

# LECTURE

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## The Australia–U.S. Alliance and Leadership in the Asia–Pacific *The Honorable Tony Abbott*

### Abstract

*The Administration has indicated that it plans to “pivot” America’s security focus to Asia. The Administration’s plans to downsize the U.S. military, however, can only mean a reduced U.S. presence globally and greater strain on our forces and equipment wherever they are deployed. Allies like Australia are trying to understand the implications for the Asia–Pacific of America’s shifting priorities. The Honorable Tony Abbott, Leader of the Opposition in Australia’s House of Representatives, discusses America’s global role, the Australia–U.S. relationship, and the importance of the Australia–U.S. security alliance in the Asia–Pacific region.*

**KIM R. HOLMES:** I am pleased to welcome the Honorable Tony Abbott, Leader of the Opposition in the Australian House of Representatives, to The Heritage Foundation. Mr. Abbott is the leader of the Liberal Party of Australia and a Member of Parliament since 1994.

At Heritage, we believe in the importance of the U.S. alliance with Australia. It is critical not only for our mutual security and the security of the region, but also for spreading freedom and the values we share worldwide.

No doubt you’ve heard of the Obama Administration’s so-called pivot to Asia. We certainly appreciate the focus the Administration is bringing to the many challenges there—North Korea’s nuclear proliferation and China’s military buildup among them. We believe, however, that rhetoric must be backed up by action. The Administration’s plans to downsize the U.S. military can only mean a reduced presence globally and greater strain on our forces and equipment, and allies like Australia are certainly taking notice of these plans.

Last year, Heritage took a hard look at security in the region. We spearheaded a joint project that culminated in calls for the U.S.,

### KEY POINTS

- America needs to believe in itself the way others still believe in it. America is exceptional, and Australia wants America to succeed because a strong America means a safer world.
- Australia’s relationship with America makes it a better neighbor. Australia’s ties with the U.S. give it more standing in the region, and this makes it a more valuable ally for the United States.
- A China that was freer as well as richer would be the best guarantee of peace and stability in the Asia–Pacific region.
- Geography alone will not keep Australia economically strong even in an Asian century. Therefore, the next coalition government will cut unnecessary government spending, get debt down, and seek efficiencies in defense spending, but never at the expense of defense capability.

This paper, in its entirety, can be found at <http://report.heritage.org/hl1217>

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Australia, and India to build a strong trilateral relationship. We partnered with researchers from the Lowy Institute for International Policy in Australia and the Observer Research Foundation in India to conduct that study. I had the pleasure of launching it in Sydney, Australia.

I am pleased to welcome Mr. Tony Abbott to Washington, D.C., for this presentation. Mr. Abbott was elected to the official position of Leader of the Opposition in 2009. He was already well familiar with what that role would entail, having begun his political career in 1990 as press secretary and political adviser to then-Leader of the Opposition John Hewson. His distinguished career includes service as Cabinet Minister for Employment, Workplace Relations and Small Business, as well as Leader of the House and many other positions.

A Rhodes Scholar, Mr. Abbott also holds degrees in economics and law from Sydney University. A former journalist, he has authored three books, *The Minimal Monarchy: And Why It Still Makes Sense for Australia*, *How to Win the Constitutional War: And Give Both Sides What They Want*, and *Battlelines*. We look forward to hearing his thoughts on how Australians see our alliance, as well as America's role in the world, and the current challenges to Asia-Pacific security.

Ladies and gentlemen, please welcome The Honorable Tony Abbott.

—*Kim R. Holmes, PhD, is Vice President, Foreign and Defense Policy Studies, and Director of the Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation.*

**THE HONORABLE TONY ABBOTT:** Thank you very much indeed for that introduction, and

thanks to you and The Heritage Foundation for the opportunity to talk here in Washington. This is an internationally known and internationally regarded foundation. I do very much value the opportunity to speak to it.

The United States is an exceptional nation. I think that is a message which you sometimes need to hear from countries that might often be inclined to take the U.S.'s involvement, interest, and benevolence for granted.

It was the U.S. Information Agency that organized my first trip to America as a Member of Parliament. I'd just been elected as a Liberal Party MP and had previously been one of the leading opponents of Australia becoming a republic.

Something happened in translation, though, because my U.S. hosts had been told that I was very liberal and strongly anti-Republican. So I spent most of my fortnight in America being introduced to virtual Communists. Perhaps this was an illustration of the capacity of governments to get things wrong, in this country as well as in my own. In any event, it's good, finally, to find myself amongst like-minded Americans.

As our former prime minister, John Howard, often pointed out, the Liberal Party is the custodian in Australia of both the classical liberal and the conservative political traditions. The Heritage Foundation's support for free enterprise, limited government, individual freedom, traditional values, and strong national defense and its mission to promote freedom, opportunity, prosperity, and civil society closely correspond with the objectives of my own party.

The quest for freedom is the defining characteristic of the story of England, but it has arguably been taken to a new pitch on this side

of the Atlantic. In a few pithy lines, Tennyson encapsulated the marriage of liberalism and conservatism in our tradition when he spoke of "a land of just and old renown where freedom broadens slowly down from precedent to precedent." This is the heritage of the Magna Carta, the Provisions of Oxford, and the Glorious Revolution, which the Minutemen asserted against King George and which this foundation celebrates.

When the Royal Navy thwarted the ambitions of Napoleonic France, when Britain and her Empire stood alone against Nazi Germany, and when President Reagan urged Mr. Gorbachev to tear down the Berlin Wall, world history was shaped for the better. Representative democracy, impartial courts, the liberty of the press, and freedom under the law now seem close to universal aspirations.

Given America's role, it can't quite be said that the modern world has been made in England, but it has certainly been shaped in English. English-speaking countries have beckoned to people everywhere, especially in troubled times, harkening to the immortal words inscribed on the Statue of Liberty: "Give me your tired, your poor, your huddled masses yearning to breathe free."

### **America as Idea**

I don't normally quote President Bill Clinton, but he was grasping at a deep truth when he observed of the United States, "We're not one race.... We're not one ethnic group. We're not one religious group.... But you read the Declaration of Independence and the Constitution and you'll find that this country is an idea." The noble idea, the uplifting idea that each person should be free to become his or her best self—that, I'm sure, is what

the Founding Fathers meant when they declared “these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are life, liberty and the pursuit of happiness.”

So the United States and Australia are separate legal entities, but few Australians would regard America as a foreign country. We are more than allies. We’re family. Around the world we seek no privileges, ask no favors, crave no territory. Our objectives are to promote trade, prevent aggression, and, where possible, to foster democracy based on the rule of law.

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Narrow self-interest would have kept America out of Iraq, as it did the French and German governments of the time. It would have kept Australia out of East Timor. Likewise, narrow self-interest would have kept America out of the toughest parts of Afghanistan, at least once the Taliban had been defeated. Money, not military power, would have been enough to secure oil supplies. Stand-off missiles, not boots on the ground, would have normally been enough to eliminate terrorists and degrade their bases.

America’s military expeditions may sometimes be mistaken, but

they’re always well-intentioned, even if others are tempted to conclude, with Graham Greene of *The Quiet American*, that he’d never known a man with such good intentions for all the trouble he’d caused.

Australians are less self-consciously idealistic than Americans, but Prime Minister Ben Chifley’s “light on the hill...working for the betterment of mankind, not just here, but wherever we can lend a helping hand” might be considered an antipodean version of Ronald Reagan’s evocation of a “shining city on a hill.”

Australians have been proud to go into battle with Americans, starting at Le Hamel when Pershing’s doughboys fought under Australian command and subsequently in the Pacific, Vietnam, Iraq, and Afghanistan. The United States shouldn’t take Australia’s support entirely for granted. Australia’s national interest might not always be identical with America’s. Our values, though, invariably coincide, and Australia’s foreign policy should be driven as much by our values as by our interests.

The United States has been responsible for the Marshall Plan, the Peace Corps, and the Gates Foundation. Australia has to its credit the Colombo Plan and Australian Volunteers Abroad. Not since the war with Mexico has America used force to extend its territory.

An exasperated Winston Churchill, desperate for allies, might once have remarked that the “American can be trusted to do the right thing, but only once all other possibilities have been exhausted,” but the better view, it seems to me, is the one attributed to de Tocqueville: that America is great because America is good, and if America ever ceased to be good, she would also cease to be great.

## **A Dominant or Declining Power?**

So, ladies and gentlemen, the question now being pondered right around the world, and especially in Washington, fuelled by the rise of China, an inconclusive and unpopular war, and congressional gridlock here, is: Have we reached a tipping point in history? Has the United States passed from being a dominant to a declining power?

Facts, as opposed to fears, support no such conclusion.

*First*, America remains by far the world’s largest economy and has no systems-shaking transitions to manage.

*Second*, the world instinctively looks to America and to like-minded countries whenever trouble looms or disaster strikes.

*Third*, other countries’ success largely depends upon and substantially vindicates American traits such as intellectual curiosity, economic innovation, and political liberalization.

*Finally*, the more other countries come to resemble America, the more likely they are to be forces for good in the wider world.

What’s remarkable right now is that, perhaps for the first time, the world appears to have more confidence in America than America does in itself. America does have to beat its dependence on other countries’ savings. Over time, America’s economic preponderance is likely to diminish. These are new and testing circumstances, perhaps more testing than any since the end of the Cold War, but that just makes despondency, let alone defeatism, more corrosive than usual.

It’s possible to see the fall of autocratic regimes such as Egypt’s Mubarak government as the replacement of the West’s friends by its

enemies. On the other hand, it's also possible to see the Arab Spring as the first expression of an incipient movement towards greater democratic accountability. Wherever they are—Egypt, Libya, Syria, or Burma, to name just a few recent examples—oppressed peoples invariably appeal to America and its allies for help. They may not like all aspects of Western democracy, but they appreciate its singular benevolence.

It would, of course, be altogether premature to declare victory in the campaign against Islamist terrorism. Still, the death of Osama bin Laden and the killing or capture of most of his principal lieutenants is a historic achievement. Islamist fundamentalism will only be defeated when the Muslim world more fully comes to terms with pluralism, but the fact that terrorists now find their fellow Muslims much easier to attack than Westerners should hasten the day when Islamist terrorism will be seen as a fratricidal aberration.

Nuclear proliferation remains a huge challenge. Pakistan is a nuclear-armed failing state. Iran is resolved to acquire nuclear weapons. But accidents seem to have befallen potentially hostile programs, and no one seems to be in any doubt about the consequences of nuclear delinquency. Over time, security agencies seem to have become better at distinguishing between those who would make peace and those who would make war and at suitably dealing with them.

But industrial-scale terrorism is an ever-present possibility in the contemporary world. The nightmare scenario is ideological fanatics acquiring a nuclear weapon and detonating it in a major city. Nothing would more test the magnanimity and judgment of the world and its leaders.

Still, security agencies' decade-long ability to prevent a September 11-scale atrocity or worse suggests that relentless, painstaking, cooperative effort can pay off. As major war between nation-states becomes less likely—at least between states that are not apocalyptic theocracies—this is the unthinkable disaster to be avoided at any cost and which the world's energies must be dedicated to averting. But there are other issues.

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**INDUSTRIAL-SCALE TERRORISM IS AN EVER-PRESENT POSSIBILITY IN THE CONTEMPORARY WORLD. THE NIGHTMARE SCENARIO IS IDEOLOGICAL FANATICS ACQUIRING A NUCLEAR WEAPON AND DETONATING IT IN A MAJOR CITY. NOTHING WOULD MORE TEST THE MAGNANIMITY AND JUDGMENT OF THE WORLD AND ITS LEADERS.**

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Recurrent euro bailouts and America's perennial budget deficits are serious economic and political failures, but they don't constitute a crisis of capitalism. As long as economic jitters send the world's money into the U.S. dollar, it's hard to see tough times as markers in the decline of the West. For most of the world, the whole point of growing richer is to be able to enjoy more of the movies, music, fashion, pastimes, and consumer goods of America and Britain and to adopt the kind of lifestyle enjoyed by the residents of Western cities.

Despite any entitlement mindset, it is possible to get debt and deficits under control. The Howard government in Australia, for instance, turned an inherited 1 percent of GDP deficit into consistent 1 percent of GDP surpluses and net debt of 10

percent into net assets of 5 percent of GDP. With remarkably little fuss, the Key government in New Zealand is on track to reduce government spending from 35 percent to just 30 percent of GDP in the five years from 2009 by cutting or eliminating some programs and reducing the rate of increase of others, but above all by boosting economic growth.

## **America and the Asian Century**

It's now conventional wisdom to speak of the coming Asian century, but the Asian century will be an Indian century and a Japanese century as well as a Chinese one. It will be an American century, because the United States is an Asia-Pacific power as well as an Atlantic one.

The economic empowerment of billions of people in China, India, and Indonesia on top of the hundreds of millions in Japan, Korea, Thailand, and Malaysia who have already joined the middle class is truly one of the great watersheds in human history. This has taken place because scientific knowledge, market freedoms, and, over time, elements of political reform have come to the Asia-Pacific. In other words, the Asian century, to the extent that it does come to pass, will be less a repudiation of Western values than a vindication of them.

China's contemporary economic advance, for instance, began with Deng Xiaoping's repudiation of central control of the economy and embrace of private ownership. While so far maintaining its monopoly of political power, the Chinese Communist Party (unlike its former Soviet counterpart) doesn't seek to export its system and faces constant pressure to allow more internal democracy.

A China that was freer as well as richer would be the best guarantee

of peace and stability in the Asia–Pacific region. Real democracies, after all, have never gone to war with each other. Between democracies, common interests might wax or wane and irritants might fester, but we have much the same ways of thinking about problems and much the same means of resolving them.

Democracies have different histories, but in important ways, they inhabit the same mental universe and speak the same language. Sharing liberal democratic values is akin to sharing a culture—a political culture at least—providing a common set of ideas and a common framework of thinking and mutual understanding.

In the meantime, admittedly, Asia has numerous strategic flashpoints. These include North Korea’s nuclear program, territorial disputes in the seas off China, and, of course, any attempt to enforce China’s claim to Taiwan, as well as the perennial tension between India and Pakistan that terrorism could inflame. A web of alliances means that serious military conflict in the region does have the potential to draw in America and its partners.

Obviously, China’s increasing economic strength is being matched by increased military capability, but the richer and more sophisticated a people become and the more access they have to information, the less likely they are to be impressed by militarism. Stronger countries have more and more capacity to make trouble, but they also have less and less incentive to do so. The stronger they are, the more they have to lose, especially in conflict with other major powers. Invariably, economic success means more integration with other countries as well as more competition with them. The challenge is to keep the competition economic so

that it benefits the world rather than strategic where it might threaten it.

Tension between China and Taiwan, for instance, seems to be abating thanks to greater economic integration between mainland and overseas Chinese. Economic competition, after all, is not a zero-sum game. This is a practical demonstration of the potential for economic and political liberalization to create a more benign world.

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The right response to the rise of China is not to begrudge its growing economic strength, but to welcome it and even to foster it. As Mitt Romney declared in 2008, a strong China is not just a billion competitors but a billion customers. That, in any event, was the response of the Howard government, which famously declared that Australia had no need to choose between its history and its geography.

This point was illustrated in 2003 when U.S. President George W. Bush and Chinese President Hu Jintao addressed the Australian parliament on successive days. Australia doesn’t have to choose between our neighbors and our friends because our neighbors are also our friends and because our best friends are increasingly at home in our neighborhood.

America is boosting its involvement in the Asia–Pacific, not scaling it back. The U.S. is supporting the Trans-Pacific Partnership to reduce trade barriers and has joined the annual East Asia Summit. The decision to rotate a Marine brigade through Darwin is part of America’s bid to improve security ties with the

wider region. Eventually, the Darwin facility could be an opportunity for multilateral as well as for bilateral defense training and exercise.

### **Australia and Asia**

Ladies and gentlemen, the conservative side of Australian politics has long supported closer links with Asia as well as stronger ties with our traditional friends and allies. It was Prime Minister Menzies, after all, who first referred to South East Asia as the “near north” and not the “far east.” The Menzies government launched the Colombo Plan for the potential future leaders of our region to study in Australia and signed the Australia–Japan trade deal. It was the Holt government that ended the White Australia policy. The Fraser government began large-scale Asian immigration. The Howard government dramatically boosted trade with China.

The Liberal and National parties that I lead have just committed to a new version of the Colombo Plan that would send young Australian leaders to study in Asia as well as vice versa and to have at least 40 percent of school leavers studying a foreign language. Should the Coalition be elected at the next Australian poll, Jakarta would be my first overseas visit. Of course, the next Coalition government would stand up for Australia’s interests and values, but it would appreciate that this is best done by engaging with the region.

It should go without saying that geography won’t keep Australia economically strong even in an Asian century. Australia’s moment in the Asian century could be missed through complacency. To this end, the next Coalition government will remove unnecessary new taxes, cut \$1 billion a year from business compliance costs, and boost workplace

productivity. We will cut unnecessary government spending and get debt down. We will seek efficiencies in defense spending, but never at the expense of defense capability.

Australia's relationship with America does not isolate us from our neighbors. It makes us a better neighbor. Our ties with the U.S. give Australia more standing in the region. Conversely, our standing in the region makes us a more valuable ally for the United States.

Australia will continue to respect China's economic achievement and to strive to improve the relationship on everything where we can sensibly work together. We will try to avoid indulgent gestures over, for instance, live cattle sales to Indonesia or uranium sales to India where our friends want us to be a secure source of supply. We intend to play our part in the wider world through contributing to humanitarian relief and fully participating in the security partnership with our principal allies.

Now, ladies and gentleman, over the past decade, there's been much "expert" advice that Australia would be a better ally by ostentatiously refusing to participate in America's so-called follies, such as Iraq and Afghanistan. To their credit, both the Howard government and the Rudd/Gillard government have refused to carp from the sidelines. These days, America does not need to be told where it is going wrong, but where it is going right.

By a large margin, the United States has the best universities, the most creative research, the most sophisticated intellectual property, and the most accomplished high-end manufacturing. America needs to believe in itself the way others still believe in it. It needs once more to take to heart President Roosevelt's advice that the only thing we have to

fear is fear itself. America is exceptional, so exceptionalism has its place.

Ladies and gentleman, American world leadership might only truly be appreciated were it to disappear. None of us should want to find out the hard way what a shrunken America might mean. Australia wills America to succeed because a strong America means a safer world.

Ladies and gentleman, thank you so much for the opportunity to speak to you today in this capital of America—in a sense, the capital of the world.

### Questions & Answers

**QUESTION:** Last week Admiral Samuel Locklear III, the PACOM commander, was touring Australia, and he made a comment about his concerns over the reduction of the Australian defense budget and that this seemed to be a reversal of the 2008 white paper. Now it's 1.5 percent, which is less than most of our NATO Allies. Would you like to comment on his concerns?

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#### AUSTRALIA'S RELATIONSHIP WITH AMERICA DOES NOT ISOLATE US FROM OUR NEIGHBORS. IT MAKES US A BETTER NEIGHBOR.

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**MR. ABBOTT:** I can understand his concern, and I think lots of Australians share his concerns. As a result of defense cuts in the recent budget, Australia's defense spending as a percentage of gross domestic product is now at the lowest level since 1938. That is a quite a concern, given that we do not live in a benign environment. We do not live in benign times.

I don't say that savings are impossible in defense, but I do think that it is irresponsible to save money in defense in a way that compromises

your military capability, given that Australia's military capabilities are not vast to start with. Certainly, the last thing you want to do is to dismay our friends and allies at what is for everyone a difficult time.

**QUESTION:** Obviously, the government in Canberra may change very soon, but also, listening to you describe the portion of the world where Australia is, there's a lot of change out there, and within a year you may well see changes of government in Korea if Park Geun-hye, the daughter of President Park, is elected; in Japan when the Noda government goes and if the LDP wins; and Indonesia, which has already seen some change in the state of Jakarta right now. Do you assess any of these changes in that part of the world as being more pro-U.S. or moving away from the U.S.?

**MR. ABBOTT:** I would be confident that change in Japan and the change in South Korea, should it happen, would not be seriously adverse to the U.S. or to Australia, for that matter. I have to say that the advent of a new president in Indonesia will obviously pose some challenges if only because President Yudhoyono has been a remarkable friend to Australia.

Australia's relationship with Indonesia is sometimes one that requires management—considerable management—and I have to say that it would certainly have been the experience of my distinguished predecessor as Liberal Party leader, John Howard, when he was prime minister, that Australia could hardly have had a better friend in the region than President Yudhoyono. So let us hope that the next president of Indonesia is a man of his temperament, caliber, and values.

**QUESTION:** Regarding your views about the so-called Arab

Spring, do you feel that democracy really is an end in itself if it leads to extremists being elected?

**MR. ABBOTT:** England, if I may go back to the country which has spawned so much that is good in the modern world, was a liberal society long before it was democratic. I think there is a big difference between liberal democracy and simple democracy, and obviously I would prefer to see a democracy that is liberal than democracy which simply enshrines a kind of majoritarian totalitarianism.

That said, I think that there is wisdom in the body of a people. The body of some people might be less wise than the bodies of other people; nonetheless, I think that generally there is more wisdom in the body of the people than there is in any smaller group. So I think that democracy is a good thing in the Arab world as well as elsewhere, although I do absolutely concede that the autocrats of the Middle East were perhaps friendlier to the West and to Israel than emerging democracies might at least initially be. The challenge is to do our best to deal with these emerging democracies in a humane and decent fashion and hope that that's reciprocated.

**QUESTION:** We had a great alliance in opposing the Kyoto Protocol until your Labour government ratified it. Now the Harper government in Canada has pulled out of the Kyoto Protocol. So there are now still two major nations that are not going along with worldwide energy rationing. Besides getting rid of the carbon tax, are you prepared to pull Australia back out of the Kyoto Protocol?

**MR. ABBOTT:** I think it's important to do what we reasonably can to reduce emissions. Argument will rage backwards and forwards about the magnitude of the climate change issue. My prudent response to the possibility of a significant threat is to take reasonable steps to combat it, and I think where you can reduce emissions without doing enormous damage to your economy, you should go about that.

We have what I'd like to think is a much smarter way of reducing emissions than the government with its carbon tax. Instead of penalizing businesses that emit, we are proposing to offer incentives to businesses and organizations that can take steps to reduce their emissions in ways that would, in any event, otherwise

make environmental sense. We will establish this emission reduction fund; there'll be about \$1 billion a year in it, and that will promote tree planting, more carbon in soils, which should help agricultural productivity. It will foster smarter and cleaner technology.

One of the little-known features of Australia's economy over the last couple of decades is that we've reduced our emissions intensity by 50 percent without a carbon tax as businesses have taken sensible measures to cut their power bills, improve their fuel efficiency. There is a company called Linfox, which is our biggest transport company, that reckons they've cut emissions by 35 percent by training their drivers to take their foot off the accelerator pedal.

So there are lots and lots of things you can do which don't destroy your competitive position, which aren't an unreasonably impost on taxpayers, and which do objectively improve the environment apart from hitting us with a great big new tax. That's why I think what the current government is doing is so economically irrational and so environmentally ineffective.