

We must be just as unbending as the Chinese

The Spectator

Wednesday, 26th August 2009

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China needs to know that there are things on which we will not compromise, says Andrew Shearer

China's opaque institutions and dubious commitment to the rule of law make it hard to tell exactly what Australian Rio Tinto executive Stern Hu and his unlucky colleagues are meant to have done. They must feel as if they are caught up in a Kafka novel. Senior Rio Tinto executives and Australian officials are adamant that they are blameless.

At one point it looked like they would be charged under Beijing's repressive state secrets laws, but when Hu was eventually charged last week it was for the lesser offences of bribing officials and stealing commercial secrets. China's political leaders may have been unnerved by the strength of the international reaction and looked for a way to lower the temperature. But Australians shouldn't kid themselves. An unnamed Chinese political leader belled the cat when he was quoted before Hu was charged last week to the effect that 'protecting the secrets of the Party and the state, including secrets in the economic and technological spheres, is a major concern for the interests of the nation, state and people'. The country that is now our largest trade partner draws no distinction between commerce and its broader political and strategic interests. Beijing is throwing down the gauntlet in a move calculated to intimidate Australian business and government alike and to shape their future decisions.

How should we respond?

American scholar and diplomat George F. Kennan is best known for his profound understanding of Russia. But the Australian government could do worse than peruse Kennan's insights into China as we struggle to manage an increasingly complex and difficult relationship with Beijing.

In the second volume of his memoirs, Kennan muses: 'The Chinese were infinitely adept at turning foreign visitors and residents, even foreign diplomats, into hostages and then, with a superb combination of delicacy and ruthlessness, extracting the maximum in the way of blackmail.'

So far Hu's treatment has been characterised more by ruthlessness. Beijing ignored the Australian government's increasingly plaintive requests for information about the case and brushed off the Prime Minister's expressions of concern as 'noise'. So much for the PM's vaunted special relationship with China.

The Rudd government's record of foreign policy achievement is pretty indifferent. Quixotic multilateralist activism — whether in the form of Asia Pacific Community-building or reheating the Keating government's stillborn Canberra commission to rid the world of nuclear weapons — has distracted the government from the sober, painstaking work of building stronger bilateral ties with our most important regional partners. Poorly conceived proposals announced without the normal diplomatic courtesy of prior consultation have caused needless irritation in Asian capitals and in Washington. Despite the government's spin, relations with Japan, India, the US and Indonesia have all lost traction. But the failure to put in place a durable long-term framework for relations with China is emerging as a more serious problem, and a perplexing one considering the Prime Minister's Chinese credentials.

Both governments downplay any link between Stern Hu's arrest and recent difficulties such as the collapse of the Chinalco deal with Rio Tinto and the release of Australia's Defence White Paper, which questioned the purpose behind China's rapid military modernisation. But the fact

that Beijing initially detained Stern Hu under China's sweeping state secrets laws was clearly designed to send a message: enough is enough. Beijing is confused by the mixed messages Canberra is sending, irritated by perceived slights and resolved to act firmly to protect its strategic interests.

In part, the difficulty is inevitable. The simple fact is that the relationship is becoming much more complicated and much more difficult to manage. China will be vitally important to our economic future. But unlike Japan — with whom the Menzies government had the foresight to establish a phenomenally successful partnership — China is neither a developed country nor a democracy. And rather than being the most important ally of Australia's main security provider, China is an increasingly open strategic competitor to the US, particularly in our region.

These differences can be managed through good statecraft, as the Howard government demonstrated (after a bumpy start). But they do matter. Those who like to pretend that Australia-China relations can be conducted in the same way as our highly successful relationship with Japan in the 1970s are seriously misguided. Recent crackdowns in Tibet and Xinjiang should remove any doubt about the Chinese leadership's fundamentally authoritarian nature and fierce determination to hold onto power. Whether in Sudan, Zimbabwe or Fiji, China's often unhelpful international behaviour — driven by narrow self-interest rather than any sense of broader responsibility — reflects the nature of its political system. Rapid acquisition of blue-water naval capabilities suggests that Beijing won't be content to rely on international energy markets and US sea power alone to guarantee the massive energy flows China needs to sustain growth. And the treatment of Stern Hu should remove any vestige of doubt that companies such as Chinalco are not just state-owned but very much state-controlled.

Ironically, the Australian public (often maligned by the foreign policy elite for its supposed ignorance) seems to have a better grasp of these complexities than many of the experts. The 2008 Lowy Poll showed that 62 per cent of Australians recognise that China's growth has been good for Australia. But 59 per cent of those who thought China would become the leading power in Asia expressed discomfort with that prospect.

That sort of nuanced appreciation of the tangled mix of opportunities and challenges China poses for Australia would be a good place for the Rudd government to start. Rather than oscillating wildly between being transfixed by China and clumsy distancing of the sort we saw when the Prime Minister tried to avoid sitting next to Beijing's former ambassador to Australia, we need a balanced and above all consistent approach so that both governments, business and the Australian people know where they stand. Our approach to the relationship should be just as hard-headed as China's.

Instead of focusing on China to the perceived exclusion of our other Asian partners, we should start with taking more seriously our strategic relationships with Japan, India and Indonesia: the region's big democracies with whom we share not only interests but also values. As former US deputy secretary of state Richard Armitage likes to say, get Asia right and you get China right. We should focus on the areas where we have common interests with China — in particular, clarifying the rules of the road for the trade and investment relationship — while making clear that there are some things on which we will not compromise, including our alliance with the US, our other regional partnerships and our fundamental belief in the liberal democratic model.

We should respect China's growing power. But we shouldn't be mesmerised by it. After all, China has an insatiable appetite for minerals and energy, and Australia is a resources superpower. We need China, but China needs us too. We certainly should not assume that in all cases Australia needs China more than China needs us. We should think more strategically about how best to use our resources leverage as part of a wider international strategy. If we do, we can avoid Kennan's bleak prognosis: 'We, in our sentimentalities, our bumbling goodwill, our thirst for trade or converts, our political naivete, and the ease with which we could be both flattered and misled... were simply not up to them.'

