

Superpower China won't settle for second place

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The central foreign policy question of our time is how to live with China's power. We are only now starting to understand how much difference it will make to Australia's world, and how much it matters. For several decades we have enjoyed the comfortable illusion that China's economic rise would leave everything else unchanged. How could we be so dumb? Partly because we wanted to believe it and partly because the Chinese wanted us to believe it.

The truth has only started to dawn in the past two years. The sheer scale of China's achievement became clear as the country overtook Japan to become the world's second-biggest economy. The global financial crisis made it obvious that China's economic weight gave it real political and strategic heft as well. Its navy and air force started to challenge the power of the US at sea. And over the past year especially it has started to flaunt its strength.

The previously unthinkable now suddenly seems reasonably probable: China will continue to approach America's GDP until, sometime in the next two decades, it will overtake the US to become the largest economy in the world. China's industrial revolution will have restored to it the place it lost when Europe and the US industrialised 200 years ago. And just as strategic power swung to Europe and the US with their industrial revolutions, it is swinging back to China now.

What does this mean? One risk is that China will simply dominate Asia, which could be very dangerous indeed for all of us. But that is not the only or the most likely danger. China, no matter how strong it grows, cannot achieve the kind of primacy in Asia that the US has exercised till now. There are just too many other strong states to oppose it: the US, Japan, India and Russia. That means the biggest danger is not that China will succeed in building a new Chinese empire in Asia, but that it will try. If it tries, the region's other great powers will combine to oppose it, and in the long run they would succeed.

But the cost would be appalling because China would be a formidable adversary. Apart from its immense reserves of people and territory, it now has a huge economy. China is already richer relative to the US than the Soviet Union ever was during the Cold War, let alone Germany or Japan. That makes it in terms of raw national power the most formidable adversary the US has ever faced, and every year it grows stronger.

That means a struggle with China would be very dangerous – even devastating – for Asia, for the US and for Australia. The history of Europe in the first half of the last century teaches a sombre lesson: no one wins a titanic struggle for primacy between great powers. It is mere wishful thinking to assume that we could contain China without that kind of catastrophe.

So we must persuade China not to try to dominate Asia. The good news is that peace is important to China, because it needs peace to prosper. But like everyone else, China also cares about power and status. It wants to maximise its power as well as keep the peace, and it will try to balance these conflicting priorities.

Some still hope that China wants peace so much that it will continue to accept the primacy of the US, and continue to live under its shadow even as its power approaches and overtakes it.

But it is already clear that China will not settle for that. If the rest of us try to limit China to the old subordinate role it played in the past, we can be sure that it will push back hard – just as if China tries to force the rest of us into a subordinate role, we will push back hard. The only realistic prospect for peace in Asia is for us all to take a step back: we must accept that China must play a leadership role, and China must accept that it cannot play the leadership role.

This will be hard for both sides, and both sides have a responsibility to overcome the barriers and make it happen. For Australia, the implications are clear. We must recognise that attempting to preserve the old model of sole US leadership in Asia will not keep the peace but threaten it.

We must aim instead to promote a new vision of Asia's political future in which the US plays the strongest possible role that is consistent with avoiding intense competition with China.

We must recognise that making space for China is essential if Asia is to have a reasonable chance of peace, and that conceding on some things does not mean conceding on everything. We must make a sober judgement about those issues on which it would be wise to accommodate China and those which we should not compromise. We must define very clearly the limits beyond which we will not compromise with China, knowing what it might cost to defend those limits and being prepared to do so. And to avoid the pitfalls of appeasement, we must be sure that we really are willing to defend, at great cost, the limits to accommodating China that we set down. Those who talk tough now about making no concessions at all to China must explain what costs they think Australia and our allies should be willing to pay to defend this position.

Finally, our leaders must talk to the US about all these issues – and they must do it much more frankly and forcefully than they have until now. The US's choices about China will do more than anything else to determine whether Australia lives in peace in the Asian century or not. Those who believe that Australia has no alternative but to urge the US to stand up to China at every point have still not realised how much the world is changing, and how much is at stake.

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