



# Implications for Australia of the Crisis in the West and the Threat from China and Russia

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Paul Dibb is Emeritus Professor of Strategic Studies at The Australian National University where he was head of the Strategic and Defence Studies Centre from 1991 to 2003. His previous positions include: Deputy Secretary of the Department of Defence, Director of the Defence Intelligence Organisation, and Head of the National Assessments Staff (National Intelligence Committee). He was made a member of the Order of Australia in 1989 for his contribution to Australia's defence policy and intelligence work. During the Howard Government, he was a member of the Foreign Minister's Foreign Policy Council. He has represented Australia at 11 meetings of the ASEAN Regional Forum's Experts and Eminent Persons group with the most recent one being in Canberra in March 2017.

# Implications for Australia of the Crisis in the West and the Threat from China and Russia

Emeritus Professor Paul Dibb

## Executive Summary

- ✦ The global and regional strategic outlook is extremely uncertain and fraught with danger.
- ✦ The world is still recovering from the devastating impact of the global financial crisis, which has given rise to extreme nationalism and protectionist policies.
- ✦ The West as a geopolitical entity and a cultural ideal with a superior form of governance is in deep trouble.
- ✦ The central strategic challenge in our region is uncertainty about America's commitment and alarm about a much more assertive China, as well as North Korea's belligerent threats of nuclear war.

## Policy Recommendation

- ✦ The 2016 Defence White Paper needs to be revisited to give more emphasis to Southeast Asia and Beijing's attempts to establish a sphere of influence there.
- ✦ Australian defence policy should give more attention to the vulnerability of our northern approaches and maritime Southeast Asia as the two principal force structure determinants (contrary to the views of the White Paper).
- ✦ Australia also needs to develop a more self-reliant defence policy, which plans for the need to expand the ADF in response to unexpected military threats in our region.

The West is in deep trouble. As a geopolitical entity, a model of economic success, a cultural and moral ideal, and as a superior form of governance the West seems to have lost its way.

The leadership of the free world by the United States is now fraught with uncertainty. In America, and much of Europe, ultranationalist populism is leading to more inward-looking and protectionist policies. The growing rejection of the benefits of economic globalisation now risk more confrontational trade policies between nation states.

The turning point of all this was the disastrous global financial crisis of 2008, which was the world's biggest economic collapse since the Great Depression in the 1930s. Much of the West seems to have lost its sense of self-belief whereas both Russia and China continue to drink from a deep well of civilizational self-belief and national pride. That is especially the case for China, which believes that its time has come to challenge the Washington consensus and assert itself as a great power that practices state capitalism and which proclaims the collective good is superior to individual freedoms.

What has caused all this introspection and loss of sense of direction in the West? Some of it undoubtedly stemmed from the puncturing of the hubris which emerged with the defeat of the former Soviet Union and world communism. That led to the US feeling free to throw its weight about and use military force in such far-flung places as Serbia and Kosovo, Afghanistan, Iraq, Libya and now Syria.



In the meantime, extreme forms of ill-disciplined capitalist speculation were allowed to proliferate in New York and elsewhere in America with disastrous results, the effects of which are still being felt. Almost everywhere in the West democracy seems to be under threat and social discontent is rejecting the norms that have been so successful in creating political stability and economic wealth since the end of the Second World War over 70 years ago.

## **In Australia there is little sense of just how deep the crisis of the West is becoming.**

In Australia, there is little sense of just how deep the crisis of the West is becoming and how serious the challenge is to the very fabric of our societies. Much of this is due to our complacency after having experienced over 25 years of continuous economic growth. We have elected weak governments with weak leaders and a succession of obstructionist Parliaments. There seems to be little acceptance of just how dangerous strategically our region is becoming and what the risks of war might well be.

This paper focuses on the strategic and military implications for Australia of the serious global and regional strategic challenges that are now emerging. I pay particular attention to what all this mean for our defence policy and how we now need to focus on the risk that unpredictable military challenges could emerge more quickly than predicted in the 2016 Defence White Paper.

### **A Dangerous Global Strategic Outlook**

The global outlook is extremely uncertain and fraught with danger. The challenges from China and Russia are growing and both of them are becoming more assertive and strengthening their military and cyber capabilities. In America, the advent of President Trump has made American policy making the most unpredictable in living memory. He harbours extreme views and constantly contradicts himself – mainly by tweets in the middle of the night – about crucial policy issues. Although his recent statements have moderated some of his more outlandish outbursts as presidential candidate, he seems to think that the world can be run by doing deals as distinct from having well thought through strategic policies. Elsewhere in the West, the United Kingdom has rejected its membership of the European Union and in Europe itself extreme political parties have arisen that harbour extreme nationalistic views and reject immigration and multiculturalism. In the last decade, world economic growth, trade and investment have limped along in the shadow of the 2008 Great Financial Crisis. As a result, both Europe and America are preoccupied by their own domestic problems.

In many ways, today's world has uncomfortable parallels with the early 1900s when a rising Germany was about to confront the established powers of Great Britain and France. War at that time seemed incredible because of the great damage it would do to growing economic and technological interdependence, as Norman Angell argued in his book *The Great Illusion*.<sup>1</sup> Barbara Tuchman has persuasively described the unreal sense of *hauteur* in the years before 1914 and the dismissiveness of the risks of war in Europe in her seminal book *The Proud Tower*.<sup>2</sup> And yet only four years after Norman Angell's work the most destructive world war known to mankind at that time broke out and resulted in over 17 million deaths. The 20 or so years before 1914 were a pivotal moment in world history, in a way made even more dramatically so because its participants had absolutely no idea where it was taking them. Tuchman portrayed a world in transition that was 'the culmination of a century of the most accelerated rate of change in man's record'. How familiar is much of this?

Let me be clear here: I am not predicting another world war. Not least because the prospect of mutual nuclear obliteration has changed the ground-rules. But neither should we pretend that the risk of armed conflict between nation states has been rendered obsolete merely because we live in an era of such profound economic and technological interdependence. I am of the view that some of the precursors to the outbreak of war are currently making themselves felt. For example, the rise of assertive nationalisms, territorial conflicts, protectionist attitudes, arms races and threats of using military force, and – not least – massive shifts in the balance of power all occurring at the same time. World history is full of the rise of rabid nationalisms, territorial disputes, and the collision of rising and declining powers leading to outright war.

Unlike in the Cold War there are no longer agreements and talks about strategic nuclear weapons. Unlike in the Cold War, Washington and Moscow are no longer talking to each other and they each are accusing the other of introducing destabilising new technologies (for example, hyper velocity vehicles and prompt global conventional strikes). Ominously, China continues to refuse to participate in discussions – even with the Russians – about limiting its strategic nuclear arsenal.

In the meantime, much of the West is preoccupied with its domestic problems and the adverse impact of globalisation on employment and social cohesion. We are seeing weak democracies everywhere and unpredictable changes of political leadership. In their different ways, both China and Russia are taking advantage of these Western weaknesses, including the fact that the West has been bogged down in unwinnable wars in the Middle East for over 15 years now. In summary, the crisis in Western capitalism and declining trust in the democratic process is unprecedented in the post-war era just at a time when China and Russia are flexing their muscles militarily.

### Serious Threats in the Asia-Pacific Region

Over the last decade, there has been increasing concern in our region about the rise of China and just what it aims to do with its growing military power. In its own immediate neighbourhood-- including the Taiwan Straits, the East and South China Seas-- Beijing is developing the capability to make life difficult for potential adversaries, including the United States.

China's increasing use of coercion to get its own way in such places as the South China Sea is raising serious questions about Beijing's strategic aims. Does it seek to become the dominant power in Asia that requires all lesser powers to do its bidding? Or will it instead seek to become a great power that peacefully shares power with such other major powers as the US, China, Japan and India? The evidence is beginning to show that it is the first proposition that it is aiming for: that is, to replace the US as the hegemonic power in the Asia-Pacific region.

## Today's world has uncomfortable parallels with the early 1900s.





Some commentators, such as Hugh White and Gareth Evans, are arguing that the US needs to make “strategic space” for China and share power with it.<sup>3</sup> But nowhere do they make clear what conceding strategic space means: does it mean allowing China to occupy Taiwan and destroy the vibrant democracy of 23 million people? Does it mean accepting a Chinese sphere of influence in Southeast Asia – including the South China Sea – as the dominant regional power? These sorts of questions remain unanswered. But they are crucially important for the future peace of the region. How do democracies such as the US, Japan, India and Australia make strategic space for a country such as China with which they do not – and will not – share common values? Of course, on the other hand granting China strategic space might only mean treating it with respect, acknowledging its historical humiliation and accepting that its entry into the rules-based international order might require some adjustments.

Sometimes, the answer to these sorts of questions is that we share common interests with China in avoiding military conflict and enjoying the economic benefits from China’s rise, which has been fundamental to the astounding economic performance of the entire Asia-Pacific region over the last 20 years or more. This suggests some sort of grand bargain in which we trade-off continuing economic benefits against Chinese geopolitical expansionism. This is not acceptable to the other major powers in Asia, although there is a danger that it may well be acceptable to most Southeast Asian countries. The central strategic question of our time in this region is whether China will continue to rise peacefully or use its rapidly increasing military power to expand its strategic space through the use of coercion and the threat of force. As for China’s role in supporting a peaceful regional order, the fundamental test for Beijing right now is how it deals with North Korea’s irresponsible utterances about the imminence of nuclear war.

**Some of the precursors to the outbreak of war are currently making themselves felt.**

President Trump has stated that Washington’s strategic patience with North Korea has run out and that all options – including military options – are now on the table. However, Chinese Premier Li Keqiang warned in his visit to Australia in April 2017 that the existing international order is being called into question and that we live in a disoriented era beset by uncertainties. He was clearly directing this critique at President Trump, but with no recognition that China’s policies, including its tolerance of Pyongyang’s provocative nuclear threats, have helped bring this situation about. The central policy question for Australia is whether China’s aim is to realise the goal of recovering from the United States the

primacy China once enjoyed in Asia. China will remain the most significant competitor to the United States for decades to come and the likelihood of long-term strategic rivalry – including the risk of military conflict – between Beijing and Washington is high. Trump and his advisers view Beijing as an aggressive strategic competitor that needs to be deterred with superior US military strength. There is a real risk here that President Trump’s muscular approach to regional security may lead to diverging threat perceptions among America’s allies, including those in Australia who are more inclined to accommodate China’s rise.

There are, of course, other conceivable regional flashpoints in addition to China and North Korea. But the greatest challenge for a country such as Australia is to understand the strengths and weaknesses of China and to arrive at a plausible strategic policy for the way ahead with that country.<sup>4</sup>

In the space available, it has not been possible to address such other important strategic policy issues for Australia as, for example, the future of important countries to us such as Indonesia and Papua New Guinea out to 2050. The latter could pose Australian policymakers one day with a failed state on its very doorstep. And whereas Indonesia has made creditable progress with democratisation since the fall of General Suharto in 1998, we need to think carefully about what the chances are of an extreme Islamist government coming to power in Jakarta in a country of over 360 million people by the middle of this century.

### Implications for Australia’s Defence Policy

Even before the election of President Trump, Australia’s foreign policy was struggling with the tensions between the priority to be given to its crucial strategic alliance with the United States and its reliance on China as its primary trade partner and source of tourism and foreign education students. Trump’s election has brought this paradox into even sharper relief, given his unpredictability and inclination to extreme deals. China, on the other hand, is putting increasing pressure on Australia to ignore ideological differences and concentrate on the benefits of the two-way economic relationship. It is said that some in the Turnbull Government think the Chinese are “just like us” in terms of doing business:

## Trump’s muscular approach to regional security may lead to diverging threat perceptions among America’s allies.



that is a dangerously naive proposition. Trump and his advisers, such as Secretary of Defense Mattis and Vice President Pence, seem to have accepted the continuing importance of the ANZUS Alliance. But Prime Minister Turnbull did not meet President Trump face-to-face until 4 May—unlike other regional leaders, such as a Japanese Prime Minister Abe, who had already met Trump more than once.

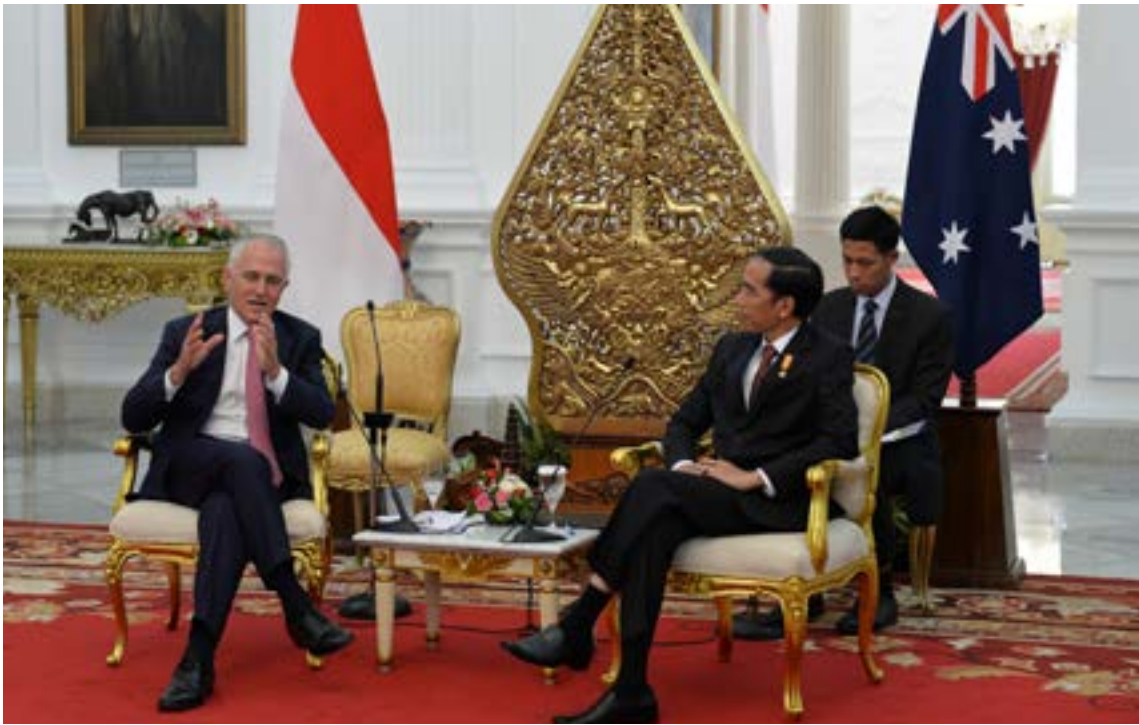
The US Alliance continues to receive strong bipartisan support in Australia, but at the popular level there is now a great deal of cynicism about the personality of Trump and his unpredictability. The fact remains, however, that Australia is hugely dependent upon America for the supply of advanced military equipment, intelligence, defence science and defence industry support.<sup>5</sup> This includes combat systems and weapons that America does not share with any other country (for example, the combat system and weapons on the Collins class submarines and the Growler electronic warfare aircraft). And it is

major US defence industry companies based in Australia that provide us with the advanced technologies which are crucial to the Australian Defence Force's war-fighting capabilities and regional technological advantage. Whichever future governments we get, Australia will not resile from the central importance of the ANZUS Alliance that underpins our security – including extended nuclear deterrence and the protection of Australia in the event of an attack from a hostile major power. This does not mean, however, that Australia should not move towards a more self-reliant defence policy and focus much more strategically on its own regional neighbourhood. Given our much more uncertain regional strategic outlook, Canberra might have on occasion to say no to the US when it comes to far-flung military deployments outside of our own region of primary strategic concern.

## Australia will not resile from the central importance of the ANZUS Alliance.

In this context, Southeast Asia is of particular concern because the Trump administration – and Trump himself – shows little real interest in this part of the world and the fact that it is increasingly coming under Chinese influence. Cambodia, Laos, Thailand, the Philippines and Malaysia are increasingly pro-China. Only Singapore, Vietnam and Indonesia seem determined to exert – so far at least – their sovereign independence. It is not in Australia's interests to see Southeast Asia become a set of Chinese tributary states increasingly beholden to Beijing. Southeast Asia, including the South China Sea, should be a protective barrier to Australia's vulnerable northern approaches. But a Southeast Asia that kowtows to China and allows a Chinese military presence in and around its waters would represent a serious strategic threat to Australia.





In my view, last year's *2016 Defence White Paper*, now needs to be revisited in order to put more emphasis on and give much more attention to Southeast Asia, particularly Indonesia. In force structure terms, the 2016 Defence White Paper gave equal priority to the defence of Australia, Southeast Asia and the South Pacific, and support of Australia's interests in the so-called rules-based global order.<sup>6</sup> The latter phrase was repeated more than 50 times in the White Paper and now seems dated as a concept, given global trends to assertive nationalism and protectionist attitudes.

It never made sense for a country of Australia's limited military capabilities to pretend that these three priorities could be treated as equal in determining force structure acquisitions.

Australia's geography tells us otherwise: we now need to rethink our force structure priorities and give renewed focus to our vulnerable northern approaches and maritime Southeast Asia. This refocus on our own geographical vulnerabilities is particularly the case now that China's military presence in the South China Sea is over 1000 kilometres closer to our northern approaches than it used to be.

In this context, it is important that Australia's defence policy gives more attention to increased defence self-reliance. This does not mean defence self-sufficiency. But it does mean that a conscious effort must be made to develop limited self-reliance in key areas and giving much more attention to the demands of expanding the ADF in the event that an unpredictable military challenge should emerge more quickly than predicted in the 2016 Defence White Paper. All this means that Australia needs to develop, more rapidly than the White Paper envisaged, the most advanced maritime forces of any medium-size country in the Asia-Pacific region to meet the unpredictable security challenges outlined in this paper.

## **Last year's *2016 Defence White Paper*, now needs to be revisited.**

This is an edited version of the after-dinner speech Dobb presented at the Strategic & Defence Studies Centre Masters Degree student retreat, at Kioloa on 1 April 2017.

## Policy Recommendation

- ✦ The 2016 Defence White Paper needs to be revisited to give more emphasis to Southeast Asia and Beijing's attempts to establish a sphere of influence there.
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- ✦ Australia also needs to develop a more self-reliant defence policy, which plans for the need to expand the ADF in response to unexpected military threats in our region.

## Endnotes

- 1 See Norman Angell, *The Great Illusion: A Study of the Relation of Military Power in Nations to their Economic and Social Advantage*, (London: G.P.Putnam's Sons, 1910).
- 2 Barbara Tuchman, *The Proud Tower: A Portrait of the World Before the War, 1890-1914*, (London: Macmillan, 1966). The title of the book is derived from the Edgar Allan Poe poem published in 1845 *The City in the Sea*, which says 'While from a proud tower in the town/ Death looks gigantically down'.
- 3 Hugh White, *The China Choice: Why America Should Share Power*, (Black Inc., 2012).
- 4 For a comprehensive and balanced view of China and its future relations with Australia see Bates Gill and Linda Jakobson, *China Matters: Getting it Right for Australia. What We Need to Know for Today and Tomorrow*, (Melbourne: La Trobe University Press, 2017).
- 5 See Peter Dean, Stephan Frühling, & Brendan Taylor, eds. *Australia's American Alliance: Towards a new era*, Melbourne, Melbourne University Press, 2016.
- 6 *2016 Defence White Paper* (Canberra: Commonwealth of Australia, 2016), page 71.



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