

# **The Role of Individuals in Foreign Policy Outcomes: A Case Study of the Australian Response to the Rise of China**

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## **Declaration**

I declare that this thesis is my own account of my own research. It contains as its main content work which has not been previously submitted for a degree at any university.

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## **Abstract**

Australia finds itself increasingly poised between its traditional security alliance with the United States, and the economic opportunities afforded by its relationship with China. As tensions rise and recede between the U.S. and China, Australia's future seems to precariously balance between two divergent geostrategic objectives. How does the Australian government choose between these objectives? Dominant theorisations of foreign policy behaviour from International Relations literature focuses primarily on the system level-of-analysis, largely failing to consider the influence of individuals on the international climate. This thesis investigates whether the individual influence of the last the Australian Prime Ministers has impacted upon Australia's relationship with China. The study utilises a multiple-case study approach in order to analyse the foreign policy response of the Howard (1996-2007), Rudd (2007-2010) and Gillard (2010 - 2013) governments. Each case study investigates the foreign policy outcomes of each administration in terms of the economic relationship with China, the diplomatic response to Chinese domestic insecurities, and defence policy concerning China. Within each of these aspects, the foreign policy responses are considered as either cooperative or antagonistic policies. The study finds that while systemic forces contribute the overarching structure of Australian foreign policy concerns, the individual influence of the Prime Ministers' interpretation and response significantly influence the policy outcomes. Using these case studies of Australian foreign policy behaviour, the study argues that the mainstream understanding of the level-of-analysis problem is insufficient in explaining and predicting the foreign policy decisions of states. Rather, an alternative conceptual understanding of analytical levels as necessarily interacting is required. Furthermore, the study demonstrates that Australia's leaders can influence the outcomes of the Sino-Australian relationship.

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## **I. Chapter One: Introduction**

Australia's future appears increasingly poised between traditional security and economic prosperity. Situated at the divide between an historic alliance with the United States of America and an increasingly prosperous economic relationship with China, the future success of the nation seems to balance between two separate geostrategic objectives. The release of the "Australia in the Asian Century White Paper", in September 2013, marked the first official comprehensive analysis of Australia's strategic position in the Asian region. Noting China's substantial "economic and social" contributions to the region, the White Paper remarked on Australia's acceptance of China's military rise as a "natural, legitimate outcome of its growing economy and broadening interests" (Henry et al. 2012, 228). While China has long since played a central role in Australia's diplomatic periphery, this acknowledgement is partially reflective of the sheer scale and significance of China's growth over the previous two decades. As a result of this transformation, Australian policy makers are now presented with an entirely new set of challenges concerning the Sino-Australian relationship.

The economic rise of China has occurred so rapidly, and on such a large scale, that it now arguably challenges the United States' status as a global hegemon. As a result, the field of International Relations (IR) has reacted with a flurry of predictions concerning the nature of the international environment as it responds to China's future development. However, the reality of this analysis is far from clear-cut. IR theory encompasses such a vast array of theoretical perspectives, and categories of political phenomena, that international political outcomes are inevitably surrounded by fundamentally opposed interpretations and policy prescriptions. Thus, the future of Australia as a prosperous and secure nation within the Asia-Pacific region is firmly embedded within a complex and varied theoretical debate. In response to this complexity, this study seeks to engage with one specific aspect of this debate: the relationship between foreign policy outcomes and the so called 'level-of-analysis' problem in IR theory. Specifically, the study examines the role of individual-level

explanations of political outcomes in the determination of Australian foreign policy concerning China.

The central research puzzle of this study is as follows:

*Has the individual influence of the last three Australian Prime Ministers impacted upon Australia's relationship with China?*

Embedded within this investigation are a number of derivative research questions:

- First, how does Australia balance geopolitical and economic imperatives when making foreign policy?
- Second, how significant are the personal attributes of leaders in determining the nature of this balance?
- Third, how valuable is the observation of these individual-level variables to the broader analysis of the international environment?

The significance of China's impact on the international environment, for now and for the foreseeable future, is undeniable. China is predicted to become the world's largest economy by the end of 2014 (*The Economist* 30 Apr. 2014). Emerging from a period of domestic turmoil and international belligerence, China has been transformed into an economic powerhouse on a global scale. Following Deng Xiaoping's sweeping economic reforms, the Chinese economy has achieved the phenomenal average growth rate of 10% per year. Even throughout the global economic crisis (GFC) in 2007-08, China managed to avoid the vast majority of the negative effects felt throughout the world, and maintained its programme of rapid development. Furthermore, despite its use of force in a number of international disputes since 1949, China has consistently maintained that these actions were "based solely on self-defence", and thus insists on its commitment to a peaceful rise (Wortzel 2002, 267-8).

From the perspective of IR, the rise of China represents either the historic rise of a system altering revisionist power, or the peaceful assimilation of a once belligerent

nation into the established international society (Johnston 2003). As a result, the international society at large needs to encourage the continued economic growth of China, and, if necessary, contain its military advancement. Whether or not these two objectives are mutually exclusive is highly contested, and serves as the focus of much of the IR scholarship surrounding the topic. However, as this study argues, the level-of-analysis problem fundamentally contributes to the deeper underlying complexity of the issue. Simply stated, the level-of-analysis problem concerns the selection of an analytical 'frame' or perspective from which to undertake social research. In IR theory, this has generally involved the selection of individual-, state-, or system- level observations, in order to reveal causal relationships within the international political environment. However, the conceptual understanding of this selection has often diverged between the different theoretical perspectives within IR. As a result, the level-of-analysis *problem* has contributed to IR's continued failure to establish "some common frame of reference" (Singer 1961, 92).

The impact of the level-of-analysis problem is clearly revealed in recent IR scholarship on the rise of China. Analyses and predictions based on China's meteoric economic rise have tended to engage with only one analytical perspective, that is, the system level-of-analysis. Simply defined, the system level-of-analysis refers to the observation of the organisation of the highest level of international actors, primarily states. However, embedded within this system are specific state structures, organised in differentiated ways, and managed by the actions of political office-holders. As a result, additional levels of analysis are required to properly understand and explain the nature of the foreign policy behaviour of states.

In the specific context of the Sino-Australia relationship, the recent literature has identified Australia as uniquely placed in its diplomatic linkage with the U.S. and China (White 2011). Clearly situated within the Asia-Pacific region, Australia remains beyond the reach of China's immediate military projection, yet still heavily involved in its military alliance with the U.S. Furthermore, Australia stands to gain significant and prolonged economic prosperity should it maintain a strong economic relationship with China into the future. It is these considerations which inspire the



current study. As a consequence of this position, Australia's diplomatic relationship with China could potentially alter the relationship between China and the U.S., or at least, assist in the easing of tensions by acting as a diplomatic middle-man (White 2005, 479). However, the relative size of Australia's economy and military strength assuredly exempt it from considerations at the global scale. Even if individual- or state-level variables can be shown to demonstrably alter the nature of international political outcomes, Australia would not automatically transcend to a point of causal significance for the entire international system. Rather, the nature of Australia's policy response to China will serve as an example for other countries seeking to manage their existing diplomatic relationships with their diplomatic response to China in the future.

The potential significance of the level-of-analysis problem to Australia's strategic position in relation to China is clearly evident. At the system level, the rise of China represents a substantial change in the distribution of power within the international system. As a result, scholars have begun to question whether China will dramatically alter the 'rules of the game' of the international system, or simply become one of the key 'players' in a system which otherwise retains its existing features (White 2011). At the state level, the peaceful or antagonistic nature of China's rise is determined by the internal pressures facing each of the key actors (Buzan 2010, 14). For example, China may need to reconsolidate its authoritarian rule, through the evocation of an external threat, in order to quash internal dissent. Furthermore, the foreign policies of Australia and other western democracies could be altered by popular public will and perceptions. Finally, at the individual level, the diplomatic relationships between states, along with their international political consequences, are determined by the personality and perceptions of significance policy makers.

This complexity, in attaining the most appropriate or pragmatic perspective of analysis, is largely characteristic of the key debates within the broader field of IR theory. Broadly speaking, IR paradigms can be divided between liberal, realist and constructivist accounts of the international system, further divided into a series of respective subcategories. Each theoretical paradigm employs its own specific

interpretation of the level-of-analysis problem, the variation of which underlies much of the debate between them. Thus, a particular understanding of the international environment is based equally on the level-of-analysis a theorist uses, as well as whether a theorist defines levels as interchangeable analytical categories or exclusive points of causal significance (Buzan 1995). In other words, levels can either be the result of categorising political phenomena for the sake of analytical simplicity, or as a fundamental feature of the international environment insofar as they represent the hierarchical order of significance.

Despite utilising both system and state levels of analysis, the IR scholarship surrounding the rise of China has often left the individual level of analysis aside. Regrettably, the intellectual debate surrounding the issue tends to forgo the potentially crucial point of causal significance, the level of human decision makers. Aside from influence of particular analytical traditions embedded within IR, it is unclear why this should be the case. Since its formation in 1949, the Chinese Communist Party (CCP) has firmly consolidated its authoritarian rule over the Chinese populace. As a result, significant policy decisions and reforms have originated from a select group of individuals at the helm of the party (Weatherly 2007, 7). Conversely, the character of the democratically elected Australian government tends to transform alongside changing public opinions, and particularly the public support for a particular leader. Evidently, and particularly in the case of Australia, the personality of leaders has some part to play in the policy direction of the state.

In response, this study considers the impact of the role of individuals (specifically, Prime Ministers) on Australian foreign policy concerning China. This serves a number of purposes. First, the investigation provides a new perspective from which to understand Australia's foreign policy direction in the future. If the nature of Australia's foreign policy strategies can be convincingly linked to the personal influence of its leaders, the process of foreign policy formation can be further illuminated. For instance, the findings of the analysis will shed light on the way changes of government, through elections or leadership spills, affect Australia's

broader foreign policy approaches and strategic positioning. Second, the investigation will also shed light on the significance of an active engagement with the level-of-analysis problem in contemporary IR. As revealed in a review of the surrounding literature, the level-of-analysis problem is often poorly defined and understood, and as such, its solution is often taken for granted.

While the study specifically investigates the individual-level of analysis, it does not presume particular individuals to be solely responsible for every aspect of an international political outcome. The level-of-analysis problem is itself embedded within a complex meta-theoretical debate concerning the relationship between 'agents' and 'structures' (Wendt 1987, 338), and as such, this level of abstraction would essentially prove to be theoretically fruitless. However, the study does aim to measure the extent of the influence particular individuals have held over the certain foreign policy outcomes. Specifically, the study will measure the influence of individual personality traits of the past three Australian Prime Ministers, and its reflection in cooperative and/or antagonistic policies towards China. In this respect, cooperative policies and positions will consider those which result in cohesive international diplomacy between Australia and China. Conversely, antagonistic policies will consider both explicit statements against China, as well as any unintended negative consequences from domestic or foreign policies.

In order facilitate this investigation, the study will utilise a qualitative multiple-case study approach in order to effectively engage with the interpretative nature of the variables (Yin 2009, 19). Each government administration contained within the study will be treated as a separate case study from which to establish a causal narrative concerning the Sino-Australian relationship. Consequently, the observed outcomes in this relationship will be compared and contrasted in order to highlight the significance of the individual level of analysis. The resource base for each of the case studies will rely primarily on the media coverage surrounding the Sino-Australian relationship, as well as various official government documents and statements.

This thesis will argue that the personal influence of Howard, Rudd and Gillard clearly impacted upon Australia's relationship with China. While the systemic pressures of China's rise undoubtedly contributed to the overarching structure of Australia's foreign policy agenda, each leader demonstrably displayed significant agency in their personal interpretation and response to these systemic pressures. In reflection, the study argues that an inclusive conceptual understanding of the level-of-analysis problem requires researchers to consider the causal interaction between variables at each of the analytical levels. As a result, future investigations of foreign policy responses to China's rise ought to be considered in light of the mutual interaction between the causal agency of individuals and the overarching systemic pressures. This would not only serve to clarify the various predictions of foreign policy outcomes, but also provide a coherent depiction of the future policy directions state leaders may choose to follow.

The remainder of the study is divided into five parts. Chapter Two contains a review of the relevant literature surrounding the topic of the level-of-analysis debate, and its relation to IR scholarship on China's rise. Chapter Three looks at the Howard government's time in office (1996 - 1997), where geostrategic and security issues primarily dominated the policy agenda concerning China, before eventually giving way to a cohesive diplomacy based on shared economic ties. Chapter Four examines the Rudd government's years in office (2007 - 2010), which despite Rudd's experience as a trained Sinologist and initial popularity within China, attracted a number of diplomatic tensions with the Chinese government. Chapter Five provides the final case study of the Gillard government (2010 - 2013), which saw Gillard successfully repair the Sino-Australian relationship, despite coming reluctantly to the international stage. Chapter Six provides a discussion of the overall findings, and offers a resolution to the research problem at hand. As the case studies will demonstrate, Australia's policy response to the systemic pressures of China's rise has been significantly shaped by the individual interpretations and responses of its leaders.

## **II. Chapter Two: The Level-of-Analysis Problem in IR Theory**

The academic field of IR is often characterised as a "long tradition of Great Debates" (Lake 2013, 657). However, the complexity of international politics means that the disciplinary outcomes of these grand theoretical contests have, more often than not, proven inconclusive. Nevertheless, the fervently systematic process of attempting to prove or disprove these grand theories has left behind a particularly rich philosophical heritage. As a result, the research puzzle of the current study is situated within the central meta-theoretical debate underlying many of these grand theories: the level-of-analysis problem. This literature review attempts to identify and evaluate the understanding of this problem and its relationship to contemporary IR theory. The review can be divided into three parts. First, it provides an account of the origin of the level-of-analysis problem in IR literature. Second, it attempts to identify and evaluate the way the problem has been engaged within IR theory. Finally, the review concludes with a discussion of the significance of the debate for the comprehensive understanding of modern IR, specifically as it relates to the case of Australia's foreign policy direction towards China.

The level-of-analysis problem refers to the theoretical selection of a 'level' of analytical observation prior to the undertaking of IR research. Generally, one of three potential levels is possible: the individual, the state or the system level. Each level of analysis reflects a particular kind of abstraction from reality, which is presented to be of more causal significance or utility than another. While claims of the comparative explanatory powers of each of these levels provide the basis for much of the surrounding debate, the very process of making the distinction in the first place is contested. As the literature reveals, much of the confusion surrounding the level-of-analysis debate comes from the conflation or misinterpretation of certain key terms and concepts. As a result, contemporary IR attempts to 'solve' the level-of-analysis problem by falling back on familiar analytical frames, rather than engaging with the underlying philosophical issues.

The popular depiction of the level-of-analysis problem in IR is generally considered to have originated from Kenneth Waltz's 1959 book *Man, the State and War*. While the book was not specifically envisioned as a depiction of a 'level-of-analysis' problem *per se*, Waltz's account of the nature of IR theory can be seen to have established the analytical perspective for the level-of-analysis debate which was to follow. *Man, the State and War* establishes an analytical framework based on three 'images' of international relations, in order to coherently categorise the variety of explanations for war (Waltz 1959, 12). Each image of analysis describes one of three common perspectives within the broader field of IR, based primarily on their identification of the location of the causal element. Thus, according to Waltz, the study of the explanation for war can be divided into three distinct categories: those relating it to human nature; the domestic organisation of states; and, the character of the international system (Waltz 1959, 12).

J. David Singer further developed on the concept of the level-of-analysis problem through a review of Waltz's previous work (1960), and his later essay, "The Level-of-Analysis Problem in International Relations" (1961). Singer argues that the images of analysis identified by Waltz, in fact, result from a crucial preliminary conceptual choice made by IR researchers prior to study (1961, 90). As a result, the work of Singer directly establishes the level-of-analysis problem as a fundamental issue for the development of the field of IR. Furthermore, his contribution introduces an enduring analytical requirement of the level-of-analysis concept: that the investigation of one level of analysis categorically rules out the investigation of another (1961, 79). Accordingly, Singer finds that the continued reluctance of IR theorists to establish "some common frame of reference", or shared resolution to the level-of-analysis problem, risks hindering the continued growth of the field of IR (1961, 92). Without this shared understanding, the empirical research of various IR theories will continue to work at cross-purposes, as an assortment of "disparate, non-comparable, and isolated bits of information or extremely low-level generalizations" (Singer 1961, 92).

Almost twenty years later, the massively influential contribution by Waltz in his 1979 book, "Theory of International Politics", attempted to provide precisely this common frame of reference for the field of IR. "Theory of International Politics" develops upon Waltz earlier framework of analysis by distinguishing between the 'systemic' third image of analysis, and the 'reductionist' first and second images (1979, Ch. 2-4). As a crucial aspect for the current context, Waltz asserts that structural/systemic accounts of the international political environment were the only appropriate perspective from which one could adequately explain international political phenomena (Waltz 1979, 79). According to Waltz, reductionist theories fail explain how "changes at the unit level produce less change of outcomes than one would expect in the absence of systemic restraints" (1979, 69). Therefore, individual-level and state-level explanations fail to meet the requirements of a theory of international politics in *explaining and predicting political outcomes in a general sense* (Waltz 197, 69), and are thus inherently incompatible with IR theory. Waltz's position here is should not be mistaken as an appeal to structural determinism (Buzan 1995, 212), but rather an explicit depiction of IR as a field of study. According to Waltz, and much of the IR scholarship which followed, the system level-of-analysis provides an unparalleled analytical perspective from which to explain the nature of international political outcomes in a consistent and scientific way.

Despite the influence of Waltz's contributions, the contemporary understanding of the level-of-analysis problem has grown to reflect the innate complexity of the international environment, to which contemporary researchers feel compelled to respond to from an "eclectic [and] multi-causal position" (Buzan 1995, 200) (Sil and Katzenstein 2010). Lake (2013, 568), for instance, argues the merits of theoretical eclecticism, as the intersection between competing paradigms in IR, and commends the idea that theoretical verification ought to be paradigmatically grounded in 'whatever works'. For Lake, the future success of IR as a field of inquiry requires the assimilation of the core theoretical concepts found within each of the opposing paradigms. However, this interpretation presents a significant challenge for any attempt to meaningfully engage with the underlying philosophical issues of the level-of-analysis problem. Key contributors to the level-of-analysis debate have frequently

argued that the failure to systematically distinguish between the different analytical perspectives has consistently obstructed IR's growth as a theoretical field, and that it will continue to do so until it is appropriately resolved (Buzan 1995, 198; Singer 1961, 92; Waltz 1970, 78; Wendt 1987, 338). Furthermore, the specific project of eclectic theory draws upon researchers an even greater obligation to explicitly state their philosophical commitments (Cornut 2014, 14). This is to say, eclectic IR theory requires researchers to carefully specify the way in which they understand and respond to the level-of-analysis problem, in order to provide academic coherency. While the attempt by mainstream IR to contextualise the use of a particular level-of-analysis in order to maintain theoretical malleability is understandable, without properly engaging with the underlying philosophical concerns, the academic pursuit risks losing out on a crucial point of insight. In response, the following section aims to explore these underlying philosophical concerns in greater detail, in order to further establish the key terms of the level-of-analysis debate.

The contributions of the level-of-analysis debate often underlie much of the contention between each of the opposing schools of thought within IR, to the point where it has now become characteristic of the intellectual field (Coward 2006, 56). For example, the significant contributions of Waltz (1959; 1971) to the level-of-analysis literature, and his feverish support for system-level explanations, clearly underline his position as a neorealist, and much of his characteristic assumptions of 'power politics' which followed (Waltz 1990, 29). In turn, the example of neorealism is directly contrasted to analytical perspective of classical realism. According to classical realism theorists, such as Hans J. Morgenthau, the violent nature of the international system is a direct result of the selfish nature of human beings; clearly utilising an individual-level of analysis (Walt 1998, 31). Similarly, much of the work of liberal IR theorists is conceptualised in terms of the state-level of analysis (Walt 1998, 32), which in turn, has significantly shaped the now pervasive liberal interdependence theories (Ikenberry 2011; Oneal et al. 1996). Finally, constructivist theorists, such as Alexander Wendt, have attempted to utilise both the system and state levels-of-analysis in their assertion that the identity of state actors, and world of norms in which the act, are "mutually constitutive" (Wendt 1995, 413). In light of this analytical disparity, the project of the level-of-analysis debate is now to establish



a common perspective from which to engage with the problem; a process somewhat muddled by a conflation of terms within the core literature.

Nonetheless, a helpful distinction can be made in order to somewhat clarify the terms of the debate. In particular, Buzan (1995, 203) and Moul (1973, 495) have argued that the level-of-analysis problem can be separated into two philosophical modes of inquiry: *ontological* and *epistemological*. This distinction thus provides an accessible frame of reference from which to approach the level-of-analysis problem and the conceptual confusion which surrounds it.

An ontological perspective of the level-of-analysis problem sees levels as particular *units of analysis*. In other words, levels are seen to represent physically *real* social aggregations, each organised hierarchically as constitutive of the next, and to which casual explanations may be attributed (Buzan 1995, 2004). From this perspective, the level-of-analysis problem is seen to be concerned with establishing the physical locations from which international outcomes can be seen to originate. Waltz's selection of humans, the state and the state system as the primary loci of international outcomes (1959, 12), as well as Singer's depiction of the state and system levels (1961, 89), are primary examples of this. In his review of the broader literature, Buzan provides a comprehensive list of the possible identities of these levels, ranging them hierarchically from: the Individual, the Bureaucracy, and the Unit (State) level; the Sub-system (Regional) level; and the System (international) level. The identification of these units of analysis enable researchers to position their study in the observation of a particular site at which political phenomena are primarily shaped and determined, and thus narrow the search for complex causal relationships to particular location. The identification of these units of analysis is largely self-evident, and should hardly be considered contentious. However, the confusion surrounding the level-of-analysis problem arises once the ontological attributes of these units are conflated to encompass particular explanations of outcomes in the international environment. As a result, these explanations become overly simplified in order to be cohesive with the ontological assumptions of each unit of analysis.

Conversely, an epistemological perspective of the level-of-analysis problem sees levels as "types of variables that explain a particular unit's behaviour" (Moul 1973, 495). In this sense, levels are considered to refer to the particular *explanations* attributed to actor behaviour. This distinction between units and the explanation of their behaviour does much to clarify the confusion surrounding the level-of-analysis problem. A primary example of this is provided by the causal significance that Waltz assigns to the structure of the international system. In actuality, a crucial distinction should be made here between the term *system*, which refers to the collective aggregation of states in the international environment, and *structure*, which refers to the underlying principle of their organisation. Waltz's central argument in "Theory of International Politics" (1979) essentially revolves around this interpretation of levels as sources of explanation, through the assertion that the *structure* of the state system (i.e. the "ordering principle" (p. 88), the "character of units" (p. 93), and, the "distribution of capabilities" (p. 97) of the system) provides the sole basis for any serious attempt to theorise 'international political outcomes'. In doing so, Waltz takes these structural causes to be constitutive of the international system, and so simultaneously refers to both the ontological and epistemological aspects of the level-of-analysis problem.

The conflation of terms surrounding the philosophical concepts of units and explanations risks stifling the critical utility of the level-of-analysis problem. According to Buzan, (1995, 201-12), clearly making the distinction between the ontological and epistemological perspectives provides an analytical means to systematically cross-reference the units-of-analysis in IR theory with the sources of explanation of the behaviour.

Despite the clarity that a refinement of concepts can provide, the fundamental difficulty of the level-of-analysis problem still resides in the process of abstracting meaning from a complex reality in a practical and meaningful way. Thus, once considered in light of the analogous philosophical dilemma of the agent-structure

problem, the preliminary conceptual choice of the unit of analysis is significantly obscured. According to Alexander Wendt, the agent-structure problem in IR regards the fact that the "purposeful" nature of human beings (*agents*) constitutes a society (*structure*) within which all interaction is contained, and which in turn shapes the character of these interactions (1987, 338). Thus, Wendt concludes, that "human agents and social structure are, in one way or another, theoretically interdependent or mutually implicating entities" (1987, 338), and in consequence, IR theories must explicitly state how this interdependence or mutual implication is manifested in the international environment. However, in order to avoid the tortuous language of 'mutual implications' and 'structurationism', this problem can be framed in much simpler terms. Putnam (1988) provides one such example of this through his application of game theory to the investigation of international negotiations. According to Putnam, negotiators must participate simultaneously at the two levels – or '*games*'– of international and national negotiations in order to both "satisfy domestic pressures", and minimise any undesirable "foreign developments" (1988, 434). Similarly, in a later contribution, Jervis provides an account of the systems effect whereby political outcomes are determined by the interconnection and interaction of systemic and domestic variables in the political environment (2012, 411). Thus, the nature of the response to a structural stimulus at the international level presumably relies on the political structure of the states involved. In this respect, Waltz's concept of an analytically abstracted 'systemic' theory fails to regard, in any substantial detail, the nature of the relationship between the different levels of analysis and the system by which they are contained. Despite acknowledging the theoretical necessity of investigations into unit-level causes (Waltz 1979, 48-49), Waltz distinguishes between his systemic theory of IR, and the relative theoretical inadequacy of reductionist theories (79). Justified by the understanding of theory as the necessary abstraction from an otherwise complex reality, the utility of which is provided by its "explanatory and predictive powers" (1979, 8), Waltz's position here unnecessarily sacrifices conceptual richness for theoretical simplicity. This, in turn, diminishes both the depth of explanation and adaptability of predictions available from his theory.

As demonstrated, the level-of-analysis debate clearly underlines much of the theoretical abstractions to be made concerning the nature of the international environment. In the current context, the economic rise of China provides a perfectly adequate point of departure from which to judge the relative causal significance of the different levels of analysis. Following China's historic economic growth, IR literature has increasingly reflected a growing sense of insecurity concerning the prospects of renewed conflict between the global great powers (US and China), and regionally, between China and its neighbouring countries. Simply defined, the academic reaction to this international situation has been broadly divided between realist and liberal paradigms. In general, realist interpretations have often focused on the inevitability of conflict between great powers, as a condition of the structural arrangements of states (e.g. Mearsheimer 2006). Thus, states in an anarchical system are placed in a position of perpetual insecurity, whereby the only means of protecting themselves is to compete for a military advantage, thus increasing the potential for conflict. Conversely, liberals have argued that China's engagement with the global financial system has attracted considerable economic benefits, thus pacifying China in the process (e.g. Ikenberry 2008). Evidently, a substantial portion of this academic response has been committed to a systemic level-of-analysis, albeit with markedly distinct interpretations of the system.

Within the frame of this discussion, Australia has emerged as a potentially significant element in the maintenance of future relations between China and the United States, and the Asian region in general. For example, Hugh White (2005; 2010; 2011) has consistently argued that it is imperative that Australia use its diplomacy with China as a leverage point to convince the United States to work with China in developing a 'concert of power' in Asia. The significance that White, and others, have placed on the Australian political leadership in managing this relationship (2011, 83; Beeson 2011, 574-75; Gyngell 2008, 5), privileges the notion that the actions of individuals could influence international outcomes. However, due to a firmly held and problematic commitment to a system oriented response to the level-of-analysis problem, the grand systemic theories in IR have often been hesitant to incorporate the agency of the individual into their analysis (Byman and Pollack 2001, 145-146). Furthermore, the attempts to empirically research the processes

behind the decisions of these key actors (Hermann 1975, 2001; Hermann and Kegley 1995; Geva and Mintz 1997; Egeberg 1999; Mintz 2004; Jervis 2013) have been regrettably inward looking. In other words, research into the behaviour of policy makers has often provided an in-depth account of the personal motivations behind individual behaviours, without reflecting on the systemic environment. Consequently, the prospect for a comprehensive analysis of China's rise has been continually restrained by the refusal, by each side of the debate, to consider variables outside their specific frame of reference.

To conclude, the failure of IR theory to consider the agency of individuals has left the field with a fundamental conceptual difficulty, thus undermining its explanatory power. Largely as a consequence of Waltz's hugely influential contributions, much of contemporary IR has relied on the casual selection of analytical levels. Thus, IR scholars have tended to evade the philosophical complexity contained within the problem. However, in doing so, mainstream IR theory risks losing out on a vast analytical resource. The conceptual integration of levels as units-of-analysis, and level as sources of explanation, has obscured the findings of IR research to the point where greater causal significance is assigned to the system level-of-analysis, simply as a measure of its size. Furthermore, once considered in light of the necessity of even basic interaction between political variables, the separation of the levels appears harder to maintain, even for analytical purposes. Despite its apparent conceptual complexity, the level-of-analysis problem is not entirely intractable. Put simply, the problem can be understood as two distinct inquiries: 1) what the levels refer to; and, 2) how the levels relate to each other. Once levels have been distinguished between 'units' and 'sources of explanation', the level-of-analysis problem becomes a matter of revealing the relationship between these levels.

The proceeding chapters will attempt to apply this conceptual understanding of the level-of-analysis problem to the empirical investigation of the Howard, Rudd and Gillard governments. Accordingly, the analysis will consider Australia's foreign policy response to a rising China in terms of explanations provided by the system, the state, and the individual levels-of-analysis. Each of these explanations of

behaviour will thus be compared in terms of their relative causal significance, as well as their interaction with each of the other constitutive causes or forces. Informed by the preceding conclusions, this analysis will construct the relationship between system-level explanations, and state- and individual- level explanations as constitutive parts of an overarching causal relationship. As a result, the theoretical validity of each explanation will be determined, not on the ontological attributes of their analytical level, but on the extent of their contribution to the causal relationship.

### **III. Chapter Three: The Howard Government (1996 - 2007)**

#### **Introduction**

The Howard government's eleven years in office witnessed substantial changes in the Sino-Australian relationship. As it became clear that China's economic growth rates would continue to burgeon throughout the 1990's, the Australian government became increasingly perceptive to the potential of influence of China's rise, both economically and militarily. Thus, the Howard government's foreign policy direction seemed poised between their long standing alliance with the United States and a burgeoning economic relationship with a rising China. As a result, despite the sustained and harmonious development of economic relations between the countries, security concerns continued to hinder the relationship throughout the early years of the administration's time in office. However, following the events of the September 11 terrorist attacks in 2001, these tensions largely dissipated.

In order to address the underlying research question of the study, this chapter provides an empirical investigation of the direction of the Howard government's foreign policy towards China during this period. Specifically, in order to determine the causal significance of the individual level-of-analysis on these foreign policy outcomes, the chapter looks explicitly to separate the influence of Australian Prime Minister, John Howard, from system-level or state-level explanations. The first part of this chapter provides an account of the underlying political dynamics and commitments of the Howard administration, as well the personal attributes of Howard, individually. The chapter then divides into the three core aspects of the Sino-Australian relationship: the economic and trade relationship; the Australian response to Chinese domestic insecurities; and, the strategic and security concerns. As a result, the examination of these aspects assists the study in highlighting the repeated incidence of two causal dynamics at play in the Howard government's foreign policy towards China: system-level and individual-level causes. As detailed in the proceeding analysis, the case aspects of the Howard government's relationship with China suggest that Howard's personal attributes, as well as character of his

regime, were critical in the determination of the nature of the Australian policy response to China.

The Howard government's first term commenced with a landslide victory over the Australian Labour Party (ALP). Throughout the lead up to the election, Howard repeatedly refused to provide any detailed policy proposals (Hewett 1996). However, in the weeks immediately prior to the election, Howard's policy platform was revealed to be largely in keeping with the Coalition party's social and economic conservatism.. Furthermore, the release of the Howard government's pre-election foreign policy document, *A Confident Australia*, effectively distanced itself from the Keating government's emphasis on Australia's international future. The policy document, while largely downplayed in the overall election campaign, reoriented Australia's multilateral approach to foreign affairs to a renewed focus on its bilateral relationships (Brown 1996, 331-2). Here, the document notably argued that "relations with Asian and the United States were not [...] mutually exclusive" (Brown 1996, 332). However, the scope of this commitment to foreign affairs could be considered questionable in light of Howard's announcement of significant cuts to the Department of Foreign Affairs and Trade (DFAT) over three years (Dodson 1996).

Within the first few months in power, the Howard government was forced to deal with a number of diplomatic issues with the Chinese government. First arising in the Taiwan Strait Crisis of March 1996, the diplomatic tension between Australia and China continued to escalate throughout the rest of the year (Wesley 2000, 57). In June, the Howard government's cancellation of its Development Import Finance Facility (DIFF) aid program, which it considered to be "too expensive and not very useful to the recipient countries" (Brown 1996, 337), led Chinese Minister for Trade Wu Yi to express "strong concern" over Australia's decision (Wesley 2000, 57). In July, Australia's concerns for 'post-handover' Hong Kong and China's nuclear test angered China further (Wesley 2000, 57). In August, China criticised the strengthening of the Australia-U.S. alliance and a visit by Australian Primary Industries Minister, John Anderson, to Taiwan (Wesley 2000, 57). Finally, in



September, Howard met with the Dalai Lama in spite of threats by Chinese officials that it would damage their economic relationship (MacNicholl and Greenlees 1996). The combination these incidents eventually culminated in the one of the lowest points in the Sino-Australia relationship since the 1970s. However, in response to this failure of diplomacy, the Howard government moved to establish a detailed policy framework surrounding its approach to the Sino-Australian bilateral relationship (Wesley 2000, 58). Presumably as a result of this increased consideration, the Sino-Australian relationship steadily improved over the remainder of Howard's term in government.

### **Economic Relationship**

The stable rise of the Sino-Australian economic relationship can be seen to be all the more impressive considering the tumultuous foreign policy environment it developed in. Since the start of the Howard government's time in office China transitioned from Australia's fifth largest trading partner (with \$8 billion in two-way trade)(McLennan 1996, 42) to Australia's second largest trading partner in 2006 (with \$50 billion in two-way trade)(Pink 2008, 144). The success of this relationship, rested largely on the significant economic complementarities between Australia and China. China's economic rise has drawn with it a dramatic increase in its demand for energy and mineral resources, found in abundance in a geographically proximate Australia. Furthermore, the growing wealth of the country has contributed to an emerging middle-class, increasing Chinese demand for high-quality Australian agricultural imports and tertiary education. However, the potential significance of the Sino-Australian economic relationship to the domestic economy during Howard's term was far greater for Australia than China. As a result, for the duration of the Howard government's time in office, the onus remained on Australia to improve the "competitive position of [it's] energy and mining sectors" and achieve a "stable political relationship between the two countries" (Zhang & Zheng 2008, 104).

Following the tumultuous first years in government, the Howard government's foreign policy towards China increasingly reflected its awareness of the significance

of the economic dimensions of the relationship. For example, in the 1997 Foreign and Trade Policy White Paper, the Howard government emphasised the critical importance of China to Australia's economic prosperity, presenting a diplomatic strategy based on "mutual interest and mutual respect" (DFAT 1997, 63). Notwithstanding disruptions from the Sino-US disputes, this position of mutual respect remained largely stable throughout the Howard term in government. Furthermore, even despite the occurrence of these disputes, China's diplomatic response failed to elicit any negative economic consequences.

A number of economic negotiations shaped the Sino-Australian relationship throughout the Howard government. Following the (temporary) souring of Sino-Australian relations in 1996, an embittered Chinese government made a number of threats of economic retaliation against the Howard government (Skehan & Lague 1996). However, as the Howard government became more accustomed to dealing with the rising power, these threats of economic coercion essentially disappeared. In May 2002, Howard personally travelled to China and succeeding in winning the bid for a \$25 billion contract to supply liquefied natural gas to the Chinese market (*Australian Associated Press* 2002a, 2002c). Perhaps conveniently, this trip to China coincided with the Dalai Lama's second visit to Australia, to which Howard acknowledged Chinese officials were sensitive (*Australian Associated Press* 2002c). In May 2005, the Howard government commenced negotiations of an Australia-China Free Trade Agreement, "making Australia only the second developed country, after New Zealand, to begin an FTA with China" (Zhang 2007, 104).

### **Response to Chinese Domestic Insecurities**

From the beginning of its term, the Howard government struggled in its handling of key Chinese domestic insecurities, particular those surrounding the One China Policy. However, as his time in office progressed, Howard's handling of this tension gradually progressed to a far more nuanced style of diplomacy. In September 1996, the Dalai Lama was granted an official meeting with Howard, despite threats from the Chinese foreign ministry that it would "unavoidably influence" the Sino-

Australian relationship (Dodson & Callick 1996). In response, Howard claimed that "no self-respecting Prime Minister of this country will ever bow to that kind of threat" and that "upholding ... the principles [of Australia]" was more important than the possibility of future commercial difficulties (Dodson & Callick 1996). However, upon revisiting Australia in May 2002, the Dalai Lama was unable to meet with any government ministers, in a presumed attempt to avoid antagonising the Chinese prior to the negotiation of LNG contract (Zhang 2007, 99).

More significantly, the Howard government's reaction to the Taiwan Strait Crisis represented a severe antagonism towards China. In March 1996, the newly elected Howard government urged Beijing to show restraint in its attempt to intimidate Taiwan through a number of naval military exercises shortly preceding the Taiwanese presidential election (Lague 1996). As military tensions between China and Taiwan continued to escalate, the United States military responded with the mobilisation its naval forces to the Taiwan Strait. Consequently, Australia was eventually drawn by Sino-US rhetoric to show its support for the US decision. As a result of this display of loyalty, Australia's relationship with China suffered. According to many sources, Howard made a number of mistakes in his dealing with the Taiwan Strait Crisis. For example, it has been argued that the Australian government ought to have remained neutral throughout the crisis. It was only through provocation by the US military that the Howard government responded with a show of support for US military action. The comments suggest that Australia miscalculated the limits of the rhetoric surrounding the crisis, and unnecessarily jumped on board (Kilintworth 1996). Later, in his memoirs, Howard conceded that the tension resulted from misguided diplomacy, stating that "quite properly, we supported the Clinton Administration's position, but did it in a way which exacerbated Chinese sensitivities" (Dobell 2010).

These tensions surrounding the issue of Taiwan continued to simmer throughout the Howard government's time in office. For example, in 2001 the Howard government expressed support for the US president George Bush's confrontational comments on Taiwan. This elicited a dramatic response from the Chinese government (*Australian*

*Associated Press* 2001). On 17 April 2001, tensions rose once more as three Royal Australian Navy vessels were challenged inside Chinese territorial waters (McSweeney & Atkins 2001). However, this time around the Howard government made a conscious effort to downplay the tensions, despite further provocation from the US military.

In addition to the One China Policy, the vast disparity in interests and political differences between China and Australia allowed for a number of significant diplomatic disagreements, particularly in relation to human rights issues. However, Howard's attempt to downplay these issues, in the interest of further developing economic ties with China, for the most part allowed the government to avoid these tensions. For example, in 1997, the Howard government reversed the Australian policy of "publicly condemning human rights abuses in China" and instead established the annual Australia-China Human Rights Dialogue (Malik 2001, 124). The human rights dialogue came as a substitution of a United Nations resolution criticising China's human rights record, deemed by Downer to be "not terribly valuable" (Barker 1997). Intended to stabilise the Sino-Australian relationship, the Howard government's decision to hold private rather than public talks over human rights abuses drew harsh criticism from human rights groups following continued large scale arrests and religious oppression. Furthermore, in 2003 three Chinese dissidents were forcibly removed from the public gallery at the request of Chinese officials (Lewis 2003). Similarly, prominent critics of China's human rights record, Senator Bob Brown and Senator Kerry Nettle, were disallowed from entering the Parliamentary Chamber, so as to avoid their disruption of Hu's speech (Woolford 2003).

Despite the Howard's government's attempt at avoiding these tensions, a number of high profile cases emerged. First, Australian protesters of the banned Falun Gong movement were requested by the Chinese foreign minister, Tang Jiaxuan, to be removed from outside the Chinese Embassy in Canberra (Price 2003). Later, in June 2005 Chen Yonglin defected from his position as first secretary for political affairs in the Chinese Consulate-general in Sydney (Zhang 2007, 100). While initially

hesitant to provide political asylum, public pressure eventually led the Australian government to provide a temporary protection visa (Kelton 2006, 230-231). The case was argued by a number of commentators to reflect the Howard government's intention to put humanitarian concerns above economic concerns, a charge which Howard quickly denied (*Australian Broadcasting Commission* 2005a). In response to the crisis, Howard later claimed that the Sino-Australia relationship was "mature enough to ride through temporary arguments such as that" (*Australian Broadcasting Commission* 2005b).

### **Defence Policy**

The Howard government's trouble during the Taiwan Strait Crisis is reflective of the tension surrounding the Australia-U.S. alliance and Australia's relationship with China. Despite various attempts to reinterpret the ANZUS treaty otherwise (*Australian Associated Press* 2004), statements by US officials assured Howard that Australia's alliance with the U.S. would necessitate its participation in any military conflict with China (Kerin 2004).. As a result, the long standing military alliance between the United States and Australia reoccurred as a frequent point of tension between Australia and China. Despite constant attempts by the Howard government to downplay this tension (Barker 1996; Hartcher 1996; Sales 2005), Sino-U.S. confrontation directly resulted in tense relations between Australia and China. Furthermore, Howard's attempts to "re-invigorate" Australia's security alliance with the US was seen by China as a conscious attempt to contain the rising power (*Australian Financial Review* 2 Apr. 1997). In August 2001, this was further exacerbated when China issued a condemnation of the Howard government's role in the United States' attempt to increase security ties between key allies in the Asia-Pacific region (Dwyer 2001).

Despite the seemingly unavoidable nature of the tension surrounding the Australia-U.S. alliance, the later years of the Howard government saw a conscious effort to downplay the influence of the alliance on its foreign policy. Following a collision between a US spy plane and a Chinese fighter jet in April 2001, the Howard

government stood resolutely to the side rather than participate in the growing stand of between China and the U.S. (Polgaze 2001). Later that year, the influence of the Australia-U.S. alliance underwent a significant change. Despite Howard's definitive military commitment to the U.S. following the September 11 attacks in New York, the usual display of Chinese outrage was markedly reduced (Barker 2002). Seemingly, as the bilateral relationship between Australia and China improved, tensions surrounding the alliance were more capably dismissed.

A number of regional and international events during the Howard government's time in office significantly shaped Australia's diplomatic relationship with China. Regionally, Howard received the surprising support of China when it commenced the intervention in East Timor (Callick 1999). Despite the risk of tension emerging out of the geostrategic pressure of Australian action in East Timor, and the potential similarity between the Indonesian occupation of East Timor and China's role in Tibet (Cotton 2004, 57), the Chinese government still pledged its support. The underlying strategy behind China's decision is largely left to speculation. However, it should be noted that the Australian-led intervention in East Timor shortly led to the Indonesia's cancellation of the 1995 Australia-Indonesia security agreement, which China had publicly proclaimed as a containment policy (Cotton 2004, 57).

Internationally, the Sino-Australian relationship warmed considerably following the September 11 attacks in New York. The terrorist attacks in New York saw the US commit to a global war on terror, a cause that Howard signed onto whole heartedly. However, the refocus of US military attention away from the Asia-Pacific presumably allowed a relieved China to ease tensions with the US and its allies, in order to receive some growing space. Consequently, Chinese support for Australian and US initiatives increased tenfold (Zhang 2007, 120). Furthermore, the overall tone of the diplomatic relationship between Australia and China was altered to a broadly more cooperative one. Significantly, US identification of China shifted from that of a "strategic competitor" to the search for a "constructive, cooperative, and candid relationship" (Glaser 2002, 224). Similarly, the Chinese reaction to Australia's closer relations with the United States were considerably restrained post-

September 11, including Australia's announced participation in the missile system and closer security dialogue with the USA and Japan (Zhang 2007, 120).

## **Conclusion**

This chapter has outlined and explored the significant aspects of the Howard government's foreign policy towards China, as well as the effect it had on the Sino-Australian diplomatic relationship. Overall, the Howard government's eleven years in office oversaw the harmonious and stable development of Sino-Australian economic ties, overcoming the considerable security tensions evident in the first years in government. As outlined in the case examples provided, significant aspects of this cooperation were facilitated by the changing diplomatic style of Howard. This can be reflected in Howard's behaviour during his later terms, including his decision to not meet the Dalai Lama a second time and to shy away from speaking out publicly against Chinese aggression or alleged human rights abuses. At the same time though, as the economic relationship progressed, the Chinese reaction to Australia's support of the Australia-U.S. alliance and other policy antagonisms seemed to diminish.

As a result, neither the individual -level or system-level of causal explanations during the Howard administrations time in office appears to have been predominant. Instead, the presence of both levels of causal phenomena appeared to be irrevocably linked, in diplomatic situations akin to Putnam's two-level game. In other words, Howard's attempts to further Australia's economic engagement with a rapidly growing China were initially hindered by a number of reckless diplomatic moves and announcements, as well as Howard's insistence of the vital importance of the Australia-U.S. alliance. However, the eventual evolution of this diplomatic relationship provides evidence of the influence of Howard's personal agency as a leader.

## **IV. Chapter Four: The Rudd Government (2007 - 2010)**

### **Introduction**

Despite the relative brevity of its term, as compared to its predecessor's, the Rudd government's time in office marked a significant turning point in the Sino-Australian relationship. Inheriting the substantial economic relationship with China, as developed by Howard, the election of the Rudd government drew with it a wave of excitement concerning China. As a trained Sinologist with the ability to speak fluent Mandarin, Kevin Rudd was expected to personally significantly strengthen Australia's diplomatic relationship with China. However, as the Rudd government's term progressed it became clear that Rudd was highly suspicious of the inevitable nature of the Chinese rise, thus drawing tension between the two countries. Although economic and security ties between China and Australia continued to progress, numerous tensions continued to arise throughout the Rudd government's term in office.

As with the previous chapter, the following case analysis provides an empirical account of the Rudd government's foreign policy towards China. In order to discern the validity of individual-level explanations for changes in the nature of the Sino-Australian relationship during this time, the case study examines the policy decisions and diplomatic behaviour of Australian Prime Minister, Kevin Rudd. In keeping with the conceptual frame of the overall study, this chapter attempts to distinguish the relationship between these individual-level influences from system-level and state-level explanations. The chapter is once again divided into four parts. First, the chapter describes the political attributes of the Rudd government, and more specifically, the personal attributes of Rudd. The chapter then examines the three core aspects of the Sino-Australian relationship: the economic and trade relationship; the Australian response to Chinese domestic insecurities; and, Australia's strategic concerns and security ties. In doing so, the proceeding analysis finds that tension within the diplomatic relationship with China under Rudd was largely the result of Rudd's own personal attributes.



The Rudd government was elected on the 3rd of December 2007, with an 83 seat majority in the House of Representatives. The Rudd government defeated and unseated John Howard; one of Australia's longest serving prime ministers, with a campaign focusing on 'new leadership' and the catchy campaign slogan "Kevin 07". Heavily focused on social equity, the *Kevin '07* campaign promised a number of reforms including the "abolition of Work Choices, education for the future, and hospital management changes" (Barker 2007). Taken at odds with the Coalition's socially conservative party platform, these reforms followed the Labor Party's core ideological beliefs in presuming that "cohesion and growth, and equity and efficiency, can be mutually reinforcing"(Barker 2007). In effect, these ideological commitments to socially democratic ideals, with the help of Rudd's foreign policy background, largely translated into a foreign policy platform emphasising the need for international multilateralism. However, towards the end of the Rudd government's term, this "liberal internationalist" approach to foreign policy shifted into a "gritty realism", viewing Australia's isolation and the overall stability of the global environment with pessimistic apprehension (Griffiths 2010, 621).

As evidenced by the campaign slogan, Rudd personally featured as the primary focal point of the election campaign. Born in 1957, Rudd was the "first Australian Prime Minister born after the Second World War" and "whose views were defined by the idea of the rise of China" (Gyngell 2008). Rudd graduated from the Australian National University in 1981 "with first class honours for his thesis on Chinese dissident, and democracy campaigner, Wei Jingsheng" (*Kevin Rudd*, n.d.). Rudd held the position of Shadow Minister for Foreign Affairs from 22 November 2001, before becoming the Leader of the Opposition in 2006 (*Kevin Rudd*, n.d.). Clearly engaged with the impact of China on the region and the world, the election of Rudd as Australian Prime Minister afforded the government high expectations of the future of the Sino-Australian relationship. Furthermore, as the first Mandarin-speaking leader of a Western nation, Rudd's election elicited a "small wave of excitement in the Chinese press" (Zhang 2007, 77).

However, Rudd's diplomatic finesse was eventually shrouded in doubt following the emergence of numerous reports of his confrontational personality behind closed doors (*Australian Associated Press* 2009c; *Australian Broadcasting Commission* 2010a; Norington 2009). A further glimpse into Rudd's diplomatic style was later provided by the revelatory 'Wikileaks' leaked cable messages from the U.S. embassy, which highlighted U.S. officials' perceptions of Rudd as "self-serving" and a "control freak" (Hundt 2011, 276-7; Kitney 2010). During his time as leader, Rudd had centralised all policy decision making in the Prime Minister's Office, leading to accusations of an autocratic style of governance (Kefford 2013, 137-8). This, coupled with a number of domestic policy failures and unfavourable media coverage, contributed to Rudd's waning popularity and eventual dismissal as Prime Minister by his own party (Cassidy 2010).

### **Economic Relationship**

Rudd came into office during a high point in the economic relationship between Australia and China. For the previous decade, trade between the two countries had risen exponentially, supported by the still persisting mining boom. The significance of the relationship was consistently present in Rudd's policy commitments, particularly in his pledged to make Australia "the most Asia-literate nation" in the western world (Kirby 2008). As reflected in the bilateral strategic dialogue in 2008, the two economies were seen to be "very complimentary", especially in terms of "minerals and petroleum resources", as well as education and financial services (Smith and Yang 2008). Throughout the entirety of the Rudd government's time in office, China remained Australia's single largest trading partner (*Australian Associated Press* 2007). The economic significance of this relationship was properly revealed during the Global Financial Crisis. In 2009, despite experiencing an 11.6% decrease in total merchandise trade, Australia's two-way trade with China increased 15.6% to reach a record of \$78.1 billion (Priestly 2010, 82). Furthermore, Australia-China investment continued to increase during this time, despite significant market instability (Priestly 2010, 83). In the year following, a 2010 Australian treasury document reflected that Australia has "largely avoided the business failures and large-scale employment losses that have occurred in many other countries", and that

this was largely underpinned by their "close trade links to ... China" (Swan & Tanner 2010). Despite claims at the time that Australia had become 'hostage' to the Chinese economy, these strong economic links reflected a growing mutual dependence between the two countries (Zhang 2007, 84).

Economic successes aside, the Rudd government's economic relationship with China was not without incident. Domestically, growing Chinese investment in Australian mining companies was increasingly leading to fears of Chinese control of Australian resources (Hoy 2008). The public concerns here primarily focused on the character and intentions of Chinese firms as state-owned entities, rather than the traditional privately owned investors (Fels & Brenchly 2008). In response, the Rudd government outlined a set of investment guidelines to scrutinise investments by foreign government-controlled entities which did not "operate solely in accordance with commercial considerations, and may instead pursue broader political or strategic objectives that could be contrary to Australia's national interest" (Firth 2008). These guidelines eventually culminated in the rejection on an initial bid by the Chinese state-owned Minmetals, presumably on the grounds of its threat to national security due to its proximity to a missile testing range (Winestock 2009). However, it should be noted that while this response appeared to reflect a strategic protection of Australia's national interests, broader economic considerations may have been at play. In fact, the nature of Australia's response, in applying fairly restrained guidelines for potential investors, has been demonstrated to be largely consistent with an liberal economic ideology, rather than 'resource nationalism' (Wilson 2011, 300). As a result, it is likely that this issue emerged from state-level considerations of economic prosperity, rather than Rudd's personal convictions concerning Chinese investment.

### **Response to Chinese Domestic Insecurities**

Throughout the Rudd government's years in office, the same Chinese domestic insecurities remained reasonably constant. Just as with Howard, the Rudd government struggled to consolidate a growing bilateral relationship with China with

significant international concerns with its expansive territorial claims. Furthermore, human rights concerns in Tibet, as well as China broadly, still persisted as a sensitive diplomatic issue. However, in April 2008, during his first official visit to China as Prime Minister, Rudd demonstrated a surprisingly balanced diplomatic approach to this tension with China. In the months leading up to Rudd's visit, China's violent crackdown on riots in Tibet led to calls by Western governments to boycott the upcoming Beijing Olympics (*Australian Broadcasting Commission* 2008). In a surprising move, Rudd referred to these "significant human rights problems in Tibet" during a speech delivered in entirely mandarin at Peking University (Rudd 2008). However, expressed under the guise of the 'frank' dialogue of a 'true friendship', Rudd's comments went on to support continued world engagement through the Olympic Games (Rudd 2008). As a result, the Chinese state-media was able to selectively focus on Rudd's support for the Olympic Games, while Rudd garnered domestic support in Australia (*Australian Financial Review* 14 Apr. 2008). Thus, the competence demonstrated in Rudd's diplomatic response to this tension, was possible precisely due to his intimate understanding of the nature Chinese sensitivities.

However, despite this intimate knowledge of China's domestic insecurity, a number of human rights issues still managed to draw tensions between the Rudd government and China. In July 2009, Chinese-Born Australian National Stern Hu, the head of Rio Tinto's operations in China, was arrested in Shanghai on allegations of espionage and stealing state secrets (McDonnell 2009). Conspicuously, the arrest occurred during increasingly hostile iron ore price negotiations between Australia and China and shortly following the collapse of a deal between Chinese state-owned mining company, Chinalco, and Rio Tinto (Rodgers 2009). In response to the allegations, deemed "completely ridiculous, and completely political" (Sheridan 2009) by Australian media, Rudd publicly warned that "China too has significant economic interests at stake in its relationship with Australia and with its other commercial partners around the world" (Rodgers 2009). However, this and various other diplomatic efforts by Foreign Minister Stephen Smith (*Australian Broadcasting Commission* 2009b) were eventually proven ineffectual and Hu was sentenced to ten years in jail (Woodley 2010).

The Rudd government's surprising decision to grant a visa to Chinese exile Rebiya Kadeer in August 2009 further antagonised the Sino-Australian relationship. Kadeer, accused by the Chinese government as a terrorist, and mastermind behind the recent deadly riots in Chinese city, Urumqi, publicly campaigned against human rights abuses in China while in Australia (MacBean 2009). Clearly outraged by the incident, the Chinese government cancelled a number of diplomatic visits between the countries (*Australian Broadcasting Commission* 2009a) and published an article in the state-media accusing Australia of making itself "the champion leader of an anti-China chorus" (*Australian Associated Press* 2009d). For this reason, the Rudd government's decision to grant the visa, amidst FTA negotiations and increasing levels of economic interdependence, is particularly striking. In defence of the decision, Rudd remarked on the Chinese government's "determination to play domestic politics" with the Sino-Australian relationship and influence Australia's internal affairs (*Australian Associated Press* 2009e). As a result, the seemingly misguided nature of this antagonistic policy is clearly indicative of Rudd's personal influence over Australia's policy response to China.

### **Defence Policy**

Despite the absence of any major conflicts in the Asian region during the time, the Rudd government's defence policy towards China took a markedly wary tone, compared to that of his predecessor. Internationally, the strategic climate had shifted significantly from that found during the Howard years. The United States commitment to the global War on Terror had lost much of its steam, and had been followed up by the newly elected U.S. President Barack Obama's 'pivot' to Asia, a move Australia would mirror.

Rudd's strategic relationship with China started strong, when in February 2008 Smith participated in the first Australia-China bilateral strategic dialogue with Chinese Foreign Minister, Yang Jiechi. The results were positive, with Smith's post-dialogue reflections indicating that the Australia-China relationship was "very, very strong

and productive" (Smith & Yang 2008). Furthermore, Smith emphasised that the Australian government did not support the proposed strategic dialogue between the United States, Japan, India and Australia, which had drawn considerable criticisms from the Chinese government (Smith & Yang 2008). Further distilling the previous tension between the two powers, the Chinese Minister reflected on the importance of "positive and constructive relationships between China and the United States and China and Japan"(Smith & Yang 2008). However, even despite dispersing the once significant tension surrounding the Australia-U.S. alliance, a number of difficulties still emerged.

Throughout the remainder of its term, it became increasingly clear that the Rudd government was "deeply concerned about China's rising strategic and military influence" (Zhang 2007). In the following month, a foreign policy speech by Rudd reflected upon the need to "remain vigilant to changing strategic terrain" resulting from the regional impact of China's military modernisation (Dobell 2008). Later, in May 2009, the Rudd government's 2009 Defence White Paper, *Defence 2030*, explicitly stated that the extent of China's military expansion was particularly concerning, considering its potential to reach "beyond the scope of what would be required for a conflict over Taiwan" (DoD 2009, 34). According to some commentators, this hardened tone towards China help Rudd "shed his reputation as a 'panda hugger' and establish an image of a China realist" (Tubilewicz 2010, 155). This strategic perspective on China would be later revealed to be "indicative of the hawkish private views of ... Rudd", as contained in the leaked US Embassy cables (Manicom and O'Neil 2012, 218). Furthermore, while Beijing remained relatively passive in its public response to the White Paper (*Australian Associated Press* 2009b), leaked documents revealed that Australian officials were "dressed down" by Chinese military officials demanding Australia to "make changes to the paper or suffer the consequences" (Khoo & Smith 2011, 135). The paper also drew considerable criticisms from Federal Opposition Leader, Malcolm Turnbull, suggesting that a major conflict with China was "something most people would regard as being very unlikely and realistic in the context of Australia's future ... in the Asia Pacific" (*Australian Associated Press* 2009a). Consequently, this lack of bi-partisan support suggests that Rudd's personal interpretation of the systemic

pressures of China's military ascendancy acted a significant determinant of the government's antagonistic policy response.

## **Conclusion**

This chapter has examined the significant aspects of the Rudd government's foreign policy towards China, and its effect on the Sino-Australian relationship during this time. Despite inheriting a relatively stable relationship with China, with rapidly increasing levels of economic interdependence, the Rudd government's policy response to China negatively affected the Sino-Australian relationship. As a result, the personal impact of Rudd is evident throughout the case analyses of each of the core aspects of Australia foreign policy concerning China. In particular, despite the absence of aggressive regional moves by either of the powers, strategic tensions within the relationship arose out of Rudd's personal conviction of the necessity of containment measures to restrict China's rise. Similarly, tensions surrounding Chinese domestic insecurities arose, not out of aggressive Chinese actions, but antagonistic public statements made by Rudd.

Rudd's antagonistic style of diplomacy with China is clearly indicative of the impact of leader agency on foreign policy. While technically responding to the systemic pressures brought about by China's economic and military expansion, Rudd's personal interpretation of these issues dramatically shaped the nature of Australia's policy response. Evidently, the case examination of the Rudd government's foreign policy towards China provides further evidence that the individual influence of leaders plays a causally significant role in determining the nature of policy responses to systemic pressures.

## **V. Chapter 5: The Gillard Government (2010 - 2013)**

### **Introduction**

Similar to the Rudd government, the Gillard government only managed to hold office for a relatively short period of time. After taking her position as Australian Prime Minister, following a bitter internal leadership dispute in the Australian Labor Party (ALP), Gillard was initially quite reluctant to substantially change the direction of Australia's foreign policy. Initially, these external affairs were instead left to Rudd, who was now relegated to the role of the Australian Minister for Foreign Affairs. However, as her term progressed, Gillard increasingly entered into a more international role, leaving behind a largely successful foreign policy legacy. Despite inheriting an almost identical economic and geopolitical relationship with China, Gillard's foreign policy seemed to invoke far less negativity from the Chinese government than her predecessor. With the exception of a few antagonistic issues involving the Australian-U.S. military alliance, the Gillard government oversaw a stable relationship with the Chinese. As a result, the Gillard government established a number of considerable economic and strategic agreements with the Chinese government that had not been possible under the prior Rudd regime.

In keeping with the previous case analyses of the Howard and Rudd governments, this chapter empirically investigates the Gillard government's foreign policy direction towards China. Once more, in order to discern the causal significance of individual-level explanations of state behaviour, as compared to system-level and state-level explanations, the chapter examines the policy decisions and diplomatic behaviour of Australian Prime Minister, Julia Gillard. Further, in keeping with the theoretical frame of the overall study, the chapter attempts to identify the relationship and causal interaction between these levels-of-explanation. The chapter follows the same internal structure as the preceding case studies, and commences with an account of the political attributes of the Gillard government, and the personal attributes and policy contributions of Gillard. Following this, the chapter provides a case investigation of three aspects of the Gillard government's foreign policy towards



China, including: the management of the economic relationship; the response to Chinese domestic insecurities, such as territorial disputes and human rights issues; and strategic and defence policy. The case aspects analysed in this chapter suggest that the Gillard government's success in repairing the Sino-Australian relationship relied on Gillard downplaying the tensions between China and Australia, particularly in regards to Chinese domestic insecurities and strategic tensions.

The Gillard government came to power on the 24th of June 2010, following a dramatic leadership spill within the ALP. The leadership spill saw, then Deputy Prime Minister, Julia Gillard, challenge the Prime Minister, Kevin Rudd, for the leadership of the Australian Labor Party. Once it became clear Gillard held the support of the majority of the ALP, Rudd resigned as Australian Prime Minister before the vote could occur, leaving Gillard unopposed (Curtis 2010). As a result, Gillard became Australia's first female Prime Minister, and appointed Rudd to the position of Foreign Minister. While this appointment was largely reflective of Rudd's previous experience with Australian foreign affairs, it also possessed the added benefit of keeping Rudd at a distance from the rest of the government's domestic political agenda.

While Rudd was initially reported to have gracefully stepped down from his position as Prime Minister (*Australian Broadcasting Commission* 2010b), his reassignment to the role of Foreign Minister turned out to be quite controversial for the Labor Party. The disparity of language concerning China, between Gillard and Rudd, became a common theme throughout the Gillard administration's term. Rudd's confrontational language towards China as Foreign Minister, often contrasted with Gillard's own restrained diplomatic contributions. On multiple occasions, the comments made by the two minister's concerning China seemed to originate from entirely independent policy positions. Throughout the Gillard government's time in office, a number of damaging leaks were released to the Australian media from an anonymous source. It was widely suspected, yet not proven, that Rudd was responsible. Released by Channel Nine's Laurie Oakes, Gillard was revealed to have gone behind Rudd's back on a leadership deal and previously opposed then popular election promises (Jensen

2013). Furthermore, Rudd made repeated attempts to reclaim the leadership of the ALP, despite publicly stating that he had no desire to do so. As a result, the foreign policy of the Gillard government was placed under the considerable strain of a highly ambitious Foreign Minister. On the 22 February 2012, Rudd announced his resignation from the position as Minister for Foreign Affairs citing a lack of "confidence [from the] Prime Minister and her senior members" (Wright, Coorey & Miller 2012). On the 13th of March 2012, Senator Bob Carr was appointed the position of Foreign Minister (*Australian Associated Press* 2012).

Professionally and personally, Gillard represented a stark comparison to Rudd. In contrast to Rudd's experience as a trained Sinologist, and consequent interest in diplomacy with China, throughout her university career, Gillard participated heavily in student politics and unionised student movements (*Julia Gillard*, n.d.). As a result, her political ascendance and the eventually governance of her ministry, reflected an engagement with party politics, as compared to Rudd's autocratic style of governance (Latham 2010, 26). Furthermore, a relative lack of experience both in the theory and practice of international diplomacy, presumably led to her initial reluctance to participate on the global stage, and her much criticised statement that, "foreign policy [was] not [her] passion" (*Australian Broadcasting Commission* 2010c). However, as Gillard's term progressed, her competency on the world stage became increasingly acknowledged by the Australia media as repairing the damage done by Rudd.

### **Economic Relationship**

The Gillard government is considered to have significantly strengthened the economic relationship between Australia and China. Presumably due to the government's propensity to play down the antagonistic aspects of the Sino-Australian relationship, the Gillard government had a number of economic successes with China. As compared to the previous government, commentators have suggested that despite Rudd's in-depth knowledge of China, Gillard's conservative posturing towards foreign affairs issues established Australia as a stable economic partner

(Kelly 2013). However, at the same time, much of the diplomatic posturing towards Australia by China was focused on these economic ties.

In April 2011, during her first official visit to China, Gillard pledged the Australian government's commitment to re-invigorate Australia free-trade negotiations with China at "some pace" (Guy 2011). However, in September 2011, following a decision by the Australian treasury to impose a 'two-stage foreign approval process for resource exploration and mining' on 'foreign-government-related entities', Chinese business leaders warned of a boycott of investment in Australia (Garnaut 2011b). In November 2011, Chinese state-owned media outlet, the Global Times, threatened that the Sino-Australian relationship risked getting "caught in the crossfire" of Sino-U.S. tensions, after Gillard supported a U.S. call for China to "play by the same [trade and investment] rules" as other countries (Kitney & Crowe 2011). Distancing himself from the administration's diplomatic tone, Rudd provided a quite antagonistic response to the Chinese criticisms, stating that the claims were unsubstantiated and the result of "self-serving propaganda"(Kitney & Crowe 2011). Tensions again rose in December 2012, when the Chinese ambassador warned Australia over its decision to ban Huawei from building a part of the national broadband network (Kerin 2012). It was later revealed that these tensions contributed to the further stalling of the eight year FTA negotiations between Australia and China. According to Trade Minister Craig Emerson, China marked the removal of foreign investment restrictions as non-negotiable conditions of the talks (Kerin & Gerritsen 2013).

Even despite these tensions, the economic relationship still prospered. In April 2013, as a final and perhaps most significant development, the Gillard government succeeded in establishing a strategic partnership with the newly appointed Chinese leadership (Maher 2013). The partnership established annual leadership meetings between the two countries to discuss economic and foreign affairs issues. Furthermore, Gillard's second visit to China saw the announcement of a direct trading deal with Australian and Chinese currency, which Gillard hoped would spur

"new financial integration" between the countries (*Australian Associated Press* 2013b).

### **Response to Chinese Domestic Insecurities**

The Gillard government's diplomatic treatment of Chinese domestic insecurities was markedly less dramatic than that of both Rudd and Howard (particularly in his first term). In comparison to Rudd's first Prime Ministerial visit to China shortly after his election, Gillard's first visit to China occurred almost a full year after her appointment as Prime Minister (Franklin 2011). The character of the visit also had a few noticeable differences. First, Gillard decided not to follow Rudd's example of excluding Japan in his visit to China, deciding instead to follow convention and meet China, Japan and South Korea in one trip (Franklin 2011). Secondly, the substance of Gillard's comments in China was significantly less antagonistic than Rudd's 'frank' discussion on human rights abuses in Tibet. Gillard instead opted to take a more diplomatic approach in breaching the topic in expressing that she hoped China was "not taking a backward step" on human rights (Garnaut 2011a).

The restraint of Gillard comments on human rights abuses was particularly significant considering the fact that her visit closely followed the sentencing of Australian citizen, Matthew Ng, to 13 years in prison (Sainsbury 2011). According to Ng's family members, the charges of bribery and embezzlement were falsely accused and constructed by a business competitor (Sainsbury 2011). Similar issues also arose later in the Gillard government's term, following the suspicious arrests of Australian citizens, Du Zuying and Carl Mather. Du, an Australian surgeon and founder of successful Chinese company, China Biologic Product, was detained at Beijing Airport in February 2011 on charges of stealing money from a company (Garnaut & Wen 2012). According to the family, the charges were constructed to prevent Du claiming his 66% share holdings of his \$US300 million company (Garnaut & Wen 2012). According to a comment by then Foreign Minister, Bob Carr, in reply to pleas by Du to raise the issue with Chinese officials it was deemed "inappropriate for the Australian government ... to interfere in the legal processes of

other countries” (Garnaut & Wen 2012). Mather was arrested and detained in June 2011 on charges of assault, after defending himself from four home invaders, one of which was locked in a bitter financial dispute with Mather's wife (Grigg 2013b).

Unlike the public confrontation by Rudd concerning the imprisonment of Stern Hu, the Gillard government's response to the arrests were heavily restrained. According to lawyers of the defendants, the Australian government had repeatedly advised the accused that "megaphone diplomacy" would not help their case and that they should show restraint in contacting the media. Furthermore, statements from the lawyers suggested the Gillard government still “dared not express their opinions about the case strongly or clearly” (Grigg 2013b). However, in April 2013, this presumed policy of non-confrontation on human rights issues seemed to shift. A government briefing paper released during Gillard's visit placed issues, such as corruption and lack of transparency, as bearing “considerable strain on the bi-lateral relationship” (Grigg 2013a).

### **Defence Policy**

While Australia's defence policy towards and concerning China remained largely constant throughout the Rudd and Gillard governments, there were a number of notable differences between the two regime's policies. In particular, Rudd's antagonism towards the Chinese government seemed to be at odds with the Gillard government's overall policy strategy towards China (Walker 2010). However, following Rudd's resignation as Foreign Minister, the Gillard government went to great efforts in an attempt to distance itself from Rudd's legacy concerning China. The result of this is most adequately reflected in the Gillard government's issuing of the "Australia in the Asian Century White Paper" (Henry et al. 2012). In terms of domestic political tensions, the White Paper provided Gillard, a much needed "major foreign policy initiative" which did not originate from Rudd's time in office (Hawksley & Georgeou 2013, 267). Furthermore, the substantive content of the White Paper noticeably avoided the antagonistic language of Rudd's foreign policy concerning China. Throughout the White Paper, the government attempted to

reposition Australia's strategic perception of China from that of underlying mistrust, as displayed in the 2009 Defence White Paper, to one emphasising the peaceful integration of China into the broader international community (Henry et al. 2012). Furthermore, the White Paper attempted to shift the national discussion on China sideways to a topic more familiar to Gillard, education. Reorienting the debate away from Rudd's 'brutal realism' concerning China (Hundt 2011, 277), Gillard emphasised the importance of education to Australia's engagement with a rising Asian region (Henry et al. 2012, 1-3). This shift in rhetoric is suggestive, both of Gillard's acknowledgement of the significance of a rising China for Australia's future, and the perception that Rudd's position was damaging to this relationship. This acknowledgment was further reflected when, prior to her second and final visit to China in April 2013, Gillard claimed that China was "absolutely pivotal to Australia's political, economic and strategic interests" (*Australian Associated Press* 2013b).

Nevertheless, a number of strategic tensions still arose between China and Australia over the period. The first point of geostrategic tension between Australia and China, during the Gillard government's time in office, drew upon the familiar strains of the Australia-U.S. alliance. Following the AUSMIN (Australia-United States Ministerial Consultations) talks in November 2010, Gillard reiterated Australia's full support for the deepening of Australia's strategic relationship with the U.S. (Kelly 2010). While the pledge elicited a comparatively mild response from China's state-owned media (Ma 2007), the tension was once again drawn upon in November 2011 when Gillard announced the stationing of up to 2500 U.S. marines in Darwin by 2017 (McDonell 2011). According to the Chinese state-owned media, the agreement reflected a "backward-thinking" military strategy from the Cold War era (*People's Daily Online* 2011), and that China would not "stand idly by" as the US strengthened its ties to the Asian region (Burrell 2011). In response, Rudd claimed in a television interview that Australia was not going to have its "national security policy dictated by any other external power" (Salna 2011). Additional Sino-Australia diplomatic tensions arose surrounding the Chinese territorial disputes over the South China Sea. Although Gillard's initial comments in November 2010 suggesting that the disputes ought to be resolved through "dialogue and diplomacy" (Kerin 2010) were largely

inconsequential, the Chinese government became increasingly agitated as international pressures emerged. In July 2011, US Secretary of State Hillary Clinton and Rudd discussed their support for renewed negotiations over the dispute, eliciting Chinese calls for non-interference (Alford 2011).

## **Conclusion**

This chapter has examined the significant aspects of the Gillard government's foreign policy towards China, and its influence on the overall Sino-Australian relationship. The replacement of Rudd as leader appears to have allowed the Gillard government to undertake a quite successful diplomatic campaign in repairing the relationship with China. In replacing the antagonistic diplomacy of Rudd, with Gillard's more reserved approach, the government allowed the Chinese government to dial back their response to tensions emerging between the two countries. Each aspect of Gillard's foreign policy concerning China involved the conscious attempt to downplay any emerging or existing tensions within the Sino-Australian relationship. This is particularly evident in the Gillard government's restraint in discussing the dubious arrests of multiple Australian citizens in China; the optimistic reorientation of Australia's strategic outlook concerning China; and, the establishment of a strategic partnership with the newly appointed Chinese leadership. While tensions regarding economic differences between Australia and China still emerged, the good will developed by these previous diplomatic efforts seems to have minimised the risk of Chinese retaliatory response.

Furthermore, the dramatic change in approach exhibited by the Gillard government provides a compelling demonstration of the importance of the personal agency of leaders in changing foreign policy. Despite inheriting almost identical systemic conditions to the Rudd government, the character of the Sino-Australia relationship under the Gillard government changed considerably. Evidently, the influence of Gillard's personal interpretation of these systemic pressures contributed positively to the nature of the government's policy response. Hence, the respective systemic and domestic nature of the strategic and economic tensions which emerged, absent any antagonistic personal responses from Gillard, was able to be surpassed by number of alternative cooperative diplomatic engagements.

## **VI. Chapter Six: Conclusion**

This study has examined the individual influence of the previous three Australian Prime Ministers on the Sino-Australian relationship. Positioned within the broader theoretical framework of the level-of-analysis problem, the findings reveal the impact of individual-level explanations on international political outcomes, specifically those relating to Australia.

The comparative case studies of three Australian political regimes have provided the substance for this investigation, namely: the Howard government (11/03/1996 - 03/12/2007); the Rudd government (03/12/2007 - 24/06/2010); and, the Gillard government (24/06/2010 - 26/06/2013). The analysis of each of these regimes has focused on the administration's policy response to Australia's economic relationship with China, the diplomatic treatment of Chinese domestic insecurities, and the reaction to China's military ascendancy. In each case, this policy response has been measured in terms of its antagonistic or cooperative nature.

In order to properly synthesise the findings of the study, the foreign policy outcomes of these policy responses will be considered in terms of the systemic, the state, and the individual levels-of-analysis. In keeping with the conceptual position set forth in Chapter 2, the explanations of these outcomes can now be considered in light of the interaction between each of the constitutive causes or forces. As revealed in the empirical study, certain trends emerged in the interaction between the systemic pressures of the international environment, and the personal influence of the leaders' individual interpretations and responses to that pressure. As a result, emergent trends within the foreign policy outcomes, as analysed in this study, will be attributed to particular levels-of-explanation in order to identify their respective causal significance.



For instance, the Howard government's support for the deployment of U.S. naval units during the Taiwan Strait Crisis could be observed, at the system-level of explanation, to be the strategic balancing against an aggressive regional neighbour. Support for this perspective could also be furthered by the case examples of the Howard government's subsequent attempts to 're-invigorate' the Australia-U.S. alliance, the antagonistic tone of the Rudd government's defence White Paper, and Gillard's support for the stationing of U.S. marines in Northern Australia. The argument here lies in the consistency of policy across all three political regimes. In this respect, the militarism of a rising power is impossible to ignore as an unavoidable consequence of anarchistic structure of the state system. As a result, the need to contain the threat of a rising China is objectively real, and thus each administration is forced to respond in a similar way.

Alternatively, the decisions of the Howard and Gillard governments to play down human rights abuses in China, including the imprisonment of Australian citizens, could be seen in terms of a state-level of explanation. In this respect, the restrained diplomacy of the Howard and Gillard governments can be seen as an attempt to further prosper from a stable economic relationship with China. At the same time, such an attempt would seek to further China's integration with the global financial system, thus pacifying it in the process. This interpretation could be further supported by the Howard government's decision to remove Chinese dissidents from the public gallery, as well as outspoken members of parliament, during the Chinese president's address to the Australian parliament. Furthermore, the Rudd government's decision to impose investment guidelines on State-owned investors can be seen to reflect a desire to engage China in a liberal financial environment. This was then later reflected in the Gillard government's support of U.S. calls for China to 'play by the same rules'.

However, in each of these interpretations of the case studies, significant anomalies have emerged. For instance, the Howard government's desire to re-invigorate the Australia-U.S. alliance, at the cost of its relationship with China, eventually diminished. Similarly, the antagonistic tone of Rudd's defence policy towards China

was essentially reversed during the Gillard government's time in office, despite responding to an almost identical security environment. Furthermore, the subtle style of diplomacy concerning China's various human rights abuses, demonstrated in the later years of the Howard government and throughout the Gillard government, was directly opposed to Rudd's 'frank' diplomatic style.

Evidently, a considerable portion of Australia's foreign policy is determined by a degree of interpretation from the relevant policy makers. The consideration of the various personal attributes of Howard, Rudd and Gillard, provide a unique contribution to the narrative of Australia's foreign policy towards China. The case study of the Howard administration demonstrates the diplomatic evolution of Howard, responding to a process of learning the specific dynamics of the Sino-Australian relationship. Initially rife with conflict, the Sino-Australian relationship under Howard transitioned to one of 'mutual interest and mutual respect'. The comparative case examination of the Rudd and Gillard government further revealed the influence of personality, experience and beliefs on foreign policy outcomes. Rudd's underlying suspicion of the Chinese government clearly influenced his 'brutal realism' towards China, and thus revealed itself in his antagonistic rhetoric. Conversely, Gillard's initial reluctance to engage with foreign affairs drew with it a more passive perception of China, and thus China responded positively.

In conclusion, this study has revealed the causal significance of individual-level explanations of state foreign policy outcomes. In particular, the study has argued that Australia's foreign policy response to China's rise has been significantly determined by both system- and individual- level causes. However, the nature of this causal relationship relies on a particular form of interaction between the two levels of explanation. Specifically, the systemic pressures brought about by China's rise have clearly contributed to the overarching structure of Australia's foreign policy agenda. However, the specific qualities of the Australian policy response have clearly relied on the personal interpretations of the Prime Minister of the day.

The content of these findings offers a crucial insight into the nature of the level-of-analysis problem in IR. Explanations of international political outcomes provided at the system level-of-analysis clearly rely on the presence of specific behavioural dynamics at the individual level. In this case, Australia's policy response to the systemic pressures of China's rise relied on the ability of Australia's leaders to interpret and respond to those pressures in a particular way. Granted, it is essential that theories of foreign policy outcomes generalise observations, in order to abstract meaning from a complex reality. However, entirely dismissing a level of phenomena, for the purposes of analytical *elegance*, does little to ensure the explanatory adequacy of a theory. IR theorists should instead attempt to incorporate the significant aspects of international political outcomes into their research as 'relational points of causation'. In other words, the inclusion or exclusion of explanations of behaviour should be decided, not on the merits of the ontological status of their analytical level, but on their relative causal significance.

As Australia continues to respond to China's rise, it would do well to consider the significance of this relationship between individual and systemic causes. While Australia's small stature may inevitably prevent it from shaping the international environment on a grand systemic scale, its policy response to China will have lasting effects. Domestically, Australia stands to prosper immensely through trade and investment ties with China, should it maintain a stable relationship into the future. However, as demonstrated, the prospects for this may be hindered if Australia's political leadership is unable to navigate the delicate procedure of diplomacy with the Chinese government. Internationally, Australia's policy response may be used to inform the strategies of a number of other countries looking to maintain a stable relationship with China.

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