proactive. Adoption of multiculturalism as national policy was reflective of this identification with the region and so was Australia's Look West policy. Australia endeavored to play a constructive role in Southeast Asia through multilateral diplomacy to enhance security dialogue, trust building and practical cooperation by participating in both formal "track one" and non-official "track two" forums, and working groups.

Keating was not the first Prime Minister to focus on the trade and security possibilities of Southeast Asia. But he was the first to make it a defining characteristic of his government and the first to argue the primacy of Asian links over Australia's traditional links with Britain and the United States. He called for acceptance by Australian that 'Asia is where our future lies'. As if to emphasize this new direction.

Keating's first overseas visit was to Indonesia in 1995, a country he bad never visited before. It was the first visit to Jakarta by an Australian Prime Minister since 1983.⁴

The conceptual foundation upon which Keating and his Foreign Minister. Gareth Evans, sought to develop this vision of regional enmeshment was "Comprehensive Engagement", which was itself based on an expanded and more inclusive notion of security. "Comprehensive Engagement" was developed in the late 1980s to complement and provide balance to the 1987 Defence White Paper, which had shifted Canberra's policy nucleus away form its dependency on the United States to an orientation that emphasized a more discrete and self-reliant regional focus. The intention behind this concept was not to convey the idea that Australia naturally belonged to Southeast Asia. Rather, it sought to engage the countries of the region in a spirit of partnership and mutual respect by forging a diverse and substantive array of cross-linkages and contacts. The long-term goal was to foster a Southeast Asian community for peace and security of which Australia felt it was an integral part, based on a shared set of common defence norms and interests.

Evans explained his conceptual framework of "Comprehensive Engagement as follows:

 Building a more diverse and substantive array of linkages with the countries of Southeast Asia, so that they have an important interest in the maintenance of a positive relationship with Australia.

⁴ Michelle Grattan (ed.), Australian Prime Minister (Sydney, Australia, 2000), p.424.

⁵ Comprehensive engagement was first used to describe Australia's policy towards Southeast Asia in Ministerial statement by Senator Gareth Evans, Australia's Regional security, 6 December 1989, Para's 173-76.

- Continuing of support the major existing regional association, the Association of
 Southeast Asian Nations (ASEAN) and working with the countries of the region
 to shape additional regional multilateral organizations or arrangements, such as
 APEC, which can contribute to the social and economic evolution of the region.
- Participating actively in the gradual development of a regional security community based on a sense of shared security interests.
- Working for the involvement of Vietnam, Cambodia, Laos, and Myanmar in the cooperative framework of regional affairs.
- Recognizing that Australia, in vigorously pursuing its national interests in the region, should do so as a confident and natural partner in a common neighborhood of remarkable diversity, rather than as a cultural misfit trapped by geography.

The Comprehensive Engagement approach built on and expanded classical notions of military security. Similar to the divisional concept used in war, the new strategy implied a reconceptualization of security that both widened the sphere of potential threat contingencies and, in so doing, moved beyond a view of defence that focussed simply on military deterrence. More specifically, it permitted greater flexibility in foreign relations by emphasizing multidimensional policies that were designed to meet the needs for several issues areas (military, diplomacy, environmental and economic) deemed to be of common interest to all countries in Southeast Asia.

Paul Keating is regarded as the architect of the reorientation school. In 1991, while taking over the new administration, Mr. Keating asserted bluntly, "We have to turn to Asia, Full stop." The Keating Government saw the development of a much more

⁶ Cameron W. Barr, "Australia to Asia: Won't you Come a Waltzing?" *The Christian Science Monitor*, 26 May-1 June 1995, p. 10.

multilateralist approach in Australia's foreign policy, and an activist role for the Australian Foreign Minister, in particular Gareth Evans. Great political and economic changes occurred in the international system during this period, in particular, the rise of Japan as a rival to the US in the economic realm, the emergence of Asia as a world economic power, and the demise of the Soviet Union and subsequent ending of the Cold war. ⁷

Australia identified itself as a 'middle power' capable of acting as an honest broker on the international stage. It began to view itself, as one of a group of states with liberal-democratic traditions that could act in concert to influence the larger powers; recognizing the limits of a 'middle power' state acting alone unilaterally. ⁸

Paul Keating Administration took many well thought out steps to bring the ASEAN countries closer to Australia. He did not want the ASEAN region, which is geographically in close proximity to Australia to think of the latter as "Odd man out" rather he wanted Australia to be "Odd man in".

Australia's pursuit of Comprehensive engagement under Prime Minister Keating was reflected by a regional foreign policy agenda that was both vigorous and proactive.

In Indochina, considerable time, energy and resource were devoted to facilitating the process of national reconciliation and democratization in Cambodia. Australia worked closely with Japan, the United States and the European Union in bringing about the negotiations that led to the 1991 Paris Peace Settlement and actively participated in the United Nations transitional authority that was subsequently dispatched to lay the groundwork for the 1993 independence elections. Australia was the first country to

⁷ Gary Smith, Australia in the world: An introduction to Australian foreign policy (Melbourne: OUP, 1996), p.108.

announce that it would seek such accreditation to the Supreme National Council (SNC); in the first place on a non-resident basis through its Ambassador to Thailand and subsequently by the establishment of a resident mission in Phnom Penh.

In order to get a UN presence to prepare the way for what was to become the UN Transitional Authority in Cambodia (UNTAC). a UN Advance Mission (UNAMIC) was dispatched to Cambodia on 9 November 1991. The UN operation in Cambodia, for all its flaws was a success. In spite of the setbacks and deficiencies, the UN-supervised settlement achieved its principal aims. It succeeded in removing the Cambodian conflict as a source of regional tension; Australia's contribution to the settlement process was its positive contribution to the peace process was extremely constructive and acknowledged by the international community. Australia provided economic aid of \$ 2 million for demining operations in Cambodia. The funds were being provided through AIDAB, Australia's overseas aid agency. Above all, it showed how effective Middle Power diplomacy could be over the United Nations Peace initiative. It was more an intellectual than a political or military role. It represented not only a sharp new turn in the implementation of Australia's Indo-China Policy but also a major development in Australian diplomacy.

Australia's economic and trade interests in Indo-China were relatively small but the longer-term potential growth particularly in Vitamin was seen as immense. Australia through its diplomatic engagement took advantage of this opportunity. Two-way trade with Vietnam grew steadily from around \$6 million in 1984 to over \$366 million in 1993. and Australia is now the largest investor in Vietnam.

⁸ Ibid., pp.111-13.

⁹ Gareth Evans & Bruce Grant, n.1, p.236.

Paul Keating's visited Vietnam and Laos in April 1994. Earlier the Vietnamese Prime Minister Kiet in May 1993 and Lao Prime Minister Khamtay in November 1993 had visited Australia. These high levels visits cemented political ties at the highest level. For the first time in April 1992, Australian aid was promised to Vietnam and Cambodia, following the Cambodian Peace Settlement. The aid program to Laos was trebled to provide for the Friendship Bridge across the Mekong River and a border control facility.

In the year 1994/95 and 1997/98 \$ 200 million to Vietnam, \$ 92 Million to Cambodia and \$47.5 million to Laos were pledged by Australia. 10

The economic aid by Australia to Southeast Asia carried crucial strategic significance to the latter. Not surprisingly, Australia's interaction has grown to include security agreements with most of the "ASEAN ten". Who have stronger defence links with Australia than with any other country, including amongst themselves. This is part of Australia's strategy of active regional involvement.

Keating's Nationalism looked outwards to equip Australians with the confidence to operate in the globalised economy and attach them to their Asian destiny. He even suggested that the traditional mate ship could be understood as an Asian value. Some Asian leaders were not so sure. Indonesia's rulers found criticism by Australian press a sign of disrespect, the preoccupation with human rights, and an indication that the white outpost was still wedded to western values. Australia denied membership of ASEAN. and thwarted by Malaysia's Prime Minister Mahathir in its attempt to promote APEC Forum as a broader regional block. Keating's frustrated description of his counter part as 'recalcitrant' did not assist his cause. During Keating term major steps were taken to

¹¹ Ibid., p. 236.

¹¹ Stuart Macintyre, A Concise History of Australia (Cambridge, UK, 1999), P.253.

consolidate APEC ¹²and the decision to establish a new forum called the ASEAN Regional Forum. In July 1991, the ASEAN Post-Ministerial Conference (PMC) endorsed the proposition that PMC was an 'appropriate base' for discussion of regional security issues. ¹³ At the Twenty-sixth ASEAN Ministerial Meeting in Singapore on 23-24 July 1993 it was agreed that the security component of the PMC dialogue would be known as the ASEAN Regional Forum (ARF), with eighteen member- the six ASEAN countries (Malaysia, Indonesia, Thailand, Singapore, the Philippines and Brunei), their seven major trading partners (the United States, Japan, Canada, South Korea, Australia, New Zealand and the European Community), and the five 'guests' and 'observers' at the ASEAN meeting (Russia, China, Vietnam, Lao and Papua New Guinea). ¹⁴

While ASEAN's interest in multilateral economic issues like Australia's has been growing rapidly (with four of its six members – all the agricultural producers – being members of the Cairns group, and all being members of APEC), the association has only recently attempted to formalise economic co-operation. In January 1992, ASEAN leaders launched the ASEAN Free Trade Area (AFTA), which came into effect on 1 Jan. 1993. Over a 10-15 year period, intra-regional tariff will be phased down to 0-5 percent through the implementation of a common effective preferential tariff (CEPT) scheme.¹⁵

Australia has certainly been participating in ASEAN's rush to do business with outside countries, conscious of the market potential of a combined population of 330 million, albeit at the moment a total GDP is not much larger than Australia alone.

¹² Joan Beaumont and Garry Woodard, "Perspectives on Australian foreign policy 1993". *Australian Journal of International Affairs*, vol.43, no.1, 1994, p.97.

Desmond Ball & Pauline Kerr, Presumptive Engagement: Australia's Asia-Pacific Security Policy in the 1990s (ANU, Canberra, 1996), p.23.

¹⁴ Michael Vatikiotis, "Uncharted Waters", For Eastern Economic Review, 5 Aug. 1993, pp. 10-11.

¹⁵ Gareth Evans, Australia's Regional Security, Deppt. Of foreign Affairs and Trade. (Canberra, Dec. 1989), p.2.

Added to this diplomatic programme was an active socio-economic and environmental agenda. Australia vigorously supported trade liberalization and integration throughout Southeast Asia, endorsing APEC. Australia officials proclaimed a multidimensional approach to Australia security policy and planning in which a comprehensive range of policy instruments - for example, diplomacy, military capabilities, economic and trade relations, overseas development assistance, immigration policy, cultural relations - are composed to enhance Australia security. ¹⁶

Australia's initial attempts to develop a regional security approach with countries of Southeast Asia did not receive much success in the region. But over time the opposition diminished and, with the establishment of the ASEAN Regional Forum in 1994, the pursuit of multilateral security dialogue became acceptable as an appropriate means of enhancing regional security. ¹⁷

Paul Keating set about his task of engaging the Southeast Asia - through overseas visits and the building of close personal links with regional leaders - developing and articulating a vision of an economically integrated region of which Australia was unequivocally a part. Particular emphasis was given to the relationship with Indonesia, which not only represented Canberra's logical link to Southeast Asia (given its geographical proximity) but also acted as bedrock that was vital to the maintenance of the region's cohesiveness.

Paul Keating visited Indonesia many times during his term thus emphasising the importance of the relationship to Australia. However, he did not hesitate in raising with President Suharto, the situation in Irian Jaya and East Timor. These two provinces

¹⁶ The Hon. P.J. Keating, address to the Chinese Chamber of Commerce, *Australia & Asia: The Next steps* (Perth, 15Feb.1995), p.2.

attracted great sympathy in Australian Prime Minister noted that the continuing problems in East Timor had detracted from the enormous achievements of the Indonesian Republic since independence. He stated his view that it was important that the province of East Timor should be a harmonious part of Indonesia and that respect for the rights of the Timorese people was essential ingredient for this.¹⁸

Security and economic concerns were the primary drivers of the engagement process. As the Defence White Paper of 1994 notes, 'Australia's future security – like our economic prosperity – is linked inextricably to the security and prosperity of Asia and the Pacific ¹⁹ and to becoming 'a partner in determining the strategic affairs of the region. ²⁰

Defence cooperation with Southeast Asia was burgeoning to the point where ASEAN states, conducted more defence cooperation activities with Australia than they did with each other. Moreover, the nature of that cooperation was in many respects much closer than it had been in the past. For example, Indonesian Air Force (TNI-AU) officers flew on RAAF P-3 C Orion maritime surveillance operations in the Timer Gap and RAAF maritime personnel flew on Indonesian Navy Search master (Nomad) flights. ²¹

The Australian defence policy during the Keating Government aimed at increasing deeper defence relationship and strategic partnerships with the regional countries. Positive steps were initiated. The ASEAN countries joined Australia's major military exercise, Kangaroo'95, Singapore, based its air force flying centre at RAAF base. Pearce in Western Australia. Canberra was also trying to strengthen regional

Desmond Ball & Pauline Kerr, n.13, p.3.

¹⁸ Peter Roggero, "PM's constructive meeting with President Soeharto" *INSIGHT*, vol.4, no.17, 3 October 1995, p.8.

¹⁹ Defending Australia: Defence White Paper 1994 (Canberra: Australian government publishing service, 1994), p.3.

²⁰ Ibid., p.85.

security through the ASEAN Regional Forum (ARF), which held its first Ministerial meeting in 1994. ²²

Australia's economic links with the region defined another foreign policy objective that demanded special attention especially at the time when global economic interdependence had become an accepted fact. Australia's share of export to Asia had increased by around one third. Since the early 1980s, Japan & Korea were its largest export market and ASEAN countries ranked second if counted together. Presently, Australia supplies almost half of East Asia's coal, iron ore and beef and half of its wool and aluminum ore.²³ With the countries of Southeast Asia Australia had good economic links like with two way trends between Australia and Malaysia in 1993 was up by 23 percent over the previous year at \$2.6 billion and there were unprecedented levels of interest in two-way investment. And with Indonesia, a country that had an important and growing commercial relationship with Australia. In 1993, two-way merchandise trade was valued at \$3billion, made Indonesia Australia's 11th largest trading partner, the second largest in ASEAN and the ninth largest in APEC.²⁴ Singapore's dealing in terms of trade with Australia's largest ASEAN trading partner and sixth largest in the world. Bilateral trade with Australia was valued at \$4.5 billion in 1993. In accordance with Philippines trade and investment relationship was also expanding in Keating period.

²² Far Eastern Economic Review (FEER), 17 August 1995, p.26.

Desmond Ball, "The Political-Security Dimension of Australia and the Asia-Pacific Region" *The Indonesian Quarterly*, Vol. XXii, No. 3, 1994, pp. 227-46.

²³ Paul Keating, "Australia's place in Asia", *Asia week*, 31 March 1995, p. 26.

²⁴ Department of Foreign Affairs and Trade, 'McMullan visit to consolidate ties', *INSIGHT*, vol.3.no.3. 14 August 1994, p.3.

Thailand, with its rapidly expanding industrial base, was one of Australia's fastest growing partners. Bilateral trade had increased by nearly 60 percent on the 1991 figure to just over \$2 billion in 1993.²⁵

Australia's engagement with Asia led to the announcement of the "Look West Policy." The Defence White Paper of 1994 stated, "...a new strategic architecture will evolve as the structures of recent decade fade. Much will depend on the policies of major Asia powers-Japan, China and Singapore- and on their relationships with one another and with other countries in the region". ²⁶As a result, Australia's security perceptions and trade patterns started changing. While in the past it had mainly exported to the U.S. and Europe, now Southeast Asia with its booming economy became one of its main trading partners.

Australia's interests in Asia are broad and the objectives of Australia's regional engagement policies are manifold. There are domestic constituencies and foreign policy interests. In February 1995, Prime Minister Keating said: "Our economic links with Asia are vital...but it is a profound error to see that as the whole story... Our interest in Asia has a much broader focus and a much wider purpose. Success in the efforts we make in Asia will affect not just Australia's prosperity but also our security...... And more than that, closer engagement with Asia in already helping to transform Australian society... Asian culture and Asian values will, in very short time I believe, begin to work their impact on mainstream Australian culture". ²⁷

Some dimensions of this 'wider purpose' have been fairly well articulated. The case for economic liberalism, including domestic deregulation and structural adjustment and

²⁵ Ibid., p.4.

²⁶ Defending Australia: Defence White Paper 1994, p.8.

free trade abroad, as well as for close regional economic cooperation, has been argued at highest national levels. The basis of Australia's regional security policies has also been publicly explained. ²⁸

The Paul Keating Government stated: "We have been seen by countries, not only in the region but around the world as being able to do something that probably no other country could do; because of the special characteristics we have; because we occupy that special place – we are a European Western civilization with the strong links with North America, but here we are in Asia." This statement also implied that even though Australia was pursuing a self-proclaimed self-reliant defence policy, in no way did this imply the end of its dependence on the USA.

Recent studies on Australia's security clearly reflected that the Australian Government and security analysts were not at ease with the events unfolding after the end of the Cold War, and emphasized now Australia would come to terms with this. 30

One of the studies generated a heated debate in Australia's security community. It analysed Australia's military build-up and criticized Australia for projecting itself as a military power in an attempt "to maximize Australia's influence in the region and to secure Australia's interests and those of the western Alliance in general". 31

David Lague said that, "Australia's effort to enmesh itself in the region are an important aspect of its approach to security and the statement by Prime Minister, both past and present, that Australia seeks security with Asia, "not form Asia", offers a cogent

²⁷ Paul Keating, n. 16, p.3.

²⁸ Defending Australia: Defence White Paper 1994, p.4-11.

²⁹ The Bulletin, Sydney, 28 Sept. 1999, p.24.

³⁰ J.Mohan Malik, ed., Australia's Security in the 21st century (Sydney: Allen & Unwin, 1999), p.237-38.

³¹ Ibid., p. 237-40.

summary of a central tenant of Canberra's current and future security relations with Asia." ³²

Perhaps the most significant achievement was the signing of a Mutual Security Treaty with Indonesia in 1995, the first such agreement that Australia had ever concluded with an Asian state and the first negotiated by Jakarta with any country. This agreement, which was an Australian initiative, was hailed as an historic pact. Prime Minister Paul Keating stated, it 'sets out in formal terms for the first time our common interests in the peace and security of the region around us, and our intention to cooperate together in support of those interests. ³³ He further stated that the Treaty was, 'a declaration of trust.' Many analysts then described it as 'a lynchpin for security.' Later with Australia's intervention in East Timor, the Treaty got suspended.

There is no doubt about the commitment of Australia to Constructive and Cooperative engagement with Southeast Asia. The general thrust of Australia's policy of regional engagement is not in question. By and large it accords with the changes in international relations in the Post-Cold War world, and more particularly with the economic and strategic developments in the Asia Pacific region. Australia has proclaimed a multidimensional approach to regional security, involving careful development and composition of foreign policy and diplomacy, defence capabilities, and activities, trade and investment, development assistance immigration policy, and educational and cultural activities. This approach reflects a realistic appraisal of the broadening but increasingly

³² David Lague, "Jakarta security treaty- A Declaration of Trust", *Sydney Morning Herald*, 19 December 1995.

^{33 &#}x27;Historical pact with Indonesia,' (Editorial), Sydney Morning Herald, 19 December 1995.

³⁴ Desmond Ball & Pauline Kerr, n.13, pp.99-100.

³⁵ Gareth Evans & Bruce Grant, n, 1, pp.162-69.

complex nature of national and regional security. ³⁶Paul Keating, stated on 15 February 1995 that, 'unless we succeed in Asia, we succeed nowhere. ³⁷

The Government of Paul Keating took a leading role in advocating the need to focus attention on the near region. An assiduous effort was made to both strengthen and consolidate meaningful person-to-person links through the promotion of education exchanges and tourism and by facilitating increased Asia in to the country. By the end of 1995, Keating Government could, and did, claim success as the country shifted its policy towards Asia, despite lobbying by pro Europe and U.S. supporters and anti- Asian migration lobby of the One Nation Party led by Pauline Henson. This was a substantial achievement given the history of the long entrenched fear of Asians, and the cultural ties to the West.

³⁷ The Hon. P.J. Keating, no.16, p.3.

³⁶ Richard Bolt. "The new Australian Miltaralism" in Cheeseman & Keetle, *The New Militaralism*, p.26.

Chapter-3 John Howard Period (1996-2002)

John Howard Period (1996-2002)

In 1996, a new liberal nationalist coalition led by John Howard, was sworn in as Australia's Prime Minister in March of that years replaced Keating's Labor government. Although Asian engagement was a main issue of the 1996 campaign, and despite Howard's own commitment to bring the United States alliance back to the center stage of Australian foreign policy, the overall direction of Canberra's external orientation has not changed substantially since 1996.

Southeast Asia is still viewed very much as a political priority as is the general need to enhance regional security cooperation and stability. In endorsing this stance, the current foreign minister, Alexander Downer, has specifically stated, "there is a national consensus on the importance of Australia's engagement with Asia and....a strong (understanding) that no side of Australian politics 'owns' the Asian Vision."

In line with this recognition of the need for regional engagement, Australia has continued to play a constructive role in both track-one and track-two multilateral diplomacy as well as moved to foster stable and mutually supportive bilateral government-government links. In 1997, several significant accords on information sharing were signed with Thailand, the Philippines, Vietnam, and China, doubling the number of Southeast Asian countries that regularly engage in security dialogues with Australia. That same year, an important maritime agreement was signed with Indonesia, which finally settled the frontiers between two countries in the Arafura and Timor seas and eastern Indian Ocean. Arguably of greater note was Canberra's response to the

¹ David Jones and Michael Smith, "Advance Australia – Anywhere", *Orbis*, vol. 43, no.3, Summer, 1999. pp. 452-53.

financial crisis, which first broke with forced devaluation of the Thai baht in 1997. Between 1997 and 1998, several significant economic assistance and bailout packages were prepared, both unilaterally and in conjunction with the International Monetary Fund (IMF).² The purpose of these actions was, in the words of Alexander Downer, to emphasize the notion of "regional mate ship" and to convey the message that Australia was not just a "fair-weather friend" but also "a genuinely close regional ally, in good times and in bad."³

If a difference does exist, it is in the conduct, rather than the substance of foreign policy. In particular, the Liberal-Nationalist Coalition has sought to pursue its objectives in a more pragmatic and less personal fashion than the former Labour administration had done. Regarding the Indonesian relationship, for instance, Howard was far less forceful in maintaining the strong personal ties that Keating had created with former Indonesian President Suharto (1967-1998), even if he did support the President to the very end.

In addition, Howard has sought to position Australia as a natural bridge for raising and facilitating socio-economic and political issues among Asia. Europe. and North America. a stance that became particularly evident during the IMF negotiations that followed Southeast Asia's 1997-1998 financial meltdowns.

On the whole, however, engagement with Asia, and more specifically Southeast Asia, continues to form a basic objective of Australian foreign policy. As with Keating, Howard has recognized Indonesia as essential to this aim of regional engagement, not the

² Gary Smith, "Perspectives on Australian foreign policy, 1998", *Australian Journal of International Affairs*, vol. 53, no. 2, 1999,pp.194-96.

Alexander Downer, "Australia's future in the Asia Pacific: Cooperation Economic Reform and Liberalisation", Speech given before the Melbourne Institute Conference – The Asian Crisis – Economic Analysis and Market, Intelligence, (University of Melbourne, 8 May, 1998).

least because of its size, geographic proximity, strategic influence, and preeminent position with ASEAN. Although the Liberal-Nationalist Coalition has been prepared to adopt somewhat of a more forceful and less placatory line with Jakarta – a stance that became particularly clear in late 1998 to 1999 when the crisis in East Timor erupted – managing a stable bilateral partnership has always remained a key objective of the government. Australia has been directly involved in providing emergency aid for Indonesia in 1998, and argued for a more humanitarian application of the rigorous IMF aid package. In 1999, after a major reversal in foreign policy⁴, Australian forces were the main contingent in the UN 'peace-makers' sent to East Timor after it became independent of Indonesia. Although Australia's military involvement with East Timor has declined over the last year, Australia remains one of the main financial and diplomatic supporters of the new country.

This led to major strains with Indonesia and may make deeper cooperation with Southeast Asian Nations more difficult in the future. Engagement in Southeast Asia has been found to be complex and does entail certain risks.

All these trends indicate, however, that recent Australian government, both Labour and Liberal-Nationalist Coalition, had viewed their economic and diplomatic interests being closely tied to the Asia-Pacific region. This engagement led to some 'Asianisation' of Australian affairs, but not in the sense of Australia becoming Asian culturally, nor on the basis of Asian ethnic immigration (less than 5% of Australians have emigrated from Asia). Rather, the Australian government, and Australia's education, business and administration elites have accepted that Australia's future rides with Asia.

⁴ William Maley, "Australia and the East Timor Crisis: Some critical comments," *Australian Journal of International Affairs*, vol. 54, no.2, July 2000, pp. 151-162.

There has also been a relatively wide acceptance of this in the public arena, supported by some growing interest in Asian affairs and Asian cultures. This remains true inspite of occasional outbursts of xenophobia and calls for a stop to Asian immigration, sparked off by small radical groups. These views have come under strong attack by foreign minister Downer. This phenomena, however, indicates that recent Australian government have not convinced all Australians of the safety of their Asian policies.

Australia's policy of encouraging stability and trade in the Asian region will continue to depend much less on pursuing or maintaining friendly regional relations (or even concluding agreements) than on the continued retention by the US of its very strong military presence in the western pacific, the further development liberal international and domestic economic arrangements and decisions by individual Asian countries to expose themselves to free trade. Fortunately, the US's continued strategic engagement in the region – it is sometimes overlooked that the US is part of the Asia-Pacific region – is virtually assured by its substantial and growing regional economic interests (including 50 percent greater trade across the Pacific than across the Atlantic) and China's forthcoming admission to the World Trade Organization is an encouraging acknowledgement that it s giving increasing recognition to the potential mutual advantages from a more liberal economic system. ⁶

There has been criticism that Australian Governments should have been doing more to develop closer trading and investment relations with regional Asian partners. But Australia has infact taken various initiatives, and is continuing to pursue them, with ASEAN, Singapore, Thailand, Japan, China and Korea. That no substantive agreements

⁵ Michael Millet & Craig Skehan, "Downer call to fight and destroy, Hanson's Views," *Sydney Morning Herald*. 2 May, 1997 [Internet Access]

have been concluded appears due mostly to the general hesitancy of the ASEAN countries (in particular) to liberalise. Even with their ten year old preferential trade agreement, the ASEAN countries have made only limited progress in reducing restrictions between themselves and talk of a Free Trade Agreement with China will requires a major change of ASEAN attitudes if it is come to anything whatever may be claimed about the lack of specific agreements with Asian countries, Australia has not been prevented from achieving a strong growth in trade in recent years both overall and to the Asian region. Between 1988-89 and 2000-01 total exports increased as a percentage of GDP from 12.5 to 17.8 percent and total imports from 13.3 to 17.6 percent, while from the principal Asian countries other than Japan their share of our exports rose 3.1 to 6.2 percent and in our imports from 2.3 to 4.1 percent.

Financial Crisis

The tension between East and West were also reinvoked during the 1997-98 financial and economic crises. In particular, strong tensions between Asian and the U.S. emerged in debates over the causes and the remedy for the crisis. Some in the U.S. argued that cronyism, lack of transparency, and a false model of corporate government cooperation were at the heart of the crisis, i.e. the so called 'Asian Miracle' was a mirage. On the other hand, some Asians argued that U.S. financial institutions had eagerly pumped vast amounts of short-term hot money into the 'immature Asians

⁶ More than a quarter of the total stock of foreign direct investment in East Asia is American.

⁷ For example, the recommendation by an ASEAN/ Australia/ New Zealand Task Force that a free trade area be established between ASEAN and the two other countries was blocked by Malaysia in October 2000.

⁸ Brunei Darussalam, Burma, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam Harry Harding, "Wanted: Asian-US Cooperation," *The Straits Times*, 22 October 1998, p.32.

banking systems and securities markets', followed by the activities of American speculators and that the U.S has also been reluctant to top-up the IMF to help deal with the crisis. 10 The risk of a second round of crisis, and the potential long term effect on American trade, clearly indicate that a strongly cooperative approach in needed to stabilize regional and global financial systems.

A Coalition government will be committed to the proactive development of these fundamentally important areas of political, economic, and social interaction with Asia-Pacific countries. This commitment to develop and strengthen Australia's relations in the Asia-Pacific region will be their highest foreign policy priority. While in the Post-Cold War world the mix of military and economic factors in the concept of national securing have changed. But defence preparedness remains a fundamental national priority.

By virtue of geography, Australia self evidently needs to pursue a security strategy with draw a closely links with the countries of Southeast Asia.

Externally the most visible and disturbing event of the period in 1997-98 was the Asian political and economic crisis. Over a twelve-month period in 1997-98 the currencies of South Korea, Thailand, Malaysia, the Philippines and Indonesia plunged massively in value under sustained attack from speculators, this caused bankruptcies, a dramatic flight of foreign investment and tremendous falls in economic activity. By mid -1998 every Asian economy was in recession and some, such as Indonesia were in deep depression. 11 This crisis was accompanied and exacerbated by the increasing protest and instability around the Soeharto regime - there was destructive rioting, violence and repression before he was finally forced to resign in May 1998. In its aftermath the army's

International Monetary Fund, World Economic Outlook, April 2000, p.23.

war of counter insurgency in Aceh intensified, religious programs flared up in Ambon and Kalimantan and humanitarian crisis since the Indonesian invasion of December 1975.¹²

The coalition government has been responsible for Australia's foreign and trade policy during a period of historic change in the region. The Asian economic crisis, Indonesia's democratic transformation, East Timor Crisis etc. and the continuing challenges and opportunities presented by globalisation are just some of the key themes of the part five years.

It has been a demanding yet invigorating period in Australian foreign policy. In a portfolio area that is rich with commentators and analysts, the Coalition government has stayed focused on policies, priorities and strategies to advance the interests of Australia and its people. As was outlined in the 1997 White Paper on Australia's foreign and trade policy, the security of the Australian nation and the jobs and standard of living of Australian people were the interest which lie at the core of foreign and trade policy, and everything the government did in the field of foreign policy must be applied against the basic test of national interests.¹³

Nothing illustrates better that the response of Australia to the financial crisis. Australia was only one of two countries (Japan was the other) that committed funds to all three regional IMF second-tier support arrangements in the crisis. Australia's total commitment in economic terms amounted to around A\$3 billion. Also they had provided substantial bilateral aid targeted specifically at better governance and economic management in the region. Australia pushed successfully for APEC to have stronger

¹² Anthony Burke, In Fear of Security: Australia's Invasion Anxiety (NSW, Australia, 2001), pp. 183.

focus on technical assistance – and has backed this up with a program of support for capacity building projects in APEC developing countries.

Howard's concern was not entirely cynical, he shared with other Australians a deep-seated anxiety about the transformations in identity which figures like Whitlam, Keating and journalist Paul Kelly had been arguing would inevitably come with accepting an 'Asian' future for Australia. As the government's 1997 Foreign Policy White Paper announced: 'closer engagement with Asia (does not) require reinventing Australia's identity or abandoning the traditions which define Australian society... Australia does not need to choose between its history and its geography'. ¹⁴ These views were presaged during Howard's 1996 visit to Indonesia, when he said that Australia 'does not claim to be Asian' and brings its own distinct culture attitudes and history to the region. ¹⁵ Indeed at a geopolitical level Howard sought to preserve the same breath that he distanced Australia from Asia he also reaffirmed Australia's closeness to the Suharto regime and the need to develop even closer defence and economic ties with Indonesia. ¹⁶

In August 1997, at the onset of the Asian crisis and only eight months before the fall of Suharto, the Foreign Policy White Paper of 1997 declared that 'Australians should have confidence in Australia's capacity to shape its future' and that economic growth in industrializing East Asia will continue at relatively high levels over the next fifteen years.¹⁷

¹³ Alexander Downer, "Australian Foreign Policy – a Liberal Perspective", *Australian Journal of International Affairs, Canberra*, vol.55, no. 3, pp.337.

Department of Foreign Affairs and Trade, *In the National Interest: Australia's Foreign and Trade Policy White Paper* (Canberra, Australian government publishing service, 1997).

¹⁵ Michael Gordon and Patrick Walters, "Howard Embraces Indonesia: PM back Closer Economic and Security links", *The Australian*, 17 Sep. 1996, p.1.

¹⁷ In the National Interest: Australia's Foreign & Trade Policy White Paper, n.14, pp. 1V-V.

The Paper failed utterly to identify either the economic or political seeds of the Asian crisis - while it cited 'potentially serious factors' such as 'worsening current account deficits combined with high debt levels (and) institutional weaknesses; it did not see how the flight of massive amounts of short term portfolio investment would combine with corruption and poor prudential supervision to precipitate, within eighteen months. the widespread collapse of regional economies. 18 Beginning with the massive devaluations of the Thai baht in July 1997, by the end of that year the contagion had spread to South Korea, Malaysia, the Philippines and Indonesia, forcing a haemorrhage of foreign capital and massive fall in employment and economic activity. In the first four months of the crisis regional currencies lost between 30 and 50 percent of their values, and companies and banks went to liquidation as fantastic rate of growth (between 5 and 10 percent through the 1990s) came to a shuddering halt. By the beginning of 1998 most Asian economies had fallen into recession, and political crisis had enveloped Thailand and Malaysia. The four ASEAN economies contracted by an average of 9.5 percent in 1998 and under the influence of the crisis world growth stowed to 2.5 percent. ¹⁹

Alexander Downer called the crisis the 'largest challenge to economic prosperity in our region since the Second World War' and said it had 'the potential to affect the security of the region'. It 'accentuated the uncertainty and complexity of the regional strategic environment'; he said...in many countries in our region internal stability and order have been underpinned by economic growth. And as the economies of the region had grown and become more integrated, this has helped reduce the risk of conflict. Now

¹⁸ Ibid., p.25.

¹⁹ The four economies are Indonesia, Thailand, the Philippines and Malaysia; see International Monetary Fund, *World Economic Outlook*, April 2000, p.2.

this virtuous cycle has been challenged. A region in stress is less predictably and less stable. Manageable internal problems can become unmanageable and spill over borders.²⁰

Suharto's last-ditch attempt to step down - only brought violent upheaval, further pressure on the Rupiah and a continued hemorrhage of capital.²¹

As the crisis unfolded the Australian government sought to cling to older structures of security and certitude, while also limiting potentially more radical transformations that might undermine their neo-liberal vision of international economic order. The Government's initial responses were painfully orthodox – even eleven months into the crisis in May 1998. Alexander Downer was arguing that for a sustained regional recovery to occur, affected nations must adhere to the conditions of IMF assistance packages and maintain 'the momentum for economic reform and liberalisation'. ²²

The Australian government's overseas aid program was quick to respond in the urgent social needs in the countries affected by the crisis. Australia had increased assistance to the Southeast Asian region in response to the crisis. Total Australian aid to East Asia in 1999-2000 is expected to be around \$421 million. This is over \$43 million more than aid to the in 1997-98, when the crisis first struck. Overall assistance to the region has increased by more than 11 percent. In Indonesia alone, social assistance totals more than \$60 million. The Australian overseas aid program has also put in place specific activities to respond to social and economic impacts of the crisis in a practical way. Most of the assistance has been directed to the developing countries initially affected by the crisis – Indonesia, the Philippines and Thailand. An important part of this aid assistance

²² Alexander Downer, n.3, p.1.

²⁰ Alexander Downer, 'Australia and Asia: after the crisis' (Asia Research Center, Perth, 6 Aug 1998).

²¹ Robison and Rosser, 'Surviving the meltdown: liberal reform and political oligarchy in Indonesia' in *Politics and Markets in the Wake of the Asian Crisis*, Routledge, pp.179-84.

had been in the form of food to help families who have lower incomes and face higher food prices. Australia had also provided emergency medical supplies and had funded activities aimed at creating employment.²³

In 1999, Australia helped to put into practice an APEC leaders' decision to increase attention to the social impacts of the crisis and to strengthen safety nets.

In July 1999, the minister for foreign affairs. Alexander Downer, announced Australia's support for two projects under the ASEAN action plan on social safety nets. This is an important initiative that will build the long-term capacity of crisis-hit countries to monitor and analyse the social impacts of the crisis, develop appropriate policy responses and evaluate their effectiveness.²⁴

The 1997 and 1988 APEC meetings were test cases to see if the organisation could provide regional leadership in dealing with economic crisis. The APEC leaders agreed to endorse the idea of a new regional framework for enhanced Asia-Pacific regional cooperation, to promote financial stability and to establish what is know as the 'APEC fund', as well as setting up an early warning system to avoid currency crisis. However, the 1997 initiatives were still much too weak to really after negative economic trends in the region, and left serious financial aid to the IMF.

The 1998 meeting of APEC was a major opportunity to begin to tackle Asian economic problems in a concerted way, with one of the most constructive plans, the Concerted Asian Recovery Program (CARP), designed to reduce interest rates and

²³ Australia's response to the East Asian financial crisis: Working together for sustainable recovery'. Australian Agency for International Development, Canberra, March 2000, p.8.

²⁴ Ibid., p.9.

²⁵ Jusuf Wanandi, "The Challenges that Face APEC after Vancouver", *Straits Times Interactive*, 4 December 1997. [Internet Access].

stimulate economies throughout Asia,²⁶ being presented at that time. The key aim of this approach was to coordinate these reforms simultaneously throughout the region, thereby avoiding capital and investment flight from one economy to another.

Role in East Timor

Australia's role in east Timor was honorable and crucial in assisting the resolution of a protracted regional problem. It demonstrated the effectiveness of the peace keeping and diplomatic efforts. Australia led a regional coalition to restore peace and security after the devastation that followed the UN's ballot in August 1999. Australia had been unstinting in the support of the process of transition to independence, both in participation in UNTAET (United Nation Transitional Administration in East Timor) and the targeted aid program. And they will continue to be a good friend and supporter of the new independent state of East Timor.²⁷

For Australia, the pressures generated by economic and political upheaval in Indonesia and the future of East Timor posed the most significant security crisis since the Vietnam War.²⁸

The East Timor crisis of 1999 was always going to be a hard act to follow for the formulators of Australian foreign policy. On the one hand, Australia's response to the crisis provided John Howard's coalition government with a unique opportunity to claim a foreign policy triumph. They were able to cast themselves as defenders of the human rights of an oppressed people whose needs had been ignored by Australia and the world

²⁷ Downer, n.13, p.338.

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²⁶ Paul Kelly, "Blueprint to rescue Asia", *The Australian*, 21 Oct 1998, p.1.

for 25 years. At the same time, it delivered them with a domestic political triumph, by outsmarting the Labor opposition in what former Labor leaders had appropriated as their own territory – Asia-Pacific diplomacy.²⁹ The Howard government dismissed the criticisms and talked up Australia's leadership role its capacity to do so undoubtedly enhance by the impressive leadership of Major General Peter Cosgrove, who had led the (International Force in East Timor) INTERFET forces with undeniable distinction. The Prime Minister organised welcome home parades in April 2000 for returning soldiers, drew on Australia's 'great military tradition' in his thanks and claimed it had been 'the most moving... privilege' to farewell the troops as they left. It was all good television and good politics.³⁰

Within a month of INTERFET's deployment in East Timor, which finally brought the killings to an end, the editor of the 'Australian', believed it was time for Canberra "to withdraw from the military leadership role" in East Timor because "an ongoing military presence by Australia could hinder the peace process by continue to antagonise militia groups", clearly something beyond the pale.

According to ANU Indonesian specialist Harold Crouch, Mr. Howard's response to the terror in East Timor; rather than the slaughter itself, "was offensive to many Indonesians." Former diplomat Tony Kevin also worries about Australia's "provocative" behaviour last year. "Indonesian military and strategic elites will not quickly forgive or

²⁸ Ross Cottrill, Australia's Security Outlook post-Timor, in '*East-Timor: The consequences*, papers presented at the seminar arranged by the New Zealand Institute of International Affairs at Victoria University, Wellington, 5-6 July, 2000, p.80.

Meg Gurry, Perspectives on Australian foreign policy, Australian Journal of International Affairs, vol.55, no.1, 2000, p.7.

³⁰ Ibid., p.8.

forget how Australian foreign policy cynically exploited their weak interim president in order to manoeuvre Indonesia into a no-win situation." said Kevin. 31

Australia played a key role in achieving independence to East Timor and will continue to play a key role in the post-independence as led UN peacekeeping force; just they did in INTERFET and in the United Nations Transition Administration in East Timor (UNTAET).

Even as it was concerned at the growing violence, the Australian government also sought to preserve its relationships with the new order and its older structure of security. There would be a UN mission (called UNAMET) to monitor the situation and run the ballot in East Timor, with a contingent of unarmed police and military observes drawn from a number of countries including Australia.³²

On April 1999 Howard press the Indonesians on peace keepers, at a meeting in Bali attended by himself and Habibie, foreign minister Alexander Downer and Ali Alatas, and defence Minister John Moore and General Wiranto.³³ While many nations, including Australia, were now trying to assemble a multinational force because Indonesia refused to give its consent and the violence by them in East Timor get worsened the situation. So that UN Security Council wasted valuable days sending a delegation to Dili and Jakarta. Australia's great friend Ali Alatas OAM told the international community, via the media. that 'you will have to shoot your way in'. Only the threat of sanctions and the cancellation of IMF funds made by President Clinton and underlined by phone calls from

³¹ Scott Burchill, New Rules of Engagement, May 18, 2000. [http://www.zmag.org/sustainer/content/articleleft/column.htm.]

Agreement between the United Nations, The Republic of Indonesia and the Portuguese Republic regarding Security, New York, 5 May 1999, [http://www.thejakartapost.com.]
33 Don Green lees, 'A full and free choice', *The Australian*, 28 April 1999.

the Chairman of the Joint Chiefs of Staff General Shelton to Wiranto brought Indonesian consent to the force.³⁴

Once this consent came on 14 September, after ten days of carnage-the Security Council voted to authorize a 7000 strong force led by Australian Major General Peter Cosgrove, under a chapter 7 mandate with powers to use all necessary measures to ensure peace and security. Thailand's Major General Songkitti was Deputy Commander of the force (INTERFET), which included troops from Australia, Thailand, New Zealand, the UK. Canada and the Philippines, with logistic support from the US and Singapore.³⁵

The deployment saw five fights with militias and Indonesian forces and hundred of arrests. In a year over 50,000 of the people in West Timor, prey to food shortages and harassment by militias, only one of many signs of the lasting trauma which saw the new East Timorese nation born into ashes.

The disaster provoked a furious debate in Australia over the perceived failures of the Howard government and many previous governments in their approach to Indonesia and East Timor. This was accompanied by a violent cooling in the previously intimate relationship between Australia and Indonesia; the agreement on maintaining security was torn up by Indonesia, Australia's embassy in Jakarta was fired upon and bitter attacks on Australians were made in the Indonesia media having hoped it could avoid in a break with Indonesia by down playing the threat of widespread violence, the Howard government had been force by public pressure and its own revulsion into overturning the

³⁴ Elizabeth Becker, 'General speaks a language that Wiranto understand' *Sydney Morning Herald*, 15 Sept. 1999, p.1.

S.Lewis and B.Pearson, 'About 7000 troops ready to go', *The Australian Financial Review*, 16 Sept. 1999, p.7

³⁶ Greg Sheridan, 'A holocaust of Canberra's making', *The Australian*, 16 Sept. 1999.

strategic doctrine of the past twenty years – that the irreducible control by the armed forces of the Indonesian archipelago was the ultimate guarantee of Australia's security.

But now Suharto had gone, and the destruction of Timor had finally exposed moral callousness, and political and strategic stupidity of the entire policy. With their foreign policy assumptions being shredded in the mainstream media, their defence forces stretched in the materially and financial in East Timor: and their confidence shaken by the initial reluctance of the US to become involved many Australians found themselves stripped of the illusions which had underpinned their Post-Vietnam images of security and being.³⁷ The Australian captured the mood in its bitter editorial of 11 Sept. that "we have no weight with Washington that would convince it to commit troops to a peacekeeping forces, and...no special relationship with Indonesian leadership that would convince it to change its course. What the events in East Timor have shown is that we are militarily weak, politically naive and strategically alone. 38

Since 1999, much of attention for nations interested in East Timor had been on rehabilitation and reconstruction. More remains to be done in those areas but it was clear that East Timor faces great economic challenges and these must increasingly became the focus of attention to Australia. The future of East Timor will largely be determined by the extent to which the private sector takes up opportunities to advance the new nation's development and economic progress.

Australia welcomed East Timor's independence on 20 May 2002 for the immediate future: the United Nations will remain in East Timor. The mandate for the

³⁷ Editorial, 'A rude awakening: we're on our own', *The Age*, 11 Sept. 1999. ³⁸ Editorial, 'Timor tragedy shows where we stand', *The Australian*, 11-12, Sept. 1999, p.24.

new UN mission of support in East Timor was adopted by the UN Security Council on 17 May 2002.

Australia had worked actively with the UN, including through the Australian Federal Police contribution to UN Civilian Police, to ensure East Timor reached its potential as a stable, peaceful nation. And the Australian defence force is also helping to establish and train the East Timor defence force. Australia's commitment to the new nation was underlined by multi-layer pledge of assistance worth A\$ 150 million over four years from 2000-01. Key sectors for Australian assistance are health, water supply, sanitation, agriculture and rural development, education and governance.³⁹ Australia will continue to work closely with East Timor towards sustainable economic development.

The Timor Sea Treaty

Australia's relationship with the former Portuguese colony East Timor has often been a troubled one. In 1989 Australia signed the Timor Gap Treaty that provided Australia with extremely favourable maritime boundaries and sizable share of Timer sea oil and gas. The Santa Cruz Massacres in 1991 proved to be another testing time for Australian Diplomacy. On the day of independence on 20 May 2002, the East Timorese PM, Mari Alkatiri, signed the Timor Sea Treaty to replace previous Timor Gap Treaty.

While the name changed, there was no substantial difference. This document determined the revenue sharing in the joint development zone that is located in the Bayer-Undan oil and gas field. Australia then delayed its signing for almost a year until East Timor signed a further agreement that would allocate Australia 80% of the vastly richer greater sunrise field. At the heart of the problem for East Timor lies the issue of maritime

boundaries. However, the East Timorese had in mind a resolution more in line with accepted international practice, which in the case of disputed maritime boundaries less than 400 Nautical miles apart, meant a median line would be drawn may be half way between the two. Under such agreement, almost all the oil and gas fields would belong to East Timor and they would receive matching revenues.

The "Haze" over Southeast Asia and Australia

The cause of the Haze had increasingly become a matter of dispute among governments, forestry interests, and conservationists. There is general agreement that an occurrence of the El Nino Seasonal Oscillation (ENSO) event produces the dry conditions, which make fires in normally moist rainforest and former rainforest terrain possible. Trans-boundary haze pollution remains of serious concern in the region due to its detrimental impact on the health of millions of people. Australia has provided over Australian \$2 million of assistance to the region in direct response to the fire and haze problems. This included support for the ASEAN regional Haze plan in addition to a targeted package of activities totaling over \$50000. At a bilateral with Indonesia, Australia is developing a program of targeted training activities in haze-related areas such as forest management, land clearance and fire management. In the longer term, prevention is clearly the most appropriate strategy for dealing with the problem and Australia stands ready to assist in coordinated efforts that lessen the occurrence of large-scale bush fire.

In the media release by Australian government, the minister for foreign affairs

Alexander Downer announced that Australian government would provide a \$660,000

³⁹ Alexander Downer, 'Doing Business with East Timor' July 15, 2002. [www.onlineopinion.com]

package of assistance to further address the problem of smoke haze, which has already affected large areas of Southeast Asia.

Unusually dry weather conditions as a result of El Nino combined with poor land management practices resulted in massive bush fires across the Indonesian archipelago in late 1997, blanketing parts of Brunei, Malaysia, Singapore, the Philippines. Thailand and Indonesia in dense haze. The fires again up in the province of East Kalimantan, Brunei and East Malaysia in March 1998 and there are concerns that similar haze problems may re-emerge as the regions enters its annual dry season.

Australia has already provided \$2.1 million in assistance including through water-bombing, public education, training and fire fighting equipment in Indonesia. and population-monitoring equipment in Malaysia. The Australian government will now provide an additional \$660,000 in support of national and regional policies aimed at longer-term solutions. Specifically, the new Australian package of assistance will comprise: assistance through the Asian Development Bank in support of the ASEAN Regional Haze Action Plan which aims to strengthen ASEAN members' capacity to prevent and mitigate atmospheric pollution (\$160,000); support for the World Meteorological Organisation in enhancing the capacities of ASEAN countries to monitor and model pollution (\$40800); a program of cooperative training with Indonesia in areas such as forest management, land clearance and fire management (\$100,000). Funding will be provided through the Australian government's and agency. AUS AID.⁴²

⁴⁰ James Cotton, "The 'Haze' over Southeast Asia: Challenging the ASEAN Mode of Regional Engagement", *Pacific Affairs*, vol. 72, no.3, fall 99, p.333.

⁴¹ Opening Statement by Alexander Downer MP, Australian minister for foreign affairs in 31st ASEAN Post Ministerial Conference, Australia – ASEAN bilateral meeting, Manila, 29 July 1998.

Australia – ASEAN relations

Australia has a long and honorable record of engagement with ASEAN. Australia was ASEAN's first dialogue partner in 1974 and cooperation continues in work together in Asia Pacific Economic Cooperation (APEC), ASEAN Regional Forum, the development of the Mekong Basin and many other regional issues. It is this beneficial cooperation that demonstrates the value of effort that has been put in to relations between Australia and the countries of ASEAN.

Despite the difficulties confronting the region over the year in 1997. Australia's commitment and engagement in Asia, including nearest neighbours in ASEAN, remains resolute. A clear demonstration of this commitment is the contribution of all the IMF packages in the region. The bilateral meeting between Australia and ASEAN in 29 July 1998 was very important to Australia. Regional security and stability had been the ASEAN's key achievements in the previous thirty years history.

An important contribution to regional security and the global non-proliferation regime was the signature of SEANWFZ (Southeast Asian Nuclear Weapon Free Zone) Treaty in Dec.1996 by the ten countries of Southeast Asia. HIV/Aids are a serious notional, regional and international issue, as the disease does not respect boundary. Action taken on one side of a border will not be fully effective unless it takes into account the situation on the other side of the border. The Australian government places a high priority on AIDS prevention and care activities. They also announce a new \$5 million initiative over the three years for HIV/AIDS activities in the Mekong sub-region. as part of Australia's aid program.⁴³

⁴³ Ibid., n.41.

⁴² Media Release, 'Australia helps address haze problem in Southeast Asia', 28 July 1998, Aus AID, 1998.

Australia's long-standing relationship with ASEAN had developed in many diverse but important directions. The AFTA/CER linkage, which aimed to reduce barriers to trade and investment, is continuing importance in enhancing Australia and New Zealand economic relations with ASEAN countries. Australia welcomes the launch of the ASEAN Foundation, which took place in Jakarta on 14 July 1998. Its aim of bringing the ASEAN people closer together through scholarships and fellowships are particularly welcome in difficult time. Australian experts had been working very closely with the ASEAN Committee on Culture and Information (ASEAN COCI) over recent years and successfully completed several collaborative projects.

These including a valuable initiative form Aus-heritage to strategy. ASEAN COCI had agreed in principle to advance the proposal to the feasibility stage, subject to funding being secured. Australia had a long expert and productive involvement in the development of the Mekong region. They had extensive bilateral development programs in the basin contributing nearly Australian \$2 billion over the last twenty years. Australia's look forward to continuing its constructive involvement in Mekong basing development through participation in the ASEAN Mekong Basin development Cooperative initiative. Australia also plays a very active role in regional forums such as APEC, the ASEAN PMC, the ASEAN Regional Forum, the Forum for East Asian – Latin-American Cooperation, the Asian Development Bank, the Executives Meeting of East Asia, Pacific Central Banks (EMEAP), the Manila framework, and a host of specialist and second track linkages and very much interested observer of the ASEAN+3 grouping.

44 Ibid n 41

Defence White Paper 2000

On December 6, 2000, the Howard government released its long awaited White Paper on Australia's defence: "Defence 2000: our future Defence Force". 45 The preparation of the document was more open and rigorous approach to policymaking, where some 'touch decisions' was made and Australia was at last provided with a concerted future plan of action. 46 The White Paper was subsequently described by the ministry of defence as the most comprehensive reappraisal of Australian defence capabilities for decades, and one that set 'new standards' in both the 'clarity with which the fundamentals of our strategic policy are explained, and in a way the people of Australia have been drawn in to the policy process. 47 These assessments were supported by a number of academic and other commentators who variously described defence 2000 as a 'benchmark' and 'well-reasoned' document and, even, the 'best Australian defence White Paper yet. 48 The events of 1998 further complicated the government's efforts to implement its new 'forward response' posture. The Asian economic crisis and the subsequent events in Indonesia & East Timor undermined the analysis contained in ASP97 and Australia's defence and security policies.

The debate intensified in September 1999 with the release of the so called 'Howard Doctrine' that blew the cover on real purpose of 'forward response' and led

⁴⁵ Department of Defence, *Defence 2000: our future defence force* (Canberra: Defence Publishing Service, 10 Oct. 2000).

⁴° Ibid., p.vi.

⁴⁷ Peter Reith, "Minister Message, Australian Defence Force Journal (special edition), 147:3, March/April 2001.

⁴⁸ Ross Babbage, 'After the White Paper: Eight Key Challenges that Lie Ahead', *Australian Defence Force Journal* (special edition), 147:13-5, March/April 2001.

Australia to be painted as the United States 'deputy sheriff' in the region. The governments' best chance of re-establishing order continued to be its forthcoming Defence White Paper. Defence White Paper explained that Australia's armed forces was set out in the defence capability plan, the government estimates that defence spending will need to grow by an average of about three percent per annum in real terms over the next 10 years. The government in tends that funding for 2001-02 and 2002-03 will increase by \$500 million and \$1000 million respectively, to provide substantial initial funding for a number of key initiatives. So

The 2000 Defence White Paper outlines several main objectives: - Primary defence of Australia and its air-sea approaches: supporting security of immediate environment (in a wide sense, including not just direct threats to neighbours but also 'lower' security threats including evacuations, natural disasters and peace keeping); cooperative to security in Asia-Pacific Region; contributing to international coalitions operating beyond Australia's immediate environment, where these support Australia's wider interests and objectives.

The strategic priorities for these reconfigured and expanded defence assets are clearly spelled out in a hierarchical manner. First, the military is to ensure the defence of Australia and its direct approaches; second, foster the security of the country's immediate neighbourhood in the Southeast Asia & Pacific; third, work with the ASEAN member states to promote stability and cooperation in Southeast Asia; fourth, contribute in

⁵⁰ Robert Garran, "Matching Weapons to Region", The Australian, 7 Dec. 2000, p.5.

⁴⁹ Fred Brenchley, "The Howard Defence Doctrine", *The Bulletin*, 28 Sept. 1999, pp.22-24.

appropriate ways to the support the efforts of the international community, especially the United Nations, to uphold global security.⁵¹

The key elements that envisaged in the new phase of defence policy are as follows: sustainability, counter terrorism, free structure deficiencies, new capabilities. homeland security, and intelligence.⁵²

9/11 incident's implication & war on terror

The attacks on the United States in Sept. 2001, the subsequent wars in Afghanistan and Iraq and further terrorist attacks around the world since have had a significant effect upon the way the West views Southeast Asia politically and strategically. Since being in Washington on 11 Sept. 2001, Prime Minister John Howard has inextricably tied much of Australia's foreign policy to George W. Bush's America. 53 Unfortunately for Southeast Asia, it is becoming once again a center of international security interest and competition. The literal explosion of terrorism throughout the region since 2001 both reflects and is a cause of this process. Southeast Asia clearly figures prominently in al-Qaeda targets of opportunity, and as a result it had received much greater attention from Australia in the field of defence cooperation. 54

It seems a lifetime ago that Le Monde editorialized shortly after 9/11 that 'we are all Americans now'. There sentiments were echoed through the (primarily) Western world, and those third world countries hoping to receive financial/military assistance or an IMF aid package. Australia was so closely aligned with US and actively supporting

⁵¹ Department of Defence, *Defence White Paper 2000*, Dec. 2000, pp.x, 29-31.

Paul Dibb, "Does Asia Matter to Australia's Policy", Public lecture, The Institute for Asia and the Pacific, ANU, 23 Oct. 2002.

⁵³ Scott Burchill, "What the West Wants from Indonesia", 1 Oct. 2003,

[[]www.zmag.org/content/showarcticle.htm.]
54 Stephen Blank, "Southeast Asia at the center of attention". [www.atimes.com/atimes/southeast_asia.htm]

the 'war on terror', it is reasonable to question its effectiveness in making the world, and especially Australia, safer from terrorist attack. Howard is pragmatist, if nothing else, and since 9/11 a worldview had developed which he thought had forced Australia to make a strong stand in favour of US unilateralism. One of the most disturbing aspects of the 'war on terror' was the US led concentration camp at Guantanemo Bay. The justification for the camp's continued existence made a mockery of the democratic principles of Australia. Australian citizens David Hicks and Mamdouh Habib had been incarcerated in Cuba incommunicado, for around 18 months. Their legal status was in limbo, while the US government made noises about trying the two for unspecified crimes.⁵⁵

It is quite clear that a number of governments throughout the world had made significant arrests against al-Qaeda and Jemmah Islamiyah. For dependent allies of the United States such as Australia, a misguided belief that "everything has changed" after 9/11 had led to a steady departure from strategic self-reliance, diplomatic independence and regional engagement. Instead, the closet possible partnership with Washington had been sought by Canberra in belief that only trans-Pacific ties can provide a modicum of security in volatile and uncertain times.

Prime Minister argued that Australia's participation in the war against Iraq was, in part, out of a duty to their alliance partner. Australian diplomacy was now firmly tied to a stridently unilateralist US Administration which, despite multilateral pretences, did not believe in an alliance system that involves genuine consultation. ⁵⁶

⁵⁵ Antony Lowenstein, "Grovelling to power", Australia and the 'war on terror', 23 Sept. 2003. [www.zmag.org/content/shortarticle.htm.]

Scott Burchill, "The Perils of our US alliance", 30 June, 2003 [www.smh.com.au/articles/2003/06/1056825317 g55.html.]

Bali Bombing

The attack on the Kuta Beach resort killed over 200 people nearly half of them Australian nationals. The Bali bombing initially raised concerns that Australia's relations with Indonesia would be damaged by Australians blaming Indonesia for the atrocity. In fact, it had been the Australian government that had been the target of most opprobrium, with accusations that it failed to pass on warnings about terrorists' threats in Bali. The Bali bombings on 12 Oct. 2002 were not just a 'wake up call'. They were also an opportunity to renew old acquaintances. According to the U.S. Deputy Defence Secretary, "the reason the terrorist are successful in Indonesia is because the Soeharto regime fell and the methods that were used to suppress them are gone. For the Indonesian government, efforts to boost the anti-terrorist capacity of the Indonesian government contained similar risks to those confronting the Indonesian government. The rapid formation of the joint investigation and intelligence team to investigate the Bali bombings, involving law enforcement officials from Australia and Indonesia, was a signal that there could be good cooperation between the two governments on the issue. Secondary of the Indonesia of the issue.

In the immediate after math of the bombing, the Howard government had to fend off criticism that it had seriously underestimated the importance of available intelligence. both its own and detailed warning from the American sources which suggested that Indonesia generally and Bali in particular could be terrorist targets. Howard's instinctive response to 9/11 was to offer immediate, open-ended support for America, yet Bali served as a powerful reminder that Australians are easy targets in a wider international conflict, and that Australia must made difficult decisions about how to utilize its limited

⁵⁷ Burchill, n.53.

resources. Similarly, relations with neighbours like Indonesia may have improved in the short-term, but unless tangible progress can be made in improving regional security, such relations will inevitably become strained and a source of continuing tension. ⁵⁹

The surprise decision by the Indonesian government to propose a memorandum of understanding (MOU) with Australia for combating international terrorism was one of the cleverest diplomatic initiatives ever made in Southeast Asia. Although it was only raised at the beginning of John Howard's trip to Indonesia in Feb.2002, the less than successful nature of the Prime Minister's visit ensured Canberra's swift agreement. The MOU is Jakarta's response to pressure from the US to clamp down harder on militant Islamists (e.g. Jemmah Islamiyah) who may have links with Osama Bin Laden's Al Qaeda network.⁶⁰

Asian engagement and the clash of civilizations

The turning away from the old dominance of the sense of Australia's vulnerability and of reliance on distant but 'great and powerful friends'. Change in defence policy was presented as a shift from defence against Australia's region to defence with their neighbours. Enmeshment across the board was presented as an enhancement of not derogation from, Australian identity.

At the same time an American scholar, Professor Samuel P. Huntington, advanced arguments for the view that the world was likely to divide along cultural or civilizational lines. He argued that Australia had been seeking to leave the West and join with

Mark Beeson, "Australian foreign policy after Bali". [www.eprint.uq.edu.au/archive/00000227.htm.]

⁶⁰ Scott Burchill, "Australia and Indonesia reach an understanding" [www.zmag.org/sustainers/writer/Burchill/htm.]

⁵⁸ Tim Lindsey, Law Report, Asian Law Center, University of Melbourne, ABC Radio, 15 Oct. 2002.

neighbouring Asian states that were destined to fall into a grouping of Muslim and Chinese states. Consequently, Australia was what he called a 'torn country'. Huntington's thesis was much discussed during the drafting of 1997 Foreign Policy White Paper 'In the National Interest'. The thesis was seen as implausible in the detail, but disquieting in its broad implications. Many thought it decided unhelpful when the new Howard government had declared endorsement of its labor predecessor's policy of engagement with Southeast Asia. The declaration of bipartisan ship was carried through in the White Paper: Huntington's analysis was rejected. ⁶¹

The 2003 white paper

The white paper issued on 12 Feb. 2003, 'Advancing the National Interest'. provide an elaboration of the goals and principles of the foreign and trade policies of the Australian government. The new White Paper has clearly been influenced by some major developments since 1997. The 1997 White Paper was issued just as the onset of what became the Asian financial crisis, which involved significant setbacks for a some countries and which ushered in the process of change in Indonesia, which saw the demise of the Suharto regime in May 1998. The context for the 2003 White Paper had clearly been affected by these major developments. In Asia, while China had continued to maintain high growth rates and south Korea in recovering from the financial crisis well, Japan had continued in a period of economic stagnation, the economies of Southeast Asia had not recovered their pre-1997 patterns of growth, Indonesia was undergoing a

⁶¹ Rawdon Dalrymple, *Looking for theory in Australian foreign policy*, Symposium: Advancing the National Interest, University of Sydney, 28 April 2003.

challenging process of democratization and recovery and ASEAN had backed the leadership previously provided by Indonesia.⁶²

Australia, the Paper declared, occupied a unique intersection of history, geography and culture: "Australia is a western country located in the Asia pacific region with close ties and affinities with North America and Europe and a history of active engagement throughout Asia. Close engagement with the countries of Asia is an abiding priority in Australia's external policy. Asian countries accounted for seven of our ten largest export markets and are simultaneously important sources of investment, major security partners and a growing source of skilled migrants. Asia's weaknesses, as well as its strengths, matter to Australia. Southeast Asia is our front line in the war against terrorism. Close cooperation with ASEAN member states, in particular Indonesia, will be fundamental to the policy of active engagement. Strong ties with ASEAN members will be essential in dealing with shared security problems such as terrorism and people smuggling'. Southeast Asia's abiding importance to Australia, the Paper argued, made the emergence of regional architecture (such as the ASEAN+3 dialogue grouping) a significant case. The government will continued to seek opportunities for Australia to participate in the broader dynamic of regional cooperation in Southeast Asia in whatever practical ways become available, and will encourage the countries of Southeast Asia to develop regionalism on an open and inclusive basis. 63 The White Paper gave a prominent place to Australia's relations and engagement with the countries of Asia. These countries. it observed, 'have always mattered to Australia' and close engagement is an abiding

⁶² National Interest, Global Concerns: The 2003 Foreign Affairs and Trade White Paper, [www.aph.gov.au/librarv/pubs/CIB/2002-03/03cib.pdf].

⁶³ Ibid., no.62.

priority. The issue for Australian government is not what priority to accord Asia, but rather how, as circumstances change, Australia can best advance its national interests in its relationships with Southeast Asian countries. 64

In the wake of September 11 and the Bali bombing in October 2002, the White Paper understandably placed substantial emphasis on the challenges of fighting international terrorism. The Paper emphasised the need for international cooperation to combat terrorism and the significance of Southeast Asia as a 'vital front' in that struggle. The Paper noted that Australia is engaged in a number of valuable counter terrorism cooperation effort in Southeast Asia. In seeking to enhance the depth and scope of the relationships within Asian, the government will pursued active engagement through: political exchange and cooperation; security and military cooperation: cooperation on combating terrorism; economic opening (such as through the Singapore free trade agreement and participation in regional economic policy forums); educational cooperation; development assistance; cultural exchange; people to people links through tourism and academic interaction. There are other key regional imperatives cultural exchanges, sport activities etc which are critical to Australia's future.

The Paper emphasised the high importance to Australia of economic relation with Asia, which took about 56 percent of Australia's merchandise exports in 2002; seven out ten top export markets are in Asia. The paper highlighted Australia's many bases for interaction in Asia including the important role of expatriate communities in key business centres. The Paper stated that: 'Australia would be pleased to be involved in the ASEAN+3 processes. We have registered our interest in joining the grouping if invited at

st Ibid., no.62.

some later stage, and emphasized the desirability of process having the character of an open and inclusive form of regionalism'. 66

Australia also had shown its rising interest in bilateral military relations with Vietnam and had greatly expanded its commercial relationships with Southeast Asia. ASEAN members also had welcomed it as a trading partner because of its own growth and to counter balance China. China's explosive growth is forcing Southeast Asia to see it as the new power on the block and the economy that must be accommodated and included, as it is going to be increasingly the flywheel that derived regional if not overall Asian growth and stability. Japan's anemic economic performance, insensitivity to its neighbours, and failure to reform precluded it from playing the role that many expected 15-20 years ago, i.e., the leader of an expected Yen and trading bloc. But there was ample evidence that the external impact of China's growth in economics was and will be sent most in Southeast Asia. Certainly the crisis of 1997 occurred in past because China's labor costs are and were so much lower than those of Southeast Asia and thus China cut heavily into their foreign export markets. This is one major consequence of the failure of the administration of US President George W Bush to craft a coherent economic strategy for Asia and its single-minded interest in defence and security.⁶⁷

For a government enjoying a third term, and preparing to seek a fourth term as Prime Minister, at elections likely to be held late in the year 2004.

During 2003-04 the Howard government was criticised for its alleged politicisation of the military and the public service, and for allegedly misleading

⁶⁵ Foreign Affairs & Trade White Paper 2000, *Advancing the National Interests*, DFAT, Canberra, 2003, Chap.3, p.38-39.

⁶⁶ Ibid., p.84.

⁶⁷ Ibid., n.54.

parliament over the war in Iraq. These criticisms came from the conservative figures such as Malcolm Fraser and Robert Manne as well as the more usual critics on the left.

The prospects for Australia's external relations in the period following release of the 2003 white paper will depend on a variety of factors, some stemming from the manner in which Australia implemented its foreign and trade policy goals but others which may be neither readily predictable nor under Australia's control. ⁶⁸

⁶⁸ Ibid., n.62.

Chapter-4 Australia-Indonesia Relations

Australia's Foreign Relations with Indonesia: 1945 to the Present

This chapter examines the nature, scope, and dimension of evolving Australian Foreign policy toward Indonesia. In many ways, the history of bilateral ties between the two countries over the past half-century has been akin to a roller coaster ride—one that has been conditioned by the dynamics of the Cold War and its aftermath as well as internal developments that have taken place in each of the two countries.

On a global scale, one would be hard pressed to find two nations as fundamentally distinct as Indonesia and Australia. Aside from the fact that both countries lie in the Asia-Pacific region and share a Melanesian contiguity, they share few things in common.

Indonesia, with a population of almost 220 million, is the world's fourth most populous country and its largest Muslim nation, occupying a 5,000-kilometer-long archipelago that consists of more than 17,000 islands and roughly 300 ethnic groups and languages. Australia, by contrast, is an overwhelmingly Western island-continent of 18 million people, whose federal commonwealth and democratic tradition and accompanying emphasis on individual rights contrast sharply with the unitary and (until at least recently) strongly authoritarian political culture of Indonesia.

This is being said that Indonesia represents Australia's largest and, as a result. most important regional neighbor. More critically, its size and physical location have endowed it as one of the key players in organizations such as ASEAN and APEC. As such, it is a state that Canberra has little option but to deal with, all the more so as Australia tries to play a more active and meaningful role in the region. It was in this context that former Prime Minister Paul Keating declared in 1994: "No relationship

Gareth Evans and Bruce Grant, Australia's Foreign Relations in the World of the 1990 (Melbourne: Melbourne University Press, 1995), p.198.

offers greater potential, on the social, cultural or economic fronts, than this one with Indonesia. If we fail to get [it] right and nurture and develop it, the whole web of [Australian regional] relations is incomplete" ²

The period between 1945 and 1949 was cordial as Australia supported the Indonesian struggle for independence. The years between 1950 and 1965 were somewhat more strained and dominated both by the attitudes and predilections of the Sukarno government and the perceived imperatives of Cold War ideological politics. Relations began to improve with the emergence of Suharto's "New Order" government and the election of Australian Prime Minister Gough Whitlam, which saw Indonesia realign with the West and adopt a "regional good neighbor policy" and Australia (for the first time) explicitly emphasize an Asia-Pacific—oriented foreign policy.

In the late 1970s, Prime Minister Malcolm Fraser's return to the politics and rhetoric of the ideological predilections of the Cold War stymied further consolidation of bilateral relations, something that held true until the election of Keating who, with Foreign Minister Gareth Evans (1988 to 1996), orchestrated an external agenda that was heavily oriented toward Jakarta. A directed focus on Indonesia continued to underscore the John Howard administration and remained in place until the tumultuous events that engulfed East Timor in 1999 and 2000.

The Early Years: 1945–1965

Australia's relationship with Indonesia began in earnest between 1945 and 1950 when Canberra played a significant role in supporting Jakarta's struggle for in-

² East Timor: Report of the Senate Foreign Affairs, Defence and Trade References Committee (Canberra: Australian Senate, November 11, 1999), p.871.

dependence from the Netherlands. Australia was a natural advocate of the Indonesian cause due to its own history of British colonial rule and the bond that had been formed between the two countries as a result of the many troops that had served in Indonesia during World War II.

The government of Australian Prime Minister Benedict Chifley (1945–1949) ideologically supported the Indonesian nationalist revolutionary struggle against the Dutch and in 1947 represented the nation's interests in the United Nation's (UN) Good Offices Committee, arguing for international recognition of an independent Indonesian state. In 1950, Canberra co-sponsored Jakarta's official admission to the UN, appointing its first Ambassador to the Republic that same year. ³

According to Margaret George, a well-respected historian of the period, by 1950.

Australia had emerged as the "most prominent diplomatic protagonist of the Indonesian government," a factor that helped to engender considerable good will between the two countries. ⁴

During the 1950s and 1960s, however, bilateral relations underwent a substantial cooling off as a result of three main factors, all of which brought their own agendas and sets of problems: Cold War ideological politics, decolonization in West Irian, and national reconstruction in Malaysia. The onset of the global bilateral struggle between the United States and the former Soviet Union undoubtedly had a major impact on Australian-Indonesian relations. The key political figure in Jakarta at this time was

³ Patrick Walters, "Australia and Indonesia," in Mark McGillivray and Gary Smith, eds., *Australia and Asia* (Melbourne: Oxford University Press, 1997), p.160-61.

⁴ Margaret George, Australia and the Indonesian Revolution (Melbourne: Melbourne University Press, 1889, 2012)

President Sukarno, an outspoken leader of nonalignment and anti colonialism who adopted an increasingly explicitly pro-China stance as part of a wider rhetorical campaign against great power domination. Coming at a time when the Indonesian Communist Party (PKI) was rapidly growing in influence and set against the seemingly inexorable rise of revolutionary left-wing activism and insurgency in the Asia-Pacific, concerns emerged in Canberra that a threatening quasi-Communist state was being established to its immediate north. These developments served to gradually freeze the warmth of the immediate Postwar relationship to such an extent that by 1963 the government of Robert Menzies was specifically identifying Indonesia as posing the main strategic threat to Australia and its territories. ⁵ Against this general background arose the decolonization of West Irian and national reconstruction in Malaysia, two issues that came to dominate the Australian-Indonesian relationship during the 1950s and early 1960s. The issue of West Irian, formerly known as West or Dutch New Guinea (and to-day as Irian Jaya or West Papua), was left unresolved at the time of Indonesian independence, with the territory left out of the 1949 Charter of Transfer of Sovereignty that conferred statehood to Jakarta. ⁶ The main justification for the exclusion was that, as Melanesians, the indigenous peoples of West Irian were ethnically distinct from Indonesians and should therefore be governed separately. Sukarno had always been vigorously opposed to this decision and as his antiimperialist rhetoric gathered pace during the 1950s; his determination to oust the Dutch from one of their last colonial outposts also grew. ⁷

Menzies came out strongly against the transfer of West Irian to Indonesian sovereignty, largely because it was feared that any moves in that direction would prompt

6 Ibid., p.203

⁵ Derek McDougall, Australia's Foreign Relations (Melbourne: Longman, 1998), p.202.

Jakarta to make claims on the Australian-administered eastern half of the island, threatening a key link in Canberra's northern line of defense. The fact that Sukarno was adopting an increasingly radical, pro-Communist stance certainly did nothing to alleviate these concerns. ⁸ The Australian attitude instilled a significant degree of resentment in Indonesia, polluting the bilateral relationship for more than a decade.

Ultimately, however, Canberra was forced to back down over the West Irian issue, with neither the United States nor the United Kingdom prepared to support its position and risk antagonizing Jakarta further over what was regarded as a "worthless piece of land and a dubious application of principle". ⁹ In 1963, a settlement was finally reached in which the Dutch, under strong pressure from Washington, agreed to transfer West Irian to Indonesian sovereignty after a short period of UN administration. ¹⁰ As Patrick Walters notes, "Australia had no choice but to meekly acquiesce". ¹¹ Buoyed by its victory in West Irian, Jakarta was eager to campaign against the newly formed Malaysian Federation¹², which Sukarno viewed as a neocolonial edifice that was designed to perpetrate British influence in Southeast Asia and extend the power of the conservative Malayan state. In January 1963, the Indonesian President declared the initiation of a policy of "confrontation" (konfrontasi) against Malaysia, which combined diplomatic overtures to garner support (or at least neutrality) from the Afro-Asian community with low-level armed incursions into different parts of the Federation

⁷ Walters, n.3, p.162.

¹⁰ McDougall, n.5, p.203.

⁸ T. B. Millar, Australia in Peace and War: External Relations, 1788–1977, (New York: St. Martin's Press, 1978), p. 227.

⁹ Jamie Mackie, "Australia and Indonesia, 1945–60," in G. Greenwood and N.Harper, eds., *Australia in World Affairs*, 1956–60, (Melbourne: Melbourne University Press, 1963), p.273.

¹¹ Walters, n.3, p.162.

¹² The Malaysian Federation was composed of Malaya, Singapore, and the Borneo territories of Sabah and Sarawak; Singapore left the Federation in 1965, largely as a result of ethnic Chinese politics.

(particularly Borneo) ¹³ Konfrontasi marked the nadir of Australian-Indonesian relations in addition to severely straining Jakarta's diplomatic standing with both the United States and the United Kingdom. Not only did the campaign coincide with the resolution of the West Irian dispute (which had been settled counter to Australia's interests), it also came hot on the heels of the Cuban Missile Crisis (October 16-28, 1962), which had brought the world to the brink of nuclear disaster. The Menzies government, already suspicious about the emergence of a Jakarta-Beijing axis, grew progressively more anxious as Sukarno's erratic and increasingly authoritarian stewardship fostered instability in the heart of Southeast Asia—a concern shared by both London and Washington. 14

Although a concerted attempt was made to stabilize the situation—even as Australian, British, and Indonesian troops faced one another in the jungles of Borneo— Canberra was determined to prevent Jakarta from assuming the upper hand. Indeed, the Australian government made it clear that it was prepared to use force in Malaysia if necessary: "It may, of course, emerge that seeking friendship on the one hand and pursuing an inflexible determination to defend what and whom we believe to be right may on occasions prove incompatible. If they do, the latter must prevail and we shall find ourselves set on a collision course". 15 Unlike the situation in Irian Jaya, Canberra had the support of the United States and United Kingdom, something that gave the threat added credence.

Ironically it was a domestic event in Indonesia that helped to prevent a major clash from occurring between Canberra and Jakarta. After three years of confrontation

¹³ McDougall, n.5, p. 204.

¹⁴ Walters, n.3, p.163.

and with inflation, foreign debt, unemployment, and poverty all spiraling out of control, a coup was attempted by a group of disaffected leftist army officers in September 1965. ¹⁶

The attempted seizure of power was quelled within 24 hours by the army's strategic reserve force (KOSTRAD), which used the incident as a pretext for asserting its own power. This effectively marked the demise of the Sukarno era and paved the way for the establishment of the New Order government under General Suharto, the commander-inchief of KOSTRAD. ¹⁷

The New Order Period: 1965-1988

The emergence of the New Order government marked a watershed in Australian-Indonesian relations. Suharto quickly embarked on a "regional good neighbor policy" to correct the poor international image Jakarta had fostered in the twilight years of Sukarno's rule. The new president also played an instrumental role in the formation of ASEAN, investing considerable diplomatic capital in the new regional body. ¹⁸ These initiatives helped to offset Australian concerns about a destabilizing Indonesian agenda, providing the basis for a rapprochement between the two countries. Matters were further availed by the severe nature of the Indonesian economic plight, which by 1965 had reached unprecedented proportions (per capita in-come at this time was only \$190 in U.S. dollars). ¹⁹ Suharto quickly turned to Australia (and the West in general) for economic assistance, which Canberra was keen to grant as a way of promoting recovery and,

¹⁵ Garfield Barwick, address to the Australian Institute of Political Science, January 1964, cited in Patrick Walters, "Australia and Indonesia," in Mark McGillivray and Gary Smith, eds., *Australia and Asia*, (Melbourne: Oxford University Press, 1997).

¹⁶ J. Legge, Sukarno: A Political Biography, (Sydney: Allen and Unwin, 1984), p.398-99.

¹⁷ McDougall, n.5, p. 204.

¹⁸ Walters, n.3, p.164.

thereby, boosting political stability. By 1970, overall aid stood at \$15 million Australian (compared with an average of only \$1 million Australian per annum while Sukarno was in power)—a sum that was superseded only by the financial assistance to Papua New Guinea. Australia also emerged as a leading participant in the Inter-Governmental Group on Indonesia (IGGI), a multilateral assistance consortium composed of Western countries that was instituted to facilitate economic recovery in the archipelagic state. ²⁰

A highly useful facet of these economic ties was that they formed a favorable basis from which to consolidate relations in other areas. Personal contacts between government officials from both countries increased and the beginnings of meaningful defense cooperation, in the form of officer exchanges and the sharing of intelligence, began to occur. ²¹ The government of Gough Whitlam that succeeded Menzies in 1972 kept the momentum going, boosting the level of economic and military aid provided to Jakarta as part of the overall objective of further developing Australia's involvement in. and engagement with, Asia. ²²

It was into this political environment that the East Timor issue erupted in 1975. In the weeks preceding Jakarta's invasion of the territory, Whitlam had (secretly) intimated that Australia would not actively oppose a peaceful Indonesian takeover of the territory providing due regard was paid to the aspirations of the local population (Monk, 2000a; Indonesian security analysts, 2000). ²³ The violent nature of the subsequent invasion, however, generated widespread animosity throughout Australia, where a strong

¹⁹ H. Hill, "The Economy," in H. Hill, ed., *Indonesia's New Order: The Dynamics of Socio-Economic Transformation (Sydney:* Allen and Unwin, 1994), p.57.

²⁰ T. B. Millar, n.8, p.234.

²¹ Bob Catley, and Dugis Visesio, Australian and Indonesian Relations since 1945: the Garuda and the Kangaroo, Aldershot, (England: Ashgate Publishing, 1998), p.151.
²² Walters, n.3, p.164.

emotional attachment was felt toward the East Timor people. Indeed, the annexation of East Timor by Indonesia proved to be a key factor in undermining initial bilateral relations with the new Liberal coalition of Malcolm Fraser that had replaced Whitlam's Labor government in the fall of 1975. ²⁴

Nonetheless, in what was to become a characteristic feature of central government policy throughout the 1980s and most of the 1990s, Canberra moved to quickly acknowledge the inevitability of Jakarta's annexation for the sake of ensuring wider economic and political interests. Much of this accommodationist stance was initially oriented toward accessing offshore resources in the Timor Gap; however, the policy progressively came to be defined more in the context of Australia's wider Southeast Asian engagement efforts.

In 1976, de facto recognition was accorded to Indonesia's incorporation of East Timor, with full *de jure* endorsement granted three years later. ²⁵ It should be noted that no other country has accorded a similar act of legal recognition to Jakarta's annexation of the province.

Although a potentially serious rift was thus avoided over the East Timor issue, Fraser's Cold War rhetoric directed against the Soviet Union, particularly after Moscow's invasion of Afghanistan in 1979, and his renewed emphasis on the United States alliance contrasted with Indonesia's continued reservations about great power influence within Southeast Asia. These differing perspectives, which also largely underscored the

²³ Paul Monk, "A Slippery Slope to Complicity: Australian Policy on Portuguese Timor: 1963–76. As Revealed by the National Archives," unpublished paper, December 2000a.

²⁴ On assuming power, Fraser backed a UN resolution calling for East Timorese self-determination, which particularly provoked the ire of Jakarta. In addition, he introduced a new protectionist trade policy, which targeted a number of manufactured products from Indonesia that, hitherto, had enjoyed steady export growth.

subsequent administration of Australian Prime Minister Bob Hawke, limited the further maturation of the Australian-Indonesian relationship and placed a ceiling on the extent to which Australia was able to play a more constructive role in the affairs of Southeast Asia during most of the 1980s.

1988 To The Present

In March 1986, a major review of Australia's defense capabilities was undertaken by Canberra. Known as the Dibb report (after the document's author, Paul Dibb, a leading academic and strategic analyst in Australia), this assessment provided for a more independent policy of self-reliance, a posture that was subsequently embodied in the Hawke government's Defence White Paper of 1987. The Dibb review provided a frank assessment of Australia's strategic geography, arguing, at least in defense terms, that Indonesia remained Canberra's most important regional neighbor. It also pointed to Australia's fundamental security interest in promoting stability in Southeast Asia, free from interference by potentially hostile external powers. ²⁶

Foreign Minister Gareth Evans portrayed the White Paper as a "conceptual watershed" in Australian external relations, arguing that it allowed for the institution of a more independent, liberated, and regionally focused defense posture. ²⁷ Evans set about adapting Canberra's grand strategy around a new nucleus specifically geared toward the Asia-Pacific, embarking on a set of policies that later came to be known as "comprehensive engagement". The main foundational structure of this reorientation

²⁵ Gareth Evans and Bruce Grant, n.1, p. 200.

²⁶ Walters, n.3, p.166.

²⁷ Gareth Evans and Bruce Grant, n.1, p. 29.

resided in the Australian-Indonesian relationship, the overall significance of which began to take on added significance in Canberra. Together with Ali Alatas, Jakarta's newly appointed foreign minister, Evans sought to place official contacts on a new footing.

The first move in this direction was the establishment of Australia-Indonesia Institute (AII) in 1988, which provided funds to promote person-to-person contacts through a host of academic, cultural, and educational exchanges. In 1989, Evans and Alatas promulgated the *New Framework for the Australia-Indonesia Relationshi*p, which called for more frequent consulting and monitoring of relations between the two countries. That same year, the landmark Timor Gap Zone of Cooperation Treaty (TGZCT) was successfully negotiated, allowing shared access to potentially rich oil and gas deposits in the Timor Sea as well as joint responsibility for matters such as maritime surveillance, environmental protection, and customs and immigration procedures. ²⁸

Hawke's continuing emphasis on the U.S. alliance, however, served to artificially constrain the full development of Evans's regional agenda. Matters were further complicated by the prime minister's forceful condemnation of the Dili Massacre (November 11, 1991), where Indonesian troops used live ammunition to disperse supporters of Fretilin (an East Timorese pro-indendence party) who had marched to the capital's Santa Cruz cemetery to join mourners who were burying a pro-independence youth killed the previous day. The number of casualties has never been confirmed, but it is known that more than 200 were either killed or wounded. The incident marked the beginning of the inexorable process of international criticism and internal East Timorese

²⁸ Walters, n.3, p.169.

opposition that led to the August 1999 popular consultation and the territory's eventual independence.

Managing the relationship with Indonesia undoubtedly emerged as one of the key facets of Australian foreign policy between 1991 and 1995, with Keating seeing it as essential to the success of Canberra's wider Southeast Asian engagement efforts. Shortly after taking over from Hawke, the new prime minister chose to make the Indonesian Republic his first official overseas port of call. During the trip to Jakarta in April 1992, Keating, who was careful not to bring up the issue of the Dili Massacre, established an informal but highly important alliance with Suharto that was to have a decisive bearing on future bilateral ties.

As Walters observes, "The success of Keating's initial visit and the [rapport] he forged with Soeharto gave new impetus to official relations. In the eyes of many Indonesian observers, the Keating-Soeharto alliance . . . had a vital bearing on how both Indonesian officialdom and business interests [perceived] Australia. From the perspective of Australian business, doors that had been closed before April 1992 were suddenly opening up across the archipelago." ²⁹

Between April 1992 and December 1995, Keating made no less than six additional visits to the Republic, during which time a dedicated Australia-Indonesia Ministerial Forum (AIMF) was established. Meeting every two years, the AIMF was an extremely important initiative, providing an institutional framework for the further development of official bilateral ties across a highly diverse range of issues. ³⁰

²⁹ Walters, n.3, p.172.

It should be noted that this orientation fit well with Suharto, who wanted "ballast to the south" and who was keen to formalize a divergent policy agenda with Australia as part of Indonesia's regional competition with Malaysia.

By the mid-1990s, these agreements were producing an intense level of cooperative activity in sectors as diverse as health, the environment, education and training, and science and technology. ³¹

The apex of Keating's overtures to Jakarta, however, came with the signing of the unprecedented Australia-Indonesia AMS in December 1995. The three main articles of the accord are worth quoting in full:

Article 1: The Parties undertake to consult at ministerial level on a regular basis about matters affecting their common security and to develop such cooperation as would benefit their own security and that of the region.

Article 2: The Parties undertake to consult each other in the case of adverse challenges to either party or to their common security interests and, if appropriate, to consider measures which might be taken either individually or jointly and in accordance with the processes of each Party.

Article 3: The Parties agree to promote—in accordance with the policies and priorities of each—mutually beneficial cooperative activities in the security field to be identified by the two Parties. ³²

Although not a full-fledged treaty in the sense of imposing formal defense commitments, the AMS nevertheless represented an extremely significant development. Not only did the accord lend further credibility to Australia's desire to constructively engage with its Southeast Asian neighbors, it was also highly important in a symbolic sense. For Canberra, this stemmed from the fact that the agreement was reached with a country that its own troops had directly faced during the Malaysian "confrontation." Just

³¹ Gareth Evans and Bruce Grant, n.1, pp. 202-203.

as important, for Indonesia the AMS was the first security agreement that the country had concluded with any polity, Asian or otherwise. The major implication for Canberra was that the accord gave the country new and powerful credentials as a state of Southeast Asia, something that had long been denied by other influential regional actors such as Malaysia, which had repeatedly portrayed Australia as a distinctly Western state. ³³

A directed focus on Jakarta was equally characteristic of John Howard's subsequent approach to regional engagement (at least until late 1998). Perhaps the most visible indication of this was the government's 1997 Foreign Policy White Paper, which specifically identified Indonesia as one of the country's most substantial regional interests. Reflecting these sentiments, Howard quickly secured an important Maritime Delimitation Treaty, which settled all frontiers between the two countries in the Arafura Sea. ³⁴ This treaty was then followed by a period of intense diplomatic activity aimed at lobbying the IMF to relax the conditions attached to the Indonesian restructuring loans at the height of the East Asian financial crisis ³⁵

Rationalizing the policy during an address to the Australian-American Association in New York, Howard's foreign minister, Alexander Downer, made the point that "being seen through the IMF to bully and cajole [Jakarta] into a particular political paradigm will [merely] . . . invite a negative and lasting backlash from Indonesians [to the complete detriment of our regional engagement effort]." ³⁶

³² B. Lowry, "Australia-Indonesia Security Cooperation: For Better or Worse?" Strategic Defence and Studies Centre Working Paper, No. 299, 1996, pp.31-32.

³³ Gary Smith, Dave Cox, and Scott Burchill, *Australia in the World,* (Melbourne: Oxford University Press, 1997), p.155.

^{34&}quot;Fixed Relations," The Weekend Australian, March 15-16, 1997.

^{35 &}quot;We're Solid in a Crisis," The Australian, April 27, 1998.

³⁶ Alexander Downer, "Australia—Stability in the Asia Pacific," address to the Australian-American Association. Harvard Club, New York, June 8, 1998 (accessed via http://dfat.gov.au)

In sum, one of the most important bases of Australia's post–Cold War foreign policy has been to foster links with Indonesia as part of the wider endeavor to comprehensively integrate with Southeast Asia. To this end, vigorous overtures have been made to establish and cement aid, investment, security, and political ties with Jakarta, while moving to avoid any potential pitfalls that could undermine the bilateral partnership.

Nowhere has this been more apparent than with East Timor, which for more than 20 years Canberra assiduously avoided unnecessarily highlighting for the sake of maintaining a wider bilateral relationship with Jakarta. As noted earlier in this chapter, the most visible expression of this policy was the *de jure* recognition of East Timor's annexation by Indonesia, a legal act of endorsement that was not matched by any other Western state and which was upheld by successive governments throughout the 1980s and most of the 1990s.

In 1999, however, events in East Timor took on an unprecedented dynamic, provoking a crisis that has had an impact not only on the future course of

Australian defense and foreign policy, but which has also completely altered the nature and scope of the country's relations with Indonesia.

Downfall of Suharto in 1998 was followed by Habibie's election as Indonesia's president. This period was seen as a beginning of transition towards democracy. And Portugal saw an opportunity to find a lasting solution to East Timor crisis. The Habibie window of political opportunity also provided Australia a chance to reassess its relationship with Indonesia, which also meant the East Timor issue. After Suharto removal in May 1998 the economic crisis in Indonesia opened a new chapter in

Indonesia-Australia relations. Australia increased economic and humanitarian assistance to Indonesia in response to the economic crisis and joined other countries in endorsing moves by Suharto's successor, B.J. Habibie, toward political liberalisation and democratic reform. In these circumstances, Australian Prime Minister, John Howard, saw an opportunity to resolve the Timor issue and remove the major irritant in the relationship, in effect reversing long standing Australian policy. ³⁷ In Dec. 1998 Australian Prime Minister John Howard wrote a letter to President Habibie in order to response that Indonesia grant self-determination to East Timor. Habibie decision was unexpected as he expressed his opinion that East Timorese would be given the option of rejecting "special autonomy" within Indonesia. As Ali Alatas, the foreign Minister of Indonesia in Nov. 1999 said, "the decision was possibly taken in haste, from sheer frustration by those unaccustomed to the strain of international acrimony....it made Habibie mad. It made Habibie angry because it came from Australia". ³⁸

Habibie's strong reaction placed Australia in position where it had to make the best possible judgement whether the TNI would accept the decision. Because Indonesia was in an economic crisis and political turmoil, it was in no position at that point of time to withstand the demand for self-determination in East Timor. However, steps were initiated to hold a referendum in East Timor in order to determine the choice of East Timorese: autonomy within Indonesia or independence.

In Dec.1998, because of international pressure and criticism when Indonesia was prepared to accept some kind of autonomy for East Timor there was an understanding between Indonesia and Portugal. These resulted in the signing of a historic agreement on

³⁷ Richard W. Baker, "Indonesia-Australia: Relations Moving from Bad to Worse", *Occasional Analysis*, 3rd quarter 1999, p.2.

May 5, 1999 that is also known as the "New York Agreement". As per the agreement, a referendum, on what Indonesia called "popular consultation", was to be conducted at a convenient date to be announced by the UN secretary General. The voting was to take place under the supervision of UN. For this purpose a special mission, the UN Assistance Mission for East Timor (UNAMET) under Mr. Lan Martin appointed. ³⁹ The referendum after being postponed twice was held on August 30, 1999. The result of the poll announced on Sept. 4, 1999 by the UN secretary General, Mr. Kofi Annan, showed that 78.5 percent of the East Timorese electorate had rejected Indonesia's offer of autonomy.

On Oct.19, Indonesia's s top legislative people's consultation assembly (MPR) endorsed East Timor's referendum to split from the world's largest Muslim state after almost 24 years of Jakarta's 'brutal role'. While announcing the endorsement, the assembly speaker, Mr. Amin Rais, said, "all factions have accepted the referendum's results. ⁴¹

Intense international pressure and criticism over Habibie inability to control the rapidly deteriorating situation eventually force him to consent to an Indonesian withdrawal from East Timor and deployment of an Australian–led UN peace keeping force (INTERFET force) on Sept. 20, 1999, Jakarta's 25 year long attempt to integrate the province effectively cause to an end. The first impact of East Timor crisis on the Australia-Indonesia relation was to trust. According to Nancy Viviani, who remarked that

³⁸ Reporting the Jakarta post, *The Age, Melbourne*, 3 Nov. 1999.

⁴⁰ Walters, n. 3, p.125.

³⁹ S.K. Butani, "East Timor and Indonesia-Australia Relation", *Journal of Indian Ocean Studies*, vol.7, no.2-3, March 2000, p.124.

⁴¹ Paulo Gorjao, "The End of the Cycle: Australian and Portuguese foreign policies and fate of east Timor", *Contemporary Southeast Asia*, vol.23, no.1, April 2001, p.116.

the loss of trust between the leaders of Indonesia and Australia was one of the most damaging aspects to restore of the crisis. 42

Indonesian nationalism was aroused by the East Timor incident and Australia was the prime target. It happened when Australia forced to accept international peacekeeping forces in various ways to Indonesia. And that time Indonesia and Australia came to a new low and popular public sentiment was against Australia. 43

Australian Defence Minister John Moore told in a conference in late Sept. 1999 that "Australia would need to want for the outcome in East Timor before the need to want for the outcome in East Timor before determining how to rebuild the relationship". 44 East Timor's vote for independence and the subsequent UN monitored transition to independence, reached its culmination on May 20, 2002, when East Timor joined the club of independent nations. On the same day the East Timorese PM Mari Alkatiri, signed the Timor Sea Treaty to replace the previous Timor Gap Treaty.

Defence Co-operation

After Timor Gap Treaty in April 1990 the two countries restored defence cooperation links Australia's conception of defence and security is very different from Indonesia's. But defence cooperation between Australia and Indonesia had been developing well.

In the past few years a sharp rise in the number of Indonesia officers visiting Australia and the participation of Indonesian military personnel in training programs in Australia. Joint Naval exercises had been regularly conducted with the Indonesian Navy

⁴² Australia's Strategic policy, *Department of Defence*, Australia 1997, p.22. ⁴³ Baker, n.37, p.5.

and Air force. So the identification of shared security interest promoted defence cooperation through training and combined exercises and finally culminated in the
conclusion between Indonesia and Australia bilateral relationship when they signed
Australia – Indonesia Agreement on Maintaining Security (AMS) on 18 Dec.1995. The
Prime Minister Paul Keating described the agreement as being more than simply about
maintaining security, but rather a 'declaration of trust' between Indonesia and Australia.

This security arrangement was another symbol of strengthening the security of the region.

Bali Blast

Since September 2001 and the event of 9/11, Southeast Asia had came under considerable pressure due to the presence of radical Islamic groups within the region and the widespread linkages that they may have to the Al-Qaeda Network of Osama bin Laden. The regional groups that have been identified, as being most threatening to the stability of the individual countries and regional security are groups like the Jemmah Islamiyah, the Lashkar Jihad, the Lashkar Jundullah and the Abu Sayyaf. The focus on apprehended several suspected cadres of the Jemmah Islamiyah, whose leader Abu Bakr Bash yir, an Indonesian Muslim cleric, was alleged to have close links with the Al-Oaeda. 46

It is within this background that the Bali blast of 12 Oct. 2002 took place in which around 200 people were killed and over three hundred injured. Off these killed almost half were of Australian origin on a holiday at Bali. Both the Indonesian president Megawati Sukarnoputri and the minister for political and security affairs, Susilo

⁴⁴ Baker, n.37, p.6.

⁴⁵ Peter Roggero, Important chapter in the relationship with Indonesia, *Department of Foreign Affairs and Trade*, vol.5, no.1, 1996, p.9.

⁴⁶ The Jakarta post, 14 Oct.2002, [Internet Access].

Bombang Yudhyono stated that the Bali blast was ample proof of the fact that terrorism did exist in Indonesia.

In a speech made by the Australian foreign minister on 26 Nov.2002, there has been an endorsement of the regional initiative taken by the tripartite agreement that had been signed by Malaysia, Indonesia and the Philippines in May 2002 and it stated that Australia would also become a party to that agreement and would cooperate with the regional government that were coming to grip with the reality of the terrorist presence in their states. ⁴⁷

Both East Timor issue and the Bali blast had greatly hampered the relations between Australia and Indonesia. The relations that were painstakingly constructed over a period of almost forty years and the challenge that Australia had undertaken to be recongnised and identified as a regional player in the Asia pacific region had been undermined.

The challenges that lie before Australia in rebuilding the delicate balance it seemed to have lost with Australia are: to assist Indonesia in maintaining the newly found democratic political system; to ensure that the peace and stability along the Southern region of Indonesia remains undisturbed. The recent event in the archipelago, particularly the Bali bombing and the spread of terror linkages to the Southeast Asian region had brought to light the conflicting trends in the vicinity of the Australian state; the test case for Australia's commitment to liberal democracy and the basic humanitarian standards were challenged during the east Timor crisis. With the growing feeling that war against terrorism is in fact a war against Islam, the Huntington thesis seems to gain some ground

⁴⁷ For details of the speech see, "The Challenge of International terrorism in the Asia-Pacific" at http://www.foreignminister.gov.au/speeches/2002/021126-fa-ter-ap.htm.

in the region. Samuel Huntington had suggested that Australia would found itself saddled between the East and the West along the civilisational divide, which would result in bringing more conflict and tension both to the state and the region. ⁴⁸

However a deeper study of the position that Howard government had followed what the Hawke and Keating administration had done in the past. The regional efforts in the war against terrorism will offer Australia a litmus test for its commitment to the security regionalism the ASEAN has suggested that issue of terrorism should be tackled within the framework of the ARF of which Australia is a significant member. The recent statement made by John Howard on the possibility of a preemptive strike in the case of any impending terrorist attack against Australia has had a critical impact within the region. In the efforts that are already being taken at the regional level by ASEAN this statement has not been well received and there has been an outcry, particularly from Malaysia, which has clearly stated that any such intent on Australia's part would be seen as an act of war. ⁴⁹ While domestically the rating of the Howard administration had gone up, there is a regional reaction to remarks of this nature. The Australian media however had criticized the remark and had suggested that the situation in the region would bad enough without making it worse. Australia cannot be seen as too close to the US interest in a region where it may remain isolated. There is now an important opportunity for Australia to play the role of a middle power and it can hope to gain the acknowledgement of the region and also repair its image as an unquestioning ally of the United States.

⁴⁸ Derek McDougall, "Australia and Asia-Pacific security regionalism: from Hawke to Keating to Howard (ISEAS); Contemporary Southeast Asia, vol.23, no.1, April, 2001, ISEAS, Singapore, p.83.

Chapter-5 Conclusion

Conclusion

Australian foreign policy has undergone considerable change over the last century that has resulted in a new foreign policy focus. Until the Second World War Australia's foreign policy rarely deviated from that of Great Britain. If any deviation from the imperial policy took place this was generated from a feeling of vulnerability and security, particularly in relation to Japan. The basis of Australia's foreign policy till the end of the Second World War can be understood by the notion of vulnerability.

Australia's continental size, relatively small population, geographic isolation from the West, proximity to perceived potential Asian threats, and the lessons of World War II had prompted a traditional reliance on collective security. Australian government thus accepted the need for the Western alliance network, and a corollary obligation to contribute to that system, for example, the Joint facilities. However, for some years the more immediate concern has been that of regional threats. The tailoring of Australian forces for such contingencies, and the associated need to cultivate (aside from economic considerations) a relationship with the ASEAN states. This strategy is to assure Australia's regional policy objectives which parallel those of the United States, including war against terrorism and promotion of political stability that serves security interests.

Earlier Australia perceived several potential threats from the region. Indonesia's confrontation with Malaysia during the Sukarno era. Australia's involvement in the crisis, and Indonesia's forceful seizure of West Papua (Irian Jaya) and Portuguese East Timor had generated in Australia a pervasive uneasiness about the near neighbor. There is

concern again about the political stability of Indonesia which is making an effort at becoming a truly democratic nation.

The relevance of many of the policies pursued by Australia in the 1970s were thrown open to questions. For instance, major changes in The United States and British policies towards Southeast Asia effectively made a continuation of Australia's Forward Defence policy untenable. In 1967, the British Government announced the withdrawal of most of its forces from East of Suez, and especially from Malaysia and Singapore. In July 1969 President Nixon, on his return from a visit to Southeast Asia, announced at Guam that while the US would keep its treaty commitments, it would expect its allies and friends to carry the main burden of their security. They should anticipate substantial American involvement only if they were threatened by a major opponent of the US armed with nuclear weapons.

During the early 1970s, the phased withdrawal of the United States from Vietnam and mainland Southeast Asia further pushed Australia in to rethinking about its Foreign and Defence Policy options. Australia has a long history of diplomatic, political, economic and military relationships with all of the ASEAN countries: Indonesia, Malaysia, Singapore, Thailand, the Philippines and Brunei.

Australian forces fought to defend the Malaysian Peninsula from Japanese attack during the Second World War. From 1950 Australian defence units were again committed to Malaya to help in defeat the Communist insurgency. In September 1954, Australia signed the SEATO, though it lost its relevance by the late 1970s. During 1964 Indonesian confrontation, Australian troops helped defend Peninsular Malaysia,

¹ Ross Babbage, A Coast too Long: Defending Australia Beyond the 1990s (Sydney: Allen & Unwin, 1990), p. 4.

Singapore and Borneo, when this conflict ended, Australia maintained an infantry battalion in Singapore and two fighter squadrons at Butterworth in Malaysia.

Following the British withdrawal of most of its forces from East of Suez in late 1960s and early 1970s, Australia, Malaysia, Singapore, Britain and New Zealand concluded the Five Power Defence Agreement, to take care of Malaysia and Singapore external security.

Though there was no permanent security presence in Australia fighter force in Singapore, there were F/A-185 military exercises operating for 16 weeks each year while P-3 Orion was stationed on a rotational basis. Besides, Australian Navy made routine use of naval support facilities in Malaysia and Singapore. Also, there were combined land, air and sea exercises with some of the countries of Southeast Asia. This promoted close cooperation with the ASEAN countries on security prospects and policies.

Australia's primary strategic interests in the ASEAN region are to prevent hostile intrusions which may undermine Australia's security and broader economic, social and political well being.

In 1972 with the election of the Whitlam Labor government, foreign policy direction sought to develop new avenues for integration with Australia's close neighbours. Whitlam sought an independent foreign policy direction that would result in the development of a broad range of relationships with other states, particularly those in our immediate region. While Whitlam was not anti-American, he saw the need to develop other alliances while at the same time maintaining Australia's close relations with the US. In a speech by Whitlam at the National Press Club in 1973 reinforces this approach: "My government wants to move away from the narrow view that the ANZUS Treaty is the

only significant factor in our relations with the United States and the equally narrow view that our relations with the United States are the only significant factor in Australia's foreign relations."

While there was no desire to place Australia's relationship with the US in jeopardy, Whitlam certainly wanted to make a distinct break with the past and promote wider relationships within the region. To this end he withdrew troops from Vietnam, eliminated conscription, recognised the Peoples Republic of China, established diplomatic relations with North Vietnam and opposed apartheid in the UN. With the final elimination of the White Australia Policy under Whitlam's Prime Ministership there was finally a sense within the region that Australia was not only seriously interested in the region but also wanted to become an active partner with its neighbours. What Whitlam recognised was the need for engagement not only because of our proximity to the region but also due to the development of trade with states within the region. Whitlam was determined to make major changes in Australia's foreign policy and in its relationships within the region in particular with China and Indonesia. He admired and trusted Suharto and wanted to understand the points of view of these countries' leaders, rather than just viewing them through a Western lens.

In extraordinary circumstances the coalition government of Malcolm Fraser was elected in 1975 during a renewal of cold war tensions between the US and the USSR. Fraser was quite different from previous coalition Prime Ministers in that he believed in the necessity for Australia to set its own foreign policy agenda independently of the

superpowers, while at the same time continuing close relationships with Australia's superpower friends. Fraser however, resorted to a realist-notion of foreign policy that was in some ways in sharp contrast to that of Whitlam. As in a speech he said: We must be prepared to face the world as it is, and not as we would like it to be. Only in that way can we hope to perceive accurately possible problems for Australia and seek to overcome them. Only in that way can we effectively advance our objectives of peace and security. To point to possible problems and dangers is not to be gloomy or pessimistic. It is an essential step in the development of realistic and appropriate policies. It is an essential step in enabling us to avoid problems and dangers which may arise. Security became of strategic importance again during this time and Australia supported the US worldview without question. Fraser, like Evatt, believed in the need for small and medium powers to act together, however he did not really continue Whitlam's notion of regionalism to any great extent. The 1970s saw a new concept in our foreign policy objectives with 'alliance diplomacy' giving away to 'middle power' diplomacy.

The notion of a regional perspective really gained significance in Australia's foreign policy direction following the Bob Hawke Labor government's election in 1983. Hawke saw to it that Australia had a central role to play in the region. As before, a significant shift took place in terms of Australia's foreign policy directions, which had significant ramifications for the move towards regionalism. It saw multi-lateral diplomacy take over from the middle power diplomacy of the past. The Hawke government during his second term realized that Australia's future was in the relationship it had developed with the region. As Meg Gurry notes: "Australia's move from being close to the region to being part of the region began under the Hawke government."

Three major position papers released at the end of the 1980s stated the new security boundaries within the region. They were the "Dibb Report of 1986; the White paper on defence of 1987; and the Minister for Foreign Affairs and Trade's document on security, released in 1989".

The establishment of the Asia-Pacific Economic Cooperation (APEC) grouping in 1989, was an Australian initiative in the establishment of which Bob Hawke played a significant role. During Fraser's term, commitment to the US was firm for he was convinced that Australia's interest lay in maintaining the close relationship with the West, particularly during Cold War. So for Hawke it was important to continue the solid relationship with the US while advancing regional relationships. While preserving the relationship with the US, Prime Minister Hawke prepared Australia for closer contact with Southeast Asia. This was important given the trade opportunities that were to be gained through the economic growth many of the states in the region were experiencing. Even by the time Hawke gained power in 1983, Southeast Asia was one of the major export markets for Australia.

The Keating period (1991-1996) demonstrated the priority given to consolidating Australia's close trading, security and political links with its ASEAN partners and underlined Australia's desire to work closely with the range of bilateral, regional and multilateral issues.

Due to Keating's policy of close engagement with Asia particularly Southeast Asia, a debate took place on "Is Australia an Asian nation?" This became particularly pertinent due to Keating's support for Australia severing last formal links with Britain and opting for a Republic. The Conservatives felt that Keating was going overboard in

his projecting an Asian identity and this desire for an Australian Republic was part of this Asian appearament. Keating and his government denied these allegations and stated that there was only encouraging the multicultural identity of their diverse society which has a unique blend of European, Asian and Aboriginal influence. It was often pointed out by Keating and his supporters that they knew that Australia was not an Asian country but because of closeness to Asia, both geographically and in terms of outlook and interests they felt close.

Under Keating there were significant political, cultural, and strategic dimensions to the closer engagement with Southeast Asia. The latter became a major source of immigrants to Australia. Besides Southeast Asian students were attracted by the multicultural Australia and opted to study in Australian Universities. These trends have continued inspite of the change in governments as the policy initiative towards Southeast Asia are seen as the crucial building blocks in the development of a more sophisticated Australian identity. The developing links between Australia and Asia go much deeper than trade. In 1980, 315000 Australians travelled to Asia. In 1992, that number was 780000. In 1979, 110000 Asians visited Australia. In 1992-93, this had grown to 1.2 million. The teaching of Asian languages had also become a national priority during Keating period. This entire growing links with Asia, the trade links and the people links, were key reasons why Australia had been such an enthusiastic supporter of the ASEAN nations. In 1980s such a question would have been inconceivable – or even after that. Lying behind this changed environment are the commercial relationships that have transformed the linkages between Australia and their immediate region. Sixty percent of t Australia's trade went during the 90's to North Asia or Southeast Asia. In the 1980s it

was 46 percent. This big shift in Australia's involvement with the region was brought about by quite remarkable export growth in particular markets.

Australia's pursuit of Comprehensive engagement under Prime Minister Keating was reflected by a regional foreign policy agenda that was both vigorous and proactive. In Indochina, considerable time, energy and resource were devoted to facilitating the process of national reconciliation and democratization in Cambodia. Australia provided economic aid of \$ 2 million for demining operations in Cambodia. Above all, it showed how effective Middle Power diplomacy could be over the United Nations Peace initiative. It was more an intellectual than a political or military role. It represented not only a sharp new turn in the implementation of Australia's Indo-China Policy but a major development in Australian diplomacy.

Paul Keating visited Indonesia many times during his term thus emphasising the importance of the relationship to Australia. However, he did not hesitate in raising with President Suharto, the situation in Irian Jaya and East Timor. Security and economic concerns were the primary drivers of the engagement process. As the Defence White Paper of 1994 notes, 'Australia's future security – like our economic prosperity – is linked inextricably to the security and prosperity of Asia and the Pacific. Defence cooperation with Southeast Asia was burgeoning to the point where ASEAN states, conducted more defence cooperation activities with Australia than they did with each other. The Australian defence policy during the Keating Government aimed at increasing deeper defence relationship and strategic partnerships with the regional countries. Positive steps were initiated. The ASEAN countries joined Australia's major military exercise.

After Keating defeat in 1996 Conservative Coalition government of John Howard came to power and his Foreign Policy towards Southeast Asia, situations changed dramatically. Complexities were becoming more evident and it culminated with the 1997 financial crisis. The crisis utterly changed Australian perspective on Southeast Asia as the region seemed to have embarked on exclusively Asian initiatives and anti-Western sentiments. At the same time, rapid domestic changes in Australia had also raised the concerns of Southeast Asian governments. The East Timor case had further soured the relations. Other cases like refugees, piracy problems, September 11 tragedy and Bali bombing were also amongst the apparent obstacles.

Australia's active engagement transpired through trade security cooperation; tourism and educational exchanges with Southeast Asia. And progress occurred in the relation to Australia's White Paper on foreign and trade policies. The White Paper, despite much scepticism, put Southeast Asia as a first priority, not the US.

Australia's involvement in the Iraq war had been the major criticism from Southeast Asian government. Amongst the most critical from the region was Malaysia's Prime Minister Mahathir Mohammad argued that Australia's involvement in Iraq war is indicative of US huge pressure rather than Australia's own willingness to be involved. The brief participation and limited numbers of troops showed Australia's limited identification towards the war, unlike England. In order to build better relations with its partner, Australia had been trying to balance both domestic policies and its relations with US and Southeast Asia, in order to construct better relation with different parties.

Australia's defence and strategic policy had been one of the most rigorously debated issues in Australian domestic politics. The most heated debate involved several

issues like coup against democratic governments, counter terrorism measures, extraction of Australian citizens in conflict situation, failed states situation. The other are involvement in peace keeping e.g., case of East Timor.

It is obvious that Australian Foreign Policy has become extremely active since the Post Cold War period and realigned it to new realities in world affairs. Key factors or areas in foreign policy include:- an effort to retain strategic and diplomatic linkages with the US; a major push at deepening trade relations with Southeast Asia; the use of multilateral organisation to further foreign policy goals e.g. involvement in APEC and the ASEAN Regional Forum (ARF); vocal support for human rights and democratic reforms in Southeast Asia; support for new treaties and conventions including those controlling the use of land mines, the chemical weapons convention and efforts to continue the control of nuclear weapons and their testing in the region; more problematic efforts to retain a diplomatic and trade presence in the middle east, The Indian Ocean region and with the European Union.

And the beginning of 21st century has revealed the country still needs to deal with many fundamental questions relating to future. These include: - reconciliation with the aboriginal, indigenous owner; an examination of the relationship with the US, especially in the light of Australia's recent involvement in the invasion of Iraq and Afghanistan; the shift toward the right side of politics in the last decade, both federally and state; an examination of the conservative government of John Howard; the so called war on terror being waged in Australia; the response of the corporate media to global events and local issues; engagement with the Asia-Pacific region.

Australia's strategic defence relationships in Southeast Asia are long lasting and involve wide-ranging defence activities. They provide opportunities for the Australian defence force to interact, train and operate with the defence force of Singapore, Malaysia, Thailand and Philippines. They are taking an incremental approach to building defence relationship with Indonesia. Also defence relationship with East Timor, Vietnam, Cambodia, Laos and Brunei. Terrorism threatened Southeast Asia's stability and prosperity and Australia's interest in the region. Australia will continue to help regional countries to take the step necessary to build their counter-terrorism capacities.

Indonesia had always been a significant element in the equation. In the past, there had always been a cooperative framework between TNI and Australian Defence Force (ADF). While attempting to rebuild a new cooperative framework after East Timor crisis, the key issue is whatever to have a similar arrangements as the past (in this case, with the special forces Kopassus) or shift the focus of strengthening other security elements and civilian authority in military management and policy making.

On the other hand, the ASEAN Regional Forum (ARF) is the principal forum for security dialogue in Southeast Asia. Australia will continue to support the ARF's work, while remaining open to proposals for new or enhanced dialogue such as regular meetings of regional ministers. Australia's growing security concern over Southeast Asia after the Bali terrorist attacks had thrown into stark relief the need for Southeast Asian countries to act decisively against the regional threat of terrorism. The attacks demonstrate a resolve among regional terrorists which, if not countered, will undermine stability and international confidence in Southeast Asia. Australia concluded counter-terrorism agreements with Indonesia, Malaysia and Thailand.

Nevertheless, the development of ASEAN+3 meetings and suggestion for new regional process and institutions including an Asian Monetary Fund will have profound implications for Australia. A trend toward Asian regional integration may prove to be one of the most important developments for Australia's foreign policy over the next two decades. On the economic side, the Closer Economic Partnership that has been established between Australia and the ASEAN, the bilateral free trade agreement that was concluded with Singapore and is being negotiated with Thailand and the bilateral trade and economic framework agreements that are being discussed with other countries of Southeast Asia are significant enough to imply that Australia has succeeded in being accepted as one of the significant players in the region. At the end of the analysis of Australia's Foreign Policy towards Southeast Asia one comes to the following conclusion, that: (a) Southeast Asia is far too important for Australia to neglect it; (b) Australia's geographical proximity with Southeast Asian region is an advantage rather than a handicap; (c) Partnership with Southeast Asia is a necessity, not an option.

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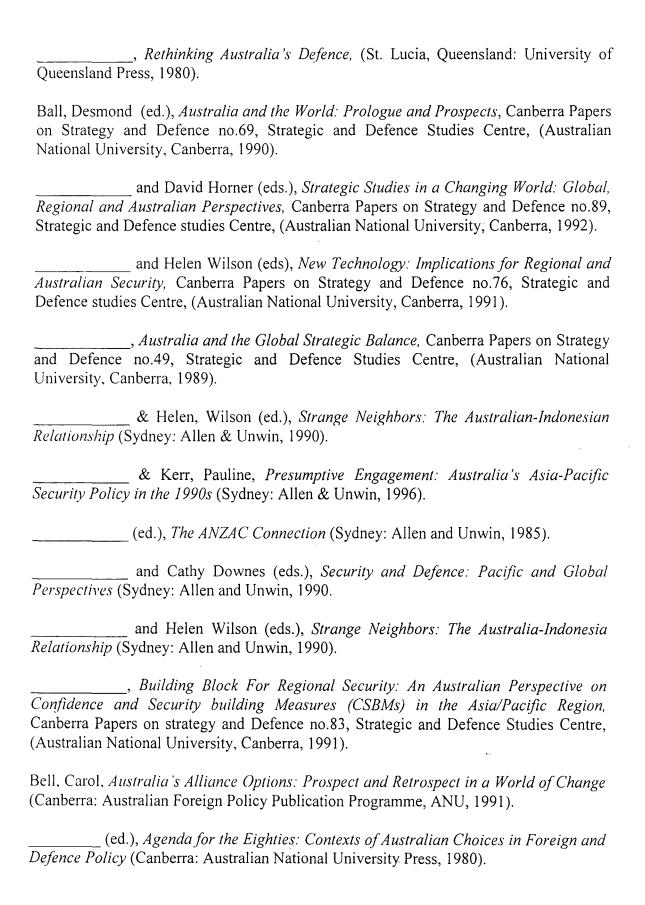
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