

## **China's rise must change Gillard's script**

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When Julia Gillard gets down to business in Washington today, China will be the most important item on the agenda. Revolutions in the Middle East may grab today's headlines but China's rise and how it is managed will shape our whole future for good or ill. America's leaders understand this. They know that US global leadership faces a much more serious challenge than al-Qaeda, because they understand that China could quite soon overtake America to become the richest - and therefore the strongest - power in the world, and that America faces a truly momentous choice as it decides how to respond.

That choice is still to be made, which gives American allies such as Australia a huge opportunity, and imposes on Gillard a huge responsibility. The American leaders she meets and the American audiences she addresses will want to hear how Australia believes America should respond to China's rise.

In deciding what to say she faces an important -perhaps even a career-defining -choice of her own. She could follow the example of John Howard and Kevin Rudd, who pretended to Americans that nothing in American or Australian policies towards China needed to change. Or she could acknowledge that America's approach to Asia must adapt to the way China's rise is transforming the Asian strategic landscape, and explain what Australia thinks it should do about it.

She would be unwise to take the first option. Serious people in Washington understand that America cannot keep working with China in future the way it has in the past. If Gillard pretends they can, she will look either naive or insincere. More importantly, she would miss a vital opportunity to influence American thinking on what may well be the most important issue of our time.

It is no exaggeration to say that Australia's future depends on the future of the US-China relationship. Our economic growth depends on China's growth, and our strategic future depends on America's power. Conflict between them would be a disaster for us, and for all of Asia. And yet this is a real and growing risk if the US-China relationship is not managed with greater restraint, foresight and statesmanship on both sides than we have seen so far.

So Gillard would be failing in her responsibilities as leader if she does not press the United States to build a new relationship with China that protects Australia's future by minimising this risk.

So what should she say? Here are the key points.

Australia believes that America has a vital role to play in maintaining peace and security in Asia over coming decades. We cannot imagine a stable and prosperous Asia in which the US was not deeply engaged as a major strategic power. But the nature of American engagement in Asia must change because Asia is changing as China grows.

For 40 years, since Nixon met Mao in Beijing, China has been willing to accept American leadership. Now the Chinese expect a bigger role. This poses a historic choice to America and its friends and allies in Asia. Do we resist China's bid for more power in Asia, or do we accommodate it? For America the choice is especially acute: does it aim to maintain its leadership in Asia in the face of China's challenge, or make way to China's ambitions?

Both options carry big costs and risks. Accommodating China's ambitions now may be the first step towards Chinese domination of Asia, with the danger that future Chinese governments would tyrannise the region. But opposing Chinese ambitions would lead to escalating strategic competition, lost economic opportunities and quite possibly a disastrous war. This would be a terrible outcome not just for Asia but for America as well.

How we balance these costs and risks depends partly on how much power China wants.

If China is determined to dominate Asia, then we have no option but to resist. But if China is willing to moderate its ambitions, it might be possible to concede a bigger role to China while retaining a major role for America and providing safeguards against Chinese hegemony in future.

Australia believes that our first priority should be to explore this kind of outcome: one that provides China with enough extra influence to be satisfied, while preserving a strong role for America. This would prevent China pushing for hegemony and at the same time avoid the disaster of escalating strategic competition between the world's two strongest states.

How could we build this kind of order? Washington would need to make clear that if China is willing to moderate its ambitions, America would be willing to relinquish primacy in Asia and accept instead an equal role with China and Asia's other great powers in a collective regional leadership. This would be a big and difficult step for Americans to accept, but the alternatives are stark. If the US is not prepared to share leadership in Asia with China, it will have no alternative but to compete with it for primacy, or relinquish any substantial strategic role there. Either outcome would be disastrous for Australia.

Strong stuff. This is not the kind of message Americans are used to hearing from Australian political leaders. But they understand that things are different in Asia now, and they respect Australians enough to want to know what we really think.

So Gillard should make up her mind. If she really believes that the US should refuse to concede anything to China, and if she is willing to accept the inevitable consequences of growing hostility between our two most important international partners, then she should say so. If not, she should have the courage to explore the alternative suggested here. No serious leader can keep pretending that China's rise changes nothing.

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