

基調講演

Australia's Asia Conundrum

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Good afternoon everyone. Thank you for coming to my presentation this afternoon. First, I must extend my thanks to Professor Shigematsu Shinji, Director for the Center for Australian and Asian Studies at Otemon Gakuin University. I also thank Mr. Sasada for helping with my travel logistics and answering lots of emails. I am also very pleased to see here on the panel two of my long-

time friends and acquaintances, Professor Horimoto and Takeuchi-san and I am also happy to be joined by Kobayashi-san from the Australian National University. We live in the same country, but I think we have met for the first time here in Osaka. It was nice to meet you and I look forward to our interaction a little bit later.

I have lived and worked in Australia for about 33 years now, more than half of my life on this planet; spent more years of my life in Australia than in India, my country of birth. During these three decades, apart from the main country of my research, Japan, on which I have written several books and many scholarly papers, I have also keenly followed and studied the politics and international relations of both my 'adopted country' and 'the country of my origin', that is Australia and India. My main research focus though has been on Japan, its foreign policy and domestic politics. I have of course travelled from Hokkaido to Okinawa for research. But I have also been studying Australian politics, Australian foreign policy very closely because that's where I live and work and I have also followed what is happening or what has been happening in India, the country of my birth. So I think I am in a good position to talk a bit about Australia and Asia, having studied Japan, born and brought up in India and living in Australia. Additionally I have been studying China, a little bit of Indonesia, and Asian studies in general.

Okay, in the next 40 minutes or so, what I am going to say, I want to summarize in the beginning: my main focus, my main argument. Very often Australia is characterized as a country which has to

deal with the west because of its history and identity and has to increasingly deal with Asia where Australia's economic interests primarily lie. Asia is also becoming very important for Australia in terms of Australia's population mix. If you look at the last five to 10 years of Australia's migration patterns, there are two Asian countries which have become central to Australian migration, China and India.

Still Australia is in essence a western society: in terms of its population composition, in terms of its western institutions, in terms of its dominant culture, but increasingly we are seeing a mixture of cultures and identities in Australia. This mixture of cultures and population in Australia now increasingly consists of the people coming from Asian countries, and as I said before India and China are the two main origin countries, but there are other Asian countries from where many people are migrating to Australia, which is changing Australia's demographic landscape. And that is to me a very, very interesting development in Australia which we did not witness in the past.

But why is Australia facing a conundrum? I am sure all of you know the highly controversial and yet very famous book by Samuel Huntington called *the Clash of Civilizations* which was published in 1996. I just want to draw your attention to one section where he made some mention of Australia. His argument was that Australia was a 'torn' country.

I do not think that Australia is a torn country. Certainly Australia has got the conundrum of how to deal with the west and Asia together, but in my view this does not make Australia a torn country. I would argue that it is a continuity, not abandoning one and embracing another, as Huntington argued. Australia will definitely maintain its western orientation, that is, culture, institutions, ideas, and so forth as they have served Australia's interests very well but what is added is Asia to that mix.

When Huntington wrote his thesis in the 1990s, Asia then was very different from the Asia of today. And that is very important to recognize because at that time Huntington's assessment was that Australia would defect from the west and embrace Asia. But he did not quite say what Asia, which Asia and what kinds of Asian things was Australia going to adopt. So I think it's very problematic.

The second point that I want to make is that, today's Asia has become extremely complex and this too is a big conundrum for Australia how to deal with this new complex Asia, which was not there until the late 1990s. So the important thing to remember is Asia has changed and is changing rapidly and with that change, Australia's conundrum has turned out to be even more difficult, more

complex.

Okay, let me now take you to the next slide. I think everyone knows that Australia has been a western country, although located on the wrong side of the map because its geography is very different from its history- colonial history, its culture and everything else. In 1901, all colonies on the continent formed the Commonwealth with six states and so on and so forth, but some of the key characteristics, which we need to remind ourselves all the time, that is Australia as a nation, a state, was born and continued to maintain a discriminatory policy. And this discriminatory policy was against the indigenous people. That is the most important point, which we need to recognize and acknowledge and politicians and leaders in Australia ignored this for a long time.

But the most known discrimination issue globally was the White Australia policy. Even in the post-war period Australia continued to pursue the White Australia policy to discriminate against Asians. But I am very conscious of the fact that discrimination was not just applied against Asians, but also against the indigenous people who are now as then were the traditional owners of the land.

Okay, Australia became fearful of Asia before it became a federation; it became even more fearful of Asia in 1901. To address it, Australia passed a legislation which was known as the White Australia policy. It was the Immigration Law of 1901 which restricted migration from any countries other than of the Anglo-Saxon origin.

And to maintain its sovereignty and protect its territory, Australia has always relied on a great and powerful friend. And that great and powerful friend when Australia became federation was the United Kingdom, the motherland from where people in Australia migrated. Now that great and powerful friend is the United States of America, not the UK. Still the British Prince is welcomed, the Queen is welcomed and they are treated like state celebrities; everyone goes to catch their glimpses and for a photo opportunity and wave the Australian flag which carries the Union Jack on it. But the point is that even though the British monarch remains Australia's head of state, the great and powerful friend for Australia is no longer the United Kingdom, it is the United States.

Let me fast forward and come to the early post-war period. Australia of course fought with the British side and the allied powers in World War 2. So obviously Australia and Japan were on the opposite side of each other. And when the war ended, Australia was very fearful of Japan because the Japanese military had reached Australia during the war and Australia suffered Japanese air raids, Darwin in particular. So this fear of Japan was expressed in many ways. For example, at the Tokyo Trials the Australian judge was extremely critical of Japan, more critical as a matter of fact

than the United States.

The Australian side took a tougher stance than other allied powers on indicting the Japanese emperor. So what the Australians did was to make a deal with the US, since Australia wanted a guarantee from the United States that Japan would not become a military threat to Australia. To that end the two signed a treaty the ANZUS –the full form is the Australia, New Zealand, United States Security Treaty– which formally made them military allies. Of course the acronym ANZUS is not correct now because New Zealand has not been part of this treaty since 1986.

So the early post-war years were rather easy for Australia as it remained dependent on the United Kingdom and its new security provider, the US; and most of Australia's trade was also with the US and Europe. So it was very easy for Australia to continue as a western nation on the wrong side of the map, with Asia in the neighborhood of which Australia was fearful as I said: of China in particular because Australia thought the Chinese will come in huge numbers and dominate Australia, so in 1901 Australia had introduced the White Australia policy and after the war Australia's concern was the spread of communism, as China became a communist state in 1948. So China became a nation of great concern for Australia.

In support of its US alliance and its close partnership with the UK, Australia continued to fight wars in distant places which were not really Australian wars. These were mainly American wars and Australia very keenly participated in them: the Korean war, for example, and even more keenly in the Vietnam war. In 1966, then Australian Prime Minister, Harold Holt summed up his allegiance to the US in his popular phrase of 'All the way with LBJ'. That is President Lyndon B. Johnson, 'All the way with LBJ' simply meant unquestioning support for the United States.

Around the late 1950s –still in early post war years–Australia's attitude towards Japan began to change significantly. And we know that in 1957, less than 15 years after the war, Australia and Japan signed a commerce treaty and the economic relationship between Australia and Japan began to grow quite significantly. And one of the reasons of Australia's early reconciliation with Japan in my view was that both Japan and Australia were closely linked with the United States. So the US became a common factor in bringing Australia and Japan together, but this partnership between Australia and Japan was about commerce, was about trade, about economic partnership and not about security, strategic or defense partnership. It was purely commercial and both Australia and Japan were attracted because Japan needed what Australia had (resources) and Australia needed perhaps what Japan had (technology and processed products).

The other reason why Japan became so attractive to Australia was because of the policy adopted by Britain around the 1960s when it began to lose its influence, its dominance in terms of its military capacity. Under its policy of 'withdrawal from east of Suez' it withdrew its troops from Southeast Asia. This policy left Australia in a little uncomfortable strategic position and in Australia's view that was the end of military dependency on the United Kingdom. So Australia began to depend more and more on the US and also began to cultivate closer relationship with Japan who Australia began to perceive as a reliable economic partner, no longer a threat as Australia thought of it at the end of the war, and this also led to a new policy direction in Australia towards Asia.

So one of the major policy changes in Australia around the late 1960s, early 1970s was the abrogation of the White Australia policy, followed by a law to that effect introduced in 1971. But from 1968 onwards, Australia had already begun to relax its policy of migration and accept migrants of the Asian origin. Before that, it was more or less an entirely white population in Australia.

In this new environment where Australia's links with the UK began to weaken, Australia links to Japan began to strengthen to a certain extent, Australia began to think more seriously about Northeast Asia. Now here, Asia is Northeast Asia, I am not talking about Asia as a whole, but just Northeast Asia which was becoming prosperous. If you look at what happened in the 1970s in Japan, already the world's second largest economy, the South Koreans were coming up, the Taiwanese were coming up, so Northeast Asia became very important for Australia for its trade, exports in particular and for the prosperity of Australia, Australian policymakers were certain that this is where Australia needed to go. And around the late 1980s the government commissioned Professor Ross Garnaut to write a report which was published in 1989 titled *Australia and the Northeast Asian Ascendancy*, advocating Australia's deeper and closer links with the Northeast Asian economies.

This period turned out to be quite crucial for Australia that largely changed Australia's orientation towards Asia in the long term; Northeast Asia, in particular, became central for Australia and let's also remember that by the late 1980s China had already entered into more than a decade of its reform program and all eyes were naturally on China as well.

And this is what led Australia to announce in 1989 together with Japan the APEC Forum, or the Asia-Pacific Economic Cooperation Forum. Interestingly, I am sure all of you know that this particular economic grouping was announced by then Australia's Prime Minister, Bob Hawke in Seoul, in South Korea. While the whole idea was conceived together with Japan, it was left to

Australia to announce this particular regional grouping. The point that I want to emphasize here is that Australia very easily and willingly began to associate itself with the Asia Pacific, not so much with Europe. Why? Of course, the Asia Pacific also included the United States together with the rising economies of Northeast Asia and Southeast Asia.

So around this time, the early post-Cold War period, Australia's Asia or Northeast Asia ties were primarily economic while Australia's political and strategic ties were strong with the United States. Here one can see a clear two-level of Australia's external orientation. On the one hand, its strategic, defense and hardcore political interests were tied strongly with the United States and to a certain extent with US allies in Europe; on the other, Australia's emerging economic ties began to strengthen with the nations of Asia, particularly Northeast Asia, in particular with Japan. So it was rather easy – in my view, for Australia to maintain its external relationships because Australia's political and security interests were clearly defined.

Australia in the post-Cold War period characterized itself as a middle power. It was Gareth Evans, then Australia's Foreign Minister who articulated this idea very strongly. Because Australia is not a major power, not a big power, nor a superpower, or a small power, so what Australia was defined as a middle power with some key roles that it can play on the world stage. In other words, the idea was that Australia should be friends to everyone, enemy to none, that was the essential idea and that is what Australia should and must do.

The director of the Lowy Institute, a Sydney-based think tank, recently commented that Australia has got two friends, US and China. But Australia has one ally, the US. So I just wanted to highlight how things are changing in Australia's conceptualization of Asia and the US. So the US-Japan ties, as we know are strong, are going strong, and together with this, Japan-Australia ties are also becoming strong. The ties that bind Australia and Japan are not so much economic today, as in the past, but they are more political, more strategic, and more in the defense field. So we can see the transition in Australia-Japan relations from largely commercial, economic to political, and from political to strategic, to defense now. So a kind of transformation in Australia-Japan relations in the last 20 years has occurred, which is quite remarkable. Although it is beyond the scope to today's presentation, but it is very interesting to map out why this transformation has happened and why Australia and Japan have become such important strategic partners.

So on my slide is now Australia-China and here we note that Australia-China ties are going very strongly. But these ties are like those of Japan in the 1950s, it is about the Chinese market, about Chinese investment, and also about Chinese students and tourists in Australia. I am a university

professor and I know our budget, university budgets, nowadays very often relies on so-called international students, but read that as Chinese students.

Now in the 1980s and 1990s, Northeast Asia became very important for Australia, including China. But another major country at least in terms of population if not in its economic size, India, remained an outlier for Australia, not important, nothing much was happening between Australia and India around the late 1980s and 1990s. So here again, Australia-Asia ties or Australia's conundrum needs to be unpacked into different parts of Asia, different kinds of Asia.

So until around that time, Australia's main conceptualization of Asia was what is broadly known as the Asia Pacific region and this Asia Pacific region included countries of Asia that were part of the Pacific Ocean. But the Indian Ocean side, India, was not an important part of Australia's strategic thinking until the late 1990s.

Okay, now the changed scenario in the 2000s, or at the turn of the century, the 21st century, it became very clear to Australia and to many other countries that Japan was on decline, economic decline in particular, that Japan's economy was not growing and Japan's population was aging and shrinking, so nothing much was growing in Japan. So the economic relationship between Australia and Japan essentially stagnated. It remained a stable, very important country for Australia, but economic ties stagnated, not much growth there. At the same time, China was on the rise, and Australia's trade with China multiplied many times. India also began to emerge on the horizon. So many other countries in Asia became important for Australia together with Japan. In the world history, we have never seen the three giants, Japan, China, and India, rising simultaneously or becoming prosperous at the same time.

This has happened for the first time, I mean in many centuries. Centuries ago, China was economically a big power, maybe 400 years ago India was economically a big power too. Some economists have calculated that if you put India and China together 500 years ago they accounted for more than 50% of the world's GDP, right? So what happened centuries ago is sort of being repeated in the 21st century where we see a phenomenon of Asia's economies together commanding the large percentage of the world's GDP. And that creates a huge conundrum for Australia because of the new power shift globally and regionally. As economic power has shifted from the west to the east, so has influence shifted from the west to the east. This has created a huge problem for Australia as to how to deal with the shift occurring in Asia.

China as we know has become the world's second largest economy, replacing Japan in 2007 or 2008 depending on how we calculate. But the reality is that China has become the world's second largest economy and the gap between Japan's economy and China's economy is growing, growing very fast. The Japanese economy is stagnating at about 5 to 6 trillion dollars of GNP while China's has gone up 9 trillion dollars or even more. And like many other countries China has become Australia's top trading partner. It used to be Japan. For 40 years, Japan was Australia's largest trading partner, now China has replaced Japan by far as the largest trading partner.

So the point I want to make here is that we very often hear about power shifting from the west to the east; Fareed Zakaria, *Newsweek* editor, for example, emphasized the rise of the rest. This rise of the rest is about Asian and some other countries, but my contention here is that power is shifting within Asia; it is not just that power has shifted from the west to the east, but power is shifting within Asia itself and that power within Asia is largely shifting from Japan to China. Japan used to be the most important player in Asia before China became such a significant player. If you look at Japan's role as the world's largest single aid donor, it's second largest economy, membership in the OECD/DAC, member of G 7/G 8, all these things gave Japan the profile of the key leader of Asia. But that profile of Japan has changed and is likely to change even more if current trends continue. China has emerged as the key power in 2015, indeed it has been a key player for some years now.

Added to this is the emergence of India. And I don't wish to talk much about India, as we have got here two experts on India: Horimoto-san and Takeuchi-san. So I leave this for them to comment on, but certainly India's emergence on the regional scene makes this landscape even more complex.

And the third point which I want to make is that the US influence overall is declining and its political will is declining, too. We know that the Obama administration has talked about rebalancing, or pivot to Asia. In other words, the Obama administration is concerned that perhaps there is a strong perception in Asia that the US is becoming weak, and that's why he made this reassuring statement and announced policy. But what does that mean and what the US is going to do when a crisis occurs, we don't know, which makes countries like Japan a bit concerned and Australia is concerned as well.

Okay, this power shift which has taken place from the west to the east and within Asia itself as I said, has created a greater conundrum for Australia of how to deal with this complex international and regional environment. So one of the things which Australia has done recently is to adopt a new regional construct, the Indo-Pacific. The previous construct of Asia-Pacific did not include India,

nor was emphasis placed on the Indian Ocean. Now Australian policymakers and political leaders talk more and more about the Indo-Pacific, with less emphasis on Asia-Pacific. They haven't abandoned the notion of Asia-Pacific, they want to continue with that because the US becomes an important part of that construct, but they have now adopted a new construct, new idea, new paradigm, new concept of Indo-Pacific. And what is this Indo-Pacific? It's essentially about considering the Indian Ocean and the Pacific Ocean as one single strategic space; nowhere else has this notion been given as much primacy as in Australia. And the concept, Indo-Pacific, also brings with it India in the Australian mix of engagement with Asia.

So this Indo-Pacific brings almost the entire Asia into Australia's Asia engagement landscape, which did not happen before. And that's why perhaps for the first time, the Australian government under Prime Minister Julia Gillard issued a policy paper called *Australia in the Asian Century White Paper*. This is very interesting because the Prime Minister then was from the Labor Party and in this document, five countries were identified as of particular importance; Japan, China, India, Indonesia and South Korea with four priority Asian languages (Japanese, Mandarin, Indonesian and Hindi) to be adopted in the education system. Remember, I talked about the Northeast Asian Ascendancy paper by Ross Garnaut in the late 1980s, at that time of course India was not on Australia's Asia radar. China was not there much either except in a small way; it was essentially about Japan, South Korea and Taiwan, the hot economies of Northeast Asia at that point. So today the whole gamut and the picture of Asia in Australia's calculus have changed.

And the last point on this slide is about a new initiative which was introduced under the Abbott government (2013-2015) called the 'New Colombo Plan'. Just to remind ourselves the original Colombo Plan was initiated in the early 1950s when Australia still practiced the White Australia policy. The idea then was to bring bright Asian students to Australian universities, train them and then send them back to their country of origin so they can be future leaders or influential people through their knowledge and training acquired in Australia. But the new one is the other way around. This time, the idea is to send Australian students to Asian countries and bring them back to Australia so they can be useful links in Australia's engagement with Asia. This is quite an innovative approach to make Australian society 'Asia literate'. It is notable that the Asian Century White paper was dumped from the government website by the incoming Liberal Abbott government in 2013 which instead promoted its New Colombo Plan.

Okay, I have got several other points on this slide, but I know the time is almost up. I just want to make one point on this slide and that is, to emphasize that there are today 'two Asias', one what can be called 'security Asia', and the other is 'economic Asia'. From Australia's perspective, it's

very easy to deal with 'economic Asia', but 'security Asia' is becoming very difficult, it's a conundrum, it's a dilemma for Australia how to deal with 'security Asia'. And one example here is China. China is absolutely crucial for Australia's economy. But China also presents with security challenges for Australia.

So Australia today faces 'two Asias', an 'economic Asia' and a 'security Asia', Australia was never faced this kind of conundrum before because the security and economic ties were not so distinct and they overlapped and supported each other in Australia's relationships with the US, UK or with the west generally. Increasing trade and economic ties with Japan, South Korea and such other countries in Asia did not present this dilemma. There is no simple answer to this new conundrum that Australia faces today.

Let me just finish quickly. What I have said today is that Australia has a very unique history and geography: its history has been with the west, but its geographical location is closer to the Asian continent. And this created for Australia some serious policy dilemmas. While the 'east-west' conundrum has challenged Australia for a long time, now Australia has to deal with a new 'east-east' conundrum because the power has shifted not just from the West to East but shifts are occurring within the East itself. How Australia is going to deal with this new conundrum together with the old conundrum is something which policymakers will need to come to think carefully. We have noted how Australia has adopted the new construct of Indo-Pacific more readily than many other nations. The idea is to include the entire Asia in Australia's Asian engagement and cultivate a range of political, economic and other networks with them. In reality though it can be a huge juggling act to maintain friendly relations with all of Asia, while Asian countries themselves seem to work at cross purposes. At one level, Australia has thus far been extremely fortunate in terms of its relationships with the outside world. Indeed Canberra has managed them quite well. But I think time will come when Australia may have to make some difficult choices about its allegiances and who it might choose as its great and powerful friend in the future. So that too will be a huge conundrum. I want to finish here. Thank you very much for your attention.