
Re-assessing Australia's Intra-alliance Bargaining Power in the Age of Trump

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Strategic power shifts in the Indo-Pacific resulting from the rise of China, combined with the disarray provoked by the tempestuous policies of the Trump Administration towards its allies, have created complex challenges for Australian policy-makers in managing their alliance relations with the United States. To understand contemporary shifts in Canberra's relative bargaining power position within the alliance over time this article conducts a net assessment through the employment of a specially designed framework taking the form of a 'ledger' that tallies Australia's 'assets' against its 'liabilities'. Through this exercise analysts can appraise how its advantages can be strengthened and weaknesses mitigated in dealing with Washington in future bargaining encounters. It also tangentially contributes to the International Relations (IR) literature of 'intra-alliance politics' by illustrating how allied 'bargaining power indexes' may be operationalised. through the empirical analysis conducted here.

Australia's alliance with the United States was inaugurated through the ANZUS Treaty in 1951 at the foundation of what would become known as the 'hub-and-spokes' network of bilateral military alliances in Asia radiating from Washington. But since the exclusion of New Zealand from what was originally a *trilateral* alliance arrangement in 1986, as a result of its hard-line non-nuclear policy, the relationship has become de facto if not de jure a *bilateral* Australia-US alliance (though Wellington is still considered as an 'ally' by Canberra). Since the beginning of the Cold War, Australia has played the role of a 'major non-NATO ally' in upholding the US alliance system in Asia, as well as the broader American-led liberal international world order upon which it is predicated. It has been consistently valued by Washington as a steadfast ally in Asia, and globally.

Yet longstanding assumptions held in Canberra about the role of the US alliance system in upholding security and stability in the Indo-Pacific, upon which national defence and foreign policy are founded, have been undermined by structural trends and unexpectedly thrown into disarray by the arrival of the Trump Administration in the White House. In the first instance, the rise of China and its increasingly assertive policies overseas have challenged the presumption that the United States will remain the predominant (hegemonic) power in Asia. As Paul Dibb testifies: "China wants to be acknowledged as the natural hegemon of Asia and to see an

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end to America's alliance system in the region, including ANZUS."¹ In the second, the erratic and damaging policies emanating from the Oval Office since 2016 have undermined the very nature of intra-allied relations, given the President's scathing disregard for longstanding allies and the enunciation of a range of policies that undermine US credibility and commitment to its alliance leadership. Thus, Greg Sheridan has warned of the future possibility that "Trump destroys or significantly erodes the US alliance system in Asia".² These developments have impacted significantly upon the assumptions underpinning Australian national security and defence policy given Canberra's enormous reliance upon ANZUS. This has consequently sparked animated debates in Australia about the state of the nearly seventy-year old alliance relationship with the United States. According to James Curran, "questions of America's future, its role in Asia and the nature of the US alliance have once again taken centre stage in Australian public debate".³ In addition to analysts and academics, well-known public figures such as former Prime Minister Malcolm Fraser, as well as former Foreign Ministers Gareth Evans and Bob Carr, have weighed in with critical appraisals of the US alliance.⁴

Nevertheless, in such uncertain times, the current Australian government's response so far has not only been to stay the course, but to apparently 'double-down' on its commitment to the bilateral alliance. The 2017 *Foreign Policy White Paper* puts this emphatically, claiming that "The alliance is a choice we make about how best to pursue our security interests".⁵ Indeed, the 2018 AUSMIN consultations listed a voluminous range of existing and newly minted areas for cooperation including, but not limited to: upholding the rules-based international order (through the 'Free and Open Indo-Pacific' (FOIP) strategy), coordination against foreign domestic interference, regional maritime capacity-building, economic and infrastructure support, space, cyber and energy security issues, missile defence, counter-terrorism, and a stronger role for the Trilateral Strategic Dialogue (TSD) with Japan.⁶ Thus, Peter Jennings argues "It is clear that an up-gunned alliance relationship

¹ Paul Dibb, 'New Security Reality Demands New Australian Policy', *The Strategist*, Australian Strategic Policy Institute, 23 July 2018.

² Greg Sheridan, 'Trump Puts the US Alliance System in Asia at Risk', *The Australian*, 7 July 2018.

³ James Curran, 'Fighting with America: Why Washington Needs a More Discerning Ally', *The Interpreter*, Lowy Institute, 15 September 2018.

⁴ Gareth Evans, 'Trump Era: Australia Should Rely Less on the US', *The Australian*, 2 October 2017, <www.theaustralian.com.au> [Accessed 7 March 2019]; Malcolm Fraser and Cain Roberts, *Dangerous Allies* (Melbourne: Melbourne University Press, 2014); Troy Bramston, 'ANZUS Alliance "Might Be a Danger to Australian Security", Says Bob Carr', *The Australian*, 23 June 2018, <www.theaustralian.com.au> [Accessed 7 March 2019].

⁵ Australian Government, *2017 Foreign Policy White Paper* (Canberra: Australian Government, 2017), p. 39.

⁶ Australia, Department of Foreign Affairs and Trade, '2018 Australia-U.S. Ministerial Consultations (AUSMIN)', 24 July 2018, <dfat.gov.au/news/news/Pages/2018-ausmin.aspx> [Accessed 1 March 2019].

with the United States is Australia's primary response to the increasingly risky strategic environment emerging in our wider region.⁷ This has paradoxically committed Australia even further to its alliance relationship, just as serious questions have emerged about its continued credibility and effectiveness.

The aim of this article is to provide a new framework through which to appraise the alliance relationship from the Australian perspective, and highlight the strengths and weaknesses of Australian bargaining leverage within it. I do this through an assessment/reassessment of Australia's overall position, and then by drawing out implications for the future of bilateral relations in the conclusions. With Canberra's national security fundamentally hinging upon the alliance relationship for the foreseeable future it is more important than ever to get the alliance relationship right and for Canberra to give greater attention to its intra-alliance bargaining relationship with the United States, in order to defend and uphold its interests not just *through* the alliance, but *within* the alliance itself.

Assessing the Australia–US Alliance: A New Approach

Despite its contemporary focus, this article builds upon a long and distinguished literature relating to the US-Australia alliance/ANZUS. Though space limitations preclude a comprehensive listing here, this literature ranges from examining the alliance's background and origins;⁸ specific aspects, such as nuclear deterrence,⁹ or in relation to Australian military or defence postures,¹⁰ for example; to a full range of critical appraisals¹¹ or reappraisals over time.¹² Furthermore, the alliance remains integral to all discussions of Australian diplomacy, security/defence policy, and military

⁷ Peter Jennings, 'The 2016 Defence White Paper and the ANZUS Alliance', *Security Challenges*, vol. 12, no. 1 (2016), p. 63.

⁸ Joseph Starke, *The ANZUS Treaty Alliance* (Melbourne: Melbourne University Press, 1965); W. David McIntyre, *Background to the ANZUS Pact: Policy-Making, Strategy and Diplomacy, 1945-55* (Basingstoke, England: Macmillan, 1995); Roger Holdich, Vivianne Johnson and Pamela Andre (eds), *The ANZUS Treaty 1951* (Canberra: Dept. of Foreign Affairs and Trade, 2001).

⁹ Joseph A. Camilleri, *ANZUS, Australia's Predicament in the Nuclear Age* (South Melbourne: Macmillan, 1987).

¹⁰ Christopher Hubbard, *Australian and US Military Cooperation: Fighting Common Enemies* (London: Taylor and Francis, 2017); Jeffrey T. Richelson and Desmond Ball, *The Ties That Bind: Intelligence Cooperation between the UKUSA Countries* (Sydney: George Allen & Unwin, 1985).

¹¹ Roderick Phillips (ed.), *Alternatives to ANZUS* (Auckland: New Zealand Foundation for Peace Studies, 1977).

¹² Peter Edwards, *Permanent Friends?: Historical Reflections on the Australian-American Alliance* (Sydney: Lowy Institute of International Policy, 2005); Alan Watt, 'The ANZUS Treaty: Past, Present and Future', *Australian Outlook*, vol. 24, no. 3 (1970), pp. 17-36; Peter Edwards (ed.), *Australian Journal of International Affairs* [Special Issue], vol. 55, no. 2 (2001), pp. 157-326.

affairs.¹³ Moreover, the range and nature of the US-alliance debate has evolved beyond the scope of earlier works, to focus upon the implications of the rise of Chinese power, and the changing direction of US global policy under the current Trump Administration.¹⁴ Concomitantly, much of the discourse on alliance affairs has occurred more recently through the medium of newspaper op-eds and particularly blog posts, such as the *Lowy Interpreter*, *ASPI Strategic Insights* and *The Diplomat*, as much as dedicated academic journals or books.

One recurring theme in treatments of the bilateral alliance, either explicitly or implicitly, has been the application of cost/benefit analyses to frame assessments of the relationship with the United States.¹⁵ Michael Wesley points to “The long history of regarding alliances in accounting terms, weighing up the costs and risks against the benefits and assurances they provide, [which] is deeply embedded in political logics and the public mind.”¹⁶ However, this article differs from conventional approaches by examining instead the basis of Australia’s bargaining position vis-a-vis Washington by drawing up a ‘ledger’ of national ‘assets’ and ‘liabilities’. Thus, rather than appraise the value of the alliance to Australian national interests per se, it assesses and reassesses Australia’s overall bargaining position in relation to its US ally, to contribute insights into how Australia can protect and advance its national interests *within* the bilateral alliance. In this sense the article inverts the usual preoccupation of Australian analyses of why the country values the US alliance, to emphasise more *why and how the United States values Australia* (which naturally correlates with its assets), and how Canberra can capitalise upon this.

Through the employment of a practical empirically-driven framework codifying Australian bargaining strengths and weaknesses we can better understand the relative effectiveness of the ‘cards’ Canberra holds in negotiating with its US ally. Though the article is not overtly theoretical in nature, it draws upon many of the assumptions and aspects of the so-called ‘intra-alliance politics’ perspective on alliance management.¹⁷ This alliance

¹³ Allan Gyngell, *Fear of Abandonment: Australia in the World since 1942* (Carlton: La Trobe University Press, 2017); Adam Lockyer, *Australia’s Defence Strategy: Evaluating Alternatives for a Contested Asia* (Carlton: Melbourne University Publishing, 2017); Stephan Frühling, *A History of Australian Strategic Policy since 1945* (Canberra: Department of Defence, 2009).

¹⁴ Hugh White, *Without America: Australia and the New Asia* (Carlton: Black Inc., 2017); Michael Wesley, ‘The Pivot to Chaos’, *Australian Foreign Affairs*, no. 2 (2018), pp. 7-26.

¹⁵ See, for example: Gary Brown and Laura Rayner, *Upside, Downside ANZUS after Fifty Years* (Canberra: Dept. of the Parliamentary Library, 2001); Nick Bisley, “An Ally for All the Years to Come”: Why Australia Is Not a Conflicted US Ally’, *Australian Journal of International Affairs*, vol. 67, no. 4 (2013), pp. 403-18; Mark Beeson, ‘With Friends Like These: Reassessing the Australia-US Relationship’, in Mark Beeson (ed.), *Bush and Asia: America’s Evolving Relations with East Asia* (London: Routledge, 2007), pp. 213-27.

¹⁶ Michael Wesley, ‘Global Allies in a Changing World’, in Michael Wesley (ed.), *Global Allies: Comparing US Alliances in the 21st Century* (Acton: ANU Press, 2017), p. 10.

¹⁷ Glenn Snyder, *Alliance Politics* (Ithaca: Cornell University Press, 1997); Harvey Starr, *War Coalitions: The Distributions of Payoffs and Losses* (Lexington: Lexington Books, 1972);

theory concentrates on a matrix of variables that enter into the actual intra-alliance bargaining process, examining determinants such as national interests, power, perceptions and domestic politics, and how the intra-alliance security dilemma is overcome to maintain allied cohesion. The approach taken in this article taps into these concerns, to formulate a ledger of an ally's *a priori* assets and liabilities (its 'cards') that will come into play once an instance of intra-allied bargaining is entered into. This can then help to formulate initial negotiating positions, and anticipate likely interactions/disputes and outcomes beforehand, so that Australian policy can be adjusted accordingly to enhance assets and mitigate liabilities. This asset/liability ledger exercise thus contributes toward the codification of the bases of bargaining power—a "bargaining power index"—as Glenn Snyder dubs it.¹⁸ Of course intra-alliance bargaining is an interactive process, but it is also a *unilateral* one in which "a party seeks to minimize its own costs and risks without sacrificing benefits" while aiming at "control or influence of an ally in order to minimize one's own costs and risks".¹⁹ From this exercise it is hoped that policymakers can derive a better understanding of Australia's multifaceted bargaining portfolio to help identify the sources of bargaining power in order to help devise bargaining strategies that leverage strengths and mask weaknesses. The article does not present case studies of bargaining encounters—this would be the next step for research in this direction—and could draw upon the models of strategic interaction provided in an ancillary literature which could potentially be adapted to *alliance bargaining*, such as Snyder and Morrow's *Conflict among Nations*.²⁰ And, though it is well-recognised that every alliance relationship is unique, the Australian experience, as revealed from the empirical analysis to follow, ought to be instructive for other US allies, such as Japan or South Korea.

The article proceeds as follows. Part I draws up an initial ledger of Australia's assets and liabilities in relation to its bargaining position with Washington. The ledger concentrates upon the more immutable (stable) factors governing bilateral state-to-state interaction that have been accumulated over the life-span of the longstanding alliance relationship to date. Informed by this framework, Part II then engages in a detailed discussion of how the existing ledger needs reassessing since the inauguration of the Trump Administration in 2016. The comparative presentation of the established ledger in Part I is juxtaposed with the reassessment provided in Part II to reveal the transformations and adjustments that have occurred under the Trump Presidency specifically.

Thomas Wilkins, 'Analysing Coalition Warfare from an Intra-alliance Politics Perspective: The Normandy Campaign 1944', *Journal of Strategic Studies*, vol. 29, no. 6 (2006), pp. 1121-50.

¹⁸ Snyder, *Alliance Politics*, p. 174.

¹⁹ *Ibid.*, p. 165.

²⁰ Glenn Snyder and Paul Diesing, *Conflict among Nations: Bargaining, Decision Making, and System Structure in International Crises* (Princeton: Princeton University Press, 2015).

The conclusions summarise Australia's current bargaining position (or 'equity') going into the future, and offer some final reflections upon the utility of the analytical framework employed, and how it could open up new avenues for further potential research.

Part I: Assessing and Australia's Intra-alliance Bargaining Position: A Ledger Framework

This framework is aimed at providing a net assessment of Australia's overall bargaining position vis-a-vis its American ally. It takes the form of an alliance bargaining ledger divided into columns of assets and liabilities from which overall alliance 'equity' might be appraised. The assets and liabilities columns are presented in what the author considers a logical progression, based upon their proximate relation to one another; suggesting a loose form of (adjacent) 'categorisation'. This reification is necessary to sidestep a number of unavoidable methodological complications, for example: the difficulty in 'ranking' assets and liabilities according to relative weight; their often overlapping nature; their ability to vary in intensity in accordance with situational contexts; the cross-cutting and interactive nature of many of them; and some potential inclusions on both sides of the ledger. In order to avoid unnecessarily impeding the presentation of the framework itself at this stage, such methodological dilemmas are suspended here, but will be revisited in the article's conclusions, in light of the empirical analysis that follows.

ASSETS

1. Loyalty: From an Australian perspective, perhaps one of the foremost assets the country has held is its normative reputation for 'loyalty' toward its superpower ally, as demonstrated by a track record of unbroken military and diplomatic support for Washington. As Peter Edwards and William Tow note: "Loyalty to the alliance thus became the price of Australian access to the benefits that Washington could bestow, and it remains a central feature of Australia's contemporary appeal to American policy-makers."²¹ Having fought alongside the US military in World War Two, Korea, Vietnam Afghanistan, Iraq (twice) and the War on Terror (having invoked the ANZUS Treaty for the first time after the 2001 attacks), Washington has traditionally perceived Australia as an ally that can be counted on to "pay the blood price" when called upon.²² Such loyalty extends to consistent diplomatic support from Canberra in advancing US policy objectives on the international stage. As Nick Bisley notes "the USA requires allies and partners to support these values and policies, and Australia has been an extremely reliable partner".²³ In this respect, Australia's normative reputation as a 'good international

²¹ Peter Edwards and William Tow, 'Introduction', *Australian Journal of International Affairs*, vol. 55, no. 2 (2001), p. 169.

²² Lloyd Cox and Brendon O'Connor, 'Australia, the US, and the Vietnam and Iraq Wars: "Hound Dog, Not Lapdog"', *Australian Journal of Political Science*, vol. 47, no. 2 (2012), pp. 173-87.

²³ Bisley, "An Ally for All the Years to Come", p. 407.

citizen' and high diplomatic profile both globally and regionally can confer much-desired legitimacy to US policies (including 'flying the flag' in military interventions) when Australia participates or endorses them. Andrew Carr notes that "Australia's self-proclaimed 'good international citizenship' was often to the United States benefit. Being a middle power gave Australia increased significance and credibility on the international stage to push for change".²⁴ Indeed, Australia has expended great political capital in its support for sometimes controversial policies, such as the war on Iraq in 2003.²⁵ This has marked Canberra out as an ally that can be counted on, even when other traditional allies refuse to participate.

2. Military contribution: Australian policymakers have long been aware of Morrow's dictum that "Alliance policies cannot be considered apart from military allocation".²⁶ Though Australia rates only as a so-called 'middle power' overall, its military capabilities in the Indo Pacific are ranked ninth in the region.²⁷ There are two interconnected aspects to Australia's military contribution to the alliance which are highly valued by Washington. First, Australia's expeditionary-orientated military forces, supplied predominantly with US weapons platforms and equipment, are highly interoperable and thus ensure that the ADF can act as a capable coalition partner should the need arise—a crucial asset in Washington's eyes.²⁸ Australian force posture and capabilities, and willingness to deploy them alongside the United States in coalition operations in the past, are crucial to its leverage in allied bargaining, even if only to enhance the international legitimacy of US actions, with Adam Lockyer concluding that "Australia ... can use its forces to influence decision-making in Washington and make it more likely to pursue policy goals favourable to Australia".²⁹

Second, the presence of joint facilities on Australian territory is seen as a valuable asset by the United States, closely connected to the actual force contribution above. Most notably, the Joint Defence Facility at Pine Gap, which is engaged in electronic intelligence collection for the Echelon ('five eyes') network, amounts to the "strategic essence" of allied cooperation, according to Desmond Ball.³⁰ There are other minor facilities, such as the

²⁴ Andrew Carr, 'ANZUS and Australia's Role in World Affairs', in Peter Dean, Stephan Frühling and Brendan Taylor (eds), *Australia's American Alliance* (Carlton: Melbourne University Publishing, 2016), p. 74.

²⁵ Shannon Tow, 'Diplomacy in an Asymmetric Alliance: Reconciling Sino-Australian Relations with ANZUS, 1971–2007', *International Relations of the Asia-Pacific*, vol. 12, no. 1 (2012), pp. 71-100.

²⁶ James Morrow 'Arms Versus Allies: Trade-Offs in the Search for Security', *International Organization*, vol. 47, no. 2 (Spring, 1993), p. 215.

²⁷ Lowy Institute, 'Asia Power Index', <power.lowyinstitute.org> [Accessed 15 September 2018].

²⁸ James Goldrick, 'Interoperability', in Peter Dean, Stephan Frühling and Brendan Taylor (eds), *Australia's American Alliance* (Carlton: Melbourne University Publishing, 2016), pp. 163-79.

²⁹ Lockyer, *Australia's Defence Strategy*, p. 96.

³⁰ Desmond Ball, 'The Strategic Essence', *Australian Journal of International Affairs*, vol. 55, no. 2 (2001), pp. 235-48.

newly refurbished Naval Communication Station Harold E. Holt in Exmouth (including installation of a space surveillance C-band radar and optical space surveillance telescope). But the 'rotational' deployment of US Marine Air-Ground Task Force to Australian facilities in Darwin in 2016 has greatly increased the American military footprint in Australia, supplying it with a perch from which to launch operations in the geo-strategically crucial area to Australian north, where maritime 'chokes points' for the crucial Sea Lines of Communication (SLOCS) converge. These facilities are part of the concrete military and intelligence 'ties that bind' the allies. Indeed, according to Beazley:

A constant theme among Australian officials has been the critical leverage [Pine Gap] has given us in our relationship with our ally ... It has deepened the value of Australia as an American partner and given us strategic weight in the relationship.³¹

3. Defence/economic Collaboration: Stemming from its military force structure, Australia is also a significant customer for the defence industry of the United States, which is highly influential in Beltway politics. By means of the 2007 Australia-US Defence Trade Cooperation Treaty, Australia has been a longstanding customer for key US weapons platforms and their support systems such as the A1A Abrams MBT, F-18 Hornet and Super Hornet, EA-18G Growler and especially the F-35A Joint Strike Fighter, in which Australia was a development partner. This not only enhances bilateral military interoperability as noted above, but potentially provides influence on US defence contractors—a fact that is recognised through the establishment of branch offices of major corporations such as Lockheed Martin and Raytheon in Canberra itself (60 per cent of Canberra's acquisitions are sourced from the US).³² It has been calculated that Australia spends AU\$13 million per working day on US defence industries, and the significance of such arms deals surely enter into Washington's calculations when dealing with Australia as an ally.³³

Moreover, in long-term alliances the economic dimension of mutual support and reciprocity cannot be ignored. Therefore, the Australian Government has also sought to bolster and broaden alliance relations from an economic standpoint through the bilateral Free Trade Agreement (AUSFTA, 2005), and other economic initiatives, pressed for by alliance advocates.³⁴ Despite the far greater level of trade with the PRC, the United States remains a

³¹ Australian Strategic Policy Institute, *Kim Beazley on the US Alliance and Australia's Defence and International Security* (Canberra: Australian Strategic Policy Institute, 2018), p. 24.

³² International Institute for Strategic Studies, *The Military Balance 2018* (London: International Institute for Strategic Studies, 2018), pp. 241-44.

³³ Kim Beazley, 'Sovereignty and the US Alliance', in Peter Dean, Stephan Frühling and Brendan Taylor (eds), *Australia's American Alliance* (Carlton, Vic.: Melbourne University Publishing, 2016), p. 220.

³⁴ The Alliance 21 Project, 'The Australia-United States Partnership', United States Studies Centre, The University of Sydney, 1 October 2014.

significant trading partner, and primary investment partner in Australia, and by extending the alliance relationship into the economic realm, Canberra has sought to provide ballast to the defence-heavy relationship and satisfy US desires for deeper economic integration. At the time of its promulgation, then trade minister Mark Vaile characterised the AUSFTA as the “commercial equivalent of ANZUS treaty”.³⁵ And this certainly amounted to a deliberate ploy on the part of the Howard government to broaden the foundation of the alliance, thereby raising Australia’s profile in Washington, regardless of its lacklustre subsequent performance.

4. Regional networking: In recent years Canberra has sought to assist the United States in connecting the bilateral ‘spokes’ of its alliance system into a more integrated ‘network’, both overtly through the formation of a formal Strategic Partnership with Japan, and in a more ancillary way through its networking with Southeast Asian and South Pacific partners. In the first instance, The 2007 Joint Declaration on Security Cooperation (JDSC) created a direct security alignment between these heretofore “quasi-allies” of the US.³⁶ This was strongly encouraged at the time by Washington which has been keen to ‘connect the spokes’ of its diffuse Asian network in order to buttress its strength and share the burden of leadership with the allies themselves. Above all this process has been realised through the Trilateral Strategic Dialogue (TSD) which has created a more integrated ‘core’ of trilateral alliance relations at the centre of the broader hub and spoke system.³⁷ Some Australian commentators have advocated further efforts toward “federated defence” to reinforce this collaboration at the operational level.³⁸ Such Australian efforts further extend and enhance US influence in the Indo-Pacific region by proxy.

In the case of Southeast Asia (SEA), Andrew Davies and Peter Jennings argue that “[T]he role of ANZUS as a vehicle for engaging Asia–Pacific countries, and ASEAN states in particular, is a new aspect of alliance cooperation”.³⁹ Thus, Australian efforts over time to more closely engage with a range of regional partners, especially Indonesia and Singapore individually, and through the multilateral Five Power Defence Arrangement (FPDA), as well as the ASEAN family of institutions, has been viewed

³⁵ ‘FTA as Important as ANZUS: Govt’, *Sydney Morning Herald*, 20 May 2004.

³⁶ Thomas Wilkins, ‘From Strategic Partnership to Strategic Alliance?: Australia-Japan Security Ties and the Asia-Pacific’, *Asia Policy*, no. 20 (2015), pp. 81-111.

³⁷ Thomas Wilkins, ‘Towards a “Trilateral Alliance?” Understanding the Role of Expediency and Values in American–Japanese–Australian Relations’, *Asian Security*, vol. 3, no. 3 (2007), pp. 251-78.

³⁸ Andrew Shearer, ‘Australia-Japan-U.S. Maritime Cooperation’, Center for Strategic & International Studies, 4 April 2016, <www.csis.org/analysis/australia-japan-us-maritime-cooperation> [Accessed 1 March 2019].

³⁹ Andrew Davies and Peter Jennings, ‘Introduction’, in Andrew Davies (et al.) (eds), *Expanding Alliance: ANZUS Cooperation and Asia–Pacific Security* (Canberra: Australian Strategic Policy Institute), p. 6.

positively by Washington.⁴⁰ A good example of this in action was through the 2018 Australia-ASEAN Special Summit meeting.⁴¹ Strong Australian engagement with key partners, especially due to geographical proximity, allows Canberra to act as a facilitator or 'hub' for advancing US interests. Also, in the more immediate Pacific island countries (PICs) region, Washington appreciates being able to delegate a role to Canberra in maintaining stability by overseas development assistance and capacity-building, support for good governance and counter-terrorism, crisis intervention and engagement with regional architecture such as the Pacific Island Forum (PIF). These efforts, notoriously, earned PM John Howard the sobriquet of "Deputy Sheriff" during the fight against Islamic terrorism in the region.⁴²

5. Convergent threat perceptions: According to the canonical theoretical literature, an alliance is formed and sustained by mutual perceptions of a (military) threat, usually an opposing state.⁴³ During the Cold War and the 'war on terror', bilateral threat perceptions have been in close correspondence, thus reinforcing allied cohesion and mutual dependency. However, after the Cold War no strategic threat emerged to replace the USSR and the alliance remained essentially 'threatless'. Indeed, Ball argues that "The vitality of the alliance has been 'threat insensitive'."⁴⁴ Nevertheless, an Alliance-21 report concludes that "protecting Australian and US interests ... necessitates preparedness even in the absence of an obvious direct conventional threat".⁴⁵ Concomitantly, the focus of ANZUS has gradually shifted toward a more 'order-based' rationale, with the allies cooperating against challengers to the liberal international order, including non-state actors such as terrorists, that threatened to undermine it. This has brought challengers or disrupters of the liberal (or 'rules-based') order into the crosshairs of the alliance, with concern among strategic analysts that a new threat could emerge that would require a joint response, such as North Korea, Russia, or China, as each of these begin to contest American primacy. Typically, then, Canberra has supported American assessments of threat and the necessity of a joint response, a factor intensified by joint military and intelligence cooperation, which further serves to inculcate a shared 'threat mindset' among the allies.

⁴⁰ Tim Huxley, 'Developing the Five Power Defence Arrangements', International Institute for Strategic Studies, 1 June 2017, <www.iiss.org/blogs/analysis/2017/06/fpda> [Accessed 1 March 2019].

⁴¹ Department of Prime Minister and Cabinet, 'Joint Statement of the ASEAN-Australia Special Summit: The Sydney Declaration', Sydney, 18 March 2018, <aseanaustralia.pmc.gov.au/Declaration> [Accessed 1 March 2019].

⁴² David Fickling, 'Australia Seen as "America's Deputy Sheriff"', *The Guardian*, 10 September 2004.

⁴³ Stephen Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1987).

⁴⁴ Ball, 'The Strategic Essence', p. 245.

⁴⁵ The Alliance 21 Project, 'The Australia-United States Partnership', p. 22.

6. Ideological-domestic compatibility: This forms another important normative asset to the ledger, since Snyder argues that “Expectations of support may also stem from common ideologies or similar ethnic makeups”.⁴⁶ As a fellow ‘Anglo-Saxon’-dominated culture with the same trappings of liberal democracy and governance, Washington finds it easy to interact with Australian interlocutors, which smooths their quotidian relations, and reduces the chance of miscommunication and misunderstandings. Jennings notes that “The ease of exchange between the defence and intelligence personnel of the two countries has allowed cooperation to grow organically and with the minimum of bureaucratic red tape.”⁴⁷ Australia can also count upon several well-placed ‘alliance managers’ in Washington and Canberra, for example former National Security Advisor Andrew Shearer, former Special Advisor to the Secretary of State, and Senior Advisor to General David Petraeus, David Kilcullen, and former Ambassador to the United States, Kim Beazley (who has written prolifically on ANZUS), in addition to powerful bureaucratic lobbies within Department of Foreign Affairs and Trade (DFAT) and the Department of Defence (DoD). The US alliance also enjoys firm bipartisan support among the Liberal (Coalition) and Labor parties of Australia. People-to-people linkages, such as the Australian-American Leadership Dialogue and Friends of Australia Congressional Caucus, have also played a role. And whatever their dislike of American policies, the Australian public also remain a resolute supporter of the alliance. As Bates Gill notes, “the US-Australia alliance occasionally generates political attention, but overall it enjoys strong domestic support and is not a matter of significant dispute within the country”.⁴⁸ These factors ensure that Australian considerations will be heard on Capitol Hill, thus ensuring a degree of bargaining influence. Because of the presumed shared world view and mutual respect that close cooperation with the United States over time has natured, Canberra believes that Washington will view it as an ally that will be consulted as a valued interlocutor over the larger strategic questions they both face.

LIABILITIES

1. Power asymmetry: Despite all its material and political contributions, the relative power disparity between Australia and the United States works to limit the extent of Canberra’s influence upon Washington. Australia remains a ‘small ally’ from the US perspective and competes for attention with a range of other US allies and partners. As Alison Broinowski and James Curran remind us “Australia gets access to Washington. But so do many

⁴⁶ Snyder, *Alliance Politics*, p. 7.

⁴⁷ Jennings, ‘The 2016 Defence White Paper and the ANZUS Alliance’, p. 62.

⁴⁸ Bates Gill, ‘The U.S.-Australia Alliance: A Deepening Partnership in Emerging Asia’, in Ashley Tellis et al. (eds), *U.S. Alliances and Partnerships at the Center of Global Power* (Seattle: National Bureau of Asian Research, 2014), p. 96.

supporters of the US, with equal blandishments”.⁴⁹ Moreover, since the ANZUS Treaty, through which the US-Australia alliance is operationalised, is not commensurate with other similar bilateral alliance treaties, such as Japan-US or Korea-US in terms of its unequivocal (NATO Article V-type) security guarantees, Canberra’s bargaining position is more precarious. Thus, despite optimistic declamations that “Ours is a formal alliance, and the ANZUS Treaty of 1951 is the cornerstone of our longstanding relationship” by former Foreign Minister Julie Bishop,⁵⁰ the absence of an unequivocal security guarantee keeps Australia in the position of a supplicant, and has created a pathological “fear of abandonment” by the United States.⁵¹ Although it should be noted that it will always be the case in asymmetrical alliances such as ANZUS, that the smaller ally trades autonomy for security, as the work of Morrow has pointed out.⁵²

Secondly, the absence of a formal ‘infrastructure’ of alliance reinforces this weakness, since other than the ANZUS Treaty itself, the bilateral AUSMIN annual consultations are the only official platform for specific alliance interaction. There is no combined military/defence planning forum or joint headquarters like NATO, for example. Stephan Frühling argues that

what passes for institutionalisation of ANZUS today are personnel exchanges, ‘embedding’ of senior officers and informal cooperation between the five Anglophone countries, all of which are by design technical and avoid the political commitment that joint planning or peacetime operations for deterrence and other signalling would entail.⁵³

This puts Canberra at a disadvantage. The channels open to Canberra to have its voice heard or influence US policy, outside of the normal diplomatic protocols, are quite circumscribed forcing it to overinvest energy in personal relationships (especially the Executive Branch), and constant policy initiatives to keep the United States engaged with its concerns. Typically, Washington has seldom paid close attention to Australian perspectives and “there are still very few analysts in Washington with a dedicated interest in Australian issues”, according to Carr.⁵⁴ In other words, the relationship is a great deal more important to Canberra than it is to Washington and this will

⁴⁹ Alison Broinowski and James Curran, ‘The US Alliance’, in Daniel Baldino, Andrew Carr and Anthony Langlois (eds), *Australian Foreign Policy: Controversies and Debates* (South Melbourne: Oxford University Press, 2014), p. 125.

⁵⁰ Julie Bishop, ‘Speech of Minister for Foreign Affairs, Julie Bishop MP: US–Australia Dialogue on Cooperation in the Indo-Pacific’, Los Angeles, 26 January 2017, <thailand.embassy.gov.au/bkok/Speech_US_Aus_Cooperation_Indo_Pacific.html> [Accessed 3 March 2019].

⁵¹ Gyngell, *Fear of Abandonment*.

⁵² James Morrow, ‘Alliances and Asymmetry: An Alternative to the Capability Aggregation Model of Alliance’, *American Journal of Political Science*, vol. 35, no. 4 (November 1991), pp. 904-33.

⁵³ Stephan Frühling, ‘Wrestling with Commitment: Geography, Alliance Institutions and the ANZUS Treaty’, in Peter Dean, Stephan Frühling and Brendan Taylor (eds), *Australia’s American Alliance* (Carlton: Melbourne University Publishing, 2016), p. 21.

⁵⁴ Carr, ‘ANZUS and Australia’s Role in World Affairs’, p. 81.

be reflected in the importance assigned to it, the attention it attracts, and the respective bargaining position between a middle power and a super power.

2. Path dependency-sunk costs: The above liabilities resulting from material asymmetry and Australian insecurity have led to a form of 'path dependency'. Though alliance loyalty has traditionally been regarded as an asset, it takes on the form of a liability if Washington takes for granted that Australian support will be automatically forthcoming, even in cases where particular Australian national interests are not at stake, or during actions which may even be detrimental to them. As Gyngell notes "The idea of the payment of a premium on an insurance policy became the most powerful metaphor in Australian public life."⁵⁵ This double-edged dynamic eliminates the opportunity to drive a harder bargain in return for support (as other allies have typically done). It is more difficult to say 'no' when you have an unbroken track record of saying 'yes'. Curran warns that this "sentimentalism" regarding the US-alliance has become a liability for Australian policymakers in taking a clear-eyed appraisal of the changes that are occurring in the international system and in the United States itself, which are not necessarily to Australia's advantage. He argues, "In short, we've perhaps become *too reliable*, and while that might bring some kind of influence and access in Washington, it also means that America doesn't study us closely enough, and can occasionally take us for granted."⁵⁶

Moreover, in an effort to 'integrate' ever-more closely into the US alliance by unqualified diplomatic support, unbridled rhetoric, and practical defence, military and intelligence connectivity (including ADF military embedments in US forces), Canberra has also reduced its ability to resist US pressure. With the strong presence of US officials, defence personal and defence suppliers/contractors and a wide range of advocates, both American and Australian, close to the centre of political power—*American* 'domestic penetration' is a fact of life. In this respect, some of the advantages above that create cohesion, familiarity and close working relations are potential liabilities for Australia. Indeed, in his indictment of the alliance Fraser noted that "our military and intelligence capabilities [are so] ensconced within the US military infrastructure to such a point the two have become blurred".⁵⁷ Australia's 'dependence' not only upon the presumed defence guarantee, but also upon US defence providers to maintain its military-technological edge (at tolerable cost) has not only 'locked-in' Australia into the US military-industrial complex, but also increased the risks of 'entrapment' in a conflict (e.g. Taiwan) not necessarily in Australia's national interest (e.g. through embedded deployments or use of joint facilities in war). This path dependency risks 'chain-ganging' Australia into a conflict not of its own

⁵⁵ Gyngell, *Fear of Abandonment*, p. 67.

⁵⁶ Curran, 'Fighting with America' [emphasis added].

⁵⁷ Fraser with Roberts, *Dangerous Allies*, p. 240.

choosing and that it would rather avoid, but feels pressured by the alliance to participate in.

3. Complex economic interdependence: The extended process by which China has supplanted the United States (and Japan) as Australia's largest trading partner has created a new set of liabilities for Australia with regard to its security alliance. Despite the efforts of politicians to finesse the widening disconnect between Australia's economic and security interests, by insisting there is no need to 'choose', the impact of complex economic interdependence with China, a strategic rival to its superpower ally, has grave implications.⁵⁸ It circumscribes how far a middle power like Australia is willing to go in providing unqualified support for US policies when they are harmful to Beijing, largely for fear of political sanction and economic retaliation. Linda Jakobson and Bates Gill observe that "the PRC [has] the increased ability to threaten and use economic coercion with Australia".⁵⁹ While opinion is divided in Australia over whether economic punishment by China is a viable and effective tool of statecraft, it nevertheless enters political calculations on whether and how far to support American initiatives that could be seen as antagonistic by China. This dilemma is exacerbated as Beijing actively seeks to drive a 'wedge' between the United States and its core allies in the Indo-Pacific, with Australia apparently the primary target.⁶⁰ The need to accommodate China undermines perceptions of Australia reliability and commitment ('loyalty') in Washington's eyes, thus complicating alliance bargaining.

Part II: Reassessing Australia's Intra-alliance Bargaining Power in the Trump Era

The prior assessment of assets versus liabilities above concentrates largely on relatively predictable and constant factors in alliance relations to date, which subsequently have become ingrained assumptions over time. But the underlying shifts in regional power balances and, above all, the advent of the Trump Administration have introduced unpredictable and damaging elements into the alliance ledger. Indeed, White warns that "Donald Trump's presidency has undermined Canberra's confidence both in America's future in Asia, and in Washington's regard for Australia as an ally".⁶¹ His poorly informed world view on alliances, according to Wesley, is as "temporary alignments of convenience, easily disposable as the circumstances dictate".⁶² In light of this destabilising development, Part II now analyses

⁵⁸ Hugh White, 'Australia's Choice', *Foreign Affairs*, 4 September 2013, <www.foreignaffairs.com/articles/australia/2013-09-04/australias-choice> [Accessed 1 March 2019].

⁵⁹ Bates Gill and Linda Jakobson, *China Matters: Getting It Right for Australia, What We Need to Know—For Today and Tomorrow* (Carlton: La Trobe University Press, 2017), p. 155.

⁶⁰ Zack Cooper and Andrew Shearer, 'Thinking Clearly About China's Layered Indo-Pacific Strategy,' *Bulletin of the Atomic Scientists*, vol. 73, no. 5 (2017), pp. 305-11.

⁶¹ White, *Without America*.

⁶² Wesley, 'The Pivot to Chaos', p. 13.

how the original ledger must be reassessed to determine some of the shifts in the relative strengths and weaknesses of Australian position.

Firstly, it would seem that one of Australia's traditional normative assets may have diminished in value under current circumstances. Australian *loyalty* to the alliance may therefore be more difficult to leverage in future, and in Trump's mind probably counts for little, to the great detriment of Canberra's enormous material and rhetorical investiture in this asset. Perhaps in a bid to draw the President's attention to the reservoir of loyalty Australia believes it has stored up with the United States, in 2018 the Australian Embassy launched a campaign in Washington entitled '100 years of mateship', intended to urgently publicise the sacrifices that two allies had shared over the last century and some of the key figures in US-Australian relations, though it is difficult to measure if the desired effect was achieved.⁶³ Thus, in future, the allied sentimentalism that was warmly embraced under previous administrations, especially for example under Bush and Obama, will need rethinking in the age of Trump, or his successors.

Moreover, Canberra's continued ability to demonstrate impeccable loyalist credentials, may become harder to achieve. While Australian policy documents are emphatic in their support for the United States and its role in upholding the rules based international order, Australia's willingness to demonstrate future loyalty by 'paying the blood price'—as it has in so many limited military interventions and the war on terrorism—may be in question going forward. Not only will Canberra find it more difficult to assent to participation in 'America-First'-inspired military operations in which it has little stake or enthusiasm—perhaps Iran—but, more tellingly, a potential Sino-US conflict over the South China Sea or Taiwan, in which the risks would be far higher.⁶⁴ Since the United States would demand a demonstration of Australian loyalty in such a hypothetical conflict, even if initiated by Washington (for which ANZUS would not apply), Australian refusal would eliminate this asset, and perhaps portend the termination of the alliance itself.⁶⁵

Another traditional Australian asset—its *military contribution* to ANZUS—is now scrutinised by Washington more than ever. Under Trump, allies have been accused of not doing enough to provide for their own defence. *Prima facie*, Australia's current position looks positive. Canberra has shown a ready willingness to contribute its share to the allied 'defence burden', and with a defence budget target of 2 per cent of Gross Domestic Product has avoided castigation from Washington. Australia's ability to contribute to

⁶³ Australian Embassy in the United States of America, '100 Years of Mateship—A Bond Forged under Fire', 4 July 2018, <usa.embassy.gov.au/mateship> [Accessed 1 March 2019].

⁶⁴ Thanks to Michael Cohen for pointing out this conundrum.

⁶⁵ Paul Dibb, 'Australia and the Taiwan Contingency', *The Strategist*, Australian Strategic Policy Institute, 6 February 2019, <www.aspistrategist.org.au/australia-and-the-taiwan-contingency> [Accessed 1 March 2019].

Maritime Domain Awareness (MDA) through acquisition of US hardware such as the 8A Poseidon maritime surveillance/response aircraft and MQ-4C Triton UAV, alongside existing capabilities, strengthens this asset. The future submarine program (which will operate US combat systems) also potentially contributes to American battle plans in the Indo-Pacific, known now as the Joint Concept for Access and Maneuver in the Global Commons (JAM-GC).⁶⁶ Beazley notes that “The US regards the Australian submarine as a potent addition to allied underwater strength in the Pacific.”⁶⁷ In terms of material contributions, Australia has enhanced this particular asset.

Likewise, in the related sphere of *defence collaboration*, Australia has preserved or strengthened an important asset in intra-alliance bargaining. With a confirmed defence budget of AU\$36.4 billion for 2018-2019 Australia will remain a major customer for US hardware throughout its development, maintenance and replacement of capabilities well into the future, including the systems just noted.⁶⁸ This amply satisfies President Trump’s desire to extract economic benefit from allies, since a major proportion of defence spending will go to US defence contractors. Also, as Australia seeks to become a major arms exporter, further potential for joint collaborative projects opens up.⁶⁹ A good illustration of this is the *Nulka* missile decoy, installed on both US and RAN vessels. Beazley affirms that “The *Nulka* story is part of the ballast of our alliance relationship as we seek to influence the direction of ... Donald Trump’s policy in our region.”⁷⁰ In broader terms, the economic element of the alliance is strong with bilateral investment standing at AU\$1.6 trillion in 2017,⁷¹ boosted by cooperation on regional infrastructure investment through the trilateral partnership (with Japan), as part of the ‘Free and Open Indo-Pacific’ strategy.⁷²

Notwithstanding Trump, in terms of *regional networking*, Australia has been an energetic supporter to Washington’s FOIP strategy, alongside Japan (and within the TSD), and a key proponent of the ‘Quad’ process (Quadrilateral Strategic Dialogue) with India.⁷³ Since these efforts underwrite Washington’s ambition to ‘network’ its alliance system and create an

⁶⁶ Michael E. Hutchens (et al.), ‘Joint Concept for Access and Maneuver in the Global Commons: A New Joint Operational Concept’, *Joint Force Quarterly*, vol. 84 (2017), pp. 134-39.

⁶⁷ Australian Strategic Policy Institute, *Kim Beazley on the US Alliance*, p. 14.

⁶⁸ Australian Government, Department of Defence, ‘A Safer Australia—Budget 2018–19 Defence Overview’, 8 May 2018, <www.minister.defence.gov.au> [Accessed 3 March 2019].

⁶⁹ Gareth Hutchens, ‘Australia Unveils Plan to Become One of World’s Top 10 Arms Exporters’, *The Guardian*, 29 January 2018.

⁷⁰ Australian Strategic Policy Institute, *Kim Beazley on the US Alliance*, p. 17.

⁷¹ Department of Foreign Affairs and Trade, ‘United States of America Country Brief’, <dfat.gov.au/geo/united-states-of-america> [Accessed 10 March 2019].

⁷² Department of Foreign Affairs and Trade, ‘News: Australia, US and Japan Announce Trilateral Partnership for Infrastructure Investment in the Indo-Pacific’, <dfat.gov.au/news> [Accessed 10 March 2019].

⁷³ Huong Le Thu, ‘Quad 2.0—New Perspectives’, *Insights* 134, Australian Strategic Policy Institute, 14 February 2019.

interconnected 'mesh' of allies and partnerships, Australia is providing a welcome support to America's regional grand strategy, thus reinforcing its value as an ally. As an interesting addendum to this, security cooperation with Japan may supply a further bargaining asset to Canberra in relations with the United States. If Canberra and Tokyo collaborate in this minilateral context, Shearer advises that they can

make effective use of the TSD as a forum in which they can bring their combined influence to bear, [and] they can maximise their chances of shaping the Trump administration's approach on issues that matter to both countries – including regional security and economic policies.⁷⁴

Additionally, key aspects of the FOIP include an emphasis on both the SEA and South Pacific regions, where it has been noted Australia is well-positioned to contribute. Michael Green argues that

Australia's geographic location is more important to the United States today than it has been at any time since the Second World War. Australia serves both as a link between the Indian and Pacific Oceans and as a sanctuary from China's anti-access/area denial capabilities.⁷⁵

Australia's traditional role as the 'Southern pillar' of the US hub and spokes system, has thus been greatly augmented. The US has direct access to the region through its military rotations, but Australia's significant contribution also increases its power projection by proxy, and frees up US forces for deployment to other areas. In the first case, the basing of the US Marine Task Force in Darwin not only allows for combined exercises between allies, but also allows low-profile military engagement with near-neighbours in SEA by the United States or combined forces, which otherwise may attract political complications (thus also adding to military contributions by the provision of strategic real estate).⁷⁶ In the second case, Australia's 'Indo-Pacific Endeavour' naval task force "enhances relationships, builds partner capacity and improves military interoperability throughout the Southwest Pacific", according to the DoD, thus helping to realise US goals as well (and in which the US may also participate in future).⁷⁷ Therefore Australia's geographic location, the access it has granted to the American military, and its proactive role in SEA regional engagement, thus magnify its value to the United States.

US attention has increasingly been drawn to the South Pacific also, in response to increasing efforts by China to establish a geopolitical

⁷⁴ Andrew Shearer, 'U.S.–Japan–Australia Strategic Cooperation in the Trump Era: Moving from Aspiration to Action', *Southeast Asian Affairs* (2017), p. 85.

⁷⁵ Michael Green, Peter Dean, Brendan Taylor and Zack Cooper, *The ANZUS Alliance in an Ascending Asia* (Canberra: Strategic and Defence Studies Centre, 2015), p. 12.

⁷⁶ Bert Chapman, 'US Marine Corps Battalion Deployment to Australia: Potential Strategic Implications', *Security Challenges*, vol. 13, no. 1 (2017), p. 2.

⁷⁷ Department of Defence, 'Indo-Pacific Endeavour 18 Continues to Build Regional Security and Stability', 1 June 2018.

presence.⁷⁸ In order to seek favour with Washington, Canberra has ramped up its efforts at political, economic and security engagement with the PICs in order to forestall a new front of Chinese influence, and uphold the rules-based order under the banner of a Pacific 'Step-up'.⁷⁹ A new Office of the Pacific has been established in DFAT, to coordinate the promotion of good governance, development and maritime capacity-building (such as the provision of patrol boats), with an AU\$2 billion infrastructure financing facility.⁸⁰ Plans have also been unveiled to establish a joint naval base with the United States at Lombrum in Papua New Guinea.⁸¹ This opens up another arena for allied engagement highly desired by American strategic policymakers.

Though the FOIP acts as a new policy-frame for allied cooperation (as per the earlier Asia-Pacific Pivot/Rebalance), it conceals some widening divergences in the allied world view, some of which are drawn into stark relief by the Trump Administration in particular. Firstly, in terms of the heretofore strong asset of *convergent threat perceptions*, a gap is opening up. Although Australia subscribes to the maintenance of US primacy, Canberra is less sanguine about the confrontational approach to China that the White House has been increasingly begun to advocate, as outlined in a recent speech by Vice President Mike Pence.⁸² Yet the 2017 US *National Security Strategy* indicates that Washington expects allies to "demonstrate the will to confront shared threat".⁸³ Hence, this exposes the fundamental contradictions in Australia's strategic position: supporting the United States may lead to eventual conflict with China (widely predicted), but Australia must avoid this, primarily for national economic imperatives (a liability: see below). Evidence of this dilemma may be found in ambivalent Australian support for the United States in relation to the South China Sea. While Canberra supported the United States in decrying Chinese attempts to establish an ADIZ over contested waters in 2013 in the East China Sea, and conducts routine surveillance in the South China Sea (Operation Gateway), it has been reluctant to accede to American request to join the US Navy in

⁷⁸ Philippa Brant, 'The Geopolitics of Chinese aid: Mapping Beijing's Funding in the Pacific', Lowy Institute Commentary, 4 March 2015, <www.lowyinstitute.org/publications/geopolitics-chinese-aid> [Accessed 1 March 2019].

⁷⁹ Department of Foreign Affairs and Trade, 'Stepping Up Australia's Pacific Engagement', <dfat.gov.au/geo/pacific/engagement> [Accessed 10 March 2019].

⁸⁰ James Batley, 'Australia's New Pacific Czar', *The Interpreter*, Lowy Institute, 30 January 2019, <www.lowyinstitute.org/the-interpreter/australia-new-pacific-czar> [Accessed 1 March 2019].

⁸¹ Joanne Wallis, 'Australia Steps Up Its Pacific Pivot', *East Asia Forum*, 20 October 2018, <www.eastasiaforum.org/2018/10/20/australia-steps-up-its-pacific-pivot/> [Accessed 1 March 2019].

⁸² Hudson Institute, 'Vice President Mike Pence's Remarks on the Administration's Policy Towards China October 4 Event', 4 October 2018, <www.hudson.org> [Accessed 1 March 2019].

⁸³ The White House, *National Security Strategy of the United States of America* (Washington DC: The White House, 2017), pp. 26, 46.

FONOPS.⁸⁴ Thus, even as Canberra maximises its support for the US, its unwillingness to provoke China undermines its credibility as an ally. Australia's position on facing a China 'threat' is further undermined by political discrepancies among domestic actors, with divisions between those that advocate "standing up to China",⁸⁵ and those that seek a more accommodative approach, with the picture further complicated by the effect of Chinese 'influence operations' within Australia (see below). This further weakens Australia's value as a heretofore unequivocal supporter of the US.

On the other hand, the 'America First' policies of the Trump Administration disrupt and weaken the asset of *ideological and domestic compatibility*. The Trump Presidency has initiated protectionism, trade wars and withdrawal from the TPP, in addition to disparagement and disruption of the WTO, NATO and G7, and withdrawal from international treaties such as the Iran nuclear deal and the Intermediate Nuclear Forces (INF) Treaty. Such radical initiatives greatly disturb the alignment of core values at the heart of ANZUS. Departures from American stewardship of the liberal world order by President Trump not only badly affect Australia's own national interests, but also reduce Australia's value to the White House as a stolid champion of this order. This means Australia's value as an interlocutor and facilitator of the liberal world order, acting as a 'good international citizen', is at a discount under Trump. As Curran argues: "With Trump as President it will be more difficult for Australian leaders to appeal to the common values that unite the United States and Australia."⁸⁶ It also implies that Canberra will have greater difficulty lining up behind US policy initiatives that are destructive of this order and damaging to Australian interests. For example: the 2017 *Australia Foreign Policy White Paper* notes that "Even narrow protectionist measures could limit or disadvantage our exports and harm Australia's economy."⁸⁷ Furthermore, if the US body politic has shifted away from the championship of shared values in favour of a narrower nationalist approach, the interests and opinions of its allies could be discounted, and allied cooperation therefore greatly complicated.

LIABILITIES

Not only have Australia's conventionally held assets undergone some revaluation, but also some of its liabilities have deepened. In particular, its liability of power asymmetry has increased under Trump, who looks at alliance relations purely in transactional/material terms. First, the President has called into question the sanctity of US alliance treaty guarantees

⁸⁴ Sam Bateman, 'Australia and the US: Great Allies but Different Agendas in the South China Sea', *The Interpreter*, Lowy Institute, 12 November 2015, <www.lowyinstitute.org/the-interpreter/australia-and-us-great-allies-different-agendas-south-china-sea> [Accessed 1 March 2019].

⁸⁵ Benjamin Schreer and Tim Huxley, 'Standing Up to China is Essential, Even If Costly', *The Australian*, 20 December 2015.

⁸⁶ James Curran, *Fighting with America* (Sydney: Lowy Institute, 2016), p. xiii.

⁸⁷ Australian Government, *2017 Foreign Policy White Paper*, p. 51.

elsewhere and this raises a particular problem for Canberra due its generous interpretation of the defence provisions of the ANZUS Treaty, thus exacerbating a key liability. Trump's apparent willingness to undermine US security guarantees through his interference with South Korean defence issues or queries about whether Article V would apply to all NATO allies in all circumstances, risks puncturing the carefully crafted illusion of the ANZUS guarantee and thus sharpens the fear of abandonment.

Second, stemming from this, liabilities appertaining to the lack of alliance institutions and consequent reliance upon personal relationships among premiers are magnified under a president like Trump. The highly fractious telephone conversation between Trump and then-PM Malcolm Turnbull got relations off to a rocky start, and matters have not improved significantly since then, forcing allied leaders to acquire the new skill of 'managing Trump'. The original ledger indicated how close personal bonds in the past between premiers such as Howard and Bush, and Rudd and Obama, served to provide the necessary political 'halo' for the relationship. Australian attempts to validate the alliance through their submissive and effusive rhetorical statements—such as "joined at the hip" by former-PM Turnbull—fell on stony ground with Trump, with later grudging rhetorical support failing to convince. This is deeply worrying to Canberra, since Snyder has observed "the vaguer the alliance commitment, the greater the need for validation".⁸⁸

The implosion of executive level relations has thrown Australia back upon working-level connections with the more able and stable elements of the US 'deep-state'. That is; the State Department, Congress members, military, defence and intelligence organisations, as well as think tanks and alliance managers, among whom the alliance remains significant and valued. Beazley assures us that "The Australian-US interaction at this deep level stands aside from processes most immediately affected by elected governments."⁸⁹ In this regard, some reassurance can also be found in the 2018 US *National Defense Strategy*, which notes that "our network of alliances and partnerships remain the backbone of global security".⁹⁰ Australian and American alliance managers alike within the deep-state are thus engaged in a fraught process of 'bypassing Trump' in order to maintain the core aspects of allied cooperation—a far from ideal situation—and one that the alliance relationship has never been subjected to before. In the meantime, regardless of the diplomatic neglect of Australia by the United States (Canberra was without a US Ambassador for two years), domestic support for Trump-led America had reached all-time lows according to a 2018 Lowy Institute Opinion Poll, thus undermining another key asset

⁸⁸ Snyder, *Alliance Politics*, p. 11.

⁸⁹ Kim Beazley, 'Sovereignty and the US Alliance', p. 219.

⁹⁰ Department of Defense, *Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge* (Washington DC: Office of the Secretary of Defense, 2018), p. 2.

(ideological-domestic compatibility). Alex Oliver notes that “Support for the US alliance remains firm, although trust in the US has fallen to its lowest level in our polling history, and most Australians have little confidence in President Donald Trump.”⁹¹ Since values are what sustain long-term alliances over time, rather than more expedient threat-only based coalitions, these developments cast a shadow over the potential future of ANZUS.

At the same time, by seeking ever-deeper military-economic integration and strict adherence to US strategic policies, even as serious problems within the alliance have arisen, Canberra has pushed Australia into greater dependency upon the United States and further deepened ‘sunk costs’ into the alliance, thus deepening this liability. The wisdom of this approach given relative American decline in overall power and influence, and the current President’s open disregard for its key allies is questionable. This is exacerbated by the structural shift toward future Chinese dominance in the region. As former-PM Paul Keating has argued “we need to determine a foreign policy of our own—one that looks after Australia’s interest in the new order; and order which will have China as its centre of gravity”.⁹² It would seem that the Australian establishment has no way of breaking its dependency (driven by the pathology of ‘fear of abandonment’), and its bargaining power is hence further reduced on this count; a fact the United States is no doubt well aware of. As Dobb recognises, at present Australia has “no credible defence future without the US alliance”.⁹³

Lastly, the liability of complex economic dependence with the PRC has become increasingly complicated over time as an aspect of intra-allied interactions. Despite Chinese economic growth slowing recently, and limited Australian efforts to diversify its reliance upon the Chinese market, it remains deeply dependent upon China for its prosperity. Tensions with the United States were exposed when Canberra defied its ally to accede to the Asian Infrastructure Investment Bank (AIIB), and the leasing of Darwin’s commercial port activities to a Chinese contractor (Landbridge), which is adjacent to facilities utilised by the US military. Canberra is far more cautious about joining the United States in any form of adversarial relationship towards China, and this circumscribes its support for the US (e.g. FONOPS). Vocal agitators such as Bob Carr (formerly) of the Australia China Research Institute declaim that “we should also let the Americans know that our alliance commitment with them does not preclude us from a positive and pragmatic policy towards China”.⁹⁴ Additionally, revelations of the practice of Chinese ‘sharp power’ or ‘influence operations’ in Australia have also

⁹¹ Alex Oliver, ‘2018 Lowy Institute Poll’, Lowy Institute, 20 June 2018, <www.lowyinstitute.org/publications/2018-lowy-institute-poll> [Accessed 1 March 2019].

⁹² Nick Bisley, Michael Fullilove and Paul Keating, ‘Paul Keating in Conversation’, *Australian Foreign Affairs*, no. 1 (2017), p. 25.

⁹³ Dobb, ‘New Security Reality Demands New Australian Policy’.

⁹⁴ Bramston, ‘ANZUS Alliance “Might Be a Danger to Australian Security”, Says Bob Carr’.

worried US alliance managers.⁹⁵ Australian resolve to resist such efforts at political penetration through counter-interference legislation, and to exclude Chinese technology suppliers from participating in critical infrastructure projects (such as bids by Huawei and ZTE to supply 5G networks) have reassured the United States to a degree.⁹⁶ Nevertheless, even as Canberra supports American strategic policy such as the FOIP, it constantly looks over its shoulder to determine Beijing's reactions. This potentially calls into question the assets of convergent threat perceptions, and perhaps even the loyalty and military contribution above. Thus, because of this dilemma, White observes "One senses among US officials beneath the back-slapping boilerplate of alliance solidarity, genuine disappointment and uncertainty about where Australia stands."⁹⁷ This liability now creates perhaps the most significant challenge in managing alliance relations with the United States.

Conclusions

This article has formulated a basic framework for structuring an understanding of Australia's overall bargaining position in relation to its US ally in the form of a ledger of traditional assets and liabilities. The framework is a first attempt to order the parameters of Australia's bargaining position, and while the analysis is in some ways a reification, subsequent studies can potentially draw upon it in order to apply a more directed or specific case-study approach. The original list presented in Part I indicated that, numerically at least, assets have far outweighed liabilities (6:3), thus implying a relatively favourable net bargaining position ('equity') for Australian alliance managers (and perhaps compared to other US allies?). But the comparative re-assessment undertaken in Part II reveals a reordering of assets and liabilities, resulting from engagement with the Trump Administration from 2016 onwards, set against accelerating structural shifts in the Indo-Pacific security environment. This conclusion now draws the empirical findings together, and ends with reflections upon the utility and application of the framework itself for assessing alliance bargaining power.

From the reassessment of the bargaining ledger undertaken in Part II we can determine that Trump's Realpolitik approach to alliances, including ANZUS, significantly diminishes such long-held normative assets such as loyalty and ideological-domestic compatibility. Rather it puts a higher premium upon the material assets of military contribution and defence/economic collaboration. In contrast, interaction with the deep-state indicates that the asset of regional networking has become much more greatly valued by the United States. Convergent threat perceptions are an asset that remains in flux, as

⁹⁵ John Garnaut, 'Australia's China Reset', *The Monthly*, August 2018, <www.themonthly.com.au> [Accessed 1 March 2019].

⁹⁶ Danielle Cave (et al.), 'Huawei and Australia's 5G Network', Australian Strategic Policy Institute, 10 October 2018, <www.aspi.org.au/report/huawei-and-australias-5g-network> [Accessed 1 March 2019].

⁹⁷ White, 'Australia's Choice'.

Australian caution about entering an adversarial relationship with the PRC due to the liability of complex economic interdependence, is tempered by a need to meet US expectations in supporting the rules-based international order. Now Beazley concludes, "Putting the ADF where our mouth is when it comes to 'rules-based order' [will involve] hard choices and political discomfort."⁹⁸ Australia's liabilities on the other hand have deepened, not only due to structural trends that favour rising Chinese power, but also the need to do more to integrate with the United States to meet this challenge at a time when Trump has deeply undermined alliance guarantees. Due to the weakness of the ANZUS treaty guarantee (fear of abandonment), the liability of power asymmetry has become further exacerbated since the usual presidential assurances, so vital to Canberra, are largely absent. The fact that Canberra is investing more than ever in the alliance (paying an ever higher 'alliance premium') creates an inescapable path-dependence upon the United States. Moreover, with the combination of economic interdependence with China and the need to resist its 'sharp power', this dynamic has raised doubts in Washington regarding future Australian commitment to future alliance contingencies (i.e. loyalty). Overall, the newly recalculated bargaining index provides a mixed picture of alliance 'equity' going forward.

At present the 'new' ledger is a fact of life and a careful reappraisal of Australia's bargaining power index is therefore required in order to leverage assets to satisfy changed US expectations. There is a strong hope among the policy community that the Trump Administration represents an aberration in the traditional US world view and strategic policy upon which Australia relies for its national security. As a corollary, when 'normalcy' is restored to the Executive Branch, it is expected that the bargaining ledger would revert at least partially to that initially presented in Part I, and in particular Australia's major normative assets such as loyalty and ideological-domestic compatibility would be restored. In the interim, most of the damage to the alliance emanating from the Oval Office can be mitigated through the interaction with the deep-state (bypassing Trump), who arguably recognise that Australia value as an ally is actually increasing, despite the effusions of their President. Yet this is not a foregone conclusion, especially as key alliance supporters such as John McCain and James Mattis have disappeared from the stage. And of course, Trump may win a second term in which case the shift to the new ledger would become more entrenched, likely never to return to *ex ante facto*. This creates the unfortunate paradox by which Canberra has deepened its dependence upon the United States, investing ever greater political and economic capital to sustain its assets, even as America becomes structurally weaker in Asia and far less reliable as an ally. This raises questions of what a 'Plan B' beyond the alliance would look like?

⁹⁸ Australian Strategic Policy Institute, *Kim Beazley on the US Alliance*.

Finally, the foregoing empirical analysis is also instructive for what it tells us about the construction of the assets/liabilities framework advanced in this article. The framework is not designed to explain the intra-alliance 'bargaining encounters' (negotiations) per se, for which a valuable 'intra-alliance politics' literature already exists, but rather the approach taken here shows how an ally enters the alliance bargaining process with a 'portfolio' of strengths and weakness that it will seek to deploy or mitigate (a pre-bargaining net assessment). In this respect, several pertinent observations can be made. First, the empirical analysis revealed the difficulties inherent in separating the dimensions of an alliance into discrete assets and liabilities. In any intra-alliance negotiations, assets will be overlapping and interrelated, (as will liabilities). That is, certain assets can be mutually reinforcing, for example, the diplomatic support provided through 'loyalty' is often backed by a 'military contribution'. Second, assets and liabilities can be situational, rising or decreasing in pertinacity and potency depending upon the issues under negotiation (e.g. they would differ depending upon times of peace or war). Likewise, there will be an interaction between the assets side and the liabilities side of the ledger, meaning that what is gained in bargaining through leverage of assets may be undermined or negated by the existence of certain liabilities.

Third, partly due to the difficulty of definitively isolating them individually, an evaluation of the relative 'weight' of respective assets and liabilities or any effort to definitively 'rank' them in order of significance is therefore a fraught exercise. Fourth, assets and liabilities are poised in a delicate balance: increasing one's assets—for example 'military contribution' and 'defence collaboration' may mitigate one liability—e.g. 'power asymmetry' whilst accentuating another—e.g. 'path dependency'. Lastly, a comparison of the original framework with the current (re-assessed) framework clearly indicates that the ledger is subject to dynamic structural and political processes and therefore perhaps not as immutable as initially perceived, even in a long-term alliance relationship. The ledger must be constantly updated to reflect current realities, as opposed to long-held or cherished beliefs. Thus, while this article has paved the way towards a net assessment of an ally's bargaining position, further research is required to develop appropriate frameworks and to relate them to the existing intra-alliance politics literature.

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