

Does Australia Face a ‘China Choice’? ¹

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The growth of the power of Athens, and the alarm which this inspired in Sparta, made war inevitable.²

Introduction

Thucydides’ dictum implies there is inevitability of conflict between an established power and an emerging power. Some might argue this applies to the current situation in the Indo-Pacific region, where the US has enjoyed established primacy but now faces the challenge of an emerging China. The corollary is that Australia must make a choice on its grand strategic alignment between the US and China.³

Thucydides proffers advice on the relationship between alliances, which resonates with the current debate on whether there is a ‘China choice’. As the nature of war and politics is a human endeavour, his insights remain as relevant today as they were over 2000 years ago. However, it will be argued in this article that Australia does not need to face a ‘China choice’, requiring an absolute decision between China as an emerging power and the US as a traditional ally. Instead, it will be contended that an ‘Australian answer’ is required to embrace the dichotomy of China’s economic development within the umbrella of security that the US alliance provides.

These arguments will be addressed by defining Australia’s strategic environment and examining the choices available. The perceived inevitability of conflict between China and the US will then be examined, using the very principles that it is founded on—fear, interest and honour. Finally, the policy implications of an ‘Australian answer’ will be discussed, including middle-power diplomacy, hedging on China’s rise, and defence diplomacy. The article will conclude that because conflict is not inevitable, a ‘China choice’ is not required, and that Australia’s national interest would be best served by embracing China’s growth while maintaining a strategic alliance with the US.

‘China choice’ or ‘Australian answer’?

The two fundamental components that shape Australia’s strategic environment are economics and security. This was clearly articulated in the *2013 Defence White Paper*, which argued that Australia’s strategic outlook is tied to the security and prosperity of our region.⁴ It was also reflected in the *2013 National Security Strategy*, which identified the intrinsic link between national security and economic well-being.⁵

The deduction is that there are two inter-related components to Australia’s desired strategic environment. The first is an economic environment in which Australia prospers with Asia, and where China is key.⁶ The second is an alliance network that enhances our security in the region based on shared interests and values, where the US is key.⁷ Therefore, Australia’s desired strategic environment should reflect a strong economic partnership with China and a robust strategic partnership with the US. However, as China increases its influence and seeks to contest US dominance in the region, Australia could potentially be faced with a difficult choice.

Some would argue this choice implies that Australia must align itself with one or the other of these powers. On the one hand, according to this argument, it could maintain a strong strategic alliance with the US that would potentially sacrifice economic engagement with Asia, and risk being drawn into conflict with China. Alternatively, Australia could accommodate China’s increased influence in the region and distance itself from the US.⁸ However, neither of these choices reflects Australia’s desired strategic environment, and both are contrary to current strategic thinking.

A third option, not making a choice, was articulated in the *2013 Defence White Paper*, which asserted that:

The Government does not believe that Australia must choose between its longstanding Alliance with the United States and its expanding relationship with China; nor do the United States and China believe that we must make such a choice.⁹

This 'non-choice' reflects the best outcome to achieve Australia's desired strategic environment and is the essence of an 'Australian answer'. The emergence of China as the world's second largest economy and Australia's biggest trading partner has clear implications.¹⁰ China must be a fundamental aspect of Australia's strategic environment. Likewise, the US alliance provides a framework of protection to Australia and other like-minded regional states.

However, as the uncontested dominance of the US in the Indo-Pacific region is challenged by China's rise, the divergence of Australia's economic and security interests must be rationalised. Rather than make a singular choice that will jeopardise one or the other, Australia needs to embrace the dichotomy of China's economic rise and the strategic benefits offered by the US. Instead of making a 'China choice', the third option should be an 'Australian answer', based on foreign policy that maintains the *status quo* of China-US relations so that neither entrapment nor abandonment eventuates.

This fear of entrapment and abandonment has been a feature of alliances since the Peloponnesian War.¹¹ In Australia's context, it is about the consequences of US disengagement or the abandonment of alliances in the Indo-Pacific region. It is also about being trapped in a conflict with China over US interests, or that of its allies, in the region. For example, a conflict between historical rivals China and Japan could extend to the US by virtue of alliance obligations. A binding alignment to the US could then see Australia drawn into conflict with China, its largest trading partner. Regardless of the scenario, it is obviously essential that Australia's alliance and foreign policy commitments do not result in unintended or unwanted consequences.

As China's influence in the Indo-Pacific region continues to expand, there will be incidents where US interests are challenged. These are particularly likely to arise in relation to China's territorial claims in the East and South China Seas and the establishment or threat of associated air defence identification zones.¹² Thucydides famously stated that 'the strong do what they can and the weak suffer what they must'.¹³ A 'China choice' would likely result in Australia suffering in order to maintain its alliance with the US. However, an 'Australian answer' would involve sophisticated foreign policy designed to prevent either entrapment or abandonment.

No trap, no choice

In further examining why a 'China choice' is not required, it is useful to examine the misconception that conflict can become inevitable because of fear, interest or honour.

'Fear' is the first of Thucydides' triptych, and in contrast to the Peloponnesian War, it can have a role in preventing conflict. Particularly in the nuclear age of mutually-assured destruction and conventional military capabilities that are just as terrifying, fear between rivals can prevent incidents from escalating to war.¹⁴ The US bombing of China's embassy in Belgrade during the war in Kosovo in 1999, and the near-miss between the USS *Cowpens* and a Chinese naval ship in 2013, are examples where the fear of escalation likely provided a constraint on what otherwise may have been an inevitable escalation to more serious incidents.

While there will be tensions as China increasingly asserts its place in the region, it is not inevitable that it and the US will catastrophically collide. China's President Xi Jinping has acknowledged this challenge and recognises the lessons from the Peloponnesian War, contending that 'we all need to work together to avoid the Thucydides trap'.¹⁵

'Interest' takes the form of economic co-dependence within the Indo-Pacific region, which can significantly reduce the likelihood of direct military conflict. Interdependence is no panacea for peace and stability but it raises the threshold of military action as an option for dispute resolution. Beijing and Washington share a complex system of economic co-dependence, which fosters a desire to maintain the

status quo. This also extends to US alliances in the region, such as Japan, which is a source of tension and a potential trap to draw the US into conflict with China.

Despite a historically-tense relationship, China is Japan's largest trading partner, and Japanese investment with China is worth more than US\$58 billion.¹⁶ This economic co-dependence does not prevent tensions and diplomatic challenges. But an escalation to armed conflict is greatly reduced if the economic cost is too high. There have been a number of incidents between China and the US, particularly in the South China Sea, which have not escalated beyond diplomatic issues. Although the mechanism for mediation is poor, the reluctance of both countries to resort to armed conflict demonstrates that mutual interests can significantly mitigate the risk of war.

'Honour' is the most dangerous feature of the US-China nexus but arguably is outweighed by the other two components of the triptych. In this context, honour is the ideological and cultural framework that defines each nation. These differences are reflected in their respective political systems and arguably possess the greatest potential for conflict. However, the fear of armed conflict and the risk to mutual interests seem likely to prevent an escalation of hostilities so long as the threshold can be maintained.

That threshold was not reached in 2001 when a US Navy surveillance aircraft collided with a Chinese fighter aircraft, resulting in the death of a Chinese pilot and detention of US aircrew.¹⁷ While diplomatic efforts on that occasion were not perfect, they succeeded in de-escalating the situation, with efforts made on both sides to save face.

Another stark difference between the current situation and the era of the Peloponnesian War is the current international system of conflict resolution and mediation, which provides a variety of mechanisms to assist in the management and resolution of crises.¹⁸ The diplomatic statesmanship that can occur within contemporary multilateral forums potentially allows reputation, credibility and dignity to be restored in crisis situations, de-escalating the risk of resort to premature military action. In this sense, modern international systems provide opportunities for nations to maintain their honour in tense diplomatic situations.

Policy implications of an 'Australian answer'

The policy implications of an 'Australian answer' include middle-power diplomacy, hedging against China's rise, and increased defence diplomacy. Furthermore, these policy implications are underpinned by an understanding that the rise of China is not a zero-sum game. Middle-power diplomacy in the Indo-Pacific region involves using multilateral institutions to offset the diverging interests of Beijing and Washington.

The aggregate influence of middle powers in this region is significant and can be used as a counter-balance and mediation towards a convergence of US-China interests. Raja Mohan and Rory Medcalf have contended, for example, that the combined diplomatic power of Australia, Japan and India is substantial—and has the potential to be critical in leveraging influence within the region.¹⁹ Hence, the policy implications in an 'Australian answer' would include increased multilateral arrangements in order to counter the bipolar dynamic of Beijing and Washington. In particular, India's emerging growth is prospectively central to this effort.

Accordingly, Australia's foreign policy should place greater importance on multilateral organisations such as the South Asian Association for Regional Cooperation, which is focused on eight countries anchored on the Indian sub-continent.²⁰ It provides a forum where the cooperation and unification of middle powers can influence the 'Indo-Pacific strategic arc'.²¹ In order to benefit from the economic growth of China and the security provided by the US, it would seem useful for Australia to recalibrate its foreign policy to enhance the influence of middle-power diplomacy in the region.

Australia's foreign policy should also be recalibrated to hedge against China's rise. There is no guarantee that China will continue its unprecedented growth—and the only country in the region with the long-term potential to rival China is India.²² India is emerging as a significant player in the Indo-Pacific region and its influence will become critical in realigning the balance of power. In concert with middle-power multilateral arrangements, Australian policy should have considerable emphasis on bilateral relations with India. Hedging could also be achieved by further strengthening the military alliance with the US.²³

An 'Australian answer' builds on the *status quo* situation of benefiting from China's economy and the security provided by the US but it does not gravitate around China. Australia's national interests should be the central theme of Australia's grand strategy, rather than what China is or is not doing. Therefore, hedging against a rising China through engagement with India would also provide future options to maintain Australia's interests in the Indo-Pacific region.

The increased function of using defence diplomacy as an instrument of foreign policy would also be important in achieving an 'Australian answer'. Australia would need to ensure that the operational benefits of defence cooperation are nested within strategic objectives. Defence diplomacy is another tool to build trust, improve communications and reduce tensions.²⁴ Concomitant to this is the requirement to establish a robust defence force that can project force into the region.

A strong defence capability, enhanced by the US alliance and regional networks, will provide an effective platform for defence diplomacy in the Indo-Pacific region.²⁵ Australia's new amphibious capability is an effective means to achieve this, particularly as a foundation for providing humanitarian aid and disaster relief.²⁶ Defence diplomacy nests with the concept of 'smart power' that bridges the extremes of soft diplomacy and hard military intervention.²⁷

Defence diplomacy should be used as an instrument of foreign policy and synchronised with strategic objectives to achieve the optimal effect. The recalibration of defence diplomacy, hedging the rise of China, and middle-power diplomacy are essential in shaping Australia's strategic environment. Furthermore, these policy implications would be underpinned by the concept that competition is not exacerbated by zero-sum conditions.

The US-China dynamic in the Indo-Pacific region is not a zero-sum game: therefore, Australia's foreign policy should not be limited to the perception that there must be a winner and a loser. The mercantile system of economics is obsolete and the rise of China does not necessarily come at the expense of its neighbours or the US.²⁸ If ideological and cultural differences are set aside, then the prosperity of China and the US can be complementary. President Obama used his 2014 APEC address in Beijing to highlight this very point, saying that:

Job creation and trade is not a zero-sum game. One country's prosperity doesn't have to come at the expense of another.... I believe it's particularly true for the relationship between the United States and China.²⁹

The absence of a zero-sum game creates an opportunity for China and the US to co-exist as great powers in the Indo-Pacific region. Cultural and ideological differences will still lead to tensions but can be offset by the potential gain of both countries. If zero-sum conditions existed then competition, tensions and conflict would increase exponentially.³⁰ Contrarily, the absence of these conditions would allow an 'Australian answer' to embrace the benefits from a rising Chinese economy, while maintaining the US alliance that contributes so significantly to Australia's security.

Conclusion

The perceived need for a 'China choice' is predicated on the inevitable clash of wills between an established and rising power. However, in contrast to Thucydides' dictum, it has been argued in this article that the US and China are not on a trajectory to certain military conflict. Rather, the fear, interest and honour normally associated with escalating tensions are in fact reducing the likelihood of war.

The absence of this inevitability allows the pursuit of an 'Australian answer', rather than a China-centric decision. The policy implications of an 'Australian answer' involve a greater emphasis on middle-power diplomacy to provide a counter-balance in China-US relations. This would enhance Australia's influence with its neighbours and hedge against China's rise. This hedging should be directed towards India, which has the most potential for substantial growth in the long term.

Increased defence diplomacy would also provide another tool to pursue strategic objectives within the region. Underpinning these policy implications is the principle that prosperity and growth in the Indo-Pacific region is not a zero-sum game, and that China's rise does not necessarily need to be at the expense

of other countries. The deduction is that Australia does not face a 'China choice' that involves an absolute decision between China as an emerging power and the US as a traditional ally.

Instead, it has been argued in this article that an 'Australian answer' is required to embrace the dichotomy of China's economic development within the umbrella of security that the US alliance provides. This would allow Australia to pursue its desired strategic environment by leveraging off both the economic rise of China and the security provided by its strategic alliance with the US.

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Notes

- ¹ This is an edited version of a paper, titled 'Does Australia face a "China Choice"? If so, what is the nature of that choice? If not, why not? What are the policy implications ...?', submitted by the author while attending the Australian Command and Staff College course in 2015.
- ² Richard Strassler, *The Landmark Thucydides: a comprehensive guide to the Peloponnesian War*, Touchstone Books: New York, 1998, p. 16.
- ³ The concept of 'China choice', albeit primarily in relation to the US, was first propounded by Hugh White, 'Power Shift: Australia's future between Beijing and Washington', *Quarterly Essay*, No. 39, August 2010, abstract available at <<https://www.quarterlyessay.com/essay/2010/08/power-shift>> accessed 14 March 2016.
- ⁴ Department of Defence, *2013 Defence White Paper*, Department of Defence: Canberra, 2013, p. 7.
- ⁵ Department of the Prime Minister and Cabinet, *Strong and Secure: a strategy for Australia's national security*, Department of the Prime Minister and Cabinet: Canberra, 2013, p. 4.
- ⁶ Australian Government, *Australia in the Asian Century*, Department of Foreign Affairs and Trade: Canberra, 2013, p. 23.
- ⁷ Department of the Prime Minister and Cabinet, *Strong and Secure*, p. 22.
- ⁸ Peter Jennings, 'Move Closer to US to Avoid Bowing to China', *Australian Financial Review*, 17 February 2014.
- ⁹ Department of Defence, *2013 Defence White Paper*, p. 11.
- ¹⁰ David Hale, 'China's New Dream - How Will Australia and the World Cope with the Re-Emergence of China as a Great Power?', Special Report, Australian Strategic Policy Institute (ASPI): Canberra, 12 February 2014, p. 3, available at <<https://www.aspi.org.au/publications/chinas-new-dream-how-will-australia-and-the-world-cope-with-the-re-emergence-of-china-as-a-great-power>> accessed 15 March 2016.
- ¹¹ Michael J. Green *et al.*, 'The ANZUS Alliance in an Ascending Asia', Strategic and Defence Studies Centre, Australian National University (ANU): Canberra, July 2015, p. 8, available at <<http://ips.cap.anu.edu.au/sites/default/files/COG%20%2323%20Web.pdf>> accessed 15 March 2016.
- ¹² Hale, 'China's New Dream', p. 35.

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- 13 John Mearsheimer, *The Tragedy of Great Power Politics*, W.W. Norton & Company: New York, 2001, p. 163.
- 14 Hugh White, *China Choice: why America should share power*, Oxford University Press: London, 2013, p. 130.
- 15 Leon White, 'The Real Thucydides' Trap', *The Diplomat* [website], 6 May 2015, available at <<http://thediplomat.com/2015/05/the-real-thucydides-trap/>> accessed 11 September 2015.
- 16 Peter Jennings *et al.*, 'To Choose or Not to Choose: how to deal with China's growing power and influence', Strategic Insights No. 74, *ASPI* [website], 18 August 2014, p. 3, available at <<https://www.aspi.org.au/publications/to-choose-or-not-to-choose-how-to-deal-with-chinas-growing-power-and-influence>> accessed 16 March 2016.
- 17 Chris Zappone, 'South China Sea disputes: the biggest incidents', *Sydney Morning Herald*, 5 June 2015, available at <<http://www.smh.com.au/world/south-china-sea-disputes-the-biggest-incidents-20150604-ghh9jp.html>> accessed 11 September 2015.
- 18 Wade Stothart, 'Navigating Uncertain Times: the need for an Australian grand strategy', Indo-Pacific Strategic Papers, March 2015, p. 5, *Australian Defence College* [website], available at <[http://www.defence.gov.au/ADC/Publications/IndoPac/150327%20Stothart%20IPS%20Paper%20Navigating%20Uncertain%20Times%20\(final%20PDF%20amended\).pdf](http://www.defence.gov.au/ADC/Publications/IndoPac/150327%20Stothart%20IPS%20Paper%20Navigating%20Uncertain%20Times%20(final%20PDF%20amended).pdf)> accessed 16 March 2016.
- 19 Raja Mohan and Rory Medcalf, 'The US-China Rivalry has Asia on Edge : can "middle powers" create stability?', *The National Interest* [website], 15 August 2014, available at <<http://nationalinterest.org/feature/the-us-china-rivalry-has-asia-edge-can-middle-powers-create-11085>> accessed 16 March 2016.
- 20 Lawrence Saez, *The South Asian Association for Regional Cooperation (SAARC): an emerging collaboration architecture*, Routledge: New York, 2011, p. 51.
- 21 A term seemingly coined by then Australian Defence Minister Stephen Smith in June 2013: Stephen Smith, 'Military Modernisation and Defence Transparency', speech to the 12th International Institute for Strategic Studies' Shangri-La Dialogue, Singapore, June 2013, available at <<http://www.minister.defence.gov.au/2013/06/01/minister-for-defence-speech-military-modernisation-and-strategic-transparency-singapore/>> accessed 15 March 2016.
- 22 Hale, 'China's New Dream', p. 2.
- 23 Rory Medcalf, 'The Balancing Kangaroo: Australia and Chinese power', *Issues and Studies*, Vol. 50, No. 3, 2014, p. 124, available at <<http://www.lowyinstitute.org/publications/balancing-kangaroo-australia-and-chinese-power>> accessed 16 March 2016.
- 24 Brendan Taylor *et al.*, 'Defence Diplomacy: is the game worth the candle?', Strategic and Defence Studies Centre, ANU: Canberra, November 2014, p. 13, abstract available at <<http://ips.cap.anu.edu.au/sdsc/publications/defence-diplomacy-game-worth-candle>> accessed 16 March 2016.
- 25 Jennings, 'Move Closer to US to Avoid Bowing to China'.
- 26 Taylor, 'Defence Diplomacy', p. 8.
- 27 Allan Behm, 'Australian Strategic Policy and the Age of Uncertainty', *Security Challenges*, Vol. 5, No. 2, 2009, p. 20.
- 28 Richard Rosecrance and Gu Guoliang, *Power and Restraint: a shared vision for the US-China relationship*, Perseus Book Group: New York, 2009, p. 19.
- 29 Barack Obama, 'Remarks by President Obama at APEC CEO Summit', *White House* [website], 10 November 2014, available at <<https://www.whitehouse.gov/the-press-office/2014/11/10/remarks-president-obama-apec-ceo-summit>> accessed 11 September 2015.
- 30 White, *China Choice*, p. 129.