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To choose or not to choose

How to deal with China's growing power and influence

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Peter Jennings

This *Strategic Insights* collects 10 items published on the ASPI blog *The Strategist* by eight authors on one of the most important public policy issues of this decade and beyond: how to deal with China's growing power and influence. Hugh White's book, *The China Choice*, has sparked substantial debate about what the right Australian and US policy approaches should be to China, and the current round of debate on *The Strategist* was sparked by Hugh's negative reaction to the prospects of a closer defence relationship between Australia and Japan.

Hugh writes: 'it will be harder to negotiate an accommodation with China if Japan's new strategic posture involves building a coalition of allies designed specifically to resist any such accommodation, which is what I think Mr Abe is trying to do. If Abe's new line does not convince China to back down, and I don't believe it will, then it is sure to contribute to escalating rivalry.'



Peter Jennings PSM, Hugh White AO & Secretary of Defence Dennis Richardson AO at Order of Australia celebration. Image source: Twitter account @ANUHedleyBull, 7 August 2014. © Kerrie Hogan.

My take on Australia–Japan cooperation is that it's unlikely to be seen in Beijing as such a provocative catalyst for regional instability. The debate contained in the following pages provides a lively guide to current thinking on some of the big strategic issues of the day. My thanks to Nick Bisley, Andrew Phillips, Andrew O'Neil, William Tow, Rod Lyon and Robert O'Neill for their forthright contributions. Thanks also to Hugh White for his continuing good-hearted interest in taking part in a 'sprightly' debate. It says something positive about Australian strategic policy that so many thinkers in the field are willing to participate in an open dialogue of this sort. My hope is that a conversation like this will start to identify points of shared thinking and expose the areas where further work is needed to improve the quality of policy outcomes. ASPI will continue to publish on the topic. There is no more important subject for the future of Australia and for a stable Asia–Pacific.

Wrong turn on the White road

Peter Jennings

A journey even more remarkable than the Chinese Ming Dynasty fleets' discovery of Australia in the 1420s (at least [according to Hu Jintao](#) in 2003) is Hugh White's journey of discovery on the China Choice road. Readers will be familiar with the bleak landscape of this voyage: confronted with a growing China determined to dominate its region, Australia must choose between its biggest market or its American ally. The choice is either to give China breathing space to manifest its destiny or ultimately go to war to stifle Beijing's ambition. The prospect of war is so terrible that Australia's only sensible option is not to cooperate with Japan or, most likely, any other partner in the region, because to engage with others is to encroach on Chinese breathing space. And that will take us to war.

The latest staging post on the China Choice road, is [an article](#) in the Fairfax broadsheets lamenting Tony Abbott's commitment to closer defence and economic cooperation with Japan. This is a bad thing, Hugh argues, because Japan's interest is to gather around it countries that will fight alongside it against China. In the White world of international security, where countries behave like the planets set on their immutable orbits, there's no other outcome than that China and Japan will go to war over rocks in the sea while the US, Australia and any other country silly enough to limit China's breathing space will be drawn into the conflict. So obvious is this desolate outcome, Hugh concludes, that either Tony Abbott just doesn't understand the celestial movements of countries in White's world, or:

A second possibility is that Mr Abbott is just pretending not to understand. He does understand what is going on in Asia, and has decided that, as regional strategic rivalries escalate, Australia's best move is to spur them on—not just by strengthening our alliance with America, but by becoming Japan's ally against China.

That's such a remarkable quote you really should read it twice. There you have it, dear reader, an Australian conspiracy to take the world to war, to spur on China's rivalry with flagrant, provocative, breathing-space-encroaching behaviour of strengthening our 70-year-old alliance with the US and cooperating, as we have since the 1950s, with Japan.

There are many twists and turns on the White road. For example, Hugh says that 'Japan has a perfect right to do what is needed to protect its own security'—just not, it seems over the Senkakus or by cooperating with friends. That raises an obvious question: is the Asia–Pacific more stable by having a Japan closely allied to the US and with a network of friends, or with a Japan that's isolated? History gives a precedent to consider.

To disprove the massive Australian conspiracy theory spurring the region to war, I offer the following modest insights. First, China–Australia relations remain good. Beijing isn't asking us to choose. Australia continues to put a top priority on building closer relations with China. When Shinzo Abe was in Canberra, John Howard was in Beijing, meeting Xi Jinping. Xi pointed to the 'extensive common interests' between the two countries and looked to a future of close cooperation and a speedy conclusion to free trade negotiations. As I [predicted](#) in the *Financial Review*, there were a few negative comments in the Chinese media about Abe's visit. But reading those as though they reflect Chinese government thinking makes no more sense than imagining *Age* editorials channel Tony Abbott's opinions.

Second, no two countries are more invested in each other's success than China and Japan. Like Australia, [China is by far Japan's largest market for imports and exports and Japanese investment in China is valued at over US\\$58 billion](#). A conflict between the two countries would sink them both. That's not to say nationalism and miscalculation couldn't trump economic self-interest, but it's wrong to imply the current momentum is all in the direction of conflict. China's primary interest is still to sustain growth. Peaceful relations with Japan are a key component of that strategy.

Third, with the exception of some Australian media outlets, Malcolm Fraser and the ANU redoubt, nowhere in the civilised world is the China Choice logic gaining traction. Countries in the Asia-Pacific stickily persist in cooperating with each other; in wanting the US to remain engaged; in building defence capabilities and otherwise refusing to sacrifice their own interests to give China more breathing space. At the same time the region vigorously trades with China even as they worry about Beijing's intentions. The Asia-Pacific isn't a blank canvass for China to redraw the map. Every country is looking for breathing space and most are forming the view that closer cooperation with friends and allies builds a stronger foundation for stability. That's why Australia and Japan are cooperating more closely, and why both countries want closer relations with China.

In the Asia-Pacific the White Road is the road not taken, and just as well if the choice we face upon it is subordination or incineration. The smart thing to do is to follow a different path. U-turn, anyone?

Reader response: Wrong turn on the White road

Hugh White

[Peter's sprightly post](#) leaves no room for doubt: he doesn't buy the argument that he thinks I'm making about how we should respond to China's rise. I'm glad to hear that because I don't buy the argument he thinks I'm making either. Like him, I don't believe that Australia must make a choice between America and China—or at least not the kind of once-and-for-all, all-or-nothing choice he has in mind. On the contrary, like Peter, I think the key aim of Australian policy should be to avoid having to make that kind of choice.

Where we differ, I think, is over what we should do to avoid being forced to make that 'big choice' between America and China. Peter would, I expect, agree that whether we can avoid making the big choice depends mainly on the trajectory of the US-China relationship. If they get on okay with one another, we can get on okay with both of them. But the worse they get on, the starker the choice we'll face between them. And in the event of a conflict we would face a big choice indeed.

But Peter and I seem to differ on how seriously we need to take this risk of escalating strategic rivalry. Like many people, Peter seems broadly optimistic about the trend of US-China relations and I think that's because he assumes that China's challenge to US leadership in Asia isn't something we need to take very seriously.

He has great faith in US strength and resolve and believes that China won't be foolish enough to challenge it. All America has to do is stand firm, and all America's friends and allies have to do is to stand firm beside it, and Beijing will back down. America would then remain the uncontested leading power in Asia indefinitely and Australia would face no pressure to make unwelcome choices.

I am rather less optimistic. I think the risk of escalating strategic rivalry between the US and China is high because China's resolve is stronger than Peter believes it to be, and because China's estimate of US resolve is lower than Peter believes it to be. China will therefore respond to US push back by pushing back harder itself. I think the events of the past few years support my gloomier assessment.

This is why Peter and I take different views of how best to minimise the chances that we'll be forced to make a big choice. Peter thinks that the more firmly we all stand up to China's challenge to the status quo, the sooner the Chinese will back off and things will go back to the way we want them to be. I think the more firmly we resist any accommodation of China's ambitions, the faster strategic rivalry will escalate and the closer we will come to having to make the choice we all want to avoid.

Peter would respond, I expect, that any accommodation of Chinese ambitions would anyway be tantamount to making the big choice to side with China and dump America. But we differ over that, too. Peter's view presupposes that there are only two possible futures for Asia: either maintaining US primacy or succumbing to Chinese hegemony. I think there are more options than that.

It's perfectly possible that Asia could be stable and harmonious and that Australia could avoid any big ugly choices, under a new regional order in which neither America nor China exercises sole leadership. We could accommodate China to some extent without giving way on everything. Building and sustaining that kind of order would be difficult, of course. But it is worth trying, when the only alternatives are hoping that China backs down, or accepting escalating strategic rivalry. Hope isn't a policy, and escalating rivalry is what we want to avoid.

That's why I think we in Australia should do all we can to promote a new power-sharing order in Asia and avoid actions that make that order harder to achieve. So if we want to avoid being forced into a big choice between America and China, we must pay careful attention to some smaller but still important choices that confront us today.

Which brings us to Japan and last week's visit. Among the smaller choices we face today is how to cooperate with Japan on strategic issues in Asia. I argue that we shouldn't sign up to Japanese policies which escalate strategic rivalry but we should support those which help build a stable new order.

For reasons explained elsewhere, I think it'd be easier to negotiate an accommodation with China and create a stable new order in Asia if Japan becomes less strategically dependent on America. So I agree Japan needs to overhaul its strategic posture.

But it will be harder to negotiate an accommodation with China if Japan's new strategic posture involves building a coalition of allies designed specifically to resist any such accommodation, which is what I think Mr Abe is trying to do. If Abe's new line does not convince China to back down, and I don't believe it will, then it is sure to contribute to escalating rivalry.

That's why I think Mr Abbott was unwise to support Mr Abe's policy as he did last week. Our support for Abe escalates regional rivalry and pushes us closer to the big choice which we all agree Australia must avoid.

China and Japan: strengthening peace in the Pacific

Robert O'Neill

The recent dialogue between [Hugh White](#) and [Peter Jennings](#) on *The Strategist* makes us all ask where we stand on the Sino-Japanese relationship. Statements by President Obama emphasise that the United States takes its security partnership with Japan seriously, while Prime Minister Abbott was reassuring towards Prime Minister Abe during the latter's recent visit to Australia. In many ways, those statements are wise and reflect the gravity with which both the United States and Australia view their treaty obligations.

There is, however, another side to this question—what do the Chinese think about the issue and are we handling them in the best possible way? Before we make up our minds simply to defend the status quo in the western Pacific right down to the last detail, it might be prudent to examine the diplomatic basis on which security rests. We know about the US–Japan Treaty of Mutual Co-operation and Security concluded in 1960, and we certainly know about ANZUS, concluded in 1951. But we may be less familiar with the principal agreement between Japan and China in the western Pacific: the Treaty of Shimonoseki, concluded in 1895 and still partly in effect. 1895 was a good time for Japan to insist on a treaty that expanded the area under its control, and a poor time for the Chinese to negotiate on behalf their interests.

The principal European imperial powers had been giving China a hard time through the 19th century. The British Opium War against China looks absurd today, with the British sending in the Royal Navy to blast the Chinese defences because the Qing Emperor refused to allow the commercial entry of opium from the East India Company in the 1840s. There were several other conflicts in which a weak China gave way to the formidable military power of foreign states, resulting in a series of agreements

(at least 22 of them) termed by the Chinese the 'Unequal Treaties'. The most consequential of those conflicts was the First Sino-Japanese War of 1894–95, which, after a Japanese victory, was concluded by the Treaty of Shimonoseki.

That treaty gave Japan Taiwan, the Ryukyu Islands and possibly the Senkaku/Diaoyu Islands, although the treaty isn't explicit on this point. The Japanese believe the islands are included while the Chinese do not. The Japanese lost Taiwan to China after World War II, and the United States administered the Ryukyus and the Senkaku/Diaoyu group from 1945 until 1972, when Japanese sovereignty was restored. Since then the Chinese have pressed their claim, based on their view of history, to have the Senkaku/Diaoyu group returned to them.

The Japanese response has been to stand firm, and to strengthen the national claim by buying three of the five major islands of the group from a private Japanese owner. There has been no indication of Japanese readiness to step back on this issue and discuss the return of those islands to the Chinese. Indeed, all the indications have been in favour of a willingness to go to war to defend the Japanese claim. That response flies in the face of growing Chinese military strength, and Chinese public opinion which, in the 21st century, remains highly critical of Japan.

The issue of the balance of military strength is particularly disturbing, partly because of the increase in the range, sophistication and destructiveness of Chinese weaponry, and partly because of the proximity of the islands to the Chinese mainland. At 330 km from the Chinese coast, and 170 km from Taiwan, they, and the seas around them, can easily be subjected to intense attack by Chinese forces based on the mainland.

That in itself isn't a reason for giving them to China, but when set into the wider contexts of economic relations, strategic geography and historical experience, one has to wonder whether the islands are worth running the risk of a war over, to Japan, the United States and possibly other allies of the US such as Australia. The question is all the more salient when one considers the fact that the islands are uninhabited. The seas around them may, or may not, be covering hydrocarbon deposits, but at present they are of economic significance only for fishing.

Before both sides in the dispute get into such a level of confrontation that a war seems thinkable, would it not be better for them to step back, relax a little, and think more positively about how they might resolve this dispute peacefully? Given China's memory of the 'Unequal Treaties' of the 19th and 20th centuries, might it not be time to revise what was done in a markedly different context in 1895? And might it not be better for Japan's allies to have a little less to say about willingness to support it without their having a decisive voice in heading off a possible crisis?

Analysing the China choice

Rod Lyon

The recent posts by [Peter Jennings](#) and [Hugh White](#) outline an interesting set of thoughts about Australia's strategic policy options in a transformational Asia.

If I can summarise the argument bluntly, Peter says we don't need to choose between the US and China, nor even between Japan and China—explicitly making the case that 'countries in the Asia-Pacific stickily persist in cooperating with each other', and implicitly making the argument that zero-sum strategic competitions come along a lot less frequently than many people suppose. Just as well too, says Peter, since the choice Hugh outlines is one between 'subordination or incineration'.

Hugh agrees that the objective of Australian policy should be to avoid having to choose between the US and China. But being able to do that, he says, turns critically upon how well the US and China get on with each other: 'the worse they get on, the starker the choice we'll face between them'. Since Hugh is a self-confessed pessimist, he doesn't expect the two great powers to get along well. So he does think we face a looming—stark—choice between great powers. Hugh's answer is greater accommodation of China: 'the more firmly we resist any accommodation of China's ambitions, the faster strategic rivalry will escalate'.

The argument between Peter and Hugh is rather more subtle than it appears at first glance, but I think it turns upon one important difference: Hugh wants Australia 'to promote a new power-sharing order in Asia', where I get the sense that Peter would like Australia to promote a new responsibility-sharing order in Asia. Between the two competing principles, I'm attracted to the notion of responsibility-sharing. If China's ambitions don't include a role as something like a 'responsible stakeholder' in the regional order (yes, I know Robert Zoellick's term is unfashionable these days, but it captures the right metric), why should we accommodate it?

Power is neither a good thing nor a bad thing in international relations—it's what it's used for that matters. In that sense, power's like war and intelligence operations—you judge it by its political objectives rather than standing in slack-jawed admiration of power in its own right. That's the way we've always judged other powers: it explains why we think now that concluding 'peace in our time' with Hitler was wrong, and also why we thought the Soviet Union had to be contained, even if it couldn't easily be fought in a nuclear age.

So, the real determinant of whether we have to make a choice between the US and China isn't how well they get on with each other. It's 'what does China see as its role in the world?' The problem is that question doesn't get a single answer, even in Beijing. Chinese grand strategy is a mish-mash of: its earlier expectations of what it meant to be a great power; a sense of entitlement now China has escaped the century of humiliations; a great sense of economic interconnectedness to the outside world; and a history of fractious relations with its neighbours.

That means Beijing likes some parts of the current regional order but dislikes others. It likes maritime security and safe sealanes so it can trade. It likes regional stability so it can concentrate on development. It accepts that US alliances help 'tether' Washington's regional allies, though it's becoming a bit more hesitant about that one. It dislikes foreign barbarians encroaching on Chinese civilisation. It resents that it's a great power with unsettled territorial claims. It dislikes an Asian security order organised in Washington.

Hugh says that accommodation doesn't mean giving Beijing everything it wants. That's true. But what do we do when push comes to shove on something it wants but we don't want? At some point, even in Hugh's universe, the rubric of 'choice' cuts both ways. And choosing to resist China in a regional order we've designed to accommodate it might involve a set of strategic risks that we'd be unwilling to run on the day: by necessity, there'd be a set of salami-slice calculations in which the running of great risks for small gains could always be reasoned away.

Let's go back to the nub of the problem: what does Australia want in Asia? I think the answer is relatively simple: it wants a stable, liberal, prosperous regional order. We can accommodate a China that wants that too. But power-sharing for its own sake doesn't strike me as a recipe for strategic happiness. And arguing in Washington for a course that dilutes US influence in order to fashion a workable G2 with China means arguing for a smaller role for the one great power that's actually built a stable, liberal, prosperous order in Asia. I'm not in favour of our doing that.

On the merits of avoiding stark choices

Andrew O'Neil

Strategic analysts have a poor record of anticipating the future shape of international relations. Most famously, apart from a few obscure French historians, no-one seriously foreshadowed the demise of the Soviet Union and subsequent end of the Cold War. Distressingly for those of us who get paid to explain what's likely to happen in international relations in the future, there's no shortage of other examples.

At the outset of the 1990s, the overwhelming consensus was that North Korea would collapse by the end of that decade. In the year 2014, the DPRK is nuclear-armed, there are glimmers that its ramshackle economy may be turning around, and the authority of the regime under a thirty-something four-star general appears stronger than ever.

Few envisaged the most significant geopolitical shift of the past three decades: the rise of China to great power status. Indeed, when the small but committed staff at Australia's freshly-minted Beijing embassy in the 1970s sent cables to Canberra predicting that China would rival Japan as the region's major power by 2000, [they were laughed out of town by senior policymakers](#).

Why should we be any more confident that our capacity for prediction today is better than it was in years gone by? That's no mere academic question. It has major implications for how we allocate the shrinking defence dollar and how we deploy our small but effective diplomatic presence globally. The counter-claim from some that 'we don't have a crystal ball so we can't predict anything' is disingenuous. Ultimately, strategic analysts purport to predict future trends and shifts on the basis of key global drivers, with a few intervening variables thrown in for good measure. It's how the credibility of our craft is judged.

The subject of prediction has direct relevance to the lively discussion between [Hugh White](#) and [Peter Jennings](#) over whether Australia has to make a choice between China and the US. Both perspectives are, in essence, based on pretty confident predictions about the future trajectory of Sino-American relations and how our region will evolve in the next 20–30 years. [Rod Lyon](#) has captured nicely the key assumptions underlying each view, and while I'm probably slightly more sympathetic to Peter's angle, I have some concerns about the deeper foundations on which both arguments are based.

First, both assume that current trends will continue; in Hugh's case that US–China rivalry will sharpen over time, and in Peter's case that economic interdependence and middle power autonomy will remain as independent variables that drive strategic choices in Asia. But there's no guarantee that either trend will persist. To be sure, China–Japan economic relations are important, but there are palpable signs Beijing and Tokyo are pulling policy levers to dilute mutual interdependence, particularly in the area of foreign direct investment. Rivalry between Washington and Beijing may well become more acute going forward, but then again, it might not. Structural realists predict that war is inevitable between rising and declining great powers because the latter will seek to hold on to accumulated power through whatever means, including armed force. But as we have witnessed throughout even recent history, nothing is preordained in international relations and, given the paucity of accurate forecasting, we should be inherently sceptical about claims to the contrary.

Second, Peter and Hugh make distinctively different assumptions about the degree of agency Australia enjoys in international relations. Hugh is a thoughtful realist—as distinct from the *uber*-realist types often found in government—but he's still a realist and therefore inclined to see non-great powers as secondary actors with little real autonomy. Peter's view echoes liberal optimism about the power of interdependence, but also acknowledges that small and middle powers have agency that can overcome structural constraints in the international system. That perspective rejects the standard realist view that small and middle powers don't matter.

Yet there's a pretty good chance *both* perspectives will be borne out as we move forward in the 21st century. One of the really striking macro-trends in international relations since 1945 is that realist and liberal theories have both been validated at different times in different circumstances. It's not as if we should be making a stark choice between them as a guide to the future. Put simply, in relation to the US–China relationship, Australia will feel more constrained in some cases and more autonomous in others. That will depend on a range of contingent factors, including the views of elites at any given time, the precise issue(s) at stake, and whether Australia is able to act in concert with other middle powers as a diplomatic force-multiplier. The one theme uniting those contingent factors is that, by definition, they will be hard to predict.

International relations as art, not science

William Tow

The good news is that Australia is doing just fine in shaping its relations with both China and the United States. The bad news is that things could still go wrong for Australia at any time, notwithstanding how skilled it might be in orchestrating its ties between Beijing and Washington.

There's never any guarantee that the 'right road' to regional stability or economic growth will be free of unexpected traps and complications. As Hedley Bull once observed, conducting international relations remains an art, not a science. The best Australia can do is to apply the most reasonable policy assessments it can. Those involve assessing what we have learned from history and then applying diplomacy as judiciously as possible without excessive fear of risk.

In that context, fundamental aspects of Australia's relations with China, the United States and other regional security actors can be assessed without excessive drama.

First, while China is no fan of the US bilateral alliance system, there's currently little prospect that it'll attempt to coerce Australia into relinquishing its alliance ties with the US. Past Chinese efforts to soften ANZUS have backfired and China also learns from history. China's preoccupation with strengthening its economy and maintaining domestic stability remains paramount and that trumps ongoing rhetoric by China's leaders and its media about US regional alliances.

Second, a country like Australia has limited influence relative to Asia's great powers and therefore generates little strategic concern among China's policymakers. It remains a valued supplier of commodities that underpin China's industrial output and economic growth. Rather than forcing Canberra into an unpalatable policy choice, it's better—from China's vantage point—to engage symbolically with the US and Australia in joint military exercises and to acknowledge with gratitude Australia's good international citizenship in taking the lead on the search for a missing Malaysian Airlines aircraft with many Chinese passengers.

Third, however, for historical and geopolitical reasons, China is genuinely alarmed about Japanese Prime Minister Shinzo Abe's ongoing quest to transform his country into a 'more normal power' and to amend Japan's peace constitution. As this process unfolds, China will watch closely how other regional actors such as Australia directly or indirectly collaborate with Japanese security objectives.

Fourth, structural changes are occurring that require China, along with its regional neighbours, Australia and the US to work collectively to modify regional security dilemmas and to forge a regional order that will guarantee stability to the greatest extent possible. Australia and Japan are both maritime trading states keen to ensure that tranquillity and trade are preserved in Southeast Asia. They, along with most member-states of the Association of Southeast Asian Nations (ASEAN), have a common interest in arresting or neutralising what they view as Chinese 'salami-slicing' tactics in seizing gradual control of the East and South China Seas by asserting extensive territorial and maritime claims in those waters and building up its naval power to enforce them. China must find better ways than it has to date for reconciling what it views as rectifying legitimate historical grievances and securing its territorial rights in those waters with the need to avoid intensifying regional security dilemmas through a series of uncompromising nationalistic postures.

Another emerging dimension of geopolitics is complicating regional order-building. Washington, Tokyo and Canberra are only now becoming more aware of what [Mohan Malik](#) and some analysts have characterised as China's 'go-west' policy. Beijing is endeavouring to transform inland Eurasia into the new economic hub of Asian development and geopolitics. It is investing heavily in pipelines and transport infrastructures that connect Central, Southwest and Southeast Asia to form a new Eurasian network in which a Chinese 'hub' draws in raw materials and energy resources and exports manufactured goods to sub-regional 'spokes'. Given Japan is marginal and Australia largely inconsequential in China's Eurasia strategy, it seems unlikely that the Chinese will waste the energy and resources needed to separate Australia from its American benefactor.

A fundamental challenge confronting Australian policymakers, therefore, is to identify and implement policies that may enable the traditional American hub-and-spokes network to co-exist alongside—and even complement—China's Eurasian strategy. Moreover, the US must assign increased emphasis to the diplomatic aspects of its Asian pivot strategy relative to its military dimensions. And it must convince Japan that a moderate and incremental path to normalisation is essential—not least to reassure China that the US still has the will and the capacity to influence Japanese governments to embrace policy moderation.

As a respected middle power in the region interested in avoiding having to make choices between China's version of regional geopolitics and that projected by the US alliance system, Australia's best policy course is to support those initiatives emanating from both sides that promote regional compromise, reasonable conciliation and long-term confidence-building.

China's choices in a more contested Asia

Andrew Phillips

[Hugh White](#) and others are right to worry about a drift toward antagonism among Asia's great powers. China's recent assertiveness in local maritime disputes should moreover disabuse anyone of the comforting conceit that China will forever meekly accept the meagre consolation of being an also-ran great power.

But China's options for challenging the East Asian regional order are in fact profoundly constrained. In debating Canberra's 'China choice', we must keep in mind the reality of China's own limited room for meaningful choice in a more contested Asia.

China cannot and will not directly challenge America for regional hegemony in the foreseeable future. That's partly because of the great economic gains China continues to derive from American incumbency. But it's also because today's East Asian order is underpinned by a broad-based constituency for American engagement, among American treaty allies, but also increasingly among potent non-traditional security partners, such as Vietnam.

More fundamentally, as Evelyn Goh has [masterfully demonstrated](#), today's order isn't merely 'made in America', but bears the imprint of multiple authors, including smaller and middle powers anxious to enmesh both the United States and China in a region-wide multilateral security architecture. Talk-shops like the ASEAN Regional Forum (ARF) are of course limited in their capacity to socialise and pacify great powers. But the proliferation of those architectures nevertheless reflects the real depth of regional resolve to uphold the status quo.

Even though China may chafe at American primacy, then, it cannot directly challenge that primacy without also challenging the densely institutionalised and increasingly poly-centric regional order American primacy supports. For that reason, a direct full-spectrum Chinese challenge to the existing order is likely to remain a non-starter.

If China can't directly overthrow the existing order, an alternative might be to hollow it out and eventually revise it from within, precisely by embracing [Rod Lyon's](#) call for a 'responsible' Beijing, more willing to shoulder its share of great-power obligations. In the security realm, a greater Chinese commitment to Humanitarian and Disaster Relief (HADR) operations could potentially prove a plausible mechanism of regional reassurance. Economically, meanwhile, the BRICS' establishment last week of a New Development Bank (to be headquartered in Shanghai) may be read as a leading-edge indicator of China's new willingness to outbid the United States in the provision of collective goods, at a global as well as a regional level.

Hypothetically, that 'responsible' path to revisionism could challenge the existing order incrementally, by providing an alternative source of collective international goods not tied to American hegemony. For the moment, though, this strategy also remains practically beyond China's reach. Beijing's late and lacklustre response to Typhoon Haiyan in November 2013 dramatised a deficit of political will and logistical capabilities which together constrain a more systematic Chinese embrace of HADR as a lever of regional 'soft power.' Similarly, China's own internal development needs limit its capacity to displace the United States and its OECD allies as a development financier and source of foreign direct investment, much less as a provider of an alternative global reserve currency.

A more 'responsible' China—more willing to shoulder the burdens of managing Asia's and the world's increasingly complex governance challenges—would be welcome. But shouldering such responsibilities will not thereby equip China with a Trojan Horse capable of effectively undermining either American hegemony or the East Asian regional order from within.

Bill Tow's [intervention](#) reminds us that China—traditionally a continental power—is now eagerly embracing a 'go-west' strategy of integrating Eurasian 'spokes' into a China-centred 'hub' via growing investments in pipelines and transportation infrastructure.

In contrast to the Cold War, China neighbours a now-diminished but still vehemently anti-Western Russia, which is increasingly dependent on China as a market for its energy exports. Similarly, China counts as its Shanghai Cooperation Organization (SCO) partners a penumbra of energy-rich rentier-state autocracies, which are far less likely to resist Chinese leadership aspirations than China's feisty East and Southeast Asian neighbours. That raises a third possibility: if China can neither smash the existing order in East Asia nor subvert it from within, might it eventually be able to secede from it?

The idea of an autocratic China—engorged with Central Asian resources and paramount over continental eastern Eurasia—revives a Mackinderian spectre that has haunted Western strategists for over a century. Fortunately, this option of a Chinese 're-balance' to Eurasia and away from littoral East Asia also lacks credibility. Inevitably, as China continues to grow, it'll assert more influence over its resource-rich Eurasian hinterland. But even as China's 'go-west' strategy matures, its manufacturing sector—the key to China's continuing rise—will remain hard-wired into regional production networks centred on littoral East Asia. Likewise, the countries to China's West are unable to provide ready substitutes for either the Japanese capital goods, or the massive American consumer market, on which China's manufacturing success still depends.

We are undoubtedly entering a more contested era in Asia, and must accordingly be wary of blithe assurances that we can effortlessly extrapolate from Asia's peaceful recent past to anticipate its future. And a more multipolar Asia will undoubtedly pose real challenges for Australia, which since European settlement has almost only ever known an international order sponsored by its Anglo-American kin. But acknowledging those challenges should not blind us to the reality of China's limited bandwidth of choice in the current regional order, which remains easy to join, but infinitely harder to smash, subvert or secede from.

Honour, prestige and restraint

Nick Bisley

This energetic debate began with Peter Jennings [taking issue](#) with Hugh White's gloomy prognostications about where Australia's enthusiasm for closer strategic cooperation with Japan might lead. For Peter, the basic structure of the current order remains the best way of stabilising the region now and it's durable over the longer run because China's interests are served by those arrangements. In its simplest form, the central question in this debate is whether the regional status quo is sustainable over the medium-to-longer term. [Hugh thinks not](#), almost everyone else seems to think it is—albeit with subtle differences of emphasis.

Hugh thinks China's scale, ambition and capacity can't be incorporated in the current order; China requires accommodation in a new setting. Somewhat surprisingly, Rod Lyon makes [a more normative argument](#): the liberal qualities of the current order are crucial and shouldn't be sacrificed on the altar of power politics. Andrew Phillips focuses on [China's lack of options](#). As he puts it, China's capacity to transform, undermine or leave the current order is much more limited than many imagine.

Andrew's right that the PRC can't opt out of the current arrangements in the short term and that its ability to provide an alternative so far has been unconvincing. The GFC accelerated China's visibility as an international power and has forced it to confront those thorny questions much earlier than it might otherwise. For the moment, its order-producing capacities are limited, but we shouldn't assume that'll last forever.

Most crucially, Andrew's concluding observation—that the current arrangements are easy to join and hard to overturn—doesn't resonate in Beijing. For the residents of Zhongnanhai, the current order is hard to swallow. Andrew and others have argued that the regional order isn't made in one place. Instead it's a more globalised product with inputs from multiple countries. Yet that overstates the impact of those non-Washington sourced inputs, and ignores the belief that the current arrangements, whatever their origins, privilege American interests and entrench Chinese disadvantage. Perceptions matter, and are bound up in the domestic political program of the Chinese Communist Party.

Hugh's argument is most compelling in its insistence that China isn't a power like any other. While international politics is most emphatically not subject to the laws of nature, the idea of gravity is instructive here. China's heft, its civilisational legacy and its ambition mean that we have to work hard to explain why a set of arrangements established in the 1970s is going to continue to

function as it has in the past with this new body in its midst. One of the main problems in the current efforts to manage China's rise is Beijing's perception that it's faced with a 'take it or leave it' proposition: here's a regional order that works for you and us, Beijing, buy the ticket and everyone wins. Yet China doesn't see things in the same way. It sees an order in which American advantage is entrenched, its trade and energy flows are vulnerable to predation, and its interests are constrained.

As China grows, and it will for at least another decade, its sense of frustration won't abate and it may grow. Xi Jinping is the strongest and most nationalistic president China has had since Mao. It's inconceivable that during his leadership China will suddenly have a Damascene conversion to the delights of US primacy. As a result China will continue to resent structures it believes are stacked against it, it'll continue to develop alternatives, and it'll continue to test the order in carefully calculated ways.

China's view of the region is strongly influenced by questions of honour and prestige. The century of shame and humiliation retains strong political salience because of its role in the CCP's domestic narrative. For Beijing, finding a regional order with which it's content requires those deeper issues of prestige and honour to be satisfied, as well as its interests. That's disconcerting—compromise on such questions is especially difficult.

Still, the premium placed on non-material factors oddly provides an opportunity as well as a risk. The task at hand is to think about how the structural basis of the current order can be opened up to provide China with the opportunity to stake a claim in that order, one that retains its liberal qualities, while recognising China's distinctive needs and interests. The problem is that the posture that the US, Australia, Japan and others are taking closes off those opportunities. Here Bob O'Neill's always-[sensible advice](#) is timely. Instead of overheated and tired rhetoric about 'negotiating from strength', diplomatic language should be prudent, cautious and respectful. Most importantly, the underlying structures of regional order need more flexibility than they currently enjoy. Without those attributes, I think at some point in the medium-term future China will test the current arrangements in an existential way.

Choosing not to choose

Peter Jennings

Hugh White [writes](#) 'I don't believe that Australia must make a choice between America and China' and adds another perilous twist to his 'China-Choice' journey. Well, you could have fooled me! Hugh and I agree that the future great-power balance in the Asia-Pacific is critical to Australia's interests, but it's dismaying that there seems so little else about which we might find ourselves on the same bus. While this debate is enjoyable there's surely a need at some point to quit the word-play and aim for a common understanding about what the correct policy settings should be for Australia and the great powers. In that spirit, I appreciate Hugh setting out as clearly as he can the differences between his thinking and mine. Here are my thoughts about the limitations of Hugh's argument.

First, I can't find an empirical basis for Hugh's claim that a US-China clash is inevitable unless we accommodate Chinese aspirations for more power and influence. In [The China Choice](#) the closest Hugh comes to demonstrating the inevitability of a US-China confrontation is to refer to Thucydides: 'the growth of the power of Athens and the alarm which this inspired in Sparta, made war inevitable.' Hugh says 'we may wonder at the power of these beliefs and motives but we cannot dismiss them.' True, but the remarkable thing about 'inevitability' is that it's impervious to fact. The reality of US-China relations is that they are overwhelmingly positive. Hugh's answer to that is simply to reassert that the logic of great power competition means that sooner or later hostility will break out unless America starts accommodating China. But when will that happen, 2015, 2020? There's no compelling analogy between Athens-Sparta and Washington-Beijing.

My second disagreement with Hugh is over his handling of the idea of US 'accommodation' with China. What exactly does that mean? Should the US abandon its alliance with Japan or explicitly say that the Senkaku Islands are not covered by treaty commitments? Should the US concede that every claim within the nine-dashed line is China's? If Laos is conceded to be in China's orbit, is Thailand still behind some US red-line? The US has accommodated many core aspects of Chinese power, including

supporting the one-China policy over Taiwan and tacitly accepting Beijing's strategic influence over North Korea. So what, precisely, is the next accommodation the US should make? We never get to specifics on this point.

Viewed through a 'China-Choice' lens, any US or Australian activity in the region can be interpreted as a failure to accommodate China. US Marines in Darwin? Australia–Japan defence cooperation? According to Hugh those impinge on Chinese breathing space and shouldn't happen. My view is that it's dangerous to give Beijing the impression that its disapproval is reason enough for other countries to stop cooperating with each other. The Asia–Pacific is crowded territory; even a powerful China must allow breathing space for its neighbours. A further concern with Hugh's approach is that it is frankly not up to Washington or Beijing to bargain away the interests of other countries in the region.

Third, on Japan Hugh's view is clear and consistent and, from my perspective, wrong. He says:

... it'd be easier to negotiate an accommodation with China and create a stable new order in Asia if Japan becomes less strategically dependent on America. So I agree Japan needs to overhaul its strategic posture. But it will be harder to negotiate an accommodation with China if Japan's new strategic posture involves building a coalition of allies designed specifically to resist any such accommodation.

Let's be clear: a more independent Japan operating outside of an alliance with the US and not cooperating with others is, ultimately, a nuclear-armed Japan. Hugh accepts that. On page 87 of *The China Choice* he says of Japan 'That would almost certainly mean building nuclear forces sufficient to provide a minimum deterrent against Chinese nuclear attack, so that Japan could not be subject to Chinese nuclear blackmail.' I suggest there would be no 'almost certainly' about it: Japan would have to go down the nuclear track absent their alliance with the US. WMD proliferation, including to countries other than Japan would be a likely consequence of a Concert of Asia. That possibility alone is another reason to reinforce the attractiveness of the current power balance where, I would argue, the current deterrence regime is more stable.

Finally, there's the question of Australia and Japan. Hugh says: 'Our support for Abe escalates regional rivalry', but that's the China-Choice lens once again distorting the perspective. There hasn't been a squeak of serious Chinese concern to the announcement of closer Australia–Japan ties. On the contrary, Canberra–Beijing relations are pragmatic and positive. Sooner or later that troublesome fact must disturb the theoretical foundation of Hugh's argument. It turns out that there's a viable alternative to the dark world of the China Choice. It's an alternative where the countries of the Asia–Pacific build their own broad web of security enhancing cooperative ties. Every country in the region benefits from that pragmatic and realisable approach.

Can the status quo last in Asia?

Hugh White

Well, this has been an interesting exchange and I thank Peter Jennings for launching it, the team on *The Strategist* for hosting it, and distinguished colleagues for taking the time to contribute. The exchange has helped to clarify the most important underlying points of difference between us about Australia's interests in the Asian order. And I'm grateful for the chance to offer some brief concluding thoughts.

In fact [Nick Bisley](#) put his finger on it: the key difference between my view and many others' lies in our different ideas about the future of the regional order. I think the strategic status quo in Asia will not last, while others believe it will.

Let me recap why I think the order is going to change—indeed, is already changing. It's simple. Asia has been stable since 1972 because China has accepted US primacy as the foundation of the Asian order. China did so because it believed it was too weak to contest it effectively. Now China believes it's strong enough to contest US primacy, and it's doing so.

Asia's post-Vietnam order, based on uncontested US primacy, has therefore passed into history. The question now is what kind of new order will take its place. There are several possibilities. None of them would be as good for Australia as the order we have

known since 1972, but some would be much better for us than others. We should be trying to nudge the region towards a new order that would work well for us, and away from ones that would be bad for us.

Most of the posts in our debate differ from my position by arguing, or implying, that we should aim to preserve the status quo instead. That case is made in several different ways.

[Rod Lyon](#) rightly draws attention to the risks of moving to a new order that concedes a bigger role to China. But those risks must be balanced against the risks of trying and failing to preserve the status quo. If we refuse to accommodate China to some extent, the most likely result is escalating strategic rivalry.

So the choice we face isn't the one Rod weighs, between accommodating China and preserving the status quo. It's between accommodating China and confronting it as a rival. I think Rod, like others, tends to underestimate that risk because he assumes that when faced with our resolve to preserve the status quo China will simply back off.

That isn't a confidence I share. [Bob O'Neill](#) gives an important insight into why China is so serious about changing the status quo when he traces the Senkaku dispute back to the Treaty of Shimonoseki, thereby connecting it to the century of humiliation which the Chinese feel so deeply. Bob has reminded us that we won't understand what's happening in Asia if we don't see how things appear from what Liddell Hart called (quoting the Duke of Wellington) 'the other side of the hill'.

True, that only matters if China is strong enough to fulfil its ambitions. [Andrew Phillips](#) doesn't think so, and neither does Bill Tow. Andrew thinks the current order is too strong for China. Bill suggests that China isn't really focused on competing with America for influence in East Asia because its attention is drawn more to Central Asia and it can't afford to do both.

I'm not sure that's so. There are limits to China's power, of course, but I think it's possible that China can significantly undermine US leadership in Asia quite cheaply by undermining the credibility of US regional alliances, and I have [argued elsewhere](#) that's exactly what they're trying to do.

[Andrew O'Neil](#) thinks we can't be sure what will happen, and it's easy to agree with him about that. It's much harder to agree with the implication that we can and should do nothing until we are sure. If we want to have any chance of acting before it's too late, we have no choice but to act before the outcome is certain, so we have to be willing to back our judgment.

And there are some things we do already know on which we can base those judgments—like China's economy is already almost as big as America's, and China's already showing that it wants a new model of great-power relations. What new evidence is Andrew waiting for that China has the weight and the will to challenge the status quo?

Finally, Peter Jennings (in his [second post](#)) is sure that I'm urging Australia to choose between America and China, despite my claims to the contrary. I think I can see where he's coming from. On the one hand, Peter assumes there could be no new order in Asia in which Australia didn't have to choose between America and China. On the other, he assumes that we won't have to choose between them as long as we hold fast to the current order. So according to Peter, arguing for a change in the order, as I do, is arguing to make a choice. And arguing to preserve the old order, as he does, is arguing against a choice.

But I think both his assumptions are wrong. On the one hand, it's possible for a new order to emerge in Asia in which escalating rivalry between the two great powers is avoided, and in which Australia can therefore maintain close relations with both. That's why a new order in which they share power would be best for Australia.

On the other hand, it seems to me likely indeed that resisting any accommodation of China in a new order will lead to escalating rivalry, and it seems equally clear that the more rivalry escalates the starker the choices we face between Washington and Beijing. And the closer they come to war, the closer we come to the starkest possible binary choice.

That's why I think we're more likely to be compelled to choose between America and China if we try to preserve the status quo than if we encourage a new order based on accommodation. And so, precisely to avoid that choice, we should argue for change. Like a true conservative, I argue for the minimum changes needed to preserve what's most important.

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