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What Uncle Sam Wants

U.S. Foreign Policy Objectives in Australia and Beyond

Clinton Fernandes

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For me, the most remarkable thing about the classified cables was the realization that secret American diplomatic reporting had a real-time, open source parallel—the writings of Noam Chomsky. He appears to have had access to open source versions of the things that were classified. There are differences in goals, presumptions, values, and emphasis, to be sure, but his writings from 2004 to 2010 are a superb explanation of what American diplomats were discussing behind closed doors. This book is his birthday present. Welcome to your tenth decade, Noam.

The usual disclaimer applies.

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CHAPTER 1

Introduction

Abstract This introductory chapter provides an overview of the book. It explains why the book is different from other books about the diplomatic cables that were released by Wikileaks in 2010. It explains that this book weaves together America's economic and strategic objectives to show that American diplomacy aims at an integrated global economy in which its corporations can operate with relative freedom. Strategic policy creates an enabling environment for these economic ambitions.

Keywords United States foreign policy · Wikileaks · Cables · *New York Times*

On November 28, 2010, the Wikileaks whistle-blower website began publishing 251,287 leaked US diplomatic cables. At an average length of just over 1000 words per cable, the unauthorized release of more than 250 million words of classified diplomatic correspondence was, as an Australian journalist said, “the political equivalent of an enormous improvised explosive device half-buried in the White House lawn.”¹ The US government immediately created a task force to contain the fallout. Personnel from the White House, the State Department, the Defense Department, the Central Intelligence Agency, the Federal Bureau of Investigation, and other agencies were involved. The leaked diplomatic stockpile was an unprecedented revelation of the communications

between the State Department and some 270 embassies and consulates around the world.

The United States has a global diplomatic presence. The leaked cables therefore contained information about almost every country on earth. They described confidential conversations with business executives, political insiders, religious leaders, human rights campaigners, and foreign leaders. They revealed how American diplomats perceived foreign leaders' motives. They provided behind-the-scenes insights into political developments around the world. They disclosed what was said behind closed doors in negotiations on trade, arms control, border disputes and international treaties. American diplomats usually have excellent access to key figures in most countries. Their reports, revealed in the cables, thus provided valuable behind-the-scenes insights into the domestic politics of almost every country in the world.

They were one-sided versions of events, to be sure. They portrayed American diplomats' reports of meetings with foreign leaders, not those leaders' versions of the same meetings. They depicted negotiations through the pens of American note-takers. They illustrated local dynamics as seen through US cultural assumptions; people who attributed US responsibility for a situation might be described as "emotional" and their assessments discounted by their gender, culture or "worldview." Thus, an Iranian female professor speaking to an American diplomat in 1987 referred to "Western interference in Iranian internal political affairs." The US diplomatic cable reporting this conversation said she did so "during one very emotional moment" and added that "in the Iranian worldview there is always someone or something else to blame for one's misfortunes. This may be a ruler, a boss, the weather or fate in general."²

The American diplomat was surely familiar with his own country's record here: the United States overthrew Iran's conservative nationalist parliamentary government in 1953, installed an autocratic leader who let American oil companies have 40% of Iran's oil concessions, and supported him until his overthrow by a popular mass movement in 1979.³ It then began backing Iraq's Saddam Hussein, imposing costs on Iran by supporting Saddam in the Iran–Iraq War. And yet, the diplomat reporting this conversation could not accept the truth of "Western interference in Iranian internal political affairs" even to, or especially to, himself. He had to recast history in other terms.

With caveats such as these in mind, however, the leaked cables were valuable because of the privileged access US diplomats had in elite circles

around the world. They permitted the public to read how US diplomats perceived key aspects of most countries: who held power and why, how did these people make key decisions, how could they be influenced, who was beholden to whom, and what the public thought about certain topics. Media organizations used the cables to report on the confidential conversations of political and business figures, and how their private views were sometimes quite different to their public utterances. The media also described what those diplomats really thought of the people who were talking to them—sometimes complimentary, sometimes harsh, but almost always frank. These aspects of the cables received extensive coverage.

But one crucial aspect of the cables has received less attention: what they reveal about the United States itself. Taken as a whole, the cables are a window into America's global objectives. US diplomats make choices about what to write: they cover certain topics repeatedly and in great depth; they explain politics and economics in certain ways; and they share the same goals as the people they're writing to—their diplomatic colleagues. After prolonged immersion in the cables, the reader comes away with a grasp of US global objectives, strategies, and priorities. But prolonged immersion is a formidable task; the sheer volume of the cables can be daunting, and beyond the capabilities of journalists who have tight deadlines.

Understandably, then, the *New York Times*' book-length compilation of its stories based on the cables includes interesting material about virtually every major country on earth along with opinion essays by its leading writers, but a reverse-angle view of America's integrated global objectives—strategic and commercial—is absent.⁴ Similarly, a book by a group of writers generally sympathetic to Wikileaks also contains valuable assessments of a number of countries but not an overarching framework that shows the domestic economic considerations that motivate external policy.⁵ This book, by contrast, weaves together America's economic and strategic objectives to show that American diplomacy aims at an integrated global economy in which its corporations can operate with relative freedom. Strategic policy creates an enabling environment for these economic ambitions.

This book is structured along the following lines. Chapter 2 helps make sense of the cables by discussing the organization that produced them—the United States Foreign Service. It shows how the 265 embassies and consulates around the world host officers of several federal

agencies. It explains the relationship between these agencies and the United States State Department, which is the lead agency for conducting diplomacy. It describes the scope and limitations of the leaked cables. It then examines the reception of the leaked cables in Australia: the ways in which the media reacted to the revelations and the steps taken by the Australian government to deal with the fallout.

Chapter 3 continues the analysis by providing an historical comparison of the United States and Australia, two settler colonial countries that share much in common but also differ in crucial ways. It shows that Australia developed under the umbrella of British power whereas the United States developed by overthrowing it. It considers the differing roles of religion, the labor movement and political parties. It then traces the Australia–US relationship from its inception after World War II and uses the leaked cables to shed light on how key Australian figures view the bilateral relationship. The cables written by American diplomats in Australia are a point of entry to their global ambitions because the two countries have a very close relationship in a number of spheres. This is not to say that the United States sees Australia as vital; the relationship is heavily asymmetrical, with Australia going out of its way to demonstrate relevance to the United States, ever anxious that it should be doing more. Only 1% of all the cables related to Australia. But they are valuable because Australia frequently goes along with US foreign policy objectives even in areas far from home, and American diplomats are quite candid when they talk to their Australian counterparts. Their conversations serve as a guide to which cables written by American diplomats in other countries are important.

Chapters 4 and 5 help the reader understand the strategic objectives of the United States in the wider world. It was necessary to spread this discussion across two chapters to improve readability. These chapters analyze cables about Iraq, Afghanistan, Russia, North Korea, Israel, and other areas of the world. In many cases, the chapters show how Australian policymakers work closely with their American counterparts, aligning Australian foreign policy to suit American preferences. Strategic policy creates an enabling environment in which to pursue economic objectives.

Chapter 6 considers America's commercial ambitions and the policies designed to achieve them. It lays bare the core enablers of American corporate power today—control over labor unions, defense of intellectual property rights, and favorable tax arrangements. American embassies

around the world monitor these topics in considerable detail. Chapter 7 shows American diplomats working to contain negative public opinion in many parts of the world. This takes the form of Public Diplomacy, which involves talking directly to foreign publics, just as traditional diplomacy involves talking to foreign governments. It shows that quite often the problem is the policy, not the public diplomacy that tries to explain it.

Chapter 8 uses cables across a number of different subjects and regions in order to illustrate an instructive case study of Financial Sanctions against Terrorist Financing. It shows how US foreign policy tries to fight the “war on terror” through the use of financial instruments of statecraft. Chapter 9, the final substantive chapter, covers the existential threat posed by climate change. It shows that fighting climate change appears to be a lower diplomatic priority than pursuing commercial objectives. Here, the cables show US diplomats at the United Nations in New York keeping tabs on climate change initiatives in order to deflect too intense a focus on action to counter it.

The major exception in this book relates to Latin America, and especially the Caribbean Basin, where Australian involvement is less obvious. US ambitions there are the same as they are everywhere else—to make their resources available for the American economy in the manner desired by American corporations. But in Latin America and the Caribbean Basin, the United States has had the greatest influence for the longest period, and these regions deserve an in-depth, cable-based inquiry in their own right.

To help the reader locate the original cables, the citation style in this book uses the US Embassy’s original document identification as contained in the “Canonical I.D.” created by the Wikileaks group, and adds the date of the cable. The combination of the Canonical I.D. and date will allow the reader to find the cables. The full set of cables is available on the Wikileaks website and is also in informal circulation on other networks. The book deals with the material in the cables rather than the personalities involved in their disclosure. The latter topic has been covered with varying degrees of accuracy and emotion. This book treats the cables as if they were an advance release of archival information. In doing so, it focuses on the actions of the US government—and perhaps keeps faith with the motives of the whistle-blower.⁶

NOTES

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2. 871STANBUL2686_a, June 8, 1987.
3. Donald Wilber, "Overthrow of Premier Mossadeq of Iran, November 1952–August 1953," CIA Clandestine Service History, March 1954. Published by the National Security Archive, *The Secret CIA History of the Iran Coup, 1953*, Electronic Briefing Book No. 28, November 29, 2000. <https://nsarchive2.gwu.edu/NSAEBB/NSAEBB28/>, accessed March 4, 2019.
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CHAPTER 2

The Cables and Their Reception

Abstract This chapter helps make sense of the cables by discussing the organization that produced them—the United States Foreign Service. It explains the relationship between the numerous federal agencies represented inside American embassies and the U.S. State Department, which is the lead agency for conducting diplomacy. It describes the scope and limitations of the leaked cables. It then examines the reception of the leaked cables in Australia: how the media reacted to the revelations and how the Australian government took steps to deal with the fallout.

Keywords United States Foreign Service · US Embassy · Australian media · Australian government

UNDERSTANDING THE CABLES

When the cables were leaked in late 2010, there were about 14,000 men and women in the United States Foreign Service. One-third worked in the United States, mostly in Washington, DC. Two-thirds were stationed abroad, typically on one- to three-year postings, at more than 265 diplomatic and consular posts around the world.¹ Members of the Foreign Service work for five federal agencies: the State Department, the U.S. Agency for International Development, the Commerce Department's Foreign Commercial Service, the Agriculture Department's Foreign Agricultural Service, and the International Broadcasting Bureau

(primarily at the Voice of America). All five agencies have their offices inside a US Embassy.² The State Department is the lead agency for conducting diplomacy. The Ambassador is appointed by the US President but reports to the Secretary of State.

The Ambassador usually has two titles: “ambassador extraordinary and plenipotentiary,” which confers responsibility for diplomatic relations with the host government, and “chief of mission,” which confers responsibility for managing the internal workings of the embassy. The chief of mission leads the country team, which consists of the head of each State Department section in the embassy and the heads of other US government agencies located there as well—the five federal agencies that make up the Foreign Service plus as many as 40 other US government agencies and departments, such as the Defense Department, Treasury, Homeland Security, Central Intelligence Agency, Drug Enforcement Agency, and Federal Bureau of Investigation. All these are present in Australia. The embassy is located in the capital city. It oversees the activities of consulates, which are secondary diplomatic offices in cities other than the capital. Consulates issue US visas, serve as a point of contact for US nationals in Australia, and promote commerce generally.

The US President appoints the Ambassador. About 60–70% of ambassadors are professional diplomats from the Foreign Service. About 30–40% are political appointees who have a personal relationship with the President. They may have strong business backgrounds, since they have often been donors or fundraisers in US presidential campaigns, but they lack experience in foreign policy, or the nuts-and-bolts of how an embassy functions. Robert McCallum, ambassador to Australia from 2006 to 2009, was a corporate lawyer who had been in the Skull and Bones secret society at Yale University with George W. Bush. President Bush appointed him ambassador although he had never been to Australia before. He resigned once Barack Obama became President. His predecessor, Tom Schieffer (2001–2005), was also a corporate lawyer, businessman, and close associate of President Bush. They were investment partners who had previously co-owned the Texas Rangers baseball club, among other things. Obama appointed Jeffrey Bleich as ambassador from 2009 to 2013. Bleich was also a corporate lawyer, and had been a key Democrat political fundraiser for the 2008 Presidential election campaign. There have been career Foreign Service diplomats as ambassador to Australia, too; Genta Holmes (1997–2000) and Edward Gnehm (2000–2001) had both been Director-General of the United States Foreign Service.

Embassy cables are usually sent under the signature of the ambassador, regardless of who wrote them. Likewise, cables from the State Department carry the signature of the Secretary of State, regardless of whether she had actually seen the materials. Embassy cables are sent to officers who make up “country desks” at State Department headquarters in Washington, DC. These “desks” are offices that manage the day-to-day relationships between the United States and other countries. Desk officers manage the flow of information from headquarters to the embassies, coordinate US policy, and plan high-level visits. Desks are organized into geographic and functional bureaus. The Under Secretary of State for Political Affairs, known as P, oversees six geographical bureaus (African Affairs, European and Eurasian Affairs, East Asian and Pacific Affairs, Near Eastern Affairs, South and Central Asian Affairs, and Western Hemisphere Affairs) and two functional bureaus (International Narcotics and Law Enforcement, and International Organization Affairs). The Under Secretary of State for Democracy and Global Affairs, known as G, covers the bureaus of Democracy, Human Rights and Labor; Oceans and International Environmental and Scientific Affairs; Population, Refugees, and Migration; and the Office to Monitor and Combat Trafficking in Persons. Other officials with the rank of Under Secretary are responsible for Economic, Energy and Agricultural Affairs (E); Arms Control and International Security Affairs (T); Public Diplomacy and Public Affairs (R); and Management (M). The cables to these desks shed light on America’s overall foreign policy goals.³

At State Department headquarters in Washington, DC, the Operations Center is the focal point of current events. It is staffed 24 hours a day, seven days a week, by rotating shifts of watch officers. They monitor crises, keep tabs on world affairs, and remain alert to breaking news. Junior diplomats who spend a year as watch officers at the Operations Center sometimes find the shift work unpleasant but gain valuable exposure to the breadth of the United States’ global interests and the tempo of the State Department’s operations. Usually, the watch officers can see the cables written to the desk officers. Immersion in a fast-flowing river of classified diplomatic correspondence helps them decide which postings to apply for after the Ops Center job ends. Later in their careers, some Foreign Service officers may serve on congressional staffs, the war colleges of the Armed Forces, certain nongovernmental organizations, and on postings to other federal agencies, such as the Defense Department, the National Security Council, and the

United States Trade Representative's Office. Some are sent to Princeton University for a one-year master's degree program, while others go to the Institute for the Study of Diplomacy at Georgetown University.

Before admission to the Foreign Service, most diplomats are required to choose a career track from five options: Political, Economic, Public Diplomacy, Consular, and Management. The track (or "cone", as it is also called) will determine the kinds of work they will do for most of their careers.⁴ If they choose the Political track, they will become Political Officers, who do what most people think diplomats do: build relationships with key people in foreign governments, report on political parties, think tanks, NGOs, and journalists, advise the ambassador on whom to meet and what to say, and accompany the ambassador to meetings. They deliver official messages, called *démarches*, from the US government to the host government and report the response to those messages. If they choose the Economic track, they become Economic Officers. They will focus on trade, intellectual property, energy and other economic matters. They persuade people in their host countries to support US policy positions. Many go on to become negotiators for bilateral or multilateral treaties and agreements. Economic Officers are represented heavily in the leaked cables.

Public Diplomacy Officers are heavily involved in contact work: meetings with foreign journalists and think tanks, giving out educational scholarships and other grants to local artists and NGOs, and providing US-themed programming to educators. They monitor local public opinion and advise the ambassador on what to say publicly. If they choose the Consular track, they will become Consular Officers. However, most diplomats will do Consular work for the first few years of their careers because of the high demand for this kind of work: they issue US visas, help US citizens in trouble, organize evacuations during natural disasters, accidents, and civil unrest, issue reports of births and deaths abroad, and replace lost or stolen passports. They then move to their own cone, although some like the work so much they choose to stay in the Consular cone permanently. People who choose the Management Officer track will run the embassy: they supervise US diplomats and handle budgeting, real estate, and hiring and firing local employees.

One feature of the U.S. State Department has no counterpart in Australia's Department of Foreign Affairs and Trade (DFAT): an official mechanism to disagree with US foreign policy, known as the "Dissent Channel." This mechanism was established in 1971, when social

turbulence during the Vietnam War found its way into the United States Foreign Service. Described as a “serious policy channel” for “responsible dissenting and alternative views on substantive foreign policy issues,” it allows any Foreign Service employee to write a dissenting message addressed to the Secretary of State and sent through the Secretary’s Policy Planning Staff. Such messages cannot be stopped or altered by supervisors at any level, ambassadorial or otherwise. The director of Policy Planning is required to provide a substantive response within 30–60 days. There are supposed to be protections for authors of Dissent Channel messages, to prevent retaliation against them.⁵

The years covered by the leaked cables are the last few years in which the United States had the most diplomatic personnel in Canberra. They have now been surpassed by the People’s Republic of China, a shift that has gone largely unnoticed.⁶

THE CABLES

A “cable” is a message between a foreign ministry at home and its embassy abroad. The word comes from a time when such messages were sent via international submarine communications cables. The cables released by Wikileaks in November 2010 consist of 243,270 messages from US embassies and consulates to the State Department, and more than 8017 messages in the other direction. Most of these cables are from 2004 to 2010. Although they amount to more than a quarter of a billion words, it is important to understand that they are not the whole set of diplomatic correspondence between the State Department and its diplomatic posts abroad. Classified emails are a large part of Embassy correspondence, but these were not part of the leaked cache. The cables were leaked from the US Secret Internet Protocol Router Network (SIPRNet), which is used to send documents at the Secret classification level and the levels below it: Confidential, Limited Official Use, and Unclassified. There are no Top Secret cables because they are not held in SIPRNet.

The Australian cables are about 1% of the total cache. Half are marked “Unclassified,” 40% are “Confidential” and 10% are “Secret.” The cables contain in-depth, long-term reporting on the bilateral Australia–US relationship in all its aspects. There are discussions about the rise of China, the wars in Afghanistan and Iraq, policy coordination against adversaries such as Russia, Iran, and North Korea, support for key US allies such

as Israel, Egypt and Saudi Arabia, free trade agreements, intellectual property, the global financial crisis, tax havens, global value chains, and public opinion. There is extensive reporting on Australian domestic politics as well, based on sensitive conversations with political leaders, corporate chiefs, trade union officials, and other insiders. US diplomats are regular visitors to Parliament House in Canberra. One former Australian Labor Party staffer has said they “were a frequent presence in the corridors and offices” there, and they sometimes “knew things about goings-on within the Labor Party that were not known to many MPs and staffers.”⁷ This political reporting is often labeled “Sensitive But Unclassified” (SBU)—a designation found in cables from every US Embassy in the world. SBU usually indicates what political leaders around the globe have privately told US diplomats. These are matters of great interest to the public.

AUSTRALIAN POLITICS AND THE WIKILEAKS CABLES

The Wikileaks website came to the Australian public’s attention in April 2010, when it released video footage of a US helicopter attack on a crowd and a building in Iraq that killed a number of civilians, including two staff members of the Reuters news service. Known as “Collateral Murder,” the video portrayed US troops with a significant tactical advantage engaging in banter while killing at least 18 people, most of whom appeared to pose no immediate threat. *Collateral Murder* brought worldwide attention to Wikileaks and touched off an intense debate about the nature of military secrecy, government policy, and whistle-blower protections. A few weeks later, a 22-year-old US Army soldier was arrested, and rumors circulated that he was the source of the leak. There were whispers of another, larger set of US government records in the hands of Wikileaks, courtesy of the US intelligence-sharing system which permitted a young, low-ranking soldier to read high-level conversations with world leaders. Soon after, Australian journalist Philip Dorling reported that Australian security and intelligence agencies were helping the United States investigate a founder of Wikileaks, Australian citizen Julian Assange.⁸

A few months after the release of *Collateral Murder*, Wikileaks released its second major scoop: a database of about 91,000 operational reports by United States and allied soldiers fighting in Afghanistan. The leaked reports showed that foreign troops were unable to suppress the

Taliban insurgency and that Pakistani military intelligence had been assisting the insurgents. However, they did not contradict the US military's assessments about the progress of the war, unlike the Pentagon Papers during the Vietnam War. In the United States, the House Republican Chairman and future Vice-President Mike Pence condemned the act of publicly releasing the documents, saying, "the fact that thousands of classified documents were leaked in a clear violation of law is an outrage."⁹ The military's pessimistic assessments undercut the Australian government's claims of progress on the ground in Afghanistan. Australian Prime Minister Julia Gillard announced a task force to evaluate the potential of the leaks to compromise Australian military operations in Afghanistan's Oruzgan province.

The task force reported to the Defense Minister that the aggregate effect of the documents was to "paint a grim picture of operations in Afghanistan and of Pakistan's role in the region." The documents were tactical level operational reports containing "information that is now sufficiently aged that it poses minimal threat." It was "unlikely" that Australian or allied forces would be directly endangered by the leaks.¹⁰ The leaked documents did not contain "any significant details about operational incidents involving Australians beyond that already publicly released." The task force also investigated "whether Wikileaks published any information that could put Afghan nationals at risk of retribution for their work with Australian forces. The investigation found that no Afghans with whom Australia has worked are identifiable, other than those who work with Australia openly, such as officials and community figures."¹¹ This sober assessment contrasted with a more sensationalist claim by the Australia Defence Association lobby group that the "disclosures risked endangering Coalition troops and would bolster Taliban insurgent propaganda."¹² The contrast between evidence and rhetoric would continue in many subsequent releases by Wikileaks.

At the same time as Wikileaks' releases were attracting a hostile reaction in some quarters, Washington-based investigative journalist Bob Woodward released far more classified information in a new book called *Obama's Wars*. He quoted sensitive intelligence reports, including US intelligence gaps that he had previously agreed to withhold from publication. He disclosed detailed information about an Afghan paramilitary force, led by the CIA, operating deep inside Pakistan's Federally Administered Tribal Areas. Woodward quoted "sensitive intelligence reports" that said Afghan President Hamid Karzai was "erratic,"

“delusional,” “off his meds,” and “high on weed.”¹³ Arguably, such disclosures had the potential to harm US–Pakistan and US–Afghan relations, and jeopardize the security of US troops and their Afghan allies. But Woodward—a Washington insider—received almost no condemnation or criticism by the US government, the Australian government, and the many think tanks and lobby groups associated with them. Indeed, White House Press Secretary Robert Gibbs said Woodward portrayed “a thoughtful, vigorous policy process” and “encourage[d] people to get the whole book and to read the whole book.”¹⁴

Wikileaks’ third major scoop in 2010 was a set of 391,832 classified US documents on the Iraq war dating from 2004 to 2009. The Australian Defence Task Force that examined the database of Afghanistan operational reports reviewed the Iraq material to determine if there had been any harm to Australian interests. It concluded the information “does not pose a threat to Australian Defence Force troops currently deployed on operations.” It did not reveal “any significant details about operational incidents involving Australia beyond what has already been publicly released.” The disclosure of Coalition tactics, techniques and procedures was “regrettable, however the consequences for Australia are minimal because our involvement in Iraq has largely ceased.” There was “no reference” in the documents to Australian military personnel in Iraq “including former Commanders of Joint Task Force 633 [established to command ADF activities in the Middle East], previous Defence Attachés and embedded legal officers in the Coalition Provisional Authority.” There was no reference to “known Australian individuals involved in sensitive incidents in Iraq.”¹⁵

The fourth, and final, major release in 2010 was the State Department cables. Australia got a mention early on, in a story about its citizens who had been added to terrorist watch lists after disappearing in the Middle East.¹⁶ It also provided an account of a meeting between the US military commander in the Middle East and the President of Yemen, showing how Yemen was covering up the use of American aircraft to bomb local Al Qaeda targets.¹⁷ It discussed US attempts to resettle detainees from Guantanamo Bay, with Slovenia’s foreign minister asking “what substantively Slovenia could do to secure a meeting for Prime Minister Pahor with President Obama,” and being told to “consider resettling Guantanamo detainees” if it wanted “to attract higher-level attention from Washington.”¹⁸ Another story showed American diplomats being instructed to report on top United Nations officials and their support

staffs; they were to collect their “security measures, passwords, personal encryption keys, and types of Virtual Private Network (VPN) versions used.”¹⁹

The leaked cables dominated news stories around the world. There was a furious reaction from US officials. Secretary of State Hillary Clinton said the disclosures were an “attack on the international community.”²⁰ In Australia, Prime Minister Julia Gillard claimed without evidence that Wikileaks had broken Australian law, saying, “I absolutely condemn the placement of this information on the WikiLeaks website – it’s a grossly irresponsible thing to do and an illegal thing to do.”²¹ Adding to the hysteria, Australia’s Attorney-General Robert McClelland said, “certainly from Australia’s point of view, we think there are potentially a number of criminal laws that could have been breached by the release of this information.”²² Under questioning in the Australian Parliament, however, the Secretary of the Attorney-General’s Department testified that his Department had never given any advice to the government about “the legality or otherwise of the conduct of Mr Assange or WikiLeaks in relation to the posting of classified information on the WikiLeaks website.”²³

Here, too, the comparison with Bob Woodward’s disclosures was instructive. In May 2011, the US announced it had killed Osama Bin Laden. Woodward reported highly sensitive details of the intelligence involved in the operation, quoting anonymous officials in apparent violation of their official secrecy undertakings, and indeed of US criminal laws. Woodward recounted intercepted conversations such as a telephone call between a known courier for bin Laden, Abu Ahmed al-Kuwaiti, and an old friend. “Where have you been?” asked the friend. “What’s going on in your life? And what are you doing now?” Al-Kuwaiti gave a non-specific reply but added, “I’m back with the people I was with before.” Woodward said the friend paused, understood the significance of his sentence, then said, “May God facilitate.”²⁴ This, said, Woodward, was the clue that eventually led the United States to bid Laden, yielding al-Kuwaiti’s phone number and with it his travels to a secretive compound in the Pakistani town of Abbottabad. Woodward also divulged intelligence possessed by a very tiny group of people in the US intelligence community: satellite surveillance capabilities that revealed the presence of a tall man who strolled the grounds of the compound for an hour or two each day, his estimated height, and his pattern of activity.

Once again, this kind of information was of a much higher security classification than anything in the State Department cables released by Wikileaks. Their disclosure would empower terrorists and hostile intelligence agencies to take countermeasures against previously concealed US methods, and maneuver past the limits of US intelligence capabilities. What is more instructive is that Woodward's exposures were not necessarily disclosed to him without authority; it seems they were revealed to him by people in the Obama Administration itself, in order to boost the President's national security credentials.²⁵ Of course, the US Supreme Court has held that the President has the constitutional "authority to classify and control access to information bearing on national security ... quite apart from any explicit congressional grant."²⁶ Woodward's revelations did not receive condemnation by the US and Australian governments, or the think tanks and lobby groups associated with them.

The lesson here is that power systems define what constitutes information that can harm national security. As one scholar has remarked, "strategic theory and the policy sciences are supple instruments, rarely at a loss to provide the required argument and analysis to buttress the conclusion of the moment."²⁷ Despite the denunciation of Wikileaks, the main effect of its disclosures of State Department cables was the awkwardness they caused to US diplomats. The Australian Embassy in the United States observed that the disclosures were "a considerable embarrassment" but "the sky has not fallen in for U.S. foreign policy... The write-ups in the New York Times by journalists such as David Sanger have generally been sympathetic to Administration policy goals."²⁸

The cables showed the importance of the United States to Australian foreign and defense policy, a subject to which we now turn.

NOTES

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Australia and the United States: Comparative Notes

Abstract This chapter offers an historical comparison of the United States and Australia, two countries that share much in common but also differ in crucial ways. It traces the Australia–US relationship from its inception after World War II and uses the leaked cables to shed light on how key Australian figures view the bilateral relationship. It shows that the Australian cables are very revealing because Australia frequently goes along with US foreign policy objectives even in areas far from home, and American diplomats are quite candid when they talk to their Australian counterparts.

Keywords Settler-colonialism · Australian foreign policy · United States political culture · Military alliance · ANZUS

Australia and the United States both began their existence on the winning side of a worldwide confrontation described variously as imperialism versus anti-colonialism, developed versus developing countries, the North–South conflict, and so on. A number of European powers began to colonize the United States beginning with the first permanent settlement at Virginia in 1607. England, France, Spain, the Netherlands, Sweden, and other powers laid claim to different parts of the continent. It took more than 250 years for the United States to be ruled by one government. Even the phrase “United States” was plural until the Civil War in the 1860s. By contrast, Australia was colonized and settled by

a single power, Great Britain, beginning in the late eighteenth century, when it was the greatest imperial power on earth. Britain brought the entire continent under its exclusive political authority very quickly, completing British possession at Albany, Western Australia in January 1827.

For more than 150 years, however, Australia lacked the diverse European populations that entered North America or other New World lands. There were no French, as in Canada, no Spanish, as in South America, no Portuguese, as in Brazil, no Dutch, as in South Africa. Western Europe's remoteness from Australia meant that it was cheaper to emigrate to North America than to Australia. The Australian population was almost exclusively of British stock—understandably, since the high cost of travel meant that immigration had to be fully subsidized, and the British government naturally preferred to pay for British migrants only. A leading expert on Australia's immigration policy says that "assisted immigration built the Australian population" for most of its history, and "far more Australians are descended from assisted immigrants than from convicts."¹ Britain also—naturally—paid for the transportation of British and Irish convicts, about 160,000 of whom came to Australia from 1788 to 1868.² This settlement pattern made Australia the second most English country in the world—a demographic fact that holds true even in the early years of the twenty-first century.³

As the historian Geoffrey Blainey has shown, this settlement pattern had exceptional consequences.⁴ The British and Australian governments regulated conditions on board the migrant ships. The assisted migrants expected a minimum standard of food and medical care on board the ships, as well as living conditions when they disembarked in the new country. When the economy slowed down, they expected the government to provide work for them. The government also reduced or stopped assisted immigration during difficult economic times. Blainey makes a compelling case that this distinctive long-term recruiting scheme encouraged migrants to expect an interventionist government responsive to their needs. Governments in the Australian colonies of Victoria and New South Wales built and operated the railways, unlike in the United States or even in England, where private companies operated most railways. At the end of the nineteenth century, the biggest firms in Australia were government-owned railways, whose workforces and revenues far exceeded those of the mining, manufacturing, and financial companies. Australian government railways offered their employees world-beating

employment conditions, and even provided work for the unemployed during recessions, in line with government policy.

Ultra-democratic colonial parliaments in New South Wales, Victoria, and South Australia ensured free, compulsory, and secular school education. They set up compulsory arbitration of industrial disputes, a minimum wage in certain industries, shorter working hours in certain major industries, and policies that favored small landholders at the expense of large ones. They facilitated the rise of trade unions, which by the 1890s were much stronger than their counterparts in the United States. In turn, Australian unions formed political organizations of their own, resulting in the first national Labor government anywhere in the world in 1904. Here, there is a sharp contrast with the United States. As Robin Archer has observed, "Labor-based political parties have been an important electoral force in every advanced capitalist country. Every one, that is, except the United States."⁵ The reasons for this anomaly are outlined below.

Archer's thoroughgoing study notes that both countries possessed similar New World characteristics, both suffered heavily under the economic depression of the 1890s, and both experienced major industrial confrontations in which governments backed the employers and helped defeat the unions. But the American Federation of Labor's response was to reject party political involvement and to engage in "pure-and-simple" unionism. The Australian unions, on the other hand, formed one of the earliest and most electorally powerful labor parties in the world. After evaluating many potential explanatory factors, Archer concludes that three factors explain the difference: the unusual level of anti-union repression, the political importance of religion, and socialist sectarianism. The labor movements in the United States and Australia were both originally dominated by craft unions, and both made efforts to organize new unions of unskilled and semiskilled workers. In both countries, governments intervened with soldiers and police against striking unionists. But repression was much more severe in the United States. It seriously damaged or destroyed the unions' organizational base.

As Patricia Cayo Sexton has shown, the United States has an unusually violent labor history, with hundreds killed and "untold thousands seriously injured in labor disputes."⁶ Sexton adds these figures include only strike casualties reported in newspapers, and may therefore grossly underestimate the real casualty figures. Many employers hired their own mercenaries and spies to crush unions, and "most large employers also

contracted out these services to a thriving labor espionage industry.”⁷ Their tactics included subversion, mass violence, deliberate lawbreaking, and disruption: they “identified union activists, gathered information about union plans, created factional and ethnic conflict among employees, obtained positions of leadership within the organizations, undermined the existing leadership, engaged in sabotage, and provoked labor violence in order to discredit unionism and excuse employer violence.”⁸ The result has been a near-total absence of labor in social policymaking; few trade unionists fill policy positions, unlike in Australia, where unions have a significant representation in the Australian Labor Party’s internal structures, and exert some influence on its choice of parliamentary candidates and policy positions. The cables leaked to Wikileaks showed the US Consulate in Melbourne observing that certain Australian trade union leaders “maintain a powerful sway over federal and state Ministers by engaging in backroom diplomacy, funding political campaigns and grooming future Members of Parliament.”⁹

One consequence of the weakness of organized labor is that the United States has never ratified the International Labor Organization’s Convention on Freedom of Association. It is the longest-pending treaty on the calendar of the Senate Committee on Foreign Relations, remaining unratified after 70 years. One writer has described it as “the untouchable treaty in American politics,” and remarks that the United States “shares with Myanmar the embarrassing record of having ratified only two of the eight fundamental conventions on labor rights.”¹⁰ US business lobbies have successfully resisted attempts to incorporate ILO conventions into trade agreements.

Religion was a much more prominent factor in the United States than in Australia. The United States was more religious and more heavily influenced by evangelicalism and revivalism, and party loyalties there were anchored in religious differences as well as identities forged in the Civil War. Union leaders needed to maintain the support of Republican and Democrat unionists, and feared “importing potentially lethal conflicts into their unions.”¹¹ They didn’t want to be seen to be taking sides in conflicts between Protestants and Catholics, Evangelicals and Liturgicals. In the absence of an officially endorsed church, nineteenth century United States saw the emergence of home-grown religions such as Mormonism, Seventh-Day Adventism and Christian Science. By contrast, Australian historians have observed that Australia “has not created any new religions, nor has its public religiosity been characterized by the more dynamic

evangelical churches which prospered in the USA. Australian churches have largely been mainstream.”¹² For most of its history, Australia was culturally British, and therefore Protestant, with a large Irish Catholic minority. The Church Act of 1836 removed many privileges enjoyed by the Church of England and established equitable funding for Catholic and Protestant denominations. Religious differences did not turn into religious conflict. Party loyalties in Australia were based on economic differences such as those between free traders and protectionists. Robin Archer also observes that European socialism, especially the ideas of Karl Marx and Ferdinand Lassalle, had little influence in Australia,” unlike in the United States, where “the proponents of these currents ... engaged in the most rancorous and destructive conflict” in the nineteenth century.¹³

The lack of a labor party distinguishes the United States and Australia in other ways. Australia has “a state ‘broadcasting corporation’ funded by general taxation; a massive compulsory saving scheme secured through workplace relations law; a taxation of tobacco of a severity unmatched anywhere else.”¹⁴ Minimum wages in Australia are relatively high compared with the United States. One scholar observes that many Australians “would prefer to see people out of work rather than in low-paid jobs”—an apparently enduring feature of Australian culture “judging by the continued aversion to reducing minimum wages and penalty rates.”¹⁵ Meanwhile, the United States is a rare example of a developed country without a statutory entitlement to annual leave. It has a much larger sector of poor people too; 28% of Americans had a net worth less than US\$10,000 in 2018, compared with just 6% of Australians.¹⁶

Australia’s senior public servants enjoy considerable clout and prestige. The US Ambassador to Australia, Robert McCallum, observed admiringly that three senior public servants had served in sensitive roles under both Prime Minister John Howard and the man who defeated him, Prime Minister Kevin Rudd. McCallum said they “represent the best of the Australian public service that plays such a significant role in Canberra. [They] were major players in the design and implementation of the Goods and Services Tax in 2001 - a politically controversial move strongly opposed by the Labor Party”—but were now “key players in designing and implementing the Rudd Government’s most complex and politically sensitive policy initiative”—a carbon emissions trading scheme.¹⁷ Their perceived political neutrality, expected in Australia, is the exception in the United States, where a “spoils system” ensures that senior appointees are replaced en masse after each new President takes office.

Both Australia and the United States enjoy strong central authority. They have a single dominant national language, uniform political and economic institutions from coast to coast, and a federal government. The contrast to Europe is striking. After the Global Financial Crisis in 2008, the European Union recognized the need for overarching, Europe-wide institutions to supervise financial institutions and monitor systemic risk. But the independent member countries of Europe were unwilling to give up their sovereignty to a European banking watchdog. No such difficulties arose in the United States or Australia. The response by President Obama and the Federal Reserve was implemented across the entire country. It resulted in real GDP 16.3% higher in 2011 than it would have been, and unemployment almost seven percentage points lower.¹⁸ In Australia, too, economic responses were implemented nationally, and Australia avoided going into recession in 2009. This single national authority—a federal government—was constructed through settler-colonialism in Australia and the United States, which shattered their indigenous populations and consigned the survivors to missions and reservations.

The United States had a much larger original population than Australia, due in large part to their differing geographies. The interior of the United States is fertile and well-irrigated, unlike Australia, where even today there is “not one large inland city worthy of the name ‘city’, and not even one landlocked state sitting out in the interior,” as Geoffrey Blainey puts it.¹⁹ Even today, Australia’s population of 25 million is dwarfed by the US population of 325 million. At the time of European contact, Australia’s indigenous population may have been about 500,000, with some early estimates going as high as one million. The indigenous population in the New World may have been as high as 145 million in total, with about 18 million in the region north of Mexico i.e. continental United States and Canada.²⁰ “Another way of saying this,” as Charles C. Mann observes, “is that when Columbus sailed more people lived in the Americas than in Europe.”²¹ According to the first United States Secretary of War, General Henry Knox, the settlers “modes of population” were “more destructive to the Indian natives than the conduct of the conquerors of Mexico and Peru. The evidence of this is the utter extirpation of nearly all the Indians in most populous parts of the Union.”²²

In Australia, the frontier wars were driven by the profitability of wool, Australia’s major export for at least half the nineteenth century.²³

Settlers would buy a few head of sheep from someone's flock, drive a few miles past the farthest squatter, and set up their own grazing area. A flock of sheep could double in a little over a year, creating a rapidly growing demand for land. More and more white settlers moved inland, colliding with the indigenous inhabitants. Geoffrey Blainey says that across the world, "many families sleeping each night beneath blankets of Australian wool did not know the bloodshed which had accompanied the production of part of that wool."²⁴

Australia developed under the umbrella of British power whereas the United States developed by overthrowing it. The Battle of Trafalgar in 1805 saw Britain defeat the combined fleets of the French and Spanish navies. It ensured the safety of Australia's seaborne trade, allowing wool and other agricultural commodities to be sent to markets in Britain and northwestern Europe. There was no industrial revolution in Australia in this period, but rather a burgeoning agricultural export industry. After the discovery of gold in 1851, British investments fueled a long economic boom in Australia until 1890, resulting in infrastructure, construction, manufacturing, and services. The Australian colonies were the largest recipients of British capital, and "British taxpayers laid the basis for Australian capitalism," as two economic historians conclude.²⁵ Australia's Constitution in 1901 reflected this economic tie to Britain. It contained neither a Bill of Rights nor a declaration of independence. Above all, it "created a free trade zone inside a customs union. A later generation might have called it the Australian Common Market."²⁶

The United States Constitution, by contrast, explicitly declared independence from Britain. It also entrenched a distinctly pro-rural bias into America's political institutions, due to a need to encourage smaller states to ratify the Constitution in the eighteenth century. As a consequence, rural voters today possess electoral strength out of all proportion to their size. Their growing unity as a voting bloc and their pro-Republican Party sentiments give the Republicans a distinct advantage. In the House of Representatives, Democrat voters' tight urban clustering provides Republicans with a margin of protection. In the Senate, states containing as few as 17% of the country's population can theoretically elect a Senate majority because the least populous states—heavily rural in composition—are overrepresented as never before. Urban voters' demographic disadvantage is weaponised by the growing unity of rural Americans as a voting bloc. This problem may well be unresolvable within the current Constitutional framework, since no state can lose

its quota of senators without its permission.²⁷ There are good reasons to believe that this pro-rural bias contains the seeds of a major political crisis in the coming years.

The American colonies had overthrown Britain thanks to French help, but Britain remained the world's superpower. It deterred the US desire to expand south toward Mexico, north toward Canada, and into the Caribbean. In the public's consciousness, the foundational myth of US independence omits the crucial fact of French participation. George Washington's forces almost never exceeded 8000 men but he was helped by more than 30,000 French ground troops and 12,000 sailors and Marines. When Britain surrendered at Yorktown to the combined French and American forces in 1781, its acting commander Brigadier-General Charles O'Hara offered his sword to French general Rochambeau, not to an American general. Rochambeau declined, and the sword was finally handed to US General Benjamin Lincoln, whom the British had defeated three years before.²⁸

The United States hoped to cripple Britain's power by controlling the supply of cotton, then the most important commodity in the textile-based industrial revolution. President John Tyler confided to his son that "the monopoly of the cotton plant" had been "the great and important concern" in the decision to annex Texas. Control of cotton in the mid-nineteenth century was analogous to the control of oil in the mid-twentieth century. According to President Tyler, if Britain had succeeded in maintaining an independent Texas, it would soon have been "relieved ... from all dependence upon us for the supply of cotton." But now the monopoly had been secured, it placed "all other nations at our feet." Should the United States place an embargo over cotton for even one year, it would "produce in Europe a greater amount of suffering than a fifty years' war. I doubt whether Great Britain could avoid convulsions."²⁹ As British power waned, the United States expanded to the Oregon territory and, over the course of the nineteenth century, across the Pacific Ocean with the seizure of Hawaii as well.

The United States rejected ideas of economic liberalism in order to become the "mother country and bastion of modern protectionism," according to economic historian Paul Bairoch.³⁰ Alexander Hamilton, the first Treasury Secretary, emphasized that industrialization was not possible without tariff protection. Accordingly, tariffs aimed at protecting local industry began as early as 1789. By 1816, import duties were about 35% for most manufactured goods.³¹ Thus began an opposition

between the slave-owning Southern states, which favored liberalism in order to export cotton and tobacco, and the industrializing North, which demanded protectionism. Bairoch demonstrates that the nineteenth century was a period of three distinct protectionist phases—protectionism from 1816 to 1846, “very modest protectionism” from 1846 to 1861 to compromise between the demands of the South and the North, and “strict protectionism” from 1861 until the end of nineteenth century, and indeed until the end of World War II.³² Bairoch adds that the United States “went through a phase of very rapid growth” from 1870 to 1892, a period that “can be regarded as among the most prosperous in the whole economic history of the United States.”³³ The economic success it enjoyed due to these policies is in sharp contrast to its foreign policy objectives after World War II, when it used its military force repeatedly to impose a liberal international economic order on much of the world.

Australia drew closer to the United States during the Pacific phase of World War II. It rejected Britain’s proposal to set up a war council in London, preferring such a council be located in Washington, with Australian representation on it. The United States cooperated closely with Australia at this time. General Douglas MacArthur had become commander-in-chief of the newly formed South-West Pacific Area Command in April 1942. His orders were to hold Australia as a base for future offensive action against Japan and to roll back the Japanese advance. He informed the Australian Prime Minister that his interest in Australia “was from the strategical aspect of the utility of Australia as a base from which to attack and defeat the Japanese.”³⁴ As such, although the American people were no doubt “animated by a warm friendship for Australia,” the United States was building up its forces “not so much from an interest in Australia but rather from its utility as a base from which to hit Japan. In view of the strategical importance of Australia in a war with Japan, this course of military action would probably be followed irrespective of the American relationship to the people who might be occupying Australia.”³⁵ MacArthur’s words were a cold, unsentimental reminder of the realities of international politics.

Like Britain a century before, an ascendant postwar United States strongly recommended economic liberalization for others. US economic planners did not want Australia to undergo large-scale industrialization. A high-level US study in 1955 criticized what it called Australia’s “poorly conceived programs of industrial expansion” whose “principal

aim has been to create protected high-cost industries rather than to expand industrial production.”³⁶ Since Australia had a comparative advantage in agriculture, American planners wanted Australia to focus on agricultural and mineral exports instead. The US aim was a global system of production and a global division of labor: the highest-value manufacturing should be performed in the United States and sold to Western Europe, which should be reconstructed so that incomes were high enough to buy them. Meanwhile, former colonies should produce raw materials for Western industries and buy finished goods from them.

With the Japanese military scare fresh in mind, and an industrial sector empowered by wartime production, Australia’s leaders rejected this vision.³⁷ They wanted the economic and security benefits of national development. The Immigration Minister informed Parliament in August 1945 that Australia had learnt an important lesson from the Pacific War: “We cannot continue to hold our island continent for ourselves and our descendants unless we greatly increase our numbers. We are but seven million people and we hold three million square miles of this earth surface ... A third world war is not impossible... within the next quarter of a century... We may have only those next 25 years in which to make the best possible use of our second chance to survive.”³⁸ The government wanted a higher population and a strong industrial base. It encouraged migration from continental Europe. It used the machinery of wartime manufacturing to encourage postwar industrial production, launching the first all-Australian car, the Holden, in November 1948. It commissioned the Snowy Mountains Scheme, which diverted the waters of the Snowy River in southern New South Wales through tunnels in the mountains and stored it in dams, which were then used to create electricity.

Australia, New Zealand, and the United States signed the ANZUS Treaty in 1951. While Australia wanted a Pacific version of the North Atlantic Treaty Organization (NATO), what it obtained was a much narrower and weaker arrangement. The three countries are separated by huge distances and large bodies of water, and are a long way away from each other’s potential adversaries. This is an oddity in international relations. The ANZUS guarantee is nothing like NATO’s. Article 5 of NATO says that the signatories “agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all.”³⁹ ANZUS gives a much weaker formulation. It says that each signatory “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.”⁴⁰

ANZUS obligations include an attack on “the island territories under its jurisdiction in the Pacific,” meaning the US Pacific Ocean territories such as Guam or American Samoa, and “its armed forces, public vessels or aircraft in the Pacific.” This means ANZUS covers an attack on an American ship in the South China Sea, or an American aircraft in the Taiwan Strait but not the Indian Ocean, where Australia has interests. Therefore, an attack on an Australian ship in the Indian Ocean or in the Persian Gulf would not be within the formal scope of the treaty. And yet, that is where Australian forces have frequently been deployed.

Unlike ANZUS, NATO reflects the vital importance of Western Europe in American global strategy. NATO has elaborate machinery for military planning and coordination of joint operations, shared command arrangements, an infrastructure to respond to threats, and consultative machinery: a NATO Council meets regularly, discusses high-level strategy and has provisions to recommend measures for responding to threats. ANZUS establishes a Council but there is no machinery and no provision to respond to threats. As a consequence of all this, the Europeans, particularly the British, have had opportunities to influence policymaking in Washington. They have been able to talk closely with the United States about Western European defense and more generally about wider strategy. ANZUS didn’t establish anything like this. Australia did not get access to the US Joint Chiefs of Staff in Washington, DC, but to the US Commander-in-Chief in the Pacific, based in Hawaii.

The two countries also have a limited form of naval cooperation via the Radford-Collins Agreement of 1951. It too is far less than what Australian officials had wanted, being limited to the waters of the Australia, New Zealand, and Malaya (ANZAM) area. Radford-Collins provides for the protection and control of shipping in wartime, and the coordination of maritime reconnaissance in the Pacific and Western Indian Ocean in peacetime.⁴¹ As such, Australia and the United States share their weather reconnaissance and ocean surveillance information with each other. Senior Australian planners were dissatisfied with what they had achieved. They wanted to turn the ANZUS treaty, the ANZUS Council and the limited defense cooperation into something more substantial. A constant theme in their discussions was, how could Australia

make itself more valuable to the United States? How could an Australian voice be heard at the table when the Americans were discussing global strategy?

At first, Australia offered the United States a weapons testing range in South Australia—the largest land testing range in the Western world. The United States wasn't interested because it had many weapons testing ranges at home and in the Pacific. After 1957, when the USSR launched its artificial Earth satellite known as *Sputnik*, the era of intercontinental ballistic missiles and long distance intelligence and communication systems began. The strategy of Mutually Assured Destruction called for nuclear-powered submarines armed with ballistic missiles. These submarines lurk deep in the ocean, and cannot be targeted. They are a second strike capability that guarantees retaliation against an adversary. But for this to occur, there must be a global communications system that can keep the submarines in contact. A communications station at North West Cape, near Exmouth in Western Australia, was commissioned in 1967 as a link in the chain of US maritime communications, and especially for very low frequency (VLF) communications with nuclear submarines.

The most important US facility in Australia is Pine Gap, a strategic signals intelligence collection facility in the Northern Territory. It has played a critical role in American intelligence and strategic policy by, among other things, collecting information about Soviet ballistic missile testing. US satellites intercept information about the performance of different parts of a missile in flight, and send this information to Pine Gap. Here, it is processed into usable intelligence about the missile's performance and capacities. This feature made Pine Gap essential to the achievement of core US national security objectives: the verification and monitoring of arms control agreements, the targeting of Soviet strategic systems, and the interception of communications from across the Eurasian landmass. Pine Gap also incorporates the functions of a ballistic missile early warning system. It controls geostationary satellites in a Space Based Infrared System (SBIRS) which looks for infrared emissions from rocket launches, providing missile warning, and battle space characterization.

The Wikileaks cables show Australian Labor Party leader (and former Defense Minister) Kim Beazley meeting US Ambassador Robert McCallum in September 2006. Beazley described Pine Gap as one of the “core elements” of the Australia–US alliance, along with ship visits and joint exercises.⁴² He assured McCallum that ANZUS “continued to

enjoy broad bipartisan support in Australia.” Although the previous US Ambassador “was not adverse to taking Labor publicly to task on occasion,” Beazley said they “had enjoyed a very constructive relationship.” Beazley acknowledged “this had prompted criticism” but “the former Ambassador was merely doing his job – and doing it well – of promoting his country’s interests. Australian politicians needed to be mature, and recognize that US representatives would react if their country’s policies were attacked. This came with the territory, and Labor officials had to be prepared to wear it.”

Beazley was no stranger to Labor misgivings about the US alliance. In 1974, he submitted his Masters’ thesis to the University of Western Australia on the evolution of Australian Labor Party attitudes to the US alliance since the 1960s.⁴³ He had the benefit of unparalleled access to Labor’s internal records, thanks to his father, a senior party figure. The thesis demonstrated how the pro-US Right faction in Labor took control of foreign policy in the lead up to Labor’s election win in 1972. It knocked its opponents in the party and the broader labor movement into policy subservience, thus neutralizing an important electoral vulnerability. As Beazley would later note, “conservatives throughout the 1950s and 1960s used arguments about the alliance as a stick with which to beat Labor. It was crude but effective politics which played into the Labor split and the fear of communism.”⁴⁴

The 25-year-old Beazley wanted to depoliticize the alliance, to make it bipartisan. A decade later, he became Minister for Defense in the Hawke government. Similar themes confronted him: public opinion was against nuclear weapons, and many in the Labor Party’s rank-and-file were uneasy about US bases on the North West Cape, Pine Gap, and Nurrungar. On Palm Sunday 1983, just three weeks after Labor’s election victory, there were large public marches around Australia calling for nuclear disarmament. There was hostility to President Reagan’s Strategic Defense Initiative, known as “Star Wars,” which undermined the 1972 anti-ballistic missile treaty. There were calls for an end to uranium mining, the closure of US bases in Australia, termination of nuclear-armed warships and planes, and a nuclear-free zone in the Indian and Pacific Oceans. Meanwhile, New Zealand had effectively walked out on ANZUS after a newly elected Labour government led by David Lange refused to allow nuclear-armed or nuclear-powered vessels to visit New Zealand ports. Some Australians were wondering openly whether Australia should follow suit.

The Hawke government argued that US bases provided timely information on missile launches and nuclear tests, and thus contributed to nuclear deterrence and arms control agreements.⁴⁵ US Ambassador McCallum was alluding to this history when he “stressed his understanding of the key personal role Beazley had played as defense minister under the Hawke Government in defending and strengthening the alliance during crucial periods in the 1980s.” He reported with satisfaction that “Beazley’s office made a point of issuing a press release on his meeting with the Ambassador shortly after it concluded (which it cleared with us) underscoring Beazley’s strong commitment to the ANZUS alliance.”⁴⁶

The Wikileaks cables showed Beazley once again at the center of debates about the US alliance. As Opposition Leader after the invasion of Iraq, he was aware of the need to manage negative attitudes to US military actions, not just in his own party but in the wider community as well. But there are indications that his own stance was more hawkish than his party’s. In conversations with members of the Defence Subcommittee of the Joint Committee on Foreign Affairs, Defence and Trade, he is said to have criticized the tokenistic nature of the Howard government’s commitment, arguing that Australia was merely waving the flag, not carrying its weight as an alliance partner.⁴⁷ He argued for a more substantial ground force. Had he been Prime Minister, a Beazley Labor government might have outflanked the Coalition from the right. In his first press conference as Labor leader on 28 January 2005, Beazley had emphasized he would support an Australian military presence in Iraq for as long as Australian diplomats were there—that is, indefinitely. He also called for Iran to comply with US demands. In other words, Beazley was once again attempting to knock his party into policy subservience.

He assured the US Ambassador that he “supported Australia’s military contributions in Afghanistan, and would continue to do so until Hell freezes over, since Australia’s actions clearly fell under its ANZUS obligations to respond to the 9/11 attacks on the United States.” Although Iraq had been “a terrible mistake because it damaged, rather than strengthened, the overall war on terror,” a Beazley Labor government “would not commit an act of vandalism ... if it came to power. Australian troops in Baghdad guarding Australian diplomats would remain, as would Australian naval forces protecting Gulf oil terminals against terrorist attacks, although Beazley would make good on his

longstanding pledge to withdraw Australian troops presently in southern Iraq.”⁴⁸ His objection to the invasion of Iraq was framed in tactical terms—it was counterproductive to the United States’ interests, rather than constituting the war crime of aggression, and a violation of the United Nations Charter.

Beazley’s concern for Australian public opinion about the US alliance also informed his views on Australian citizen David Hicks, who was being held at Guantanamo Bay. He told the US Ambassador that Hicks was “a ratbag who had almost certainly been up to nefarious things, and should probably spend a long time in jail.” But “most Australians would never accept his conviction by a military commission, even if the Administration manages to structure one acceptable to the Supreme Court. Unless he can be tried by a civil court or by a fully constituted court martial, it would be better,” Beazley argued, “to let him go. The British citizens who were released would never pose a threat again, since they were under constant surveillance by the UK authorities. Hicks would be no different, and would quickly fade into well-deserved obscurity.”⁴⁹

Australia puts a considerable amount of effort into its relationship with the United States. It maintains a well-staffed, high-powered embassy in Washington. The embassy includes a Congressional Liaison Branch that arranges meetings between influential American politicians and visiting Australian Federal and State Cabinet Ministers, Members of Parliament, and senior officials. The objective is to enable Australian leaders to meet the US President, to get the President to take the Prime Minister’s calls, to get the Foreign Minister to meet the US Secretary of State, and to get the Australian Ambassador in Washington to interact with important people in Congress, the State Department, the Defense Department and the Treasury. Australia wants a “seat at the table”—some level of participation in the Great Power’s decision-making process. It has had very little success here. Australia remains relatively unimportant in US thinking. Only 1% of the US diplomatic cables published by WikiLeaks related to Australia. Australia’s share of the world economy is not much larger. Its population is about 0.33% of the world’s total. From March 2009 to March 2019, US President Donald Trump tweeted 37,131 times, but mentioned Australia only 31 times (and only ten times after winning the Presidential election).⁵⁰ For all Australia’s efforts, he pays even less attention to Australia than the U.S. State Department does.

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CHAPTER 4

Strategic Objectives (1)

Abstract This chapter is part of a two-chapter series on the strategic objectives of the United States. It analyses cables about US objectives in Iraq, Afghanistan, Pakistan, India, and Russia. It outlines US attitudes toward India's nuclear program. It also reveals the differing perspectives of the United States and Russia on the thorny issue of missile defense.

Keywords Iraq · Afghanistan · Pakistan · India · Nuclear weapons · Missile defense · Russia

The next two chapters discuss the strategic objectives of the United States. A range of cables shed light on US foreign policy toward Iraq, Afghanistan, Russia, North Korea, Israel, and other areas of the world. They are evaluated over two chapters for reasons for space. These chapters show how Australian policymakers work closely with their American counterparts, aligning Australian foreign policy to suit American preferences.

IRAQ

Five days after Kevin Rudd was sworn in as Australia's 26th Prime Minister in December 2007, he invited the US Ambassador to his home in Brisbane. Casually dressed, Rudd held the meeting in his family room. He told the Ambassador the US relationship was "core business"

to him, there was “no relationship more important to Australia,” and this meeting was his first with a foreign envoy since becoming PM. In Opposition, Rudd’s policy had been to withdraw Australian combat forces from Iraq upon winning the election. But he had left himself considerable wiggle room, as the American Embassy reported in a cable immediately after the election: “Rudd has nuanced his withdrawal pledge, promising to consult in advance” with coalition partners. He “will be willing to consider alternatives that allow him to keep his campaign promise while minimizing the potential harm of any Australian action.”¹

Rudd would also leave in place a 100-man security detachment for Australia’s diplomats in Baghdad, an Army training team of similar size, and air and naval assets to support the United States in both Iraq and Afghanistan. Rudd assured the Ambassador that he wanted the withdrawal to cause “minimum grief” to the United States, and that “we will not pull a Zapatero on you.”² In saying this, he was referring to Spain’s Prime Minister Jose Luis Rodriguez Zapatero, who kept his campaign promise in 2004 by ordering Spanish troops to leave Iraq as soon as possible. Australia’s attitude contrasted sharply with that of Spain, a NATO member, as discussed below.

The US Embassy in Madrid hadn’t expected Zapatero to keep his word. Soon after the Spanish elections in March 2004, the Embassy observed that the President-elect had “no experience in administration or foreign affairs” and would likely be a “difficult but manageable interlocutor.” It suggested a few tactics to manage him: a Presidential letter and a second congratulatory phone call as soon as he was in office, high-level intelligence briefings on counter-terrorism, an invitation to visit Washington DC, Iraqi reconstruction contracts for Spanish companies, and a UN resolution to legitimize postwar operations, which could “allow Zapatero to save face and agree to maintain Spanish forces” in Iraq.³ To no avail. Zapatero had “vehemently opposed the Iraq war” and “repeatedly emphasized, publicly and privately, that he will comply with his campaign promises.”⁴ He subsequently refused to increase Spain’s presence in Afghanistan, leaving his Defense Minister “despondent and clearly crestfallen” in his private conversations with the US Ambassador. Zapatero’s statement was so decisive and unequivocal that there was “no wiggle room, no political way to finesse a change of position, even a nuanced one.”⁵

AFGHANISTAN

Things were very different for Australia, which spent more than \$7.5 billion on the war in Afghanistan, including a significant investment in civilian infrastructure such as schools, roads, and health centers in the province of Uruzgan. With an aggressive war-fighting style, good training, and battle discipline, Australian troops improved the security situation, according to reliable accounts: “When the Australians hear a report of roadblocks or mines, they directly go there, risking their lives and maintaining the peace.”⁶ For a period in 2009, the Australian military had an optimistic tactical view of the situation in its area of operations. But it ultimately had the thankless task of preserving the authority of a corrupt local government.

Rudd’s Defense Minister, John Faulkner, wanted to avoid being saddled with responsibility in Uruzgan. As far as he was concerned, leadership there was a NATO responsibility. As the previous chapter has shown, the military commitments required by NATO are more demanding than those required by ANZUS. But the Dutch Defense Minister informed Faulkner bluntly that his forces were leaving the province. Faulkner shot back “in equally blunt fashion” that Australia would not assume that role. Then the two ministers “sat in a lengthening and increasingly uncomfortable silence” for two minutes until the Chief of the Australian Defence Force broke the tension by asking a question.⁷ Behind the public declarations of “unshakeable resolve,” “productive discussions,” and “allied cooperation” lay a very different reality. Neither Australia nor the members of NATO wanted to risk casualties in Afghanistan but both wanted the benefits—in terms of better relations with the United States—of being seen to participate.

The Australian government knew the mission could not succeed. Despite repeated public assurances to the contrary, Kevin Rudd privately told a visiting US congressional delegation that “Afghanistan scares the hell out of me.” The European allies had “no common strategy for winning the war or winning the peace.” While the Australians, British, Canadians, and Americans were “doing the hard stuff,” the Germans and the French “were organizing folk dance festivals.”⁸ Rudd’s Special Envoy for Afghanistan visited Uruzgan and called the situation there “a wobbly three-legged stool.” He said that increasing funds for police training “might be putting good money into a bad situation because the local

population perceived the police to be part of the problem.”⁹ The Afghan National Police (ANP) was a “train wreck.”¹⁰

This grim picture was reinforced in July 2010, when Wikileaks released a database of about 91,000 operational reports by the United States and allied soldiers fighting in Afghanistan. As Chapter 2 has shown, the leaked reports painted a bleak picture of an intractable struggle against a stubborn, tenacious enemy. There were reports of viciousness by both Afghan government authorities and the Taliban. For example, a district police chief arrested and tortured a Taliban member, releasing him after receiving money from a village elder. In retribution, the Taliban member planned to kidnap the police chief.¹¹ The Taliban targeted government employees and locals who supported US bases: they abducted a supply truck driver, tortured him, then released him and burned his truck.¹² They captured two Afghan National Army (ANA) personnel, obtained their officer’s phone number, phoned the officer and “proceeded to cut off the faces of both ANA personnel.”¹³

If the US Embassy cables lifted the curtain on high-level talks between US diplomats and senior government figures around the world, the operational reports from Afghanistan showed what those talks actually translated into on the ground. They included unfiltered reports of weapons caches, improvised explosive devices, conversations with civilians and other notes from the US military’s point of view. There are, after all, no logbooks from the Afghan civilians’ point of view, let alone of Taliban militants. Even so, the operational reports showed that the Taliban relied on more than pure terror. They were said to be exploiting public concerns about Afghan security forces’ corruption and other misdeeds. One report claimed that the Taliban’s most effective propaganda campaigns were “based on their perceived success at stopping corruption and providing a stable and secure environment.”¹⁴ The dysfunctionality of the Afghan government whose authority Western forces were trying to uphold appeared to be a constant theme. School teachers said they needed books, curriculum management and an end to “government corruption from top to bottom” including the matter of “stolen teachers’ salaries” and basic supplies.¹⁵

Meanwhile, in some places the Taliban were indistinguishable from the general population, collecting compensation from US Marines for property damaged or family members killed by US operations. An Afghan police commander told the *New York Times*, “You shake hands with them, but you don’t know they are Taliban. They have the same

clothes, and the same style. And they are using the money against the Marines. They are buying I.E.D.'s and buying ammunition, everything." The Taliban recruited its members from the local population, and were therefore an indigenous force in some provinces. They couldn't be forced out and sent home—they *were* home already. The Marines in Helmand province found they had "collided with a Taliban identity so dominant that the movement appears more akin to the only political organization in a one-party town, with an influence that touches everyone." Since "most people identify themselves as Taliban," said the commander of the Marine expeditionary brigade, "we've got to re-evaluate our definition of the word 'enemy'."¹⁶

The United States Marine Corps commissioned a review of its communications strategies in Afghanistan. Conducted by Arturo Munoz, a former CIA officer with a 30-year career, the review found that the US military had failed to convince most residents of contested areas to side decisively with the Afghan government and its foreign allies against the Taliban. While civic action and development projects were "greatly appreciated," some surveys of Afghan public opinion suggested that "both the Taliban and U.S. and NATO forces are viewed negatively." The study advised against blaming the Taliban exclusively for violence in the countryside because "there is such a strong feeling that the U.S. military itself is responsible for much of the violence and for what the locals consider to be terrorist acts – that is, dropping bombs on civilians from the sky and breaking into homes at night to kill people in their beds."¹⁷

If this claim sounds surprising, the Afghan operational reports shed light on what might motivate it. There are reports about the activities of Task Force 373, a secret commando unit whose activities were not disclosed to the rest of the international forces in Afghanistan. TF-373 hunted down and eliminated insurgents on a classified hit list known as the Joint Prioritized Effects List (JPEL). Eighty-four reports about JPEL operations show TF-373 either killed its targets or captured them and handed them to the notorious prison in Bagram airbase, north of Kabul. One report showed TF-373 conducting a GPS-guided truck-mounted multiple rocket system attack against Abu Layth Al-Libi, said to be a senior al-Qaeda military commander. After launching five rockets, ground troops entered the objective area but saw no sign of al-Libi. Instead, they found six dead children buried amidst the rubble, and recovered a seventh child from the rubble. The medical team "immediately cleared

debris from the mouth and performed CPR to revive the child for 20 minutes.”¹⁸ Their efforts were unsuccessful.¹⁹

The first message from Afghan President Hamid Karzai to President-elect Barack Obama in November 2008 was to “end civilian casualties,” especially those involving US airstrikes. There had been “several high-profile bombings that resulted in scores of casualties,” such as an airstrike in August 2008 that killed at least 90 civilians, and another in November that killed dozens of people at a wedding party in southern Afghanistan.²⁰ Karzai also told a delegation of 15 UN ambassadors, including the US Ambassador to the UN, that he wanted a withdrawal timeline for foreign troops. But Obama said the 9/11 attacks on the United States justified their presence, and had campaigned on a pledge to redeploy troops based in Iraq to Afghanistan.

Obama repeated this reason to remain there in a speech in December 2009, saying he wanted to stop al-Qaeda from reestablishing a sanctuary from which to conduct terrorist attacks. But this meant little to most Afghans, most of whom had never seen a terrorist training camp in their vast, forbidding landscape, nor an al-Qaeda operative, a foreign terrorism trainee, a passenger plane, a skyscraper, and in many cases, even a television. The US Army’s psychological operations units produced a video with Dari- and Pashto-language voiceovers, graphics, and Afghan music to explain “Why the United States is in Afghanistan.”²¹ The video showed the jets flying into the Twin Towers, firefighters hauling debris from the rubble, US fighter jets firing missiles into Afghan villages, American soldiers carrying humanitarian aid and Afghan girls attending school. It was played at health clinics set up by the US Army, so that villagers could watch it while waiting to see a doctor.

Associated Press reporter Mike Eckel described their reaction: “The buildings were pretty. It’s terrible that those al-Qaida people crashed those planes,” said a teenage girl, who wished the Americans would do more to bring food to her family and the village. “I watched the video because they made us,” said a 41-year old unemployed former mujahideen fighter. “It was a bad thing that those terrorists flew. It was not Muslim.” A 65-year old watchman said, “I didn’t know why we had to watch the video. It was strange but I didn’t mind.” He said he was sad, confused and angry when the US bombing of Afghanistan began, was glad US troops had brought some stability, but would be glad to see them leave because “we don’t like foreigners to stay here forever.”²²

By 2009, US intelligence reports indicated that most insurgents in Afghanistan were not religiously motivated Taliban, let alone al-Qaeda, but a “new generation of tribal fighters” who had opposed the Taliban during the 1990s. They were mostly ethnic Pashtuns who were “deeply connected by family and social ties” to their tribal areas and opposed the United States “because it is an occupying power.”²³ By this stage, there was more violence in Afghanistan than ever before: Taliban suicide bombings, improvised explosive devices, and more foreign troops and combat operations. The goal of defeating al-Qaeda also had to be pursued in Pakistan, because al-Qaeda could operate in that country’s Federally Administered Tribal Areas (FATA).

PAKISTAN

An important cable by the US Ambassador to Islamabad cautioned that unilateral operations in the FATA “risk destabilizing the Pakistani state, alienating both the civilian government and military leadership, and provoking a broader governance crisis in Pakistan without finally achieving the goal.”²⁴ The problem was that Pakistan feared a post-occupation Afghanistan whose non-Taliban government would be led by the Indian-controlled Northern Alliance, with the ability to carry out a proxy war against Pakistan. Any talk of downsizing, deadlines for withdrawal, or even a denial of additional troops reinforced this fear. On this point, said the Ambassador, Army Chief General Kayani “has been utterly frank about Pakistan’s position.” Pakistan would dramatically increase support for Taliban groups in Pakistan and Afghanistan. Pakistan’s main adversary was India, and it saw the conflict in Afghanistan through this lens. The US government’s encouragement of India to increase trade, investment and development support to the Afghan government only drove Pakistan closer to both the Taliban and Kashmir-focused terrorist groups. “Resolving the Kashmir dispute,” said the Ambassador, “lies at the core of Pakistan’s support for terrorist groups” and “would dramatically improve the situation.”²⁵

INDIA

Resolving the Kashmir dispute was easier said than done. Across the border in New Delhi, the US Ambassador reported that India saw things from precisely the opposite perspective: there was “uncertainty

and anxiety” about “renewed U.S. activism on Kashmir” and “a policy that views India primarily through the prism of a regional strategy.”²⁶ Embassy officers had visited Kashmir and had been welcomed there by India, but the Ambassador had not gone there in the last five years of the George W. Bush administration to emphasize the policy of staying out of the dispute. Nor had any member of the US Congress or senior US government official visited the place. India wanted more US pressure on Pakistan. It was heartened that even before being sworn in as President, Barack Obama had endorsed India’s right to defend itself following terrorist attacks in November 2008. (This was in sharp contrast to his hands-off approach to Israel’s invasion of Gaza at about the same time, when he pleaded inability to interfere because he was only the President-elect, and George W. Bush was still in command. As he said, “When it comes to foreign affairs, it is particularly important to emphasize that there is one President at a time.”²⁷)

As far as the United States was concerned, however, its objectives toward India were more far-reaching than Kashmir. It wanted to facilitate closer economic and strategic integration with India, and encourage an India–US–Israel strategic alliance. Australia had an important role to play in this ambition. Due to its unique geology, it has about 40% of the world’s known resources of low-cost uranium, and accounts for 20% of world production from just three mines: Beverley in South Australia, and Ranger and Olympic Dam in the Northern Territory.²⁸ Inconveniently for India, which possesses nuclear weapons but has never signed the Nuclear Non-Proliferation Treaty, Australia applies strict safeguards to its uranium exports to prevent use in or diversion to nuclear weapons programs.

NUCLEAR ISSUES

In 2006, the Bush administration changed US export control laws—with Congressional approval—to permit assistance to India’s nuclear programs. But this still required Australian agreement within the Nuclear Suppliers Group and the International Atomic Energy Agency. Accordingly, in the December 2007 meeting with Australia’s new Prime Minister Kevin Rudd, the US Ambassador pressed him to support the “cooperative arrangement with New Delhi.” Rudd said he “was very mindful of the complexities” and “understood full well the importance that the Administration attached to the arrangement.” He promised

to “bring clarity earlier rather than later.”²⁹ Meanwhile, US Under Secretary Nicholas Burns pressed Australia’s Defense Minister Joel Fitzgibbon as well. He said the United States attached “high importance” for Australia and others in the Nuclear Suppliers Group to support the agreement. He said it was “a priority for President Bush. Australia should separate its future decision on uranium sales from the separate issue of the Nuclear Suppliers Group decision.”³⁰

Agreement was not long in coming. Six months later, Rudd’s Foreign Minister Stephen Smith gave a private assurance to his Indian counterpart that Australia would support an exception for the US–India nuclear deal in the Nuclear Suppliers Group and the IAEA.³¹ He confirmed this publicly soon afterwards, using a form of words almost identical to Burns’ suggestion. He said Australia’s acquiescence within the NSG and IAEA was entirely separate to its “longstanding policy position as a political party [the Australian Labor Party] and as a government” that it would “only export uranium to those nation-states who are parties to the Nuclear Nonproliferation Treaty.”³² Since India possessed a nuclear arsenal outside the NPT, it would not sell it uranium. This, too, was for public consumption. In private, Australia’s Energy and Resources minister told the United States that “a deal to supply India with nuclear fuel could be reached in three to five years.” Prime Minister Rudd “had been careful in recent comments in Parliament to leave the door open.”³³

The profit motive accompanied the strategic argument. A senior executive in BHP Billiton, Australia’s (and the world’s) biggest mining company, told the US Consul-General in Melbourne about the importance of its uranium mine at Olympic Dam in the Northern Territory. He said that India represented “a potentially massive market for the mine,” which “sits on the world’s largest known uranium deposit.”³⁴ Vast amounts of copper and gold were present there, too; copper made up 76% of the mine’s business at the time. BHP appeared to have little concerns about public opposition. It was “not anticipating much reaction” and the South Australian government was “very supportive.” BHP may have originated in Australia (its initials stand for Broken Hill Proprietary, after a mining town in New South Wales), and has its offices in Australia, but it is 68% American-owned. Indeed, Australia’s ownership is just 12%.³⁵ As such, when the United States Embassy in Australia and the leaders of BHP work together, there is no reason to assume that their actions automatically benefit Australian investors—let alone the wider Australian public.

In 2016, the Nuclear Power Corporation of India and US-based Westinghouse Corporation agreed to build six nuclear reactors in India. The next year, Australia's first shipment of uranium left for India. The deal was expected to double the size of Australia's uranium mining industry and increase export revenues by a considerable margin. All this was a major shift from Australia's initial reaction to India's nuclear tests in 1998. On that occasion, the Australian government condemned the tests as "outrageous acts" with the "most damaging consequences for security in South Asia and globally."³⁶ The US-India civil nuclear agreement made India the only country in the world to possess nuclear weapons, not be a party to the NPT, and still be permitted to engage in nuclear commerce. Pakistan, Israel and North Korea possess nuclear weapons, are not party to the NPT but cannot engage in nuclear commerce—yet.

An American expert cautioned the United States Senate Committee on Foreign Relations that relaxing export controls for India would eventually weaken them for others. To consider India an isolated case "contradicts the fundamental principle upon which export controls are based"—country neutrality. He said that if the United States dropped controls to help India, "other supplier countries will do the same for their friends"—China for Pakistan, Russia for Iran. "They will say that what is good for your friend is good for mine. If you want to develop your market in India, I want just as much to develop my market in Pakistan or Iran. No country will give up a market unless other countries do the same. That is the way international regimes work... This risk has been created by our own action, and certainly does not make us safer."³⁷

Meanwhile, Australia made further overtures to India in the military domain. In 2009, Michael Pezzullo, Australia's Deputy Secretary of Defence, visited a number of countries in the region to brief them in advance about the White Paper on Australia's Defence Policy. Pezzullo was the principal architect of this paper. He briefed US Embassy officials on his return. The Indians appeared "pleasantly surprised" that Australia made the effort to brief them in advance, noting it was the first time that had happened. They said they looked forward to cooperating with Australia in the Indian Ocean, which the White Paper had said would join the Pacific Ocean "in terms of its centrality to Australia's maritime strategy and defense planning."³⁸

MISSILE DEFENSE—AN ENHANCED FIRST-STRIKE SYSTEM

The language in the Defence White Paper concealed the Australian government's true intentions on missile development. It said Australia was "opposed to the development of a unilateral national missile defence system by any nation."³⁹ It is important to understand that a missile defense system cannot stop an adversary's first strike but it has a plausible chance of stopping the adversary's second strike in retaliation against its own first strike. And by stopping the adversary's second strike, it gives an advantage to whoever strikes first. For this reason, missile defense is really part of an enhanced first-strike system. Missile defense therefore destabilizes the strategic nuclear balance between the major nuclear powers such as the United States, Britain, and France on the one hand and Russia and China on the other. For this reason, the Defence White Paper said Australia was opposed to national missile defense systems.

But Deputy Secretary Michael Pezzullo visited the US Embassy to explain why the White Paper had used those words. He said the left wing of the ALP was "still wedded to the '1980s anti-Star Wars missile defense' concept and [the language] was a nod to" them.⁴⁰ Pezzullo was alluding to the debates of the 1980s, when the Hawke government had to deal with fears caused by President Reagan's Strategic Defense Initiative. It established a Peace Research Centre at the Australian National University, appointed an ambassador for disarmament, and proposed a nuclear-free zone in the South Pacific. Known as the Treaty of Rarotonga, its true purpose was to manage Australian public opinion while protecting the freedom of the United States to maintain its nuclear arsenal. The Treaty allowed the United States to continue to deploy nuclear-armed warships and submarines, test its missiles in the Marshall Islands, and retain its arsenal in Guam.⁴¹

Pezzullo assured the US Embassy that Prime Minister Rudd's real views were "significantly different." The White Paper had also said that Australia's approach "will continue to be based on examining capability options appropriate to Australia's strategic circumstances."⁴² It would "review its policy directions in this field annually." Pezzullo said that this language allowed Australia to keep working with the United States on global missile defense testing and planning programs such as Nimble Titan, the Over The Horizon Radar system, and the AEGIS ship-based missile defense systems. Australia's Air Warfare Destroyers could use AEGIS and "participate in a sensor grid" with the United

States and other forces in scenarios involving North Korea, which “have been war gamed,” said Pezzullo. But he cautioned the Embassy that “elements within the ALP could still react negatively” especially “if [it] perceives that it has been ‘conned’ in this regard.”⁴³

Beyond the gaze of the public, however, the Australian government secretly hosted US personnel operating new ballistic missile defense satellites. The leaked cables reveal that in early 2009, a senior US official contacted the Australian Space Defense Coordination Office requesting permission to deploy teams to Australia in support of the launch of two new Space Tracking Surveillance System (STSS) satellites.⁴⁴ These low-earth-orbiting satellites fly in tandem and use sensors to measure infrared radiation from space, which allow them to detect missile launches, track missiles from boost into midcourse, and communicate with missile defense command and control systems.⁴⁵ *The Age* newspaper’s Philip Dorling reported that the U.S. Air Force sent two elite teams equipped with satellite tracking and communications hardware from Kirtland Air Force Base in New Mexico to HMAS Stirling south of Perth and Fort Direction near Hobart. The operation was codenamed Project Crok. The teams worked in Australia in experimental trials that successfully detected “threat-representative” missiles launched from Vandenberg Air Force Base in California, and relayed “trajectory data” to US ballistic missile defense ground stations.⁴⁶

Australia has long played a role in the US ballistic missile detection program, although not in the development of a capacity to eliminate Russian or Chinese “second strike” capability—something Michael Pezzullo told US diplomats was a “redline for the Labor Party and the Rudd government.”⁴⁷ The detection function has taken the form of the so-called Joint Defense Facilities at Pine Gap. As Chapter 3 explained, Pine Gap is essential to the achievement of core United States national security objectives. It is one of the two most important US intelligence facilities outside the United States. (The other is Royal Air Force Menwith Hill in the United Kingdom.)

RUSSIA AND MISSILE DEFENSE

Missile Defense was a major component of Russia’s threat perceptions. The US deployment concept involved 10 interceptors based in Poland, a midcourse tracking radar based in the Czech Republic, and transportable cueing radar forward-based in the Caucasus region. The main command

and control elements would remain in the United States. The Boeing Corporation would be the prime contractor.⁴⁸ Over lunch, Pezzullo told the US Embassy that Russian diplomats had approached him on different occasions when John Howard was Prime Minister (1996–2007) “to bluntly complain that U.S. plans to deploy missile defense in Europe were aimed against Russia.” Pezzullo said he had rebuffed them, saying they should talk directly to the United States “rather than trying to ‘peel off’ Australia.”⁴⁹ He said he accepted the US explanation for its missile defense program—a missile threat to Europe from North Korea and Iran. But Russia *was* talking directly to the United States—and getting nowhere.

Here, one cable not involving Australia takes on special significance. Senior American and Russian officials participated in high-level talks on strategic security in April 2007. The US record of the meeting confirms that missile defense “dominated” those talks. This meeting should be seen as an event of great consequence because the Russians made their views about US missile defense crystal clear. But the US side seemed not to appreciate that their professed benign intentions did nothing to alleviate Russia’s fears. The Russo-Georgian war of 2008, Russian resistance to NATO expansion, and the Russo-Ukrainian crisis of the past decade flow directly from the US rebuff to Russian security concerns. For these reasons, in the next few paragraphs I paraphrase or quote extensively from the meeting’s record compiled by the US notetakers.⁵⁰

The Russian side was led by Deputy Foreign Minister Sergey Kislyak and included key security and disarmament officials, and members of the State Nuclear Energy Corporation ROSATOM, and the MOD. The US side was led by John Rood, Assistant Secretary for International Security and Nonproliferation. Rood would go on to become Senior Vice President of Lockheed Martin International, which has a very close relationship with the US Missile Defense Agency. Rood would return to the public sector in 2018 as President Donald Trump’s Under Secretary of Defense for Policy. Accompanying Rood were Brigadier-General Patrick O’Reilly of the US Missile Defense Agency, Ambassador William Burns, and others.

Deputy Foreign Minister Kislyak said Russia’s impression of the US missile defense plan was that it was “unfriendly” toward Russian security interests. He said Russian experts had looked at the scope and range of radars and interceptors planned for the third US missile defense site and had concluded these were aimed more at Russian inter-continental

ballistic missile bases in Europe rather than Middle Eastern threats. But John Rood said missile defense was an insurance policy. The United States wanted more options than just retaliation against states like Iran. It had activated its missile defense system during the 2006 North Korean missile launches as an alternative to preemption or preparations for a military counterstrike to a missile attack. Rood said US missile defense installations in Central Europe (in the Czech Republic and Poland) were intended to defend most NATO allies and much of Europe. He underlined that they posed no threat to Russia. The United States had no perception of Russia as a strategic threat. He also emphasized that these installations offered no capable defense against Russia's offensive strategic nuclear forces. They could not intercept Russian inter-continental ballistic missiles (ICBMs). If the United States had wanted such an ability, Rood added, the proposed system would have been designed very differently.

In response, Colonel Ilian from the Russian Ministry of Defense (MOD) gave a detailed 23-slide PowerPoint presentation on Russian reactions to the US missile defense plan in Europe. The presentation explained that Russia disputed or disagreed with most US assumptions regarding threats posed by North Korean or Iranian ICBM development. At best, their missiles had a maximum range of 2500 kilometers, which was no threat to the United States and essentially no threat to Europe. The Russians predicted the range of Iranian ballistic missiles would not exceed 3500 kilometers by 2015. Even this range only reached the eastern portion of the European continent.

It is worth adding here that Iran's actions—including the possible development of nuclear weapons—have been the subject of official testimony to the US Congress by the Pentagon and US intelligence. Lieutenant General Ronald L. Burgess, Director, Defense Intelligence Agency, told the United States Senate Committee on Armed Services, that the strategic objectives of Iran's leadership are "first and foremost, regime survival... Iran's military strategy is designed to defend against external threats, particularly from the United States and Israel. Its principles of military strategy include deterrence, asymmetrical retaliation, and attrition warfare... Iran's defense spending as a share of GDP is relatively low compared to the rest of the region. This reflects its defensive military doctrine, which is designed to slow an invasion and force a diplomatic solution to hostilities. Iranian military training and public statements echo this defensive doctrine."⁵¹ In other words, US intelligence

confirmed that Iran's defense was low in comparative terms, was aimed specifically at defense, and sought to deter an invasion long enough for diplomacy to set in. Even if it were developing nuclear weapons, they would be part of the deterrence strategy.⁵² But a deterrence strategy would be unwelcome to the United States because it would deter; it could prevent the United States and its allies from free, unconstrained military action in the region. The United States interprets the prospect of a deterrent as a very serious threat.

Colonel Ilian added that US forecasts, such as the 1998 "Rumsfeld Commission" and 1999 "National Intelligence Estimate," had proven incorrect. Ilian was referring to the fact that until 1998, the US intelligence community's position was that no potentially hostile country—apart from Russia or China—would pose a long-range missile threat to the United States before 2010, at the earliest. Less than a year later, CIA analysts were predicting that North Korea could test an ICBM capable of hitting US territory "at any time." The turnaround followed publication of a 1998 report by a commission headed by Donald H. Rumsfeld, the former and future Defense Secretary. This report claimed that a rogue state would be able to "inflict major destruction" on the United States "within about five years" of a decision to develop an ICBM. And for several of those years, "the U.S. might not be aware that such a decision had been made."⁵³ These predictions have almost zero credibility today. The 1999 Estimate was similarly alarmist in nature, and relied on "a lowering of the standards for judging when a system would be considered a threat." There had been no significant technological leap forward in Third World missile programs, but only "incremental development in programs well known to analysts for years."⁵⁴

Russia's fear was that missile defense sites in Poland and the Czech Republic, if effective against Iranian missiles, would also be effective against Russian ICBMs. The direction of flight of Iranian missiles practically coincided with Russian missiles based at Kozelsk and Tatishevo. Furthermore, the European missile defense sites did not provide for the defense of all European states, thus giving the United States incentive to continue to develop missile defense capabilities in Europe, causing further Russian concern. The Russians suggested that a better way to protect Europe from Iran would be to locate the missile defense sites in Turkey, France, and Italy. If located there, they would not threaten Russian ICBMs. Radar coverage from the Czech Republic would provide early detection and would lead to missile interception of Russian ICBMs,

in addition to Iranian missiles. This is because radar-based elements of missile defense in the Czech Republic could be rapidly reoriented from the south to the east. The US would be better served to protect itself from Middle Eastern threats with a missile defense system based out of Grand Forks Air Force Base in North Dakota.

Russia also believed that ten interceptors were only the beginning of missile defense in Europe and that the site could be enhanced by increasing the number of interceptor missiles, increasing interceptor missile velocity, and using separating warheads for ballistic missile destruction. The Russians also expressed concerns that missile defense interceptors in Europe could have anti-satellite (ASAT) capabilities. Based on Russian calculations, US interceptor missiles in Europe could “catch-up” and destroy Russian ICBMs. The Russians said debris caused by an interception posed a far greater risk of danger than the United States admitted. A 100-gram fragment would be enough to pierce through a five-floor building from rooftop to the ground floor. If the ballistic missile had chemical, biological, or radiological agents, the payload could be spread over a great area in the atmosphere. Colonel Ilian concluded that the missile defense site in Europe would be destabilizing and would influence the deterrent potential of Russia, although it “would not be disastrous.” Russia would be forced, however, to take adequate measures to preserve its defensive capability. Other states, such as China, might try to find countermeasures to this US system. China’s recent ASAT test on January 11, 2007 may have been a response to US missile defense plans. Ilian said the US layered missile defense system in Europe was intended to counter ballistic missiles equipped with penetration methods not available in Iran and North Korea.

John Rood responded to the presentation by saying his side would review it carefully but his initial thoughts were that the United States saw the North Korean ICBM threat as real and believed it faced a growing missile threat from Iran. Brigadier-General Patrick O’Reilly from the US Missile Defense Agency disagreed with some of the Russian assumptions in the presentation. He disputed that American interceptor missiles could catch Russian ICBMs, noting that several factors must be taken into account, such as: the time required to determine trajectory, establish a radar track, calculate a firing solution, etc. The interceptors would only be capable of intercepting ballistic missiles in the ballistic phase of their trajectory; there would be no capability to intercept missiles that were still in the boost phase. Poland was in the optimal place for interception.

He added that the proposed radar in the Czech Republic was a precision track and discrimination radar, not a wide area search radar. It would be turned on only during intercept and would not be used for surveillance. It worked only after post-boost deployment.

Russia's Deputy Foreign Minister Kislyak emphasized that the planned missile defense site in Europe along with planned US military training sites were along Russia's "soft underbelly" and, therefore, caused concern and threatened their security. Bases in the Czech Republic and Poland would seem to have capabilities not only against Iran, but against Russia. If the idea is to provide protection to Europe, then any missile defense site should be located in different parts of Europe that would not threaten Russia. He reiterated that the radar site in the Czech Republic could "see" Russian missiles as well as "hypothetical" Iranian missiles. There was a strategic component to US missile defense systems in Europe, and they did not exist "in a vacuum." From Russia's point of view, the only real targets for the US missile defense system in Europe were those Russian ICBMs based in Kozelsk and Tatishevo. The US plan would compel a Russian response. Just as the U.S. was concerned during the Cold War about Russian radars at Krasnoyarsk, so also Russia saw a similar threat from US missile defense radar in the Czech Republic.

Furthermore, the Russian fear was that the US missile defense system was the thin edge of the wedge. More, and deadlier, upgrades would be made once the system was in place. Missile defense was an evolving concept and its components were still in development. Russia viewed this missile defense system as only a first step of the "evolution" of the US Global Missile Defense system, which would alter the balance of power between the United States and Russia. The interceptors in Poland would be replaced with hypersonic versions capable of catching Russian missiles, even if the Russian missiles were flying away from the Poland interceptor site. This is a point Russia was also making to other countries. Deputy Foreign Minister Kislyak had earlier complained to the Czech Republic's foreign minister and parliamentary foreign affairs committee that the missile defense radar would pose a greater short and medium term threat to Russia than planned interceptors in Poland. The U.S. was "trying to fill a gap in its radar coverage to allow surveillance of key Russian bases, such as Kozelsk and Tatishevo." And this, Russia feared, would give the U.S. "an even greater untouchability, which will lead to even more unilateral and arrogant American conduct – look at where they got us with Kosovo and Iraq."⁵⁵

In September 2009, President Obama appeared to accept Russia's objections, announcing he would deploy Aegis ships equipped with missile interceptors instead of the proposed Eastern European sites. His plan envisaged deploying smaller interceptors aboard ships at first, followed some years later by more advanced versions on ships as well as on land. There was heavy domestic criticism by his Republican critics. In Moscow, however, President Medvedev said he appreciated President Obama's "responsible approach."⁵⁶ Soon however, tensions would arise over the question of NATO enlargement. The next chapter takes up this theme.

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Strategic Objectives (2)

Abstract This chapter continues the strategic objectives theme of the previous chapter. It delves into cables about the Georgian War of 2008, Russia’s opposition to NATO enlargement, the crisis in Ukraine, tensions with North Korea, US–Australia discussions about Iran, and actions to protect Israel at the United Nations.

Keywords Georgia · Abkhazia · South Ossetia · NATO expansion · Ukraine · North Korea · Iran · Israel · Goldstone Report · Mossad

THE GEORGIAN WAR

Georgia emerged as an independent state after the disintegration of the USSR in 1991. Its provinces of Abkhazia and South Ossetia had been autonomous *oblasti* or districts of Georgia under the Soviet Union. They had tried unsuccessfully to secede after Georgia declared independence. The Georgian government responded by abolishing autonomous regions and invading South Ossetia. There was violence on both sides, with ethnic Georgians in those regions often expelled forcibly, and their property destroyed. A ceasefire later took hold, and a Russian-led peacekeeping force kept an uneasy truce.

The US Embassy in Moscow reported in 2006 that the truce prevailed; emotions were “cooling sooner than expected” although “provocative rhetoric has not disappeared,” with Georgia’s President

Saakashvili announcing plans for a “Museum of Occupation” (referring to Georgia’s former status as a republic of the USSR). In fact, Georgia had been a republic of the USSR, since its inception in 1922, and several key Soviet figures were Georgian; none other than Georgian-born Stalin had assigned Abkhazia and South Ossetia to Georgia. One Russian diplomat asked the US Embassy “exactly whom Stalin, Beria and Ordzhonikidze were ‘occupying.’”¹ Still, tensions were declining. President Putin withdrew Russian troops from Georgia. The Russian Embassy in Georgia began approving Russian visas for Georgians who requested them. Georgia began issuing one-year multiple-entry visas to Russian military personnel.

NATO ENLARGEMENT

But the US Ambassador to Moscow warned of a “looming precipice”—the “big anxiety for Russia” was the prospect of Georgia joining NATO. Their Russian contacts called it “the single greatest spoiler – present and potential – in the relationship.” A NATO Membership Action Plan (MAP) for Georgia could mean automatic membership within two years. For this reason, an MAP “would cause an immediate escalation of tensions.” To improve relations in the long run, there had to be “a unilateral Georgian renunciation of foreign bases or NATO membership.” The Ambassador observed that when “emotions are calmed, Georgia and Russia are capable of negotiations that get business done. But the calm is unlikely to last.”²

His prediction was correct. On February 10, 2007, President Putin addressed the Munich Security Conference in a speech that leading Russia specialist Richard Sakwa called “a turning point in Russian foreign policy.”³ Frustrated by President Bush’s announcement that missiles would be installed in Poland and the Czech Republic, he warned that security had a “universal, indivisible character.” NATO enlargement, he said, was “a serious provocation that reduces the level of mutual trust.” The warnings were not heeded. When the Kosovo Assembly declared independence from Serbia in February 2008, the United States recognized Kosovo over the objections of Serbia. Meanwhile, Georgia declared its intention to seek NATO membership at the NATO summit in Bucharest, scheduled for April 2008. As the summit was underway, Russia announced it would recognize some documents issued by Abkhazia and South Ossetia, and cooperate with them on trade and other issues. This

was the first foreign acknowledgment of these provinces' legal authority. On August 7, 2008, Georgia invaded South Ossetia with ground troops and shelled the provincial capital of Tskhinvali with rockets and artillery fire. Russia responded by sending its own troops in. They pushed Georgian forces out of both South Ossetia and Abkhazia, conquered parts of Georgian territory, then withdrew to South Ossetia. Putin's successor as President, Dmitry Medvedev, recognized the independence of both break-away republics—an obvious counter to the United States' recognition of Kosovo.

Some weeks later, US intelligence analysts discussed these developments with their Australian allies as part of the annual intelligence exchange between the State Department's Bureau of Intelligence and Research (INR) and Australia's Office of National Assessments (ONA). Both sides largely concurred. Russia was described as both “a rising power and a declining state,” with a “resurgent determination to leverage military force to protect its interests” even as its diminishing population base prevented a large-scale military buildup. It relied too heavily on energy exports for revenues and had a growing economic interdependence with the west. Ominously, the ONA analysts said Ukraine's Crimean peninsula had “dangerous similarities” to features which motivated Russia's actions against Georgia.⁴ It is doubtful that Australian analysts or policymakers expressed misgivings about NATO expansion or Russia's fear of NATO encirclement. But their recognition of a potential crisis involving Ukraine would be proven right within a few years.

For its part, Russia continued to argue against NATO expansion. Yuri Kholkov, described by the US Embassy as “The man who writes Putin's foreign policy briefing papers,” spoke to US diplomats about Prime Minister Vladimir Putin's foreign policy.⁵ The Embassy reported that Kholkov “remains well disposed towards the U.S. and shows an active interest in understanding American politics and culture.” He and his wife had rented a car and driven through the northeastern United States, and they hoped to take a cross-country journey as well. He exhibited no animosity toward the United States. And yet, he advised the Embassy that “Russian policymakers across the board saw missile defense as directed against Russia rather than Iran,” and would continue to object “no matter how the U.S. attempted to finesse this issue.” Russia had detailed information on Georgia's weapons supplies since the August 2008 war. It believed most material came from Ukraine. NATO membership for Ukraine and Georgia would only lead to trouble.⁶

Russia's proposal was for an inclusive Europe that jettisoned security arrangements drawn up during the Cold War. In June 2008, two months before the Georgian war began, President Dmitry Medvedev had proposed a European Security Treaty (EST) in a speech in Berlin, the city that symbolized the Cold War division of Europe. He said Europe's problems required a unified solution, "an organic wholeness of all its integral parts, including Russia."⁷ An EST might include all 56 members of the Organization for Security and Cooperation in Europe plus representatives of other organizations such as NATO, the EU, and the Commonwealth of Independent States, an association of Russia and 11 other sovereign states that had once been part of the Soviet Union. Even China, Japan and the Shanghai Cooperation Organization (SCO) were welcome, if they were interested and it made sense to include them. Privately, Russian diplomats made the same point to the United States. Senior Foreign Ministry official Pavel Knyazev explained that Russia was looking for a "common set of rules" formulated through an open discussion by interested parties. Existing institutions had failed to resolve missile defense concerns, the Georgian war and NATO enlargement. Europe lacked a "harmonized" system that guaranteed every state the same level of security.⁸

Medvedev expanded on his proposal in November 2009, releasing a draft of a suggested text for the EST. The diplomatic cables leaked to Wikileaks end in February 2010, and so no further classified information is available about the EST. However, we know from the public record that Vladimir Putin—now the Russian President—delivered a speech in Berlin in November 2010 where he called once again for a genuine "strategic partnership" from Lisbon to Vladivostok. As Richard Sakwa notes, Putin called again for a free trade zone from the Atlantic to the Pacific at the Russia–EU summit in Brussels in 2014. And in July 2014 he suggested a "single economic and humanitarian space from Lisbon to Vladivostok."⁹ Sakwa explains that the vision of a Greater Europe collided with the project of NATO enlargement and security initiatives such as the ballistic missile defense plan. By this stage, Medvedev had moved into Putin's former position as Prime Minister, and traveled at Putin's behest to see what arrangement could be achieved with the United States and Europe. They had little respect for Russia's interests or views.

Russia warned repeatedly against NATO membership for Ukraine, since that would bring a hostile military alliance right to Russia's doorstep. Even the majority of Ukraine's population did not support

accession to NATO. Former Ukrainian foreign minister Anatoly Zlenko told US diplomats in 2006 that the Ukrainian government “faced a serious public relations problem with NATO membership, support for which had once stood as high as 40 percent, but now at 16 percent.”¹⁰ The 40% figure in the past was a result of NATO’s “positive steps such as ... destroying land mines” but the “emphasis on military reform and joint exercises did not resonate with the Ukrainian public.” Another former Ukrainian foreign minister, Konstantin Hryshchenko, suggested the public was interested “first and foremost in bread-and-butter issues.” Perhaps if the government sold NATO membership to the public as a “package ... part of its drive toward achieving European social and economic standards,” public opinion might improve.¹¹ This was not to be; the only segments of the population who supported NATO membership were what the US Embassy referred to as “policy elites – academics/think tankers, journalists, government and military officials.” Their support was as high as 80%.¹² These classes would undoubtedly benefit from their privileged roles in Ukraine’s integration into the US-led economic and strategic order.

Further warning of trouble came in February 2008, when the US Ambassador to Moscow once again described Russian foreign minister Lavrov’s “strong opposition” to Ukraine’s quest for NATO membership. Russia viewed NATO’s eastward expansion to Ukraine and Georgia as a potential military threat. The West might be sincere in its assurances that NATO was not directed against Russia, but the establishment of US forward operating bases and other military activities in NATO countries “had to be evaluated not by stated intentions but by potential.”¹³ This is standard procedure, of course; even defense planners in Australia plan on neighboring countries’ capabilities, not intentions. Australia is exceptionally secure; it does not have land borders with any state, and its military does not face off against the forces of another power. It is distant from areas of great-power rivalry. It has never had to repel a foreign invasion.¹⁴ But Australia’s defense planners pay close attention to the military capabilities of its immediate neighbors and other countries in Asia. They know that any conceivable threat would be preceded by a buildup of transportable mobile forces and long-range ships and aircraft. Intentions matter, and are part of intelligence assessments, but capabilities are much more important.

Russia was in a much more precarious strategic position. It had a compelling need to consider NATO capabilities. Germany, a member of NATO, had inflicted heavy casualties on the Soviet Union during the

Second World War. The Soviet Union suffered more than 11 million casualties on the eastern front, whereas the United States and Britain suffered a combined total of 600,000 casualties on all fronts, including the Pacific theatre. Indeed, from the time Germany invaded it in June 1941 till the Normandy landings in June 1944, the Soviet Union never faced less than 90% of the German Army.¹⁵ Understandably, then, Russian planners had good reason to fear an expanded NATO that included not only a reunified Germany but several former Soviet republics.

In the final year of the Bush II presidency, the US Ambassador to Moscow reported another reason for what he called “Russia’s NATO enlargement redlines.” He said that “Ukraine and Georgia’s NATO aspirations not only touch a raw nerve in Russia, they engender serious concerns about the consequences for stability in the region.”¹⁶ Unlike the public image of an aggressive, predatory Russia, the US ambassador’s cable said it “fears unpredictable and uncontrolled consequences” because the “strong divisions in Ukraine over NATO membership, with much of the ethnic-Russian community against membership, could lead to a major split, involving violence or at worst, civil war. In that eventuality, Russia would have to decide whether to intervene; a decision Russia does not want to have to face.” There was also the fact of Russia–Ukraine defense industry cooperation, with both countries sharing important weapons manufacturing facilities. Ukraine in NATO would “require Russia to make major (costly) changes to its defense industrial cooperation.” In labor relations, too, thousands of Ukrainians lived and worked in Russia, and vice versa. The imposition of a new visa regime would result in “a boiling cauldron of anger and resentment among the local population,” according to the ambassador’s conversation with Aleksandr Konovalov, Director of the Institute for Strategic Assessment. Russia would probably consider “complete withdrawal” from the Treaty on Conventional Armed Forces in Europe and the Intermediate-Range Nuclear Forces Treaty.¹⁷

The next month, the US Ambassador reported his conversations with Russian defense and security experts. “NATO enlargement,” they noted, “is one of the few security areas where there is almost complete consensus among Russian policymakers, experts and the informed population: they are strongly against NATO’s enlargement eastward, particularly to Ukraine and Georgia.” Indeed, one expert warned, Ukraine was the “line of last resort.” Ukrainian membership of NATO would mean that “Russia’s encirclement will be complete.” It was “an unfriendly act.”

Russian leader Vladimir Putin did not want to cut off cooperation with NATO because he “did not want to leave a negative heritage to his successor or leave his post ‘as a loser.’” Thanks to rising oil prices and Putin’s economic policies, the Russian economy expanded steadily in the first decade of the twenty-first century. Therefore, unlike in the 1990s, “Russia was in a much stronger position to oppose NATO membership now, and Russia would not ‘get over it.’”¹⁸ The truth of this observation would soon become apparent.

THE UKRAINIAN CRISIS

The leaked cables end in 2010, as Viktor Yanukovich was elected president of Ukraine. According to Richard Sakwa, personal relations between Yanukovich and Putin were never warm, but he agreed to certain Russian strategic objectives such as extending the lease on the Sevastopol military base in Crimea, home of Russia’s Black Sea Fleet, and not pushing for NATO membership.¹⁹ The significance of Sevastopol is that Russia has few other ports available year-round. Russia’s geography is something of an anomaly; although twice the size of the United States, its access to the oceans is limited. Even its ability to exit the Black Sea is affected by Turkey’s control of the Bosphorus. It has access to the Mediterranean Sea as a result of a naval presence on Syria’s coast but its ability to exit that Sea for the Atlantic Ocean is affected by Spain and Britain’s control of the Straits of Gibraltar. Nor can it enter the Atlantic via the Baltic Sea without interference from Denmark and Norway, both members of NATO.

As President of Ukraine, Yanukovich continued negotiations that had begun in 2007 on an association agreement with the European Union. This was much more than an economic matter. It included “military security issues”—a phrase that sparked alarm in Moscow. Russia combined pressure and inducements to prevent Yanukovich going ahead with the agreement. In November 2013, Yanukovich announced he would postpone signing the agreement. Protests ensued in Kiev’s Independence Square. Anti-Russian and anti-Yanukovich demonstrations in the west of the country were matched by pro-Yanukovich demonstrations in the east. In February 2014, Yanukovich fled the country and a radical nationalist, anti-Russian government took over. For Russia, the status of Crimea was critical. About 60% of its inhabitants were ethnically Russian, not Ukrainian, as it had only been transferred to Ukrainian

jurisdiction in 1954. There were reputable polls showing that more than 60% of Crimeans wanted to secede from Ukraine and rejoin Russia. When the new Ukrainian government declared it would abolish Russian as the second official language, the Russian-speaking majority was outraged. Putin sent troops in, occupied Crimea, and held a referendum to determine whether the residents wanted to remain with Ukraine or become part of Russia. Richard Sakwa cites a realistic figure of 66% participation in the referendum, and an official result of nearly 97% in favor of joining Russia.²⁰ Accordingly, Crimea was admitted into the Russian Federation as two subjects: the city of Sevastopol and the Republic of Crimea.

Sakwa writes that “Russia undoubtedly ‘broke the rules’” when it incorporated Crimea in 2014—an act that marked “a watershed in Russian foreign policy.”²¹ But he adds that Russia had “allowed endless ‘red lines’ to be crossed,” especially NATO enlargement, and Western interventions in the Balkans and the Middle East. Russia’s reaction to events in Georgia in 2008 had not been heeded. Its “disillusionment with the West ... was total.” Ultimately, Sakwa concludes, “NATO’s existence became justified by the need to manage the security threats provoked by its enlargement.” It was a “fateful geopolitical paradox.”²² What the US Embassy cables show, however, is that this outcome had been entirely avoidable.

NORTH KOREA

A similar observation may be made in the case of North Korea. If threatened, it engaged in threatening behavior of its own. But it responded positively to cooperative overtures. In January 2002, President Bush declared that North Korea and Iran were part of the “Axis of Evil” along with Iraq—which the United States soon invaded, leaving North Korea and Iran in no doubt that international law would not protect them. Bush also cut off oil supplies to North Korea, whose reaction was entirely predictable. It expelled UN inspectors, withdrew from the Nuclear Non-Proliferation Treaty, resumed its missile and nuclear weapons programs, and built up its plutonium arsenal.

In February 2005, the commander of the United Nations Command in South Korea, US General Leon LaPorte, visited Australian foreign minister Alexander Downer in Canberra and briefed him about the situation on the Korean Peninsula. General LaPorte said President Roh Moo-hyun’s outreach policy to North Korea was reducing tensions

along the Demilitarized Zone. In the past, only handfuls of people had crossed the DMZ but “now hundreds, and potentially thousands, were doing so daily,” because two super highways and railway lines had been built to connect the two sides.²³ Although the DMZ had been the most heavily defended place on earth, things had changed dramatically over the past 18 months. His role now included helping people with border crossings.

But Downer wanted to deal with North Korea more aggressively. He wanted to “bring additional pressure to bear” on the leadership and force it to collapse by denying it aid: “Let the whole place go to shit, that’s the best thing that could happen.” Downer seemed contemptuous of a “bleeding hearts” view of “peace and love” with respect to North Korea. “If U.S. officials wanted to hear [that],” Downer joked, “they only had to visit his colleagues in New Zealand.” He asked what General LaPorte’s forces could do militarily against North Korea—“Not that any of us believe in pre-emption,” he chuckled. LaPorte’s forces had to do the actual fighting, unlike Downer. LaPorte therefore “emphasized that all ... operational plans were premised on reacting to a North Korean attack.”²⁴

LaPorte’s assessment in February 2005 was that the North’s ability to win a conventional war was doubtful. Its air force and naval capabilities were limited. Most of its airplanes were old. It had only 18 MiG-29s, and its pilots averaged only 12 hours of flight training a year; US and South Korean pilots received more hours each month. Its tanks were mostly old T-55s. It lacked sustainability and logistics capabilities. The main threat was its artillery, which was old but still dangerous. LaPorte said there were “some 250 North Korean underground artillery positions within range of Seoul which could fire high-explosive or chemical-filled shells.” The North’s missiles could reach all of South Korea and Japan. But its national infrastructure, “including the power grid and rail lines, was decrepit.”²⁵

Once again, it appears that the North Korean “threat” is little more than its (limited) ability to defend itself. But here too the United States interpreted the prospect of a deterrent as a very serious threat. What accounts for the fears of North Korea’s leaders? Some background is in order. Its memories of the Korean War (1950–1953) were all too vivid, even if that conflict is nowadays largely unknown to the Australian or American public. The Royal Australian Air Force’s No. 77 Squadron deployed over the whole of the Korean peninsula during that conflict,

except for a small belt near the Chinese and Soviet borders. Its Mustang aircraft fit into the overall US-led Far East Air Force strategy of “air pressure operations,” which were intended to destroy ground targets. No. 77 Squadron’s barrier patrols prevented North Korean MiG-15s from shooting down Far East Air Force aircraft.

The damage inflicted on North Korea was catastrophic. Air attacks targeted North Korean dams and hydroelectric stations, major industrial plants and mines. The *Official History of Australia in the Korean War* says that the dam raids were “virtually an attempt to destroy the annual crop of nearly 300,000 tons of rice grown in the two rich provinces which depended on these dams.”²⁶ The destruction of dams had been treated as war crimes at Nuremberg. One of the 24 Nazis sentenced to death at Nuremberg was Germany’s High Commissioner to the Netherlands, Arthur Seyss-Inquart. His crime had been to open the dikes and flood half a million acres of land in order to halt the advance of Allied forces. The US-led dam bombing, with Australian planes providing protection, was much more serious. Contemporary discussions of North Korea’s nuclear weapons program usually avoid these facts. But they loomed large in the minds of North Korea’s military planners. They were acutely aware of the superiority of American air power. Nuclear weapons were their insurance policy.

Eventually, and despite Downer’s aggressive suggestions, pressure from Asian countries saw the Bush administration agree to talks, leading to an agreement in September 2005 that North Korea would give up its nuclear weapons and weapons programs, and allow inspections. In return, an international consortium would provide it with a light-water reactor, and the United States would give it a pledge of nonaggression. The two sides would respect each other’s sovereignty and take steps to normalize relations.²⁷ But the Bush administration sabotaged the agreement. It dismantled the international consortium that was to supply the light-water reactor. It designated a bank in Macau where North Korea maintained dozens of accounts as a “suspected money-laundering concern.”²⁸ Predictably, North Korea resumed its missile tests, and then conducted a nuclear test as well. Although the test was apparently unsuccessful, it was a sign that North Korea was responding to threats with counter-threats.

Things improved in February 2007 after multilateral talks involving China, Russia, Japan, the United States, and the two Koreas. North Korea agreed to once again begin dismantling its nuclear facilities and resume inspections. But the agreement bore a close resemblance to the one in

2005, which the Bush administration had undermined. In other words, North Korea was not agreeing to anything new. Furthermore, now that international inspections were to resume, US intelligence agencies admitted they had exaggerated the threat they claimed the North posed back in 2002. Joseph DeTrani, a longtime intelligence official, told the Senate Armed Services Committee that the US assessment of North Korea's weapons program was "at the mid-confidence level." This meant that "the information is interpreted in various ways, we have alternative views" or it is not fully corroborated.²⁹ Clearly, with international inspections about to occur in North Korea, and with the debacle over Iraq's alleged Weapons of Mass Destruction program fresh in everyone's minds, the intelligence agencies had no desire to have their assessments contradicted yet again by the reality on the ground.

Despite all the alarmist press coverage, senior US military officials acknowledge regularly that North Korea's calculations are predictable and rational. In April 2017, the U.S. Air Force Commander testified before the Senate Armed Services Committee that Kim Jong-Un "is pursuing a systematic program to develop, test, and field a viable weapon system *as a deterrent to a regime-ending attack* (emphasis added)."³⁰ These carefully chosen words show that the US military understands the behavior of North Korea's leaders. It knows their actions are defensive rather than aggressive, and they aspire to regime survival rather than regional dominance. But the United States will not countenance the possibility of a North Korean deterrent.

IRAN

The need for a deterrent also motivates Iran's behavior, as Australia's intelligence agencies appeared to acknowledge privately. During annual intelligence exchanges with the United States, the head of Australia's ONA observed that Iran "clearly represented the greatest challenge to regional stability, and ONA was focusing most of its attention on Tehran because of it." The cables do not disclose what the U.S. State Department's Iran analyst said but they record the Australian analysts thanking him for his "unconventional" and "provocative" comments which they said was "worthy of further consideration." Australia's analysts appeared to take a calm view of Iran's nuclear program, saying it fell "within the paradigm of 'the laws of deterrence.'" It was "a mistake to think of Iran as a 'Rogue State,'" according to the Director-General of Australia's ONA.³¹

We do know from publicly available sources that a former senior State Department intelligence analyst Wayne White dismissed talk of Iranian aggression. He said an Iranian nuclear strike against Israel would be “absolute insanity.” It could never eliminate “Israel’s massive nuclear capabilities, estimated at between 150 and 300 deliverable weapons, in a first strike. Iran would absolutely – certain Israelis assure me – suffer a return strike that would demolish most of the country, leaving perhaps tens of millions dead.” Mahmoud Ahmadinejad, for all his rhetoric, had “very little power” under the Iranian system. “The finger on the button” belonged to Supreme Leader Khamenei and his clerical elite. They were “making vast amounts of money, have huge economic empires and are quite happy with the way things are going right now. For them to throw it all away in some quixotic attack against Israel with a nuclear weapon is down there with that 1 percent probability.” Their motives were defensive, not offensive; for them, a nuclear weapon is “the ultimate deterrent” which they can wag ... in the face of the United States and say, ‘We’ve got it, leave us alone.’”³²

Australia’s analysts were alarmed at the possibility of an Israeli attack on Iran. They showed great interest in US assessments about Israeli attitudes toward Iran’s nuclear program and the likelihood of an Israeli strike against Iranian nuclear facilities. ONA’s Director-General cautioned that possible conflict between Israel and Iran “clearly represented the greatest challenge to [Middle East] stability.”³³ During an exchange of views four months later, the Australian Intelligence Community informed the United States that its “leading concerns” were to understand what time frame applied to Iran’s nuclear weapons capability, and to work with the United States “to prevent Israel from independently launching uncoordinated military strikes against Iran.”³⁴ This could draw Australia, which had troops in Iraq and Afghanistan, into a potential nuclear war in the Middle East.

ISRAEL

Another cable showed that Prime Minister Kevin Rudd was “deeply worried” that “Israel may feel forced to use ‘non-diplomatic’ means” to deal with Iran’s nuclear program. He discussed his concerns with the Israeli Ambassador to Australia on several occasions. The Ambassador confided in US diplomats that Israel saw Australia as “playing an important role in the global public relations battle on Iran” because the “European Left”

viewed Rudd favorably; his policies were receiving a surprising amount of positive attention, particularly because he had withdrawn Australian combat troops from Iraq.³⁵ Rudd was very pro-Israel too; the Israelis would have ordinarily been concerned at Labor's November 2007 election victory but "this was not the case because Rudd had long gone out of his way to stress his strong commitment to Israel and its appreciation for its security concerns." The Israeli Ambassador "had excellent access to Rudd," who took "a strong interest in even minor issues involving Israel."³⁶ In fact, Rudd's office got involved in routine, working-level matters that were normally handled by line officers at the Department of Foreign Affairs and Trade (DFAT). Often, the Prime Minister's Foreign Policy Advisor, Gary Quinlan, personally responded to the Israeli Embassy's calls to DFAT. This level of attention and micro-management annoyed DFAT officials. The Israeli Ambassador joked that he understood their point of view but could hardly complain "about having that kind of attention from the Prime Minister."³⁷

Rudd went out of his way to express his condemnation of Iran, imposing travel and financial sanctions that went beyond the requirements of UN Security Council resolutions. He threatened legal action in the International Court of Justice against Iranian President Ahmadinejad before finally ditching the idea on jurisdictional grounds, and also, US diplomats reported, because the Israeli ambassador dissuaded him, fearing it "might have the perverse effect of boosting Ahmadinejad's popularity."³⁸ Rudd would soon get a nasty shock from the object of his affections.

On January 29, 2010, the Reuters news agency in Dubai reported the January 20 murder of a senior Hamas figure known as Mahmoud Al Mabhouh in a local hotel. The Dubai government soon put out an official statement saying Al-Mabhouh's remains were flown to Syria, where he was buried in a refugee camp in Damascus. The American Ambassador to the United Arab Emirates happened to be at a social event with UAE's foreign minister when the story broke. He soon learnt that the ruler of Dubai, Mohammed bin Rashid, and the Crown Prince of Abu Dhabi, Mohammed bin Zayed, discussed how they would handle the story. One option was to say nothing at all; the other, to disclose details of the UAE's investigations.³⁹ They chose the second option.

The Dubai Police released the names of 26 suspects and the numbers of 14 credit cards they used to buy air tickets and pay hotel bills. The credit cards had been issued by an American bank—Meta Bank,

based in Iowa. Three of the passports were Australian: Nicole Sandra McCabe, Bruce Joshua Daniel, and Adam Korman.⁴⁰ The Australian press reported that Nicole McCabe was in Israel at the time, awaiting the birth of her baby. Bruce Daniel was studying Judaism in Jerusalem and Adam Korman worked in a music shop.⁴¹ It was widely understood that Mossad, Israel's covert agency, was responsible.

Israel's use of Australian passports to conduct assassinations had implications for thousands of Australians who travel in the Middle East. Security services of Middle Eastern countries—and in the wider world—would look with suspicion on innocent Australians. The integrity of the Australian passport system was threatened. Australia's Foreign Minister, Stephen Smith, said that a security investigation had determined that the Australians whose identities were used in the operation were not culpable. But there was no doubt Israel was responsible. Smith announced the expulsion from Australia of an Israeli diplomat, believed to be a member of Mossad officer.⁴² The Opposition spokesperson on foreign affairs, Julie Bishop, received a briefing from Australia's security and intelligence agencies about their findings of Israeli involvement. For her part, Bishop appeared to defend Israel's actions, saying there was no absolute proof of Israel's responsibility, that the expulsion of the Israeli Mossad officer in Canberra was an overreaction, and that in any case Australia forged passports too.⁴³

Years later, Prime Minister Kevin Rudd revealed Israel had been caught forging Australian passports even before the Dubai incident of January 2010. It had given Australia a signed promise not to do it again—a promise it broke, as the Dubai incident showed. Despite the genuine anger, however, Australia's response at the international level was supportive of Israel. The US Embassy discussed the matter with Joel McGregor, an Australian diplomat in DFAT's Middle East Section. McGregor said the "harsh rhetoric" notwithstanding, Australia would not support a UN General Assembly Resolution on the so-called Goldstone Report into the December 2008–January 2009 Gaza War.⁴⁴ The 567-page Report drew its name from Richard Goldstone, head of a Fact-Finding Mission established by the UN Human Rights Council in the wake of the Gaza War, when Israel's assault killed some 1400 Gazans (of whom up to 1200 were civilians and 350 children).⁴⁵

Richard Goldstone had been a judge of the Constitutional Court of South Africa and ex-prosecutor of the International Criminal Tribunals for the former Yugoslavia and Rwanda. As the American scholar Norman

Finkelstein observes, Goldstone “was not only Jewish but also a self-declared Zionist.” He had never shown hostility toward Israel but, on the contrary, “had manifested an abiding affection for it.”⁴⁶ He was head of a Jewish organization that ran vocational schools in Israel, and he was on the board of governors of the Hebrew University in Jerusalem. His mother had been a Zionist activist and his daughter “had emigrated to Israel and was an ardent Zionist.” Given these Jewish/Zionist bona fides, Finkelstein remarks, “Israel could not credibly play its usual cards – ‘anti-Semite,’ ‘self-hating Jew,’ ‘Holocaust denier’ – against Goldstone. In effect, his persona neutralized the ideological weapons Israel had honed over many decades to ward off criticism.”⁴⁷

The Goldstone Report was damning. It said Israel’s “disproportionate destruction and violence against civilians” sprang from a “deliberate policy.” Its assault on Gaza was “a deliberately disproportionate attack designed to punish, humiliate and terrorize a civilian population.” The Report called on the UN Security Council to monitor the readiness of Israel and Hamas to “launch appropriate investigations that are independent and in conformity with international standards.” Failing that, it urged the Security Council to “refer the situation in Gaza to the Prosecutor of the International Criminal Court.”⁴⁸ But, as the US Embassy in Canberra reported, although Australian officials were “furious” all the way up the chain of command over the forged passports incidents, Australia voted against a General Assembly Resolution pertaining to the Goldstone Report.⁴⁹ Its Permanent Representative to the United Nations said the Goldstone Report was “flawed.”⁵⁰

The US Embassy in Tel Aviv said Israel had “lived for many years with a steady stream of condemnatory but ineffective anti-Israel UN General Assembly resolutions.”⁵¹ But the Goldstone Report called on the UN Security Council to initiate an International Criminal Court investigation. Israel could not frighten its neighbors if it had to abide by international law. As the US Embassy put it, “international humanitarian law [was] being used by Israel’s enemies to deprive Israel of its deterrent capability and hence of the means to defend itself.”⁵² Israel possessed “overwhelming military superiority as well as its demonstrated willingness to use massive force.” But now the Goldstone Report threatened to interfere with “Israel’s absolute need to preserve its military deterrent against Hamas, Hizballah and other terrorist organizations in Gaza, Lebanon and perhaps in the future in the West Bank.”⁵³ Deterrence is a fundamental component of Israeli military doctrine. Deterrence in this

sense does not mean protecting oneself against the threat of a foreign invasion. It means being intimidating enough that its neighbors will fear it.

Zeev Maoz, formerly a senior figure in the National Defense College of the Israel Defense Force, explains that Israel seeks to “persuade the Arabs to accept peace due to their war weariness. The Arab states must come to understand that they cannot destroy Israel and that the price of continued conflict is more than they can bear.” The principle by which Israel pursues this aim is “cumulative deterrence”—successful demonstrations of force “designed to convince the opponent of the futility of military force in the long term.” If this does not work, Maoz writes, “Israel must launch a decisive military operation that would bring about a relatively unambiguous military decision within a short time frame.”⁵⁴ As the US Embassy recognized, adherence to international humanitarian law would hamstring Israel’s power to intimidate.

The cables detail the extensive steps taken by the United States to shield Israel from international criticism in the wake of the Goldstone Report. The US Embassy in Australia spoke with Bassim Blazey, the DFAT’s Acting First Assistant Secretary for International Organizations, about the Goldstone Report. Blazey was serving as Head of Australia’s Security Council Task Force. He was “receptive and indicated Australia’s willingness to work with the United States.”⁵⁵ Blazey said he would instruct the Australian Mission in New York to look for an opportunity to speak at the UN Security Council Open Debate. He would instruct Australia’s UN Missions in New York and Geneva to coordinate with their US counterparts. Even at the time of the Gaza War, Israel’s Ambassador to Australia had said he was “very satisfied with the Australian response,” and that the Australian government had been “very understanding of Israel’s military action.”⁵⁶

The main reason Australia supports US objectives toward Israel is the role Israel plays in maintaining a pro-American political order in the Middle East. In 1967, Israel shattered the threat of secular nationalism by defeating Egypt and Syria in the Six Day War. Before that event, Egypt and Saudi Arabia had been locked in a contest for the future of the Arab Muslim world. Which would be the dominant political current there: secular nationalism led by Egypt or radical fundamentalist Islam led by Saudi Arabia? Saudi Arabia emerged as the leading Arab state. Egypt, tamed after the destruction of secular nationalism, joined the broader US project. Accordingly, the United States has provided

significant military and economic assistance to Egypt since the 1979 Israeli–Egyptian Peace Treaty. It has also made Israel the largest recipient of US foreign assistance.⁵⁷ Australian follows the American pattern; it supports Israel and has made Egypt the greatest recipient of Australian aid since the 1970s.⁵⁸

The US objective, which Australia supports as well, is a pro-US political order that translates into a permissive environment for international financial institutions and business corporations in Southeast Asia, the Middle East, and Latin America. Strategic policy seeks to create the conditions to achieve economic objectives.⁵⁹ The next chapter develops this theme by outlining America’s commercial ambitions and the policies designed to achieve them.

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CHAPTER 6

Commercial Objectives

Abstract This chapter examines America’s commercial ambitions and the policies designed to achieve them. It outlines the key enablers of American corporate power today—control over labor unions, defense of intellectual property rights (IPR), and favorable tax arrangements. It explains the pivotal importance of intellectual property (IP) in a world of global value chains (GVCs) coordinated by multinational corporations. It explains that diplomacy facilitates the commercial objective of major American corporations.

Keywords GVC · Global Value Chains · Intellectual Property · Patents · Trade unions · Labor · Tax havens

US Embassies around the world report about commercial matters at great length. They understand that we live in a world of Global Value Chains (GVCs) coordinated by multinational corporations. Typically, the headquarters, design and engineering departments are established in one country, the manufacturing facilities in another country or countries, and the finance and sales departments in yet another country. As a result, an estimated 80% of all international trade is simply the movement of intermediate goods and services between different arms of the same company but across international borders.¹ These goods and services are incorporated at different stages of the production process by a network of affiliates, contractual partners, and arms-length suppliers.²

The objective is to declare profits in the lowest possible tax jurisdiction while locating production where the most favorable combination of labor costs, workforce skills, infrastructure, and logistics can be found.

One of the most recognizable products in the world, the iPhone, illustrates the GVC concept. Apple buys its components from more than 200 suppliers around the world. It subcontracts a Taiwanese firm, Hon Hai Precision Industry, to perform final assembly. Hon Hai employs Chinese workers through a subsidiary, Foxconn, in Chinese factories. Apple sells the components to Foxconn. One of Foxconn's factories is more than two square miles in size and employs as many as 350,000 workers who assemble up to 500,000 iPhones a day. The phones are boxed and driven a few hundred yards away to a purpose-built customs facility located in a government-designated "bonded zone," where Foxconn sells them back to Apple, which resells them to its affiliates around the world. iPhones headed for the domestic (Chinese) market are designated as "exports" in the customs facility and immediately redesignated as "imports," allowing Chinese customs to collect a 17% value-added tax based on the "import" price.³ Apple assigns part of its profits to its own affiliate in Ireland, where it pays a much lower rate of tax. The Taiwanese shareholders of Hon Hai Precision Industry profit from the final assembly (US\$2.6 billion in 2011) but Apple profits almost 13 times more (US\$33 billion) from owning the intellectual property (IP) contained in the proprietary design, high value-added branding, customer service, marketing, and R&D.⁴

The system described above depends on the key enablers of American corporate power: control of labor, enforcement of intellectual property rights (IPR), and favorable tax arrangements. This chapter explains how American embassies defend these features of the GVC world.

LABOR UNIONS

The US government wants to know what trade unions are up to. The "Labor and Manpower" category of cables shows a keen interest in monitoring strikes, labor shortages, unemployment, labor hire practices, views of key union figures on privatization, political parties' attitudes toward workplace safety, developments at the International Labor Organization, child labor practices, human trafficking initiatives, and other subjects. The United States has never ratified the International Labor Organization's Convention on Freedom of Association. It is the longest-pending

treaty on the calendar of the Senate Committee on Foreign Relations, remaining unratified after 70 years. It says that “Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation.”⁵ One writer has described it as “the untouchable treaty in American politics,” and remarks that the United States “shares with Myanmar the embarrassing record of having ratified only two of the eight fundamental conventions” on labor rights.⁶ American business lobbies have successfully resisted attempts to incorporate ILO conventions into trade agreements.

After the 2006 mid-term elections, Congressional Democrats called for stronger protection of labor rights in pending bilateral Free Trade Agreements with Colombia, Panama, Peru, and South Korea. But the absence of US ratification of most ILO conventions meant that the FTA parties could not take the simple step of pledging adherence to these conventions. Congressional leaders and the Bush administration linked the agreements not to ILO treaties but to the 1998 ILO Declaration on Fundamental Principles and Rights at Work. The Declaration is not legally binding. States can adopt it without being legally required to adhere to the ILO conventions. The Declaration cannot be enforced through ILO supervisory mechanisms and lacks a complaint mechanism.⁷ As legal scholar Steve Charnovitz writes, “The standoffish attitude in US trade agreements toward ILO conventions contrasts with the unabashed ardor for IP conventions. For IP, US trade agreements expressly require adherence to multilateral treaties on patents, copyrights, and trademarks.”⁸ Later in this chapter, we will examine the pivotal role of IP in American corporate power—and therefore in American diplomatic priorities.

American diplomats are sympathetic listeners to employer groups and the governments that support them. During the inauguration of the massive A\$43 billion Gorgon liquefied natural gas project on Barrow Island, off the coast of Western Australia, these stakeholders “made Ambassador [Jeffrey] Bleich aware of their concerns about the impact of empowered unions.”⁹ The Ambassador noted that mining giants BHP and Rio Tinto preferred “direct engagement” with domestic workers because “the exclusion of unions has meant 16 years of comparative peace in workplace relations for the resources industry.” The Rudd Labor government’s Fair Work Act caused them concern due to its “greater scope for union officials to enter worksites; obliging employers to engage in ‘good faith’ collective bargaining; abolishing individual

agreements; and allowing a union to enter a workplace covered by a different union to engage with employees.”¹⁰

American diplomats are close observers of Australia’s trade union leaders. The Consulate in Melbourne observed that their influence over the Australian Labor Party “shows no sign of diminishing.” They played “a significant role in the formulation of national policies that can impact the United States.”¹¹ Long before trade union leader Bob Hawke became Australia’s Prime Minister in March 1983, he had been the US embassy’s “most valued Labor contact,” conferring regularly with its diplomats and briefing them about internal party matters.¹² US Embassy officials kept in contact with him throughout the 1960s. In March 1969, the US Labor Attaché informed Australia’s right-wing union officials that they preferred Hawke as president of the Australian Council of Trade Unions—a position he attained in September that year.¹³ Hawke says he was introduced to the head of Bechtel Corporation, the giant, privately owned engineering and construction company, in 1976. That individual was none other than George P. Schultz, who had been US Secretary of Labor and Secretary of the Treasury under President Nixon.¹⁴ The connection continued in the 1980s, when Schultz returned to government service as the Secretary of State under President Reagan, and Hawke became Australia’s Prime Minister.

Hawke’s term in office saw the end of the post-World War II economic compromise between workers and businesses. This compromise meant that trade unions accepted the basic framework of capitalist society and agreed to industrial peace. Governments and businesses in the developed world agreed on stable employment and social welfare policies, backed by an international regime of regulated financial capital flows and fixed currency exchange rates. Hawke was a strident defender of US strategic and commercial objectives in Australia. He pursued a large-scale privatization program at home and a free trade agenda abroad.¹⁵ Australian diplomats plunged into the Uruguay Round of negotiations on the General Agreement on Tariffs and Trade (GATT), which resulted in the formation of the World Trade Organization in 1995.

INTELLECTUAL PROPERTY RIGHTS

The Uruguay Round began in 1986. The Australian government had to decide on its approach to IP at these negotiations. The United States, Canada, Europe and Japan, known as the Quad, wanted to impose an IP

regime known as Trade-Related Aspects of Intellectual Property Rights (TRIPS). In the past, patents protected processes, not products, so that if a developing country figured out a different way to make a pharmaceutical, it could do so. TRIPS would impose patents on products. It would therefore put a brake on developing countries' technological and scientific progress, and force them into a state of permanent technological and scientific dependence on the Quad.

In Australia, the Industrial Property Advisory Committee (IPAC) published a report on patents' innovation and competition in 1984.¹⁶ Of its seven members, five depended on the patent system for their income, according to Hazel Moir's penetrating study of IPAC's report.¹⁷ The only economist on the Committee rejected the Report's economic pretensions, saying in his Dissenting Report that it had not adopted an economic perspective, not applied economic criteria, and not made full use of available empirical evidence.¹⁸ IPAC admitted it saw no clear cost/benefit advantage to Australia's patent system but said that Australia should participate in the international patent system for fear of punitive treatment from overseas if it stayed out.¹⁹

As a net importer of IP, Australia had good reasons to reject the Quad's push for more power. But the Hawke government supported the United States in IP negotiations, becoming a founding member of the Friends of IP group, at a large cost to Australia's trade balance. As a consequence, Australia's patent standards are set at lower levels than its major trading partners—patents are broader in scope, and require the disclosure of less information than overseas.²⁰ Had Australia done what China did—insist on exclusions from patentability in order to develop a local chemical industry—Australia “might have developed a world-class generics medicines industry,” as Hazel Moir correctly observed.²¹ The consequences of these decisions are felt dramatically today; statistics released in February 2018 show that Australia remains a net importer of IP, earning only \$1.4 billion in royalties for IP exports but paying \$5.9 billion in IP imports in 2016–2017.²²

The leaked cables show US diplomats reporting on the Australian government's decision in 2009 to reject a proposal by generic pharmaceuticals companies to produce generic drugs in Australia for export. The Minister's decision occurred “in light of Australia's international commitments on intellectual property and trade.”²³ It imposed a cost on Australian consumers because Australia is a net importer of pharmaceutical products. In 2018–2019, imports were expected to total A\$12.5

billion, almost three times the amount of exports (A\$4.3 billion).²⁴ And much of these exports are based on Australian complementary healthcare manufacturers selling vitamins and dietary supplements to nearby Asian markets, not IP-rich conventional drugs.

The US Embassy observed that Australia's healthcare system "appeals to the Australian sense of fairness. Those who can afford to pay more and get more. But there is a basic level of medical care made available for all Australians, regardless of income, insurance, or employment status." It "achieves some of the best health outcomes in the OECD despite healthcare spending comprising less than 10% of GDP." The Pharmaceutical Benefits Scheme (PBS) of public subsidy of certain medicines "is very popular with the public and medical practitioners, although not with pharmaceutical companies, who complain about PBS's squeezing costs at their expense."²⁵ The American Embassy, keen to protect its pharmaceutical companies' profits, keeps an eye on the PBS as part of its monitoring of Australia's compliance with TRIPS.

The cables show that US corporations, through their industry organizations, launch lawsuits against Australian companies, and sometimes do so under discreet cover of an Australian identity. In November 2008, for example, the Australian Federation Against Copyright Theft (AFACT) took legal action against Australia's third largest internet service provider, iiNet. It alleged iiNet had not taken reasonable steps to prevent its customers from infringing copyright. But the leaked cables show that AFACT was nothing more than the Motion Picture Association of America (MPAA) in disguise.²⁶ The US Embassy said, "Despite the lead role of AFACT and the inclusion of Australian companies Village Roadshow and the Seven Network, this is an MPAA/American studios production." MPAA was "acting on behalf of the six American studios involved" but "prefers that its leading role not be made public." AFACT and MPAA "worked hard to get Village Roadshow and the Seven Network to agree to be the public Australian faces on the case, to make it clear, there are Australian equities at stake, and this isn't just Hollywood 'bullying some poor little Australian ISP.'"²⁷

The drive toward even greater patent monopolies continued in the Australia–United States Free Trade Agreement (AUSFTA) of 2004. It expands the definition of patentable inventions to include "any new uses or methods of using a known product." That overturns a long-held view in Australia that "the discovery of an unknown property in a known material is not patentable, primarily because no manufacture in the sense

of a physical thing is disclosed,” as the Commissioner of Patents said at a major scientific conference in 1952.²⁸ There are few good economic reasons to grant a patent merely for a new use of a known substance. As Hazel Moir has argued, a new use of an existing product is just everyday experimentation, and is part of normal life. Market mechanisms ought to ensure a good return on investment. After all, the product has already been developed and the only significant additional cost is marketing.²⁹

AUSFTA permits the “evergreening” of drugs, allowing patents for modifications with a very low level of inventiveness such as new dosages and new methods of using already known compounds. This costs Australian taxpayers—and greatly increases the profits of pharmaceutical companies—while delaying the entry of generic competition into the market. Although contained within a “free trade agreement,” these are protectionist measures because a patent is a prohibition on other inventors from exploiting their independent inventions. If society is to benefit, then the patent system should allow patents only where the inventions would not have occurred without the patent incentive and which provides sufficient social benefit to offset the losses from granting the monopoly.

The policy objectives of the patent system should be to confer an economic benefit on society as a whole. Almost 400 years ago, England’s *Statute of Monopolies 1623* said patents should not be “mischievous to the state, by raising prices of commodities at home, or hurt of trade, or generally inconvenient.”³⁰ In a similar vein, the State of Massachusetts code of laws in 1641 limited monopolies to “such new inventions as are profitable to the country,” and even those should be “for a short time” only.³¹ Today, by contrast, the United States and Australia seem to be competing to award patents to the lowest amounts of novelty and inventiveness. Legal scholar Charles Lawson has shown that Australia’s High Court places a very low threshold on novelty, stipulating only that “an inventor would be directly led as a matter of course to the invention in the expectation of success.”³² This means that outcomes from normal experimentation are regarded as inventive. Such a low standard expands the rights and revenues of patent holders but imposes costs on consumers.

IPR are a very high priority for American diplomats. The economist Dani Rodrik points out that today’s trade agreements go well beyond traditional border issues like tariffs. They “seek deep integration among nations.”³³ Rodrik notes that the US–Israel Free Trade Agreement of

1985, which was the first bilateral trade agreement the United States concluded in the postwar period, is less than 8000 words long, and most of them were devoted to border issues. IPR took up a third of a page (and 81 words). By contrast, the US–Singapore Free Trade Agreement of 2004 was 70,000 words long, mostly about behind-the-border topics such as anti-competitive business conduct, electronic commerce, labor, the environment, investment rules, financial services, and IPR. The IPR section alone was longer than the entire US–Israel treaty.³⁴ The United States modeled its free trade agreement with Australia on its agreement with Singapore.³⁵

The rise of IP is central to the profit model of the GVC world, and therefore to the core foreign policy objectives of US Embassies. These objectives are visible in the high priority they give to the surveillance and defense of IP regimes. There are thousands of cables and millions of words devoted to IPR. In Beijing, the Embassy described Operation Ocean Crossing, a joint US–Chinese law enforcement operation to defend US corporations' IP interests. US Immigration and Customs Enforcement worked with Chinese authorities to dismantle a China-based transnational counterfeit pharmaceutical manufacturing and distribution organization engaged in the worldwide distribution of counterfeit Viagra and Cialis, with proceeds estimated in the millions of dollars. The Embassy reported that Operation Ocean Crossing resulted in the largest seizure of counterfeit pharmaceuticals in China's history.³⁶ The US Ambassador hosts annual Roundtable Discussions on IPR. Participants are Chinese IP officials and (mostly) US businesses who are invited to express their views on the IPR environment in China: what challenges do they face, how effective is Chinese IPR protection/enforcement?

Other cables analyze how well China provides data protection to multinational pharmaceutical companies: when they introduce drugs containing new chemical entities (NCE) in China, the Embassy works with the US pharmaceutical industry association, Pharmaceutical Research and Manufacturers of America (PhRMA), to monitor whether domestically manufactured NCE products compete unfairly with them. Microsoft Corporation is also in regular contact with the US Embassy to brief it on how well Chinese authorities enforce IP law. They analyze how much larger their company revenues are expected to be, given the size of the computer market. Certain places are described as “bright spots” in IPR enforcement: the city of Shanghai, for example, is said to investigate IP cases “proactively... based on credible leads rather

than waiting for the criminal threshold to be met.” Shanghai courts “receive high marks from the US business community for their professionalism and fairness.” By contrast, “notorious markets”—a technical term referring to places where large-scale IP infringements take place—include Baidu.com, said to have deep links to unauthorized downloads of copyright-protected files. More generally, the US Embassy describes a “massive problem of Internet piracy” in China as well as campaigns by China’s National Anti-Pornography and Anti-Piracy Office to crack down on infringers and shut down websites. It works with the Business Software Alliance (BSA) to monitor the use and procurement of government software.³⁷

IPR monitoring goes hand in hand with a focus on technological standards, where American technology companies are major players. In Brazil, the president of Microsoft Brazil requested a meeting with the US Ambassador to obtain his help in the face of what he described as an “antagonistic Government of Brazil.” Requesting that the meeting be kept “strictly confidential,” the Microsoft boss complained that Brazil’s Foreign Ministry had pressured the Brazilian Technical Standards Agency to favor the Open Document Format software standard, which is an open source file format. Microsoft, naturally, wanted its own proprietary XML software to be bought. The Microsoft executive said, he was in possession of unsigned letters from the Foreign Ministry to various foreign governments “requesting that the governments work together to support only the open source ODF as the international standard.” This was “ideological” and “a manifestation of anti-Americanism” within the Foreign Ministry, he alleged. And he said he knew who the villains were—President Lula’s Chief of Staff Dilma Rousseff (later the President of Brazil)—and high-ranking advisor Celso Alvarez. They were, he said, “the chief architects of an anti-IPR, anti-royalties strategy within the Government of Brazil.” They had “convinced President Lula that there is no difference between ODF and proprietary XML software.” The Microsoft boss feared a Presidential Decree in favor of an ODF only standard rather than letting the matter come before Congress, where Microsoft could lobby legislators. The Ambassador agreed, and suggested Microsoft contact Brazilian companies “to put this issue high on the agenda of the Chief Executive Officer Forum meetings.” He believed a “multi-industry push for a strategy that allows for Congressional debate ... will certainly yield better results than Microsoft fighting this issue alone.”³⁸

Microsoft wanted what it had obtained the previous year in Tunisia, which agreed to buy 12,000 licenses to update government computers with official Microsoft software. Tunisia had previously adopted an open software policy, using only free software programs. Microsoft Tunisia's Director-General told the US Embassy that in addition, future Government of Tunisia tenders for IT equipment will specify that the equipment must be Microsoft compatible—something that had previously been prohibited by the Tunisian open software policy. This agreement, said the Microsoft boss, was “vital for Microsoft. The fact that the government relied on open source software drastically limited business in Tunisia and prevented Microsoft from participating in Government tenders.”³⁹

Microsoft would also train Tunisian government officials in the Ministries of Justice and Interior on how to use computers and the internet to fight crime. Here, the Embassy had misgivings; in a subsequent cable, it reported that “Tunisia is a police state, with little freedom of expression or association, and serious human rights problems.” The President and his regime “have lost touch with the Tunisian people. They tolerate no advice or criticism, whether domestic or international. Increasingly, they rely on the police for control and focus on preserving power.”⁴⁰ What would this mean for Microsoft's training program to increase Tunisia's law enforcement capability? The Embassy said that “given heavy-handed Government of Tunisia interference in the internet,” it “questions whether this will expand the government's capacity to monitor its own citizens. Ultimately, for Microsoft the benefits outweigh the costs.”⁴¹ The leak of unflattering cables about the Government of Tunisia would be associated with a popular revolution there in December 2010, continuing the so-called “Arab Spring” that began in October 2010 when protests in Western Sahara were crushed by Moroccan troops.⁴²

US Embassies in other countries worked to help Microsoft too. In Algeria, Microsoft's country Director-General told the Embassy that its financial bottom line and growth potential were being harmed by Algeria's weak IPR protection. He said Algeria was an important market for Microsoft but “the Algerian government has not demonstrated the political will to enforce IPR.” The Embassy promised to deal with Algeria at the next Special 301 Review—a mechanism under s. 301 of the US Trade Act that allows the United States to target certain countries with sanctions.⁴³ In Singapore, Microsoft officials and

representatives of the BSA—itsself an industry association established by Microsoft—met US diplomats to discuss IPR in Vietnam. Microsoft was “frustrated” but committed to finding ways to engage the government to prioritize IPR issues. The Embassy, for its part, assured them they told Vietnamese government officials at every level that “strong IPR is a critical factor attracting foreign direct investment, not only in the IT sector but also across the board.” The Embassy resolved to “do everything we can to encourage and support” the Vietnamese government to make comprehensive use of legitimate software.⁴⁴

The work paid off. Three years later, Microsoft’s CEO Steve Ballmer and Vietnam’s Prime Minister Nguyen Tan Dung were on hand to witness a landmark agreement committing all Vietnamese government agencies to use licensed software. The US Embassy regarded it as perhaps “the most significant agreement Vietnam has ever signed with a US business.” The Ambassador provided last-minute assistance to Microsoft in urging the Vietnamese government to sign the agreement by the end of May 2007. Microsoft had been concerned that the government would delay signing it until a presidential visit to Washington, DC. But the Embassy contacted high-level Vietnamese officials “to underline United States Government support for signing the agreement now.” Vietnam agreed to sign right away, with the hope of a second, “ceremonial” signing in Washington.⁴⁵

The cables also show how the Embassy helps US firms learn from one another’s experiences in IPR enforcement. “As amazing as it seems,” the US Embassy in Beijing reported, “computer maker Apple Inc. had no global security team—including inside China—until March 2008, when they hired away the team from Pfizer that formed and led a multi-year crackdown on counterfeit Viagra production in Asia.”⁴⁶ The “global security team” is concerned about much more than industrial sabotage or threats to its executives; its “security” function includes the security of profits—in much that same way that the US and Australian governments’ understanding of “national security” gives a high priority to economic interests and a political order that defends them. The cables describe how a key component of Apple’s plan is close cooperation with China’s Public Security Bureau (PSB). China was “particularly sensitive” to public health and safety issues after the use of lead-based paint in toys and unsafe Heparin (an anti-coagulant blood thinner.) The plan for Apple would be to draw attention to a safety angle like shoddy devices causing fire hazards.

Since Chinese-made counterfeit goods are often exported overseas, other US Embassies join the hunt. In Nigeria, for example, US Consulate staff visited the Otigba Street Ikeja Computer Village with Microsoft Nigeria's Account Manager to gain an understanding of the volume of the traffic in pirated goods. They spoke to the local industry association about their anti-piracy initiatives before remarking that raids organized by the industry associations "will have scant long-term impact on this problem. The Government of Nigeria must play a more active role."⁴⁷

US diplomats are active in other places too. In Quito, Ecuador, US Embassy cables report on meetings with representatives from pharmaceutical companies Bristol Meyers and Pfizer. They heard complaints that the Government of Ecuador was adopting populist measures in "trying to exert further control over drug prices and company profits." It had earlier considered a draft law to reduce the maximum profit permitted to drug companies for each individual product or presentation from 20 to 8%. The US Embassy went into bat for the drug companies on that occasion, reporting that "after complaints from the industry and discussions with Embassy officers, the Government of Ecuador backed off from that initiative." This time the government was considering a Presidential Decree to redefine and lower the acceptable costs of pharmaceutical companies, inflating company profits and forcing them to reduce prices in order to keep under the 20% profit ceiling. This did not appear to be a protectionist measure targeting foreign competitors because, as industry representatives conceded, the proposed decree "would adversely affect both international drug companies and local generic drug producers." It was thus a genuine attempt to reduce the costs of medicines. The Embassy noted that IPR, especially in the case of medicines, was "an important and sensitive part of the ongoing Andean Free Trade Agreement negotiations." They would seek instructions from Washington before approaching the Government of Ecuador. They observed that "any effort to lower drug prices would be viewed favorably by many" and the government "could use all the popular support it can get. Thus, populist concerns could win the day."⁴⁸

On the other side of the world, US diplomats lobbied the Government of the United Arab Emirates on behalf of Pfizer, the manufacturer of Viagra. Pfizer's regional representative had identified patent infringements by local companies. One of them, Julphar, was a local drug manufacturer with close ties to the Ras al-Khaimah ruling family. The US Embassy took action. The Embassy's Economic Officer accompanied

Pfizer's regional representative and the Middle East Director of another US pharmaceutical giant, Merck, Sharp & Dohme, to a meeting with key UAE officials. They set out their concerns, which included the Ministry of Health's registration of 4M6, a Viagra composite, Satibo, which also contains Viagra, and Dubai Department of Health and Medical Services' purchase of a generic version of Merck, Sharp & Dohme's Zocor. The Ambassador also wrote to the heads of government departments and to "senior Shayks" to tell them that "IPR issues would play prominently in any future trade negotiations with the United States." The Embassy reported that the UAE Finance Minister and his staff "undertook to resolve the disputes immediately." They convened a meeting with the Ministry of Health to set up a working group on drug patents. They "agreed to settle the disputes in favor of the US patent holders ... in spite of protests" from the well-connected local drug manufacturer.⁴⁹

The cables also reveal the United States' strategy when it comes to trade agreements. It invariably conducts bilateral negotiations first, flexing its muscles as much as it can to get the best deal for itself. It then uses the bilateral treaty to set the framework for multilateral negotiations. US negotiators aim for "regulatory coherence" in free trade agreements, which means they aim to cover Sanitary and Phytosanitary (SPS) measures, Technical Barriers to Trade (TBT) and services. Each of these requires a brief explanation. SPS and TBT refer to agreements requiring countries' product standards to be based on "scientific" assessments of risk, rather than as a trade barrier. Based on these agreements, WTO panels have overturned Australia's quarantine-based import bans on live salmon and the EU's health-based ban on hormone-grown beef as not based on adequate scientific evidence. The term "services" is an expansive concept, and includes health, education, banking, finance, and much more. "Trade in services" is an euphemism for the privatization of services.

OPPOSITION TO DEVELOPING COUNTRIES' PRIORITIES

The cables describe the drama over the so-called "Singapore Issues"—investment, competition, government procurement, and trade facilitation. At the Singapore Ministerial meeting in December 1996, a few powerful states tried to widen the scope of "trade" to "trade-related" issues, bringing these four matters onto the WTO agenda for the first time. Trade negotiations had initially dealt with trade in manufactured goods. In the 1960s, developing countries brought their concerns onto

the agenda. They wanted to stabilize commodity prices to help them pursue national economic development. They wanted better terms of trade, meaning they wanted an improvement in the ratio of export to import prices. And they wanted technology transfer to enable development. The 1980s debt crisis, the fall of the USSR, and the worldwide restructuring of international capitalism (sometimes called “neoliberalism”) saw these goals sidelined in favor of the priorities of First World countries.⁵⁰ The Singapore Issues were a continuation of that trend.

A country’s domestic investment policy had always been regarded as an internal affair; it was part of what made it a sovereign country. In a similar vein, a developing country’s competition policy allowed it to favor certain domestic firms as part of its policy options for national development. Likewise, government procurement policies allowed developing countries to procure public goods from national sources. The cables show how resistance from the developing world at the Fifth WTO Ministerial Conference held in Cancún, Mexico in September 2003 forced these three Singapore Issues off the WTO agenda. Trade facilitation stayed on the agenda because developing countries believed it would help their firms integrate into GVCs, and would have a beneficial domestic effect more generally.

The cables show US public relations campaigns in advance of the Cancun WTO Ministerial Conference. In Zimbabwe, the US Embassy placed an opinion piece by US Ambassador Joseph Sullivan, with full credit and color picture, in the September 11 edition of the *Financial Gazette*, Zimbabwe’s leading independent financial weekly. The article carried the headline “Increased Trade Brings Development.” The Embassy said the *Financial Gazette* was “one of the most authoritative newspapers on economic and financial developments in Zimbabwe.” Its “readership of decision-makers includes the government and leading party officials and influential members of the private sector such as academics and business executives.”⁵¹ Similar efforts occurred around the world.

The WTO Ministerial in Cancun broke down in the face of resistance from developing countries, and solidarity from Western activists. Led by Brazil and India, several former colonies joined forces in a grouping known as the G-21 Alliance one month before Cancun. G-21 consisted of more than 20 countries and reflected the strong views of Brazil’s President Inacio Lula da Silva and India’s demands for a better deal for its farmers. These countries wanted the EU and the US to agree to sharper cuts in their tariffs and farm subsidies. Indonesia and

the Philippines organized a group of 33 developing countries while India and Malaysia organized a group of 16 countries. Together they blocked the EU's demand for a global investment and competition treaty. The pro-US Director-General of the WTO, Dr. Supachai Panitchpakdi from Thailand, "let himself be dictated to by the United States," according to US Embassy cables reporting its post-Cancun discussions with European leaders.⁵² His swift replacement of a paragraph on cotton with a US-drafted one "contributed to the breakdown in the negotiating climate." One European Union Trade Minister bemoaned "the bizarre Cancun negotiating atmosphere more akin, she thought, to a soccer match than a serious negotiation with the developing countries breaking out in cheers whenever one of their number criticized the United States or E.U."⁵³

Supachai's subservience to United States dictates antagonized African countries on the issue of cotton, which became "the belle of the ball," as the Vatican's chief delegate to Cancun observed confidentially to a senior US diplomat.⁵⁴ He felt the primary objective should have been addressing development issues but "We lost sight of the forest (development) and became fixated on some trees - big trees, but trees nonetheless." Instead, "everyone was talking about" cotton, which "ended up consuming a disproportionate amount of time... more flexibility on the US side on this issue would have sent a positive signal to the developing world that could have muted some of their disappointment." The Vatican's view was important, reported the US Deputy Chief of Mission to the Holy See, because, as an observer at Cancun it was "in the unique position of being involved in discussions without having to defend parochial trade interests. As a result, their representatives were able to sit back and take in the Cancun meeting with a layer of detachment."⁵⁵

This was a shrewd observation in its own right. Cotton was such a sensitive issue in Africa because three months before Cancun, Burkina Faso, Benin, Chad and Mali (known as the Cotton Four or C-4) had complained to the WTO's General Council about US subsidies to its own cotton producers, which was causing serious harm to C-4 economies. Ugandan trade specialist Yash Tandon writes that US cotton subsidies caused at least a 10% reduction in global cotton prices.⁵⁶ They also undermined the norm of special treatment to the least Developed Countries. Cotton remains high on the agenda in Africa. In 2009, the C-4 sent a high-level delegation to the United States, but was treated with polite condescension. In 2013, before the Bali Ministerial Meeting,

the C-4 once again asked the WTO General Council to have the matter of US cotton subsidies settled by the end of 2014. The United States remains resistant to what is now an almost global demand on this point.⁵⁷

The problem is exacerbated by the lack of enforcement action. Although the US subsidies are trade-distorting and therefore illegal, the C-4's options are limited. They can take the matter to the WTO Disputes Settlement Body (DSB) but even if it ruled in favour of the C-4, it cannot order sanctions. Nor are there provisions for collective sanctions. All the C-4 can do legally impose sanctions against the United States, an utterly self-defeating course of action for the economies of Burkina Faso, Benin, Chad and Mali. Professor Tandon makes a valuable suggestion that the C-4 should follow the example of India and China, who are among the world's biggest cotton producers, but who use it domestically for their own textile and associated industries. Tandon makes the useful suggestion that the C-4, in association with West African and Central African countries, should "put their heads and resources together and work out a five-to-ten-year strategy for how to reduce cotton exports and shift to domestic and regional value addition, i.e., to develop their own textile industries." He says they should stop exporting raw cotton and start using it within Africa for its own manufacturing industrialization.⁵⁸

The dynamics at Cancun also reflected the problem of European Union and United States agricultural subsidies, which go against the very idea of free trade. The cables show US diplomats discussing this very subject with senior EU officials. There is a long history to these agricultural subsidies. In the pre-WTO era, agriculture was not part of the multilateral trading system. It came under WTO auspices only after the US and EU managed to keep their subsidies in place. These subsidies fit into different categories, referred to as "boxes": the amber box has a direct link to production and is limited; the blue box contains subsidies that distort trade to a certain extent and have to be reduced over time; the green box is said to cause minimal distortion. Green box subsidies are provided by governments and must not involve price support to producers or transfers from consumers.

The cables show EU officials defending their use of the green box to subsidize their own producers.⁵⁹ They use a number of tactics to switch their subsidies from amber and blue to green boxes. According to Professor Tandon's penetrating study, between 1995 and 2009 the EU cut down its amber box tariffs from 50 billion euros to 8 billion euros,

its blue box tariffs from 20 billion euros to 5 billion euros, but raised its green box tariffs from 18 billion euros to 64 billion euros.⁶⁰ The leaked cables vindicate Yash Tandon's study. They show the EU's Agricultural Commissioner Franz Fischler insisting he would maintain the green box indefinitely "to satisfy ... society's requests for animal welfare and protection of the environment, among others." What's more, he "indicated the E.U.'s green box might expand not only with enlargement but with the inclusion of society's growing requests."⁶¹

The shifting boxes and other tactics over nearly 20 years of the WTO's existence have resulted in an impasse. As the developing countries come to realize their potential to act together, despite their divergent positions on many issues, their ability to achieve a "development agenda" increases. This is precisely the outcome the United States fears; another cable in the month following the breakdown in Cancun said the United States was "concerned that Cancun could foreshadow an increasingly politicised WTO ... with Ministerial sessions resembling the U.N. General Assembly more than trade negotiations." This "UNGA-fication of the WTO" was accompanied by another unwelcome development—"NGOs had too much influence on many developing countries." The United States found that some other EU members shared its concerns; a senior Italian trade official "recounted his amazement at some NGOs' sophisticated public relations campaigns. He regretted such groups were allowed into the same conference center as the talks, since this access enabled them to dictate the positions of many of the poorest developing countries (including the surprising push on cotton subsidies made by several West African countries)." These NGOs were "inflaming developing country views on the four Singapore issues."⁶²

Here, they were referring to Western fair trade and other civil society activist groups who were able to contribute research and analysis that poorer countries often lacked. And not only Western groups, Professor Yash Tandon formed SEATINI (the Southern and East African Trade Information and Negotiations Institute) to support East African countries. Tandon established it after the First WTO Ministerial in Singapore to "help build Africa's capacity to negotiate trade agreements, and help develop the self-confidence of African trade negotiators so they can stand up to their erstwhile colonial masters."⁶³ His experiences are a valuable reference point to better understand US hostility to such NGO activists. The WTO organizes training workshops for African (and other Third World) trade negotiators, ostensibly to help them learn the "rules

of the game.” In 2004, the WTO invited Tandon to lecture at a training session in Stockholm. His “rigorous critique of the WTO with facts and arguments” shocked participants, who had never heard this perspective. They gathered round Tandon in the evenings for further discussions. By the time he left Stockholm, he had converted several participants to his point of view, and many others at least acknowledged that the official WTO training perspective was unbalanced.⁶⁴ SEATINI has been in operation for the past two decades, although Tandon has moved to the South Centre in Geneva, an intergovernmental research and policy-oriented think tank created in 1995 by the leaders of the countries of the Global South.

Geneva is the site of an intense tug-of-war between developing countries, which call for a “development agenda” and the West, led by the United States, which wants to negotiate “new issues.” The arena in which this tug-of-war takes place is the World Intellectual Property Organization (WIPO). The cables show the United States’ hostility to the development agenda. Its Embassy in Geneva said, “A majority of [WIPO’s] members ... have little-to-no stake in the international intellectual property system,” and it had “gradually been losing control of the organization to those who believe it can be used to finance an anti-IP agenda.” It criticized WIPO Director-General Kamil Idris, who it said had “cynically but effectively used the ‘development agenda’ to curry favor” at WIPO. This was leading to “politicized debates in what used to be a calm, technically minded organization.”⁶⁵ The United States circulated an internal audit report alleging misconduct on the part of Kamil Idris. The allegations were unconvincing, but American pressure succeeded in blocking WIPO’s budget in 2007, with Australia supporting the United States as usual. The United States described this privately as “an important turning point at WIPO.”⁶⁶ Idris was forced out and Australia’s candidate, Francis Gurry, replaced him as Director-General of WIPO in September 2008. He was reappointed in May 2014 to a second term, which expires in September 2020.⁶⁷

Australia’s negotiators have the option of siding with the developing world, which has been calling for a “development agenda” that facilitates technology transfer as a key enabler of development.⁶⁸ Instead, Australia has sided with the “patent agenda” of the US, the EU, and Japan even as it continues to pay the price of being a net importer of IP. The most recent Australian Intellectual Property Report said, “the year 2017 was a positive one overall for IP filings in Australia... trade mark applications reached a record peak.” After the boosterish opening, the report goes on

to admit that “growth in trade mark applications was entirely driven by a 25 percent increase in filings by non-residents.” Furthermore, only 5% of Australian patents were granted to Australian residents in 2017—a 17% fall from the previous year.⁶⁹ The percentage has not improved in almost 40 years, and has declined from 10% in the previous decade. This has not stopped the Minister’s covering letter praising the Report’s “positive signals” of “an environment conducive to innovation and entrepreneurship.”⁷⁰ These words, despite their talk of innovation, are virtually identical to the Minister’s letter of the year before—when a different incumbent occupied that position.

SUBSIDIES

For all its rhetorical opposition to government subsidies in free trade agreements, however, the high-tech US economy relies heavily on state subsidies of their own. To return to the case of the iPhone, for instance, the 12 major technologies that make it so distinctive were all developed as a result of public investments made in the computer industry during the 1960 and 1970s. An important study by Mariana Mazzucato shows that Apple’s great in-house innovative product designs are ... “based on technologies that are mostly invented somewhere else, often backed by tax dollars.”⁷¹ The acclaimed biography of Apple chief Steve Jobs by Walter Isaacson makes no mention whatsoever about the public investments responsible for Apple’s success. The crucial point here is that public subsidies are more fundamental because they absorb the risk as well as the cost and they have a more significant long-term impact. Private investment is generally less significant. Former Chair of the US Council of Economic Advisers Joseph Stiglitz says that a report by the CEA when he was its chair found that “the returns on public investment in science and technology were far higher than for private investment in these areas... than for conventional [private] investment in plant and equipment.”⁷²

TAX HAVENS

The key to understanding US commercial objectives, it should be recalled, is that we live in a world of GVCs. Multinational corporations want to declare profits in the lowest taxing jurisdictions while setting up production in places with the most favorable combination of labor costs, skills, infrastructure, and logistics. Tax havens are thus a vital feature

of the world economy. The Tax Justice Network releases its Financial Secrecy Index each year. This is an assessment of global financial centers based on the scale of their offshore financial activities and their secrecy.⁷³

As expected, Switzerland leads the world in the Financial Secrecy Index list of tax havens. The US Embassy in Bern recounted the Chairman of the Swiss Bankers Association, Pierre Mirabaud, saying that “secrecy is a competitive advantage” for Swiss banks, and was “clearly one factor” in their success. “If small countries have this competitive advantage, why give it up?”⁷⁴ Switzerland’s offshore financial services account for about 5% of the global market. Swiss banks hold about \$6.5 trillion in assets under management, 48% of which originated from overseas, giving Switzerland a 25% share of the market in global cross-border asset management.⁷⁵ The US Department of Justice investigated Switzerland’s largest bank, Union Bank of Switzerland (UBS), for allegedly assisting US taxpayers with tax evasion.⁷⁶ United States pressure has nearly always been against Swiss banks, rather than against Switzerland itself. Accordingly, as the Financial Secrecy Index observes, Switzerland “will exchange information with rich countries if they have to, but will continue offering citizens of poorer countries the opportunity to evade their taxpaying responsibilities.”⁷⁷

The most significant conclusion of the Financial Secrecy Index list, however, is that the United States is ranked just behind Switzerland as a tax haven. It accounts for about 22% of the global market in offshore services. Although it has powerful tools to defend itself against foreign tax havens, “it has not seriously addressed its own role in attracting illicit financial flows and supporting tax evasion.” Its unilateral approach “risks tearing a giant hole in international efforts to crack down on tax evasion, money laundering, and financial crime.”⁷⁸ Indeed, in its actions against alleged tax havens elsewhere, the United States at times appears to be trying to eliminate its competitors in the global tax haven arena! Its tactics appear to be designed to allow foreigners to use the United States as a tax haven while preventing American taxpayers from evading tax by disguising their identities in offshore tax havens. Its Qualified Intermediary (QI) program, enacted in 2001, required banks to collect information on income-generating assets but only share with US authorities information about US residents. It thus prevented itself from possessing information it would otherwise have to share with foreign governments, while retaining its own secrecy provisions that are so attractive to foreign tax evaders. The Financial Secrecy Index 2018 remarks that subsequent

legislative reform has also “failed to gain enough traction to be adopted into law,” and “Tax Haven USA remains wide open, at both the Federal and the state levels.”⁷⁹

The US state of Delaware is a tax haven within the United States itself, helping corporations minimize their tax obligations to other American states. Delaware’s role as a tax haven has been well-documented by scholars. It is the “foremost among US states with a corporate tax code conducive to tax-motivated income shifting.”⁸⁰ The so-called Delaware Holding Company, also called a “Passive Investment Company” (PIC) permits income to be shifted into Delaware from other US states to convert taxable income into tax-exempt income. This regulatory arbitrage happens because Delaware allows companies to establish a Delaware subsidiary and transfer ownership of an intangible asset to it, such as its trademark or brand name. Then the same company’s other offices interstate pay money to the Delaware-based subsidiary to use the trademark. Since intangible assets are not taxed in Delaware, no taxes are paid on the money transferred to the Delaware-based subsidiary. The royalty payment for the trademark is deductible in the high-tax state while being exempt from taxation in Delaware, resulting in the firm avoiding tax altogether on the income shifted to the Delaware Holding Company.

One of the key devices in modern tax havens has been adapted from the laws of the US state of Delaware—something that authorities in tax havens invariably mention. This is “re-domiciliation,” which involves moving the jurisdiction in which a company is registered from one to another. A company can apply to have itself re-domiciled to another location at the first hint of an inquiry. In legal terms, it no longer exists in the jurisdiction where the inquiry has been launched. The agency making the inquiry has to restart the process in the new location. According to an expert study of tax havens, “re-domiciliation can happen repeatedly, destroying any chance of securing effective information exchange from a persistent abuser. The havens of the world deliberately created this opportunity to facilitate tax evasion.”⁸¹

American tax law shields significant amounts of foreigners’ US-sourced income from taxation, according to a study by Professor Samuel D. Brunson.⁸² The United States imported an eighteenth-century English common law rule known as the “revenue rule” into its own common law. The “revenue rule” stems from two decisions in the 1770s that held that English courts would not enforce foreign

tax judgments. The judge in those cases, Lord Mansfield, said that “one nation does not take notice of the revenue laws of another.”⁸³ The revenue rule continues to be the law of the United Kingdom today. The US government “has expressly acted to perpetuate it,” Samuel Brunson writes. When it signed the first multilateral tax treaty, the OECD Convention on Mutual Administrative Assistance in Tax Matters in 1989, the United States adopted a reservation to provisions requiring signatories to assist in the collection of taxes on behalf of other signatories. In doing so, Brunson observes, the United States gave up its ability to require other signatories to help it collect US taxes. But it appears to have decided that “the value of the revenue rule outweighed the value of any revenue other countries could help it recover.”⁸⁴

LOOKING TO THE FUTURE

This discussion of a GVC world dominated by multinational corporations remains current even as globalization itself has undergone deeper changes. A study by McKinsey Global Institute in 2019 concluded that globalization reached a turning point in the mid-2000s, although the “trend was masked by the Great Recession and anemic recovery.”⁸⁵ China and other developing countries are now reaching the next stage of economic development, consuming more of what they make, and exporting less. They are also reducing their reliance on foreign intermediate inputs. The result is that the share of GVC-produced goods traded across borders has fallen from 28.1% in 2007 to 22.5% of gross output. Less than 20% of goods trade is based on finding the lowest labor costs. Companies are increasingly basing production decisions on a combination of factors such as workforce skills, infrastructure, logistics, speed to market, and the ability to tap into innovation ecosystems and respond quickly to changes in consumer tastes.⁸⁶

President Trump’s economic nationalist philosophy, which impels him to reverse decades of offshoring by American corporations, appears to dovetail with a process that was already underway before he took over the presidency. In this transformational wave of production, the McKinsey study finds that cross-border services are growing more than 60% faster than trade in goods. They generate far more economic value than captured by traditional trade figures. National statistics attribute 23% of all trade to services but that figure would rise to more than 50% if they included the intangibles companies send to foreign affiliates,

the free digital services made available to global users, and the value added services contribute to exported goods. Investment in intangible assets such as R&D, branding and IP has more than doubled as a share of revenue since 2000, from 5.5 to 13.1% in 2016.⁸⁷ The Wikileaks cables are a guide to how American diplomats will act in this new GVC world—monitoring and maneuvering with regard to labor, IPR, and tax arrangements.

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Public Diplomacy

Abstract This chapter examines Public Diplomacy efforts as US diplomats deal with negative reactions to their policies. Public diplomacy involves talking to foreign publics, just as traditional diplomacy involves talking to foreign governments. Public diplomacy is easier in Australia, where the military alliance with the United States enjoys overwhelming public support. US diplomats had a much harder time in the Arab world, especially after the invasion of Iraq.

Keywords Public diplomacy · Osama bin Laden · Jordan · Iraq · Afghanistan · Vatican · Coalition Provisional Authority · Kuwait · Saudi Arabia

This chapter shows how US diplomats manage negative reactions to their policies. Public Diplomacy involves “telling America’s story to the world,” as the tagline by the United States Information Agency (USIA) put it.¹ Just as traditional diplomacy involves talking to foreign governments, public diplomacy involves talking to foreign publics. The Public Affairs Section in the US Embassy in Canberra manages its public diplomacy. It also provides public affairs officers in the consulates in Melbourne, Sydney, and Perth. A media team and a cultural affairs team are kept busy, meeting journalists and members of think tanks, and providing educational scholarships and other grants to applicants. They keep tabs on public opinion and advise the ambassador on what to say publicly.

The American Embassy sponsored a program called “American Movie Treasures” at the National Film and Sound Archive in Canberra. It featured classic films such as *Citizen Kane*, *Viva Las Vegas*, *2001: A Space Odyssey*, and other movies drawn from major US film archives including the Motion Picture Arts and Sciences, the University of California—Los Angeles film and television archive, the George Eastman house, the Library of Congress, and the Museum of Modern Art. Ambassador Jeffrey Bleich spoke at the launch.² The event had the non-partisan air for which the USIA had been known in the post-World War II years. Then, its programs made a clear distinction between promoting America and promoting American policy. Promoting America meant telling the world about American popular culture, idiosyncrasies, freedoms, and boisterous pluralism.³ The USIA hosted libraries with books by American authors, important sources of information during the post-independence decades for many Third World countries. It organized visits by American speakers and musicians. It broadcast news reports and jazz concerts into the Third World as well as the USSR, where it gave away thousands of radios for free, so people could tune in. Promoting American policy was something else altogether—propaganda, and something best handled by the US Embassy. This form of public diplomacy largely crumbled under the weight of political attacks by Senator Jesse Helms, chairman of the Foreign Relations Committee, who cut the USIA budget and incorporated it into the State Department.⁴

In Australia, as elsewhere, the US Embassy understands the importance of managing public opinion. Early in the Obama presidency (March 2009), the US Consulate in Melbourne hosted a series of private focus group lunches with prominent Australians. It said, “The starting point for most of our official conversations with our Australian counterparts almost always revolves around how sound US/Australian relations continue to be.” But, “we were struck this time” by their enthusiasm. They all said “the time to make real strides in the US/Australian alliance is now because ‘Aussies are in love with Obama’ and Prime Minister Rudd is ‘keen’ to show his willingness to work closely with the President.”⁵ Other cables bear out the shrewdness of these remarks. Australian Greens leader Senator Bob Brown, previously a critic of President George W. Bush, told American diplomats that Obama’s election “raises the hopes of the world for a fairer, securer, more ecologically sound future.” Senator Brown had been ejected from Parliament when he heckled Bush during a speech in 2003, and opposed US detention of

suspects in Guantanamo Bay. But he told the embassy that “President Obama was the world’s great hope.”⁶

Telling America’s story to the world had been a tough job during the presidency of George W. Bush (2001–2008). Things got easier under Obama, except in the Arab world, where his popularity fell even below Bush’s. In Egypt, the most important Arab country, his approval was just 5%.⁷ In Australia, however, public opinion toward the United States has always been very strong. The *Australian Election Study 1987–2016*, which tracked long-term trends in Australian public opinion, showed strong, consistent public support for the military alliance with the United States. Usually close to or at 90%, there was a drop to 84% soon after the invasion of Iraq.⁸ However, although hundreds of thousands of Australians marched in the streets in opposition to the invasion of Iraq, they wanted to retain a strong alliance with the United States.⁹

In mid-2008, when George W. Bush was still President, the US Embassy in Canberra observed that Deputy Prime Minister Julia Gillard was one of the two “stars” in the government of Prime Minister Kevin Rudd. (The other was Rudd himself.) Although Gillard had previously seemed ambivalent about the Australia–US alliance, she had changed her approach since becoming Deputy Prime Minister. She “has gone out of her way to assist the Embassy” and was “warm and engaging in her dealings with American diplomats.” They weren’t sure “whether this change in attitude reflects a mellowing of her views or an understanding of what she needs to do” to become Prime Minister. They assumed it was probably “a combination of the two.” A Labor Party leader who expressed doubts about the alliance, Mark Latham, was attacked by commentators and sections of the media. He was thoroughly defeated in the 2004 elections. “One lesson Gillard took from the 2004 elections,” the Embassy reported, “was that Australians will not elect a PM who is perceived to be anti-American.”¹⁰

OSAMA BIN LADEN

Wikileaks cables dating back to 1999 describe the public relations challenge posed by Osama bin Laden, who was based in Afghanistan. The country was then ruled by the Taliban, led by the “enigmatic Mullah Omar,” as US diplomats in Pakistan called him.¹¹ Omar was admired for three reasons: “his religious piety, his reputation for incorruptibility, and his bravery in the jihad” against the Soviet Union, where

he had been a lower level commander. He apparently lived a simple life, with an office that doubled as his bedroom. The only furniture was a simple wooden bed and a wardrobe. Visitors would sit on the floor and look up at Omar, who sat on the bed. The US Embassy said that he lived “austerely, without an elaborate court and entourage, and without the ubiquitous [Mitsubishi four-wheel drive] Pajeros so many mujahideen commanders sped around the countryside in.”¹²

Osama bin Laden appeared to have a similar temperament. Former CIA officer Michael Scheuer, in charge of hunting down Osama bin Laden from 1996 to 1999, remarked on his reputation for honesty, frugality, and dignity. Unlike the often venal network of Arab family dictatorships, bin Laden had renounced the luxury had been born into, in order to take up arms against the West. Scheuer adds that his “defense of Islam, personal piety, physical bravery, integrity and generosity” make him an “ideal type,” “a modern-day Saladin.” He “has demonstrated patience, brilliant planning, managerial expertise, sound strategic and tactical sense, admirable character traits, eloquence, and focused limited war aims. He has never, to my knowledge, behaved or spoken in a way that could be described as ‘irrational in the extreme.’”¹³

Bin Laden was believed responsible for the August 7, 1998 bombings of the US embassies in Kenya and Tanzania, which killed more than 200 people, including 12 American citizens, and injured more than 4000 individuals, some of whom were Muslims.¹⁴ The United States demanded the Taliban to hand him over to face trial for the embassy bombings. But the US Embassy in Pakistan reported the Taliban was demanding “hard facts in proof of the charges,” to which the US response “was muted and delayed.” It said the Taliban “have preempted us consistently ... by announcing their willingness to have Afghanistan’s Supreme Court examine the charges against Bin Laden.” They had put the United States on the defensive, “in sharp contrast to their ordinary execrable performance on the bin Laden question.”¹⁵ Presumably, the average member of the public thought the Taliban’s call for evidence quite reasonable. The Taliban also sponsored a seminar in Kabul, broadcast on radio to Pakistan, on the life, times, and thoughts of Osama bin Laden. In Pakistan, the embassy said, “some in the lower-middle and lower classes, both urban and rural,” consider him “an Islamic hero” due to his “public enemy number one” status.¹⁶ The Embassy added that “the majority of Muslims, at least in Pakistan, do not necessarily support this view,” but the questions remained: why did he appeal to so many?

Bruce Lawrence, a Professor of Religion at Duke University and an expert on Islam, collected and edited bin Laden's statements. He drew attention to bin Laden's talents as a polemicist rather than an original thinker. His messages "are not ghostwritten tracts of the kind supplied by professional speechwriters to any politicians in the West ... or their Middle-Eastern counterparts. They speak in the authentic, compelling voice of a visionary with what can only be called a powerful lyricism."¹⁷ His terror attacks against US embassies in 1998 notwithstanding, Michael Scheuer says "there is no reason, based on the information at hand, to believe bin Laden is anything other than what he appears: a pious, charismatic, gentle, generous, talented, and personally generous Muslim. As a historical figure, viewed from any angle, Osama bin Laden is a great man, one who has smashed the expected unfolding of universal post-cold war peace."¹⁸

In Pakistan, the US Embassy kept tabs on the pro-Taliban Al-Rashid Trust in Karachi, which distributed pro-bin Laden materials in Urdu, English, and Afghan languages at low to no cost e.g. a 3×2 inch four-color poster with photos, maps, and ideological texts for "just a bit more than the cost of a sidewalk haircut. This poster beat the United States Government's Osama bin Laden 'Wanted' poster to the street."¹⁹ Something had to be done to counter this pernicious influence. The Embassy realized it was "unlikely ever to make much inroad with bin Laden's hard-core supporters because they are true-believer absolutists and tend to think and react largely emotionally: facts are less important to them than emotions. They are not open to persuasion." But there was a large middle ground "somewhat susceptible to reason, or at least to other information," and messages should be crafted for them and for the "educated, westward-looking elite of both Pakistan and Afghanistan who feel threatened by bin Laden's advocacy of violence and theological obscurantism."²⁰

What should such a message consist of? The Embassy suggested it should portray Osama bin Laden and his associates as criminals, both by international and by Islamic standards, and where possible, Al-Qaeda's responsibility should be emphasized, not just bin Laden the individual. There should be human interest stories of his victims, "especially his Muslim victims of various nationalities." In the past, US media reports of Kenyans blinded in the terrorist attacks had received good coverage in the Pakistani print media. Statements by Islamic scholars and religious leaders from Saudi Arabia, Egypt, and elsewhere should be given prominence,

not statements by American or British-based scholars. Although bin Laden and others like him dismissed Saudi Arabia and Egypt as “only nominally Islamic states captive to US-toadying, despotic, and apostate leaders,” the middle ground would likely be open to reason.²¹

And so it was in the immediate aftermath of the September 11, 2001 terrorist attacks: the jihadi networks and conservative Islamic scholars in the Middle East condemned bin Laden, denouncing the attacks as counterproductive, or unIslamic and immoral. According to Fawaz Gerges, an expert on Islamist movements and jihadist groups, “there was a deafening silence when the United States declared war on the Taliban and Al-Qaeda.” A group of leading Islamic scholars responded to a query by the most senior Muslim chaplain in the US Army. They declared that “American Muslims were obliged to serve in the armed forces of their country, even when the United States was at war with a Muslim nation.”²²

But the Bush administration’s invasion of Iraq in 2003 helped unify the jihadi currents. Gerges writes that it “provided Al-Qaeda with a new lease on life, a second generation of recruits, a way of extending its ideological outreach activities to Muslims worldwide.”²³ It raised the terrorist threat around the world as bin Laden and other Al-Qaeda figures perceived the unfolding confrontation as a “golden and unique opportunity” to spread jihadi activities into neighboring Arab states, including Syria, Lebanon, and the Palestine–Israeli theater.²⁴ Palestine resonated strongly in the Arab popular consciousness, as bin Laden (and the United States) knew. Bin Laden’s first public statement, in 1994, had been about Palestine.²⁵ That said, bin Laden had always suffered from a critical weakness: he never offered a view of a well-run society, or indeed any social program at all. One of the most striking features of his religious vision, according to Bruce Lawrence, is the complete absence of an “alternative conception of the ideal society ... Rewards belong essentially to the hereafter. This is a creed of great purity and intensity ... [but] also a narrow and self-limiting one: it can have little appeal to the great mass of believers.”²⁶ He never used the word “imperialism” because his jihad was not aimed at an Empire but at “global unbelief.”²⁷

JORDAN

In the crucial neighboring state of Jordan, the US Embassy reported that the Palestinian issue was bigger than Iraq as far as ordinary Jordanians were concerned, and “the perception of US bias toward

Israel determines popular attitudes toward American actions vis-a-vis Iraq.”²⁸ The Embassy’s Public Diplomacy Action Plan decided to downplay Iraq’s alleged possession of Weapons of Mass Destruction because this would “only elicit negative reactions emphasizing that Israel maintains an active nuclear program.”²⁹ Israel’s nuclear weapons program remained a sensitive matter for the United States as the Bush administration moved inexorably toward invading Iraq.

Jordan’s government wanted to avoid “provoking or worsening popular expressions of anger” against it or the US government. Its economic ties to Iraq were closer than those of any Arab state, and its cultural, educational, and familial ties were also strong, “second only to their relationship with the Palestinians in their emotional intensity.”³⁰ The public diplomacy climate was “a witches’ brew”—the local media portrayed American policy as “an effort to exploit a genuine human tragedy as a pretext to go after Arabs and Muslims who stand in [its] way.” Most Jordanians were “largely unconcerned about Saddam’s acquisition of WMD. Even if he gets them, they argue, so what? Other equally dangerous countries have WMD or the capacity to build them, most notably Israel, but also Syria, and North Korea.”³¹ The US Embassy understood that the Jordanian government couldn’t afford to be seen as an American client in this environment. It would allow the media to make emotional statements against American policy while advising the public to consider Jordan’s national interests, which it said were best served by the relationship with America. That mattered more than Iraq or Palestine.

THE VATICAN

The United States recognized the importance of influencing the Vatican as it tried to build a case for the invasion of Iraq. Its public reach was global and influential among Catholic circles internationally. The US Embassy in Vatican City identified its first public diplomacy challenge: “to make our case for action to the Pope and senior Vatican officials.”³² The Vatican was all too aware of Saddam’s record as a ruler. What it couldn’t see was “why Iraq cannot be contained short of direct military action,” or why such action had to take place immediately. It had serious doubts about global stability in the wake of an invasion—this could lead to a much larger conflict, possibly drawing Israel into war. At the core of the Vatican’s misgivings was whether the invasion of Iraq could meet the Catholic Church’s Just War Doctrine. Force should be proportionate

to the desired end. It could not agree to or support an air bombing campaign that resulted in massive Iraqi civilian casualties. Furthermore, the United Nations was the only relevant legal authority that could sanction an invasion. (Pope John Paul II did not condemn the bombing of Afghanistan, which the United States said it undertook in October 2001 under the “inherent right of individual or collective self-defense” provision of the UN Charter (Article 51).)

The Embassy suggested using anti-Communist Catholic theologian Michael Novak to help influence the Vatican. He and other American experts, it said, “already have a strong reputation within the Holy See. A public diplomacy campaign should seek to highlight their views and perhaps even solicit them as speakers and interlocutors for the Embassy and Holy See.”³³ Novak had once opposed the US war against Vietnam but later drifted to the well-funded American Enterprise Institute, where he championed capitalism, argued for maintaining a nuclear deterrent, and received the million-dollar Templeton Prize for his “insights into the spiritual foundations of economic and political systems.”³⁴ Accordingly, Novak was brought to the Vatican by the US Ambassador, Jim Nicholson, as part of a US Embassy-sponsored lecture series. Nicholson stressed that Novak wasn’t representing the US government or its embassies—a distinction without a difference, since they brought him there to argue their case. Novak told Vatican Radio that some Vatican officials’ comments were “a little emotionally anti-American.”³⁵ He said the invasion was justified on grounds of self-defense against Saddam Hussein. Sixty American Catholic leaders signed a public letter in protest, saying that Novak’s opinions did not reflect the majority view among American Catholics. The Pope did not alter his opposition to the invasion.

IRAQ

Meanwhile, following the invasion of Iraq, the “Mother of All Public Diplomacy Battles” had begun, as a cable from the US Embassy in Jordan said.³⁶ There was “a profound distrust of the United States ... at all levels of society.” Jordanians attached “little credibility to the US case that we are waging the war to eliminate WMD and liberate the Iraqi people.” Jordan’s media displayed photos of dead Iraqi children and defiant Iraqi fighters. It carried opinion pieces about America’s quest for Middle Eastern oil and warnings of future wars with Syria and Iran. President

Bush's "axis of evil" speech linking Iraq with Iran and North Korea was cited as evidence of America's sinister ambitions. The Jordanian public believed the United States was deliberately targeting residential areas and destroying Iraq's infrastructure. CNN and other Western media had lost credibility with most Jordanians. An affluent, Western-educated doctor told the Embassy, "For the first time in 50 years of Middle East conflict I have stopped listening to Western news."³⁷

The Embassy persisted gamely. The Ambassador spoke to all audiences of America's "compassion for the Iraqi people," and its "deep sorrow" over dead civilians. He said Saddam Hussein was responsible for putting civilians in harm's way, and spoke of future reconstruction opportunities for both Jordan and the United States. The Public Affairs section arranged trips for Arab and Western journalists to warehouses filled with humanitarian aid items destined for Iraq. But the most effective way to shift public opinion, it recognized, were the voices of liberated Iraqis. It suggested a list of talking points for them: "(a) Saddam's degree of suppression and cruelty was in a class by itself; (b) Saddam's henchmen were responsible for many if not most of the civilian casualties; and (c) how good it feels to be rid of the Regime." The United States should say that surrender to the US-led Coalition was an honorable option for ordinary Iraqi soldiers, but it should also acknowledge the courage of the many Iraqis who chose to fight. Looking to the future, America should declare its determination to help Iraqis rebuild Iraq and recover from Saddam's "decades of misrule."³⁸ For this, it called for stories about the US-led humanitarian and reconstruction effort. It wanted Iraqi administrators to speak about the new authority they enjoyed to run their own affairs.

These suggestions collided with the reality on the ground. The Office of Reconstruction and Humanitarian Assistance (ORHA) set up within the Defense Department, was led by retired Lieutenant General Jay Garner. According to the *Official History of the United States Army in the Iraq War*, published in January 2019, "Garner saw regime replacement—rather than humanitarian assistance—as the coalition's fundamental postwar task," and planned accordingly.³⁹ The US Army 3rd Infantry Division seized downtown Baghdad on April 2, 2003.⁴⁰ Looting and arson began almost immediately after it became clear that Saddam was out of power. Disorder spread quickly throughout southern Iraq. Looters ransacked the National Museum of Baghdad, and cultural artifacts that were thousands of years old began appearing in black markets

outside Iraq. Looters also targeted hospitals, stealing pharmaceuticals and hospital supplies. The *Official History* explains that “commanders were unclear about how to apply the rules of engagement” as chaos spread. There were “often no specific instructions for how patrolling units should respond to looting.”⁴¹

Journalists observed that the Oil Ministry was “one of the sole public buildings untouched by looters.” It was “under round-the-clock surveillance by troops... guarded by around 50 US tanks which block every entrance, while sharpshooters are positioned on the roof and in the windows.”⁴² This focus on the Oil Ministry mirrored the U.S. National Security Council’s executive steering group that managed planning for a post-Saddam Iraq. The *Official History* remarks that it spent “comparatively little time on the functions of a post-regime government outside of the oil ministry.”⁴³ Meanwhile, the Defense Department disagreed with the State Department over the timeline and shape of a transfer of power to Iraqis. Garner said elections would take place within 90 days. The US government soon replaced him and the OHRA by long-time diplomat Paul Bremer and the Coalition Provisional Authority (CPA).

The CPA moved to privatize the Iraqi economy, informed by its Office of Private Sector Development (OPSD). Bremer opened Iraq’s banking sector to three foreign banks. His proposals allowed for 100% foreign direct ownership (FDI) of Iraqi companies in most sectors. The CPA planned to sell off as many of Iraq’s 189 State-Owned Enterprises (SOEs) as were viable. 26 were unviable, and these, it said, should be “retained by the government and reclassified as government agencies.” The Iraqi public would therefore swallow the loss. Further analysis by OPSD showed that only 85 SOEs “were good candidates for privatization.” A transition plan called for 103,000 employees to be fired or retired in 2004, with further dismissals in 2005 and 2006.⁴⁴

Australia got in on the action too. Its major focus after conventional operations ended was its wheat exports to Iraq.⁴⁵ The Australian Wheat Board (AWB) had previously been the largest supplier of food to Iraq under the UN Oil for Food program, established because of the humanitarian crisis caused by the sanctions. Australia placed AWB officials in the CPA to ensure further contracts for Australian wheat. The AWB had previously paid kickbacks worth nearly \$300 million to the Iraqi regime. In a private meeting with the US Ambassador, Australia’s opposition leader Kim Beazley claimed the Howard government had “full knowledge of the Australian Wheat Board’s appalling bribes that

undermined the sanctions regime against Saddam. It had repeatedly turned a blind eye to numerous indications of wrongdoing, and had lied about what it had known and when. Not only had it sanctioned blatant wrongdoing, but the government had facilitated the destruction of the one mechanism that might have forced Saddam to satisfy international demands to prove he was not pursuing weapons programs.”⁴⁶

The CPA tried to impose a constitution on the Iraqi people. The revered Shia leader Grand Ayatollah Ali al-Sistani issued a fatwa saying that only an elected body could write such a constitution. Fearful of a confrontation, the CPA backed down. It tried to install a puppet “governing council” but Sistani issued another fatwa, saying that nothing short of direct elections would be tolerable. The CPA argued that Iraq was too disorderly for direct elections and that electoral rolls could not be compiled until a complete national census was held. Sistani disagreed, pointing out that Saddam Hussein’s regime had issued ration cards to every Iraqi family. They could serve as registration documents for elections. The CPA backed down once again.⁴⁷ Non-violent and broad-based Shia resistance defeated the CPA, but Australian Prime Minister Howard tried to claim victory, saying he was “pleased by the number of Iraqis who voted.”⁴⁸ The elections resulted in a boycott by most Sunnis and a landslide victory to Shia and Kurdish-dominated parties. Their leaders drafted a constitution whose social justice and wealth-sharing sections, present in earlier drafts, were removed from the final version. Representatives of the Sunni community had very little input. They refused to support the constitutional referendum in October 2005.⁴⁹ The ethno-religious polarization of Iraqi society was underway.

SUBSTANCE NOT STYLE

This is the environment within which Public Diplomacy had to operate. Even when the United States could find Iraqi administrators willing to say they had “maximum authority and leeway to run their own affairs,” as the American Embassy in Jordan advised, the noisy reality on the ground drowned them out.⁵⁰ America’s negative public image was the result of its policies rather than a failure of communication. As a case in point, the US Ambassador to Jordan’s call for “an equitable solution to the Israeli–Palestinian conflict” as a way to “restore US credibility” foundered on the reality of American support for Israel. He said the media in Jordan “has implicitly and overtly compared US actions in Iraqi

cities to those of Israeli forces in the occupied territories.”⁵¹ His advice was to pressure Israel to take concrete steps toward a settlement with the Palestinians, and to demonstrate American opposition to “settlement activity, home demolitions, and humiliation of Palestinian civilians, if Jordanians are to see us as a force for peace rather than a new imperium.”⁵² As we have seen, however, American policy was firmly behind Israel’s objectives in the West Bank and Gaza, and public diplomacy was a marginal consideration. It’s the product, not the advertising that is the problem.

KUWAIT

As a counterpoint, in Kuwait the public diplomacy task was much easier. The American Embassy there called Kuwait “a special case.” America’s role in ejecting Iraq in 1991 had made Kuwaitis “perhaps the most pro-American of any national group in the Middle East or the world.” Kuwaitis were “very receptive” to its messages, and regarded the American character as “sincere and open.”⁵³ Here too, of course, public diplomacy had to be undertaken but the United States was pushing an open door. Since the new generation of high school-age Kuwaitis had not experienced the Iraqi occupation personally, steps had to be taken to maintain a favorable image. “What moves the needle?”⁵⁴ the Embassy asked. The most important thing was visits by senior American officials. The Embassy had access to the local press and could design and place interviews for visiting officials. Visits by American speakers in a variety of fields also helped. “Real live Americans” were in strong demand. Subjects in American studies at Kuwaiti educational institutions made a difference. American stories with an Islamic angle were in demand by the local press, such as a story about a Saudi-American woman candidate for local office in the United States. English language programs attracted many Kuwaitis, who appreciated the benefits of English proficiency.

The Embassy also set up the Chevron-Texaco Summer Camp, named after its sponsors. This initiative saw ten conservative non-elite Kuwaiti boys aged 12–16 travel to an international English-language camp in Florida. The Embassy said this was a great success. It gave them “a new view of the world that countered extremist misinformation and hostility.” It created “an enormously positive psychological impression of the US and American society both in the participants themselves, and within their broader family and tribal structure.”⁵⁵ The Embassy also praised

foreign visits programs such as the YES program, which sent Kuwaiti high school age students to the United States for a year. Most alumni expressed their wish to go back to the United States for further studies and said they had become teachers of Kuwaitis, “explaining the United States and describing their overwhelmingly positive experiences to family, friends, and colleagues.”⁵⁶ Public Diplomacy can bear fruit in fertile soil.

Kuwaitis were willing to accept the invasion of Iraq. The Kuwaiti government, despite its formal commitment to Arab League and Gulf Cooperation Council opposition, was “willing to let its support show publicly” in the months before the invasion. Kuwaiti business leaders also showed “palpable anticipation of trade and investment opportunities in a post-Saddam Iraq,” the US Embassy reported. Iraq’s “wealth of natural resources (oil, water, fertile land), its educated workforce, and its familiarity based on proximity” made it attractive to Kuwait’s cashed-up investors. One wanted to build a new port near the border to supplant Iraqi’s “crumbling” facilities, another expected “a significant fortune selling paint and milk.”⁵⁷ Some merchant families wanted to claim 38 million date-palms around Basra. Others in the retailing business were said to be stocking up on food and other consumer items, ready to supply Iraq after the United States went in. Dependent on American power, Kuwaiti investors’ “worst nightmare” was “a US climbdown that would leave Saddam in power.” Next worse—the irony!—was “a protracted, bloody conflict that inflamed the passions of the wider Arab and Muslim worlds,” even if the United States ultimately prevailed.⁵⁸ Economic and strategic interests create a favorable environment for public diplomacy.

SAUDI ARABIA

In Saudi Arabia, nearly 75 years of petroleum-driven ties have seen more than one generation of elite Saudi citizens spend their formative years in the United States. According to the US Embassy in Riyadh, the peak of Saudi enrollment in American universities occurred in 1978, with 25,000 students.⁵⁹ The September 11 attacks had a major effect on the American public’s perception of Saudi Arabia. Crown Prince Abdullah visited President Bush at his ranch in Crawford, Texas in April 2005. One outcome of the meeting was the Saudi government’s announcement of a scholarship program for 15,000 Saudis to study in America. Conscious of what it called “Saudi Arabia’s vast intellectual poverty amidst its equally vast material wealth,” the Embassy urged support for

programs to “give both an American education and a positive, profound experience of American society and democracy to the rising new generation of leaders in Saudi Arabia.”⁶⁰ (Australia has long understood the importance of such programs in its region; in 2019, it offered 3161 “Australia Awards” scholarships to potential future leaders in Indonesia, Timor-Leste, Papua New Guinea, Solomon Islands, Vietnam, and other neighboring countries.⁶¹)

Finally, a good illustration of the dilemmas of public diplomacy comes from the “listening tour” of the Middle East by Karen Hughes, Under Secretary of State for Public Diplomacy and Public Affairs, in September 2005. Meeting Egyptian Prime Minister Ahmed Nazif, she asked how to improve the public’s understanding of the United States. He suggested Gaza as the obvious course of action. Positive change there “would go a long way toward improving America’s image.”⁶² He urged the United States to support the Palestinian Authority, help rebuild Gaza’s infrastructure, and give the Palestinians a path toward an independent state. Once again, with American policy firmly behind Israel, there was little Hughes could deliver. Another problem was the “Egyptians merely saw the United States as a superpower meddling in the region, particularly in Iraq.” Here again, Hughes could do little other than saying that Iraq was “a difficult subject.”⁶³

In the United Arab Emirates, the popular daily newspaper *Al-Khaleej* said that “unless the U.S. changes its policy towards the Arabs and becomes a fair and just player in the Middle East,” Hughes would have little success.⁶⁴ Hughes “must begin in Washington, and not Cairo or Riyadh,” it said in an editorial. The Dubai-based English daily *Gulf News* described Karen Hughes’ modus operandi in every country she visited: “set basic talking points, stick to them, then keep rolling the tape.” Repeatedly, she deflected questions about the non-existent weapons of mass destruction by saying the world was better off without Saddam Hussein. She responded to questions about the Arab–Israeli conflict by saying “we want the Palestinians to have jobs and economic opportunity and education and a bright future.”⁶⁵ A journalist accompanying Under Secretary Hughes reported that traveling with her “was at times like being trapped in a cable television infomercial.” Hughes spoke “in concise sound bites rather than sustained arguments.” This strategy worked fine in American election campaigns, where “messages repeated over and over” can have an effect due to saturation advertising, if nothing else. But “in the lively and percussive environment of this region,” Hughes was ineffective.⁶⁶

Public diplomacy attempts to shape public opinion in countries whose populations view US policies unfavorably. Negative public opinion is not the only challenge, however. Resistance also takes the form of terrorism. The next chapter examines the leaked cables for insights into US diplomatic efforts against terrorism.

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Anti-terrorist Financing

Abstract This chapter shows how US foreign policy tries to fight the “war on terror” through the use of financial instruments of statecraft. It uses cables across a number of different subjects and regions in order to illustrate an instructive case study of Financial Sanctions against Terrorist Financing. It traverses Somalia, Ethiopia, the United Arab Emirates, Switzerland, the European Court of Justice (ECJ), and the United States itself.

Keywords TERFIN · Terrorist Financing · Al-Barakaat · Remittances · Somalia · Ethiopia · Kenya · United Arab Emirates · Dubai · Abu Dhabi · Kenya · European Court of Justice · Switzerland

There is clear evidence the invasion of Iraq was launched in the face of warnings by intelligence agencies that the terrorist threat would rise. The British Joint Intelligence Committee’s assessment of 10 February 2003 said, “The threat from Al Qaida will increase at the onset of any military action against Iraq.” It said the “worldwide threat from other Islamist terrorist groups and individuals will increase significantly.” Al Qaeda would “use an attack on Iraq as further justification for terrorist attacks in the West and Israel.” It “intends to exploit both anti-Western sentiment within the Muslim world, and the preoccupation of the US and UK that would come from action against Iraq. Al Qaida or associated groups may also seek to conduct attacks against Israel, intended to

provoke a reaction that would further inflame feeling within the Islamic world.”¹ The Australian and United States governments share intelligence with the United Kingdom, and were therefore also aware of the likely consequences of their actions.

The leaked cables show how the United States adopted financial measures to deal with the increased threat of terrorism. This section uses cables across a number of different subjects and regions in order to illustrate an instructive case study of Financial Sanctions against Terrorist Financing. The results were not quite what the planners had intended. An important example is the international effort to shut down Al-Barakaat, a large Somali remittance company with its headquarters in Dubai.

A key element of the initiative against Terrorist Financing (referred to as TERFIN in the cables) was the Gulf Strategy to Combat Terrorist Financing.² The 9–11 hijackers had used the banking system of the United Arab Emirates, a federation of seven semi-autonomous Emirates with three separate judicial systems: the federal system and those of the Emirates of Dubai and Ras al Khaimah. Accordingly, the US Embassy in the UAE proposed a Joint Terrorist Finance Coordination Committee. It called for “buy-in by senior UAE leaders” such as Abu Dhabi Crown Prince Mohammed bin Zayed (MbZ), Dubai Crown Prince Mohammed bin Rashid (MBR), Central Bank Governor Sultan Nasser Al Suwaidi, and others.

The Embassy reported that the UAE had cooperated fully with the United States in the 9–11 investigation and given it access to information and documents for use in the US Federal Court. If anything, the UAE had cooperated too fully—the Embassy reported that Central Bank Governor Sultan Nasser Al Suwaidi would “rather keep accounts frozen extra-judicially than allow individuals access to suspect funds,” but the problem was that the US government had sometimes asked the Bank to freeze funds without providing evidence that could be used in a court of law. Such actions, the Embassy reported, “would seriously damage the credibility and effectiveness of the Central Bank.”³

The UAE had enacted tough anti-money laundering (AML) and counter terror finance (CFT) laws such as preserving customers’ records and identification in order to reconstruct transactions. The UAE’s 106 money exchange houses were required to verify identity and transaction details for all transactions over \$545 (one of the lowest thresholds in the world). There was a robust system of filing Suspicious Transaction

Reports (STR): “if a dry cleaner suddenly sends an amount of money significantly above his means, the bank or exchange house will submit an STR.”⁴ Here, the Embassy was alluding to the informal funds transfer networks known as hawala, used throughout the Islamic banking industry because it complies with Islamic principles. A Somali worker in Dubai can pay a fee to deposit his paycheck at a local office, and a relative in Somalia can withdraw the funds. The Embassy said that “extremists could exploit the UAE’s hawala system and charities to funnel money to terrorists, and we continue to impress upon Emirati customs officials the importance of monitoring large amounts of cash flowing into and out of the country.”⁵

The thinking behind these initiatives was terrorism could be defeated by uncovering and destroying the financial infrastructure on which it rested. Accordingly, the first salvos in the so-called War on Terror were fired on the financial terrain. Ron Suskind, a journalist who wrote about the inner workings of the George W. Bush presidency, documented the lack of contingency plans in the immediate aftermath of 9–11. It would take several weeks before a credible military response could be mounted. For this reason, the Bush administration reached for the financial instrument of statecraft. It was much quicker to seize and freeze accounts. And that’s what it did. Suskind quotes a senior US Treasury official who said, “It was almost comical. We just listed out as many of the usual suspects as we could and said, Let’s go freeze some of their assets.”⁶

One of the first targets to have its assets frozen was Al-Barakaat International Foundation, a UAE-based Somali remittance network which the US Treasury Secretary called “the quartermasters of terror.” Al-Barakaat (which literally meant “blessings”) had its headquarters in Dubai. It was created so that Somali workers could send part of their earnings to their families each week. The large Somali diaspora in the United States and Europe had offices in the United States as well, because five American states had high Somali populations. Somalis there would send part of their earnings to Emirates Bank International in Dubai, for onward transmission to Somalia. Ibrahim Warde, an expert on Islamic finance, says that even the United Nations used the Al-Barakaat network to transmit funds for its relief operations in the country.⁷

The United States raided Al-Barakaat’s American offices, seized its records, and froze its bank accounts. Officials in Australia, Canada, and the United Arab Emirates did the same, with help from the United States. The Reserve Bank of Australia used the Banking

(Foreign Exchange) Regulations on October 3, 2001 to freeze assets and prohibit transactions involving Al-Barakaat accounts. The Australian government described these actions as a success in the war on terror, saying Australia was doing its bit to avoid becoming a safe financial haven for terrorists. The decision was based on President Bush's assertion that he had "solid and credible" evidence that Al-Barakaat was raising, managing, investing, and distributing funds for Al-Qaeda.⁸

Al-Barakaat was Somalia's largest corporation. It operated a postal service, the country's largest bank and phone system, and the only water-purification plant. One writer described it as "a kind of Western Union for a nation without a functioning central bank."⁹ Its financial infrastructure allowed Somalis working overseas to remit money to their relatives at home. Annual remittances through Al-Barakaat were about half a billion US dollars, more than Somalia received from any other economic sector and ten times its income from foreign aid.¹⁰ Al-Barakaat's record-keeping was meticulous, and it cooperated fully with the FBI investigation. But by the time the US Treasury Department had exonerated it and delisted it from the terrorist financing list, the damage had been done. The shutdown had halved Al-Barakaat remittances, leaving the company owing \$6 million to depositors in its Mogadishu bank. Its international telephone service had been terminated, cutting off 25,000 subscribers. 700 employees were laid off.¹¹

Al-Barakaat's commercial problems flowed on to Somalia itself, resulting in economic havoc that "may have played a role in the rise, four years later, of Islamic fundamentalists," according to Ibrahim Warde's study.¹² By the middle of 2006, several Islamist organizations organized around a network of local Islamic courts, seized control of Mogadishu and large swathes of southern Somalia. Known as the Islamic Courts Union, they were a rival to the Transitional Federal Government, whose authority did not extend far beyond the regional capital of Baidoa. Two experts on the region observed that the Islamic Courts Union "achieved the unthinkable, uniting Mogadishu for the first time in 16 years, and reestablishing peace and security."¹³ They opened and rehabilitated the main airport and seaport for the first time in a decade. Their militias cleared government buildings of squatters, stopped illegal land grabs, and opened courts to handle claims over disputed property. But their power and influence scared the Transitional Federal Government and alarmed its principal sponsor, the Government of Ethiopia, which invaded it with American support in December 2006.

The Islamic Courts Union's core leadership retreated toward the border with Kenya while its rank and file supporters and militia members melted back into Mogadishu life. Christian Ethiopia, a historic adversary of Somalia, installed the Transitional Federal Government in Mogadishu. Violence and chaos followed in its wake. The US Embassy in Kenya underlined the Transitional Federal Government's dismal performance in a despondent cable in December 2008.¹⁴ It said that "continued feuding among the TFG's leadership" along with its "ineffectiveness ... and preoccupation with personality conflicts" was in sharp contrast to the Islamist militia's "steady advances on the ground." The militia had "seized control" of key southern ports and "reigns supreme" in many other regions. "Only the key government towns of Baidoa and Mogadishu," the Embassy reported, "remain tenuously in TFG hands." Meanwhile, Ethiopia was planning to withdraw its troops by the end of December due to "exasperation with the TFG's inability to exert control" and other problems.¹⁵

Since Ethiopia was Somalia's historic enemy, its occupation aided the Islamist militia by providing a cause they could readily rally around. The global financial crisis played into all this, with prices of basic commodities rising and the international economic environment going in the opposite direction. The result of all this was that 43% of the population, or 3.2 million people, needed humanitarian assistance—an increase of 77% since the start of the year. Six thousand Somalis were arriving at a refugee camp in Kenya each month. The US Embassy attempted to engage the "resilient Somali business community" which "provides vital public services, including food and fuel to Somalia." It said that Somali companies formed "the backbone" of its humanitarian food distribution. Moreover, Somali business leaders "worked across clan divisions" and with all authorities on the ground.¹⁶ They were keen to see a stable government that could bring about large-scale reconstruction and development projects. But the Embassy was frustrated by its own government's sanctions because the Somalia Business and Investment Council (SBIC) was chaired by none other than the founder of Al-Barakaat—who remained listed on the UN Security Council Al-Qaida Sanctions Committee until February 2012. He was removed only after a delisting request submitted to the Sanctions Committee Ombudsperson.

Meanwhile, the sanctions listing and delisting procedures were causing a reaction internationally. In the European Union, for example, the US Mission reported that courts were rendering judgments that

impeded the terrorist financing program. “The new problem for us,” it said, was “higher standards of evidence, and judicial review of the sufficiency of that evidence.”¹⁷ Al-Barakaat had appealed its designation, made under EU law pursuant to Security Council counterterrorism sanctions, to the European Court of Justice (ECJ). In September 2008, the ECJ upheld the appeals and ordered that Al-Barakaat be removed from the list. It said anyone listed had a theoretical right to request removal but in reality, the procedure was “in essence diplomatic and intergovernmental, the persons or entities concerned having no real opportunity of asserting their rights.”¹⁸ A person designated a terrorist “may in no way assert his rights himself during the procedure before the Sanctions Committee or be represented for that purpose, the Government of his State of residence or of citizenship alone having the right to submit observations on that request.”¹⁹ Furthermore, the Sanctions Committee wasn’t required to reveal its reasons or evidence.

Alarmed, the US Mission reported that the EU was “increasingly leery about implementing U.S. autonomous designations” regarding terrorism.²⁰ It said that “public conferences routinely feature European officials who question the legitimacy of the UN process.” It recommended several actions, such as dissuading governments and other officials from “unhelpful public remarks.” The Mission particularly feared the forthcoming July–December 2009 Swedish EU Presidency, which was “expected to be less sympathetic to the entire [UN Security Council sanctions] process and may impede progress.” One way around this was to reach consensus on measures to implement Security Council sanctions during the Czech EU Presidency in order to avoid obstruction by “designation-wary states, e.g. Sweden.”²¹

The EU’s terrorist designations had to be based on a decision by a competent authority. But would US designations under the Immigration and Nationality Act or its various Executive Orders meet the standard of a “competent authority” as defined by EU designations law? In some cases, US designations alone sufficed, e.g. the US designation was the only basis for Hamas and the Al Aqsa Martyrs Brigade to receive an EU designation as well. But in other cases, there was no such automaticity due to “lingering EU suspicion about whether the U.S. sanctions system adequately protects individual rights.”²²

Another problem was the “generally negative European views of recent US counterterrorism policies,” leading some countries to question the legitimacy of US designations. These negative views were exemplified

by Switzerland, as the US Embassy in Berne reported. It said, “the Swiss media and individual members of Parliament have placed a greater focus on alleged U.S. Government wrongdoings in the War on Terror than on the terrorist threat itself.”²³ It was not that Switzerland did not implement sanctions; the Embassy reported that Switzerland had implemented UN sanctions even before becoming a full member of the UN in 2002. In addition to the UN lists, Swiss Economic and Finance ministries drew up their own list of terror-linked individuals and entities, blocked 82 bank accounts from individuals or companies linked to Osama bin Laden and Al-Qaeda, and froze another 41 accounts for being related to terrorist financing. Switzerland permitted intensified information-sharing with the US government on Al-Qaeda and allowed an FBI agent to sit in the Federal Criminal Police Counterterrorism Unit. It was sympathetic to joint investigations on counterterrorism.²⁴

But the US Embassy was unused to Switzerland’s streak of independence: Justice Minister Blocher told the US Ambassador that his country shared America’s counterterrorism goals but “Switzerland will worry about Switzerland, and the U.S. can worry about the rest of the world.”²⁵ Swiss authorities rated the threat from right-wing Neo-nazis and left-wing Swiss political extremists much higher. They believe that Islamists in Switzerland regarded the country as a “refuge” rather than a “place to carry out operations.”²⁶ There was a strong negative reaction to news that the United States was operating hidden prisons in Europe:

The Swiss media has gone full bore in identifying U.S. Government sins, real and imagined. Any news on Guantanamo or Abu Ghraib is guaranteed front-page treatment, whereas Al-Qaeda attacks are relegated to the back pages. Of particular concern is the issue of overflights by alleged CIA charter planes. Italian prosecutors allege that a U.S. military jet traversed Swiss airspace on the day Milan cleric Abu Omar was kidnapped. The Swiss government has repeatedly asked the USG to explain the flight and four charter plane landings at Geneva Airport. Washington has yet to respond.²⁷

Overall, the picture that emerges is that the financial war on terror, like the wider war on terror, has not delivered the desired results. Islamic terrorists, once confined to Kabul, Kandahar, Jalalabad, and a few small pockets of rural Afghanistan, now operate much more widely. Each year, *The Lancet* publishes the Global Burden of Disease Study to determine the causes of death worldwide, beginning in 1990. Its most recent

report, released in November 2018, makes sobering reading. It showed that the steady fall in global adult mortality rates had plateaued. In some cases they had increased. In particular, conflict and terrorism are two of the fastest growing causes of death globally, increasing by 118% between 2007 and 2017. They were classified as “fatal discontinuities” or large changes in deaths due to unexpected spikes in injuries or epidemics. Although there were “substantial limitations to their enumeration,” due to the difficulties involved in accurate calculation, the study found that the increase in deaths from conflict and terrorism might have been as high as 148% between 2007 and 2017. Children aged 14 years and below made up 23.5%, and as much as 26.9% of all deaths from conflict and terrorism.²⁸

To reiterate: the havoc unleashed by the invasion of Iraq and the war on terror are the results of policies carried out with the knowledge that they increase the threat of conflict and terror. In Australia, neither side of politics has ordered an inquiry into the Iraq war, and there is almost no discussion in Parliament about the consequences of Australia’s military expeditions: do they increase or reduce the threat to the Australian public? If you fear the answer, it’s better to avoid asking the question.

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CHAPTER 9

Climate Change

Abstract This chapter covers the existential threat posed by climate change. It shows that fighting climate change appears to be a lower diplomatic priority than pursuing commercial objectives. The chapter shows US diplomats at the United Nations in New York keep tabs on climate change initiatives in order to deflect too intense a focus on action to counter it.

Keywords Climate change · Kyoto Protocol · Greenhouse emissions · United Nations Development Program · UN Framework Convention on Climate Change · Copenhagen · National Human Intelligence Collection Directive · Great Barrier Reef · Office of National Assessments · National Climate Assessment · Paris Agreement

The US Embassy cables contain comparatively fewer references to climate change, consistent with a lower American priority on the subject. In 2001, the United States withdrew from the Kyoto Protocol, the first global agreement to control and reduce greenhouse gas emissions. The relevant background is that the 1992 United Nations Rio Earth Summit in Brazil proposed a treaty to stabilize emissions at a level that would prevent dangerous human-induced effects on the earth's climate. The Rio Summit led to a Conference of the Parties to the United Nations Framework Convention on Climate Change. At the third such

conference, known as COP3, the parties agreed on the need to restrict greenhouse gas emissions caused by human activity to a level that would prevent catastrophic climate change. COP3 led to intensive negotiations involving more than 150 countries in December 1997 in Kyoto, Japan, resulting in the so-called Kyoto Protocol.

The Protocol sought to control and reduce the emissions of six greenhouse gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons (used in air conditioning), perfluorocarbons (often produced by aluminum production), and sulfur hexafluoride (used in the electrical industry). The most important gas was carbon dioxide. At Kyoto, 37 industrialized nations plus the European Community agreed to cut their emissions of the six greenhouse gases by an average of 5% by 2012, compared with 1990 levels. Different countries had different targets within the average of 5%. The 15 EU-member countries and some eastern European countries as well as Switzerland had targets of 8% below 1990 levels. The United States agreed to a 7% reduction and Japan, Canada, Hungary, and Poland agreed to a 6% reduction.¹

These binding targets covered developed countries, as the list above demonstrates. That is because the agreement was based on the historical reality that developed countries had been mainly responsible for the rise in global greenhouse gas emissions since the 1800s, and produced the majority of the world's emissions at the time of the December 1997 negotiations. Kyoto thus exempted emerging economies such as China and India from setting numerical targets; they promised only to do their best to reduce emissions. Such an arrangement was anathema to the US Congress, which warned before Kyoto that it would not permit American ratification unless developing countries like China and India were also subject to binding targets. US oil and gas lobbies had been active in the opposition to Kyoto. Accordingly, when George W. Bush became President in 2001, he withdrew the United States from Kyoto.

The Kyoto Protocol entered into force in February 2005. Its first stage ended in 2012, meaning that the leaked US Embassy cables (2003–2010) offer a good insight into American diplomatic activities in this domain. They illustrate the dynamics involved in hammering out a deal to include developing nations, especially a rapidly growing China. One legacy of the Kyoto Protocol is increased innovation in clean technology and greater use of renewable, efficient energy. There has also been a rise in public awareness of the environmental problems of climate change. Along with this public awareness has come greater effort by

certain corporations and the think tanks they fund to downplay the cause and seriousness of climate change. The first stage of the Kyoto Protocol has seen total emissions by developed countries in 2012 reduced by 22.6% compared with 1990 levels, even without US participation.²

Australian Prime Minister Kevin Rudd signed the Kyoto Protocol, something his predecessor had resisted. But he remained supportive of US interests. He told the American ambassador that Australia's approach would be "rational and cautious" and he had "no intention to give the US public grief over the issue" of climate change.³ Rudd was aware of American sensitivity to international action on climate change. Other cables confirm US attitudes to such action. America's Permanent Mission to the United Nations in New York keeps tabs on the subject, attempting to deflect too intense a focus on climate change action.

As Macedonia took up the Presidency of the United Nations General Assembly, the US Mission "pushed back hard on climate change." The incoming President, Srgjan Kerim (former Foreign Minister of Macedonia) had identified climate change "as his top priority for the 62nd General Assembly session." There was what diplomats delicately refer to as a "lively discussion," after which the US Mission reported that Kerim "will likely be a more activist President" than his predecessor. "With a solid economics background and fluent English, he will be easy for Americans to relate to, but he is also likely to be looking for deliverables and legacy items during his tenure. The early focus on climate change is unwelcome and will need to be managed carefully."⁴ As predicted, the focus on climate change saw debates on the subject "proliferating at a dizzying rate, with unpredictable and unwanted ramifications."⁵ The US Mission outlined strategies to steer climate change proposals into paths more suited to US preferences.

One strategy was the creation of what the US Mission called "general substantive principles" for future negotiations. Adoption of these principles "would allow the US Government" to shape the debate "to our optimal advantage and harness our natural allies."⁶ The United States had to deal with an "onslaught" of pressure for climate change as a consequence of highly publicized scientific studies, the 2006 climate change documentary film, *An Inconvenient Truth*, and campaigns by European Union states. The UN Security Council decided to discuss climate change, as did the UN General Assembly, and the Group of Eight industrialized countries (G8). Meanwhile the UN Secretary-General was highlighting climate change at the Commission on Sustainable

Development. The UN Development Program, said the US Mission, was also going to release another of its “opinionated” Human Development Reports.

Amidst this unwelcome worldwide attention, the US Mission proposed that “climate change must remain firmly rooted in sustainable development, rather than stand on a pedestal of its own or even as a ‘first among equals.’” Any discussion of climate change at the UN “should remain the immediate province of the UN Framework Convention on Climate Change (UNFCCC).” General Assembly and other UN debates “must reinforce this principle in every instance.”⁷ If proposals didn’t succeed in the UNFCCC, “they must not be shifted to other fora.” The US strongly opposed the European Union’s proposal to centralize environmental governance in a new entity called the “UN Environmental Organization.” The United States favored the UNFCCC because there it had “common cause with the majority of developing states,” who didn’t want to suffer economic harm from European prescriptions. Since these developing countries were “uncoordinated,” the US Mission proposed “an aggressive effort” to rally them around American negotiating principles, one of which was that “any agreement must facilitate economic growth and development.”⁸

Other cables show how the United States moved against climate change action at the 2009 UNFCCC meeting in Copenhagen, Denmark. At this summit, Australia called for a binding global agreement to stabilize the atmosphere at 450 parts per million of carbon dioxide. It proposed a successor to the Kyoto Protocol, known as the National Schedules Proposal, which would have required all countries to record their own commitments and be held accountable for meeting them. It wanted a market mechanism for a system to Reduce Emissions from Deforestation and forest Degradation (REDD), which would have applied to Indonesia, with which Australia already had bilateral programs.

The US State Department was taking steps of its own in the lead-up to Copenhagen. It directed its diplomats to collect intelligence-related information against United Nations targets, based on its National Human Intelligence Collection Directive. It asked them to report on how countries were preparing for Copenhagen. What discussions were they having about a successor agreement to the Kyoto Protocol? What were the countries’ “perceptions of key negotiators on US positions in environmental negotiations?” What reactions did countries have to American efforts to limit hydrofluorocarbons? Was there “evidence of

[environmental] treaty circumvention” by any country? Were countries adhering to their own national environmental programs, “including protection, monitoring, and cleanup efforts?” Were there any efforts to “develop a mechanism to add chemicals to the list of persistent organic pollutants?”⁹ How were countries engaging trying to protect water, forests, and invasive or endangered species?

“The intelligence community,” said the State Department, relied on American diplomats “for much of the biographical information collected worldwide. Informal biographic reporting ... is vital to the community’s collection efforts.” Accordingly, the State Department instructed its diplomats to collect foreign diplomats’ phone numbers, phone directories, email addresses and internet and intranet identifiers, credit card account numbers, airline frequent flyer account numbers, work schedules, and other relevant biographical information. The objective here was to shape policies to conform to US corporations’ preferences of how the billions of dollars needed to reengineer the world to a low-carbon model would be directed.¹⁰ Copenhagen called for a temperature increase ceiling of 2 degrees, emissions reduction targets by developed countries and “Nationally Appropriate Mitigation Actions” from developing countries, all of which would have to be registered with the UNFCCC. Ultimately, the UNFCCC only “took note of” the Copenhagen Accord, without accepting any legal obligations.¹¹

Meanwhile, the Australian government secretly dropped its own environmental protections for the Great Barrier Reef in deference to the United States. The conservative side of Australian politics under the Prime Ministership of John Howard had imposed a compulsory pilotage regime in the fragile marine environment of the Torres Strait in October 2006. The regime compelled owners and masters of vessels to use a pilot to navigate the narrow channel of the Torres Strait. The aim was to reduce the risk of oil and chemical spills at the northern end of the Great Barrier Reef. The next month, however, Singaporean ambassador-at-large Tommy Koh told the American ambassador in Singapore that his government was “deeply concerned” that Australia’s actions would encourage “other coastal states to encroach on the right of free passage as enshrined in the UN Convention on the Law of the Sea.” Singapore’s then foreign minister, George Yeo, complained to the Australian government about its decision’s “negative impact on larger strategic interests.”¹²

The United States supported Singapore’s positions over Australia’s, complaining to Australia and urging other countries to protest as well.

The Howard government resisted this pressure, as did the incoming Labor government in its first six months. In July 2008, the head of DFAT's International Legal Division, Adam McCarthy, told the American Embassy's Economic Counselor that more than 130 oil tankers had passed through the Torres Strait in 2007. Australia was worried they "could be involved in an accident causing environmental damage to the area." Prime Minister Rudd, he said, had told the Singaporean Prime Minister that it was "politically impossible to change the mandatory nature of the regime. If there were to be an oil spill after the Rudd Labor Government 'weakened' the environmental protections imposed by the Howard Government, ... the political cost would be immense."¹³ McCarthy said he wanted to find a solution and "everything is on the table ... except the mandatory nature of the regime." The US Economic Counselor pointed out that "this is the exact point which we find unacceptable."¹⁴

An intensive rethinking of the matter followed. Australia decided to leave the compulsory pilotage regime in force while agreeing to not enforce penalties against ships that disobeyed it, provided they did not subsequently call at an Australian port. Australia thus weakened its compulsory pilotage regime for large vessels, such as oil tankers, chemical tankers, and liquefied natural gas carriers, with possible implications for the northern end of the Great Barrier Reef. Damien White, the Director of DFAT's Law of the Sea Section, told the US Embassy that the Australian Maritime Safety Authority (AMSA) would not issue a new Marine Notice to that effect but would merely update the text of the existing Marine Notice on its website.¹⁵ And so it was that AMSA announced the change by publishing a one-paragraph "Marine Notice" at the bottom of a longer notice on a different subject. Transport Minister Anthony Albanese, considered a leader of the Labor Left faction, made no public statement about the change.¹⁶ The head of DFAT's International Legal Division acknowledged privately that "the deal with the United States was an end in and of itself given the nature of the relationship with the United States."¹⁷

Another strategy revealed in the leaked cables was to sow doubt about the science underpinning climate change. The US Mission to the United Nations suggested the international community "does not agree on what it knows about climate change," nor does it agree on "how to deal with what it thinks it knows."¹⁸ Behind the scenes, the cables show, Australia's peak intelligence body assessed that Southeast Asia would be the region worst affected by climate change, with decreased water flows

from the Himalayan glaciers triggering a “cascade of economic, social, and political consequences.”¹⁹ The Office of National Assessments’ views were reflected in an American embassy cable that described confidential bilateral intelligence discussions. If there were no action to control carbon dioxide, the ONA said, average world temperatures would increase by 2 degrees by 2050 and by 4 degrees by 2100. Southeast Asia would be the “worst affected” because of “political turmoil, a growing youth demographic and a general increase in population.” Southeast Asia faced “wild monsoon variations with subsequent effects on littoral infrastructure, agriculture, marine currents, and fish stocks.” Its difficulties would be worsened by “bad development decisions, especially in city growth and infrastructure. For example, population growth and consequent increased ground water usage in coastal cities cause subsidence, adding to the effect of rising sea levels.”²⁰

In the Pacific, the prospects were much worse, as some Pacific Island countries “face an existential threat of rising sea levels and are planning for evacuation rather than mitigation measures.”²¹ Their citizens might have to evacuate as a result of rising sea levels. But the Australian government wanted to avoid such action. Accordingly, its policy response was at sharp variance with the intelligence assessment. The leaked cables report DFAT Secretary Michael L’Estrange saying Australia “would urge the Pacific island nations to address environmental problems incrementally rather than focusing on worst-case scenarios immediately.”²²

The leaked cables end in 2010, two years before the conclusion of the first stage of the Kyoto Protocol in 2012. The countries met in Doha, Qatar, in 2012 and agreed to keep their reduction goals under the Kyoto Protocol in place until 2020. But this so-called Doha Amendment was not accepted by all the original Kyoto Protocol signatories. The failure to reach consensus was partially overcome during negotiations in France in 2015; the Paris Climate Agreement resulted in an action plan to keep the increase in global average temperature “well below two degrees Celsius above pre-industrial levels” and to pursue efforts to limit the increase to just 1.5 degrees.²³ The Paris Agreement involved financing for developing countries in particular to reduce emissions, and new measures to report national greenhouse gas emissions and mitigation policies. By February 2019, 185 countries had ratified the Paris Agreement. The United States announced its intent to withdraw, a decision that could occur as early as November 4, 2020. At the time of writing, it remains a party to the Agreement.²⁴

It is instructive that this chapter is short although the magnitude of the danger posed by climate change is so extreme. In November 2018, 13 US federal agencies issued a major scientific report into the effect of climate change on the physical earth system across the United States. The National Climate Assessment is mandated by the Global Change Research Act of 1990. It analyzed trends in human-induced and natural climate change and projected changes in temperature, precipitation patterns, sea level rise, and other climate outcomes to the end of the twenty-first century. It warned of severe disruption to US exports and supply chains, falling agricultural yields, and more catastrophic fires and storms. It was very likely that “some impacts, such as the effects of ice sheet disintegration on sea level rise and coastal development, will be irreversible for many thousands of years, and others, such as species extinction, will be permanent.”²⁵

The Report called for taxes or fees on companies that release carbon dioxide into the atmosphere, laws that imposed limits on greenhouse gas emissions, and increased funding for clean-energy research. Several scientists noted that although the US government did not appear to have altered or suppressed the Report’s findings, the timing of its release was remarkable: at two o’clock in the afternoon on the day after Thanksgiving, when its public impact would be minimal.²⁶ The low priority the US government gives to dealing with climate change is reflected in the cables. Tens of millions of words in the leaked cables deal with strategic and commercial objectives. By contrast, climate change receives very little attention, most of which is devoted to minimizing international action on what should be regarded as an existential threat to organized human society.

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CHAPTER 10

What Uncle Sam Wants

Abstract This chapter pulls together the main points of the previous chapters. It explains that the US Embassy cables from 2003 to 2010 provide a view of a world in transition. Many key contemporary events are illuminated by discussions in the cables. It notes the Australian government's deep and willing integration into the United States' global ambitions. Ultimately, it observes that US objectives are consistent over the long-term but are pursued over a much shorter policy horizon. Put simply, policymakers and diplomats deal with immediate problems and “kick the can down the road” to their successors.

Keywords Treaty on the prohibition of nuclear weapons · Air-to-air refueling · Royal Australian Air Force · Bipartisan consensus

The US Embassy cables from 2003 to 2010 provide a view of a world in transition. Many key contemporary events are illuminated by discussions in the cables. American diplomats described things from their own point of view, but they so candidly, unaware that their reports would receive what amounts to an early release of archival records. This book has drawn on the cables to shed light on ongoing tensions with Russia, US–China relations, Israel, Iran, North Korea, Free Trade Agreements, Intellectual Property Rights, Tax Havens, GVCs, Public Diplomacy, Anti-Terrorist Financing and Climate Change. In great power politics, for example, we see how President Clinton's expansion of NATO to

the east, in violation of assurances his predecessors gave to the USSR's Mikhail Gorbachev, ramped up tensions in ways that are all too alive today.

The cables illustrate the Australian government's deep and willing integration into the United States' global ambitions. They help us understand why Australian troops stayed in Afghanistan from 2001 to 2013. Five years later, four of Uruzgan's six districts and more than half its population were under Taliban control or influence, and Australian troops returned to Afghanistan in 2018. They also returned to Iraq as part of US operations against the self-described Islamic State. The cables also provide valuable background information about Australia's military acquisitions even today. They show the depth of policymakers' commitment to US objectives. The ongoing Australian emphasis on inter-operability with the United States can be seen in the purchase of air-to-air refueling tankers for the Royal Australian Air Force. These tankers can refuel both US Air Force and US Navy aircraft, which are not interoperable with each other. They help us understand the priority that Australian policymakers place on the need to remain relevant to the United States.

The cables shed light on events long after the cables came to an end in February 2010. In 2018, for example, Australia's Department of Foreign Affairs and Trade announced that Australia did not support the Treaty on the Prohibition of Nuclear Weapons. It said the treaty "creates parallel obligations to the Nuclear Non-Proliferation Treaty (NPT), has not engaged any state that possesses nuclear weapons in its negotiations, ignores the realities of the global security environment, has weaker safeguards provisions than the existing NPT framework, and it would be inconsistent with our US alliance obligations."¹ The cables help us understand that the last words of that statement are the most important.

The Opposition Spokesperson on Foreign Affairs, Penny Wong, extended bipartisan support to this position. She said the Treaty on the Prohibition of Nuclear Weapons "would have profound consequences for defense and security arrangements" because "Australia's defense arrangements are intertwined with the United States." Ratifying the Ban Treaty "risks impacting on Australia's alliance with the United States. As a close ally of the US, we benefit from its strategic power, and Labor's support for the alliance is unshakable."²

The cables also help us understand the key enablers of American corporate power: control of labor, enforcement of intellectual property

rights, and favorable tax arrangements. They show US diplomats keeping tabs on trade unions abroad: they monitor strikes, labor shortages, unemployment, labor hire practices, political parties' attitudes toward industrial issues, and other subjects. They demonstrate the pivotal importance of intellectual property rights; US corporate power is dominant in a world of Global Value Chains (GVCs), and intellectual property provides the revenue streams that flow out of this world. And, since the objective in a GVC world is to declare profits in the lowest possible tax jurisdiction, we see US diplomats reporting on tax arrangements in many parts of the world.

The cables reveal how US diplomats deal with negative reactions to their policies. We see the Public Affairs Section in the US Embassy in Canberra at work, assisted by its public affairs officers in US consulates in Melbourne, Sydney, and Perth. Public opinion is much more favorable in Australia than other places, however. The cables expose the limits of public diplomacy; policy objectives sometimes cannot be reconciled with world public opinion. In such circumstances, the problem facing public diplomacy initiatives is the policy itself, not its presentation.

The book has used cables across a number of different subjects and regions to build a case study of US initiatives against Terrorist Financing (referred to as TERFIN). We observe US diplomats at work in Washington D.C., the United Arab Emirates, Somalia, Kenya, Brussels, and elsewhere. We see their initiatives predicated on the assumption that terrorism can be defeated by uncovering and destroying the financial infrastructure on which it rests. We also see the limits of this assumption, and the unintended consequences of the weapons fired on the financial terrain.

Finally, we observe the low priority the US government gives to dealing with climate change. The cables show the United States making common cause with developing countries against the European Union in order to channel global action along lines more amenable to American corporations. The National Human Intelligence Collection Directive reinforced this strategy, asking US diplomats to report on the perceptions of key foreign negotiators, evidence of environmental treaty circumvention, and efforts by other countries to protect water, forests, and invasive or endangered species. The cables also exposed the Australian government's secret jettisoning of its own environmental protections in deference to the United States.

Above all, we see that US objectives are consistent over the long-term but are pursued over a much shorter policy horizon. Put simply,

policymakers and diplomats deal with immediate problems and “kick the can down the road,” as it were, leaving their successors to solve future problems, including the ones their own actions have caused.

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