

## **Bold on vision, short on funding**

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The Australian

29 October 2012

P.6

For all its wise ideas, detailed data and positive intent, the government's Asia white paper has obvious weaknesses.

There are delicate matters of timing and money. To be sure, it is better late than never, but we could have done with this kind of blueprint four or five years ago, when there was a solid surplus to help pay for the national transformation that will be necessary.

The other problem is about realism and balance. The document says much about how to seize the economic opportunities of Asia, but it ventures less about the perilous flipside -- how to manage what could become great strategic uncertainty and turbulence.

It rightly emphasises China, India, Japan, Indonesia and South Korea as Australia's constellation of key Asian partners -- a geo-economic Southern Cross for navigating this altered world.

It thankfully recognises that any "Asian" century is really an Asia-Pacific or even Indo-Pacific age. The US remains the indispensable strategic player and the region's trade and energy arteries span the Indian Ocean as well as the Pacific.

The paper correctly calls on Australia to get its own house in order, including through a competitive and diversified economy, education, Asia skills, innovation, social cohesion, infrastructure, environmental management, security and diplomacy.

The hard work lies ahead but girding a nation for a radically changed world will not be cheap.

And, like Rudd's 2009 defence white paper, yesterday's grand document is bold on vision and shy on costs.

Instead, we are reminded of two things. A budget consistently in surplus will be crucial to Australia's credibility, competitiveness and flexibility in the Asian era. And everyone -- business, unions, migrant communities, universities, the media, even the humble tourist -- needs to contribute to the new diplomacy.

There is less acknowledgement that Australia will be simply unable to hold its own in a fast-changing Asia without greater investment in less fashionable instruments of policy such as its diplomatic network and defence force.

Indeed, the paper is at its weakest when coming to terms with the nation's deeply uncertain strategic environment.

The possibilities of confrontation or war between China and the US, China and its neighbours or India and Pakistan are considered real.

But because we all have so much to lose, and governments are presumably rational, a strategic breakdown is deemed unlikely.

The paper does little to countenance the prospect that the very economic virtue of the Asian century, the rising wealth, influence and expectations of the massive middle classes in China and India, could prove its strategic undoing. The role of overconfident middle-class nationalism in driving tensions among Asia's strong states gets scant play.

There is also little hint at plausible strategic shocks from the Chinese polity's one-party brittleness, India's potential failure to meet the needs of its 600 million youth or a feasibly unpleasant shift in Indonesian politics.

Australia will need to diversify its economy, build its Asia skills, modernise its defence force, resource its diplomacy and improve its national resilience whether the Asian century turns out for better or worse. There should be no harm in saying so.

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