

# Australia and China – What Would a Political Partnership Look Like?

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Over the past decade, leaders on both sides of the Australia-China relationship have tried to define it in a range of different ways:

John Howard: “The relationship between Australia and China is sound because it is built upon the important principles of mutual respect for each other and a recognition that societies that have different cultures and different histories can nevertheless work together very closely if they understand those differences and they focus on the things that bring their two societies together”

Hu Jintao: a “key component” of China’s foreign policy to consolidate and develop its all-round co-operation with Australia, and that China views bilateral ties from a “strategic and long-term perspective.”

Downer: “Australia and China would build up a bilateral strategic relationship.”

Rudd’s Zhengyou: “a partner who sees beyond immediate benefit to the broader and firm basis for continuing, profound and sincere friendship”

Each of these definitions holds key subtexts which tell us a great deal about how these leaders define the relationship.

It’s particularly interesting that all 4 leaders studiously avoided talking about the economic dimension of the relationship

Economics, of course, is at the core of the relationship: one former Ambassador to China recently told me that 75% of his time was taken up in assisting commercial partnerships.

Trade between Australia and China has been nothing short of transformative for both.

China's demand for Australia's raw materials has led to the longest terms of trade boom in our history, abruptly reversing the century-long decline in our terms of trade with the rest of the world.

Because Australia is a politically stable, close-by, full-spectrum supplier of energy and industrial minerals, it has allowed China to embark on the most sustained and rapid phase of infrastructure investment in history.

China's emergence as Australia's largest trading partner has for the first time dragged us out of our comfort zone: where we historically traded with countries in our own alliance system.

And as I argued recently, the China boom has had some pernicious effects on Australia's political class, fostering a culture of complacent risk-aversity that has lost the sense that we control our own destiny.

Lowy Institute polling shows just what the impact of the economic relationship has had on ordinary Australians' views of the world.

When we asked Australians in 2010 which country was the world's leading economic power, 55% said China compared to just 32% who said it was the United States

In 2009, when we asked about the most important economy to Australia, 63% said China compared to just 27% for the United States

In a soft power sense, Beijing's trump card in Australia (and the rest of the world) is its economic size and growth rates, and its seemingly endless demand

In a sense, the centrality of China and Australia to each other's contemporary economic position is alluded to in Hu Jintao's and Alexander Downer's statements about building a "strategic" partnership

But for several reasons, commerce is not traditionally something that leaders tend to dwell on when it comes to that part of the speech that requires them to wax lyrical about a bilateral relationship.

First, commerce is something that just happens, if the right complementarities are in place and if there are no political or geographic impediments.

It doesn't usually require diplomatic pep-talks or exhortations.

Second, trade is what I call a transactional relationship: to buy or sell something, one doesn't have to have a relationship with the buyer or vendor.

And third, to argue that the relationship is mostly about trade is to damn it with the faintest praise possible: the equivalent of saying "the only thing we value about your country is that you're willing to buy what we produce, or that you can supply stuff that's more expensive elsewhere"

The same consideration tends to apply to leaders' reluctance to concentrate on certain other strands to a bilateral relationship.

Security is one.

It's rare (for obvious reasons) that a leader will say "we value you because your willingness to help defend us means we don't have to spend as much on our own defence."

It's even rarer to hear a leader say "thanks very much for being unable to realistically threaten us"

Culture is another.

There's not much to gain from defining cultural exchange as the defining element of a relationship.

Where genuine and meaningful cultural exchange really has shaped a relationship, there's usually a reluctance on the part of "receiving" societies to admit the extent to which they could unkindly be called derivative cultures.

And in the absence of a history of genuine and meaningful cultural exchange, choosing to focus on culture is tantamount to saying “I couldn’t think of anything else to say”

So: when countries need an inspiring theme to define their relationship, and they can’t use commerce, security or culture, what’s left?

Politics.

Leaders who want to say something inspiring about their country’s relationship with another inevitably return to politics.

Because politics is to the state what the personality is to the individual.

Politics defines the inner nature of the state: its values, its priorities, its destiny.

Where commercial or strategic interests may change and bend, politics is constant.

And so, just as two people, when asked to explain their close friendship, will ultimately return to the compatibility of their personalities,

So two countries, when pressed to define why they are so close and committed to each other, will point to their shared political values.

The United States must be the world’s leading exponent of this.

Its leaders never miss a chance to elide the black letter law of alliance agreements when talking about their relationships with their allies; instead they constantly refer back to their common commitments to liberty, democracy, rights etc.

To use another metaphor, finding political commonalities with other countries is the international relations equivalent of religious solidarity.

To know (or believe) that other societies share your innermost political values is a way of allaying a sense of existential isolation

– because others do things the way we do them, it must be the best way to do things

## II

Of course, the leaders' quotes with which I began this lecture are scrupulously free of any such political symbology.

Indeed, with the exception of “zhengyou”, all of the formulations are coldly instrumental.

But the question remains: can two countries so geographically close and mutually entwined commercially as Australia and China, continue to have a coldly instrumental relationship?

Let's face it: neither security or culture offer much to build a relationship on.

In other words: is it possible for Australia and China to build a political relationship?

And if so, what would it look like?

Now in this country this is a very big and difficult question, which tends to generate a lot more emotion than enlightenment when it's aired.

There are those who argue that the thought of a political relationship with China is an impossibility.

The ideological and governance differences are simply too large, they argue.

Any suggestion of accommodating China's interests or preferences is tantamount to appeasement – a highly loaded word used to shut down debate across the western world.

Opponents of even the thought of anything beyond a commercial partnership come from all parts of the political spectrum in Australia.

They list a familiar litany of criticisms of China, almost like a “to-do” list of things China needs demonstrate progress on before a larger relationship will be possible.

This to me seems like a very odd way of approaching any sort of a relationship.

In the realm of human society, if a person was to approach me and say, “these are the things about you that I don’t like; we won’t have a relationship unless you correct them to my standards”,

I would probably conclude that this person really doesn’t want any sort of relationship with me, and that the laundry list of demands is a way of making sure that is the outcome.

There are probably very few societies that do absolutely everything in ways that no-one else objects to.

I know from personal experience that many people in other societies object to the position of Aboriginal people in Australian society, or to the high per-capita emissions of the Australian economy, or to Australia’s policy towards boat-borne asylum seekers.

Even the most seemingly benign and virtuous states – such as Norway – can do things like hunting whales and are host to disturbingly violent xenophobic tendencies.

Many would object violently to Norway’s liberal pornography and abortion laws.

My point is that a refusal to contemplate a closer relationship with every country that does things you object to will lead to a world of distant, cold, instrumental international relations.

A suspicious, judgmental, mean-spirited world – a world in which hostilities and mutual accusations could rapidly get out of control.

But simply saying that our objections to what other societies do should not be a barrier to trying to construct closer relations is not the same as saying we can be equally politically intimate with all societies.

In Australia we may object to Norway’s whaling, and possibly other things that it does – but the basic similarities in our philosophies of the organisation and transfer of political power, the rights of people in society, and the relationship of religion to the state – mean that when our leaders visit each other, they can talk from the same page about many things.

With societies that have different views about these things, the challenge of finding political common ground is more difficult.

This, of course, is where the Australia-China relationship stands, and that is why the two countries' leaders struggle to find a language of political partnership.

But forty years into a bilateral relationship, with such mutually-dependent commercial ties, and common membership in a range of global and regional organisations,

surely Australia and China can find a language of political partnership that goes beyond the tortured formulations used by our leaders thus far?

### III

When thinking about a political relationship between a western, developed country, and an Asian developing country, it's a good idea to go back to first principles.

In this case, to approach what a cooperative political relationship might look like, the best place to start is by thinking about its opposite – what does a competitive political relationship look like?

Fortunately we don't have to cast around that hard to find plenty of examples – indeed we only have to go back as far as the Cold War.

The ideological competition of the Cold War was built around two directly antithetical visions of what the political organisation of societies should look like.

In that world, every weakness, every failure of one's opponent was celebrated and taken to be a sign of the inherent superiority of one's own political system.

In that world, every weakness or failure in one's own system was interpreted as a mortal vulnerability, and denied and covered up lest it gave succour to the enemy.

The result of course was a bipolar balance of terror, with each side keen to subvert political order in the other, and consequently paranoid about dissent within its own societies.

But 20 years on from the end of the Cold War, we live in a very different world.

One major difference is that, in the aftermath of the great crash of 2008 and the ongoing chaos in Europe and America, no society can legitimately claim to embody the ultimate principles of political and economic organisation.

For the first time in centuries, it is non-western societies, which for so long had been lectured by the west about how to better organise themselves, that are the growth engines of the global economy.

Another major difference is the rapid lurch forward in globalisation during the transmillennial decades.

Between the mid 1980s and the great crash, world trade grew at 3 times the rate of global production; global financial transfers accelerated even faster.

The information revolution now connects societies in real time, at the level of citizen to citizen.

Manufacturing chains have distributed across a wide range of low-cost sites.

In this world, to celebrate the failures and weaknesses of other political systems is to celebrate one's own downfall.

The implosion and break-up of a Soviet Union today – if that country were central to the global economy – would precipitate a global economic meltdown that would make the great crash of 2008 look like a blip.

In this world, political partnerships between very different countries are crucial to the survival of the global architecture and global flows we depend on.

To put it simply, countries have acquired a major stake in the proper and effective functioning of each other's political systems

This is particularly the case between Australia and China.



For this country, the breakdown of political order in China would bring several types of catastrophe for us.

Chaos in the world's second largest economy and largest trading entity would bring the world economy to its knees

Political disorder in China would generate huge outflows of people, into Southeast Asia and beyond.

Similarly, political disorder and deadlock in Australia would cause major headaches for China – not least major increases in global minerals and energy prices.

But what sort of political partnership does this mutual imperative entail?

#### IV

At this point, it's probably wise to stop and think about what Australia's and China's understandings and expectations about political partnerships with other countries might be.

Throughout its diplomatic history, Australia has tended to have three types of political relationships: allies, comparators, and "like-mindeds"

Allies of course are countries with which Australia has exchanged mutual security guarantees – these range from members of the British Empire, to the United States, to members of SEATO, to Singapore and Malaysia as part of the FPDA

Comparators are developed democracies that Australia compares itself to.

Canada, the Scandinavians, western Europe, and more recently South Korea, are countries that we watch, and often copy their public policy innovations.

Finally, "like-mindeds" comprise a range of diverse countries that often support the causes that we support within global and regional organisations – countries such as Brazil, Ghana, South Africa and Indonesia.

China has a much older diplomatic tradition of political partnerships.

Imperial China of course had tributary relationships with surrounding kingdoms, which acknowledged the supremacy of the Emperor in exchange for China's benign protection and trade.

Post-revolutionary China developed fraternal ties with other communist states.

Beijing also fostered collaborative relationships with other developing countries.

What's striking in comparing these two traditions of political partnership is how different they are, and how far Australia and China fall outside each other's traditions of political partnership.

As a consequence, if they are to develop a political relationship, Australia and China will need to break with their own diplomatic traditions.

In effect, they will need to construct a special category for each other in their constellations of political relationships.

Now this is a big ask – countries don't just change long-held diplomatic traditions on a whim.

There has to be a compelling reason for them to do so.

And I think, for Australia and China, there *is* a compelling reason – if only they are willing to be creative and to take a few risks.

Australia and China, like most other countries, face mounting governance challenges.

Both societies are beset by a range of complex changes – technological, demographic, economic-structural, and social – to name a few.

But the differences between the two countries are even more startling: in size, complexity, level of development, culture, social expectations.

And here's the idea – Australia and China offer each other the chance to move beyond similar societies in thinking collectively about common governance challenges.

Australia has a comparatively old – and some would say ossified – system of government, whose sclerotic tendencies increasingly lead to poor policy outcomes – but also a long record of highly successful public policy formulation and delivery

China on the other hand, has a steadily evolving system of government and policy making which continues to innovate around creative policy solutions and delivery.

Australia has a very long experience of universal social and health service delivery which could both inform and be informed by China's unfolding social services sector.

China and Australia could benefit from frank discussions about what works and what doesn't in relations between the central government and the provinces or states.

My point here is that a true political partnership between two countries must start from a mutual interest in each others' political systems.

This mutual interest must not be judgemental but it must be interested.

A future political partnership would see Australia and China thinking of each other as a truly useful, open and interested interlocutor in thinking about and resolving its own governance problems

This is something that is already happening, on a small and selective scale, particularly among municipal and provincial governments.

And in thinking together about their own governance problems, it would not take long for them to start thinking innovatively about regional and global governance

Indeed, it is on issues of international governance that their political partnership is most likely to start, given the sensitivities in some sectors about discussing internal governance issues with outsiders.

## V

The key attribute of the Australia-China relationship is the vast differences between our two countries – in size and scale, history and

culture, levels of development, understandings of history, economic make up – the list goes on and on.

But to allow these differences to constrict and limit the Sino-Australian relationship would be tantamount to leaving it hostage to suspicion and potentially antagonism

It is important that we in this room – and particularly you, the emerging leaders from China and Australia – to look at our differences as an opportunity

The commercial linkages between our countries are a loud reminder to us that difference enables complementarities, and complementarities bring opportunity for both sides.

It is important for the next 40 years of Australia-China relations to take our economic complementarities as a model, a call to arms...

And to search creatively for other complementarities that can be developed to the benefit of both sides

An ongoing search for such complementarities, and a determination to make the most of them, would be a true diplomatic innovation –

- not just for the sake of innovation or to give leaders nice things to say to each other, but for the stability and development of the region and the world