Declaration

DECLARATION BY CANDIDATE I hereby declare that this thesis, "Australia and New Zealand dealing with the powers of Asia.", is my own work and my own effort and that it has not been accepted anywhere else for the award of any other degree or diploma. Where sources of information have been used, they have been acknowledged.

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Abstract

The purpose of this paper is to analyse the roles Australia and NZ play within the Asia-Pacific region, focusing on Hard and Soft power aspects. The central question within this study is how do small states balance the large powers rivalry within the Asia Pacific. To answer this, this study will focus on three aspects. The first will focus on theory, and how international theory views, and expects middle and small powers to act within the international system, does neo-realism allow for the inclusion of these states? Or does constructivism explain middle and small power behaviour more accurately? The second aspect will look into applying hard power and soft power to this focus, as it appears to be a useful hybrid of the two theories, where hard power follows the realist line and constructivism following the soft power aspect. Questioning whether this is a more accurate way of understanding state behaviour. Lastly how do middle power behaviour differ from small power behaviour, and what are the important aspects to each type of states survival? Do the two states balance the need for traditional security and economic security differently?

Theoretically this paper attempts to use hard and soft power as a way to understand the middle and small powers’ actions within the international system.
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Introduction

The purpose of this paper is to analyse the roles Australia and NZ play within the Asia-Pacific region, focusing on Hard and Soft power aspects. The central question within this study is how do small states balance the large powers rivalry within the Asia Pacific. To answer this, this study will focus on three aspects. The first will focus on theory, and how international theory views, and expects middle and small powers to act within the international system, does neo-realism allow for the inclusion of these states? Or does constructivism explain middle and small power behaviour more accurately? The second aspect will look into applying hard power and soft power to this focus, as it appears to be a useful hybrid of the two theories, where hard power follows the realist line and constructivism following the soft power aspect. Questioning whether this is a more accurate way of understanding state behaviour. Lastly how do middle power behaviour differ from small power behaviour, and what are the important aspects to each type of states survival? Do the two states balance the need for traditional security and economic security differently?

This paper is directed towards the impact that the US-Chinese rivalry has on Australia and New Zealand foreign policy, with both states being strong US allies whilst having an economic dependency on China for its trade. It will follow a case study methodology, looking comparatively at Australia and New Zealand relations with the two large states within the Asia-Pacific, and their individual foreign policies within this region. Firstly, this paper will attempt to provide an understanding of the theoretical arguments and positions whilst applying this two Australia and New Zealand. Secondly, this paper will focus on the individual states, applying the ideas of hard power and soft power to provide examples of the foreign policies of a middle and small power. Lastly, this paper will attempt to provide clear conclusions to the questions listed above, using the examples of Australia and New Zealand. This paper gains its relevance through the lack of study focused on middle and small state behaviour, and particularly that of New Zealand and its role and position within the Asia-Pacific region. It will look to add to the literature focused on New Zealand and its relationship with the two large
powers within the region, as well as add to the more widely studied area of Australia and its relationship with the USA and China.

The research problem is focused on how New Zealand and Australia balance their relationships with the two large states within the Asia-Pacific region. That is, their relationships with a security partner in the US, and their relationships with their economic partner in China. The problem with this is the question of whether the two states can continue to maintain to ‘get the best of both world’s’ in their relationships with these two states, or will the have to eventually choose sides. This question has been a topic of discussion more so since the American ‘tilt’ towards Asia at the beginning of the decade, causing an increase to the possibilities to military tension between the US and China. Most of the discussion has been focused on how Australia can balance its relationship with the US and China, and this paper will further this discussion to include New Zealand and using the literature on Australia to aid in the study of the impact on NZ. This is due to both states sharing similar security and economic relationships with the US and China and both being close allies themselves. The fact that both states are super powers or large powers, mean that the problem is focused on the behaviour of small and middle powers and how they balance their relationships with the larger powers of the region. The question is what do states see as more important for their survival, security or trade?, or are these two factors not related and can states have the best of both?
Australia and New Zealand: A Middle and Small Power in Asia

Australia and New Zealand are certainties when it comes to examples of a middle power and small power, respectively. Australia possess a military that would deter an aggressor of similar middle power status, and holds a large enough economy, and international clout to initiate change within the system on a multilateral level. While New Zealand is state that doesn’t posses the ability to defend it’s own borders, and relies on its close relationship with Australia to ensure its security, but is also heavily involved within multilateral organisations, having a seat on the UN Security Table for 2015-16 era. The two states are also important Western states within the Asia-Pacific region. Within the same region there are many other middle powers such as South Korea, Japan, and India, as well as many small powers such as Vietnam, Singapore, and Thailand however the literature on the role of small western states in Asia is limited.

Australia and Asia

According to an article in The Spectator by John Mearsheimer “Australians should fear the rise of China” (Mearsheimer, 2010), due to the inevitability of conflict between the US and China. He identifies that the key to Australia’s security is its relationship with the US, and indicates, “The US... has acted as a pacifier in this (Asia-Pacific) part of the world” (Mearsheimer, 2010, p. 1). Even the Australian government has indicated that there is the possibility of conflict within the region due to the rise of China and the presence of the US, “As other powers rise, and the primacy of the United States is increasingly tested, power relations will inevitably change. When this happens there will be the possibility of miscalculation. There is a small but still concerning possibility of growing confrontation between some of these powers.” (DOD, 2009)(Cited in Mearsheimer, 2010). It is this situation that Mearsheimer bases his argument of why Australia should fear the rise of China, it is a close ally of the US and a rising China likely to also become a regional hegemon, which under offensive realism, the US will act to prevent (Mearsheimer, 2006).
Hugh White also sees the US as a pacifier in the region since the end of the Vietnam war “...Asia’s decades of peace have ... (come) from the specific regional order which emerged in Asia as the Vietnam War ended” (White, Power Shift: rethinking Australia’s place in the Asian century, 2011, p. 81). He continues to say that the Asian region “...will quite probably be much less peaceful than the last few decades, and could pose very serious strategic risks to Australia. ...This, in turn, will require us (Australia) to re-examine the basis of our relations with our region, and to reconsider the kind of role we want to play in it.” (White, Power Shift: rethinking Australia’s place in the Asian century, 2011, pp. 81-82). White begins to talk of the dilemma facing Australia, on the one hand it is “growing rich on China’s economic rise” whilst believing it can maintain a secure and peaceful region thanks to “America’s domination of Asia” (White, Power Shift: rethinking Australia’s place in the Asian century, 2011, p. 82). This same dilemma has been described by other scholars too, as Camilleri, Martin and Michael explain, “for Australia, the changes under way are especially challenging because relations with Asia over the last 200 years have been largely a product of Australia’s dependence on two “great and powerful friends”: first Britain, and more recently the United States.” (Camilleri, Martin, & Michael, 2013, p. 1) They continue by saying the economic shift in Asia is primarily driven by China and this “shift is all the more difficult for Australia to negotiate given that China’s rise is the major driver.... While Japan, in an earlier period, later South Korea, soon India, and in due course Indonesia can also be regarded as contributors to the anticipated ‘Asian century’, relationships with them are more easily managed... because they are themselves aligned with the United States” (Camilleri, Martin, & Michael, 2013, p. 2). This is leading to the question of how does Australia manage to balance its traditional security with its economic security?

White sees the outcome of conflict relying on whether the US follow an offensive or defensive realist approach, follow Mearsheimer’s theory of preventing another regional hegemon from rising (Mearsheimer, 2006), or following a Waltz approach of a state allowing another to rise to ensure stability and the status quo of the balance of power (Waltz, 1979). Whites solution is to build a ‘Concert of Asia’, comprised of America, China, India and Japan, suggesting that the basis to the institution begin with something similar to the UN Charter (White, Power
Shift: rethinking Australia's place in the Asian century, 2011, p. 87). This solution is in line with a more constructivist approach as some constructivists argue that international institutions play a substitutional role in the anarchic system, by promoting international cooperation, and attempting to continue cooperation after hegemony (Keohane, After Hegemony: Cooperation and discord in the world political economy, 1984) (Keohane & Nye, 1998) (Yu & Xiong, 2011). Camillerri, Martin and Michael argue that this is short sighted as the risks of the rising China is not just regional it is also a global issue (Camilleri, Martin, & Michael, 2013, p. 3). While the greater issue is the attitude great powers have towards multilateral institutions in general, as Waltz explains “units in an anarchic order act for their own sakes and not for the sake of preserving an organization and furthering their fortunes within it. Force is used for one’s own interest. In the absence of organization, people or states are free to leave one another alone. Even when they do not do so, they are better able, in the absence of the politics of the organization, to concentrate on the politics of the problem and to aim for a minimum agreement that will permit their separate existence rather than a maximum agreement for the sake of maintaining unity” (Waltz, 1979, p. 112). This is saying that even if the states were to enter into a concert of powers, they would only do so to extend their own power, not to find a unifying peace.

Mark Beeson analyses the dilemma Australia is facing by not just questioning its relationship with China but also its relationship with the US. He blames the US for its policies in the Bush era as leading to “the erosion of the rule-based, institutionalized international order that –theoretically at least- constrained the actions of the powerful and protected the weak. Such an outcome cannot be in the long-term interest of a middle power like Australia” (Beeson, Australia, the US and East Asia: Are close ties with the Bush administration beneficial?, 2006, p. 602). This is leading to the idea that a middle power relies on rules based institutions in order to maximise its security within the international system. He continues to conclude “Australia fulfilling their duty as good international citizens and confronting threats to international stability... might be achieved less problematically under United Nations auspices” (Beeson, Australia, the US...
and East Asia: Are close ties with the Bush administration beneficial?, 2006, p. 603).

The one thing that is clear within the literature is that Australia is in a difficult and delicate position, on the one hand its security is tied to the US and the stability of Asia, and on the other its economic growth is increasingly dependent on the growth of China. Both aspects have a great possibility that could lead to Australia being drawn into conflict.

**New Zealand and Asia**

New Zealand, as a small state, holds different views towards what is important for its security. “New Zealand attaches greater relative importance to the enhancement of our economic performance ... And we devote significantly less of our concerns, in comparison to our Australian neighbours, about the security implications of the changing Asian balance.” (Ayson, 2010, p. 6).

Ayson demonstrates this by the number of FTA that NZ has successfully negotiated and is still negotiating within the Asia-Pacific region. With in 2015 New Zealand has FTAs with China, South Korea... in the region. Ayson also highlights the role of multilateral institutions in NZ foreign policy as “New Zealand’s ongoing commitment to Asian multilateralism is guided not by a false sense of idealism or by politeness beyond the call of duty, but comes out of the very strong sense of self-interest” (Ayson, 2010, p. 7). This is expected of a small power, to maximise its power and position within the international system through the use of international institutes, like middle powers, to ensure a rules based system.

Although NZ places great emphasis on its economy more so than its defence for its security, it is still a state within the system, and therefore will always be faced with or will be affected by the wake of the great powers and their decisions. “If New Zealand were to be faced tomorrow with a stark choice between throwing its lot in with the United States or with China, there is little doubt that it would choose the United States. History, language, culture, values, all point in that
direction, as does New Zealand’s close association with Australia, a staunch United States ally” (Elder & Ayson, 2012, p. 19). “New Zealand’s security focus remains on its traditional allies and partners, most notably Australia and the United States. These relationships are built on history, sacrifice and shared values. …Deep security relationships are unlikely to be substituted for partnerships that do not rest on long-standing values that are common to both parties” (Mapp, 2014, p. 2). Both these two views have a social construct aspect to them, relying on history, norms and cultures, Ayson mentions the alliances, and Mapp mentions ‘deep security relationship’ referring to the previous alliance NZ and Australia had/have with the US under the ANZUS agreement. “China is not seen as a physical threat to New Zealand’s territory, although the consequences of a regional dispute or conflict involving China would be of direct concern” (NZ Contemporary China Research Centre, 2015, p. 34).

New Zealand boasts a positive relationship with China, as NZ has the ‘four firsts’, “The first Western country to conclude a bilateral agreement with China on its accession to the World Trade Organisation (August 1997); The first developed economy to recognise China’s status as a market economy (April 2004); The first developed country to enter into Free Trade Agreement (FTA) negotiations with China (announced November 2004); The first OECD country to sign a high quality, comprehensive and balanced FTA with China (April 2008).” (MFAT, 2012).

NZ is also a traditional security partner with the US, but showing a much more independent and questioning position of the US compared to Australia. Therefore the analysis will look at the role of a middle power within the region, and a smaller power, NZ, with reference to other similar states throughout the paper. The paper is focusing on what role these states play within the region, as well as the affect from the increased rivalry between China and the US.

When looking at Australia and NZ, these two states are geographically in a similar area, however they both maintain differing security issues, where Australia still has traditional security concerns being a regional power in the Pacific and South East Asia (SEA), Australia still needs to maintain a strong military capability. NZ since the end of the 1990s has moved away from
maintaining a strong military capability, such as retiring its air force fighter jets in the late 90s, as it does not have strong traditional security concerns. The concerns for NZ are much more economically driven, as NZs role within the wider Asia-Pacific region is not one of military power, nor is it a large economy and therefore does not need to maintain a large military force. Its role within the Pacific has been much more of a leadership role for the smaller Pacific nations, such as Samoa, Niue, Rarotonga and other such states. Within this framework it shows the needs of Australia are different than that of NZ in regards to traditional security.

Economics and trade is a vital area for states as the wide acceptance of capitalism and the focus on economic growth. China has managed to attract economic interaction through its rapid growth and transformation since its reform started in 1978. Australia and NZ are dependent on Chinese trade for their economic growth, and both import and export to and from China. It is important to initially understand the role Australia and NZ play within the region economically and then how this has developed, and to analyse the impact any Sino-US rivalry has on such trade relationships.

The role of the cultural and societal similarities play is an important factor that is often not related to the realist theoretical framework. However through the use of soft power we can understand the importance and the role that culture plays within state interaction. For this paper it is important in the aspect that Australia and New Zealand are culturally linked to western states, however geographically and economically they are both close to China and it’s growing sphere of influence. Australia and New Zealand are both ex-British colonies, and hold very similar cultural and societal ideals as that of the US and other Western powers, and when one speaks of ‘The West’ it would also include the likes of Australia and NZ. This is an important aspect that may not be able to be answered throughout a traditional realist framework, as it is not just a power or security aspect, but one of similar ideologies, and foundations which could impact on the decision on which side to choose when the time comes. This same issue is also present when it comes to the security alliance that the US hold within the Asian region, with states such as South Korea, Japan, Singapore and the Philippines all having security alliances with the US, but being culturally and socially similar to
that of Asia, and not the US. Extending on the ideas of Nye and soft power allows the idea of culture and society to be included within a realist framework.

This is highlighting the problem facing both NZ and Australia, how to balance their security and economic concerns and desires. This problem will be only escalating as China continues to maintain its development both economically and militarily. With limited literature, particularly focused on NZ, within this topic, this paper looks to add to the academia on NZ and Australia relations within the Asia-Pacific region. It is difficult to believe that this type of balancing by the smaller states can continue to occur, as when looking at the situation between the US and China, and the development of increased tension between the two, at some point these states will need to choose a side, as Thomas Christiansen puts it that eventually the US and Chinese competition will escalate to a point that “it is likely to lead the two states into a cold war, if not a shooting war” (Christiansen, 2006, p. 96).
Realism views the system as one of anarchy, a type of Hobbesian state of nature, where there is no higher authority present. Within this system, states are the main actors who aim to dominate other states in a pursuit of power due to the anarchic system, where the most powerful is in the best position to dominate. This can be seen through history as states have engaged in organised war after organized war against each other in the pursuit of dominance and power. For the state, the main concern is to ensure its survival through maintaining/gaining a dominant position within the system of states and to protect its national security (Mearsheimer, 2006, p. 160). This national security is based on maintaining strong geographical boundaries, having a large geographical size, being self-sufficient in its resources and having a strong military (Peou, Peace and Security in the Asia-Pacific, 2010, p. 16).

According to some authors the most efficient or peaceful polarity among the group of states is when it is one of unipolarity or one that has a hegemonic power (Wohlforth, 1999). This is due to the idea that one state has so much power and dominance, that this cannot be counterbalanced by the other states within the system. The less stable polarity is that of a multi-polar world, one which is not dominated by one major power but dominated by the struggle for power and dominance of three or more states of similar strength and power, the two world wars are a good example of this (Acharya, 2014b, p. 158). According to Aaron Friedberg, this is what the future of Asia will be dominated by, the same history that Europe has previously experienced (Friedberg, 2000). This is made true in the sense that although there are two dominant states in the region, the US and China, with a large amount of middle to large powers, such as Japan, Korea, Australia and ASEAN. This creates a multipolar system within the Asia-Pacific region with the US having the Hub and Spokes system of alliances, and China having the Shanghai Cooperation Organisation, which are China, Russia and a handful of Central Asia states, which creates a situation similar to the beginning of World War One.
Structural Realism

Structural realism was first established by Kenneth Waltz, and argues the idea that “…the placements of states in the international system accounts for a good deal of their behaviour.” (Waltz, The Emerging Structure of International Relations, 1993, p. 45). This means that depending on a state's geographical location, population, power allocation and other such conditions can dictate the way states behave within the system. This leads to the two ideas of offensive and defensive realism. Using the two aspects to understand state behaviour allows for the inclusion of understanding how and why small, middle, large and super powers act differently within the system.

Aaron Friedberg begins his paper “Will Europe's Past be Asia's Future?” by laying out the fundamental thinking behind realism, “the absence of... supranational governing authority all but guarantees that instability and struggle will be the norm in world politics...” (Friedberg, 2000, p. 147). He continues by highlighting the multi-polar nature of Asia and how this is “especially prone to instability.” (Friedberg, 2000, p. 148). The question of hegemony is brought up when talking specifically on China and in one instance agrees with the idea of hierarchy as “China is so much bigger, ...populous and has so many more natural resources than its neighbours that it seems to be a ‘natural’ hegemon” (Friedberg, 2000, p. 150). While John Mearsheimer continues this by explaining that “survival is a state's most important goal, because a state cannot pursue any other goals if it does not survive...The ultimate goal of every great power (emphasis added) is to maximize its share of world power and to eventually dominate the system” (Mearsheimer, China's Unpeaceful Rise, 2006, p. 160) This means “their (great powers) ultimate aim is to be the hegemon – that is, the only great power in the system.” (Mearsheimer, China's Unpeaceful Rise, 2006, p. 160). Mearsheimer is explaining his view on China’s ultimate goal to become a regional hegemon within Asia.

However Friedberg does question whether China is the natural hegemon of Asia. The definition of Asia can be interpreted in different ways and if “India and Russia are included... the situation may be less lopsided. And if the US remains a
Pacific power, an equal balance in raw capabilities is entirely possible” (Friedberg, 2000, p. 151). This is where the conflict within Asia is most likely to come from, as both Friedberg and Mearsheimer talk of the presence of other powers, for Friedberg it is the presence of India, Russia, Australia, Indonesia and of course the US who could prevent China becoming a hegemon. For Mearsheimer it is the presence of the US, who is already a regional hegemon in North America who has already had experience dealing with the possible rise of another in the Cold War. According to Mearsheimer the US “is determined to remain the world’s only hegemon. Therefore, the United States can be expected to go to great lengths to contain and ultimately weaken it to the point where it is no longer capable of ruling the roost in Asia.” (Mearsheimer, China’s Unpeaceful Rise, 2006, p. 162).

It is the role of the US which is central to realism and how China will rise go, whether peaceful or not. As “if the US draws back, and the other Asian powers ‘bandwagon’ with China... the region could become peaceful, even if it’s residents have surrendered a measure of autonomy. On the other hand, if the US stays engaged and preserves its present alliance ties, the stage may be set for a protracted period of competition, and perhaps a series of confrontations, with China” (Friedberg, 2000, p. 156). Mearsheimer provides a more direct and pessimistic view of how the US will react to China’s rise as mentioned above, he maintains the idea that the US will look to “contain China” (Mearsheimer, China’s Unpeaceful Rise, 2006, p. 162).

In terms of balancing and bandwagoning, both Friedberg and Mearsheimer predict further balancing against China from the likes of Russia, India, Japan, Vietnam, Indonesia and South Korea as “smaller powers... are worried about (Waltz, The Origins of War in Neorealist Theory, 1988)join an American-led balancing coalition to check China’s rise” (Mearsheimer, China’s Unpeaceful Rise, 2006, p. 162). While Friedberg mentions how “Indonesia and Vietnam have repeatedly demonstrated and inclination to balance and contain China, rather than ‘bandwagoning’ with it.” (Friedberg, 2000, p. 152). In fact it is already obvious that states are balancing against a growing China, as the US and its Asian allies have strengthened their existing ‘hub and spokes’ alliances over recent years.
To the neo-realists it appears that conflict will be inevitable within the region as China maintains its growth and positions itself as a great power within Asia, and the US will look to contain and minimize this growth of power. The neo-realist view thus far has been that of and offensive realist view, that states will strive for hegemony, however there is also the presence of defensive realism, still a neo-realist theory however differs from Mearsheimer in terms of the ultimate goal of a state, and the ability to be happy with the status quo of being a great power. For Kenneth Waltz, it is defensive realism that best explains a state behavior within the state system, and states would rather maintain the status quo or maintain the balance of power in order to preserve a states security, in fact a state should avoid creating too much power.

**Offensive and Defensive Realism and Bandwagoning/Balancing**

Offensive realism is the aspect of realism that is best used to explain large power relations. It attempts to explain why large states have the pursuit of power and dominance, which is a main theme within neo-realism. It argues the idea that the international system is unstable and is subject to power rivalry amongst large powers. John J. Mearsheimer explains that the structure of the international system and the lack of a higher authority leads states to be individualistic selfish actors focused on its own development as a power, and to gain dominance over other states within the system (Mearsheimer, 2001). The anarchic nature of the system does not allow for states to relax and settle into a sense of security, as states cannot trust each other, as they cannot be certain about the intentions of other states (Peou, Peace and Security in the Asia-Pacific, 2010, p. 30) (Mearsheimer, 2001). This what could be interpreted as, the traditional security dilemma as an example, where states have offensive military capabilities, and as one state improves this other states must follow, as there is no certainty of the intentions of other states.

This is the power politics of realism and the international system, and the need and desire to be the most powerful state within the region, as at this point states can now dictate and control actions of other states. Smaller states will desire positive relations with the strong powers to secure its own security against rival
states aiming to develop a sense of power and dominance, therefore the small powers rely on dependence on the larger stronger powers (Acharya, 1999). Therefore a system that is dominated by a single hegemon allows for a stable international system, as states know who is powerful and who isn’t. To be a hegemonic power one needs to have unrivalled military strength which cannot be balanced against by another state, or a group of other states (Gilpin, 1981). Within offensive realism, the source of threat comes from the rise of another great power, and it is the desire of the current hegemon to prevent this and contain any such state arising. This is the reason for offensive realism being the best theory to explain large state behaviour, as it is these large states that have the resources to become the hegemon.

Defensive realism is an aspect of realism that explains smaller states’ interactions within the system. It is focused more on how states interact with the presence of a larger power, where smaller states are expected to band together to balance the power of the larger state. These smaller states’ national security within the anarchic system is focused on survival and security, as opposed to power maximization of offensive realism (Acharya, Thinking Theoretically about Asian IR, 2014, p. 61). Defensive realism continues a Hobbesian thought about the state of nature, and its applicability to the international system. Hobbes speaks of the state of nature being one of anarchy, and the weak will band together to balance the power of the strong within this system, in order to survive (Hobbes, 1996) This can be applicable to the international state system, where the weak states band together to balance the power of the strong. From this analogy one can see that from a defensive realist perspective, a hegemonic or unipolar system produces an unstable system, as smaller states create alliances to balance the hegemon. To defensive realists, such as Kenneth Waltz and Christopher Layne, a hegemonic power becomes less secure, rather than more secure, as it looks to maintain its position within the system and attempt to prevent the rise of potential competition to this position, therefore they see the presence of a bi-polar system as a more stable system for smaller states (Peou, Peace and Security in the Asia-Pacific, 2010, p. 32). A multi polar system for defensive realism, however, is that similar to an offensive realist position in the
way that it promotes increased competition and power struggles for dominance. This is what Aaron Friedberg argues will be the future of Asia, a multipolar system full of competing rivals. Friedberg has been quoted in saying that “Asia’s future is Europe’s past” (Friedberg, 2000), which is based on the assumption that Asia is moving into a multipolar regional system, similar to Europe before the end of WWII and the emergence of a bipolar system.

Another aspect of neo-realism is the idea that the smaller states will band together to balance the power of a single hegemon. The act of balancing can be described as the act of “allying with others against the prevailing threat” (Walt, 1987, p. 110), and within defensive realism the threat can come from the system being dominated by a single hegemon. Walt continues to say that it is weak states that are more likely to balance in order to secure survival, particularly with the presence of allies or similar states within close proximity (Walt, 1987, p. 114). Within the Asia-Pacific an example of this can be seen within ASEAN. ASEAN was established during the Cold War in order to help maintain peace and security in the region, promote nuclear non-proliferation, maintain good governance and democracy within the region (Beeson, Institutions of the Asia-Pacific: ASEAN, APEC and beyond, 2009, p. 35).

Balancing and bandwagoning are important tools which states use to ensure their survival or to gain power. Balancing refers to the idea of alliance building, and using alliances to ensure survival against another state or group of states (Walt, 1987, p. 110). Bandwagoning is the idea “of alignment with the source of the danger” (Walt, 1987, p. 110), which is more likely to occur amongst weaker states. It is seen that when one state is gaining too much power states will be likely to ally together to balance against that power, this is one reason why the ASEAN was established, through the fear of the spread of communism and forced intervention by the US, the group of small states balanced together to be a stronger alliance. Balancing and bandwagoning are also important aspects as it is used by constructivists to argue why realism is not the most accurate theory within Asia, and allows for the idea of ‘Asian Exceptionalism’.
Constructivism in Asia

In recent years there has been a rise in IR theories related to Constructivism and Asia. In many of these theories it is the lack of acknowledgement of the impact of history, culture, shared values and norms of realism that have been identified in the failure of IR theorists to accurately understand the regional system in Asia and the rise of China. David Kang is one of the leading scholars in this field, particularly with the idea of hierarchy and the peaceful rise of China through the use of dependence on trade, maintaining warm relations with other states within the region, and maintaining a non-threatening position within the region through multilateral institutional input (Kang, 2005) (Mahbubani, 1995). Kang sees the rise of China as one that other states within the region do not fear as “China has already been growing rapidly for almost three decades, and there is little evidence that the region is devolving into balancing, nor that China’s rise is causing undue alarm in the region.” (Kang, 2005, p. 2). David Kang pushes an ‘Asian Exceptionalist’ approach, arguing that Western theories on IR have been focused on Western cultures, they do not share the history and culture that the Asian region does (Kang, 2007). He argues that it is not just material factors that neo-realists rely on; it is also non-material factors such as ideology and history that can impact how states interact within the region. One of the issues with this approach is Kang has only really dealt with the issue of East Asia, Japan, China, and the Korean peninsula (Kang, 2007, p. 11), and excludes the greater Asian-Pacific region which would also include India, Russia, Australia and New Zealand, all of which have differing cultures to the East Asian region.

Kang also argues the absence of balancing within the region and in fact overtime the Asian states will move towards rather than away from China (Kang, 2005, p. 3). The other basis for a peaceful rise of China comes from the idea of hierarchy, “A hierarchic system is one that involves a dominant power that does not fold secondary states under its wing in empire, and yet also does not cause other states to balance against it.” (Kang, 2005, p. 4). He further argues that “In a system of unequal (or “unbalanced”) power, it is not just security and economic
relations, but also the intentions and preferences of both dominant and secondary states that make China’s emergence as the largest regional state stable and not threatening” (Kang, 2005, pp. 4, 5).

The idea of hierarchy instead of hegemony appears weak, whether China is moving towards being the top of the hierarchy or to be the regional hegemon there appears to be little difference. David Kang argued that it is the absence of balancing that demonstrates the hierarchy nature of East Asia, however both South Korea and Japan are both strong allies of the US, and although this is not a trilateral alliance, it is two bilateral alliance, the three states are closely interlinked through military capabilities and technology that it is a de facto balance. Even the idea of ideological similarities are a leading cause for a peaceful rise, South Korea, China’s closest ideological partner (except for North Korea) has evolved into a state which represents the values and ideologies of a western state, and thus has a closer link to the that of the US and Japan. Kang uses the idea of ‘signalling’ as a way China shows its regional neighbours that it is not a threat. “East Asian states believe China because its signals to East Asia about its intentions have become more moderate even as its power has increased. China’s power has risen over the past three decades, it yet over that time it has moderated its rhetoric, resolved a number of territorial disputes with its neighbours, and joined (and proposed) a number of international and regional institutions. Most significantly, China has been willing to put in writing that is has no intention of using force in Southeast Asia” (Kang, 2005, p. 6). If signalling is used to demonstrate China’s intentions, then Chinese actions within the South China Sea could be signalling to the states who also have a claim to territory within the sea, such as Malaysia, the Philippines and Vietnam, that their view does not matter, and China will take what it believes is theirs. This is seen within the Parcel and Spratley Islands, where there are differing claims by these states, and China to the Islands and seas. China has recently turned a small reef into an island large enough to hold a Chinese naval base (Panda, 2016).
**Hard Power and Soft Power**

Comparing both neo-realist and constructivist arguments to East Asia draw obvious conflicting views. However, neither places great emphasis on the small states, apart from relying on them as examples of whether or not bandwagoning or balancing is occurring. Kang does place more emphasis in terms of ‘Asian Exceptionalism’, and how these states view the Chinese rise, and talks of views these states have on alliances and how they view the rise of China (Kang, 2007). These two theories appear to be opposing views on the situation within the Asia-Pacific, and therefore one easily disregards aspects of the other.

Joseph Nye’s theories of hard and soft power are able to demonstrate how states go about maximising power. Neo-realism and constructivism allow for arguments why states maximise, or why not, but Joseph Nye can explain the tools states use to maximise power through neo-liberalism.

In general terms 'hard power' is the realist views and tools used to maximise power, using military and economic power, whilst 'soft power' is the more social constructivist tools of maximising power through common ideology, culture, diplomacy and other such aspects.

Power, defined by Joseph Nye Jr., is “the ability to influence the behaviour of others to get the outcomes one wants” (Nye, 2004, p. 1). The pursuit of this power is central to international relations and the interaction of states, particularly for large powers and offensive realism. What has not been discussed thus far is how these states go about obtaining power. This is where the differentiation between hard power and soft power is important, as hard power is obvious, it is the ability of a state to forcibly cause another to change or do something that it was not going to do, while soft power is unseen, and comes from the power of perception and persuasion (Nye, Soft Power: The Means to Success in World Politics, 2004). The two main examples are military, and economy, where the military can intimidate or invade, and economy can be used as a threat of halt of trade. It is soft power, which demonstrates the social constructivist aspects of IR theory. Joseph Nye calls soft power the second face of power, which is not as obvious as a type of power as hard power. He talks of soft power using factors such as culture, values and policies in order to achieve...
desired outcomes (Nye, 2004, p. 11), and these are vital for states to be able to achieve power within the modern international system.

Soft power is an important tool for China, who has been embracing it for sometime in order to continue its development. Wang Yiwei talks of the idea that the CCP uses its public diplomacy in a way that follows the idea of soft power, in order to improve its public image, and fight against the ‘China threat theory’ (Wang Y., 2008). It is taking the idea of changing how societies perceive China and Chinese culture, aiming to paint it in a positive light. The Confucius institutes established throughout the world are another example of China aiming to promote a positive Chinese culture, by expanding access for non-Chinese to learn the Chinese language and culture, but as James Paradise explains the success of this is still unknown as the Confucius institutes are still governed by the CCP and follow strict guidelines on how to portray China (Paradise, 2009).

The problem for China is it is still seen as the ‘other’ in western worlds. This is particularly important in Australia and NZ, as although they are part of the Asia-Pacific region, they are still intrinsically western, and therefore share more culturally, politically and maintain the similar Christian values embedded in society as the US and other western societies. Particularly public perceptions of China and its intentions, it seems to be that because the Chinese are different and are seen as ‘the others’, leads to public distress and mistrust, compared to western investment and intentions there becomes more positives ideas of intentions. This highlights the importance of China to improve its image within the western states within the Asia-Pacific region in order to aid its growth and development. Chengxin Pin has identified this same issue with American views towards China and the China threat theory, as adding because the Chinese are seen as the other, it is easier to see them as the enemy than a friend (Pin, 2004).

The problem that China is facing with its soft power is that even those states that don’t identify China as ‘the other’ or aren’t intrinsically different due to culture, and values such as other states within East Asia (South Korea, Japan) are moving closer and closer towards identifying with the west. This is due to the idea that these states are democratic, with growing Christianity, and have open economies that have been aligned with the US for over 60years. The cultural link of
Confucianism and the tributary system seems to be declining as the years pass and they develop into societies with shared western values.

**Defining Middle and Small Powers**

It becomes obvious when looking at the above neo-realist theories that little emphasis has been placed on the middle to smaller powers, except in the area of balancing and bandwagoning. It seems that this is the only way these middle and small powers are recognized within the theories, as objects rather than participants. This section will look at the current literature focused on the middle and small powers to extend on the neo-realist theoretical framework, and how these powers fit into the structure of the international system.

Finding an agreed upon definition of what a middle power is, is difficult in IR theory. Andrew Carr has highlighted four main approaches to defining a middle power “these are by their position, their behavior and their identity” (Carr, 2013, p. 71). The positional approach is its ranking within the system on “quantifiable factors” (Carr, 2013, p. 71), such as economy, population, military and defence spending. A quantifiable approach appears to be an obvious choice, it is simpler to place on a spectrum using data. It includes hard power aspects such as economy and military. The Behaviour approach is focused on a states “tendency to pursue multilateral solutions to international problems, their tendency to... compromise,... and their tendency to embrace notions of ‘good international citizenship’.” (Carr, 2013, p. 73).

The ability to create change within the system is important and frequent aspect of middle power definitions in relation to behaviour as, “To be a middle power, a state must exercise international leadership but usually does so only on certain issues and in cooperation with other states or through international organizations.” (Gilboa, 2010). Gilboa goes on to say that “states are viewed as middle powers if they have less material resources than great powers, and if they exercise good global citizenship, work through international organizations and agencies, promote mediation and peaceful conflict resolution, and participate in peacekeeping operations.” (Gilboa, 2010). The third approach is that of identity, and is based on the idea that a state identifies itself as a middle power, one which
states such as Australia and Canada often take. This is a very constructivist approach to how a state sees itself within the system following the idea of social constructivism, and focuses too much on domestic politics in its definition. However the fourth approach is a system based approach, based on how a state fits in within the international system, not just quantifiable but through influence amongst peers, it includes hard power aspects and soft power aspects (Carr, 2013, p. 77). Through this approach he concludes with a definition for a middle power, which is “states that can protect their core interests and initiate or lead change in a specific aspect of the existing international order.” (Carr, 2013, p. 79). It is requiring a level of military and economic power to protect core interests, and enough cooperation within the international system that one can create change to or within the system. What is notably missing the requirement for geographical size of the state, however as Carl Ungerer points out, the geographical size does not play an important role in determining its power when it comes to middle power status, (Ungerer, 2007), in fact he barely defines any requirements for a definition and takes a more behavioural approach to defining a middle power when referring to Australia, saying it was first defined as a middle power when then Foreign Minister Gareth Evans began to refer to Australia as a middle power (Ungerer, 2007, p. 540). Ungerer also refers to the idea of the quantifiable approach of “having middle-ranking economic, military and diplomatic capabilities and actively pursuing a middle power approach to international affairs” (Ungerer, 2007, p. 539) as defining the middle power. This same statement follows closely with the structural definition of Carr, as it includes the hard power aspect of military and economy as well as the soft power aspect of diplomacy.

In fact it is the structural definition that appears to be the most logical approach to defining a middle power “These intermediate states immediately follow the second-tier great (or major) powers that in turn are just below a first-tier of dominant (or super or hegemonic) power(s). In other words, middlepowerness is intrinsically a global positional concept.” (Cooper, 2013, pp. 23-24). Although not particularly defining what a middle power is, it does add an avenue where the study middle and smaller states can fit under the neo-realist framework. This fits in with the neo-realist ideas as it demonstrates it is the structure of the
international system which affects the way states behave (Waltz, 1979) (Mearsheimer, China's Unpeaceful Rise, 2006), and the idea that a state will seek to increase its power only when the benefits outweigh the costs (Taliaferro, 2000, p. 135).

Defining small powers are similarly difficult, on the one hand it is more obvious which state is a small state, when comparing the definition of a middle power, if it does not have the requirements it must be a small power, and on the other hand throughout papers and theories small states and weak states are often referred to as the same. There are however major difference between a small power/state, and a weak state. This can be seen in Miriam Elmans paper "The Foreign Policies of Small States: Challenging Neorealism in its own back yard", where in many paragraphs when talking about small states, continues and proves arguments with quotes about weak states. Therefore it is important to mention that when looking at the idea of the a small state, yes it is a weak state militarily, however not a weak state in the sense it has problems as a state in itself, such as weak borders, political systems, identities and other such factors (See Buzan, People, states and Fear). Throughout this paper, when weak states are referred to it is following the idea that they are weak in terms of power and not the other idea, therefore are seen as the same entity as either a small state, or a small power. In defining what a small power is it is often defined by what it is not, rather than what it is as during the twentieth century “small states were all those states that were not great powers and that were not consistently insisting on being referred to as middle powers,” (Neumann & Gstöhl, 2004). The perception, or identity approach mentioned by Carr is also relevant when identifying a small power “if a states’ people and institutions generally perceive themselves to be small, or if other states’ peoples and institutions perceive that state as a small state, it shall be so considered” (Hey, 2003, p. 3). Again, this is a much more social and constructivist approach based on perceptions and identity, although useful is not a completely appropriate approach as it misses the material hard power perspectives. Robert Rothstein’s definition of “A small power is a state which recognizes that it cannot obtain security primarily by use of its own capabilities... it must rely fundamentally on the aid of the others states,
institutions, processes or developments to do so,” (Rothstein, 1968, p. 29) includes the idea of material and non-material factors of a small state. He includes security and the need for alliances and the use of international norms (institutions, processes and developments) to ensure its security.

Defining a middle or small power is not as simple as it seems, and it appears the only definite conclusion is they are not great powers. An approach mixing both the approaches of Gilboa (2010) and Carr (2013) appears to be the most accurate definition in defining a middle power, as it includes the ability to protect themselves, the requirement to be an active member within the international system, and the ability to initiate change within this system. This means that it is also a mix of a quantitative approach of what a state possess, and a behavioural approach to how a state behaves within the international system. In defining a small power it is Rothstein who appears the most accurate, as it is the need for aid or alliances to ensure the security of a small state, and the involvement in institutions and international processes which are also central to maximising a small states security. Through these definitions we can now develop an understanding the role of middle and small powers within the international system. The definitions both share the commonality of involvement within institutions, and these appears to be a major factor when analysing the role of these states.
**Context for the Asia-Pacific region**

To understand how the rise of China has affected states within the greater Asia-Pacific region one needs to understand the Sino-US relationship over the same period, particularly since the end of the twentieth century. The rise of China is particularly important for the US as it can be seen as the only state that can threaten the US hegemony within the Asia-Pacific, and also its global hegemonic power.

During the Cold War era, US-Chinese relations continually improved, China began as an ideological foe of the US but moved to one with normalized relations by the end of the Cold War, largely due to the fact that China and the USSR were moving further apart and the US used this as an opportunity to improve relations with the world's second largest communist state. This changed, however, since the end of the Cold War, as the USSR was no longer a common enemy, and US began to take notice of Chinese development and the possible threat this had on US power within the region.

The US power within the Asia-Pacific region was first established in 1945 when it was the first state to use nuclear weapons in war, which led to the end of WWII. This was further established by the US entering into a system of bilateral security agreements with other non-communist states from the Asia-Pacific region, this system is a hub and spokes model, where the US was/is the centre 'hub', and the security partners are the spokes, Japan, South Korea and Taiwan were states within this system. It is important to note that the states that entered into this system were mainly ex-colonial states, and particularly the Philippines, Indonesia and Thailand, had been largely affected by the war, and therefore they were relatively weak states looking for stability and security. It was small states aiming to survive and obtain security from the potential military threat of the other, following a defensive realist approach. According to Amitav Acharya, weak states find it difficult to achieve and maintain regional security, and the best way to gain regional stability is to keep relative great powers involved within the region (Acharya, Thinking Theoretically about Asian IR, 2014, p. 66). The hub
and spoke system was established not just to further the US influence or power within the region, and the security of the other states involved, but also to follow the containment policy of the administration at the time, in which East Asia was an important aspect, as the region had three major communist states within it and the threat of Vietnam becoming communist. Through these agreements the US established military bases within the allied states, which allowed the US to build a military presence within the region. It was through these security agreements that the US became the dominant power within the East Asia region, and arguably throughout the Asia-Pacific region. The containment policy was, during this time, aimed at containing communism, not the rise of a rival state, as the international system at this time was dominated by bi-polarity, there was not yet a global hegemon.

For China, it was predominantly inward looking throughout most of this time up until the 1970s. It was inward looking in the aspect that China had its own domestic issues throughout this period, as it was attempting to develop as a communist state with Mao Zedong’s ‘Great leap Forward’ and ‘Cultural Revolution’ policies, whilst still aiming at restoring its borders to that before Western intervention that led to the eventual occupation of China by foreign states, most notably that of Japan. It was not until 1978 when Deng Xiaoping began the economic reforms that were the catalyst for the development of China since then. Once the fall of the Soviet Union occurred in the early 1990s the regional and world system changed to one of a unipolar hegemonic system, with the US as the hegemonic power.

Therefore the situation by the mid 1990s in East Asia was a global hegemonic power also being the dominant state within the region, China who has the largest population in the world, the fastest growing economy in the world and the largest standing army in the world, and was rapidly establishing itself into global institutions has been perceived, by the US, as challenging this. China, however, was, and still is, a developing state, and with this has its own insecurities and needs. It must establish and maintain secure geographical boundaries, it needs to
secure trade routes as its development has been based on trade and economy, and China needs to continue to develop its modernization of its military to emulate its size. The major issue of this is the view the US takes on these actions. Territorial disputes are major concerns with China being involved in disputes with Japan, South Korea, Vietnam and other states that share the South China Sea. It is this sea that is vital in securing trade routes, where the majority of Chinese oil and other import and export products pass through this area. These factors alone will make any hegemonic power be weary of this developing state, as first the state develops its position regionally, and to the hegemonic power who fears any rise of an equal power, will further see this rise to a goal of global power. This is following the idea of offensive realism; it is the large hegemonic power being fearful of the rise of another large powerful state.

Initially, throughout the cold war period, the US were supportive of a rising China, developing a strong trade policy with China which resulted in an interdependent economic situation where both states relied on each other for economic growth. This could be seen as the US believing that if China develops enough, there would be a surge in a demand for it to become democratic (Christiansen, 2006). This idea is logical as when looking at the development of South Korea, although not a communist state, it was an authoritarian state during the majority of its development into a developed state, after years of development South Korea then embraced democracy as its political system in 1989. This view for China, however, is becoming increasingly less likely as a possible scenario within the near future, as the CCP has maintained a tight grip on public information, and adapting its policies to help maintain its legitimacy, and the legitimacy as a communist state. The actions of the CCP in the Tiananmen Square incident highlighted this unwillingness to accept a soviet style decline in support for communism and movement towards democracy. Therefore, throughout the 1990s US policy became less supportive of China, and more conscious of its possible rise and threat to its global position as the hegemon.

To the US, a power becoming a regional hegemon will continue to desire more power and move to compete for increased global power, particularly a non-
democratic state such as China. This idea when applied to China is the ‘China Threat Theory’. The origins of the China threat theory are from a 1992 Pentagon paper where it states “Our first objective is to prevent the re-emergence of a new rival... that poses a threat on the order of that posed formerly by the Soviet Union. ... Our strategy must now refocus on precluding the emergence of any potential future global competitor.” (Mearsheimer, The Future of the American Pacifier, 2001, p. 46). This statement identifies the main objective of the US, a global and regional hegemon, which is to maintain its position as the most powerful state within the international system.

Mearsheimer writes of two possible scenarios to the rise of China that would affect competition between the US and China. “The evolution of the power structure in Northeast Asia... will depend on whether China’s rise continues. If China does not become a potential hegemon, the United States is likely to pull its troops out of the area, encouraging Japan to build up its military capability and become a great power once again. The regional system would remain multipolar and balanced, but security competition would be somewhat more intense than it is today... If China does emerge as a potential hegemon, however, Northeast Asia will fall into unbalanced multipolarity and the United States will move to contain the Chinese threat. Because China has such vast latent power potential (due to the size of its economy and its population),” (Mearsheimer, The Future of the American Pacifier, 2001, p. 47)

It has become evident since Mearsheimer wrote this in 2001, that the second scenario is the most likely. China has since maintained its development, surpassing Japan as the second largest economy, second to the US, China continues its modernization of the military, and has continued its increased involvement in international organisations and institutions. This has not gone unnoticed for the US, as in 2011 Hillary Clinton wrote an article in Foreign Policy discussing the future of international politics and the idea that Asia will be the centre stage for this, and the US will be right in the centre of the action (Clinton, 2011). In this article Clinton lays out six objectives, of which three could be interpreted as orientated towards containing or hedging against a developing
China. The first is the aim to strengthen existing alliances in the Asia-Pacific, which includes Japan, South Korea, Australia, the Philippines and Thailand. These are the alliances developed in the hub and spokes system during the cold war, which were established under the containment policy of the US. The second is the “forging (of) a broad-based military presence” (Clinton, 2011, p. 3) within the Asia-Pacific region, understandably to aid in the strengthening of the hub and spokes system. The third being the promotion of democracy and human rights, which is an understandable non-threatening policy on the surface, but for China an undemocratic state which is repeatedly accused of human rights violations, could also be interpreted as a policy orientated towards the containment of China.

The Smaller States

The similarities between Australia and NZ in regards to their security concerns and history begin with both states at the end of WWII being ex-British colonies. Therefore they were beginning to develop their own international identity, moving away from their reliance on the United Kingdom, who was now a declining power. Both states relied heavily on the UK for trade and security prior to and during WWII, and both states played a role within the two world wars supporting the UK and other allied states. Therefore both Australia and NZ were affected by the two wars, leaving a need for security following the end of WWII. This led to the signing of the ANZUS treaty in 1952 as part of the San Francisco treaty system, which was the same time as the hub and spokes system was established. Throughout the cold war era both NZ and Australia played roles in the Korean war, and also a role in the Vietnam war, with Australia being one of the first states to pledge support to the US in this war. NZ played a much smaller role in the Vietnam War as it began to move away from having traditional security concerns. It is this type of behaviour that is expected from smaller states within the defensive realist thought, as these states aim to obtain security for the objective of survival, and a small state sees a stable international system as as securing its own survival. Throughout the cold war period both NZ and
Australia’s foreign policy towards China was influenced on US foreign policy toward China. An example of this is after Chinese involvement in the Korean War saw the US place trade restrictions and prohibited its allied states from having diplomatic relations with China. Following the US rapprochement in 1972, both NZ and Australia moved towards normalization with China, leading to increased trade with China and a return to relations with China.

It was in 1984 that Australia and NZ took alternate routes in their security policies. This was the year that, then Prime Minister of NZ David Lange gave a speech in front of the UN assembly in support of nuclear non-proliferation and announcing NZ’s new nuclear free policy. This was an important issue for the ANZUS partnership as it prevented any US naval ships entering NZ waters, on the possibility that they were either nuclear powered or nuclear armed, and caused the US and NZ side of the ANZUS treaty to distance themselves from each other. This is where NZ moves away from following defensive realism from a traditional security perspective, they no longer see a large threat of war as memories of WWII fade, and NZ had developed an independent foreign policy. NZ now saw other issues as threats to its security, such as developing agriculture, developing a more independent trade policy, (as the UK moved into the EU and could no longer import large quantities of NZ agricultural products, due to the EU Common Agriculture Policy), and moving its military to one which is orientated towards a role in combined international missions, such as peace keeping. This trend continued throughout the 1990s as it continued to change its military, retiring its F-14 aircraft fleet, but maintaining its Hercules aircraft which are non-combat aircraft used for peacekeeping and international aid missions.

Australia, however, maintained a strong relationship with the US. Its security concerns continued to be traditional military concerns, as well as experiencing non-traditional security concerns such as illegal immigrants travelling to Australia by boat from Indonesia Papua New Guinea and other developing weak states within the South-East Asian region. Australia maintained its position as an ally throughout the 1990s, supporting the US in the 1996 Taiwan strait crisis,
which damaged its relations with China at the time. Australia continued military exercises with US forces.

Both Australia and NZ developed trade relationships with the states within Asia, particularly due to the rise of the Asian Tiger economies of Singapore, Taiwan, Hong Kong and South Korea. Australia and NZ also developed trade relationships with China, however it was not until the late 1990s and the turn of the century that this trade became such an important aspect of their foreign policy, as the world became more globalized and economic interdependence became such an important aspect.

This chapter has been focused on not just introducing the IR theory and its applicability to the Asia-Pacific and the rise of China, but also to provide a historical context and overview to the region since WWII up to the end of the millennium. It has been intended to imply questions that I aim to answer throughout the remaining chapters, questions focusing on how have Australia and New Zealand reacted to the rise of China due to increased US Chinese competitions since the turn of the century? How much importance does trade have over traditional security for Australia and NZ? And lastly, what role has/will culture and shared values play within these relationships?
Australia and New Zealand – Their Position, Role and Influence within Asia-Pacific

Australia can be seen as being in a somewhat awkward position within the international system as it is not a minor power, such as NZ, nor is it a superpower, such as the US, but it is that of a middle power. This based on the idea that it is a continent state, with a large developed economy, a large modernized military and a medium sized population. There are some queries over the existence of middle powers but it does appear obvious that such a power must exist, in the simple example of Australia and NZ, where Australian economy, geographical size, and military power are much greater than that of NZ, and to accord both states with having similar levels of power seems practically flawed. Middle powers do exist, but the main argument is the level of power and influence that these middle powers have. To some, middle powers have very little influence and power (Cox, Middlepowermanship, Japan, and Future World Order, 1989) (Jordaan, 2003) while others consider middle powers to hold influence and power within the international system (Carr, 2013) (Beeson, 2011). Andrew Carr’s paper on ‘Is Australia a middle power?’ discusses the theoretical definitions and approaches to defining a middle power and concludes with the idea that a middle power is a state “that can protect (it’s) core interests and initiate or lead a change in a specific aspect of the existing international order.” (Carr, 2013, p. 79). This definition includes two important factors, one is the idea that a middle power must possess the ability to protect it’s core interest and the other is to have enough influence to change or initiate change in the international system. Andrew Carr, within his paper, highlights the areas in which Australia has initiated change within the international system, and it is through multilateralism (Carr, 2013). Australia may not hold such power that it can individually cause large states to change its behaviour, but has the economic influence and power to aid multilateral organisations to pressure states within the system to alter their behaviour. An example of this is nuclear non-proliferation and the strong stance Australia has had in promoting this topic, as well as its involvement as a founding member in APEC and promotion and
participation within multilateral institutions such as the UN. The idea of a middle power is one that has the ability to protect itself and to have some influence on the system, however there are other factors that middle powers possess, and this is seen when comparing such powers within the Asia Pacific region. Japan, and Korea are certainly middle powers; they both have large modernized militaries and hold influence over outcomes within the region. The issue is these middle powers are still vulnerable to the large or super powers and therefore require security alliances to ensure their security. They also have large economies, which are vulnerable to global economic change, and are interdependent with other large economies within the region, particularly China. Therefore these middle powers, are on the one hand able to protect vital national interests, and through multilateral institutions can initiate change within the international system, but it appears their actual influence upon the larger states are limited as they are reliant and dependent on these large states for security and trade.

New Zealand is a small power, it has a small army, a small economy and a small population. A state with a population smaller than 10million is generally defined as a small state, it is the threshold for the UN’s Forum of Small States (Mclay, 2011). Being a small power New Zealand holds little sway when it comes to decisions being made within the Asia-Pacific region, and any power it does have is mainly gained through it’s participation within regional and international institutions. It is through multi-lateral institutions that a small state can maximize or equalize its position within the international system. This is due to the large power imbalance between large and small states and “multilateral systems based on the rule of law are vitally important for those smaller states, as they prevent that imbalance being used to their disadvantage.” (Mclay, 2011). For a small state, the best way for it to ensure its survival is through ensuring international laws and norms such as sovereignty are maintained, and use the idea that states have an equal vote within multi-lateral institutions to promote this and other aspects which promote its position. For New Zealand this can be seen in its recent campaigning for the UN Security Council Seat for 2015/16, which NZ did eventually win the seat. The importance of this to a small state demonstrates that small states can have a say in some of the worlds most
important roles and institutes, however the 5 permanent members can veto the UNSC decisions. NZ’s security role and objectives can be identifies in its Defence White papers, which the Defence White paper of 2010 lists these as its security interest,

• a safe and secure New Zealand, including its border and approaches;
• a rules-based international order which respects national sovereignty;
• a network of strong international linkages; and
• a sound global economy underpinned by open trade routes. (NZMOD, 2010, p. 9).

Regionally, NZ holds little power also, it see its position as the leader within the South-Pacific, which includes many small Island nations such as the Cook Islands, Manu Samoa and Niue, many of which have the ability to migrate to NZ without conditions. Its regional military actions are generally achieved with cooperation with Australia, and in peacekeeping roles, such as in Bouganville, Timor Leste and the Solomon Islands. This partnership is key to NZ’s security outlook and has been so for decades, which has been cemented through the Closer Economic Partnership in 1983 and the more recent Review of the Australia-New Zealand Defence Relationship2011, which aimed at strengthening and improving the defence relationship (AMOD; NZMOD, 2011, pp. 2-4). In the wider region of Asia-Pacific, NZ is still very much reliant on multi-lateral institutions, but also relies on bilateral relationships for trade and improving trade as NZ continues to build a series of FTA within the region. Multilateral institutions such as ASEAN Regional Forum and the ASEAN Defence Ministers Meeting-Plus are important platforms for NZ, as a small state, to ensure its voice is heard within the region.

Therefore NZ and Australia have slightly differing positions and roles within the region due to their differing global positions and roles, however it is through multilateral institutions that both states look to maximize their voices. The effectiveness of such policies under a realist framework is a difficult task, as under realism global institutions play a small role within the international system, however these institutions can be indicators of when states bandwagon
and balance within the same system. The next chapters will provide an overview focused specifically on security, how the US-Chinese relationships have caused these to change and where the security policies of Australia and NZ are moving.

**Australian Security role within the Asia-Pacific**

Since the end of WWII, Australia has been heavily involved within security issues of the Asia-Pacific region. This is predominantly through its ANZUS security alliance, and close partnership with the US. Its US relationship is central to its security role within the Asia-Pacific, where Australia has maintained unquestioning support to US actions within the region. It was one of the first states to commit its support to Vietnam, and up until the turn of the century supported US action over the Taiwan straight.

Australia, being a middle power, was in need of a new powerful ally after WWII, as Great Britain was in decline and the recent Japanese actions within the Pacific caused a security concern for Australia. The US was the rising power of the time, and was the natural ally and security partner for Australia as it was the US that protected Australia from Japanese invasion during the Pacific war (McDougall, 2001, p. 83) The alliance was established under the ANZUS agreement in 1952, one of the treaties established as part of the San Francisco system, and part of the 'hub and spokes' model of the US. Since this time Australia has followed US policies in the region, from aiding in its containment policy and preventing the spread of communism within the Pacific to having friendlier and closer relations with China following the rapprochement era of Richard Nixon. Australia was also a member of SEATO, which eventually failed as a security institution but demonstrated Australia's desire for security regionalism, and in the 1980s this again became an important foreign policy goal (McDougall, 2001, p. 84). During this time Australia and fellow middle power Japan were instrumental in establishing the Asia Pacific Economic Co-operation (APEC), which was more economically focused than security, but demonstrated Australian intentions to be more involved within the region. Following the rapprochement period in the 1970s, with a strong US presence in the region and former security threat from
Japan non-existent as the two states were now allies, the Australian defence policy shifted to one focused on self-reliance rather than one focused on an external security threat. This was first evident in the 1976 Defence White paper and then again in the 1987 Defence White Paper, where Australia was moving towards having the ability to protect itself from possible threats, as opposed to relying completely on the US and other allies (White, Power Shift: rethinking Australia’s place in the Asian century, 2011, p. 82), but the two papers emphasized that it would not come at the expense of allies or security agreements (ABS, 2007). During this era NZ was also following more independent foreign policy (which will be discussed later), as the security of the Asia-Pacific was becoming increasingly stable. The two states were adapting to the changing security complexes of the region, and to some the Cold war in Asia ended in 1972 when the US and Chinese relations were normalised (White, Power Shift: rethinking Australia’s place in the Asian century, 2011, p. 82).

The Australian foreign policy reverted back to security regionalism in the 1990s. The Tiananmen Square incident of 1989 caused the US and its allies to question the rise of China and its intentions, and illustrated that China was still a non-democratic authoritarian regime, and US-Chinese relations were stretched. This accumulated with the fall of the Soviet Union, caused the security complex of the international system to change, as hopes of peace and the idea that the spread of democracy was inevitable saw Australian policy to become once again regionally focused. The 1996 Taiwan straight issue demonstrated Australian support of the US within the region during this time, and publicly supporting the US movement of aircraft carriers into the Taiwan straight when many other Asia-Pacific states would not (McDougall, 2001, p. 89). This led to problems within the Australian-Chinese relations, putting strain on trade relations between the two (Wesley, 2004). This has become a typical response from the Chinese leadership as it uses its economic power, and the desire that states have to trade with it as a way of forcing states to rethink its policy towards China. This is evident when in 2005 Australia refused to join US and Japan in their attempt to prevent the EU from lifting an arms embargo against China (White, 2005, p. 325), as it risked ruining relations with China once again.
This section has given a brief historical reference to Australian foreign policy between the end of WWII and the end of the twentieth century. It has been mainly influenced by US policy within the region, and a brief period of focusing on self-reliance in the 70s and 80s, but overall Australia has been focused on security regionalism, promoting interstate interactions within the region as can be seen in the Defence White papers. This follows the actions that a middle power is expected to take, particularly after focusing on its own defence capabilities and then moving towards multilateral interactions within the region. This is a way in which Australia can maximize its power and influence, whilst ensuring its national security and strategic goals are protected, which follows the idea of defensive realism. The next section is focused on the twenty-first century and the strategic security issues of Australia and how they have changed with the rise of China.

**Australia Twenty First Century**

The security situation for Australia the turn of the century was one focused on maintaining Asia-Pacific regional security. Geographically Australia was experiencing rising security issues as it is surrounded by some of the worlds ‘weakest states’. This is weakest not in the sense of power, but in the sense of a states stability and vulnerability to internal conflict (see Buzan, 2007, p. 96). East Timor was fighting for its independence from Indonesian control, which saw Australia take a leading peacekeeping role in 1999 under UN sanctions. Papua New Guinea was also a new state in the 1970s and was still rife with rioting and Australia was central in maintaining order, as PNG was a former colony following a League of Nations mandate after WWI. Indonesia is another weak state with low income and the worlds largest Muslim population, which was itself facing issues of terrorism, with bombings in 2002 in Bali which saw 88 Australians killed, and in 2004 the bombing of the Australian embassy in Jakarta. These weak states cause security issues for Australia, as it is the closest developed state and experiences large-scale illegal immigration from these weak insecure states. The Defence White Paper of 2000 promotes the need to foster a
stable neighbourhood in order to ensure a stable Australia, and the concerns of attack from within or outside these states is a concern for Australia (MOD, 2000). At this time the rise of China was still seen in a somewhat positive way, as the US had not had its full tilt toward the Asia realm, as it was still focused on other regions, but the presence of so many weak states within the region reinforces Australia’s needs to maintain its close alliance with the US. This close alliance is not just military and security orientated but also economically important as the US was one of its largest two-way trading partners (DFAT, 2014) Although there is a lack of traditional security forces as a threat like Europe, and the chance of a “direct armed attack on Australia is unlikely” (DoD, 2013, p. 24), the importance of the ANZUS alliance to Australia is very high. Nick Bisley discusses this problem in his article ‘An ally for years to come: why Australia is not a conflicted US ally.’ And highlights it is the access to US military technology, intelligence and the assurance of US and NZ support should an attack on Australian territory or forces occur within the Asia-Pacific realm which is important to ensuring Australia’s security (Bisley, 2013, pp. 405,406). The assurance of protection and assistance from the US is not a guaranteed action, however, as Article IV of the treaty states,

> Each Party recognizes that an armed attack in the Pacific Area on any of the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes (Commonwealth of Australia, 1952).

This article is what provides obscurity to the response of the US and Australia to an armed attack on their ally. It does not guarantee a military response by the other, but ensures that there will be cooperation to ‘meet the common danger’. Australia has highlighted this itself, when asked about its intended response to an attack on Taiwan, where Australia does not guarantee a military response if such and incident occurs (Bisley, 2013).

The major event following the turn of the century, which affected Australian foreign policy, was the 9/11 attacks on the World Trade Towers. This led to the
first and only time the ANZUS treaty has been enacted, as then Prime Minister John Howard said, “The Government has decided, in consultation with the United States, that Article IV of the ANZUS Treaty applies to the terrorist attacks on the United States. The decision is based on our belief that the attacks have been initiated and coordinated from outside the United States.” (Howard, 2001). This led to US involvement within the Iraq war and the US’ ‘War on Terror’ (WOT), which was without a clear UN mandate supporting this involvement (Malik, 2006, p. 588), and led to large public backlashes against the failure to find weapons of mass destruction (WMD) within the major states involved. This also meant that for the US, its focus was toward the Middle East rather than that of Asia.

Australian support of US operations under the war on terror banner caused little issue between China-Australian relations, as it was outside the Chinese sphere of influence. However, Yi Wang explains Chinese paranoia towards US alliances within the Asia-Pacific region are based on the continued idea of containment (Wang Y., 2012, p. 167). This idea of US containment is aimed at maintaining US global hegemony and containing the rise of China, and through its alliances has established defence capabilities to promote this. Australian support for US National Missile Defence (NMD), and the Theatre Missile Defence (TMD) in Korea are examples of the US using its alliances to contain Chinese military growth in the region. This issue was later magnified when the US spy plane collided with a Chinese military aircraft, causing the US pilot to land on Hainan Island, and a year later when tensions between China and Taiwan increased, Australian naval vessels were seen in the Taiwan Strait (Wang Y., 2012, p. 167). For Australian-Chinese relations these type of incidents can cause tensions, however not militarily, but more trade based repercussions, as China often uses its economic growth as a power tool to adjust the thinking of its trade partner, as mentioned earlier with the 1996 Taiwan strait incident and Australia’s public support for a US presence in the area.

Following these incidents, Australian foreign policy was aimed at maintaining positive relations with China and the US and balancing these relationships. As mentioned earlier these two large states provided two separate qualities, for the US it was security and alliance that is vital for Australia, but China provides
access to the developing Asian markets, and is trade and economic based. This relationship will be discussed further in the next section, but it is important to note that in October of 2003 Australia signified these intentions. In one week both President George W. Bush and President Hu Jintao both addressed Australian parliament in Canberra. This was an important week as the context of the addresses were less important than what it signified, that is that Australia can and wants to have the best of both worlds.

In 2007 Australia elected its first Chinese speaking Prime Minister, Kevin Rudd. Rudd was not only the first Australian Prime Minister who was fluent in Mandarin but also the first Western leader who could converse fluently in the Chinese language. This was a significant era in global politics as the Global Financial Crisis had emerged, China had begun to take a more assertive approach to its position within the region, particularly against US influence within the region, and the US was beginning its withdrawal from the Middle East, experiencing it's pivot towards Asia. For Australia, this meant the push-pull situation of wanting to ‘push’ itself closer to China, through arguably having its most knowledgeable Prime Minister on China in power, and a ‘pull’ form the US to be more strategically involved within US policy towards the containment of China. It is form this era onwards that Australia has had the most pressure to balance the China-US relations. As Hugh White has written, it was a time when “a US-China strategic rivalry moved from a latent possibility to a clear and growing reality” (White, 2014, p. 254). It was also at this time that Australia began its talks with China to establish a bilateral FTA, as China was fast becoming its biggest trading partner.

However, Australia was more inclined to follow the ‘pull motion than that of the ‘push' towards China as its alliance with the US was deep rooted and historically and strategically important to its security policies. This is shown in the increase in security alliance between the US and Australia, where following the US tilt towards Asia in 2011. Australia agreed to allow increased rotation of US marines based in Darwin with a gradual increase to 2500 over the following three to four years. These plans are a natural progression as the US moves its security focus to Asia, and Australia being one of its most consistent allies within
the region, it is aimed to increase inter-state interoperability, where Australian military and defence equipment can easily work within the US’ military systems. The increase in interoperability is shown through the planned procurement of US made equipment such as F-35A aircraft, Growler electronic attack aircraft (Drones), and other such attack orientated equipment for both air and sea. Another important aspect of increased security strategy between the two states is the increased momentum of the Australia-US Ballistic Missile Defence (BMD), which although not installed talks on this matter have been increased and mentioned within the 2013 Defence White Paper (Gill, 2014, p. 108). The two states have also engaged in increased joint-military exercises such as in May 2013 the Royal Australian Navy (RAN) sent the HMAS Sydney to join the USS George Washington carrier strike group in Yokosuka, Japan that has a US military base. This was an important indicator of the increased US-Australian security relationship as it demonstrated a joint military operation within Asia, close to China. There was a similar operation in 2011 where the HMAS Darwin joined the George Washington fleet, which shows commitment that both states have towards joint operations. It is hard to pinpoint the increased security relations between these two allies as a direct result of the US pivot towards Asia, but it does appear to be a very likely causation from this, and it can cause concern within China as the increased alliance and further actions from Australia show a similar resemblance to that of the containment policies during the Cold War.

Not only has Australia increased security relations and cooperation with the US but also Australia has aimed to build better partnerships with other US allies within the region such as Japan and India. This is important as both states place the rise of China as a major security concern. Where Japan sees the rise of China as its biggest security issue, and a threat to the Japanese position within the region. India has been competing with China to be the dominant Asian power for decades, as both posses large geographical size, two of the world’s largest populations and is both developing countries. Both Japan and India have a military history with China, Japan’s being a violent occupier of both China and South Korea in WWII, which is still an entrenched issue within the region, and India throughout the past 50 years experiencing border disputes and military
skirmishes along the India-China border with relations between the two states experiencing periods of cooperation and competition.

In the 2013 Defence White Paper, the Australian government begin to use the term ‘Indo-Pacific’ region, instead of the Asia-Pacific region. Indo-Pacific gives a greater sphere for regional security, and for Australia is a logical term to use as its East coast is in the Pacific, whilst its Northwestern coast is situated in the Indian Ocean. It is logical in terms of security; where Australia relies on shipping routes for its trade and economic prosperity, therefore this greater regional definition allows for increased relations with states within the Indian Ocean help maintain a stable environment within these shipping routes. In November of 2009 the two states committed to a Joint Declaration on Security Cooperation. This joint declaration “will strengthen cooperation in a wide range of security and related areas including counter-terrorism, defence, disarmament and non-proliferation and maritime security“ (Australian High Commision India, 2009).

This was aimed at increasing bilateral relations between the two states, who already maintained positive relations through multilateral institutions such as the ARF and the EAS, but as the security environment within the region develops there is a greater need for the two states to have increased bilateral relations.

The 2013 Defence White Paper is an example of this need, as China continually maintains its position within the East China Sea, declaring it to be Chinese territory, and continues a dominant presence to protect its vital trading routes particularly its oil and other resources from the Middle East. This lead to, in November of 2014, Australia and India signing the Framework for Security Cooperation, whilst the Indian Prime Minister was visiting for the G20 summit in Brisbane. Abhijit Singh, a research scholar at the Institute for Defence Studies and Analyses, wrote an article in The Diplomat that the main security issue for the two states is that of maritime security, for the above reasons of protecting trade routes (Singh, 2014). Therefore it is expected that the two states will continue to conduct joint exercises within the region, however these exercises are still to be seen as being based on anti-pirate operations, search and rescue operations and disaster relief and humanitarian operations, as opposed to security and strategic operations. However this agreement is a stepping-stone towards a closer military relationship.
There are some obstacles to Australia’s relationship with China that are consequences from increased India-Australian relations. The first is the idea that it is following the US policy of containment. This comes from the aspect that the Chinese economical development relies heavily on the trading routes through the Indian Ocean, and the US see this area as a possible point where they could block Chinese originated and destined ships. This is due to the idea that the Chinese Naval Fleet does not have a strong presence within this region, it is strong and stable within the East China Sea and it would be difficult for the US to block any such cargo ships within this area, but by having such a reliant ally such as Australia having naval ships and experience with the Indian Navy provides a valid platform for such a reaction. This mixed with a greater US presence at Darwin and other Northern Territory areas of Australia allows for such a policy to be logical and enforceable. The Second issue is India is neither an ally of China nor an enemy of China, but the two large states are highly competitive to play a large role within the region. India and China have experienced military conflicts along their shared borders, and both are large developing economies looking to play a vital global and regional role for other developing states. By using the phrase ‘Indo-Pacific’ region as opposed to ‘Asia-Pacific’ region, this could, in the eyes of China, be seen as giving India more legitimacy to embrace a leadership role within the region. Lastly, the fact that India is becoming closer, both militarily and economically with the US allies within the region gives China more legitimacy for its claim that the US is in fact using containment policies against China. Although India is not a signed military ally of the US, it does purchase its weaponry and military technology from the US, and has a positive relationship with it. Therefore this can cause China to feel increasingly isolated and surrounded by large and middle powers, who are developing greater bilateral and multilateral security relationships with the US. Therefore the increased security relationship with India could put a strain on Australian-Chinese relations.

Australian relations with Japan are another example of Australia becoming increasingly involved with US allies within the region. Australia refers to its fellow middle power state as a strategic partner and have held increased security and defence talks over since 2011, where the two states now hold annual 2+2
Foreign and Defence Ministerial Consultations, which is talks between the two states’ Minister of Foreign Affairs and the Minister of Defence (Gill, 2014, p. 101). In 2012 the two states released a joint paper, under the 2+2 dialogues, “Australia and Japan – Cooperating for peace and stability” which was aimed at ‘deepening exchanges and cooperation’ ensuring mutual support for the US alliances within the region, enhancing trilateral policy coordination, and continuing to build positive and comprehensive relationships with China (Australia-Japan Foreign and Defence Ministerial Consultations, 2012). It was also aimed at creating increased dialogue with South Korea (ROK) and other US allies within the region. The two states in May 2012, Japan and Australia established an agreement “On the Security of Information” directed towards increased sharing of security information between the two states, an important aspect that is growing amongst US allies within the region (Ministry of Foreign Affairs Australia, 2012). There is currently the well-documented ‘Five Eyes Network’, which includes Australia, NZ, Canada, the UK and the US, and was made public through the documents released by Edward Snowden in 2011, which is a security and information sharing network. The US has also been increasing its sharing of technology and information with Japan and ROK since 2011 (Tiezzi, 2015). Japan is also important to Australia’s current modernisation of its military, as Australia is looking to maintain its modernisation of it naval capabilities, there is a need to update its old Collins Class submarines, which will be retired in by the mid-2020s, and Japan is a world leader in submarine technology. This mixed with a FTA, and its subsequent agreements on shared security information means that the Australian government is likely to use Japanese technology to build its new submarines, the Australian Ministry of Defence released its intentions to upgrade the submarines on 20 February 2015, which indicated that it would either build them in Australia or use a hybrid of building some in Australia and other parts in Japan (MOD, 2015). Australia has also increased its security relations with Japan on a trilateral level, which includes the US, in the Trilateral Strategic Dialogue and the Security and Defence Cooperation Forum established in 2006 and 2007 respectively. These two trilateral meetings are aimed at discussing military and strategic concerns for East Asia and compliment the annual trilateral meetings
that occur on the sidelines of the Shangri-La Dialogue in Singapore (Gill, 2014, p. 106).

The increased security cooperation with the US, India and Japan can be interpreted as a potential threat to China by China. Australia has also increased its security cooperation with ROK, Singapore and Indonesia. These three Asian states are allies of the US but are not competitive states to the same level of the others. ROK although a strong ally of the US are not seen as a state that should be fearful of the rise of China, it shares the same historical differences as China towards Japan, and culturally is much similar to China than the other states. Australia has established 2+2 Foreign and Defence Ministerial Consultations with ROK, however is yet to establish further security cooperation on the same level as Japan. Singapore is also in a similar position to that of ROK, it is a Mandarin speaking country, which also experienced expansionist Japan in WWII and is not a traditional enemy of China and therefore increased relations with Australia should not be interpreted as threat to China. Geographically it is a natural objective of Australia to increase and maintain security dialogues with states such as Singapore and Indonesia as they are of immediate relevance to Australian security.

Throughout this section, there are three aspects that are important to the role of Australia in the Asia-Pacific region and how this has changed since the US made its pivot towards the region. The first is the military modernisation that Australia is experiencing, it is purchasing and planning to purchase modern military equipment from the US which is interoperable with not just US military technology and equipment but also that of Japan, ROK, and Singapore whom all purchase similar equipment from the US. The Second is the increase in security cooperation with US allies who are also strong competitors of China, such as India and Japan, and although this is a logical course of action as the region continues to securitize as a whole, it does give a reason for China to be wary of the alliances of the US. The third important aspect that has appeared within this section is that the hub and spokes system that the US implemented in the 1950s, appears to be getting stronger, and rather being a hub and spokes type interaction, is resembling much more of a web of security alliances throughout the region aimed at containing the rise of China. Theoretically, it is the actions of
these middle powers such as Australia, India, and Japan that are bandwagoning with the already existing hegemon. Where theory would predict that these states would balance against the US, being the dominant power, they are balancing against the potential threat of a militarily strong China, and creating a cohesive web of security alliances with strong military interoperability, with experience of joint military exercises, particularly that of joint naval exercises, which appears to be in line with the aforementioned containment policies of the US. Australia is continuing its following of US policy within the region, as it has done since the alliance began, although in the 2013 Defence White paper it identifies China as a state that is not a security threat, but rather a strategic ally, its actions within the region and its security alliances identifies a differing belief. It becomes difficult to believe that, if, in the case of military conflict between the US and China were to emerge, Australia would be able to stay neutral. In fact it appears that Australian involvement would be central to this conflict, as the increased US military presence in Australia would cause these bases and camps to be optimal targets for the Chinese to strike in such a situation.

New Zealand’s Role in Asia Pacific Security

NZs role within the Asia-Pacific is mainly orientated towards that of trade rather than specifically security. This is due to the fact that NZ is a small state. However NZ has played security roles during the Cold War era. NZ played active roles in both South Korea and Vietnam, but has been less active in US led actions such as the Taiwan Strait crises. This is different to that of Australia who showed unquestioning support of US military actions within the same period. The differing sizes and roles of Australia and NZ have a large role to play in the differing actions, as Australia being a middle power state, and NZ being a small power state, both look to maximize their positions within the system differently. This can be seen as NZ moved away from the ANZUS alliance with its nuclear free stance in the 1980s, which caused US and NZ security relations to move apart, meanwhile still maintaining its membership within ANZUS through its Australian relationship. Throughout the Cold War era, NZ was engaged in
multilateral institutions such as SEATO, which as mentioned earlier was a failed security organization for the region, APEC, and has been a dialogue partner with ASEAN since 1975. During this period NZ, like Australia, was in search of a major security partner which led to its participation in ANZUS, however in the 1980s the security dynamic had changed for the region, leading NZ to be increasingly independent with its foreign policies, which led to straining US relations, and the halt to the two states relationship through the ANZUS agreement. This is the main point where NZ and Australian foreign policy divided throughout the cold war and pre 2000 eras. During the 1980s and 1990s NZ foreign policy was orientated towards involvement in and following internationally mandated peacekeeping missions, rather than traditional combat roles. This is demonstrated in fact that throughout the 1990s, NZ was involved in as many multilateral military missions as they were throughout the rest of the century (NZMOD, 1997). In the Defence White Paper of 1997 the NZ government welcomed of the rise of China and recognized the importance of the US-China-Japan relationship as key to maintaining a stable Asia, as well as enforcing its position on Taiwan, as it being an “inseparable part of China” (NZMOD, 1997, p. 15). In 1997 NZ was still aiming to maintain a defence force that was well rounded with Air, Sea and land forces with planned upgrades in each area and increased budget sizes, however in 2001 with a change in Government came a change in foreign policy. The Labour government of 2001 demonstrated its view on regional security situation by decommissioning its f-14 Skyhawks, which were planned to be upgraded, and selling them, moving its air force to one devoted more to peacekeeping than a defence force. Mainly equipped with large Hercules aircraft and some military helicopters, and no fighter jets. This set the tone for New Zealand's foreign policy entering into the new millennium, one directed towards peacekeeping and trade, moving away from traditional security concerns.

New Zealand in the Twenty First Century
As mentioned above, New Zealand’s role within the Asia-Pacific region is one orientated towards trade promotion, rather than one orientated towards security. This in one part is due to the lack of successful security institutions at a multilateral level of which NZ can be a member, and in part because NZ’s security concerns are trade related.

NZ is focused on maintaining security within the Asia-Pacific region but through multi-lateral avenues. NZX is a small state that alone its voice is not loud enough to cause change, but through its participation of multilateral institutions it can join together and have a louder voice with other small states. NZ is actively involved in ASEAN-initiated organisations such as the ASEAN Regional Forum, the ASEAN Defence Ministers’ Meeting Plus (of which NZ is co-chair for the 2014-16 period) and the East Asia Summit. NZ is also a member of the Five Power Defence Arrangements (FPDA), which is five commonwealth states, Australia, UK, NZ, Malaysia and Singapore, and was initially established under the possibility of an attack on Malaysia or Singapore in 1971, with no commitments to military response just a need to consult each other in case of military attack. It is still in place and is another aspect of NZs involvement on a multilateral level.

NZs relationship with China has been a very positive one. With NZ being an active supporter of China becoming members in international organisations, such as the WTO in 1997, and promoting positive relationships with China, being the first western state to establish FTA talks in 2005. The idea of promoting China’s involvement in international organisations comes from NZ’s need to have an active and stable international community to ensure regional security, as having a China involved in rather than excluded from international organisations would help promote China following international norms and laws (Brady, 2008, p. 15) This is also an example of defensive realism, by supporting a stable environment NZ is in turn ensuring its survival. This is the major issue and involvement NZ play in regional security that apply to this topic, it also has plays a large role within the South Pacific, however this beyond the scope of this paper. NZ’s relationship with the US remained at a similar position it had been throughout the 80s and 90s, one of which they were allies but through no official security alliances, and with no specific responsibilities to react if one were
attacked. They both remained trading partners and would have bilateral meetings from year to year, but with no specific routine to these meetings, the nuclear free NZ stance was a thorn in the side of the security relationship. This has begun to change since the US’ tilt towards Asia and the changing of the government to that of the National Party. In 2010 Senator Hillary Clinton signed the Wellington Declaration, and in 2012 Defence Minister Dr. Jonathon Coleman signed the Washington Consensus, which “sets out areas of closer bilateral defence and security cooperation, including increasing cooperation in the South Pacific, building New Zealand’s amphibious capacity, and working multilaterally to build the capacity in peacekeeping, humanitarian assistance and disaster relief.” (NZMFAT, 2014). It can be seen that NZ and Australia have been moving their security relationship back to what it once was under the ANZUS agreement, which is to benefit both states. As the security dynamic of the region continues to change NZ will be looking to ensure it has a strong security partner, while the US is wanting to maintain its dominance within the region through cementing its relationships with both large and small states like NZ.

**Trade Role within the region**

The US has its hub and spokes system or its ‘web’ of security alliances to maintain its position within the region, whilst China has maintained a different form of alliances or more accurately relationships. China has developed a series of FTA agreements, which can be seen as its own version of the hub and spokes system, but trade orientated not security orientated. It is an important aspect of state relations and is a source of hard power, as “hard power is the ability to get others to do what they otherwise would not do through threats and rewards” (Keohane & Nye, Power and Interdependence in the Information Age, 1998). Within the trade relations the power comes from analysing three specific areas, sensitivity, vulnerability and the symmetrical relationship of interdependent state interactions (Nye, 2011, pp. 52-53). Sensitivity refers to the sensitivity of a state to how changes within the interdependent relationship can affect it; such as if one actor changes a policy, how quickly this will affect another before policies
can be altered (Yu & Xiong, 2011). Vulnerability is how much a state is affected by this sensitivity, or how costly a change to the relationship will be (Yu & Xiong, 2011). Lastly the symmetrical relationship, which is the most important aspect when looking at interdependence and trade relations from a power perspective, is focused on who the relationship benefits the most, and who stands to lose the least if the relationship was to end, it is the way states can maximize their power within an economic relationship. If one is affected least by ending the relationship then that state is most likely to have the most power within it (Nye, 2011). As Joseph Nye puts it, “an important underlying dimension of economic power behaviour is to make others more dependent on you than you are on them” (Nye, 2011, pp. 53-54). Where trade differs from security within hard power is its applicability within IR theory. It is not seen as a factor where you have to have one or the other, or a zero sum system, such as a security alliance with the US preventing a security alliance with Russia, or China. It is a factor that is more inclusive and having a trade agreement with one state will typically not prevent a state from having a trade agreement with a potential opposing state. It is covered under liberal IR theory, but mainly to show why the likeliness of interstate war not occurring, as it is too costly due to states interdependence and trade relationships. Economist Norman Angell before WWI also famously stated “economic interdependence rendered wars irrational” due to the costs incurred (Keohane & Nye, Power and Interdependence in the Information Age, 1998, p. 81), the obvious issue is WWI occurred a few years after this statement. It highlighted that traditional security concerns and actions can be economically irrational. For realists this is an example of why realism is a more applicable theory, the states desire for power can be stronger than the desire to be rich.

Using the theories of hard and soft power, it can be seen that the desire for power can be seen from the traditional security and the economic security viewpoint.

For China it has developed its web of bilateral FTAs, which has given it increased economic power and influence over these states due to its large economy and its maintained growth. Its economic growth is moving away from a model focused on consumption throughout the 80s and 90s, to one that is focused on exports and FDI (Huang & Young, 2013, p. 22), this means that China is a state that runs
in a trade surplus with most of its trading partners due to the large amount of exports. The two industries that both Australia (mining and agriculture) and NZ (Agriculture) are the two aspects of trade which China runs a trade deficit, meaning that it imports more than it exports of these products and that China has a larger domestic demand for these products (Huang & Young, 2013, p. 52).

Australia and NZ were both heavily reliant on the UK for its trade throughout most of the twentieth century, and much like its security relations and dependency on the UK, this relationship was in the decline following WWII. In the 1960s Australia relied on the UK for 23.5% of its exports, whilst in 2013 this was only 1.4% (DFAT, 2014) Both Australia and NZ were forced to go through a series of deregulation of the economy once the UK entered into the EEC in 1973, and systematically moved its economy and trade to follow the EEC policies, particularly the common agricultural policy, which ensured protection of the agricultural industries of the member states. This CAP caused Australia and NZ to change their own regulations domestically, as they were large agricultural exporters who relied on the UK as a destination for their products. This is what led to the Australia and NZ of today, as NZ became a large dairy producer, and Australian agricultural industry became increasingly competitive and the mining industry followed in the late 1990s.

Australia is in a unique position where it has FTA’s with both the US and China. Other such countries are Chile, Singapore, Costa Rica, Peru, and South Korea. The US-Australia FTA went into force on January 1st 2005, and the China-Australia FTA coming into effect from January 2016.

Sino-Australia trade relations

In November 2014 Australia and China signed the China Australia FTA (CHAFTA), which concluded negotiations since 2005, and will come into force on 1st January 2016. With China already being Australia’s largest trading partner, surpassing Japan in 2007, trade between the two states is expected to continue
to grow (China Daily, 2014). The benefits of the FTA come with tariff reduction and ease of trade, and with 85% of Australia’s exports to China becoming tariff free, and in 2020 this will increase to 93%, and once the FTA is fully implemented it will be expected that 95% of exports will be tariff and duty free (DFAT Australia, 2014). This is coupled with the fact that in 2013 China and Australia began direct currency trading, meaning the two states no longer needed to convert currency to US dollars when doing trade. This lowers the cost of trade and is part of the Chinese attempts to internationalize the Yuan, with states such as Japan, UK, Singapore, NZ and the US also having the ability of direct currency trade with China. This closer trading relationship between Australia and China has led to a greater deal of interdependence between the two, and therefore to analyse the impact of this, this section will look at the symmetrical nature of the relationship, in order to understand which state holds the most power in the relationship. When initially looking at the relationship, one would presume that naturally China holds the largest share of the power in the trade relationship, as it is now Australia’s largest trading partner, and Australia in turn is only China’s 7th largest trading partner, meaning that Australia has more to lose if the relationship was to end. The relationship is not as black and white as this, and to understand this further there is the need to look at the goods and services being traded, and how this has developed over the past 15 years.

Bilateral trade between the two states has grown rapidly over the past 15 years, when in 2001 total trade was at approximately US$8.45 billion (Yu & Xiong, 2011, p. 581), and in 2013 this has now increased to approximately US$136.37 billion. This is due to the rise of Chinese trade over the past two and a half decades, and a boom in Australia’s mining industry, as the largest goods being exported from Australia moving from a mixture of minerals (38%), agriculture (26%) and manufacturing (16%) in 2001 to being dominated by minerals (66%), agriculture (8%) and fuels (9%) in 2011 (DFAT, 2012). In total, in 2013, China accounted for 24% of Australia’s total trade, well ahead of the second largest trading partner, Japan, of 11%, and the US of 8%, which has grown from 9%, 13% and 12% respectively (Australia China Business Council, 2015). This shows
that the increase in trade with China has come at the expense of trade with Japan, and the US as they have both decreased as Chinese trade has increased. This is also due to the complimentary nature of the Chinese and Australian trade relationship, as China imports minerals, and services from Australia, Australia imports mainly manufactured goods such as clothing and technology goods. Both states are importing the main domestically produced product from each other, which shows for a non-competitive trade relationship and demonstrates why trade between the two have increased so dramatically over recent years.

Another aspect of the trade relationship is that of two-way investment relations. This area is dominated by Chinese investment within Australia, with 99% of Chinese investment within Australia being in the mining sector, totalling AU$26.3 billion in 2009 (Yu & Xiong, 2011, p. 582). Compared to Australian investment of US$6 billion focused on agriculture and manufacturing industries 2009 (Yu & Xiong, 2011, pp. 581-582). Investment between the two states became much more even in 2013-14 where Australian investment in China was AU$29.6 billion, and Chinese investment in Australia was AU$31.9 billion, which provides for an even flow of investment between the two states (DFAT, 2015). One of the problems that hinder the amount of Chinese investment within Australia is the public perception of the intentions of China, which will be discussed in a latter chapter, as this can cause large investments to be slowed down and even prevented. This was the case when a large Chinese company wanted to invest in Rio Tinto in 2009, but the deal collapsed after strong scrutiny by the Australian authorities, and the subsequent arrest of the Rio Tinto executive, Stern Hu, for espionage and bribery by Chinese authorities (Camilleri, Martin, & Michael, 2013, p. 7). The public opinion and perception of Chinese intentions are a common problem seen in both Australia and NZ, and will be discussed within the soft power chapter. However, following the signing of the CHAFTA, it can be expected that two-way investment will increase as trade barriers are lowered.

When looking at this data there becomes two important points to understand the symmetry of the trade relations between Australia and China, the first being the
driving force between the trade is focused on the Chinese need for raw materials to fuel its economic growth, and the second being Australia’s reliance on the export of these raw materials. It is difficult to see clearly which state holds the most power, but when looking at the vulnerability and sensitivity aspect, with China being the dominant destination of Australia’s exports, and Australia’s reliance on its mineral exports for economic growth, the beginning assumption appears to be true. That is that Australia is vulnerable and sensitive to the shock of a halt to exports to China, it would cause a drop in demand for its raw materials, which would lead to a surplus of goods, and a drop in the price of the minerals. Another vulnerability is a shock to Chinese markets, and its currency that could lead to a drop in demand for Australian goods due to an increase cost to import them. This is what happened recently on a day called ‘Black Monday’, which was a day which Chinese markets dropped unexpectedly, causing many markets around the world to fall also. Australia saw its worst single day drop in its share market in four years, losing AU$64billion in one day (Janda, 2015). However, looking at it from the other perspective, if Australia was to halt its exports to China, this could cause a slowing of growth in China, this could affect its trade patterns with other states, as it is its growth and large GDP which appeals to other trading partners. Therefore both states are vulnerable of shock to the trade relationship and mutually would stand to lose if one was to do this, thus making the relationship much more symmetrical than one would initially think. However, this relationship gives Australia more power within China than it would have without the trade. It provides Australia with a “level of influence well beyond our size in terms of population or geo-strategic importance” (Raby, 2010). In this speech, then ambassador of Australia to China speaks of Australia’s gaining in influence and power between the two states, focusing on the notion that China needs to import natural resources for energy sources and development, as year by year more Chinese are migrating to the cities, developing a larger middle class, in turn moving China to become increasingly reliant on Australia as it has a natural endowment of these resources. Therefore, Australia has a small upper hand within the trade relationship, allowing it to be less sensitive to any trade shocks imposed by China, which would cause the issues mentioned above, but the idea that China relies on these resources allows
for a rationale that the likelihood of it happening will be less, than if China was not so reliant on the goods.

**Australia-US Trade Relationship**

The Australian-US FTA agreement came into affect on January 1st 2005, and although it is called a FTA, there are still limitations on access to certain markets. Throughout the international system, domestic protection through subsidies and other trade barriers on agriculture is a common policy. It was the CAP of the EU that caused Australia and NZ to alter their domestic markets, South Korea has a heavily protected agricultural sector that has caused issues within the NZ-Korea FTA, and the US has a heavily protected agricultural sector. When Australia was negotiating the FTA with the US, access to its large agricultural sector was a large part of the negotiations, and although negotiators worked hard to have it included, it eventually was left out of the FTA (Beeson, 2006, p. 601). This is an important aspect of the trade relationship between the two, as the main exports for Australia into the US are beef, meat (excluding beef), wheat, alcoholic beverages, as well as some manufacturing and mineral products such as medical and measuring instruments, and aircraft and parts (Farrell, 2012), therefore Australia has little to gain from the AUSFTA. When looking at the trade numbers, the US has seen its exports to Australia increase from US$15.5 billion in 2005 to US$26.6 billion, whilst Australian exports to the US have increased from US$7.3 billion to US$10.7 billion (United States Census, 2015), showing that not only has the US gained much more out of the relationship, but it shows that Australia is running a trade deficit with the US, one of only a handful of countries to do so (Beeson, 2006). Running a trade deficit is not a negative point, in trading with each other, both have gained from trade with an increase in exports to each other, and as macroeconomic theory suggests both will be gaining from lower prices to the goods they are trading therefore both economies are in a better position from the trade. The goods that the US exports to Australia are manufactured and industrial products such as automobiles, engineering, equipment, telecom equipment, and other similar products (United States
Census, 2015). This shows a very different trading relationship than that with China, where they are two complimentary economies trading together, the US-Australian trade is not so complimentary, the US is not dependent on Australian agricultural products as it has a large domestic economy to provide for this, and for the goods exported to Australia, there are other trading partners providing similar products, such as Japan, South Korea and also China. The cost to this relationship within Australia could be its own automobile industry, as the three largest vehicle manufacturers within Australia Ford, Holden and Toyota have announced they intend to close production facilities by 2016 and 2017 respectively (Cheer, 2014). From an economist point of view this a natural occurrence as states trade in the product they have a comparative advantage in, and if an industry can not survive domestically it is to trade with a state which has a comparative advantage in that product, it is an aspect of the idea of FTA. When looking at the symmetry of the relationship, neither economy is extremely vulnerable nor sensitive to any changes in the relationship between the two, this added to the close security partnership between the two means that a sudden unexpected change in trade from another is not likely. When looking at these areas, it appears that neither state holds large power economically over the other but it is in the foreign direct investment is an area where the reliance on trade through the FTA is apparent. In 2011 the US was the largest FDI in Australia with a total of US$136 billion, an increase from US$67 billion in 2006 (Farrell, 2012). Within the AUSFTA there was emphasize on promoting two way investment between Australia and the US with prohibition on foreign exchange restrictions and performance requirements, which reduces the cost of investment, and allows for easier entrance to the markets. The majority of FDI from the US into Australia has been in the mining industry, particularly in Western Australia where a large portion of Australian growth has come from. Australia also invests heavily in the US, in 2010 Australia was the 10th largest FDI in the US with a total of A$96 billion. When taking into account the investment, it becomes clear to see that Australian economic growth is reliant US FDI, and is vulnerable to any halt that may occur. Therefore it is the US that holds more power within the two way trade relationship, the relationship is not completely symmetrical, although Australia
also invests heavily in the US, the US does not rely so heavily on this investment for its growth.

New Zealand Trade with China and the US

NZ does not have a large amount of natural resources like Australia does. It is a small economy that is predominantly agricultural based, with its largest exports being milk powder, cheese and beef and sheep meat. This leads NZ to be more vulnerable and sensitive to the changes in trade policy from its trading partners. This issue is emphasized with its larger trading partners, China, and the US, who are its 1st and 3rd trading partners, the NZ economy and trade with these states is so small in comparison to their other trading partners, and a change in policy could see NZ lose out on trade. It is a situation of a small economy being a lot more dependent on the larger economy for trade than the other, Australia is in a similar position, but its abundant amount of natural resources in the mining industry allows its relationship to be more interdependent with these larger economies. The NZ economy is ranked as the 25th most open economy in the world (ICC, 2013), which is ranked on its FDI to GDP ratio, its observed openness, its trade policy and its infrastructure to trade. This means that NZ is a relatively easy country to gain access to from a foreign market, and appears to be the trend with smaller economies, where Canada is the only G20 country to be in the top 20 on the openness index. This demonstrates that the need for a smaller economy to grow is through both allowing access to its own market, and also gaining access many other markets, and a high degree of openness is key to achieving this.

NZ currently has FTAs in force with 9 different partners, of which 7 are with Asia-Pacific states, plus the Korean FTA that was signed in 2015. It is through FTAs that NZ maintains its openness as an economy and promotes the elimination of trade barriers. This range of FTAs allows NZ to be less susceptible to shocks from one specific partner, and allows the sensitivity and vulnerability risk with trading partners to be smaller. NZ’s top two trading partners are China and Australia and a change in policy from either of these two states would
expose NZs vulnerabilities. Since the NZ-China FTA came into affect in January 2008 the two trade has increased from

According to a study by the Savings Working group presented to the NZ minister of Finance, Bill English, a large aspect of NZs vulnerability to external shocks and changes to its trading patterns comes from its low domestic savings rate (Savings Working group, 2011). A low domestic savings rate increases the vulnerability as, in general, the amount of savings equals the amount of investment, and so a low savings rate means a low investment rate domestically. This leads to the reliance of FDI, as international investors can allow an economy to maintain growth by investing foreign money into the domestic economy, however, this is not always a positive situation, as the report demonstrates that the predominant area of investment has been in the domestic housing market, which has caused increased housing prices.

From understanding NZs domestic situation, it shows the vulnerability and sensitivity of a small state, and when comparing this to economic power relations with China, it becomes obvious that China holds most of the symmetrical power. This is down to three main reasons. The first being that the main export to China from NZ is that of milk solids, in the form of baby powder and milk powder. Although NZ holds a comparative advantage, there are other states which are strong competitors such as Chile and the Netherlands, which provides China with other options to fill this need if required. The second is the NZ reliance on FDI from China. With the low NZ savings rate it is the FDI from states such as Australia and China that help the economy maintain growth, if China was to implement a policy that would prevent such FDI within NZ then this could slow any growth in the NZ economy. The last reason is the overall impact NZ has on China in terms of trade, where over 70% of Chinese FDI s directed in Asia, 3% is directed towards Oceania, of which over 2.5% is in Australia, therefore NZ represents only a small percentage of investment, and a loss of trade with NZ would cause little to no damage to the Chinese market (Huang & Young, 2013, p. 60).

**Soft Power and Constructivism**
Throughout this paper, I have covered the hard power aspects of realism, the aspects that fit into a realist theory much easier, as these are tools in which states can use to actively cause a state to do something they would not otherwise do. One of the problems that faces realist IR theory is the notion that “ideology and historical experience have little impact in realism” (Peou, 2002, p. 121), that is that a realist theoretical perspective does not account for historical events and ideological similarities and differences. For the constructivist, this plays a large part in how the international system is constructed, and takes into account “culture, ideas, ideology and socialization” (Peou, 2002, p. 123), all of which history plays a large role in constructing. The idea of soft power seems to include many of these factors, and can still maintain a realist theoretical position. This allows the inclusion of history, ideology, cultural similarities, and other such aspects into the analysis of international relations, and what factors are important to the international system. This section will use aspects of soft power and constructivism to demonstrate how the soft power aspects have changed since the turn of the century for Australia and NZ due to the Sino-US rivalry, and that it is an important aspect to be included. The main areas that will be focused on will be cultural and ideological similarities/differences, historical relationships, and diplomacy between the states.

Soft power is “the ability to get desired outcomes because others want what you want. It is the ability to achieve goals through attraction rather than coercion” (Keohane & Nye, Power and Interdependence in the Information Age, 1998, p. 86). This analogy has been a driving force behind much of China’s rise, as mentioned earlier the Chinese economy is the fastest largest developing economy in the world, and this alone brings along a lot of soft power with it, as states want to ride the wave of Chinese development and aim to stimulate extra growth within their own economies. This identifies one major point that trade and economics can fit into both a hard power and soft power category, China can change its policies as a threat or to coerce another state into doing something it would not have otherwise have done which is Hard power. The other side is the attractiveness of its development and that everyone wants a piece of the pie and want to be involved in trade with China which is an example of soft power. Other factors such as culture, values and public diplomacy (Nye, 2004, p. 11) are
important also within the realm of soft power. For the US, culture and shared values are a major factor of its soft power appeal, with Hollywood films, TV series, and the perception of the American way of life all adding to the cultural soft power appeal. Being the leader of the democratic states and a capitalist economy provides a large amount of soft power through the power of attraction. Just as trade and economics can be both hard and soft power, so too can military strength, with the appeal of having the US as an ally, states can be attracted to having security agreements with the US due to its strength and influence. Soft power is not a tangible object which can easily be measured or seen, it is much more a perception and series of events and policies that can add to or take from a state's soft power. For example the failure to find WMDs in the Iraq war for the British and the US had a negative impact on their soft power, as public perception as the US being global power enforcing its will on smaller states became more common. China uses soft power to help curtail the China Threat theories, and does so to show that its rise is aimed at being a peaceful rise through peaceful ways for peaceful reasons (Wang Y., 2008, p. 258), but strong actions over its territorial claims can have negative impacts on this and help promote the China threat theories.

**Australia and China – A Soft Power Perspective**

This section will attempt to analyse the Australian and Chinese relationship from a soft power perspective. It will look at the cultural issues between the two states, how the difference of East and West affects the relationship. Secondly it will look at the ideological issues, how the two being differing types of society from an ideological perspective affects perceptions of one another and lastly how the diplomacy between the two states have affected the relationship, is the rhetoric generally positive?

Culturally it is obvious to see that Australia and China are very dissimilar. Australia being a result of British colonialism, having large Judeo-Christian influences and sharing similar laws to that of other Western states. China on the other hand is a state that holds Confucian, Daoist, and Buddhist ideals within its
culture, and has been developed over thousands of years. There is a distinct West vs. East difference between the two states, and with this comes the similar cultural differences of ‘them and us’. This is the type of situation that Samuel Huntington wrote about in ‘The Clash of Civilisations’, the eventual conflict will be between the differing cultures around the world, a battle of them and us. In Australia there has been migration of Chinese towards Australia since the late nineteenth century, and continue today with a total of 1.8% of the Australian population being born in China (not including Hong Kong, Macau or Taiwan), and a total of 4.3% of the Australian population identify themselves as Chinese in 2011 census, 74.3% of these are first generation (ABS, 2012). This is an important aspect as those Australians that view themselves as Chinese are following larger groupings all from European decent, such as from the UK, Italian, German and the majority (average 65%) are third or more generation (ABS, 2012). This signifies the recent migration of Chinese to Australia as the majority is first generation, which within this census are born in China and moved to Australia, the second generation Chinese, was at 21%. The only other cultural group similar to the Chinese was those that stated they were Indian, of which the total population of Indians within Australia was 2%, of which nearly 80% were first generation (ABS, 2012). Although these percentages of total population are small, it does represent increasing cultural diversity within Australia, and the bigger the minority of Chinese the more Australian society must evolve with it. In terms of soft power, increasing Chinese migration highlights the cultural appeal of Australia to Chinese migrants, and as Joseph Nye points out this is one of the main factors in soft power (Nye, 2011, p. 84). This is also proven in the number of Chinese students studying in Australia, which has grown from 51,145 in 2007 to 92,970 in 2013, which is the largest source of international students studying within Australia at 37.6% (Institute of International Education, 2015). This soft power attraction of Chinese wanting to study in Australia is more of a Western world soft power, or an English speaking soft power attraction, as the US, the UK, Canada and NZs largest proportion of international students are Chinese (Institute of International Education, 2015). Therefore Australia is benefiting from being an ex-colony of Great Britain, being an English speaking country that holds large appeal for Chinese students to
study, and have the possibility to migrate to Australia after completing study. This is where the cultural soft power for Australia comes from, mixed with Sydney only being a 10-hour flight from China puts it in easy reaching distance for Chinese students.

The question now is how does this soft power benefit Australia? The main benefits from cultural soft power come from allowing other cultures to experience different cultures in a way that when they return home it can create positive feelings about that different culture. However other benefits also occur, such as official cross-cultural dialogue through universities as most international exchanges come through already established partnerships; providing a source of highly skilled graduates once they complete their studies; it also helps the cities in which the students go to become increasingly international; the economic benefits for the universities are large, as international students generally pay larger fees; and lastly, international students allow for domestic students to build international networks which can benefit Australian businesses for years to come (Australian Education International, 2012) Through the migration of Chinese to Australia, and the large amounts of Chinese students studying in Australia these cultural benefits are maximized. Actions from the Australian government to further increase these cultural bonds can be seen through various domestic institutions such as the Australia-China Council, with Australian government support of Chinese holidays such as Chinese New Years, and other domestic organizations such as the Australia China Youth Association, the Australia China Friendship Society. All these organizations help promote cross-cultural interactions and exchange which aid both Chinese and Australian soft power, through greater awareness of each other's cultures.

The second aspect that applies to soft power is that of shared values and ideologies. Within constructivism the state is socially constructed through social (Cox, 1981, p. 129) forces such as shared perception, ideas, culture and values therefore shared values and ideologies are an important aspect of the state system formation. Soft power includes such aspects and shared values and ideologies are central to this aspect. Through out the Cold War the world was divided between ideologies, democracy and communism, where the US held
large appeal to states that were either democratic, or were fearful of communism advancing within its own state. This saw many non-democratic states such as the Republic of Korea, Japan, Taiwan, to eventually transform into democratic states. It is within East Asia that shared values and ideologies become an important part of state interaction, as for ROK, who shares many common cultural and historical points with China is more ideologically and in terms of shared values on an international level, closer to the US than China. The security alliance with the US is the reason the states became closer, however through increased interaction ROK has evolved or constructed its current day ideological and international shared value position. This not only highlights the power of the US’ soft power, but it also coincides with the constructivist theory of the system being socially constructed and the need to apply history when developing an understanding of this system. When focusing on just the East Asian states, ROK and China are still more amicable than Japan and China, and in this respect ROK and China are closer and share cultural values, but in the bigger picture this shows the importance of both constructivism and soft power.

When looking at the Australian-China relationship within the context of shared values and ideology, just like culture, there are no obvious similarities, one is a democratic capitalist economy, the other a communist, authoritarian state with high protection on a semi-capitalist economy. However the two states still have shared values when looking at their interaction on an institutional level. There are two ways in which state interaction within international institutions affect state behaviour, the first is through a material reward/punishment system, where through involvement within the institutes brings the material reward of involvement and the platform for concerns to be voiced; the second is through distributions of power among social groups (Johnston, 2003, p. 107). The prime example of this is through ASEAN, where the benefits of being a member are through security and economic rewards, and the power distribution can be seen where a state like Bhutan is seen as an equal to a much larger state such as Indonesia. ASEAN has been viewed as a social construction of the needs of the member states when it was formed not out of the only option to protect against the much larger powers but out of a desire to use multilateralism as another
option of security (Acharya, 2000, pp. 4-5). The other realist perception is that its only choice was to bandwagon or balance, and the ASEAN states decided to balance against the threats from the rising powers. The two ideas on the formation of ASEAN are not particularly within the soft power realm specifically, however both are very similar, to balance against a larger power is to embrace multilateralism. This highlights the similarities of IR theories in general, and it is only small details that have been enlarged to create a separate identity within the theoretical debate.

It is through interaction within institutions that shared values and ideas can create a soft power attraction. China and Australian interactions with institutions have increased over the past decade, as China has entered into many of the large global institutions such as the UN, WTO, and the G20, while at a regional level they cooperate within APEC, ASEAN and EAS and it is through these institutions that the two states can break down many of the barriers that set these two states amongst the ‘us and them’, or the West and East separation (Yu & Xiong, 2011, p. 50). The main shared value that crosses almost all states is that of economic growth and the desire to maintain it. This is where China and Australia have made the most development of recent years with signing the FTA last year, as explained previously. This shared value shows the soft power side of trade and economics, as both states are attracted to each other through the desires of having what the other wants.

One area that China is attempting to increase its institutional soft power within the region, including Australia is through the establishment of the Asian Infrastructure Investment bank. The AIIB is still in its development phase but has initially received 51 Prospective Founding Member (PFM) states signatures that need to be ratified within their own domestic parliaments. Australia, NZ, the UK and other developed countries are part of this 51 strong PFM, with a notable exclusion of the US (AIIB, 2015). The AIIB is seen to compete against other international banks such as the World Bank, IMF and ADB, which are dominated by the US’ influence. With such a strong initial backing from many states both developed and developing it shows the appeal that China has as a potential world leader. The AIIB is also seen as being much more inclusive than some of the similar style development banks, allowing membership from regional, non-
regional, developing and developed states who are willing to aid in the development of infrastructure within Asia (AIIB, 2015). This type of institution can be seen as a type of institutional balancing, where China is developing its own influence in differing institutions that can balance against the large influence that the US has within similar institution. Institutional balancing is a non-military style of balancing used within a world full of interdependence, where a military balance is extremely costly and difficult, using economic style balancing with institutes is a less threatening option (He, 2008).

The last aspect that can be used to merge constructivism and realism under soft power is that of public diplomacy. "Public diplomacy is an instrument that governments use to mobilize... resources to communicate with and attract the publics of other countries, rather than merely their governments" (Nye, 2008, p. 95). For China, public diplomacy is key to its continual effort to fight the 'China threat theory' through soft power. The aim is to improve international perceptions of China into a more positive light, as due to the major differences between Western and Eastern societies, and the differing ideologies, in many Western states China is looked upon as being untrustworthy, or there are large doubts about China's peaceful rise (Wang Y., 2008, p. 267). It is a large part of China's soft power policy which was first published in a Foreign Policy White Paper by the CCP in 2007, where it stated the aim to improve public perceptions was through enhancing its cultural soft power (Hu, 2007). From a constructivist perspective, public perceptions are a socially constructed view which can be changed and altered, and in the same sense is similar within the idea of soft power. As Joseph Nye Jr. wrote in Foreign Policy magazine in 2004, the same idea affects the US. He sees that the soft power of the US is in decline due to a decrease in its public opinion on the legitimacy of its international policies and actions (Nye, 2004b). The decline of the US’ soft power affects its attraction, and can cause it to be unable to achieve its goals without the use of coercion and payments (Nye, 2004b). This being said, the US still holds a large amount of soft power, its Hollywood films, English speaking country, its major influence on world media outlets (as many media companies are American owned) and its security attraction. At the time the article was published it was following the
disasters of the Iraq war. China’s diplomacy is a way of developing its own individual attractiveness that is not focused solely on its economic and trade, it has implemented Confucius Institutes in over 50 different countries, aimed at increasing its cultural appeal through students learning Mandarin, which is expected to increase the likelihood of these students viewing China in a more positive light (Paradise, 2009).

New Zealand and China – A Soft Power Perspective

NZ’s soft power within China starts with its positive position of having the four first’s mentioned earlier in this paper. It set the foundation for a continued positive relationship with China. Demographically NZ is similar with Australia in the aspect of Chinese migration towards NZ, when in 1996 the population had approximately 3% of residents who identified as Asian, and this is expected to reach 16% by 2026 (Vaughn, 2012, p. 13). China is also the largest source of international students for NZ, with a total of 30,179 students studying at a NZ educational institution in 2014, which is constantly growing each year (Education New Zealand, 2015). This is showing that NZ benefits from the appeal of being a western English speaking state, with the appeal to many Chinese students coming to improve or learn English.

Within China when one travels around and mentions they are from NZ, the most common thing that Chinese know NZ for is the milk powder that is imported into China. A large reason for this is that China experienced the melamine contamination of Chinese produced baby powder that led to the death 13 children. This damaged the publics’ faith in Chinese produced milk powder, leading to a greater demand for foreign produced products from states such as NZ, Netherlands and Chile.

NZ also holds soft power in that of tourism, with China being the second largest source of tourists behind Australia, and in 2014 The Chinese Tourism Academy (CTA), reported that NZ was ranked number one in satisfaction amongst Chinese tourists for that year (Tourism New Zealand, 2015). In general, it can be assumed NZ is looked upon in a positive light within China, it has maintained positive
relationships throughout, it has been more independent in its foreign policy than that of Australia, particularly in terms of US policies in the area.

In order to have a better picture of the soft power between the two states it is important to look at the aspects of shared values and ideologies, and that of public diplomacy. For shared values and ideologies the story is that very similar to Australia, one is Western and the other is Eastern in history, one is democratic market economy, the other is a communist state with a centralised market economy. NZ, as mentioned above, has a large growing Chinese community, which could lead to a more Asian NZ, however it is more likely that it will add to the idea of a NZ culture, one which already has large minorities of Polynesians, and Maoris, and NZ being still a very young state is still moulding its own culture. Therefore the idea of culture and ideology, though is very different today, is a constantly developing one which could see the two states move closer over time.

Culturally NZ appeals to Chinese tourists, students and migrants alike, as mentioned above, and the NZ government is doing what it can to maintain and improve this through various advertising campaigns like “100% PURE NZ”. There are still large differences, which appear to be similar to that of Australia. That is the mistrust of China and its intentions, particularly on investments in buying lands in NZ. The Crafer Farms land sales is a prime example. “The Crafer farms sale included 7,900 hectares of New Zealand farmland, a collection of 16 farms that fell into receivership and were being sold as a group. The New Zealand Government approved a bid by the Chinese company Shanghai Pengxin to purchase the farms for approximately $200 million but the High Court subsequently overturned the sale.” (Vaughn, 2012, p. 33). It was through major public disagreement with the sales of these farms to a Chinese company that caused this sale to go to court, subsequently the sale did eventually go through, but it came at the possibility to scare of further investment from other Chinese firms. In 2014 the same firm attempted to purchase the Lochinver Farms also, another large amount of farms focused on sheep and dairy, however the government did not allow this bid to continue and in September 2015 did not accept it on the grounds that there was not enough economic benefit for NZ (Bennet & Upston, 2015).
Public diplomacy between the two states is very positive. Not only were there the ‘four first’ stated earlier, but there was what was described as the ‘two new firsts’ by Chinese Ambassador to NZ Wang Lutong in an address at Victoria University on Wellington in April 2014. He was talking of the fact that after the new leadership had been selected and had taken office in 2013 “Prime Minister John Key... became the first foreign prime minister received by Chinese top leaders after "two sessions", learning face to face their thoughts on China's future development and bilateral relations. At the same period last year, Prime Minister John Key was one of the first invited world leaders to meet the new Chinese leadership, ensuring that leaders of both countries quickly established a good working relationship.” (Wang L., 2014). This shows that the relationship is still very positive, the idea that NZ was one of the first states to visit the new Chinese leadership is an important aspect for the public diplomacy between the two states. In the same month, President Xi Jinping also visited NZ briefly, reciprocating the importance of the diplomacy between the two states.

NZ and China both hold positive relationships with each other and the relationship appears to be able to withstand, so far, the cultural differences. It is as the pressure builds between the US and China that more pressure could be placed on the NZ-China relationship, however it seems that the Australian-Chinese relationship would show cracks before the NZ-Chinese one would.

**Australia, NZ and US – Soft Power Perspective**

The Australian, NZ and US relationship on a soft power level is one of commonalities. They all share the same heritage, being ex-colonies of the UK, fought in the two world wars together, founding members of the UN and other such organisations, are democratic open markets, and are all English speaking states. Therefore ideologically and culturally the three states are similar, and would fit into Samuel Huntington’s ‘Clash of Civilisations’, as they belong in the same civilization. NZ and Australia are allies to the highest sense that if one was to be invaded the other would respond without question, it is like a big brother little brother scenario, this bond was cemented when the ANZACs fought together in the two world wars. Their relationship militarily and economically
with the US has differentiated as each has had their own individual security issues, however on a cultural and ideological level they have maintained similar levels. American television, news agencies, Hollywood films and other such aspects culturally influence both states. Ideologically both states agree with the US in promoting democracy and free market economies, however it is the aspect of following international law, and norms which could be seen as a negative aspect of the soft power relationships. Joshua Kurlantzick wrote about “The Decline of American Soft Power” in 2005 noting that within Australia, “an American ally of over 5 decades” just over half of the public questioned in a Lowy Institute survey saw the US in a positive light, while 57% saw American foreign policy as a threat to Australia (Kurlantzick, 2005, p. 419), this doesn’t seem that bad until the same poll saw Japan and the UK at 80% in the positive light, and just over 50% saw Islamic extremism as a threat to Australia (Kurlantzick, 2005, p. 419). He argues that it was the b=Bush administration that began the slide in US soft power, and that it has transformed into an anti-American thought process, shifting the negativity onto Americans and American business. This type of decline in US soft power is not a positive aspect for the US, however amongst the western world it would still hold greater soft power appeal than that of China, due to the cultural and ideological similarities.

The public diplomacy aspect of the soft power relationship between Australia, NZ and the US is one which has been increasing since the US’ tilt to Asia. This is due to the necessity for the US to maintain positive relations with its allies within the Asia realm. For Australia, John Howard maintained a high level of state visits to the US, going every year he was in office except for one, whilst each succeeding Prim Minister has visited the US at least once on official business with Julia Gillard going an extra time to address the UN. In return the US presidents since 2000 has visited Australia twice each with George Bush visiting in 2003 and 2007, and Barrack Obama in 2011 and 2014. Whilst NZ and US state level visits are much fewer, only two US Presidents have visited NZ, Lynden Johnson in 1966. And Bill Clinton in 1999, the public diplomacy over the past 6 years has increased dramatically with the signings of the Wellington Declaration, and the Washington Consensus, and state visits from the Secretary of State Hillary Clinton in 2010, and Then Secretary of Defence, Leon Panetta in 2012. In
general the public diplomacy between the Australia, NZ and the US is positive, and becoming increasingly positive in the public image as they appear to be working closer together, particularly NZ and the US working on repairing their security relationship.

**Findings and Conclusions**

This paper has been focused on the relationship of Australia and New Zealand with the two large powers within Asia, the US and China. It has taken a realist approach using the ideas of Hard and Soft Power, looking at how the relationships have changed since the turn of the century. The idea of realism seeing the pursuit of power as a main factor in state interaction is logical. This is due to the fact that the economic aspects provide power, and interdependence, but it looked and acted upon in a separate level to that of traditional security concerns. The reason for this is the ability for a state such as Australia can be so close militarily and strategically with the US, but also have a FTA with China, the US’ presumed rival in the area. It is understood that economics is not a zero sum game however if it was vital to state interaction within the system there would be a cost benefit situation with security and trade. This is the same story for the soft power aspects of culture and ideology, shared values, and public diplomacy. These aspects are important to states and state interaction, but it seems to a more important factor within a state and the domestic public perception of another state. It is a long term evolving area that does need attention, but if a war was to break out much of the soft power would be lost and need to be developed again. Military and traditional security concerns could override this and in this respect is the most important aspect of state relations. For Australia, a middle power who does not hold an extraordinarily large army, its alliance with the US is central to its survival, being arguably the US’ most unquestioning ally means that its position and power in the system is secure. It gains power amongst other similar sized and powerful states through its trade and soft power, but without bandwagoning with the US, could be an insecure state. Its interaction throughout the multilateral institutions allows it to be ensure a stable system, which in turn
secures its security to a greater extent. This is similar to NZ, which has since 2010 been moving closer to re-establishing its ANZUS alliance with the US, however more important to NZ without a great power as an ally, its involvement within multilateral institutions is key to ensuring its security. The aspects of trade and soft power are more important to NZ as tools to promote state interaction, and its position within the system. The soft power aspect that NZ is a developed western state is also key to its position and survival within the region as it holds soft power appeal to China, along with its positive history with China. Therefore, on the one hand realism is correct in focusing on traditional security and the pursuit of power, however as a state decreases in power and size it appears that the other aspects such as trade and soft power become more important and move to a similar level as security.

For Australia, its ability to balance the security aspect of its relationship with the US and its trade relationship China is vital to maintaining a secure environment. If war was to break out between China and the US, it would be hard to believe that Australia wouldn't be involved and wouldn't be on the side of the US, as it foreign policy has been focused on this relationship. Just like in WWI and WWII states went to war with trade partners, and if a war was to break out I believe Australia would be militarily involved, due to its relationship and alliance within the hub and spokes system.

NZ on the other wouldn’t be militarily involved. It has too much to lose if it was to throw away its relationship with China, economically and socially, the effects would cripple the NZ economy. As mentioned earlier even if the ANZUS treaty was enacted there is no requirement for military action. Even though since 2010 NZ has been seen to be re-establishing its US alliance, it has also been an important western partner of China, and as time goes on the demographics’ within NZ will begin to change its cultural position within the region having a large Asian and Polynesian populations mixing with its Maori and European heritage.

The questions of how much does culture affect the relationships, and how it fits within soft power are reasonably straightforward. Yes culture does affect the relationships, as Australia is still very much a western state closer to that of the US, and its historical relationship with the US in the end will be its deciding
factor for its involvement within a possible conflict between the two states. For NZ, its foreign policy has been more independent from the US, therefore does not have the historical requirement and push to fight with the US in a possible conflict. Its historical independence mixed with its necessity as a small state to maintain strong relationships and involvement within multilateral institutions is more important than a security partnership with the US. For NZ to stay out of a possible conflict would not prevent trade and other interactions with the US, as it is not a with us or against us situation, however if that was the case it would still appear that NZ would do is best to be independent from the conflict. In regards to constructivist ideas fitting in within soft power, yes it does, as soft power is a social aspect of state interactions, therefore it is constructivist. History, culture, ideals, and diplomacy are aspects that can evolve, and change over time depending on the social context. Therefore the ideas of hard power and soft power provide a wider theoretical application in IR, particularly when focus on non-great powers. Realism appears to explain the actions of the super powers and great powers, however as a states power and size decrease the other aspects of trade, culture, history, relationships and diplomacy become more important.
**Bibliography**


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Declaration

DECLARATION BY CANDIDATE I hereby declare that this thesis, "Australia and New Zealand dealing with the powers of Asia. ", is my own work and my own effort and that it has not been accepted anywhere else for the award of any other degree or diploma. Where sources of information have been used, they have been acknowledged.

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