

**RUSH!**

# Executive Memorandum

The Heritage Foundation

214 Massachusetts Avenue N.E. Washington, D.C. 20002 (202)546-4400

6/15/88

Number 204

## AUSTRALIA'S HAWKE VISITS REAGAN AS NEW CHALLENGES EMERGE IN THE SOUTH PACIFIC

Australian Prime Minister Robert Hawke will visit the United States from June 19 to 25. In addition to meeting with Ronald Reagan, Hawke is scheduled to address a joint session of the U.S. Congress. At a time when U.S. strategic and economic interests are shifting to Asia, Congress should heed the advice of an ally that is a vital link in the Western alliance, but that too often has been taken for granted.

U.S.-Australian friendship has survived repeated challenges. The two nations fought side by side in two world wars. In 1942, at the Battle of the Coral Sea, U.S. naval forces prevented Japan from invading Australia. In both the Korean and Vietnam wars, Australia helped fight communist aggression. Last January, Australia dispatched an underwater demolition team to assist U.S. naval forces in the Persian Gulf.

**Roiling the South Pacific.** The centerpiece of U.S.-Australian defense cooperation is the 1951 Australia-New Zealand-United States (ANZUS) Alliance. Through this pact, Australia gains access to U.S. military equipment and strategic intelligence and benefits from U.S. commitments to ensure stability in Northeast Asia, the Philippines, and the Persian Gulf. The U.S. gains from Australian efforts to preserve political stability in the South Pacific and from use of jointly manned intelligence and communication facilities. Australia's geostrategic location, moreover, is critical for maintaining contact with space satellites. This is already important for verifying Soviet arms control compliance, and will increase in importance as U.S. strategic missile defenses are developed and deployed.

The Soviet Union's growing interest in the South Pacific poses the greatest challenge to the U.S.-Australian alliance. Moscow and its allies are roiling the South Pacific more than at any time since World War II. While it expands its Pacific Fleet and its forces in Vietnam's Cam Ranh Bay, the Kremlin seeks to exploit ethnic and economic tensions and create new client states. Moscow aids the communist insurgents in the Philippines, while Libya aids and gives military training to radicals in New Caledonia, Papua New Guinea, and Vanuatu. In 1985, pro-Soviet trade union leaders in Australia and New Zealand helped form the Fiji Labor Party, which won Fiji's April 1987 national election. The Fiji Labor Party had promised to follow a radical anti-Western foreign policy and greatly improve relations with Moscow; were the mainly ethnic-Indian Labor Party not deposed on May 14, 1987, by Melanesian military leaders, Fiji

could have become the first Soviet client in the South Pacific. Then, late last month, Australian police discovered 12 tons of Soviet bloc-made arms in transit to Fiji. These weapons were part of a plot to overthrow Fiji's current government. On May 16, meanwhile, Australia dispatched emergency police assistance to Vanuatu to help quell riots led by pro-Libyan radicals. Australia deserves credit for these actions to maintain South Pacific political stability. Noteworthy too are Australia's efforts to reorient its defense policy to assume a greater role in the Pacific, rejecting suggestions made in a 1986 government-commissioned report that it pursue a more isolationist strategy.

**Third Worlder New Zealand.** Canberra sides with Washington against New Zealand's anti-nuclear policies that make U.S.-New Zealand military cooperation impossible. Yet, Canberra is insisting that Washington sign protocols to the 1985 South Pacific Nuclear Free Zone Treaty; this treaty could limit U.S.-Australian military cooperation. It could be used, for example, to deny bases in Australia to U.S. forces that may have to relocate from the Philippines. With New Zealand becoming increasingly isolationist and acting like a Third World nation, and with Moscow apparently determined to foment regional instability, the U.S. cannot sign the Nuclear Free Zone Treaty.

Though Australians consider themselves a first-class U.S. ally, on trade matters they feel that Washington treats them like a second-class friend. The U.S. is Australia's second largest trading partner, and the U.S. long has had a trade surplus with Australia — \$2.2 billion last year. Canberra complains about U.S. agricultural subsidies to wheat farmers, which encourage world grain surpluses and result in lower incomes for Australian farmers, who receive no subsidy from their government. Canberra also complains about U.S. barriers to its beef and sugar exports. Canberra usually applauds Washington's efforts to promote free trade.

**Joint Military Exercises.** Nearly 70 percent of Australians support the U.S.-Australian alliance. This relationship will only increase in importance to the U.S. To help Australia deter Soviet adventurism, Washington should increase economic assistance to the developing South Pacific island states. In particular, Washington should consider resuming military and economic aid to Fiji, suspended following the 1987 coup. Washington also should increase the level of military cooperation with Canberra, specifically by stepping up the number of joint air and naval military exercises and by renewing the invitation to participate in Strategic Defense Initiative research — which Canberra so far has declined to do. Washington and Canberra, moreover, must put more pressure on New Zealand to change its unilateral disarmament anti-nuclear policies.

Washington should offer to explore a free trade agreement with Australia, much like one the U.S. has negotiated with Canada. This could help relieve trade tension with Canberra. Most important, U.S. policy makers must realize that the South Pacific no longer is a tranquil backwater. As Fiji's close call confirms, Moscow's threat to the area is real and growing. Prime Minister Hawke's visit is an opportunity to strengthen an alliance vital to U.S. security.

Richard D. Fisher, Jr.  
Policy Analyst

---

For further information:

Michael O'Connor, "Australia Sheds Isolationism for the Beazley Doctrine," *The Wall Street Journal*, April 25, 1988, p. 27.

David Clark Scott, "Aussie misery over man from Missouri," *The Christian Science Monitor*, February 10, 1988, p. 7.