

living with giants

A parliamentary inquiry into strategic trends in Australia's region and their consequences for our defence requirements is extremely timely, writes Dr Brendan Taylor.



Photos: AAP, Newspix and Department of Defence

From the mid-1980s to the mid-1990s, the so-called 'East Asian economic miracle' provided many Asia-Pacific governments with the option of increasing their national defence expenditures. This became a source of concern as regional arms acquisitions burgeoned at alarming rates, with some commentators even going so far as to posit the emergence of "a new Asian arms race". Such an outcome would have been particularly worrisome for Australia, which has long sought to retain a measure of military superiority in its nearer region.

The onset of the Asian financial crisis, however, resulted in a temporary slowing of these trends. If anything, it was the fear of economic decline and social dislocation in those countries worst hit by the crisis—Indonesia, the Philippines and Thailand—which increasingly came to focus the minds of Australia's strategic planners.

This defining event certainly demonstrated the very close relationship between economic, social and strategic variables in Australia's region. By way of example, the drain on economic resources occasioned by the crisis, coupled with the inability of regional institutions to mount anything resembling an effective response to it, provided a serious setback to much of the multilateral security cooperation which by that time was starting to blossom. There were also broader geopolitical ramifications as China's astute contribution toward

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alleviating the worst effects of the crisis raised its regional profile, at the expense of Japan and the United States.

With the obvious exception of Indonesia, however, those countries worst hit by the crisis have nearly all since resumed increasing defence budgets. Moreover, while it is always tempting to characterise the particular era in which one lives as being somewhat unique or extraordinary, it is becoming increasingly clear that the emerging economic, social and strategic contours of the contemporary Asia-Pacific do have genuine potential to profoundly alter the nature of Australia's future defence requirements. Against that backdrop, the following six issues warrant consideration by parliament's Defence Subcommittee as it undertakes its inquiry into the economic, social and strategic trends in Australia's region and their consequences for our defence requirements.

THE FUTURE OF AMERICA'S REGIONAL PRESENCE

It may seem perverse at this juncture to question America's presence in such an economically and strategically vital part of the world. The US remains heavily engaged in the Asia-Pacific (for example, 35 per cent of US trade is currently conducted with countries in Asia) while the

engaged in this region. Third, it might well occasion enhanced strategic competition between China and Japan with the latter country no longer able to count on an American security guarantee.

THE COMING MULTIPOLARITY

If, as seems likely, Washington does opt to retain a strong presence in the Asia-Pacific, its influence—as Bell



The emerging contours of the Asia-Pacific will alter Australia's future defence requirements.

strength of its regional military presence is undisputed. In a region that plays host to the world's six largest armed forces, for instance, America possesses not only the most powerful air force but also the second strongest in the form of the US navy's air wing. It has by far the region's strongest navy, as well as nuclear delivery systems. In the foreseeable future, none of the remaining five—including China—will pose a conventional military challenge to the US.

Yet as the Iraq experience reminds us, military might alone does not always equate to political influence. In recent months leading Australian commentators such as Coral Bell, Paul Dibb and Owen Harries (all traditionally strong supporters of the US) have pointed to the declining regional influence of America. Bell has even written about what she calls "the twilight of the unipolar world", predicting that the present US-led international order will give way to a new multipolar system in which America will have to vie for dominance with other great powers, such as China, India, Japan, the European Union and Russia.

For at least three reasons, such an outcome (particularly if, under a worst case scenario, it occasioned an American withdrawal from the Asia-Pacific) would be problematic for Australia. First and foremost, there is a dearth of other 'great and powerful friends' in this part of the world to which Australia could genuinely turn. Second, with our pattern of military acquisitions serving to deepen Australia's level of technological dependence upon the US, it is clearly in Canberra's interest for Washington to remain both dominant and deeply

positively—will still almost certainly face pressure from other emerging centres of power. We are already seeing this from China which, according to some commentators, is already the dominant power in Southeast Asia. This burgeoning influence has been underwritten by China's impressive economic growth, some of which is being translated into improved military capabilities. The fact that these improvements appear to have been geared toward developing military options relevant to a Taiwan Straits contingency will be of interest to the current inquiry, particularly in light of previous US statements that Australian support would be expected in the event of such a conflict. With an eye to the longer-term, however, the inquiry will also be keen to explore what China's growing regional influence might portend for future order and stability in this part of the world.

Such calculations will clearly need to factor in the geopolitical implications of India's equally impressive economic rise, as well as Japan's growing strategic assertiveness in the region and beyond. Both countries are destined to remain of critical strategic importance to Australia. India is already Australia's sixth largest export market, while its demands for energy are projected to increase exponentially as its economic and social development continues apace. In the eyes of some, India is also emerging as a natural strategic counterweight to China. Likewise Japan, already Australia's leading trading partner, is also becoming an increasingly important strategic partner. This is evident in the elevation to foreign

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minister level of the Trilateral Security Dialogue between the US, Australia and Japan and by the fact that Australian troops continue to protect Japanese engineers in Iraq.

Two questions about this changing regional balance will be of interest to the inquiry. First, will the region's great powers be able to grow peacefully or is strategic competition and even conflict between them all but inevitable, as some

profile in the Pacific appears to be the undercutting of Taiwanese influence, it is also underpinned by a much deeper, longer-term rationale of securing access to many of the industrial raw materials and natural resources needed to fuel China's burgeoning economic growth. Some commentators have even gone so far as to suggest that China's interest in the Pacific also extends to exploiting American inattention to this part of the world.



such as the realist scholar John Mearsheimer predict? Second, what difficult choices might increased defence cooperation with the US, Japan (and possibly India)—juxtaposed against a burgeoning economic relationship with China—potentially create for Australia?

OUR TROUBLED NEIGHBOURHOOD

While Australia's strategic future remains intimately tied to how relations develop between the great powers, our most pressing challenges are likely to surface much closer to home. During the past decade alone, for instance, Australia has made deployments to Bougainville, East Timor and the Solomon Islands. Papua New Guinea remains a potential trouble spot as a country on the verge of complete state failure due to its dire economic, political and social circumstances. Meanwhile, future stability in the all-important Australia-Indonesia relationship cannot be guaranteed, as the recent debate over Papua dramatically illustrates. For reasons of simple geography, the persistence of such strategic concerns is likely to feature prominently in the current inquiry.

It is also becoming increasingly difficult to divorce such developments in Australia's troubled neighbourhood from the tectonic shifts which are presently occurring at the level of great power politics. China's growing influence in Southeast Asia, for instance, has been mirrored by a growing presence in the South Pacific. While Beijing's most obvious motivation for raising its

But in a region that has increasingly come to be seen as a bastion of Australian influence, the potential strategic ramifications of this growing Chinese presence will surely be of interest to the current inquiry.

OUR PLACE AMONG GIANTS

This latter observation could actually be symptomatic of the fact that conceptions of what constitutes Australia's 'near neighborhood' might well be set to expand in the decades ahead, particularly as we come into closer proximity with an increasingly populous, economically powerful and technologically sophisticated set of societies. In her intriguing 2005 study *Living with giants: finding Australia's place in a more complex world*, Coral Bell is once again at the cutting edge in contemplating what the changing demographics of the Asia-Pacific might portend for Australia, specifically in terms of how they could impact upon Canberra's capacity to balance its regional commitments and global alliances. The inquiry would do well to consider the strategic implications of Bell's work in this area, in addition to other emerging demographic trends such as the growth of ageing populations in the Asia-Pacific and the rising imbalance between male and female populations in such geopolitically significant countries as China, India and Pakistan. Through their potential impact upon longer-term regional stability, these trends harbour the capacity to shape Australia's future defence requirements in important ways.

THE EMERGING REGIONAL ARCHITECTURE

Reflecting upon the European experience, a case can be made that many of the issues outlined above might best be handled through some form of multilateral framework, not unlike the European Union. Toward the end of last year there was a growing sense of euphoria that a similar

DOWN TO THE DOLLAR

In the final analysis, however, “endless money” as Cicero once said “forms the sinews of war” and there is much in the foregoing analysis to suggest that the costs of meeting Australia’s defence requirements will only increase (and substantially so) in the years ahead. Continuing to meet the expectations of our American ally, for instance, is



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mechanism was about to be born in this part of the world, taking the form of an ‘East Asian Community’. The geopolitical wrangling which became such a dominant feature of the inaugural East Asia Summit in Kuala Lumpur, however, quickly dampened these aspirations. Nevertheless, despite the apparent allergy which the region continues to exhibit toward multilateral structures, the current inquiry might still be interested in contemplating what configuration of cooperative arrangements (economic, political and/or security) might conceivably emerge. For while there remains no guarantee that significant progress will be made along this route, if some form of meaningful regional security community were to evolve this would undoubtedly have overwhelmingly positive implications for Australia’s future defence requirements.

going to become increasingly demanding financially—as the rising cost of the joint strike fighter project already demonstrates. At the same time, however, any withdrawal of the US from this part of the world or a breakdown in our alliance relationship would require Australia to spend significantly more than the 1.9 per cent of GDP that we currently outlay on defence. Likewise, the costs associated with maintaining the capacity to respond to developments in a ‘near neighbourhood’ that seems destined to become strategically more complex and potentially more unstable will only escalate. Barring the unlikely emergence of some form of Asia-Pacific security community, therefore, one of the central questions that the inquiry will have to confront is whether Australia can indefinitely afford to conceive of its defence requirements in the rather comprehensive manner it now does, or whether some of these requirements will ultimately have to be privileged at the expense of others. ■

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For more information on the regional strategic trends inquiry by the Defence Subcommittee (Joint Committee on Foreign Affairs, Defence and Trade) visit www.apf.gov.au/house/committee/jfadt/esstrends or email jscfadt@apf.gov.au or phone (02) 6277 2313. The inquiry will be canvassing a range of views from those with specialist knowledge and from the public.