



No. 114

July 15, 1991

## HOW TO REINVIGORATE AMERICA'S ALLIANCE WITH AUSTRALIA AND NEW ZEALAND

### INTRODUCTION

The Australia-New Zealand-United States Alliance, known as ANZUS, was formed in 1951 as a cornerstone of U.S. security strategy in the Pacific. For over three decades, ANZUS promoted pro-Western stability in the South Pacific. In 1985, however, the alliance began to crumble after New Zealand's Labor Party government enforced a strict anti-nuclear policy barring from its ports and waters ships that it decides are carrying nuclear weapons or are nuclear propelled. In effect, this barred American warships from New Zealand because it long has been U.S. policy neither to confirm nor to deny whether its ships or aircraft carry nuclear weapons. With New Zealand ports and waters closed to American warships, U.S.-New Zealand security cooperation became impossible. The Reagan Administration correctly suspended military cooperation with New Zealand in early 1985.

**Changing Conditions.** The conditions that created this situation now may be changing. The reason: New Zealand's National Party-led government, elected last October, wants to resume military ties with the U.S. Prime Minister Jim Bolger repeatedly has stated this and the Labor Party's criticism of American nuclear deterrence policy has ceased. In addition, Wellington last December dispatched military transport aircraft to assist U.S.-led coalition forces in the Persian Gulf. The obstacle Bolger confronts is the nuclear free zone law passed by Labor in 1987, codifying its anti-nuclear policies. This effectively prevents a resumption of U.S.-New Zealand defense cooperation.

While ANZUS military cooperation between America and New Zealand remains suspended, American-Australian relations remain strong. Example: Australia last August immediately sent combat ships to assist the U.S. Navy in blockading Iraq. Example: jointly-manned U.S.-Australian space intelligence relay facilities based in Australia were instrumental in helping the U.S. shoot down Iraqi *Scud* missiles. Example: Australia has promoted pro-Western stability in the South Pacific by giving the island nations of the region economic assistance that is ten times greater than that received from the U.S.

**Strengthening Alliances.** As the U.S. reduces its military presence in Asia, mainly in reaction to decreasing defense budgets, Washington needs to strengthen its military alliances to better meet future security threats in the Far East. Revitalizing the ANZUS alliance should be part of this. Specifically, the Bush Administration should take four steps to revitalize the ANZUS alliance:

- Step #1:** Urge New Zealand to repeal or amend the parts of its 1987 anti-nuclear law that prevent U.S.-New Zealand military cooperation.
- Step #2:** Urge Australia and New Zealand to purchase modern warships and warplanes able to assist U.S. forces during a crisis that also affects their security.
- Step #3:** Encourage Australia to consider participating in programs of the U.S. Strategic Defense Initiative.
- Step #4:** Seek Australian and New Zealand support for greater free trade in Asia.

## THE BACKGROUND OF ANZUS

American relations with Australia and New Zealand have been close throughout this century. Both New Zealand and Australia contributed heavily to the allied cause in both World Wars. Following World War II, Australia sought an alliance with the U.S. to supplant Britain as its main ally. Australia then persuaded New Zealand to join its effort. The gathering Cold War of the late 1940s convinced Washington of the need for a South Pacific alliance, which was formalized as ANZUS on September 1, 1951.

In contrast to the North Atlantic Treaty Organization, the ANZUS Alliance does not obligate its members to come to each others' defense. Article II of the ANZUS Treaty simply states the parties "separately and jointly by means of continuous and effective self-help and mutual aid will maintain and develop their individual and collective capacity to resist armed attack." Through annual ANZUS Council meetings, the partners address security issues of mutual concern.

Though a loose alliance, ANZUS has been useful to all three partners, both inside and beyond the South Pacific. Australia and New Zealand benefit from the global American effort to deter aggression; America benefited from Australian and New Zealand military forces sent to support the U.S. in the Korea War, the 1962 Laos Crisis, the Vietnam War, and the Persian Gulf conflict. Australia and New Zealand have received access to modern U.S. weapon systems. And Australia benefits from exposure to evolving U.S. military doctrine and tactics from its regular military exercises with American forces and from its special access to U.S. global intelligence.

**Taking the Lead.** America's ANZUS partners also have been of value to the U.S. by taking the lead in providing economic and military aid to promote democratic development in the South Pacific. Australia, for example, is now completing a program to give fifteen patrol boats to the Cook Islands, Federated States of Micronesia, Marshal Islands, Papua New Guinea, Solomon Islands, Tonga, Vanuatu and Western Samoa. Economic and military assistance given in 1990 to the South Pacific island states included about \$396 million from Australia and about \$85.2 million from New Zealand. In fiscal 1990, U.S. aid to these island nations was only \$20 million.

Australia and New Zealand help promote stability in Southeast Asia through participation in the 1972 Five Power Defense Arrangement (FPDA), which also includes Britain, Malaysia, and Singapore. The Australian-led Integrated Air Defense System, moreover, brings Australia, Malaysia and Singapore together for air defense exercises. Australia in recent years has improved defense cooperation with Indonesia, the Philippines and Thailand.

## AUSTRALIA STATISTICS 1991

**Official Name:** Commonwealth of Australia

**Capital:** Canberra

**Area:** 2,968,200 square miles

**Population:** 16,452,000

**Ethnic Groups:** Caucasian: 95%,  
Asian: 4%, Aboriginal: 1%

**Gross Domestic Product:** \$281.94 billion (1990)

**Per Capita Income:** \$14,360 (1990)

**Total Exports:** \$49.26 billion (1990)  
Wheat, coal, wool, iron ore, metal manufactures, meat, dairy products, petroleum, machinery  
**To the U.S.:** \$5.377 billion

**Total Imports:** \$51.33 billion (1990)  
Machinery, manufactures, transport equipment, chemicals, petroleum, metal goods, textiles and clothing  
**From the U.S.:** \$12.373 billion

**Exchange Rate:** \$1 US = 1.37 Australian Dollars (1991)

**Defense Forces:** 68,100

*Source: Far Eastern Economic Review, Asia 1991 Yearbook, The Heritage Foundation, U.S. and Asia Statistical Handbook: 1990 Edition, Australian Embassy.*

Heritage InfoChart 1991

## THE CONTINUED VALUE OF ANZUS

Australia continues to view its security relationship with the U.S. as a significant contribution to Australian security and stability in the Asia-Pacific region. Said Australian Prime Minister and Labor Party leader Bob Hawke this May 24: "U.S. engagement in the region is, and will remain, important to Australia's strategic and security interests, and important to the security interests of the region as a whole. To understand that, consider for a moment its opposite.... We would feel, and we would be, much less secure...."<sup>1</sup>

The Persian Gulf war is the latest example of Canberra's military cooperation with Washington. Last August 10, following the request of George Bush, Hawke dispatched naval forces to help blockade Iraq.<sup>2</sup> The frigates *Darwin* and *Adelaide* and the supply ship *Success* departed for the Gulf on August 13. There these and other Australian ships participated in 1,090 interceptions and ten boardings of Iraqi merchant ships. Before the outbreak of hostilities on January 16, these ships were placed under command of the U.S.S. *Midway* battle-group in the Persian Gulf. Australia also deployed a team of combat divers to help clear mines, four medical teams, and intelligence analysts. In total, Australia's commitment reached about 1,000 military personnel.

In addition to deployments to the Persian Gulf, Australian-based space intelligence facilities helped U.S. forces shoot down Iraqi *Scud* missiles. Located at Pine Gap and Nurrungar, the American-Australian jointly-manned facilities form part of the U.S. global missile detection system. Computers at these facilities instantly analyze images transmitted by U.S. early warning satellites and relay that information to the U.S. Space Defense Command headquarters near Colorado Springs, Colorado. It is estimated that these facilities may have helped relay warning 90 to 120 seconds before *Scud* missiles hit targets in Israel and Saudi Arabia, thereby helping U.S. *Patriot* missile operators shoot down the Iraqi missiles.<sup>3</sup> In 1988, Australia agreed to allow the U.S. to use the facilities for another ten years.

**Overwhelming Support.** In contrast to the Japanese and the publics of other U.S. allies, the Australian public overwhelmingly supported the decision to help the U.S. oppose Iraq. The Labor Party government's decision to send forces to the Gulf received bi-partisan support from the opposition Liberal-National Party coalition. While there was some protest against the

---

1 Address by the Prime Minister, Mr. Bob Hawke, At The Asia-Australia Institute, University of New South Wales, In Sydney, 24 May, 1991.

2 "Hawke Orders Three Navy Ships Sent to Gulf," Melbourne Overseas Service, August 10, 1991, in *FBIS-Asia Pacific*, August 10, 1991, p. 58.

3 Craig Covault, "USAF Missile Warning Satellites Providing 90-Sec. Scud Attack Alert," *Aviation Week & Space Technology*, January 21, 1991, p. 60; "Nurrungar traces 'Scud' launches," *Jane's Defence Weekly*, February 2, 1991, p. 137.



war, some Australian newspapers urged their country to make a greater military contribution, such as sending fighter aircraft.<sup>4</sup>

New Zealand's Labor Party government, in sharp contrast, refused at first to send forces to the Persian Gulf. But last December 3, the new National Party Prime Minister Jim Bolger, elected in October, decided to send forces to "demonstrate our solidarity with the members of the U.N. Security Council to prevent war."<sup>5</sup> New Zealand sent two C-130 military transport aircraft, which were assigned to British forces, and two medical teams, one of which worked with U.S. forces and the other with the Royal Air Force. According to one poll, 80 percent of New Zealanders supported the government's response. But the same poll tempers that support by indicating that less than 20 percent felt New Zealand should have sent combat troops to the Gulf.<sup>6</sup>

## NATIONAL CONFRONTS LABOR'S LEGACY

The small and belated contribution to the anti-Iraq coalition illustrates the degree to which New Zealand, under the 1984 to 1990 Labor Party-led government, moved away from its traditional willingness to support the collective security of its allies. Suspicions of the U.S. were harbored by Labor leaders like Prime Minister David Lange, who was active in the protest movement in New Zealand against the war in Vietnam. During the 1970s and early 1980s the Labor Party, usually in opposition, adopted an increasingly radical anti-nuclear policy, based on New Zealand public anger with French nuclear testing in the South Pacific.

During the 1984 national election campaign, Lange promised that his Labor Party would make New Zealand "nuclear free." After the election, the new Labor government immediately forbade ships carrying nuclear weapons or powered by nuclear generators from entering New Zealand ports. Washington patiently told Wellington that its demands threatened to bar U.S. warships because of the longstanding U.S. policy of neither confirming nor denying the presence of nuclear weapons on its ships or aircraft.

**Washington's Displeasure.** U.S. patience ran out when the Lange government in February 1985 refused to allow the conventionally powered destroyer U.S.S. *Buchanan* to visit New Zealand ports because it feared the ship might carry nuclear weapons. Washington, of course, would neither confirm nor deny the presence of nuclear weapons. The result: the *Buchanan* was not allowed in New Zealand waters.

Washington's response to Wellington was to end intelligence sharing, joint military exercises, and preferred New Zealand access to spare parts for military equipment. To show further displeasure, the Reagan Administration

---

4 Gregory Hywood, "The commitment to a new world order," *Financial Review*, January 18, 1991, p. 6.

5 "NZ sends planes, medicos," *The Age*, Melbourne, December 4, 1990, p. 12.

6 Judith Whelan, "Lange's legacy in NZ's response," *Sydney Morning Herald*, January 23, 1991, p. 2.

limited New Zealand officials' access to U.S. officials only up to the Assistant Secretary level. Australia and Britain strongly opposed Labor's anti-nuclear policies, though Australia continued defense cooperation with New Zealand.

Instead of seeking to end the dispute, Lange chose to aggravate it. In 1987 Labor passed a nuclear free zone law that in essence codified its 1984 anti-nuclear policies that led to the break with Washington. The law denies access by nuclear-armed and nuclear-powered ships to New Zealand territory and prohibits New Zealand citizens to "aid, assist, or abet any person to manufacture, acquire, possess or have control over any nuclear explosive device." Pro-Soviet trade union leaders, also powerful in New Zealand's Labor Party in the early to mid-1980s, encouraged Labor's anti-nuclear stance as a means of moving New Zealand out of ANZUS and into the Non-Aligned Movement.<sup>7</sup>

**Confusing Signals.** Through most of Labor's term, the National Party strongly opposed the Labor Party's anti-nuclear policies. But in March 1990, the National Party reversed itself and supported the anti-nuclear legislation. The switch was caused in part by getting confusing signals from Washington. New Zealand had the impression that the Bush Administration was relaxing the U.S. ban on high-level meetings with Labor Party officials when, in late February 1990, Secretary of State James Baker met with New Zealand Minister of Trade and External Affairs Mike Moore. Many National Party leaders, moreover, wanted to support the popular anti-nuclear law to seek greater public support during elections later that year. As it turned out, last October 27 the National Party won the largest election vic-

## NEW ZEALAND STATISTICS 1991

**Official Name:** New Zealand

**Capital:** Wellington

**Area:** 103,880 square miles

**Population:** 3,296,000

**Ethnic Groups:** Caucasian: 88%,  
Maori: 8.9%, Pacific Islander: 2.9%

**Gross Domestic Product:** \$41.2 billion  
(1990)

**Per Capita Income:** \$12,200 (1990)

**Total Exports:** \$9.09 billion (1990)  
Meat, wool, timber, wheat, dairy  
**To U.S.:** \$1.1 billion

**Total Imports:** \$9.42 billion (1990)  
Oil and petroleum, motor vehicles,  
iron and steel, electrical equipment  
**From U.S.:** \$1.2 billion

**Exchange Rate:** \$1 US = 1.78 New  
Zealand Dollars (1991)

**Defense Forces:** 11,600

**Sources:** Far Eastern Economic Review, *Asia 1991 Yearbook*, The Heritage Foundation, *U.S. and Asia Statistical Handbook: 1990 Edition*, New Zealand Embassy.

Heritage InfoChart 1991

<sup>7</sup> Jan Farr-Secretary of City Branch, "How Do We Get Out Of ANZUS and Into The Non-Aligned Movement?," Socialist Unity Party Of New Zealand, 7th National Conference, 1985, Discussion Bulletin 6.

tory in New Zealand history: 67 Parliament seats to the opposition's 30, a gain of 28 seats for National and a loss of 28 seats for Labor.

Soon after his victory, National Party leader Bolger stated his intention to "re-establish a mutually acceptable defense and security relationship" with the U.S.<sup>8</sup> Washington, however, correctly refuses to resume defense cooperation until Wellington repeals or amends parts of the anti-nuclear law that block defense cooperation. These include parts of the law that prohibit nuclear-powered or nuclear-armed vessels from visiting New Zealand. Bolger so far refuses to amend or repeal these elements of Labor's anti-nuclear law. The reason: National Party leaders fear former Prime Minister David Lange was right when he said recently that refusing nuclear ship visits "is now ingrained in the New Zealand public."<sup>9</sup> Polls in New Zealand show that support for the anti-nuclear stand is about 70 percent.

**Re-educating New Zealanders.** National Party leaders now realize that to be able to re-forge defense ties with the U.S. they must re-educate their citizens about the value of ANZUS. This April 25, when New Zealand celebrated Australia New Zealand Army Corps (ANZAC) Day, their equivalent of America's Memorial Day, New Zealand Minister of External Relations and Trade Don McKinnon said, "What we want to do is to encourage public opinion to return to the traditional mainstream of New Zealand foreign policy."<sup>10</sup> This, McKinnon explained, was a commitment to the collective security of its traditional allies. However, New Zealand government officials caution that the process of changing public attitudes toward alliance relationships may take much longer, perhaps years.

National government leaders are also reluctant to confront the Nuclear Free Zone law while seeking to reverse a recent economic recession. Economic growth (GDP) in 1989 was 1.5 percent in 1990 and fell to about 0.4 percent, while GDP growth is expected to rise only to 1.5 percent in 1991. Unemployment is at a post-World War II high, at about 10 percent, up from 7.4 percent in 1989. This downturn follows the Labor government's successful liberalization of the highly protected and regulated New Zealand economy. Labor removed import quotas and export subsidies, privatized state-run agricultural trading boards, and deregulated the financial markets, to make the economy competitive internationally.

**Deficit Growth.** The National Party government is building on these reforms by deregulating labor markets, which Labor refused to do. But it has inherited a large budget deficit, projected to exceed \$2 billion by mid 1992, or

---

8 Hon. J.B. Bolger, speech before the New Zealand Institute for International Affairs, September 18, 1990; Richard Long, "Bolger hopes to mend US ties," *Australian*, October 30, 1990, p. 5.

9 Quoted in David Barber, "Waking up from a nuclear dream," *Pacific Islands Monthly*, January, 1991, p. 9.

10 Address by the Hon. Don McKinnon, Minister of External Relations and Trade for New Zealand, To The Royal Institute of International Affairs At Chatham House, 25 April, 1991.



about 3 percent of GDP. This budget deficit growth is a concern because if not countered, it would reverse a trend of decreasing budget deficits, which fell from 9 percent of GDP in 1984 to 2 percent in 1990. The increase in part is due to more public spending brought on by New Zealand's economic recession.<sup>11</sup> National is now considering politically difficult spending cutbacks, including sharp reductions in welfare benefits.<sup>12</sup>

## CONTRASTING DEFENSE CAPABILITIES

The Labor government made some improvements in the New Zealand Defense Forces (NZDF). Its force of 21 A-4 *Skyhawks* fighter-bombers were updated with radars used in the F-16 *Falcon* fighter, and the Navy received a refueling tanker that extends the range of its four frigates. But the NZDF's officers' loss of regular contact with their American counterparts was a heavy blow to NZDF. They lost access to U.S. global intelligence. They also lost the exposure to the latest U.S. military doctrine and tactics that they had received through exercises with U.S. forces. And when the U.S. ended New Zealand's favored access to spare parts in the U.S. inventory, New Zealand had to pay more to maintain its American-made equipment. These deficiencies were recently acknowledged in a Bolger government defense White Paper.<sup>13</sup> In addition, one New Zealand analyst concluded that the NZDF could not have deployed frigates or Army troops to assist U.S. forces in the Gulf because they lacked modern anti-aircraft defense systems.<sup>14</sup>

**Defense Cuts.** The Bolger government's desire to rebuild defense ties with the U.S. stands in contrast to its questionable ability to maintain a credible NZDF. To reduce the large government budget deficit, National is contemplating cutting this year about \$65 million from the NZDF's defense budget of about \$780 million.<sup>15</sup> The recent White Paper raises the possibility of New Zealand selling its 21 A-4 *Skyhawk* fighter-bombers and its six P-3 *Orion* anti-submarine aircraft.<sup>16</sup> This would eliminate the main combat element of the New Zealand Air Force. The Bolger government, however, is committed to replacing its current frigates with at least two new German-designed frigates, called the "ANZAC" frigates, to be co-produced with Australia.

---

11 Colin James, "Tough act to follow," *Far Eastern Economic Review*, January 3, 1991, p. 3.

12 "Strong Medicine for Recession," *Asiaweek*, March 22, 1991, p. 35.

13 "Military Reportedly 'Falling Behind' Allies," Hong Kong AFP, May 21, 1991, in *FBIS-Asia Pacific*, May 21, 1991, p. 74.

14 Dr. John Beaglehole, "Not one of the family any more," *Asia Pacific Defence Review*, 1991 Annual Reference Edition, p. 30.

15 Matthew Grainger, "Cabinet reduces cuts in defence," *The Dominion*, May 16, 1991.

16 Richard Long, "Hensley fires the opening shot," *The Dominion*, May 22, 1991, p. 12.



**Australian Modernization.** Australia, in contrast, has modernized its defense forces over the past decade. The Royal Australian Air Force has purchased 75 F-18 *Hornet* fighter-bombers and is now receiving four Boeing 707 air-to-air refueling tankers. The RAAF also has 23 F-111C long-range strike bombers. The Royal Australian Navy is completing the purchase of six U.S.-designed FFG-7-class frigates, and is starting to build eight "ANZAC" frigates and six new Swedish-designed *Collins*-class diesel-electric powered submarines. This modernization, however, is designed mainly to defend Australia.

Critics, including opposition Liberal Party leader John Hewson, note that the Gulf crisis raised serious questions about a strategy focusing primarily on defending Australia. They charge that Australia would be less able to join allies to quell crises in distant areas critical to Australian interests, like the Middle East.<sup>17</sup> Yet, in the current economic climate, it is doubtful that a Labor or Liberal government would increase defense spending greatly to purchase items, such as an aircraft carrier, that could assist U.S. forces better in a crisis. Australia had an aircraft carrier until 1983.

The Labor Party government has just completed a major defense force structure review with the aim of reducing Australian defense expenditures. It calls for cutting 10,000 personnel from the 68,000-man armed forces. Other military capabilities will be increased. The review would boost the current frigate force from 10 to 16 and recommends consideration of the purchase of a helicopter carrier.<sup>18</sup> Such a ship could begin to redress the loss of the aircraft carrier by increasing Australia's regional power projection capability.

## TOWARD GREATER FREE TRADE

Canberra, Washington and Wellington increasingly are discussing economic issues. Of deep concern to Australia and New Zealand are American government subsidies of U.S. farm product exports, like the Export Enhancement Program.<sup>19</sup> In 1989 total U.S. farm production was over \$119 billion and U.S. subsidies were \$35.9 billion or about 30 percent of production. By contrast, Australia's agriculture subsidies were 11 percent of production and New Zealand's 5 percent.<sup>20</sup> Both Australia and New Zealand are among the world's most efficient agricultural producers, and farm products comprise about 33 percent of Australia's exports and about 70 percent of New Zealand exports.

---

17 Harry Gelber, "The Gulf: a warning for Australia," *IPA Review*, Summer, 1991, p. 12; Shane Rodgers, "Hewson calls for defense review," *Advertiser*, January 22, 1991, p. 2.

18 Department of Defence, *Force Structure Review*, Report to the Minister for Defence, May 1991, p. 4, 6.

19 For example, see Joint Communique, Australia-United States Ministerial Talks, Washington, D.C., October 8, 1990. The Export Enhancement Program has been budgeted \$900 million for fiscal year 1991 and has a projected budget of \$1.2 billion for fiscal 1992.

20 Organization for Economic Cooperation and Development, *Agricultural Policies, Markets and Trade*, Paris 1991.

Australia and New Zealand join the U.S., however, in protesting farm subsidies by the European Community, which amount to 38 percent of the total value of the EC's agricultural production; and in criticizing Japan, which subsidizes up to 72 percent. To address the problems created by these subsidies, Australia in 1986 helped form the Cairns Group (named after the Australian city where the group first met), fourteen countries that seek to replace agricultural protectionism with free trade, within the General Agreement on Trade and Tariffs (GATT) ongoing Uruguay Round of trade discussions.

**Promoting Economic Cooperation.** Prime Minister Hawke also has taken the lead in promoting greater economic cooperation in Asia. In January 1989, he called for the formation of the Asia-Pacific Economic Cooperation group. APEC convened its founding meeting that November, in Canberra under Hawke's chairmanship. The organization now has twelve members, Australia, Brunei, Canada, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and the U.S. APEC seeks to expand cooperation on economic and trade issues, to strengthen the multilateral trading system, and increase regional economic growth.<sup>21</sup> At the initial APEC meeting, U.S. Secretary of State Baker indicated that American support for APEC depends on its success in expanding trade and investment and on its respect for the private sector.

Even before APEC's creation, Australia and New Zealand had been liberalizing their trade relations. Since 1983 they gradually have been phasing in a free trade area agreement called the Closer Economic Relations (CER) agreement. Under it both countries benefit from access to a larger market, competitive pressures that spur rationalization among industries, and more efficient labor flows. CER also has helped promote free market economic reforms in Australia and New Zealand, like lowering trade barriers to other countries.

## INCREASING ANZUS VALUE TO AMERICA

Despite waning U.S.-Soviet competition in Asia, the ANZUS alliance remains necessary to meet threats in the Asia-Pacific region. Moscow, for example, still maintains substantial forces in East Asia, including 480,000 troops, 12,600 tanks, and 1,690 aircraft.<sup>22</sup> Over the past year, Moscow has increased the number of new SU-27 *Flanker*, MiG-29 *Fulcrum*, and TU-22 *Backfire* bombers based in Asia, and has added the first *Slava*-class cruiser and the first *Oscar-II*-class cruise missile submarine to the Soviet Pacific Fleet.

---

21 Thomas J. Timmons, "America's Role In Promoting Pacific Economic Cooperation," Asian Studies Center Backgrounder No. 100, March 15, 1990.

22 Tai Ming Cheung, "Holding the line," *Far Eastern Economic Review*, June 27, 1991, p. 23.

**Preventing Nuclear Weapons Spread.** Other ominous future threats to the U.S. and allies like Australia and Israel are from states that acquire both nuclear weapons and the missiles to deliver them. America's nuclear arsenal may not be enough to deter future leaders like Iraq's Saddam Hussein from using these weapons, and the U.S. lacks a full fledged anti-missile system. Both Australia and the U.S. vigorously have worked to prevent the spread of nuclear weapons and missile technology. Both countries, for example, are members of the Missile Technology Control Regime, which seeks to stem the spread of missile technology. Despite these efforts, the Pentagon estimates that a dozen additional states, including India (which has already exploded a nuclear device), North Korea and Pakistan, may have nuclear weapons by the end of the decade. Increasing this danger is China's sale of missiles and missile technology to Pakistan, North Korea's sale of missiles to Iran and Syria, and India's efforts to build long-range missiles.

Meanwhile, potential regional wars will continue to threaten Asian economic and political stability. Despite some relaxation of tensions on the Korean Peninsula, North Korea continues to pose a well-armed threat to South Korea. Also of concern is the potential for conflict over territory in the South China Sea, which involves conflicting claims of China, Indonesia, Malaysia, the Philippines and Vietnam. China, Indonesia and Malaysia are increasing their naval capabilities.

**Complementing U.S. Facilities.** Yet, the U.S. may depart its bases in the Philippines due to excessive monetary demands by the Philippine government and damage wrought by a volcano. Australia has consistently supported the U.S. military presence in the Philippines as contributing to stability in Southeast Asia. But if the U.S. leaves, Australian shipyards could complement ship repair facilities in Singapore and Guam to support forward deployed U.S. naval forces.

Despite the potential for conflict in Asia, Washington plans to reduce its forces in the region. Of the 135,000 U.S. military personnel in Asia, planned reductions through 1992 include 14,000 to 15,000 personnel from Australia, Japan, the Philippines, and South Korea. By October 1993, moreover, the U.S. hopes to transfer to Australian control a joint U.S.-Australian submarine communications facility.<sup>23</sup>

Given the continuing threats in the Pacific, Washington should offset cut-backs in U.S. forces stationed in Asia by strengthening its military alliances in the Asia-Pacific region. Revitalizing ANZUS should be key to this strategy. Specifically, Washington can increase the value of the ANZUS alliance by taking four steps:

---

23 Frank Cranston, "USA to speed pull-out from VLF base," *Jane's Defence Weekly*, May 25, 1991, p. 864.



**Step #1: Adopt a long-term strategy to encourage New Zealand to resume ANZUS cooperation.**

While New Zealand has not formally left the alliance, it is in effect a non-member due to the suspension of U.S.-New Zealand military cooperation. While Australia and the U.S. have continued military cooperation without New Zealand, the hiatus with New Zealand tears the fabric of the Western Alliance. No other U.S. ally has enacted an anti-nuclear law like New Zealand's, which inhibits defense cooperation with the U.S. Another problem, of course, is that New Zealand remains a "free rider" on the security system that Americans continue to lead. Until recently, the New Zealand armed forces were capable of joining U.S. forces to meet common threats, as they did in Korea and Vietnam. Their ability to do so today is in doubt.

The Bush Administration has encouraged a rapprochement with New Zealand by restoring some New Zealand access to U.S. military intelligence to support the token New Zealand forces sent to the Gulf. The U.S. also has relaxed its ban on high-level contact between U.S. and New Zealand officials; Bush accepted Bolger's call to congratulate him on the Gulf victory on March 1.

To build on these marginal improvements, a long-term effort is needed to convince National Party leaders that portions of the nuclear free zone law must be amended or repealed. Critical to this is acceptance by the National Party that it must lead public debate in New Zealand over the value of the U.S. alliance versus the value of the nuclear free zone law. The U.S. can assist by increasing U.S. Information Agency programs that emphasize to New Zealand opinion makers the U.S. Navy's need for nuclear-powered ships and why nuclear deterrence still is a valid U.S. policy.

**Step #2: Encourage New Zealand and Australia to keep modern defense forces to assist the U.S. military during a crisis in areas critical to their security.**

Canberra has been modernizing its forces since the early 1980s. Washington should urge that it continue doing so. Specifically, the U.S. should encourage Australia to complete its planned purchases of equipment such as frigates, anti-aircraft frigates, submarines, and a helicopter carrier, which would enable Australia to assist U.S. forces.

Washington, meanwhile, also should tell New Zealand that its defense cutbacks now being considered would be another step away from the ANZUS alliance. If there is to be a resumption of effective U.S.-New Zealand security cooperation, New Zealand must be able to make a credible contribution to U.S.-led military reactions to regional threats. Washington also must outline for Wellington the areas in which the U.S. is willing to begin cooperation once New Zealand amends its nuclear free zone law. The U.S., for example, could allow New Zealand to have immediate access to spare parts, at lower prices. This would reduce the cost for New Zealand to keep its A-4 *Skyhawks* and P-3 *Orions*.

**Step #3: Urge Australia to participate in programs of the Strategic Defense Initiative.**

In 1986 the Hawke government declined a U.S. invitation for Australia to participate in programs of the Strategic Defense Initiative. Washington should urge Australia to reconsider this. As demonstrated during the Persian Gulf war, intelligence facilities in Australia made an important contribution to defeating Iraqi *Scud* missiles. The U.S. and Australia, for example, could consider ways to upgrade its joint intelligence facilities. Such upgrades would support future U.S. missile defense systems. Both countries also might consider an Australian version of Western Pacific Architectural Studies (WEST PAC) program, two consortia of U.S. and Japanese private companies which are exploring the feasibility of missile defenses for Japan. Such a consortium might consider how limited missile defense systems such as G-PALS (Global Protection Against Limited Strikes), might defend Australia.

**Step #4: Seek Australian and New Zealand support for greater free trade in Asia.**

As it has led the military ANZUS alliance, Washington must take the lead role in promoting greater free trade in Asia. The ANZUS members share a common interest in continuing to press for lower agricultural subsidies in the GATT trade negotiations and for a lowering of trade barriers in Asia.

As part of its general support for free trade, the U.S. should invite Australia and New Zealand to consider joining the proposed North American Free Trade Area that will be created following negotiations between Canada, Mexico and the U.S. In this October's APEC meeting in Seoul, the U.S., Australia, and New Zealand should cite the Australia-New Zealand Closer Economic Relations agreement as an example of how free trade areas can promote trade and economic growth. The U.S. should emphasize that the pending North American Free Trade Area is not a threat to Asians because they can join it. The U.S. should emphasize too that greater trade is a better form of aid to developing countries than bi-lateral assistance in the South Pacific and Southeast Asia. Increasing such trade, such as through the creation of an Asian Free Trade Area, most likely will spur internal free market reforms in these developing countries that eventually will make foreign aid less necessary.

## CONCLUSION

Australia's contribution to the U.S.-led coalition that defeated Iraq demonstrates the continued value of ANZUS cooperation to America. This alliance remains useful to the U.S. as it complements other U.S. alliances in Asia at a time when the U.S. is decreasing its military presence in the region. The value of ANZUS to the U.S. and Australia can be increased by a resumption of military cooperation with New Zealand. As such, Washington should increase its efforts to convince Wellington to build a public consensus that

would allow New Zealand once again to become an active member of the alliance.

**Deterring Future Threats.** While New Zealand debates its decision, the U.S. should offer to expand ANZUS cooperation to include developing missile defenses with Australia. The U.S. also should enlist Australian and New Zealand support to promote greater free trade in Asia. With a reinvigorated alliance, the ANZUS partners can better deter future threats and promote economic growth in Asia.

Richard D. Fisher, Jr.  
Policy Analyst



**A CHRONOLOGY OF MAJOR EVENTS  
IN THE ANZUS ALLIANCE**

- June 1950** Australian forces committed to defend against invading North Korean forces.
- January 1951** New Zealand troops arrive in South Korea.
- September 1951** Australia-New Zealand-United States (ANZUS) Treaty signed.
- May 1962** Laotian Crisis; New Zealand and Australia join the U.S. to deploy forces in Thailand to force communist Pathet Lao into negotiations.
- April 1965** Australia begins to send troops to Vietnam.
- May 1965** New Zealand begins to send troops to Vietnam.
- June 1984** Labor Party wins New Zealand election, begins anti-nuclear policy.
- February 1985** Labor government refuses port visit to U.S. destroyer; U.S. suspends defense cooperation with New Zealand.
- June 1986** U.S. suspends ANZUS Treaty defense obligations to New Zealand.
- June 1987** New Zealand enacts Nuclear Free Zone law.
- March 1990** New Zealand National Party changes stand and supports Nuclear Free Zone Law.
- August 1990** Australia sends ships to support U.S.-led coalition in the Persian Gulf.
- October 1990** National Party wins large election victory.
- December 1990** New Zealand sends military transport aircraft and medics to the Persian Gulf.