

## **Between America and China: Australia's Strategic Choices in the Asian Century**

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Four months ago, as Australia's parliamentarians rose to give US President Barack Obama a standing ovation, it seemed they had already decided how best to navigate the profound strategic changes that must inevitably flow from the shift in relative economic weight from West to East.

Obama laid out in the starkest terms yet his determination that America would resist China's challenge to US leadership in Asia, using all the elements of its power — including military force — to perpetuate a future for Asia framed by American values and interests. The parliament's applause, and the simultaneous announcement that Australia would host more US forces, seemed to show that Australians had made up their minds to back Obama's forthright policy to the hilt.

That impression would be wrong. In fact, Obama's speech was a wake-up call to Australians, signaling that a debate needs to be had on these issues, because some very big decisions need to be made.

Until recently, most Australians had been content to assume that Asia's economic transformation, so central to Australia's prosperity, had no implications whatsoever for the region's strategic order. They imagined that even as China's economy overtook America's, China would either be happy to accept American leadership or too weak to challenge it. They assumed therefore that American primacy would remain forever unchallenged and unchallengeable, and that Australia faced very few, if any, pressing decisions about this.

Obama's speech punctured this blithe optimism, confronting Australian leaders with the uncomfortable reality that Americans really do see China as their major strategic rival, and that rivalry between them is escalating fast. Suddenly it became much clearer that Australia will have to make some choices after all.

But there were some in parliament listening to Obama that day who had already begun to understand the way that Asia's economic transformation was forcing Australia to reconsider its strategic position. Earlier last year, several opposition front-benchers discussed how China's rise would affect the Asian order and Australia's choices throughout a number of speeches, and lawmaker Malcolm Turnbull offered a very substantial analysis and critique of the prevailing orthodoxy.

Most strikingly of all, Prime Minister Julia Gillard gave a major speech just a few weeks before Obama's arrival in which she, too, acknowledged that the historic shift in economic weight to Asia had strategic consequences. Gillard conceded that Australia had choices to make about what kind of new strategic order would suit Australia best, and spoke of what the country's leaders could do to help bring it about. She also announced the preparation of a white paper, "Australia in the Asian Century," to explore these issues.

Foreign Minister Kevin Rudd has also been exploring these questions. Since Obama's visit he has made a cogent and forceful case for a comprehensive rethinking of Asia's future order, away from the Pax Americana and toward a "Pax Pacifica." He did not say much about what the Pax Pacifica should look like, but clearly he believed it should accommodate China's "legitimate aspirations."

All this is a long way from Obama's clarion call to perpetuate the Pax Americana at any cost. So it seems that, notwithstanding the rapturous reception Obama received, Australians have started to rethink their strategic future and ask searching questions about the choices they face. The scene is now set for a debate in Australia about Asia's strategic future and Australia's place in it, which may prove to be as momentous as any before in the country's history.

If that debate is to be productive, it should start from a clear understanding of what exactly is happening, what kinds of choices Australia has to make and the options it has to choose between.

First, Australia needs to acknowledge that the economic shift to Asia does indeed have profound implications for the balance of strategic power as well. China is now strong enough to contest America's leadership in Asia and is plainly doing so. That means the old days of uncontested American primacy, and the Asian order that has been built on this foundation, are already history. Australia's choices are about what kind of order it would like to see replace this.

Second, Australia needs to recognize that there are several possibilities for the kind of new order that could emerge. One is a contested order framed by strategic rivalry between the US and China. Everyone can see that this option is risky and undesirable, but whether it might anyway be the best available option depends on the alternatives. If the only alternative is Chinese domination, then rivalry might be preferable: no one wants to live under Chinese hegemony.

But there is another option, one in which the United States stays engaged in Asia to balance China's power but does not try to dominate Asia itself. This is surely a better outcome than either of the others, if it can be achieved. That would not be easy, because the United States and China would both have to agree to accommodate one another's interests and share power.

Indeed, the trends at present, typified by Obama's tough talk in Canberra, all point the other way. So if Australia would like to see this outcome, it will need to find ways to encourage both the United States and China in this direction, and have others in Asia do the same.

Third, Australia needs to recognize that urging America to work with China to build what Rudd calls a Pax Pacifica is not tantamount to abandoning the American alliance. America's role in Asia and its alliance with Australia will change, but the enduring foundation of the alliance could and should remain.

These will never be easy issues for Australia to debate. In the Asian century, its Asian neighbors will for the first time be richer and stronger than its great and powerful friends. Australia will perhaps never again enjoy the familiar reassurance of being a very close ally of the world's dominant power. But it can prosper in a stable Asia if a new Pax Pacifica can be built that both accommodates Asia's new power and keeps America engaged.

How would that work? How can it be built? How can Australia help? These are the questions we need to debate now.

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