

The China Choice

by
Hugh White

Remarks by PJ Keating

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Hugh White does me an honour in asking me to launch his book *The China Choice*.

I believe the reason he asked me was not that he wanted a former Prime Minister to launch his book, but at least one who regarded his subject as central to Australia's security and prosperity, indeed, central to one of the major, perhaps the major issue in international affairs.

As you would expect, Hugh has written *The China Choice* with great clarity and command of the issues and with his usual nuanced treatment of important threads of argument.

He has always been able to get to the nub of an issue with a great economy of words. The style is discursive, even conversational, but the poignancy and economy of words serve to hammer home the points. To rivet them.

Hugh is invariably upfront in his intentions. And he is on this occasion. In talking about the choice to be made between the United States and China on the strategic balance in the Pacific, he makes clear that his book is about America's part in that shared responsibility.

He is primarily addressing American policy makers and strategic thinkers but importantly, he addresses them from what James Fallows calls in his cover note a 'sympathetic but clinically detached perspective'. More than that, Hugh says baldly there is no place for Australia as an intermediary between the United States and China. But he goes on to add it would be wrong for Australia not to try and shape the outcome. Tellingly, he says 'our main effort should be in Washington'. And he says this because Australia is an ally of the United States on which the United States has often materially depended.

This, of course, is correct.

But underlying the comprehensive and erudite elucidation of the many issues between the United States and China lies the great and more profound question: can the established international order assimilate and adjust to the rise of a new and major power? Or will we be condemned to war, as Hugh notes of John Mearsheimer's analysis?

We should remember that at the beginning of the twentieth century, Europe ran the world – a vast British empire and a German one. Within forty years it had torn itself apart, fighting two world wars over the status of Germany.

Europe demonstrated it was unable to come to terms with Bismarck's creation, the mere existence of which was an affront to it. Shades here of Hugh White's commentary on American exceptionalism; what he calls 'the deep questions which reside in America about its role in the world and about itself'.

Now the issue is Deng Xiaoping's creation. Can the world adjust to the restoration of Chinese economic power? Will it acquiesce in the strategic consequences of global economic gravity finding its point of equilibrium in the East?

Hugh reminds us that the United States has never dealt with a country which is as rich and as powerful as China, instancing that the Soviet Union was never its economic match. And he says, in a declaratory way, that 'ultimately, wealth is power'.

In his commentary, he asks why the United States never saw it coming; how did it not see the challenge to its primacy in the Pacific developing? And he answers his own question by nominating September 11 2001: the time when the US, at the height of its unipolar moment, decided to lay off its strategic bets in the Middle East, leaving the Chinese to the vagaries of their struggle with poverty.

The fact is the globalisation of countries ran ahead of the globalisation of strategy. The failure of the United States to understand the dispersal of global power at the end of the Cold War, of the post-colonial blossoming, of the availability of capital and technology, saw it miss the chance to create a new and more representative world order. One in which it would have earned a permanent and exalted place by virtue of its foresight and magnanimity.

That moment has now passed and from here on it is simply hard slog – the cats being well and truly out of the bag.

But not all of us missed that same moment. For two decades I have been making the point in public speeches that the industrial revolution broke the nexus between population and GDP. That once the productivity-inducing inputs of capital and technology became ubiquitous, it was only a matter of time before the great states by way of population once again became the great states by way of GDP. Hugh White has long been making the same point.

This is the principal reason behind China's restoration to the position of economic primacy it enjoyed before 1800. It is the same reason the Indian economy will be larger than that of the United States by mid-century.

Hugh makes the same point a different way in the book. He says China's workforce is four times that of America's. He goes on to explain that China's output 'will overtake America's when the average Chinese worker produces just a quarter as much as the average American worker'. A completely plausible scenario.

With his ability to distil a point to its essence, he says 'economic primacy is just a question of arithmetic'. Again, in distillation he says 'what is happening in China and India is 'less a revolution than a restoration''. Quite.

When we Australians were running around North Asia in the early 1990s setting up APEC and the APEC Leaders' Meeting, we were doing it not to become foreign policy busybodies – we were doing it because we saw it all coming. The rising might of the former colonial states thawing from their Cold War stasis, the productivity equilibration, the prospect of open regionalism and the chance to see the United States engaged at high policy and at presidential level with the leaders of China and Japan were all drivers of our foreign policy initiatives.

And China's accession to the WTO in 1997, in which we helped, sealed the deal on China's rules-based participation in the world.

Why it took the United States until 2011 to make the so-called 'pivot' back to Asia; to acknowledge the centrality of Asia in the new strategic settings is a matter of wonderment.

We have had the United States walking out of Iraq with virtually nothing, having lost many lives and a \$trillion of fiscal treasure, only to discover a new and potentially greater power than itself, rising in the East. But this is where America now finds itself.

And that potentially greater power is seeking to reclaim its place as the pre-eminent one in East Asia. It sees its legitimacy arising from its ethnic oneness and bulk – as a force of nature.

Hugh tells us China's instincts are 'ultimately about matters of status and identity' and that for two centuries it has been deprived of these. He says that China will not relinquish its claim to status as a great power, even if this leads to conflict. And he goes on to argue that should 'America try to preserve the status quo and avoid fundamental change in the relationship, it will be choosing to accept China as a strategic rival'. Already he says 'there is an increasing undercurrent of rivalry'.

He underlines the weight of Chinese ambitions by arguing that 'Washington has less at stake in Asia today than it had in Europe in the Cold War – while China has more at stake in changing the status quo in Asia than Moscow had in Europe'.

Indeed, he warns that 'Washington and Beijing are sliding towards rivalry by default'. He says they are building their forces and adapting their military plans, specifically with the other in mind.

I quote him: 'For a long time the Chinese military has been prepared for war with the United States. Now, the principal task of the United States military is preparing for war with China and is being actively reshaped for that purpose'. He goes on to say 'we should start by recognising that America and China could find themselves drawn into a conflict in the Western Pacific at quite short notice'.

A salutary warning if ever there were one.

From there he comes to the conclusion that 'only together can they make the mutual concessions needed to pull back towards cooperation'.

And this gets to the nub of his book. What he calls 'the choice itself'; in this case, the choice America makes in the face of a restored China from the standpoint of America's long held position of strategic primacy in the Pacific.

He sees this boiling down to three options: for America to stay as now and preserve the status quo, to calculate the odds and withdraw, or to shift policy and share power in the region with China and other states.

In his words, (i) for America to resist China's challenge and try to maintain its position of primacy, (ii) to concede the field to China and withdraw from any major role in Asian affairs and (iii) to stay in Asia but fashion a new role for the United States within a new order, in which it maintains a strong presence but shares power with China.

And after laying out those options he suggests 'a clear choice will have to be made' on one of the three.

Having said that, he argues the third option, the sharing option, is 'the one that best serves American interests'. Indeed, he says 'the central idea of this book is that such an understanding is possible today between the United States and China'.

More than that, he claims 'it can hardly be *impossible* for America's and China's interests to be reconciled without war'. And that that reconciliation can arrive 'through a new order in which China's authority and influence grows enough to satisfy the Chinese, and America's role remains large enough to ensure that China's power is not misused'.

Hugh White then goes on to discuss at length what a new order might look like. Importantly, he argues that in an order based on shared power, 'the United States remains a central player in Asian affairs'. 'Its power balances and constrains China's, protects American interests and enforces vital norms of international conduct'.

The hard bit of that equation, he contends, is that 'America will have to exercise its authority within limits acceptable to China, just as it requires China to exercise its power within limits acceptable to the United States'. And he concedes that the really hard part in building an order of this kind is in the negotiation of 'those mutually acceptable limits'.

Reflecting his faith in foreign policy realism, he says new orders of this kind are only built by negotiations between the great powers. And that such negotiations involve 'painful and reluctant compromises on key interests and questions of status'.

Above all else, he says, 'Washington and Beijing must both *agree* to do it'. And from that point, he argues the first requirement of any

negotiation is ‘to accept and acknowledge that your counterparty’s objectives are, in the broader sense, legitimate’.

In this case, ‘America will have to accept that it is legitimate for China, as its power grows, to want greater authority and influence. Equally China will have to accept that it is legitimate for America to remain an active player in Asia’.

And underpinning those mutual acceptances should be the notion that because both countries are so powerful, that neither can hope to win a competition for primacy outright, they do a trade at the point where further gains cannot be justified by the higher costs of rivalry.

Hillary Clinton shone some positive light on the issue when she said on the 40th anniversary of diplomatic relations, that roles ‘require adjustments in our thinking and our actions on both sides of the Pacific. We are building a model to strike a stable and mutually acceptable balance between cooperation and competition. This is uncharted territory. And we have to get it right’.

In his book, Hugh White takes the cooperation and competition idea and places it within a ‘concert of power’ model, sketching out what a concert of power in Asia might look like. And he runs through the ‘concert’ which emerged from the Congress of Vienna and which obtained for a century between 1815 and 1914 - how Europe benefited from unprecedented expansion of population, wealth and power.

He reminds us that that ‘concert’ was built on one simple understanding: that no country would seek to dominate Europe and that in the event any one of them tried, the others would unite to defeat it.

Importantly, he says, correctly in my view, that the ‘concert’ was not founded on any abstract commitment to principles of peaceful coexistence or the brotherhood of man. The only relevant principle was everyone understood ‘that the costs of seeking hegemony outweighed the benefits’.

This is an altogether different concept from a ‘balance’ of power, as a ‘concert’ of power requires an agreement. Therefore, such ‘concert’ has to be created and carefully maintained. Hugh reminds us the last two attempts at a global concert of this kind; the League of Nations at Versailles in 1919 and the United Nations in San Francisco in 1945, failed. So it is not easy to do and even harder to maintain.

But he is right in saying that the code to maintenance is simple: ‘members agree not to deprive one another of the status of a great power’.

Hugh then puts the question; would building a ‘concert’ mean conceding a sphere of influence to China in Asia? He then answers his question by saying that ‘spheres of influence remain an important feature of the international order’, going on to add ‘it would only be realistic to acknowledge that where the vital interests of other great powers were *not* directly affected, China might be conceded a sphere of influence’.

This is a version of the oft-used Keating mantra; that great states need strategic space and that if they are not provided some, they will take it.

If the United States, in this context, were to either promote a balance of power in Asia or maintain strategic primacy, as until now, China would be denied great power status, as Japan has been so denied, in the just on seventy years it has been a strategic client of the United States.

The one thing certain in this discussion is that China will not be emulating Japan. The chance of China becoming a strategic client of the United States is next to zero.

Hence the importance of seeking to have the United States recognise that there has been a shift in the economic tectonic plates and that with that shift has come and will continue to come, a shift in the strategic balance.

For my own part, I have long held the view that the future of Asian stability cannot be cast by a non-Asian power – especially by the application of US military force. A point articulated recently by Zbigniew Brzezinski, a former US National Security Adviser.

The failure of United States wars in Korea, Vietnam and outside of Asia, in Iraq and Afghanistan, should lead the United States to believe that war on the Asian mainland is unwinnable and that therefore, the key to Asian stability lies in the promotion of strategic cooperation.

Brzezinski argues that ‘geopolitical equilibrium in twenty first century Asia has to be based more on a regionally self-sustaining and constructive approach to inter-state relations and less on regionally divisive military alliances with non-Asian powers’.

And he warns that ‘America should not allow itself to be drawn into a war between Asian powers on the mainland. His one caveat being US military engagement (only) in response to hostile actions directed at states with treaty-based American deployments’.

With express focus on China Hugh White says that should America stand firm and turn its back on Chinese claims and on a cooperative structure, there is no chance that China will simply go away and that things as now will keep on as they have been. And what’s more, he warns, ‘there is no mid-point between conceding nothing and conceding everything’. A line has to be drawn, which he says, is the challenge for American statesmanship: to identify and identify up front, at what point the United States will stop making concessions and to let China know what will happen if China crosses the line.

In other words, the United States has to decide where its vital interests lay in its relations with China and China’s role in the world and which of its interests are otherwise tradeable.

Implicit in this, is the United States deciding which characteristics of China are inimical to US interests and pose a threat and which are simply a product of China’s scale, economic rise and culture which can be otherwise accommodated.

We need a structure which encourages China to participate in the region rather than seek to dominate it. Indeed, the development of such a structure can provide a region which does allow China to participate but not dominate.

Which brings me to Australia.

Hugh says ‘if either country (the US or China) decides that we have to choose between them, then we do’.

But that’s the point: from Australia’s position, a choice is what we do not need – and in a cooperative structure, there would be less need to make one.

This is why there is every reason to try and face America up to its changed economic and strategic circumstances, rather than traffic in the pretence that the rise of a state potentially larger than itself will have little strategic consequence for either it or for us.

Hugh White says ‘for more than a generation we have got out of the habit of engaging in real, serious debate with Washington’. How true is that? From the ransacking of Indonesia in 1997 by the IMF to the commitment in Iraq in 2002, the presumption has been that the foreign policy of Australia is somehow synonymous with the foreign policy of the United States.

This, of course, could never have been broadly true, notwithstanding the points of coincidence, from time to time, in our respective national interests. The relatively rapid rise of China will demand clarity in the points of differentiation.

Yet the debate around China has carried with it the assumption that Australia has no choice but to support American primacy in Asia against the threat of Chinese hegemony. This assumption, Hugh White says, now needs to be challenged. And I agree with him; it does.

All of us in the debate in Australia believe Asia will be a safer and better place with the continued engagement of the United States in the region. Strategically, it is likely to more peaceful and more settled. And with our trade preponderantly in North Asia and the greater part of that with China, there is every reason to support the development of a cooperative structure between the United States and China in the Pacific. And this must mean recognising China’s legitimacy, its prerogatives as a great power and the legitimacy of its government.

If we are pressed into the notion that only democratic governments are legitimate, our future is limited to action within some confederation of democracies.

While peace may prevail among democratic states, we should take heed of views of people like Kenneth Waltz, who argue that the structure of international policy is not transformed by changes internal to states.

But arguments of this kind have not slowed critics of China who are quick to invoke human rights and values as though the human condition had not improved dramatically across the Chinese landscape. Even President Obama told us during his visit to our Parliament, that ‘prosperity without freedom is just another form of poverty’. That remark placed a heavy discount on the success of the Chinese Communist Party in dragging its community from abject poverty, for as Hugh says, and I quote him, ‘over the past thirty years, the Chinese government has achieved by far the largest, fastest increase in human material welfare in

history'. And so it has; a tenth of humanity lifted to a way better life in a single generation.

Yet the seemingly perpetual invocation of this human rights mantra attributes no moral value to the scale and quality of the Chinese achievement.

And on the question of values, as Hugh eloquently remarks, 'peace is a value too', arguing that that value weighs a moral obligation to minimise the risk of war if at all possible.

Hugh White's *The China Choice* is an exceptionally thoughtful synthesis of the arguments and influences which bear upon the coming shape of the Pacific.

Against the backdrop of history, he extrapolates the trends and pressures which arise from the United States's primacy in the Pacific, as he does from China's position as the ballast power on the Asian mainland.

He has done everyone interested in these issues a service, but in my view, the United States a special service.

It is with great pleasure that I launch this cogent and persuasive work.