

STRATEGY

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Forks in the river

Australia's strategic options in a transformational Asia

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Executive Director's introduction

There are few issues more important in Australian strategic policy than our changing relationship with Asia. With our major alliance partner entering a period of greater frugality, and our own defence-technology edge over our neighbours slipping, we will be drawn towards a set of new strategic choices as the years unfold. We Australians are currently enjoying an economic comfort zone, courtesy of Asia's rise. But the very conditions enabling that are simultaneously creating a strategic dilemma for us—our strategies of alliance and self-reliance don't give us sufficient engagement with the Asia now rising alongside us.

In this paper, Rod Lyon, director of ASPI's Strategy and International Program, tackles that critical third leg of our strategic 'tripod' in a new way, focusing overtly on Australia's options for a closer strategic engagement with Asia. He uses an admittedly broad brush to sketch out four alternative paths for Australian policy. Each of the paths is meant to supplement—rather than supplant—existing policy lines, but each could also present its own implications for the alliance and our pursuit of self-reliance. Canberra's policymakers don't face an easy task in balancing and harmonising three different, complementary, strategic approaches.

Australians are distracted on a daily basis by all manner of issues, most short term. But the big, long-term issues are only going to become more prominent, not less. This ASPI paper unpacks one such issue. And I'm sure ASPI readers will find the paper both provocative and stimulating. As usual, this paper has benefited from external review and the close attention provided by our publication staff. I am grateful to all those who had a hand in its production and presentation.

Peter Abigail

Executive Director

Photo opposite: Australian Prime Minister Julia Gillard with Indonesian President Susilo Bambang Yudhoyono prior to their meeting at Merdeka Palace in Jakarta, Indonesia, 2 November 2010 © AP via AAP/Dita Alangkara.

Executive summary

Australia looks out on an Asia where the pace of geopolitical change is quickening: US power is in relative decline, and the era of weak Asian powers is ending. Australia can't stand back from this challenge. If we choose to rest solely on our current strategies of maintaining the ANZUS alliance and nurturing a more competent and self-reliant Australian Defence Force, we'll carry high opportunity costs into the future. Australia must think about its options for engaging a set of strategically maturing Asian countries with greater reach and influence, and must do so in a way that strikes a balance both with its alliance ties and with its policy of defence self-reliance.

One of the principal hurdles to Australia's fuller Asian engagement lies not in Asia but in ourselves. We seem likely to find ourselves drawn into a more intense debate about our own identity as we contemplate our regional role. Such debates have proven divisive before and may well do so again. Indeed, the closer the ties between Australia and its potential Asian partners, the greater the need for Australians to see their strategic future as irrevocably tied to the region. Only a broad bipartisan commitment towards Asian engagement will provide the sustained impetus that such a recrafting of Australian strategic policy would require.

This paper explores Australia's options for greater Asian engagement under four distinct categories: order building, power following, power building and power diffusing. In an order-building strategy, Australia would attempt to maximise a coherent, multilateral, Asian security order, seeking greater enmeshment across the region. In a power-following (or 'bandwagoning') strategy, Australia would endeavour to find a great-power protector in Asia. In a power-building strategy, Australia would seek to grow a Southeast Asian 'power core', at the heart of which would lie a much closer strategic partnership between Australia and Indonesia. And in a power-diffusing strategy,

Australia would try to exploit the inherent ‘anticoagulant’ nature of Asian security relationships (which inhibits the formation of lasting strategic bonds), pursuing greater Australian security in the sheer multiplicity of independent power centres in the Asian strategic environment.

Each of the options has its own costs and benefits. Each requires particular attention to ‘balancing’ a new Asian strategy with our existing policies of alliance and self-reliance. The order-building strategy, long the centrepiece of Australia’s efforts in Asia, is nothing to sneeze at: if it works, it offers the most direct route to the sort of Asia that Australia most wants to see arise—a cooperative, prosperous Asia where Australia enjoys good relations with a wide range of regional countries. Among the three ‘power’-related strategies, the paper argues for a much closer focus on the power-building option, and suggests that it might be timely for the Australian and Indonesian governments to sit down together for a thoughtful discussion about how they see Asia’s future, and what they might do jointly to shape it.

Chapter 1

REGIONAL TRANSFORMATION

ASPI's recent *2011 Strategic assessment* canvassed the challenges that Australia will confront in coming years from an accelerating pace of strategic change—in particular, from quickening change in Asia (Lyon and Clegg 2011). The broad contours of a different Asian security environment are increasingly visible. In coming decades, Australia will face one central question: as a new Asian security environment unfolds, how can Australia best achieve its core strategic interests?

In Asia, two interrelated trends are unfolding: US power is in relative decline, and the era of weak Asian powers is ending. As a result of the first trend, Australian strategic analysts, like others around the region, are increasingly inclined to question the shape and texture—rather than simply the existence or durability—of US primacy in the region. The second trend spurs talk of a more multipolar regional security order defined not by a shared sense of regional identity, but by sudden empowerment, historical tensions, and prickly, introverted, nationalist sentiments.

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weak Asian powers is ending.

With only limited recent experience of multipolarity—the Cold War was bipolar and the post-Cold War years have been essentially unipolar—analysts are naturally drawn to find solutions for the strategic challenges such an environment would pose, either in power balancing or a 'concert' of great powers. Power balancing is a classic solution to an anarchical security order with several great powers. It assumes that the order finds an uneasy stability point in

the tacit agreement of the great powers to predictable, tolerant equilibrium in preference to unpredictable, provocative, destabilising contests for pre-eminence. A ‘concert’ takes that understanding to a more formal level—it’s a form of indexation of an international order in which (typically war-weary) great powers agree not to challenge each other’s vital interests.

It’s not obvious that either power balancing or concerting offers a direct solution to the emerging Asian security environment. The material available in Asia can make only for a weird power balance, or an even weirder concert—two great powers (the US and China) in denial about their role as strategic balancers, one great power (Japan) still hesitant about its role after World War II, another (India) partly trapped in the Indian Ocean, and yet another (Russia) more Eurasian than Asian in its focus. Moreover, multipolar orders take their sense from the history and context of their own emergence—19th and 20th century European multipolarity arose in the context of the Napoleonic tradition of mass war, but no such tradition backdrops Asian great-power relations in the 21st century.

Over the past sixty years, Asia hasn’t been characterised by a single, overarching power balance; nor has it typically had a single front line. If anything, it’s been characterised by an interconnected set of subregional balances, but the different subregions have each, in their own way, demonstrated the complexity of strategic relationships within them. In the Northeast Asian subregion, the Cold War saw the US and Japan balance off against the Soviet Union in what was essentially a maritime contest. On land, China balanced against the Soviet Union, and a similar, if quieter, relationship exists between China and Russia even today. But China was also engaged in a contest with Taiwan—which was assisted by the US—to project power across the Taiwan Strait. The Korean peninsula possessed its own dynamic, with North and South Korea—the South again supported by the US—trapped in a time warp since the end of the Korean War.

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In Southeast Asia, a broad balance existed between the initial members of the Association of Southeast Asian Nations (ASEAN) and the Indochinese states, but that relationship was sideswiped by Chinese–Vietnamese tensions, the Vietnamese invasion of Cambodia, and a degree of brittleness in the strategic relationships within ASEAN itself. Across Southeast Asia, a set of developing nations concentrated on growing national and regional resilience, or, as the geopolitical thinker Saul Cohen would put it, transforming the Southeast Asian shatterbelt into a more cohesive structure (Cohen 1999).

Further west, the Indian subcontinent was defined by its own balances—a broad balance between China and India and a taut, dangerous balance between India and Pakistan. Both the broad balance and the narrower one have previously slipped into war. And the security challenges felt by South Asian states have been the motor for subregional nuclear proliferation. Moreover, the Soviet invasion of Afghanistan in 1979 brought a whole new set of tensions to the region, drawing the US into a larger role in the subregion and generating intra-subregional relationships whose effects are still felt today.

For some decades, then, strategic Asia has been not a simple seesaw, but a complex, interconnected 'mobile' of the sort that can still be seen today hanging from the ceilings of dentists' surgeries, there to distract patients from the challenges of the moment. The growth of Asian powers has added weight and importance to the movements of the mobile, but those movements are becoming increasingly lopsided and erratic because the mobile's appendages are growing, and doing so at different rates.

Similarly, the idea of a 'concert' hasn't found clear expression in Asia either. Security institutions have been slow to develop here. As one Australian scholar observed recently, it's relatively easy to find two legs of Immanuel Kant's 'peace tripod' in Asia: the level of economic interconnectedness is high, and the level of democratisation is growing. But Asia hasn't nurtured forms of international organisation and law, despite the plethora of 'regional security architectures' that have been reinvented on a regular basis (Goldsmith 2007).

It's entirely possible that Asia's first- and second-tier powers don't share a common vision of Asia's strategic future, which would make a concert arrangement difficult to organise and sustain. There would be some argument, though, for trying to build a G4 in Asia—a group composed of the US, China, Japan and India—and providing it with a permanent home. A G4 would represent not a commitment to concert but a commitment to dialogue between the four great powers—and that would still be of considerable value to the region. The value of the G4 would lie not in its ability to mimic or anticipate a true concert, but in its ability to substitute for the apparent unreformability of the UN Security Council's five permanent members, a group much more Eurocentric in composition and worldview.

It's entirely possible that Asia's first- and second-tier powers don't share a common vision of Asia's strategic future, which would make a concert arrangement difficult to organise and sustain.

Overall, the notion that an emerging multipolar Asia is likely to move easily towards either a power balance or a concert deserves deeper consideration. The argument outlined by Michael L'Estrange in his Weary Dunlop lecture to Asialink in December 2009 sketches the limitations of trying to pour Asia into Europe's predefined categories of international relations:

The transformative potential of this shifting balance does not lie in the revival of a modern variant of the old notion of a 'concert of powers', still less in an agreement on an 'equilibrium of powers', in Asia. It lies more in the evolution of a far less structured form of multipolarity—one that entrenches neither current power relativities nor de facto spheres of influence, one that embraces elements of competition and cooperation among the major powers (particularly the United States, China, Japan and India) across all the changing indices of 'hard', 'soft' and 'smart' power. (L'Estrange 2009)

If L'Estrange is correct—and his assessment certainly portrays more vividly the complexities of modern Asia than more simplistic caricatures do—we should expect Asian strategic relationships to be layered, often localised, frequently indirect, and coloured as much by elements of trade and shared interest as by tensions and enmity. Such relationships would

not be monochromatic. Indeed, it's the sort of Asia where clear-cut 'strategic blocs' would probably be slow to emerge, and where military power would be only one variable among many shaping key strategic relationships.

Australian options

In some preliminary thoughts about how Australian strategy might meet that shifting environment, ASPI's *2011 Strategic assessment* observed that Australian policymakers would be driven towards placing greater reliance on the underutilised Asian-engagement leg of our own strategic 'tripod' (Lyon and Clegg 2011). That tripod has Australia's alliance with the US as one leg, a policy of defence self-reliance as the second, and strategic engagement with Asian countries as the third. The ANZUS alliance has been a key leg in the tripod since 1951, and the policy of bandwagoning with the dominant Western maritime power of the day goes back to the era of white settlement. The policy of defence self-reliance essentially dates from the 1970s and 1980s. But the Asian engagement leg has always been somewhat stunted.

It's important to remember that a tripod's three legs are designed to work synergistically. Each is angled to exploit the support provided by the other two, and the entire contraption is manufactured to ensure such an outcome. Treating a tripod as three separate monopods would be conceptually flawed. The same ought to be true of Australian strategy. Over the years, we've become more adept at making our alliance relationship and our policy of defence self-reliance fit harmoniously. Making both fit with a new level of Asian engagement will be an important new challenge in Australian strategic policy. Both the ANZUS alliance and our policy of defence self-reliance would have distinct application in terms of our Asian engagement options, but placing greater strategic weight on an Asian engagement strategy would also imply a less perpendicular reliance on the other two legs of the tripod. So at a certain point this paper will try to knit together both a clear set of Asian engagement options and our existing commitments.

Australia's Asian engagement has been strong in a commercial and economic sense, but we've been slower to develop practical security and defence cooperation with Asian partners. It's entirely possible, of course, that neither Australia nor the region would have benefited much in earlier years from a more intense focus on regional strategic and defence cooperation in Australian policy settings. In a region where all emerging powers rose the same way—by enmeshing themselves more closely into an existing system of trade and political dialogue, rather than by challenging that system—Australia's strategic interest lay primarily in reinforcing such behavioural patterns across the region, rather than in upsetting them.

Still, as the Asian century unfolds, it seems inevitable that Australia will look to address more of the rising challenges of the regional security environment by increasing its engagement within the region. That's easier said than done. Asian engagement raises at its core the vexed issue of Australian cultural identity—and it would be fatuous to pretend that this challenge didn't exist. An Asian engagement strategy would require Australia to identify and pursue real strategies of engagement, rather than merely to talk about its commitment to engagement. Furthermore, it would require a degree of bipartisan commitment to those strategies in order to allow Australian foreign and defence planning to be sustainable over time—a factor that would be important to our Asian partners as well as us.

A rising clamour

Over the past year or two, the topic of Australia's position in a shifting Asia has moved to the forefront of both official and academic thinking. Some of the Wikileaks cables, for example, show an Australian Government intensely interested in how it might live in a region with a stronger China. That's probably been a natural outcome of exchanges between Australia and China in recent years across a range of issues—over the proposed Chinalco investment in Rio Tinto; over the visit by Uygur activist, Ms Rebiya Kadeer, to Australia; over the 2009 Australian Defence White Paper; and over Chinese assertiveness in the South China Sea in 2010. But it's also the product of a growing acceptance among Australian policymakers that the Asian security environment is shifting, driven in particular by the growth of strategic weight in Asia. A burgeoning set of security dialogues and heightened practical security cooperation between Canberra and a range of regional capitals have also highlighted the increasing importance of Asian factors in Australia's strategic calculus.

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The growth of policy interest has been complemented by a wider public debate about the topic. Professor Hugh White's *Quarterly Essay*, 'Power shift' (White 2010a), which argued that Australia would increasingly have to find a new strategic saddlepoint between Beijing and Washington, was the focal point for an intense—sometimes heated—discussion of Australia's future strategic options (see, for example, White 2010b, Sheridan 2010, Sheridan 2011a, Bissell 2011, Phillips 2011). And a Kokoda Foundation paper authored by Professor Ross Babbage, which argued that Australia needed to be more conscious of the 'scale, pattern and speed' of Chinese military modernisation, helped ignite a second round of exchanges on the topic (see Babbage 2011:iii, Sheridan 2011b, Dibb and Barker 2011).

In some senses, the debate has been a strangely constricted one, with the principal contributors generally unwilling to unpack a broad spectrum of Australian strategic options. True, White offers us a set of options, including sticking with the old alliance, finding a new great and powerful friend in Asia, armed neutrality, a middle-power regional alliance, and going down the New Zealand path, but those options are all discussed relatively briefly in White's final chapter (White 2010a:60–67). His preferred outcome—that we remain a self-reliant middle power in the Asian century—is something of an anticlimax. Babbage's paper focuses on two main approaches: 'contributing to a combined US–Australia theatre strategy', or 'developing a more self-reliant Australian defence strategy'. He unpacks those two approaches as four options: two that depict either an evolutionary or more robust development of the Australian Defence Force (ADF), one that involves a much closer partnership with the US, and one that involves a degree of closer regional cooperation in cyber- and undersea-warfare (Babbage 2011:vii–ix). Where White's preferred option is self-reliance, Babbage's is a combined US–Australia defence strategy.

Both the White and Babbage papers stress the role of military power in shaping future Asian strategic relationships. In that regard, both seem written with a purpose: to rebuild the apparent consensus about Australia's defence future that existed about the time of the 2009 Defence White Paper. That consensus was founded upon a planned consistent real growth in defence force funding out to 2030 and substantial growth in Australian maritime capabilities. Those objectives have remained central to Australian defence planning in the two years since the White Paper's release, but there's an increasing fragility in the intensity and level of the consensus. Spending has been pushed into the outyears as the government strives to deliver a budget surplus by 2012–13, and arguments have broken out in public about the make-up and the size of the force structure that Australia should pursue.

When push comes to shove, the White–Babbage argument, insofar as there is one, seems to focus on whether Australia should plan to fight China in the sea–air gap to our north, or—hopefully in concert with our US ally—by actually attacking leadership targets in China. That argument isn't one that provides much sense of the breadth of strategic options that Canberra will confront in 21st-century Asia. But the tone and content of the argument—indeed, of the whole recent debate—probably does help to reinforce a fundamental point: that Australians aren't close to forging a broad, bipartisan understanding of how Australia should engage with a rapidly changing Asia.

Four possible roles

This paper focuses on how Australia might strengthen the Asian engagement leg of the tripod and provides a fuller unfolding of its potential strategic options. It takes for granted that Australia will want to retain its alliance with the US and to do what it can to enhance its national capacities for defence self-reliance. In short, nothing that follows should be read as a call for Australia to abandon ANZUS or forswear its own national defence options.

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In Chapter 2, the paper explores the identity challenges that have traditionally plagued Australia's relations with the region. Frankly, it will take a conscious effort of will for Australia to overcome those hurdles in the next decade or two—the period in which any Asian engagement approach would have to be developed. Australians haven't entirely convinced themselves that they should seek security with Asia rather than security from Asia. Of course, one way to entice ourselves across the hurdles is to see more clearly the greener pastures—strategically speaking—that might lie on the other side. The chapter concludes by identifying four distinct strategic roles that Australia might play in Asia—order builder, power follower (bandwagoner), power builder or power diffuser.

In Chapter 3, the paper examines the first of those roles: building a more cooperative strategic order in Asia. That might sound a somewhat uncontroversial place to start, since this approach has formed the core of Australian strategic policy towards Asia for some decades, but Asia remains promising material for some level of cooperation. Without necessarily assuming that the region will move specifically towards a 'concert

of powers', it's clear that regional countries are already bound together by high levels of interaction—in particular by economic connections. Those connections militate against the formation of distinct strategic blocs. Moreover, the region is growing something of an architectural framework for consultation and dialogue, even though examples of practical strategic cooperation tend to trail considerably behind. Reinforcing those trends isn't just good economics or good diplomacy—it's good strategy. It would be an important part of an Australian strategy of order building in Asia.

This option turns centrally upon the notion that Asian strategic relationships aren't merely a function of military capabilities. Yes, many countries have modernisation programs for their militaries, but such programs, by themselves, aren't a sound guide to strategic intent: even a liberal, democratic China would probably be modernising its military forces. The strategic positioning of states has much more to do with influence patterns and with regional perceptions of a particular state's role and power. And influence and perceptions usually turn upon broader understandings of a country's capacities and probable future than upon a narrow assessment of its military potential. Development, not military power, has been the key to Asia's rise. This strategy would piggyback upon that history, it would be strongly supported by the Australian public, and it would allow Australia to position itself as the 'partner' of many Asian states.

Chapter 4 examines Australia's potential role as a 'power follower' in Asia: what it would mean for Australia to build a more exclusive partnership with an Asian great power, in addition to ANZUS. That role—bandwagoning with a great power—is a classic one in the strategic history of modern Australia. The chapter identifies the principal attributes of our previous (and current) strategic partnerships with great powers and uses them as a template for thinking about what Asian partnerships might look like. This option plays to an obvious feature in our regional security environment: if the age of weak Asian powers is ending, it will increasingly be possible for Australia to find able-bodied security partners around its region. But this option has its downsides. It would push Australia into both explicit and implicit 'positioning' in relation to existing and emerging great-power friction points in Asia. Many Australians would probably find that positioning uncomfortable. Moreover, any such partnership would be shaped heavily by the strategic cultures of the two players, and Asian great powers—unlike Western ones—aren't usually endowed with extroverted strategic cultures.

In Chapter 5, the paper explores the idea of Australia as a 'power builder' in Asia, using the most likely case of a much closer Australian–Indonesian strategic relationship to grow a new 'power core' in Southeast Asia. Whereas Australia might partner with an existing power core in a bandwagoning role, it might also consciously choose to place its efforts behind growing a distinctly new power core in a 'builder' role. Power 'bubbles' are growing elsewhere in Asia, expanding as the large countries become economically bigger and militarily more competent, so an Australian contribution towards growing one more power bubble would be—regionally speaking—unremarkable.

Power bubbles tend to expand outwards from a particular geographical location. Southeast Asia is the obvious place for Australia to implement such a strategy, and the paper identifies a number of steps that Canberra might take to intensify its relationship with Indonesia. The strategy would face one important challenge: Southeast Asian countries have not typically thought of their regional strategic role in power terms. Moreover, some Australians will say that we already have such a strategy, through our emphasis on enhancing Australia's

own strategic weight. The option advanced here is intended to be a supplement to that approach—a complement to a Defence of Australia strategy, building outwards to the concentric circle immediately beyond the sea–air gap to our north. Indeed, one of the great attractions of nurturing a much stronger relationship with Indonesia would be that it would simplify the anticipated challenges that might increasingly emerge closer to Australia’s shores.

In Chapter 6, the paper turns to the issue of Australia’s role in an Asia where it can neither build a sound regional order, nor find good partnerships, nor grow a distinct power core in its own subregion. In that Asia—where ‘anticoagulation’ forces remained strong—we’d be more on our own, but most other regional countries would probably be, too. And even in that environment, we’d still have a distinct interest in shaping the emerging Asian security environment. We’d prefer to be a lonely engager rather than a disengaged loner, so to speak. A smaller fraction of our engagement would be tied to specific ends, whether in supporting another great power or in forging a specific outcome in Southeast Asia. Indeed, our principal interest might well be to encourage the growth of multiple independent power centres across the region so that the relative influence of any one centre is diluted.

This wouldn’t be an easy policy to follow, not least because Australia doesn’t have many favours to bestow upon others as ‘encouragement’. And it presupposes that Australia is indifferent to most issues other than balancing ones—just as content to strengthen a weak China against Japan or India, for example, as to do the reverse. In the grand passage of time, this strategy would be one of neutrality in most Asian disputes, but in the shorter term it would require a set of actions that would leave us looking neither neutral nor disinterested. Indeed, it might risk Australia’s good relations with many powers, because nurturing a greater number of independent power centres doesn’t just mean bestowing favours on some but also implies withholding favours from others. Our partiality would be evident in our differential treatment of others. So far, Australia has managed—mostly—to avoid issues of inter-Asian partiality because of its link to Washington.

Chapter 7 summarises some policy recommendations for Australian engagement in Asia. Essentially, those recommendations turn upon choices that Australia has yet to make about the role that it wishes to play in regional security. In a deeper sense, the choices are about Australian identity, and that identity isn’t shaped merely by how we interact with Asia. It’s shaped by how we see ourselves on a broader canvas, and the role that we play in Asia has to fit that broader identity.

Frankly, Australia avoids many of the hardest choices by continuing to push an order-building strategy in Asia. We’d face deep challenges in identifying a new ‘great and powerful friend’ in Asia, and only dire circumstance would drive us down that path—just as dire circumstances were the basis for our shifting our preference for a great and powerful friend from the United Kingdom to the US. The attractions of building a Southeast Asian power core with Indonesia are more enticing: indeed, nothing could match this option for its ability both to empower Australia and to transform our classic defence dilemma about securing our continent. Life in an anticoagulant Asia wouldn’t be especially attractive, but that Asia’s already relatively familiar to us and shows distinct possibilities of enduring. In this scenario, we’d still have an Asian engagement strategy, but it would be a thin and unsatisfying gruel. In that Asia, we might well be advised simply to go back to the first option and attempt to grow a sounder regional order. That would be a long-term strategy for increasing the forces for strategic coagulation—and that, in turn, would bring other options back into play.

Chapter 2

ASIA AND AUSTRALIAN IDENTITY

Australia's broader identity is still largely Western in its civilisational content. In the 1990s, Samuel Huntington believed that Australia (like Turkey, Mexico and Russia) was a 'torn' country—torn between its cultural attachment to the West and its increasing economic ties to the Confucian world (Huntington 1997:151–154). Huntington argued that Australia was trying to swim away from its Western civilisation and find a new identity in Asia, but accepted that such a transition would be protracted and difficult. In the years since Huntington made that judgment, both trade and migration patterns have continued to strengthen Australia's Asian ties, but Australia's sense of identity is changing only slowly. For the next two decades—about as far forward as this paper looks—we expect an Australia whose identity is still profoundly shaped by its Western culture, and which must work actively to build and nurture linkages beyond that constraint.

What effect will our Western identity have on strategic interactions with Asia? Will it mean that we bond preferentially with Asian countries at the Westernised end of the spectrum (Japan, South Korea and Singapore, for example) or those with growing ties to Washington (such as India, Vietnam and Indonesia)? Will it constitute a fundamental hurdle to the growth of closer forms of strategic interaction with China? Much would depend on how far we see our strategic engagement as merely functional, as opposed to being an affirmation of our cultural identity. Australians—or at least Australian policymakers—might have to put to one side a well-entrenched belief that nations only truly partner with countries that are culturally much like them. Playing our part in the future Asian security environment will probably require us to be overtly direct, functional and calculating in our approach. Soft-power issues of cultural attraction will probably form some small part of our strategic approach to Asia, but by themselves—as Joseph Nye once observed about soft power—wouldn't support a very venturesome foreign policy or strategy.

It's true, of course, that one of Australia's national interests is to grow a future Asian security order that reflects Western ideals of stability, prosperity, tolerance and individual rights. That's the sort of objective that we've grown up with through US primacy in Asia over recent decades. But US influence is in relative decline in Asia: so that 'perfect Asia'—the Westernised one—might no longer be available as a possible policy outcome. That doesn't mean a 'good Asia' is unachievable, of course, and one of our main instruments for achieving it is to encourage the US to remain a powerful player here even when it isn't a pre-eminent one, but the principal task will be to identify what else we can do to buttress the 'good Asia'. Beyond that, a range of strategic commentators are saying that it's timely to consider even harder questions, including the more depressing question: how would Australia prosper in an Asia that looked considerably darker than its preferred alternatives?

Playing our part in the future Asian security environment will probably require us to be overtly direct, functional and calculating in our approach.

A description of Australia once offered by the noted Australian historian, WJ Hudson, brutally laid bare the bizarre foundations of modern Australia:

If today Japan were to establish a colony of settlement in sub-Saharan Africa, and if the colony developed into a tolerably prosperous state in its own right while remaining distinctively and deliberately Japanese in ethnic composition and tradition, and while retaining the Japanese emperor as its head of state, we would be agog ... Yet this is the nature of modern Australia's origins ... British colonists in Australia developed attitudes which ... included marked geographical alienation, of never feeling quite at home, ... a touch almost of permanent exile. (Hudson 1988:4)

True, that picture of Australia's now a dated one, but we can still hear its resonances today—even among commentators who label Australia as 'the odd man out in Asia' or, indeed, as 'the odd man in in Asia'. The references to our 'oddness' show that Australia in the 21st century still experiences some echoes of discomfiture in thinking of itself as an Asian state. It's much less in denial about its geography than it once was, and the trend's towards an Australia more immersed in its Asian region, but the resonances endure.

It was interesting to see just how quickly the debate inspired by Hugh White's *Quarterly Essay* became a debate about Australian culture rather than a debate about strategy. A range of contributors to the Lowy Interpreter blog emphasised the centrality of the cultural theme. Graeme Dobell, for example, rehearsed Samuel Huntington's concept of Australia as a country torn between competing civilisations and suggested that Australians might indulge in a parlour game of 'spot-the-tear' as China's power and influence grow in Asia (Dobell 2010). The Lowy Institute's Malcolm Cook observed that he was left 'with an intellectual itch that Hugh's Australia (and its place in Asia's strategic order) is not the one I think I live in' after he'd finished reading White's essay (Cook 2010). White's response to those comments suggested that this was uncomfortable ground for his argument, 'a debate for another time' (White 2010b), but it's hard to see how Australia can contemplate its future role in Asia without simultaneously reflecting upon its own identity.

In *The Australian* on 15 December, journalist Paul Kelly rehearsed a question that he's revisited a number of times during his career: what sort of country does Australia want to be? He asked the question—in part—by contrasting a complacent Australia with its more dynamic regional neighbours:

Treasurer Wayne Swan rightly says Australia is perfectly placed to enjoy the transfer of global economic power from the West to Asia. Sounds great. But ask another question: is Australia in its values more at home with declining Europe or with rising Asia? In Asia the values are personal improvement, economic competition, educational excellence, national pride, strong family ties, cultural traditionalism and rising religious faith. Are these Australia's values? ... The GFC has delivered a shattering intellectual and moral message to the world: while the US is wounded, the European model is crippled. Europe's system of government debt, entrenched welfare, extensive regulation and mushy 'tolerance towards all' as its unifying value is broken. (Kelly 2010)

Kelly's long been interested in the issue of Australian identity. His latest salvo is another foray into this difficult area. In truth, Australians don't share a common vision of Asia, or of its future, or of the level and type of 'engagement' that Australia ought to pursue, or even of Australia's own 'identity'. Academic David Goldsworthy once observed that while 'engagement' has been 'the major currency of almost all Australian discourse on relations with Asia' the term has a spectrum of different meanings, which might be thought of as running from the commercial and functional at one end to an embrace of the notion of Australia as an Asian country at the other (Goldsworthy 2001:2–5). He also pointed to an Asia that was not homogeneous: Australians, he argued, needed to think less about engaging Asia and more about engaging with a range of different Asian countries.

Commercial and functional ties with Asia enjoy wide support in Australia, but the issue of whether Australia should see itself as an Asian nation has been much more controversial.

Commercial and functional ties with Asia enjoy wide support in Australia, but the issue of whether Australia should see itself as an Asian nation has been much more controversial. Stephen Fitzgerald has probably been the best known academic advocating such a shift in Australian identity. The Keating government began to hint at that prospect, especially when Gareth Evans was canvassing the notion of cultural convergence between West and East. The clearest expression of that idea—albeit in abstract form—was probably contained in the opening paragraphs of Evans' lecture to the Asia–Australia Institute in 1995:

In the 'Eyes on ASEAN' photographic exhibition brought to Australia recently by Marina Mahathir, there is one particular picture that haunts my memory. It is of a Chinese opera singer making up her face, looking directly into a hand-held mirror. What she sees would be her own reflection—starkly defined; heavily painted features; white against purple–pink against black. What the viewer sees is the back of the mirror, on which Leonardo's *Mona Lisa* is reproduced—the features quiet; refined; bathed in golds and browns, and muted greens.

At first glance the contrast is obvious, stark; two emblematic clichés; the clash of civilisations brought to life, captured in one press of a camera button. But then look more closely: at the eyebrows, the bridge of the nose, the soft contours of each face—each very feminine face. Look through the looking glass that separates them, and the images look less and less radically different; more and more they replicate each other, converge. (Evans 1995)

Evans outlined a case for Australia to think of itself as an ‘East Asian Hemisphere’ nation, but the 1996 election in Australia brought to power a government that wanted to revitalise Australia’s traditional relationships, and which used the metaphor of the mirror in quite a different sense. John Howard, for example, drew upon that metaphor in his Federation address of 2000: ‘Along with other regional countries, we have sensibly taken the view that we do not need to be cultural and political mirror images of each other to work closely and effectively together’ (Howard 2000). Indeed, the Coalition government was keen to quell the identity debates of the 1990s, not least because experience seemed to suggest that there were two distinctly different Australias: one an urbanised, younger, tertiary-educated Australia that saw a future in Australia’s Asian links; the other a non-urban, older, less tertiary-educated Australia—the Australia of bush and regional town—that was less inclined to support such a conclusion (Jones 1998).

Foreign Minister Downer, opening a conference in Beijing in April 2000, suggested that delegates might like to discuss the extent to which Asia and Australia shared a sense of ‘cultural regionalism’, although, he noted, they certainly benefited from practical regional cooperation (Downer 2000).

Much of what’s discussed in the following chapters presupposes a more (rather than less) intense form of Asian engagement: in particular, it presupposes a ‘strategic’ engagement by Australia of a region in which it has typically played an economic and diplomatic hand. It’s possible that Australians will come to regard closer strategic cooperation with Asian countries as merely one more form of practical regional cooperation—and the closer counter-terrorism relations that Australia now enjoys with a range of Asian partners suggest that such a perception might not be totally fanciful—but academic research suggests that previous patterns of strategic cooperation between different cultures haven’t always been plain sailing (Luft 2009).

The chapters that follow explore four options for Australian strategic engagement with Asia: Australia as an order builder, a power follower, a power builder and a power diffuser. The options aren’t mutually exclusive—it would be possible for Australia to be an order builder and a power builder, for example where the power-building option was a hedging strategy against slippage in a broader, softer, ‘shaping’ strategy. But each of the options essentially depicts a different sort of Australia, and over coming decades Australians will probably be pulled into a more intense debate about what sort of people they really are. It might well be that the principal barrier to Australia’s embrace of its Asian partners lies not in Asia, but in ourselves.

Chapter 3

AUSTRALIA AS AN ORDER BUILDER IN ASIA

Over recent decades, Australia has held to a single strategic approach in Asia that might be described as 'developmental' in its thinking. Canberra's been interested in seeing an Asia 'driven by growth' (Morley 1999), believing that stronger regional economies mean improved regional stability. Similarly, it's seen improved political and social linkages across the region as an important contributor to the growth of regional norms on key strategic issues. Australian policymakers have typically believed that Australia's key strategic concerns—a revisionist great power or a major second-tier power gone bad—could be eased by the creation of a regional order nourished and sustained by the commitment of regional players.

This order-building approach has seen Australia pursue three distinct policies:

- as a civil commercial power in Asia—while not exactly the Switzerland of Asia, Australia's already a country with ties to many Asian economic partners, including all of the three great powers and the ASEAN countries
- as a rule builder, attempting to nurture a degree of strategic order across a vast strategic theatre by using rules and institutions to constrain power
- as a community builder, aiming to strengthen a shared regional identity and a joint sense of ownership of the Asian strategic environment.

At its core, this option sounds less strategically exciting than the other options. It is, but good strategies aren't defined by the level of excitement they generate—they're defined by whether they can deliver the desired outcomes. Indeed, strengthening integrative forces within the region might be the most direct and effective route towards the sort of Asia that Australia most wants to see

emerge: an interconnected, rule-shaped Asia, where nationalist rivalries are contained and channelled and the advantages of trade and exchange are available across a wide range of regional countries. Those ‘system-building’ approaches may never succeed in addressing all challenges, and might never be inclusive enough to embrace all regional countries. There might long be a North Korea or Burma in Asia that challenges norms and inclusiveness. But that doesn’t negate the importance of a broad set of arrangements that enhance a shared regional identity, provide a framework for greater strategic cooperation, and reinforce the current trends towards closer economic integration.

...strengthening integrative forces within the region might be the most direct and effective route towards the sort of Asia that Australia most wants to see emerge...

The strategy also allows for the possibility that we might be judging the long-term prospects of Asian great powers prematurely. Some say, of course, that the Asian great powers are probably not all ‘great’: indeed, there are arguments about the future trajectory of just about all the main players (see, for example, Edelman 2010). Part of the problem might be merely one of terminology. In international relations, ‘great powers’ are not clearly demarcated by the attainment of specific power thresholds. So some scholars use different expressions—Barry Posen, for example, tends to talk of a set of ‘consequential powers’ that inhabit both ends of the Eurasian landmass (Posen 2008:87). But while the emerging Asian great powers might stumble (and all powers do once in a while) it seems unlikely that they’ll be permanently deflected from their current growth trajectories. Whatever terminology we use, the core of the strategic problem remains the same: Asia’s security environment is experiencing a fundamental geopolitical transformation. Australian strategic thinking must address that fact.

This sort of role for Australia would place a high premium on order building and a relatively lower one on hedging. In its basic shape, it’s remarkably similar to the strategy that Fareed Zakaria recommends the US pursue towards China: a judicious amount of hedging but with a ‘long bias’ in favour of engagement, for the simple reason that engagement is both preferable and less costly (Zakaria 2010). And it’s the sort of engagement strategy that we’ve been pursuing in Asia for many years now, with the growth of our own trading profile, our support for a more inclusive regional architecture, and our encouragement of the negotiated settlement of regional flashpoints. Those efforts do more than encourage regional stability—they let Australia position itself broadly as a country with a range of friends across the region and a commitment to the pursuit of shared interests. That pursuit allows Canberra to seek its strategic objectives under a regional rather than a merely national umbrella, because it builds upon the notion that our objectives aren’t exclusive and covert but shared and overt.

Moreover, this approach enjoys bipartisan political support in Australia and broad support across the region. True, some debate frequently occurs in Australia about how best to give effect to an approach that aims at strengthening ties between Asian states and defining better the ‘rules of the road’ for Asian international behaviour. But our objectives here are relatively easy to pursue, and not just because other players in the region broadly want the

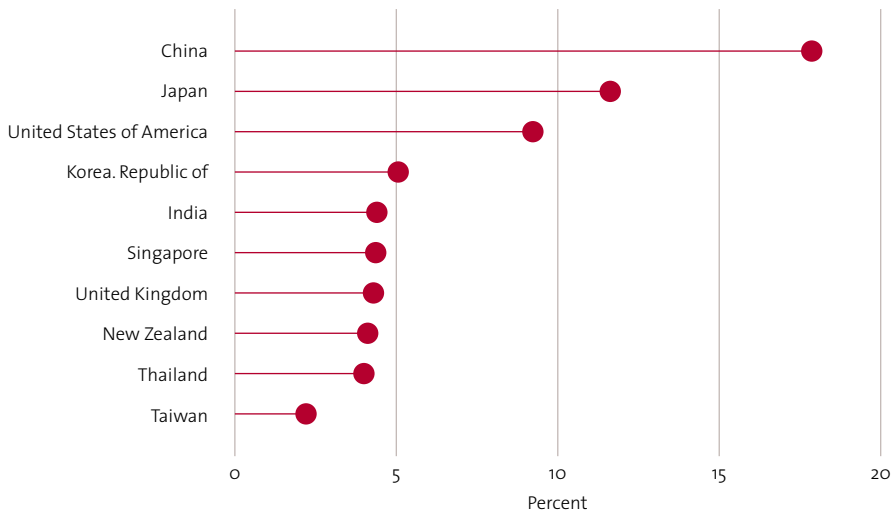
same things that we do. The objectives are easy to pursue because they're ones that reinforce accepted modes of state interaction, rejecting the early use of force in crises and favouring dialogue and commerce as the broad ties of regional endeavour. It's those attractions that have also made an order-building approach widely supported across the region (Alagappa 2003, Tan and Acharya 2004, Goh 2007–08).

Economic connectivity

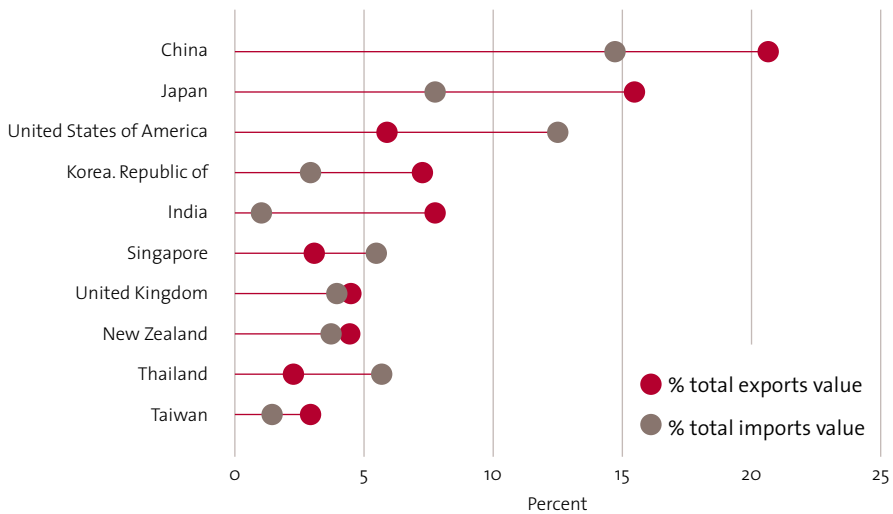
Continuing down the order-building route also plays strongly to Australia's economic interests. A quick look at our current trade patterns shows just how strongly we've tied our own economic engine to Asian growth (see Figure 1).

Figure 1: Australia's top ten trading partners, 2009–10

TOTAL VALUE OF TWO-WAY TRADE, By major countries—2009–10, percentage share



EXPORTS AND IMPORTS OF GOODS AND SERVICES, By major countries—2009–10



Source: ABS (2010).

Analysis of the graphs shows that we're already strongly connected to Asian economic partners. Seven of our top ten trade partners are Asian: China, Japan, South Korea, India, Singapore, Thailand and Taiwan. Two of the remaining three are our ANZUS allies, the US and New Zealand. The United Kingdom completes the list.

Our connection to India is the weakest of our economic connections to the three regional great powers by a considerable margin. It's weakened in particular by an import figure that's low even in comparison to our typical trade pattern with China and Japan, in which our exports considerably overshadow our imports (the reverse of our trade pattern with the US).

But the broad message from the graphs is that Asian peace and growth have been important strategic assets for Australia. We should be doing what we can to cement those assets into place. If that conclusion's true, we need to be careful in deciding to supplement our current approach to Asia by adding further options that might potentially undermine this first approach. As it is, we occasionally put lead in our own order-builder saddlebags merely by lack of proper consultation, for example. But trying to fit alongside order building another option that would deliberately require us to have a more exclusive charter of friends in Asia would probably sit uncomfortably with our current role of being a partner to all and an enemy of none.

Still, there's a problem with the order-building route: it mightn't work. Building reliable security communities is hard work, even within regions where the forces in favour of it are considerable (Adler and Barnett 1998, Murray 2010). The patchy record of Asian institutionalism is evidence of just how hard it will be to grow a genuine sense of community in Asia. Moreover, this is an Asia typified by a sense of sudden empowerment after some years of rapid economic growth and the faltering of the US position after the global financial crisis, and characterised by prickly, introverted, nationalistic great powers. At a minimum, we need to be cautious about an Asia where there'll be competitive pressures as well as cooperative ones.

...there's a problem with the order-building route:
it mightn't work.

It pays to remember that the recent debate about Australia's future role has developed within the current policy framework of order building and cooperation. That suggests that this approach, by itself, doesn't give us sufficient leverage for the age of geopolitical transformation that's now upon us. Some sense that the order-building approach has plateaued in its ability to deliver stable security outcomes. Others worry that power assets in Asia are growing more strongly than regional security cooperation. That's meant that the order-building option has been unable to allay growing fears in Australia about the sheer pace of geopolitical transformation.

So, over the past few years Australian analysts have begun to revisit the whole area of Asia's strategic future. The public's been treated to a variety of analyses and assessments of that future and of Australia's potential role in it. The 2009 Defence White Paper sketched several plausible Asian futures—some in which the security environment would be characterised by cooperation, but also others of a darker complexion. The Lowy Institute

released a publication canvassing four future scenarios: continuing US primacy, an emerging balance of power, Chinese primacy, or a concert of powers (Cook et al. 2010). And the White and Babbage papers sit against that broader backdrop of declaratory policy and scenario-based speculation.

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White's paper in particular spawned something of a debate among journalists and academics. Greg Sheridan has been perhaps the most vociferous of White's critics, arguing in favour of the durability of US power and influence and in support of a broader understanding of the emerging regional security environment. In a piece for the *Australian Literary Review*, Sheridan (2011a) observed that three 'generic factors' would apply in all future scenarios:

- the rise of China would be accompanied by the rise of several other great Asian powers, and a range of lesser powers
- the US alliance system would easily outweigh China's small ring of friends
- the US wouldn't disappear from history even if Chinese economic growth, down the track, were to generate a Chinese economy that matched the US one.

Some of the debate has been more abstract and academic. Andrew Phillips, for example, has argued in favour of a different framing of power growth in shaping Asia's future, pointing out that in recent centuries Asian countries' weakness has been an important source of regional conflicts, and that their return to strength is an indicator of likely future stability and convergence (Phillips 2011). Michael Wesley, the Lowy Institute director, has pointed similarly to a world marked by 'great convergence' (Wesley 2011a). Nick Bisley has argued that White's calculus is both too stark and turns too much upon the single variable of military power (Bisley 2011).

With their different views of Asia's prospective strategic futures, Australians are probably not too different from citizens of other regional countries, or indeed of the US itself. The differences are much less evident in the realm of Australian strategic interests, which seem largely to be taken for granted by commentators. What's interesting is just how much differences in recommended strategies derive from shifting judgments about the environment.

Essentially, the debate's about how much a transformational external environment should drive a reformation in Australian strategic thinking. Some say the transformation's overstated and more apparent than real (Sheridan). Others say the transformation's real, worrying for Australia, and will wreak a reformation in our strategic thinking (White). Still others say the transformation's real but reassuring, and likely to serve as the basis for a more stable, positive regional order (Phillips). True, we can't be sure of the scale of transformation, and so must be prepared to move in different directions as the future unfolds, but we need to begin thinking now about how Australia lives in an Asia that's perhaps more 'power-defined' than we'd like and less 'order-defined' than we'd hope. Important parameters of that new Asia aren't

yet fixed. For example, we don't know how easily Asian 'power' will translate into regional leadership; how the elements of competition and cooperation will interact on specific issues (North Korea, for example); how much potential partners will share our own assessments about Asia's future and be willing to embrace new approaches.

Likely and unlikely Asias

While we should prepare to live in the most likely Asia, we must also have available strategies to live in the less likely Asias. A situation in which Asian great powers are happy with the status quo doesn't require us to do much, but down the other end of the spectrum (a diminishing US role, or 'heated' Asian great power strategic competition, or both) there exists the potential for a much bleaker future. In those futures (there are probably more than one), Australia has more serious choices to make. What part does it want to play in Asian security balances? Does it want to be more of a 'loner'?

Sooner or later, if Australia intends to play a larger role in Asian security, it must attempt to answer the question that we often pose to others: do we have a narrative for how Australian power benefits Asia's strategic future?

Chapter 4

AUSTRALIA AS A POWER FOLLOWER—BANDWAGONING WITH AN ASIAN GREAT POWER

One way for Australia to think about its future in a changing Asia would be to try for a 'new wine in old bottles' approach. We could use a strategy that we're familiar with—bandwagoning with a great and powerful friend—but adapt it to embrace an Asian great power partner. Bandwagoning is a natural role for Australia: we've done it since white settlement. We typically address our principal strategic 'ordering' challenge by partnering with a strong player at the global level.

Over our history, our partnerships with both Britain and the US have been pillars of our strategic policy. Those pillars were built upon a shared assumption: that enhancing a stable, beneficial global order is the key mechanism for ensuring Australia's security closer to home. In short, if there were a stable global order, Australia's regional strategic needs would fall into place. The rise of the self-reliance school of strategic thinking since the 1970s and 1980s has tended to dilute the prominence of this assumption in public discourse. Instead, Australians have increasingly been encouraged to believe the reverse—that if we concentrate more on managing our strategic needs closer to home we can become less dependent on great-power partnerships further afield. As the self-reliance school has waxed, so the concept of 'followership' has waned.

Past performance

What does our history tell us about Australia's predilection for bandwagoning? Five points merit special mention:

- Australia's traditional great-power partnerships have both been with Western powers—an important point to underline, since neither of them constituted much of a challenge to Australia's cultural identity.

- Australia’s partnerships have both been with the dominant maritime power of the day. We have no experience of partnering with land-based great powers.
- Our strategic relationships with our great-power partners tend to be long-lived. ANZUS will be celebrating its 60th anniversary in September this year, and the British connection, dating back to settlement and tied by the strings of kinship and empire, lasted even longer than that. Strategically, we like durability in our partnerships.
- Both of our traditional partnerships were strengthened by military engagements: Australians fought and died on the same battlefields as their partners.
- Australians tend not to ‘swap’ their great and powerful friends easily. Indeed, we have swapped only once in our history—and that in the dire circumstances of a world war and the imminent prospect of an invasion of the Australian continent.

How much of this history could we transfer to a geopolitically transformed Asia? Well, we’re not looking to substitute a closer tie to an Asian partner for our alliance with the US, so not all of the same logic would apply. We’re looking to complement our US relationship, not replace it, so perhaps the inhibition on ‘swapping’ wouldn’t apply. And perhaps we aren’t looking for a formal treaty detailing specific military commitments in specified instances. Still, important parts of the traditional logic would apply. We’d probably be looking to partner with a great power that didn’t challenge our cultural identity, that had some strengths in the maritime field, that seemed likely to be a durable partner, and that had both the military competence and the political will to fight alongside Australia on future battlefields.

When we turn to the likely Asian great powers of the coming decades—China, Japan and India—the difficulty of turning those requirements into a practical strategic partnership become more apparent. Of course, we already have formalised partnerships with Japan and India, so we’d need to identify what it is we want the new Asian partner to deliver. Under the existing partnerships, we have outlined our shared agreements about the nature of regional ‘public goods’ and our commitment to them. So, if we’re to move beyond those agreements, we need to be clear about where we’re headed and how fast we want to get there. Basically, closer partnerships would probably be about several things: confirming our place in Asia (an identity outcome); finding a seat at the table in Asian strategic councils (an access outcome); enhancing Asian strategic stability during a period of geopolitical transformation (a positive strategic outcome); enhancing Australia’s core strategic interests (a defence outcome); and, to a limited extent, obtaining security guarantees for Australian strategic interests (limited because we’d still have ANZUS and self-reliance as two key strategies, and this engagement would really be about us being a ‘shaper’ in Asia).

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Thinking through that list of objectives helps to clarify the objectives of our bandwagoning in Asia. The list might plausibly form the basis of a more coherent strategic narrative that the Australian Government could retail to the Australian public and to friends and allies

overseas, but it would also help guide us in devising possible outcomes of such partnerships: reassurance, access, enhanced regional stability, protection of our core interests, and supplementation of Australia's current defence capabilities.

A key problem with going down this route is that bandwagoning with an Asian great power (regardless of which) would entangle Australia directly in great-power tensions in the Asia–Pacific. (Indeed, some of that concern seems already to colour debate about Australia's continuing alliance with the US.) So far, those tensions are relatively well managed, but they turn upon deep-seated historical friction points—including previous wars in both the China–Japan and the China–India bilateral relationships. So there could easily be a potential cost to Australia of a direct, close great-power linkage to an Asian partner. We need to beware of pre-limiting our strategic options as Asia's future unfolds. Prematurely painting only one Asian great power as our partner (Japan, for example) or, just as bad, prematurely painting one great power as our likely adversary (China, for example) is unhelpful. We need to be cautious about depicting China as an adversary. It isn't. We'll be living with a China in transition for many years yet and, as noted above, our relationship with China isn't monochromatic. In practical terms, Australia is most able to nurture partnership arrangements with Asian countries precisely in those circumstances in which the Asian security environment is relatively convivial.

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This option would also be domestically contentious. Even among conservative Australian governments there's been a tendency to frame Australian strategic engagement with Asia in broad, cooperative terms. Alexander Downer, for example, once noted that Australia simply wasn't interested in pursuing 'hegemonic' designs in Asia:

By regional power I don't mean that we dominate others in our region. We don't aspire to hegemony. That's not our style. We work cooperatively, within international norms and towards the common good. (Downer 2006)

Our positioning of ourselves alongside one of the principal Asian power brokers for the decades to come would take us directly into a more strategically competitive role.

True, we've been a solid supporter of US primacy in Asia, but that's because we've been inclined to see that role in softer terms. We've seen the US as the builder of an open, liberal regional system. Indeed, the notion that every Asian great power has risen precisely the same way—through that system of open trade and closer integration—is proof that the system hasn't been designed to exclude others but to engage them. As both a beneficiary of the system and a believer in its continuing relevance for Asia's future, Australia will naturally be drawn to Asian great powers that favour a similar position.

Australian political bipartisanship

A second domestic issue should also be noted. At least in recent decades, the Labor Party has been deliberately trying to put some distance between itself and Australia's traditional role of partnering with great and powerful friends. When Paul Keating was delivering the John Curtin Prime Ministerial Library Anniversary Lecture, for example, he went out of his way to detail two forms of Australian engagement:

- a conservative predilection for great and powerful friends
- a Labor inclination to work more as an activist middle power, building coalitions of support in relation to particular issues. (Keating 2002)

It's far from clear that the Labor Party would be drawn into a policy of seeking a great and powerful friend from among the ranks of Asian great powers, although—after Prime Minister Gillard's speech to the US Congress in March—neither is it in any hurry to abandon the great and powerful friend it has now. Our relationship with the US means that we already have an important relationship with an Asia–Pacific great power; it's just a great power that's more Pacific than Asian.

In short, for Australia to choose to shelter under the protective wing of an Asian great power would probably require some decisive historical event that made that option seem more attractive and simultaneously deprived us of the shelter to which we've become accustomed. In other words, the attractions of a tight bond to one of the Asian great powers could well increase if the Asian strategic environment grew noticeably darker and the US were less readily available as a partner. The second condition seems unlikely to be fulfilled: US primacy in Asia looks likely to become more geographically and temporally 'patchy', but the US isn't about to disappear as an important player in Asian security.

US primacy in Asia looks likely to become more geographically and temporally 'patchy', but the US isn't about to disappear as an important player in Asian security.

It's possible, of course, that our current great-power protector mightn't be immediately available during crises. That was the experience we had with the fall of Singapore in World War II, when Britain was distracted by events elsewhere in the world and comparatively poorly placed to leap to Australia's defence. The US could find itself similarly distracted by future events—after all, it's carrying the water in a lot of theatres—but this problem is generic in all bandwagoning relationships. We wouldn't solve it merely by tying ourselves to an Asian great power instead of a Western one.

Besides, if Australia did suddenly find itself in urgent need of a great and powerful friend in Asia, could Australians even agree on which Asian great power would have most appeal? Relations with India have been fitful (Mayer and Jain 2010), partly because of Australia's tendency to neglect its western frontier. Relations with Japan have been commercial, and even a closer strategic partnership in recent years has been tempered by Japan's continuing reluctance to embrace a larger strategic role in Asia. Relations with China have been coloured by high levels of economic interaction but comparatively low levels of strategic trust.

Maintaining the US alliance

When those questions are considered at face value, it becomes apparent why Australia will be extremely reluctant to grow a new great-power bandwagoning relationship in Asia. In essence, of course, we already have one. The ANZUS alliance relates directly to events in the Pacific area. Our relationship with the US is broad enough that it directly encompasses our support for a large and continuing US presence in the Asia–Pacific. If Australia's going to put further effort into bandwagoning, then it might do that most effectively by building better supportive structures for an ongoing US role in Asia during a period of relative US decline. In particular, as the strategic significance of Southeast Asia increases, Australia can be of direct assistance to Washington, as it already seems to be, by providing access and military cooperation to the subregion.

This shouldn't be seen as our attempt to create a separate subregional competition for Washington's attention. Canberra wouldn't be interested in pulling US attention southwards at the expense of US commitment to Northeast Asia—one of the geopolitical fulcrums of the current global order. And the US would certainly not want its own greater focus on Southeast Asia to be perceived as ducking the increasing risks associated with its commitments in Northeast Asia. Such perceptions would only complicate the US role in the region and increase nervousness among US allies and partners.

Accepting the fact that we already have a bandwagon partner in Asia, even if not an Asian one, it will be hard for us to grow another bandwagoning relationship within the region. It would be especially hard for us to grow one with an Asian great power whose strategic worldview wasn't relatively closely aligned with Washington's. A free choice of bandwagoning partners in Asia would require us essentially to have lost the Western bandwagoning partner that we have now, and that condition doesn't seem close. However, even in that (remote) 'free choice' environment, Australian culture would continue to lay down some constraints. For example, we've never had a bandwagoning relationship with an authoritarian great power. It's hard to imagine that Australia would see its strategic interests best served in the 21st century by building such a relationship. A free choice might only truly exist if we encounter a range of Asian great powers all blessed with some variant of liberal democracy.

Finally, there's a problem of effectiveness. Asian great powers are typically insular, and insular powers don't make good leaders. They don't usually have compelling narratives at hand that tell of their own importance as regional leaders. So, as Ronald Brownstein once wrote, 'In a world where the dominant power is hobbled and the rising power is insular, disorder may be the new default' (Brownstein 2010). One of the challenges we'd encounter in partnering with a new great and powerful friend in Asia is that we'd be tying ourselves to an insular power unwilling to deliver the regional security structure that might maximise Australian security.

The cultural inhibitions to a closer partnership in Asia might well prove problematic: the history of close partnerships between Western and non-Western cultures is mixed, at best (Luft 2010). Cultural issues complicate partnerships, but they rarely, by themselves, stop partnerships altogether. Warriors of different cultures have fought together for the same causes since antiquity. The broad trajectory of the future is one in which Western power and influence are in relative decline and non-Western power and influence are in relative ascendancy. We're already past the time when we could be happy to rely solely upon strategic connections to our close Western partners.

Chapter 5

AUSTRALIA AS A POWER BUILDER— IN A SOUTHEAST ASIAN POWER CORE

The second novel option is for Australia to help forge a new, distinct power core where one hasn't existed before. This would be a radically different path from the sort Australia has traditionally followed. It doesn't mean merely boosting Australia's own power and capabilities—we're already allowing that option under the self-reliance leg of the tripod—but building a Southeast Asian power core, and not just an Australian one.

The essential attraction of this approach lies in its mimicry of the growth of distinct power bubbles elsewhere in Asia. At the moment, the tendency is to identify most readily the bubbles that arise from the growth of Chinese and Indian power and the reassertion of a more operationally relevant Japanese Self-Defense Force in Asia, but those bubbles tend to be in Northeast, East or South Asia. The Southeast Asian landscape is so far not aligned to any bubble; indeed, parts of the region appear to be strengthening their ties to the US security network. Southeast Asia isn't a marginal strategic region. As noted in the *2011 Strategic assessment* (Lyon and Clegg 2011), it boasts a combined population of over 600 million people and ASEAN countries have a combined GDP larger than Germany's. (Adding Australia to those totals makes a negligible difference to the population figure, but adds almost 30% to the GDP figure.)

ASEAN

Some will argue, of course, that adding together ASEAN's strategic potential and treating it as a single unit is fatuous, since ASEAN has never represented a single strategic entity. That's true: an overt, 'hardened' strategic core—something that took 'regional resilience' one step further along a more militarised path—would clearly test the level of strategic congruence and coherence in Southeast Asia. ASEAN countries haven't typically articulated strategic policies based on hard power, and they've been (*par excellence*) committed to notions of order-building, both within the subregion and beyond it. But do we need all of ASEAN to be on board

in order to create a relatively substantial power core across the region? ASEAN comprises a range of countries, some much larger than the others. Differing levels of strategic potential could be attained by partnering with different states, casting the net either wider or narrower depending upon likely areas of strategic consensus.

If such a Southeast Asian power core could be built, it would complement Australia's self-reliance policy but would require Australia to engage much more with its neighbours—or at least some of its neighbours—as full strategic partners. We should take as our starting point an objective that we want to build with our regional partners a relationship that's at least half as strong as the one we currently enjoy with the Americans. Critics might say that aims too low. In one sense it does, but it also aims at an objective that, if realised, would revolutionise Canberra's regional relationships.

Indonesia

One obvious partnership, if we could realise it, would be with Indonesia. That would complement geographical proximity with high complementarity (each has things that the other lacks). And, applying William Riker's theory of coalition building to the problem, we should aim at building the minimal winning coalition (Riker 1962). Moreover, it would be easier to work just with one other major player. The *CIA World Factbook* suggests that in economic terms (using purchasing power parity data) adding Australia and Indonesia together would give a combined economic unit equivalent to about France or Italy, but with four times France's 65 million population.

How would we set about building the power core? In other parts of Asia, economic growth has been the key driver of strategic influence, so as a first step we ought to think about a possible Southeast Asian power core in economic terms. What can we do to boost both the Australian and Indonesian economies? Closer economic cooperation should be a fundamental pillar of a closer relationship. After all, an economically stronger Indonesia would make a better partner for Australia. A glance back at Australia's major ten trade partners shows that Indonesia hasn't been among them, but it hasn't been far off that list: indeed, the trade statistics show that it was our fourteenth largest trade partner in 2009–10.

The growth of our power assets would, over time, enhance our capacities to act together in strategically significant ways. What would we want to do together? That's a hard question, and one we can't answer without talking a good deal more to the Indonesians. Initially, such discussions might well focus on what, if anything, the two countries can do together in a more power-defined (and less order-shaped) Asia. Do we even see power-related challenges the same way? Conversely, do we share similar perceptions about the relative strategic costs and benefits of creating some sort of more integrated strategic unit in Southeast Asia? What might that integrated unit look like? What could we do practically together to grow a Southeast Asian power core?

At a certain point, we'd want that power core to have some level of military interaction. We could devise considerably closer plans for military cooperation, with more joint exercising and training and greater interoperability between force structures as a first step. Perhaps we could look at building some sort of joint 'ready reaction' force (taking a leaf out of the European handbook)? Why couldn't we have agreements to use each other's ports and bases in times of crisis? Maybe if we could run Australian submarines out of Indonesian ports we

might be able to redesign the requirements for those submarines' capabilities. In the longer term, the ladder might reach considerably higher than a first step: why couldn't we do joint procurement on some key capital items? Why couldn't we do joint manning of military units, so that, say, some Australian naval crews might consist of up to 25% Indonesian servicemen, and vice versa. It might be an experiment worth trying, starting with one military unit (whether it be maritime, land or air).

We'd need to beware of a partnership that focused on Indonesia's internal challenges; that would probably prove a difficult area. We can do close cooperation on terrorist threats (we're already doing it), but Australians would be wary about being sucked too deeply into conflicts that might have great domestic resonance in Indonesian politics but less strategic importance for Australia. Our logical area for cooperation is in building on shared interests in relation to non-domestic issues. Each country is attached to something of a concept of regional resilience and not merely national resilience, and it's that regional area that probably offers the best prospects for cooperation.

Our logical area for cooperation is in building on shared interests in relation to non-domestic issues.

Taking initial steps towards a more integrated force structure might be easier than tackling a larger issue of strategic vision: deciding when and how we wanted to act together. Australia wouldn't want to abandon its US connection, and that might entail engagements—future counter-terrorist operations in Muslim countries, for example—in which Indonesia wouldn't wish to be automatically engaged. But the closer potential engagements come to being Southeast Asian ones, the more likely it is that the two countries might wish to act jointly. Indeed, that's the whole point of trying to develop a Southeast Asian power core.

Our strategic cooperation shouldn't be entirely constrained to defence. Tying together the two largest players in Southeast Asia, an Australia–Indonesia strategic partnership would be an important entity in its own right—so important that neither partner would probably be in a rush to weaken it by expanding the partnership to take in new members. Still, the expansion option shouldn't be ruled out: if great-power strategic competition in Asia became more intense, it would be logical to grow the initial partnership, even while being conscious of the declining marginal gains that expansion would probably bring.

Cultural dissonance and flow-on effects

Reconciling the different strategic cultures of the partners would be challenging, and both countries would probably find the partnership tested by such factors. The Tentara Nasional Indonesia and the ADF are armed forces with radically different traditions, practices and cultures.

Something of this ilk befell the original Keating–Soeharto agreement first concluded back in 1995. The Indonesians believed that our conclusion of the agreement signalled an acceptance in Canberra that a robust, integrated Indonesia was an important contributor to the wider Asian security equation. They therefore interpreted the agreement as confirming

an Australian 'understanding' of their handling of their own internal security challenges—an expectation that was sharply deflated by Australian behaviour in the East Timor crisis of 1999.

A much closer Australian relationship with Indonesia would also have other flow-on effects. For one thing, it would marginalise our current Five Power Defence Arrangements (FPDA) relations with Malaysia and Singapore, and leave both wondering about the extent of our commitment to their security. In a sense, of course, exactly that consequence might make a closer Australia–Indonesia partnership more attractive in Jakarta, which has traditionally seen the FPDA as an anti-Indonesia agreement in both inception and design. That would certainly be a reason for thinking through the expansion options early on, and building a degree of understanding with Jakarta about the continued existence of the FPDA as supportive of a closer bilateral partnership—another contributor to a more distinct Southeast Asian power core. But Indonesia would probably be drawn more to a strategic relationship with Australia that was based on notions of exclusivity. Canberra's portrayal of the agreement as special or unique would be an important part of the strategic courtship.

Down the track, if Australia and Indonesia can form the core of a Southeast Asian power bubble, both will need to have close at hand a narrative about how such a power bubble benefits Asian security. The narrative wouldn't be difficult to formulate. It would turn largely upon the themes of minimising the use of force in regional strategic relations, an insistence that Southeast Asia had the right to shape its own future notwithstanding the growth of substantial powers to its north, and a declaratory policy that spoke of close strategic partnership in relation to jointly perceived threats.

Chapter 6

AUSTRALIA AS A POWER DIFFUSER

It might be that order building gets progressively harder in a more strategically competitive Asia. It might be that, after looking for possible great-power partners in Asia, we don't find one—or at least not a different one from the one we already have. And it might be that, after we talk to Indonesia about a possible strategic partnership, Jakarta doesn't want one. What would we do then?

In the absence of closer partnership arrangements with Asian countries, our engagement there would have to take a different form. We'd have to accept that partnerships and coalitions were—for whatever reason—hard to build in the regional environment, and probably for others and not just for us. We'd be facing an Asia where more players were 'on their own' as it were, ourselves included. Asian strategic relationships would be endowed with a sort of 'anticoagulant' agent that inhibited the growth of tight strategic bonding. In that environment (which would be similar to the one we've become used to in Asia) Australia might have a strong strategic interest in reinforcing a pattern of power diffusion, encouraging the growth of multiple power centres and the relative dilution of the importance of any single centre.

This strategy would work on the basis that Australian security is enhanced by the diffusion of power among many players in Asia. Indeed, if we're formally partnered to none, then the more discrete players in the region, the better, for the simple reason that any one player is likely to be less influential. In this vision of Australian strategy, Canberra would act deliberately to foster greater multipolarity in Asia to ensure that there were more rather than fewer players with genuine 'strategic weight' in the region.

The key challenge down this path would be to find the instruments that would allow Australia to play such a role, which is more typically the role of a great power than of a second-tier one. For example, the American decision to bring India in from the nuclear cold was a good example of this sort of strategic approach in action. But Australia was at best ambivalent about that US approach, and still won't sell uranium to

India on the traditional policy basis that India isn't a member of the Nuclear Non-Proliferation Treaty. Australia's been slow to embrace the notion that geopolitical transformation can be shaped and reinforced by its own actions.

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The limits of Australian power

How would we go about becoming a more vigorous 'enabler' in a power-diffusion strategy? We don't have enough resources or influence to determine outcomes even in the Pacific islands, as Fiji shows us. If we follow this strategy, we can exercise power only in specific instances and at specific moments. This would be a weak overall approach, because it would lack a convincing narrative for a consistent Australian engagement in Asia. Indeed, in large measure it might be thought of as a strategy for disengagement: we'd deliberately play Asian powers off against each other while standing aside from day-to-day intervention. Moreover, there's a large element of hope underpinning this strategy: it's the hope that having more players with genuine strategic weight in the region is actually a recipe for stability and peace, when it might well prove not to be.

As well, this strategy could undo Australia's good relations with a range of regional players. Implicit in it is not merely a strategy of empowering but a parallel strategy of disempowering. If we were genuinely to accept that a more diverse set of power centres would be a strategic plus in Asia, we'd be accepting not merely that it was our duty to strengthen the weaker players in the region but that it was simultaneously our duty to dilute the power of stronger players. That probably wouldn't play well in Asia, and probably not in Washington, either. An alliance is primarily a power-coagulation mechanism, and it would be hard for us to run an anticoagulation strategy at the regional level in opposition to that.

Besides, there are some players we might simply choose not to strengthen, regardless of what the regional security environment looked like. We'd probably never choose to strengthen the hand of the Burmese junta, for example, let alone consider the option of supplying uranium to any Burmese nuclear program. But that there would be cases in which we'd judge that any 'enabling' we might do could only make the security environment worse needn't negate the broad outlines of the policy as a whole. Indeed, in a world of multiple power centres, where partnerships were slow to form, a pattern of bilateral engagements would form the core of Australian strategic policy towards the region. Enabling is merely a more grandiose form of bilateral commitment.

For a variety of reasons, this approach is clearly one suited to a much darker Asia. In working through it, we might find ourselves drawn not to a policy of comprehensive power diffusion, but to a more qualified policy of 'select' diffusion. That is, we might well choose to be a deliberate 'enabler' in particular circumstances—say, by choosing to strengthen other second-tier players that we believe will make a positive contribution to regional security. Such a policy wouldn't tie us into any specific form of direct security commitment in the case of

conflict; we wouldn't be concluding any new alliances with our second-tier 'partners'. The same anticoagulant forces that would prevent others partnering with us would also work in reverse. But an option of selective enabling wouldn't be entirely fanciful, and it might well be a strategy that other countries also pursue in a region where the key choice is between being a lonely engager or a disengaged loner.

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Home alone?

In his *Quarterly Essay*, 'Power shift', Hugh White canvassed the prospect that Australia might find itself strategically on its own in a future Asian security environment. He subtitled that section of his essay, 'Home alone', but that description has—perhaps deliberately on White's part—the connotation that Australia is a child accidentally abandoned by his parents: the eight-year-old Kevin McCallister of modern Asia, as it were.

Thinking of Australia as an abandoned eight-year-old isn't strategically helpful. A child engaged in a force contest with adults is obliged to rely on trickery and rat cunning, as McCallister does in the film. But in an Asia where power was diffused and where power coagulation strategies typically failed, we'd simply adopt other strategies for trying to shape that environment. Where partnerships are thin and alliances are either unlikely or unreliable, more strategic interests must be pursued through different avenues.

True, being on our own would be uncomfortable. Australia doesn't like being alone in strategic contests. This is a country that's never gone to war alone. And we'd have to accept some important constraints on our strategic options. We're a country with 22 million people and the world's seventeenth largest economy (in purchasing power parity terms). We could still be a force for good in the world—but, frankly, not much good.

But just as we'd find reinforcing power diffusion useful, so too would others. This world would be one in which many Asian countries worked on a similar principle: that, although tight bonding is out, options for reinforcing multipolarity are in. Other countries would have an interest in Australia's continuing to be a second-tier power centre in Southeast Asia, just as they'd have an interest in multiple power centres elsewhere across the Asian map.

Sadly, they'd also have a direct interest in policies of self-help, and that means they'd be working to enhance their own defence self-reliance. There would be an edginess to regional relations as arms procurement became more competitive. More countries would begin talking about their 'peaceful rise', and multipolarity could increase specific countries' worries about 'how much is enough?' In that world, Australia would also have to rely more heavily on the other two legs of its strategic tripod. Our ANZUS alliance would be valuable because such arrangements would be rare in any anticoagulant Asia, and our self-reliance policy would mirror other countries' self-help policies, so we'd pursue it with more vigour.

Chapter 7

AUSTRALIA AND ASIA

So far, this paper has approached the broad topic of possible Australian strategies in Asia as a group of options that a good strategic planner might sketch on a blank sheet of paper. But, in reality, Australia doesn't start from that position—we start with a set of existing relationships. In any model of the future, we have to consider not simply the options that lie before us but the relationships we have now.

This quest has been on the basis of a judgment—reached in ASPI's *2011 Strategic assessment*—that the power of the West and the US is in relative decline in Asia. But it would be wrong for Australia to see its strategic future as some kind of binary choice between the US and Asia. Even a superpower in relative decline is going to be a strong player for many years yet, and Australia's made it clear that it will do what it can to make the alliance more durable and to help our principal ally retain influence in Asia. Our alliance gets us a range of practical benefits that it would be almost impossible to replace, such as training, technology and intelligence. Moreover, the alliance is the formal underpinning for the US's provision of extended deterrence to Australia. Without those benefits, the ADF would be a weaker and less capable creature than it currently is, and Australia would feel more exposed to the shifting power relativities of its region.

Perceptions that our alliance with the US is in decline would make Australians more anxious, but they'd also reduce our value as a potential partner for other countries in the region. It would be harder for us to build a Southeast Asian power core, for example, without our having Washington's support for that endeavour and without others seeing that support. That's not to say that we can only approach Indonesia, or other possible partners, as part of a trilateral endeavour—indeed, it's precisely the promise of bilateral exclusivity that ought to form the basis of an emerging Australia–Indonesia partnership—but an Australia that continues to benefit from a close and vigorous connection to a powerful US would have the greatest ability to retail

itself as a strategic player in Asia. So, even a vigorous pursuit of our Asian options wouldn't mean that we were indifferent to further slippage in the US's regional position.

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Still, we have to be more creative in thinking about strategic options. We're naturally more comfortable in thinking about enhancements to our alliance or a more substantial investment in the ADF than we are in thinking about Asian engagement. Faced with a choice of building more and bigger submarines, working more closely with the US, or building a real working strategic partnership with Indonesia, most Australians will naturally plump for the first two options rather than the third. And that's where we're pressing up against the real constraints on our strategic policy. Nothing in Asia so constrains us in a policy of closer engagement as our own cultural inhibitions here at home.

It's actually easier to talk about the ways that Asia is changing than it is to talk about the ways that Australia is changing. Over the next twenty years, Australia can be expected to confront a more difficult set of strategic choices in Asia. We should begin tackling those choices by 'unpacking' a clearer narrative about our own role in Asia's strategic future. Michael Wesley has recently described Australians as 'insular internationalists', so even having the national conversation about our future will involve effort (Wesley 2011b). Moreover, the choice of narrative is an important one. It will define Australians as a people for decades thereafter, so there's good reason to think carefully about our future engagement in the region. Once we have a clearer idea of the sort of country we wish to be in regional security, we'll also have a clearer appreciation of the options that might be attractive to us.

If we define that role too narrowly—as merely the Western outsider in the region—we're not going to have a wide range of strategic options. We will, perforce, be attracted to strategic connections beyond the region rather than within it. Moreover, if we see Asia only as a possible power contest, we'll also miss much. Asia is more than a set of strategic balances: it's a marketplace, a neighbourhood and potentially a community as well. We'll need engagement strategies that allow us to play a multiplicity of roles—political, social and economic as well as military. Soft-power relations can be as important as harder, more coercive ones. True, soft power has its limits, but it's an economical and effective means for strengthening relationships and nurturing patterns of cooperation.

Above all, it will be important to be realistic about the scope of our strategic ambitions in Asia. As a second-tier power, we can't unilaterally determine the shape of the Asian security environment. The Chinese economy is already equivalent (in purchasing power parity terms) to about ten Australias, Japan's is equivalent to about six, and India's to about five. But we can have some say in how regional security unfolds. The US talks of being a residential power in Asia, but Australia actually lives here. We don't have a home continent in the American hemisphere, and we aren't an island somewhere off Western Europe.

The British philosopher, Isaiah Berlin, is famous for his categorisation of thinkers as either hedgehogs or foxes (Berlin 1953). Hedgehogs know one big thing, while foxes know many

small things. As Australia contemplates its future in Asia, it should avoid a rush to judgment about one big thing, whether that one big thing is China's rise, America's decline, the primacy of economics, or some other all-encompassing view. Asia belongs to the foxes—those who aren't trapped by the narrowness of the one big thing. Australia has many objectives in Asia, and needs more than one plan for maximising its strategic interests there.

Australia would need to be careful about seeing any of the options presented in this paper as the one big thing. The first of the four options, order building, will probably remain the central plank in our approaches to Asia, simply because it offers us a quiet path to the Asia we'd most like to see emerge. Moreover, that approach is noncontroversial: it's widely supported by the Australian public and lets us deal amicably with a wide range of Asian countries. And it lets us tell a positive story about Australian strategic and diplomatic effort at the regional level—a story about regional cohesion, good crisis management and an absence of regional conflict.

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Still, it seems increasingly likely that we'll have to play separately in the emerging Asian power game. The second option presented in this paper—finding a new great and powerful friend in Asia—is probably the least attractive of the three power-related strategies. While it can't be ruled out entirely, 'followership' is probably on the wane in Australian strategic and defence policy, at least as far as following new great and powerful friends is concerned. Furthermore, finding such a friend in Asia would be challenging. We'd hope to build good relationships with all the Asian great powers, not to pick and choose between them.

The third option, and the second power-related strategy, is to grow a more distinct Southeast Asian power core, in particular by nurturing a much closer strategic relationship with Indonesia. This option has several attractions, and Australian policymakers would do well to begin quiet discussions with their Indonesian counterparts about whether Indonesia could be attracted to such an arrangement. We needn't rush the relationship, but power relativities are shifting quickly in Asia so we wouldn't want to move too slowly either.

The fourth option—the third power-related strategy—is to find a way of living in a power-diffused Asia. That option essentially reinforces the centrifugal tendencies within such an Asia, ensuring that any single power centre would find it hard to dominate the region. This would be a difficult strategy, but the sad truth is that this Asia, the 'anticoagulant' Asia, is quite likely to develop. Indeed, in some ways it already has: Asia has only a weak record of partnership and cooperation, and successful partnerships have tended to be bilateral rather than multilateral. As a second-tier power, we could do relatively little to enhance power diffusion and balancing. It would be more than likely that we'd find ourselves playing a game that others were already playing (a range of regional countries might also see their interests as best served by a power-diffused Asia), so it's not too unlikely that some portion of this option also lies in Australia's strategic future.

Where does that leave us? As a country, we probably need to think broadly about our place in Asia and our relationships with a number of other Asian states. It caricatures our options to be too reductionist in the alternatives that lie before us. Australia isn't trapped on a strategic spectrum shaped by China and the US; nor is it obliged to see the emerging Asian security environment solely as one big defence modernisation challenge. We should position ourselves astutely to pursue Australian national interests in the transformative Asia that's emerging around us.

One of the central challenges for Australian strategic policy for the coming decades will therefore be to find a way of reconciling the third leg of the tripod with the other two—making Asian engagement mesh with our alliance commitments and our policy of defence self-reliance. The three legs of the tripod won't automatically fall into correct positions. We'll have to design a way of making them work together. That will mean discussions in Washington and not just in the region. One of the ironic effects of greater Australian engagement in Asia, for example, might be that Washington increasingly faces a problem that Canberra has faced for a long time—the implicit extension of alliance commitments. Canberra has long wrestled with the problem of its response to a case in which US forces are attacked while fulfilling a security assurance to another partner (Taiwan, for example), since an attack upon US forces in the Pacific triggers the ANZUS alliance. If Australia, too, were to find itself security partners in Asia to which the US isn't automatically tied, the same problem might well arise for Washington.

One of the central challenges for Australian strategic policy for the coming decades will therefore be to find a way of reconciling the third leg of the tripod with the other two—making Asian engagement mesh with our alliance commitments and our policy of defence self-reliance.

Similarly, reconciling an increased set of security commitments with Asian partners with our own policy of defence self-reliance wouldn't happen automatically. We might find that Asian security engagement entailed a set of obligations that had direct implications for our own force structure and primary operational areas.

Such problems can only reinforce our tendency to shrink from the challenge of Asian engagement, but we face a future of high opportunity costs if we do so. Declining engagement in an age of geopolitical transformation would mean that we'd face a future of Asian power challenges for which we were inadequately prepared.

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Forks in the river

Australia's strategic options in a transformational Asia

Australian strategic policy has for some decades rested predominantly upon the twin pillars of the ANZUS alliance and a policy of defence self-reliance. And many of the strategic debates coursing through Australia in recent months have concerned which of those pillars we ought to concentrate on strengthening during a period of geopolitical transformation in Asia. In this ASPI *Strategy* paper, Rod Lyon argues that we need to think more broadly about our options for Asian engagement, as a deliberate third leg of our strategic tripod.

The paper sketches out four, broad-brush options for Australian strategic engagement in Asia. The first of those, order building, would be a continuation of the approach that we have traditionally taken. It would focus on strengthening the integrative forces within Asia, and attempt to build a more cohesive architecture of regional cooperation. The second approach, power following, would take our predilection for partnering with great and powerful friends and attempt to apply that to the changing Asian security environment. Great powers are coming back to Asia, but this would be a difficult option—one that might get Australia embroiled in regional tensions it would rather stand above. The third option, power building, would be for Australia to help build a regional power core in Southeast Asia. That would have the merit of making Southeast Asia as a whole look much more indigestible to external powers. But we would need to find a partner—probably Indonesia—to make the strategy viable. The final option, power diffusion, would see Australia following a policy that attempted to reinforce Asia's relatively strong anti-coagulant characteristics. That Asia would be one where multiple power centres diminished the relative importance of any single centre. Unfortunately, a power diffusion strategy, even selectively applied, wouldn't necessarily be a recipe for strategic stability.

Order building and power building options both offer promising returns for Australian policy effort. Getting both to run as part of a cohesive Asian engagement strategy, and then making that strategy fit with our policies of alliance and self-reliance, will be a major undertaking for Australian policy makers in the next twenty years.