

Session I Discussion Paper

How should Australia respond to Xi Jinping's ambition?

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Xi Jinping's ambition is to make the People's Republic of China (PRC) wealthy and powerful. A mix of internal and external aspirations drive this ambition.

Internally, maintaining domestic stability and support for Communist Party rule are foremost in Xi's mind. Externally, Xi's ambition is to make his country sufficiently strong so as to avoid a repeat of the 'century of humiliation', during which China was carved up by foreign powers.

The Belt and Road Initiative (BRI) is a manifestation of Xi's ambition to realise these objectives. The BRI aims to address some of the PRC's most critical economic challenges, such as problems of excess capacity, and to stimulate growth in less developed regions. Externally, it strives to increase the PRC's regional influence.

Xi's ambition has generated a polarised debate here in Australia.

On one side, a collection of "hawkish" commentators zero in on Xi's strategic motives, assuming his ultimate objective is to make the PRC the dominant power in Asia. They argue that Australia should directly confront Xi's ambition by seeking to preserve the incumbent US-led order in Asia by doubling down on the American alliance and forging new arrangements – including a 'Quadrilateral' comprising the United States, India, Japan and Australia – designed to balance against a rising PRC.

An opposing camp calls for Canberra to develop a more "independent" foreign policy, distancing itself from US policies not in Australia's interests while simultaneously cultivating a relationship with Beijing that sees us becoming a regular and respected interlocutor.

The Turnbull government in 2017 has hitched its wagon to the first of these two camps. Speaking in Singapore last March, Foreign Minister Bishop asserted that 'the United States must play an even greater role as the indispensable strategic power in the Indo-Pacific.' In June at the Shangri-La Dialogue, Prime Minister Turnbull warned that 'a coercive China will find its neighbours resenting demands they cede their autonomy and strategic space, and look to counterweight Beijing's power by bolstering alliances and partnerships, between themselves and especially with the United States.'

The government's tilt in this harder-line direction is understandable. Xi's China has unquestionably been an assertive one. More importantly, Canberra now confronts a highly transactional Trump presidency. Indeed, if there is a major flaw in the arguments put forward by those calling for a more independent Australian foreign policy and a closer relationship with Beijing, it is that they do not sufficiently appreciate that "self-reliance in an alliance context" is going to become infinitely harder in a more contested Asia. Moreover,

Australia will have fallen from the world's top 20 economies within the next two decades. Why would such a powerful actor as the PRC listen to an Australia in relative decline when it shows such little propensity to listen today?

At the same time, however, those of the more hawkish persuasion seem unwilling to sufficiently acknowledge the extent to which Asia's strategic order is changing. PwC projects that by 2050 the PRC economy will become the world's biggest and approximately 30 per cent larger than the next on the list, India. While one ought always to be wary of straight line extrapolations and of underestimating the significant internal obstacles that the PRC will need to navigate, prudence suggests that Australia ought to have viable policy options should such predictions come to fruition. Hawks hold out hope that the so-called US-led "rules-based order" will remain intact. But hope is not a strategy.

Noticeably absent from the current debate regarding how Australia should respond to Xi's ambition are advocates of more nuanced, what might be termed "middle ground" positions between the hawkish and the more independently-minded foreign policy alternatives.

Writing in 2011, American commentator Brad Glosserman praised the starkness of our China debate, characterising Australia as 'the canary in the Asian security coal mine.' In his view, our debate deserved more attention because such discussions would inevitably become commonplace in other Asian capitals as regional power relativities shifted.

Six years on, debates of the sort Glosserman anticipated have yet to materialise. Instead, most Asian governments still seem largely content to hedge their bets. As the Singaporean strategic intellectual Bilahari Kausikan recently observed of Southeast Asian responses to Xi's ambition and the uncertainties of the Trump era:

In Southeast Asia 'balancing', 'hedging', and 'band-wagoning' are not mutually exclusive alternatives. We see no contradiction in pursuing them simultaneously, but this is not always easy. The mix of balancing, hedging, and band-wagoning continually shift as countries in the region adapt to unpredictable external events over which they have little if any influence.

In contemplating Australia's response to Xi Jinping's ambition, and with a view to adding greater nuance and sophistication to our debate over how best to do so, might we usefully consider more closely some of these strategies practiced over hundreds of years by our closest Southeast Asian neighbours?

Questions:

How should Australia prepare for an unpredictable region shaped by unreliable US policy and contentious PRC policy?

Realistically, who should Canberra partner with if it decides to be more self-reliant in foreign policy?

What are the PRC's objectives in the BRI? How should Canberra respond given the economic opportunities?



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