Rudd Resurrected, or Kevin II

ERNEST BOWER

Ernest Bower is codirector of the Pacific Partners Initiative at the Center for Strategic and International Studies in Washington, D.C.

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A new level of political intrigue shook Australia last week as Kevin Rudd resumed the role of prime minister, ousting Julia Gillard, who three years earlier had done the same to him.

Rudd’s resurrection and the roiling factionalism of the Labor Party have seen Shakespearean conniving and shifts in alliances; betrayal, misogynous barbs, and political murder and suicide have characterized the battles. The drama goes beyond Labor and includes the persona of Tony Abbott, the leader of the Liberal Party (ironically, the more conservative of Australia’s two major parties) and head of the opposition coalition.

The phenomenon, viscerally deemed “spill” politics by local journalists, is considered by most Australians to be gut-wrenchingly “non-Australian.” A long-standing political observer in Sydney said, in near shock, “This is not who we are as a nation.” If that is true and voters say “a pox on both houses,” where will they turn when the impending election forces them to choose a side?

Parliamentary rules require Rudd to call an election between now and late November. He must hold the election within six weeks of advising the governor-general of his plans to do so. Business leaders, who met Rudd in Canberra on July 2, urged him to call an election as soon as possible. Members of the decimated Labor Party did the same. That might be good advice.
Rudd Resurrected, or Kevin II (continued)

Before the latest Labor coup, sitting prime minister Gillard was trailing the opposition's Abbott by huge margins. Since Rudd’s return, polls have spiked in Labor’s favor.

But Rudd will probably see reasons to delay. As an addicted internationalist, he is likely to believe that bringing his wisdom to the G20 Summit in Russia, the APEC Leaders Summit in Bali, and the East Asia Summit in Brunei—all in October—may help convince his fellow citizens that he is the man to lead the country.

Early signs of this hubris are already on display. Using shocking language, he suggested to Indonesia that Abbott’s policies are so inimical to its interests that his leadership could result in open conflict with Australia’s nearest neighbor. This was a stunning choice of words ahead of Rudd’s July 4–5 visit to Jakarta. The only rational interpretation is that Rudd hopes Indonesia, fearing the Abbott that he is trying to define as a dangerous jingoist, will send a message to Australia that it prefers Rudd steering the ship of state.

So the question on everyone’s mind in Australia is whether Rudd learned from his ouster the first time around. The betting is that he probably has, at an intellectual level. But striding the world’s stage with other leaders through October may prove too irresistible and entice him to eschew good advice to take advantage of his strong poll numbers by calling an election early. The consensus is that Rudd “will go long.”

That decision may have some real impact on U.S. interests and engagement in the Asia Pacific. On the one hand, President Barack Obama will have his old friend and fellow big-policy mind with him at the key summits in October. Rudd’s creativity and nearly unmatched ability to articulate the advantages of open regionalism, new economic and security architecture, and a compelling case for the Indo-Pacific—a concept linking the Asia Pacific and the Indian Ocean as one strategic region—will be a real advantage.

On the other hand, Rudd’s resurrection resulted in the resignation of Trade Minister Craig Emerson, which could cause problems for progress on the Trans-Pacific Partnership (TPP) along the timeline that Obama and his new U.S. trade representative, Mike Froman, are targeting. They would like to
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see an agreement by year’s end in order to try and pass it well before the 2014 U.S. congressional elections.

Emerson has a firm grasp of trade policy, economics, and the politics that surround them. His involvement in the TPP negotiations was clearly part of a plan to complete an agreement in the near term. But he is gone. In addition, the Australian government will be precluded from making commitments to the agreement in the period between Rudd’s announcing of elections and the vote itself. This could sideline Australia during what could be a key juncture in the negotiations, especially if Rudd decides to delay elections until November.

Australia’s foreign policy has been bipartisan in nature, meaning that the outcome of this year’s election is unlikely to have any dramatic effect on the country’s behavior internationally. The Australia-New Zealand-United States alliance, or ANZUS, will continue to be the foundation of Australia’s strategic policy, and both political parties agree that increased engagement with the Indo-Pacific is essential to the nation’s continuing prosperity.

One potential divergence in the foreign policy of the Liberal and Labor parties is their relative emphases on relations with traditional partners like the United States and United Kingdom, and those with less distant powers in Asia. The most recent Liberal government (1996–2007) stressed the former, providing the United States with steadfast support and praise. On the other hand, former Labor prime ministers Paul Keating (1991–1996) and Rudd during his first term (2007–2010) focused on strengthening strategic, economic, and diplomatic ties with East Asia. In the end, the two parties consider relations with both traditional allies and Asian partners to be essential, so the difference between a Rudd and an Abbott government would be in emphasis more than substance.

When asked what Americans should understand about Australia in order to become better partners, one expert responded, “The United States respects authority, not government; Australia respects government, not authority.” At the moment, Australians want to regain that respect for their government. They are not comfortable with the Shakespearean drama playing out in front of them and hope the upcoming elections will offer a catharsis.
The Month That Was

AUSTRALIA

Polls tighten after Rudd unseats Gillard. Kevin Rudd successfully challenged Prime Minister Julia Gillard for leadership of the ruling Labor Party on June 25, regaining the post of prime minister from which Gillard ousted him in 2010 and breathing new life into Labor’s chances in upcoming elections. The party garnered 49 percent support in a Newspoll survey released on July 1, up from 43 percent before Gillard’s ouster. Gillard had scheduled national elections for September 14, but it is now unclear whether Rudd will keep to that time frame.

Australian dollar falls amid end of mining boom. The value of the Australian dollar fell to $0.92 on June 20 from its position above parity with the U.S. dollar in May. Experts at the time considered the currency overvalued. Falling mineral exports due to declining demand in China and elsewhere and the wrapping up of stimulus spending in the United States have contributed to the currency’s fall. The depreciation has been good news for Australian exporters and employment numbers, but accompanies further signs that the mining boom that helped the country weather the global financial crisis better than U.S. and European counterparts is drawing to a close.

Asylum seekers’ families moved from Manus Island; challenge on Nauru dismissed. Australia’s controversial policy of detaining asylum seekers in offshore facilities is back in the spotlight after the families of asylum seekers held on Papua New Guinea’s Manus Island were moved to Christmas Island on June 20 due to inadequate living conditions. Meanwhile, Nauru’s Supreme Court on June 18 dismissed a legal challenge to Australia’s detention of asylum seekers on the island, saying it does not violate the country’s constitution.

Government rejects proposal to keep citizens’ private data for two years. The Australian government on June 24 rejected a parliamentary committee’s proposal that the state store for up to two years citizens’ private Internet data it collects for law enforcement and national security purposes. The recommendation came amid controversy in Australia following revelations of vast data collection by the U.S. National Security Agency’s PRISM program. The Australian government said it rejected the proposal due to the need for greater oversight of data gathering and to postpone any changes to national security laws until after upcoming national elections.

Poll shows support for U.S. alliance, antipathy toward Indonesia. A large majority of Australians—82 percent—support the country’s alliance with...
the United States and 61 percent support basing U.S. troops in Australia, according to the Lowy Institute’s annual poll of Australian views on foreign policy, released June 24. Views on China are less sanguine, but 87 percent say it is possible to enjoy strong relations with both Beijing and Washington. Australians display a worrying distrust of neighboring Indonesia, with 54 percent seeing it as a potential military threat and only a third saying that Indonesia is a democracy.

Indian defense minister makes historic visit to Australia. A. K. Antony became the first Indian defense minister to visit Australia on June 4, meeting his counterpart, Stephen Smith, in Perth. The two agreed to hold joint military exercises beginning in 2015. High-ranking Indian and Australian officials held simultaneous meetings in Canberra with the goal of improving interpersonal relations between the two governments. Before arriving in Australia, Antony visited Thailand and Singapore for consultations with Southeast Asian counterparts.

NEW ZEALAND

Government minister accused of leaking intelligence report resigns. United Future Party leader and minister of revenue Peter Dunne resigned from his government and party posts on June 7 after being found guilty of impeding an investigation into the leak of an intelligence agency report. Dunne is suspected of having personally leaked the Government Communications Security Bureau’s “Kitteridge Report” to a journalist. The secret document concerned the arrest of Kim Dotcom, a German national accused by the United States of copyright infringement.

Government considering laws to strengthen intelligence agency. Legislators are debating a series of laws that would strengthen the power of the country’s spy agency, the Government Communications Security Bureau, to conduct surveillance on citizens, according to a July 1 Wall Street Journal report. The new laws, which are likely to pass despite criticism from opposition lawmakers and civil liberties groups, would make it legal for the agency to intercept citizens’ phone and electronic communications during national security investigations. A government report in April found that the spy agency may have violated domestic laws by spying on citizens in recent years.

Authorities find no sign of missing U.S. yacht. New Zealand authorities performed an aerial shoreline search for a missing U.S. schooner and its seven passengers on June 28 but found no sign of either. The Nina left Opua, north of Auckland, on May 29 and was last heard from on June 4 en route to Newcastle, north of Sydney. The crew includes six Americans...
and a British man. The recent area search was the second by the Rescue Coordination Centre New Zealand, which will coordinate with Australian authorities on further options.

**Immigration minister rejects proposal to punish foreign investors for housing price rise.** Immigration Minister Michael Woodhouse on June 23 strongly ruled out a proposal to tax non-residents to compensate for rising home prices, insisting that housing inflation is a “supply-side issue.” Green Party coleader Metiria Turei had proposed the tax in January, suggesting that foreign investors are to blame for a spike in home prices. Housing prices in major cities have increased sharply—by 15 percent in Auckland—since June 2012.

**PACIFIC ISLANDS**

**Pacific Islands sign transitional fishing deal with the United States.** The United States and Pacific Island members of the South Pacific Tuna Treaty agreed in May to an 18-month extension of the accord. The United States will pay $94.5 million to allow its tuna fleet to access the Pacific Islands’ fishing zones during the extension, which began on June 15. The transitional deal was necessary because the Pacific Island parties to the treaty have not agreed on how to divide the financial package offered by the United States as part of a long-term renewal of the agreement. The United States hopes to reach a final deal by the end of 2013.

**Asian businesses told to leave Bougainville by September.** The government of Bougainville, an autonomous region of Papua New Guinea, decreed on June 18 that all Asian business owners must leave the province by September. Authorities say the business owners, primarily of Chinese origin, have failed to comply with directives to not operate more than one business in the capital, Buka, and to operate only as joint ventures with locals. The order to leave undermines several previous initiatives to increase Chinese investment, including a 2011 plan to revitalize Buka.

**Papua New Guinea, Indonesia sign 11 bilateral agreements.** Papua New Guinea and Indonesia signed 11 agreements during a three-day leaders’ meeting in Jakarta June 17-19. The agreements aim to strengthen cooperation in trade, education, and defense, particularly along the two countries’ shared border. Direct flights between Jakarta and Port Moresby are also slated to begin in August. Papua New Guinea prime minister Peter O’Neill and Indonesian president Susilo Bambang Yudhoyono said they hope the agreements will improve the traditionally strained relations between their countries, which stem from Indonesia’s annexation of West Papua.
Four Chinese murdered in Port Moresby. Three men and one woman of Chinese origin were stabbed to death in their store in Port Moresby on June 24. Papua New Guinea prime minister Peter O’Neill condemned the attack and has called on the police to take action. Racially motivated violence is nothing new in Papua New Guinea, where 2009 riots were sparked by resentment toward affluent Chinese business owners. The O’Neill government reinstituted the death penalty on May 28 in an effort to deter widespread violent crime.

Nauru holds election to break political stalemate. Nauru voters went to the polls on June 8 and elected Baron Waqa the country’s new president and Charmaine Scotty its second female parliamentarian in almost 30 years. President-elect Waqa has prioritized breaking a political deadlock caused by disagreements surrounding an asylum seeker detention center on the island funded by Australia. Most incumbents in Nauru’s 19-seat legislature retained their seats.

Pacific Partnership visits Tonga, New Caledonia. The navies of the United States, Australia, Japan, New Zealand, Canada, France, and Malaysia kicked off Pacific Partnership 2013 with visits to Tonga and New Caledonia in June. The annual U.S.-led humanitarian exercise runs until August 18 and will provide health and engineering services to the Republic of the Marshall Islands, Papua New Guinea, Kiribati, Samoa, and the Solomon Islands. Pacific Partnership is in its eighth year and is the largest humanitarian assistance and disaster response exercise in the Asia Pacific.

Melanesian Spearhead Group defers decision on Papua group’s accession. Members of the Melanesian Spearhead Group (MSG) decided to defer a bid for accession by the West Papua National Coalition for Liberation—which seeks independence for Indonesia’s Papua and West Papua provinces—during the group’s June 12-14 summit in New Caledonia. The MSG—which includes Fiji, Papua New Guinea, the Solomon Islands, Vanuatu, and New Caledonia’s pro-independence Kanak Socialist Front for National Liberation—will send a delegation to Indonesia before making a final decision.

Melanesian Spearhead Group to create peacekeeping center. The Melanesian Spearhead Group on June 24 announced the creation of a Department of Peacekeeping Operations to foster member states’ participation in international peacekeeping operations. Fiji led the effort to establish the department and has offered a senior police officer to aid its development. Fiji deployed 182 soldiers on June 22 for a UN peacekeeping mission on the Israel-Syria border. Its prime minister, Commodore Frank Bainimarama, has offered the UN mission more than 540 Fijian military personnel.
Outlook for St. Petersburg G20 Summit. The CSIS Simon Chair in Political Economy will host an event on September’s G20 Summit in St. Petersburg on July 12. The event will feature welcoming remarks by Russia’s ambassador to the United States, Sergey Kislyak, followed by two expert panels. It will take place on from 9:00 a.m. to 12:00 p.m. in CSIS’s B1 Conference Center, 1800 K St., NW. Please RSVP to simon.chair@csis.org.

TPP and the Digital Economy. The CSIS Sumitro Chair for Southeast Asia Studies and Scholl Chair in International Business will cohost a panel discussion on July 24 on the key digital economy issues being addressed by the Trans-Pacific Partnership agreement. The event will be the latest installment in CSIS’s ongoing Trans-Pacific Partnership Speaker Series. It will be held from 9:00 a.m. to 11:30 a.m. at CSIS, 1800 K St., NW. Information on speakers and registration for this event are not available yet but will follow soon.
PACIFIC PARTNERS OUTLOOK

CSIS Pacific Partners Initiative contributors:

Ernest Bower, Codirector
Michael Green, Codirector
Murray Hiebert, Senior Fellow and Deputy Director
Gregory Poling, Research Associate
Elke Larsen, Research Assistant
Christopher Doyle, Researcher

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