

STRATEGIC SNAPSHOTS

SNAPSHOT 4

Little Power, Big Choices: Australia's Strategic Future

RAOUL HEINRICH

SEPTEMBER 2010

For Australian strategists, recent decades have been relatively easy. Since at least the end of the Vietnam War, Australia's fundamental security has been assured by a fortuitous set of circumstances. A prolonged era of US primacy in Asia has kept the region open and orderly. It has fostered trade and economic growth and prevented relations between Asia's major powers from devolving into the kind of destabilising competition that would be damaging to Australian security.

The coming decades promise to be far less tractable. In the cold calculus of power, it is China, not the United States, which has benefited most from the stability of US primacy. Yet China's growing power, together with the complex responses this is eliciting across the region, is slowly but steadily transforming Asia's strategic order.¹ Exactly how that transformation occurs lies beyond Australia's control, as does the shape of the order that eventuates and the dynamics by which it operates. For better or worse, Australian security will continue to depend to a large extent on the way the region's major powers choose to manage their relations as the balance among them changes.

This is not a reassuring prospect. *Power and Choice: Asian Security Futures* assessed the gradual emergence of a more competitive balance of power as the most probable trajectory for Asia's security environment, and suggested that the transition away from US primacy 'may already be under way'.

Recent developments have reinforced these judgments. The situation on the Korean Peninsula is arguably worse now than at any point since the Korean War. Naval brinkmanship is on the rise, from the Sea of Japan to the South China Sea. And after years of relative stability, tensions have worsened in US-China security relations, triggered by disputes over US arms sales to Taiwan, China's irredentist claims on the South China Sea, and Beijing's reluctance to meaningfully censure its ally, North

Korea, for sinking the *Cheonan*, a South Korean warship, in March this year.²

For the time being none of this is likely to produce a fundamental breakdown in the region's security order. Yet each of these dynamics is symptomatic of the long-term power shift reshaping Asia's geopolitical terrain. As the region's major powers jostle for advantage, Asia's new volatility serves both as a harbinger of things to come and a timely reminder to countries like Australia of the challenges of a more competitive future security environment.

WISHING AND HOPING

Australian security has long been seen as contingent upon the co-existence of two related things: first, a 'great and powerful friend', a Western, hegemonic ally that is able and willing to prevent the domination of Asia by any other power; and second, a pattern of relatively stable relations among the region's major powers.³

By these criteria, Australia's preferences for Asia's security future are clear.⁴ The optimal outcome would involve the indefinite continuation of US primacy, explored in Chapter 1 of *Power and Choice*. Under conditions such as these, Australia could satisfy both of its criteria. It could bank on the strategic assurances of the United States and the stability of US primacy, while continuing to capitalise on the economic benefits of China's rise. Moreover, Canberra could be confident that, for as long as such an order endured, there would be little, if any, pressure to choose between the two.

The next best option would be a 'concert of powers', explored in Chapter 3. Characterised by a cooperative arrangement among the region's major powers, aimed in particular at preventing major war, this would be distinctly less conducive to Australian interests than would US primacy. A concert would, for example, preclude Australia from relying on the overwhelming dominance

of the United States for its security. Nor would Canberra be likely to qualify for a seat at the table.

And yet, while a concert looks unattractive next to US primacy, it is probably preferable to the most likely alternatives – a balance of power or Chinese primacy – and would contain a number of elements that, taken together, could act as a reasonable basis for Australian security. These include: a prominent role for the United States; an equally privileged position for China, commensurate with its status as one of Asia's leading powers; and a focus on managing competition, preserving stability and preventing major-power war.

Desirable as these futures are, however, they appear increasingly unlikely to emerge. The continuation of US primacy over the long term, for example, depends on China's growth either slowing dramatically or stopping, or else on China's willingness to indefinitely accommodate itself to a subordinate political role under US primacy. Neither seems likely. Likewise, a concert of Asia would depend on the major powers eschewing power-maximising strategies and setting aside their own narrow self-interest in the interest of maintaining overall stability. That is equally at odds with existing patterns of behaviour. As a result, Australian strategists, while hoping for the best, are prudently making preparations for a darker and, unfortunately, more likely future: an Asian balance of power.

HEDGING THE BETS

Beginning in the 1990s, Australian policy began grappling with the susceptibility of Asia's strategic order to disruptions arising from seismic shifts in power. Since then, a self-conscious hedging effort has been under way, with the reinforcement of several features of longstanding Australian strategic policy. Successive governments have nurtured the US alliance to an unprecedented degree of intimacy. New military capabilities – submarines, strike fighters and major surface combatant, among others – have been acquired or foreshadowed, most recently in the 2009 Defence White Paper. And diplomatically, Australia has sought to broaden and deepen its ties in Asia, both bilaterally and multilaterally, as a crucial adjunct to other preparations.

Yet challenges remain. A balance of power, if it does come to fruition, promises to be a much more demanding environment than that to which Australia is accustomed. With China on one side and the United States, Japan and India on the other, a balance risks taking shape through a potentially militarised contest for power and influence. More than ever, Australia's economic and strategic well-being will arise out of the choices it makes in response to this rivalry.

LOOKING AHEAD

To begin with, Australia needs to be realistic about the limits of its influence. Australia is a middle-sized country separated by great distances from the main areas of great-power competition. And despite a strong reputation of diplomatic achievement, Canberra is unlikely ever to exert a level of strategic weight sufficient to tip the balance of power in one direction or another, much less have a decisive effect on the way major powers manage their relations or respond to crises. Of course, Canberra has nothing to lose by using its good diplomatic standing to encourage Chinese moderation, American accommodation, or Sino-Japanese rapprochement, some coalescence of which is needed to lay the foundations for a benign future in Asia.⁵ However, it is only realistic to acknowledge that competition among Asia's major powers is deeply entrenched in the structure of the international system, and as such, may prove impervious to even the most adroit diplomatic efforts.

This is not to suggest that Australia should be fatalistic. On the contrary, as Coral Bell notes, '... Australia is exceptionally well endowed with both economic and strategic assets: remote location, defensible sea-air gap, good access to intelligence, an alliance with the paramount power and efficient, well-trained and well-equipped military forces.'⁶ Nevertheless, in a more competitive security environment, with greater risks and more of them, it makes sense for Australia to maintain a clear-eyed and relatively narrow view of its strategic interests, neither conflating them automatically with those of the United States nor defining them so broadly as to preclude a realistic balance between Canberra's commitments and its resources.

Diplomatically, two traps need to be avoided. The first involves putting too much faith in large, inclusive multilateral organisations such as the ASEAN Regional Forum, East Asia Summit or, for that matter, the UN Security Council. These kinds of institutions are attractive to some Australian policy-makers because they are seen as dampening tensions and amplifying Australia's voice on the international stage. Yet this is an illusion. Multilateral institutions are never more than the sum of their parts. They are a product of the international order, reflecting the preferences of the powerful states that create them or else the balance of power from which they emerge. As such, they are another venue in which major-power rivalries play out. It is for this reason that Australia's bid for a non-permanent seat at the UN Security Council – which would put Australia in the awkward position of having to choose between Washington and Beijing on a range of contentious global issues – does not cohere with Australia's core strategic interests.

By the same token, Australia needs to avoid being enlisted in potential balancing arrangements designed as the foundations of a new, more confrontational policy towards China. Australia will probably one day be forced to choose sides in Asia's emerging

rivalry. In the meantime, the chief purpose of our diplomacy should be to defer that decision for as long as possible. Where the United States and Japan (and later, perhaps, India) can ultimately be expected to constrain Chinese ambitions in pursuit of their own interests, the most shrewd option for Australia is to curb its involvement in the emerging rivalry, to learn better to 'free-ride', minimising its own exposure to the risks and costs of confrontation.

That doesn't mean being complacent. Australian diplomacy should continue to focus on maximising Australia's economic and trade relationships, expanding access for Australian exports and encouraging foreign investment from all directions.

Most importantly, Australian strategists should remain attentive to the dual risks of abandonment and entrapment that its heavy alliance dependence entails, precisely because both risks sharpen with a shifting distribution of power.⁷ If the United States begins to guard its primacy in Asia, or even if it simply keeps hedging against China's rise as a progressively higher priority, Australia risks being drawn prematurely and against its own best interests into a systematically antagonistic relationship – eventually, perhaps, even a war – between its military ally and its most important commercial partner.

Conversely, if Washington accepts the decline of its primacy in Asia in the face of Chinese power, Australia will likely face one of two unforgiving strategic environments, or perhaps both in succession: the first, a new Asian Cold War between China and Japan, with all the risks that would entail; the second, Chinese primacy, where Canberra could no longer be automatically assured of its immunity from coercion at the hands of a potentially hostile major power.

Between emerging risks of entrapment and traditional fears of abandonment, and with a regional order taking shape on less stable foundations, the most appropriate response for Canberra is to maximise its own independent strategic weight as a hedge against this spectrum of unpalatable possibilities. By satisfying three basic objectives, this approach would allow Australia to insulate itself from the most serious risks arising from Asia's power transition.

- First, it would improve Australia's capacity to manage its security amidst the greater regional instability and strategic competition of a balance of power type order.
- Second, it would give Australia more confidence and latitude to dissent from American policies that do not coincide with Australian interests, and at a time when the chances of strategic divergence are higher and the consequences of entrapment more dangerous.
- And third, it would better enable Australia to defend itself from any hostile major power, whilst insuring itself against

the possibility that the United States might be unable or unwilling to meet its strategic commitments to Australia.

At an absolute minimum, this means resisting the temptation to shelve the most important maritime ambitions in the 2009 Australian Defence White Paper – namely, a new fleet of submarines and advanced strike-fighter aircraft. But careful consideration should also be given to planning for a much more potent combat capability, despite the very large budgetary implications of such a choice.⁸ In particular, Australian strategists should avoid the temptation to afford greater prominence to alliance considerations in the determination of Australia's military force structure. Enhanced strategic weight demands, above all, a strategy that takes full advantage of Australia's fortuitous geo-strategic circumstances, establishing a greater capacity for independent, high-intensity military operations in Australia's air and maritime approaches and in the archipelagic territory to its north.

In no way should this entail the premature abandonment of the US alliance. But it does mean eventually giving the alliance a much more limited role in Australia's long-term strategic planning, conscious that under certain circumstances the costs of alliance could outweigh the benefits, and that in a sustained era of relative US decline, the benefits themselves may contract.

Of course, these recommendations are not a strategic panacea. No ready-made solution exists for a regional transformation of such scale and complexity, and a new focus on boosting Australia's military capabilities, potentially at the expense of the alliance, throws up an enormous number of complex challenges. What would a post-alliance defence policy look like for Australia? Could we avoid arousing the concerns of other regional countries by adopting such a muscular defence force?⁹ How much would it cost, and what other priorities would we as a nation have to choose to forgo? Could we still rely on access to US defence technology, much of which would presumably be critical, and if not, where would we buy the platforms, systems and supporting capabilities to maintain this new force? And, in the final analysis, what about the US nuclear umbrella?¹⁰

The cultural and historical salience of 'great and powerful friends' means that beginning to even address these questions will be psychologically daunting for Australians. However, if Canberra wishes to maximise its security and prosperity in the decades ahead, in the face of rising Chinese power and declining American primacy, the consequences of ignoring such questions altogether could be far more severe. As US primacy fades, Canberra could find itself either having to assume a much greater burden on behalf of the alliance or learning to expect much less out of it – or, perhaps, both at once. It's time to begin planning for alternatives.

STRATEGIC SNAPSHOTS

NOTES

- ¹ See Malcolm Cook, Raoul Heinrichs, Rory Medcalf and Andrew Shearer, *Power and Choice: Asian Security Futures*, Lowy Institute for International Policy, June 2010 <http://www.lowyinstitute.org/PublicationPop.asp?pid=1306>
- ² Malcolm Cook and Andrew Shearer, *Cheonan Choices*, Strategic Snapshot 1, Lowy Institute for International Policy, August 2010 <http://www.lowyinstitute.org/PublicationPop.asp?pid=1361>
- ³ See Rod Lyon, *Australia's Strategic Fundamentals*, Australian Strategic Policy Institute, 2007 http://www.aspi.org.au/publications/publication_details.aspx?ContentID=131
- ⁴ For a more comprehensive taken on the hierarchy of Australian preferences regarding Asia's futures, see Hugh White, The Limits to Optimism: Australia and the Rise of China, *Australian Journal of International Affairs* 59 (4) 2005 pp 469-480.
- ⁵ For an account of how Australia might pursue a concert of Asia in which power was shared in particular between the United States and China, see Hugh White, Power Shift: Australia's Future between Washington and Beijing, *Quarterly Essay* No.39, September 2010.
- ⁶ Coral Bell, *The End of the Vasco da Gama Era: The Next Landscape of World Politics*, Lowy Institute Paper No. 21, 2007, p 53 <http://www.lowyinstitute.org/PublicationPop.asp?pid=723>
- ⁷ Nick Bisley, Geopolitical Shifts in Australia's Region Towards 2030, *Security Challenges*, 5 (1) Autumn 2009 <http://www.securitychallenges.org.au/ArticlePDFs/vol5no1Bisley.pdf>
- ⁸ See, for example, Hugh White, *A Focused Force*, Lowy Institute for International Policy, 2009 <http://www.lowyinstitute.org/Publication.asp?pid=1013>. An even more controversial take on what such a force might include is set out in Ross Babbage, Learning to Walk amongst Giants: The New Defence White Paper, *Security Challenges* 4 (1), Autumn 2008 <http://www.securitychallenges.org.au/ArticlePDFs/vol4no1Babbage.pdf>
- ⁹ See Sam Roggeveen, *A Non-provocative Defence Posture for Australia*, Lowy Institute for International Policy, December 2008 <http://www.lowyinstitute.org/PublicationPop.asp?pid=948>
- ¹⁰ See Raoul Heinrichs, Australia's Nuclear Dilemma: Deterrence, Deterrence or Denial, *Security Challenges* 4(1), Autumn 2008, pp 55-67.

ABOUT THE AUTHOR

Raoul Heinrichs is a Research Associate at the Lowy Institute and coordinator of the Institute's MacArthur Foundation Asia Security Project. Raoul was the Institute's inaugural Michael and Deborah Thawley scholar in international security. He has a Masters degree from the Australian National University, where he was a T.B. Millar Scholar in Strategic and Defence Studies, and a first class Honours degree from Monash University. Throughout 2007, Raoul worked on foreign and security policy in the office of then Opposition Leader, Kevin Rudd.

ABOUT THE PROJECT

The Lowy Institute's MacArthur Asia Security Project explores evolving strategic relations among Asia's major powers. Based on a realistic understanding of the region's competitive dynamics in a range of key domains, the Project aims to develop a practical agenda for security cooperation across Asia and a suite of measures to ensure that competition does not lead to miscalculation or conflict.



Asia
Security
Project

LOWY INSTITUTE
FOR INTERNATIONAL POLICY

CONTACT US

31 BLIGH STREET SYDNEY NSW 2000
TEL: +61 2 8238 9000 FAX: + 61 2 8238 9005
PO BOX H-159 AUSTRALIA SQUARE NSW 1215
ABN 40 102 792 174
WWW.LOWYINSTITUTE.ORG