

policies, and setting their effects against the general interest of the economy.

Ryuhei Wakasugi argues that Japan's industrial structure is being transformed by changes in the yen-dollar exchange rate. He does not offer specific proposals to overcome protectionism, but his contribution could be said to assist in that direction by helping the rest of the world to understand that Japanese industry is not immune from the laws of economics.

The potential for making trade barriers more transparent, mentioned by several contributors, is explained most fully by John Nieuwenhuysen. In his view, transparency requires widespread community knowledge of the consequences of trade liberalisation, both at home and abroad. He argues that government has an important role in promoting transparency as a counterweight to lobbying by industry interest groups.

This book obviously does not contain all the answers to the problems of the international trading system. However, it is refreshing to read anything about international trade that recognises the sources of protectionism and goes beyond bleating ineffectually that governments should abide by the letter and spirit of the GATT.

Foreign Policy in the 1990s

David Anderson, Director of the Pacific Security Research Institute, reviews In Pursuit of National Interests: Australian Foreign Policy in the 1990s edited by F. A. Mediansky and A. C. Palfreman (Pergamon Press Australia, Sydney, 1988).

This very useful collection of essays is divided into three main sections, dealing, in turn, with the domestic

dimensions of foreign policy, the context and objectives of foreign policy (including defence and economic aspects), and the implementation of policy with particular attention to Australian interests in the Asia-Pacific region. The promise of the subtitle — a look ahead into the 1990s — is not fully realised. But the quality of the contributions is generally high, and the volume should be required reading for students of foreign policy.

Some of the assessments have inevitably been overtaken by the astonishing speed of the changes in the Soviet Union that have led to the end of the Cold War; but Coral Bell's analysis of the international environment in which Australian foreign policy operates stands the test of time. The possibility of a major nuclear exchange between the superpowers, which she identifies as 'the most plausible ... danger in the international environment' has of course receded and now looks distinctly implausible. But she also foresees that our familiar environment may well become 'something harsher, less congenial, more competitive and demanding', with the central balance of the future 'largely Pacific-centred and Asia-dominated'. This, as Dr Bell points out, may not prove a 'very comfortable' prospect for Australia. Again, noting that economic issues become predominant in the absence of any immediate security threat, Dr Bell draws attention to the dangers of trade wars between major economic blocs, in which countries like Australia are condemned to suffer. Attention in the 1980s concentrated primarily on trade disputes between the United States and the European Community. The current deterioration in US-Japanese trade relations, however, carries dangers not only for economic interests but also for the US-Japanese defence relationship, on which the security of the Western Pacific heavily depends.

Against the background, the conclusions to Ross Babbage's concise and well-ordered essay on Australian security objectives seems just a shade complacent. Our remoteness from major centres of global competition and possible battlefields has certainly been a 'security asset' in

most respects. But the future areas of strategic competition could be less remote from our shores, and advances in technology that improve the projection of military power have reduced the defensive advantage of distance. There is good reason for satisfaction with our present policy of defence self-reliance, our alliances and our cooperative relations with neighbouring countries; and no better alternatives are on offer. It is not certain, however, as we move into uncharted waters, that these elements will always 'provide in combination the strength, flexibility and resilience needed to meet the security challenges that may confront Australia in the 1990s and beyond'.

Other essays examine our relations with the United States, Japan, and China. Professor Alinski finds that it has become easier for Australia to diverge from preferred American positions or to get its own way. With the ebbing of the Cold War and the decline of American economic predominance, Australia may in fact be able to pursue more independent external policies without damage to its interests or detriment to an alliance that will still be central to our security. Reviewing our relations with Japan, Alan Rix points to the danger of Japan's becoming an over-dominant partner and to the need to reassess Australia's increasingly passive and reactive role. Colin Mackerras offers a sober analysis of our relationship with China, avoiding both the euphoria of those who imagined that we enjoyed a position of special influence or access, and the extreme disillusionment of a Stephen Fitzgerald. Changes in the international power structure, Mackerras suggests, could always point the relationship in a new direction, as could changes in the power structure within China. The likeliest outcome, nevertheless, seems to be the continuation of a relationship that can offer benefits to both sides, but for which no extravagant expectations should be entertained.

In the Southwest Pacific, F. A. Mediansky examines the weaknesses and vulnerabilities of the island states and analyses the more important regional conflicts and tensions, and the interplay of external state inter-

ests. He concludes that the prospects for regional stability are threatened by the growing level of political and economic competition among the major external powers, by conflicts of interest between the Western players over issues like the South Pacific Nuclear Free Zone and New Caledonia, and by the suspension of New Zealand from ANZUS and the repercussions within the region. He rightly notes that Australia's pre-eminent position of influence in the Southwest Pacific can no longer be taken for granted and will come under increasing challenge. Since this essay was written, a further change of government in Paris has produced the Matignon Accords, and in their wake a return to social and political stability in New Caledonia and a marked improvement in France's relations with Australia and the Forum countries. There can be no assurance, however, that the Accords will hold up until the act of self-determination scheduled for 1998, or that New Caledonia will not again become a theatre of tension and conflict and a major source of regional discord.

Professor Mediansky also looks at Australian relations with, and policies towards, the countries of Southeast Asia. Of these, the relationship with Indonesia is far and away the most important. Mediansky acknowledges that bilateral problems and differences with the Suharto regime have so far been managed with reasonable success, but notes that difficult issues such as the PNG/Irian Jaya border will continue to need very careful handling, especially after Suharto has left the scene. Looking further afield, he observes that while Australian policies in Southeast Asia have become more sensitive and flexible, the success of ASEAN has reduced Australian political influence in the region. (Our declining economic performance is of course another factor.) Less attention is given to Australian attempts to contribute towards a settlement of the Cambodian problem, which in turn is a necessary prerequisite to tackling the larger problem of finding a long-term accommodation between the affluent ASEAN countries and indigent but militarily

powerful Vietnam. It is arguable, however, that in the closing years of the century no vital Australian interests will be directly involved in the Indochinese peninsula. For an essay of such necessarily brief compass, Professor Mediansky has his priorities right.

In their conclusion, the editors state that several of the contributors have focused on the major challenges to Australia in the 1990s and beyond. One such challenge is of course to be found at home. A nation's ability to defend and advance its interests in the world depends primarily on its economic strength and performance. Unless we can revive our flagging economy, the best efforts of our policymakers and diplomats will be hamstrung, and our weight and influence in the Asia-Pacific region and our international standing can only decline still further.

Keeping the Pacific Peaceful

Peter Jennings, Teaching Fellow in Politics at University College (UNSW), Australian Defence Force Academy, reviews Strategy and the Southwest Pacific: An Australian Perspective by Owen Harries (Pacific Security Research Institute, Sydney, 1989).

Owen Harries's study is the first in a series entitled 'Australia and Tomorrow's Pacific', produced by the new Sydney-based Pacific Security Research Institute. Other papers include studies on Japanese defence and economic issues and New Zealand defence policy, and a monograph is planned on Papua New Guinea's thorny security problems. Such an enterprise is to be welcomed in the hope that it will focus our attention on an increasingly complex regional security environment.

It seems quite appropriate, then,

that the first of the series should seek to present a broad-brush picture of security issues in the Southwest Pacific. And broad-brush it is. Harries is not concerned to discuss the security problems of particular island states. Rather, he looks to the region as a whole and, in the Abstract, argues that 'regions acquire strategic significance not because of their inherent characteristics but by being caught up in patterns of great power rivalry'.

The South Pacific has been blessed, Harries says, because the superpowers have rightly regarded the region as something of a strategic backwater. But this is not to say that it is without any strategic significance. Important sea-lanes of communication, potential sea-bed resource wealth and the prospect of providing important signals intelligence and space-related strategic sites offer at least the possibility that the region may yet become a more important strategic pawn in the calculations of the major powers. Paradoxically, the very unimportance of the islands, Harries argues, may make them attractive as targets for Soviet activity. It is an area where a comparatively small investment of resources, say in aid programmes, may have a disproportionate effect. Further, no vital superpower interests are involved, so there may be more latitude for making political gains at the expense of the United States, which is faulted for being too unresponsive to island sensitivities.

Harries outlines what he calls the 'familiar two-track policy' that the Soviet Union has applied to the region: simultaneously seeking to strengthen government-to-government relations with the islands at the same time as embarking on 'efforts (conducted through both pro-Soviet agents and independent actors who hold views congenial to Moscow) to create and manipulate local organisations that can advance its cause' (p.13). In support of the first 'track' Harries advances the Soviet fishing deals with Kiribati and Vanuatu as well as the recent decision by PNG to allow a Soviet permanent diplomatic presence in Port Moresby. As for Soviet inspired subversion, Harries nominates the activities of the Pacific