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Changing Asia, rising China, and Australia's strategic choices

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Over the past week, one of the core controversies in Australian strategic planning has burst into the public limelight: how should Australia react to the growth of Chinese power? Media reports that senior Australian defence planners now foresee the rise of an aggressive, hegemonic China in Asia—in contrast to intelligence assessments which see no such China in prospect—suggest a much more central role for the growth of Chinese power in shaping Australian defence spending and force structure.[1] There are two key issues immediately at stake here: the first concerns China's future; the second, Australian strategy. But there's also a third issue, one of policy process rather than strategic judgments: what's the proper role of intelligence assessments in shaping policy? This paper explores, briefly, those three issues.

Let's start with the issue of China's future. Will China become a revisionist, aggressive, authoritarian great power? The honest answer is that nobody knows: China experts worldwide can't even agree on what sort of actor China is now, let alone the more opaque question about what it might eventually become.[2] The divisions are deep and fundamental. Some see it as a fragile superpower, vulnerable to a range of domestic weaknesses; others as a growing, long-term challenger, carefully building a comprehensive set of power assets. Some believe Beijing wants to change the existing regional order; others see a China merely wanting a bigger role within that order.

Those disputes resonate through the current debate within Australia about China's likely strategic trajectory. On one side of the ledger, a relatively persuasive body of evidence suggests China wants to be seen as a responsible stakeholder: its economy has underpinned the growth of a wide range of other regional economies, including Australia's; its assistance has been important in managing the North Korean nuclear issue; its interest in secure sealanes of communication has increased dramatically as it has become a more expansive trading nation; its contribution to UN peacekeeping and even to helping counter piracy in the Gulf have both escalated noticeably; its proliferation-related exports of yesteryear have ceased; and its level of cooperation with the World Health Organization on issues like bird flu has improved.

On the other hand, China continues to enhance its military capabilities, gradually expanding the 'bubble' of Chinese power outwards from its coastline. As it does so, a range of regional countries are becoming more

concerned about how Beijing might choose to exercise its increasing range of military options. And as it does so, the 'geographic peace' of the current Asian security environment—a continental great power sitting alongside a maritime great power[3]—is starting to come to an end. Moreover, some of China's developing capabilities are a worry: Beijing's anti-satellite test, generating a large debris field which will decay through lower orbits for years to come, is frequently cited to argue that China is not a responsible stakeholder. Its space and cyberspace programs attract increasing interest. And Chinese transparency, though improved, still isn't all it could be in terms of defence budgeting and force development.

But we have to be realistic here: Asia has historically been a Sino-centric region, and some return of Chinese influence in future Asia is probably inevitable. To think we can live forever in the artificial Asian security environment that followed WWII—the environment where Asian regional powers were weak—is simply misguided. We must anticipate living alongside a range of regional powers. Those powers will include China. So far as we can tell, China intends to be a comprehensive power, and not merely a one-dimensional economic power (as it thinks Japan is), or a one-dimensional military power (as the old Soviet Union was). Still, it is far from clear how China will choose to use its power. Military power is not by itself an indicator of revisionism—even status quo powers have strong, capable military forces. And China's use of force over recent decades doesn't support the idea that it is becoming more revisionist as its power grows—indeed, it was much more revisionist under Mao Zedong than it is today.

In short, we can be reasonably confident that China will be a bigger and more powerful player in Asia's future. But we don't yet know what sort of international actor China will turn out to be.

So here it's worth turning to the second issue: how should Australia react to China's growing power when it doesn't know whether that power will be exercised for good or ill? The simplest answer is this: we need a strategy that allows for either possibility. Regardless of whether China goes to the good or to the bad, it will generate important geopolitical shifts in the Asian security environment. Australian strategy must be broad enough to cope—over time—with the possible range of shifts, precisely because we will have to live in whichever new Asian security order emerges.

Some commentators say that as military power grows more broadly across the Asian region, and not just in China, Australia must also increase its own strategic weight in order to avoid a relative slippage in regional importance. That's probably true, although it is less clear that a more modest military modernisation program for the ADF than has been touted in the media would necessarily mean Australia's slipping entirely from the ranks of the middle powers to the ranks of the small powers. Australia has long been—and long will be—a middle power. Indeed, in a world where power is arrayed pyramidally, what else can it be? Still, the category of middle power is a broad, generic one: already some middle powers are more influential than others, and that will remain true in the world of 2030. By contrast, Australia has never had the strategic weight to be an independent player in great-power conflicts, in Asia or anywhere else. We are not going to be able to match China's rise, nor to counter Chinese ambitions merely by our own efforts.

Australia has typically attempted to remedy its power weaknesses in major strategic contests by partnering with great and powerful friends. It has always enjoyed, as it does today, a strategic tie to the dominant Western maritime power of the day—first to Britain and now to America. Without our current tie to the United States, and the specific benefits of that alliance—including access to advanced hardware, intelligence, and training—Australia could not today field a defence force as capable as the one it now possesses.

Fortunately, Australia's primary strategy has typically been a double-barrelled one: we have pursued a blend of both order-building and hedging, using the instruments at our disposal to pursue both objectives. The ADF, for example, is an instrument equally suited for both barrels; so too is our alliance with the US. We have contributed forces to wars far away because of our interest in global and regional orders: Western liberal strategic dominance of the global order (World War I and World War II) and—after the invention of nuclear weapons—'managed' strategic orders that deny revisionist authoritarian powers easy resort to force. But we have also used our ANZUS alliance to enhance American interest in order-building and hedging problems closer to our own shores.

Now, more than ever, we have to use our double-barrelled strategy astutely, contributing to a stable, benign regional order where we can, hedging where we must. In a geopolitically dynamic Asia, we have an important strategic interest in helping to build a more stable security order, one which draws the regional great powers into more constructive roles within that order. A China interested in becoming a responsible stakeholder could easily find a place within that order. At the moment, an Asia which manages those transitional challenges to a new order—an order in which a range of Asian great powers all play larger roles—still seems more likely than an Asia which falls apart into competing strategic 'blocs'. In that sort of Asia, the order-building part of our strategy would have relatively more weight than the hedging part, though a degree of hedging would of course still be necessary.

To reach that new order, regional states would have to agree on a number of 'grand bargains'—about spheres of influence, about conflict management, about easing of nuclear tensions, and about regional security architecture: a big ask, but not an impossible one. In the construction of this order, a capable ADF and a vibrant ANZUS would both be useful instruments for us, but not enough: Australia would have to work much more energetically at building the institutions and partnerships that could bring stability to a changing Asia.

On the other hand, if China turns out to be a revisionist, aggressive great power, and we do arrive at the Asia of competing blocs, we would be playing a different ordering game, a game more akin to the one we played during the Cold War, a game of containment and deterrence. In that sort of game, the hedging part of our strategy would have relatively greater weight, the order-building part relatively less weight. Both Australia's own defence force capabilities and the ANZUS alliance would become more important, precisely because they would provide us with a heightened sense of assurance against armed attack, whether of conventional or nuclear kind.

In that more hostile Asian security order, we would be trying to use our own capabilities and our alliance relationship to deter and contain regional adversaries. But not all regional states would be our enemies. Even in that more hostile order, we should be consciously building a set of strategic partnerships with Asian countries along the lines of shared strategic interests.

Against an aggressive, hegemonic China, for example, we might hope to draw some regional partners into something like a containment strategy—perhaps Japan, India, Vietnam and Indonesia. And as a contribution to both the existing alliance and its new partnerships, as well as to its own defence, Australia would have an incentive to grow its own strategic weight.

Although we would be putting less weight on the order-building part of our strategy, even in that 'competitive' Asia, we would still have an interest in a form of 'managed' order, just as we did in the Cold War days. Nuclear deterrence is a powerful incentive for competing great powers to constrain their adversarial relationships to what the strategic environment will bear. In that Asian security environment, some Australians might even argue for Australia to supplement its ANZUS alliance, its closer regional relationships, and its own enhanced conventional forces with an indigenous nuclear arsenal. As Martin van Creveld has argued, in history it was the invention of nuclear weapons that finally put an end to contests in conventional power aggregation.[4] That would be a big decision, one Australia would be highly reluctant to take while it still enjoyed the benefits of extended nuclear deterrence from the existing US nuclear arsenal.

The two Asian orders sketched above—the benign order and the malign—both represent possible regional futures. They stress two objectives for Australian strategic policy: being prepared to invest in the more heavily weighted order-building strategy of the first, and in the more heavily weighted hedging strategy of the second. For as long as possible we need to maintain a degree of coherence between those strategies, shunning an overt reliance on either order-building alone, lest it leaves us unprepared for a much more challenging regional security environment, or hedging alone, lest it drives others into imitation, and thus arms-racing.

Good strategic policy might thus place something of a premium on good timing: when do we need to take decisions about force expansion? It might be possible for Australia's force modernisation program to proceed along the lines of a one-for-one replacement for some years yet, before we have to take the decision to procure more submarines—the number being determined by need rather than by guesswork—above the six we have today. Similarly, we probably do not have to decide now about the RAAF's combat capabilities in 2030. True, it takes time to build, and to learn to operate, high-technology military capabilities, but we would still be retaining an important expansion base within the ADF by adhering to our existing modernisation schedule. If we have 100 Joint Strike Fighters in 2025, it wouldn't be a big leap to expand that number to 200 in 2035.

So, what do timelines look like for force expansion? The lead-time for buying a Joint Strike Fighter seems to be about three years. And Brendan Nelson's decision to buy the Super Hornets was taken in 2006, and they will likely move into the Australian force structure in early 2010. On the submarine side, the Australian Government only decided half way through the production run of the current *Collins* class submarines not to proceed with production of a seventh and eighth submarine. Both those timelines would suggest we still have time on our side in future force expansion decisions.

Finally, what are we to make of the reported fall-out between intelligence agencies and policy departments that apparently underpins the current intra-governmental tensions over the White Paper? In Australia, the premier national intelligence assessment agency, the Office of National Assessments, was—deliberately—created separate from policy departments as a result

of Justice Hope's Royal Commission on Intelligence and Security in the mid-1970s, precisely in order that policy-makers might not 'shape' intelligence to fit their own predilections. So policy departments don't determine intelligence assessments, and intelligence assessors don't make policy. In this instance, the Department of Defence 'hardliners' haven't been able to tell the agencies what to think, but have been reduced to telling the agencies to 'butt out' of Defence policy-making. In return, of course, intelligence agencies aren't allowed to use the words 'Australia' and 'should' one after the other in a sentence. But over the years, governments have usually valued most those intelligence assessments that walk relatively close to the line of giving policy advice. Anything else would simply make the agencies less relevant.

The utility of intelligence varies from situation to situation. Sometimes, raw intelligence data is wrong, and thus so too are the assessments built upon that data. Sometimes, assessments are wrong, pulled into a set of conclusions that describe mere surface eddies rather than deep-ocean currents. Short-term intelligence is often of tactical value, and highly time-dependent. But the more the time horizon stretches into the distance, the more the judgments become exercises in scenario-writing, and scenarios are the 'myths of the future' to use Peter Schwartz's term.[5] Secret information, ferreted out by nefarious means, becomes less important. Long-term intelligence is about trying to solve mysteries, rather than to find secrets. No one knows what Asia will look like in 2030: it isn't a secret written down somewhere that can be stolen.[6]

So how do we make good assessments about the distant future? Schwartz says the trick is to focus on indicators that give a sense of confidence about what the future looks like: slow-changing phenomena, things already 'in the pipeline', constrained situations, inevitable collisions.[7] Unfortunately, he doesn't tell us which of those approaches takes priority in which case, and here the intelligence agencies seem to be working with 'slow-changing phenomena' (the growth of an 'engaged' China) while the defence officials seem attracted to the 'inevitable collisions' (of great-power transition points). Once again, we don't know yet which of those projections will ultimately prove correct. In international relations, though, there are fewer inevitable collisions than many people expect: the Cold War didn't end in one, for example, even after massive armament efforts by both sides.

In an important sense, the battle between the bureaucrats is only of interest insofar as it shapes the policy-makers' final decision. Cabinet ministers usually like to see their senior bureaucrats disagreeing with each other: it convinces them that the public service hasn't 'ganged up' to feed them a specific line. Importantly, it leaves the choice in their hands. The forthcoming White Paper will—hopefully—contain the outlines of a strategy for Australia to face confidently a range of alternative futures.

Endnotes

1 Cameron Stewart and Patrick Walters (2009) 'Spy chiefs cross swords over China as Kevin Rudd backs defence hawks', *The Australian*, 11 April. Follow-up pieces after this article include: Alan Dupont (2009) 'Our forces must first be functional', *The Australian*, 14 April; Cameron Stewart and Patrick Walters (2009) 'Defence chiefs spurned by US on China risk', *The Australian*, 15 April

2 A range of different views are summarised in Rod Lyon and Christine Leah (2008) 'China: what sort of great power will it be?', *Policy Analysis* No.33, 7 November (Canberra: Australian Strategic Policy Institute)

3 Robert Ross (1999) 'The geography of the peace: East Asia in the twenty-first century', *International Security*, 23,4: 81-118

4 Martin van Creveld (2000) 'Through a glass darkly: reflections on the future of conflict', *Naval War College Review*, 53,4:25-44
5 Peter Schwartz (1991) *The art of the long view: planning for the future in an uncertain world* (New York: Currency Doubleday) pp.39-43.
6 This separation of secrets and mysteries draws upon Joseph Nye's useful article 'Peering into the future', in *Foreign Affairs*, July-August 1994.
7 Schwartz, *The art of the long view*, pp.111-2

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