

What Can Australia Do?

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In his keynote speech to the AIIA national conference, AIIA National President Allan Gyngell considers the consequences for Australia if the ties between Washington and Beijing finally snap.

States can exert influence in the outside world in three broad ways: through inducement, coercion and persuasion. Of these three dimensions of influence, two – inducement and coercion – are largely beyond Australia's reach. We don't have the resources to induce or bribe other countries on any grand scale, and fear of our economic or military clout is not going to be decisive enough to coerce other states to act in ways that might be contrary to their interests.

You hear from time to time a debate about whether Australia is a middle power. How can Australia be a middle power, some people demand, when there are 195 countries in the world and Australia is the 14th-largest economy?

This sort of name game is really irrelevant. It doesn't much matter how we describe ourselves. All we need to know is that Australia is not a great power. Not even our closest neighbours will do what we want because we can force them.

Nevertheless, we have enough diplomatic heft and military power to exert influence. And that matters, because the structure of our economy and society will always give Australia a real interest in global issues well outside this region.

As you would hope from an annual defence budget of \$40 billion, the exercise of military force in its own right is not beyond us. Still, in the places where Australia has used military power most effectively in recent decades – East Timor and the Regional Assistance Mission in Solomon Islands – we have always had to work in coalition with others.

So even when the Australian Defence Force is involved, persuasion is always going to be the most effective tool available to Australia.

Historically, Australia has most often tried to exercise our influence by leveraging our relationships with our great and powerful friends.

For the first half-century of our existence, we saw our role mostly as one of helping to shape British imperial policy being made in London; to ensure, for example, that

Australia's interests in the South Pacific were accommodated. Since the birth of ANZUS, Australia's efforts to shape policies on issues important to us have usually involved efforts to influence the United States.

There is always a premium to be paid for such influence. We saw that most recently in our commitments to Afghanistan and Iraq, each of them undertaken largely for alliance management reasons. You can probably put Australia's recent modest contribution to the Maritime Security Construct in the Straits of Hormuz in the same category.

But this way of exercising agency is getting harder. There are two reasons for this (or three, if you think the unpredictable Donald Trump is likely to be returned to office).

The first is that the easy alignment of Australian and American economic interests over the past 40 years has ended. Australian leaders still publicly support an open, rules-based international trading system. The current US Administration does not. US economic complementarity with China ended around the time of the global financial crisis. Australia's did not. China is overwhelmingly our largest trading partner.

The second reason is that America is simply less engaged with the international system and multilateral institutions as a whole. When President Trump told the United Nations a couple of weeks ago that he rejected the 'ideology of globalism' in favour of the 'ideology of patriotism', we knew we were operating in a very different world from any Australia has known before.

And Trump is not alone. Brexit, the trend of politics within the European Union, and the nationalist sentiments manifest in so many Asian countries, including China, India and Japan – even the PM's remarks in his Lowy Lecture a couple of weeks ago – underline that a Westphalian world of sovereign nation-states is re-emerging to replace the aspirations for collective security through deeper integration and multilateral engagement that marked the post-Second World War world.

Furthermore, America's interest in alliances themselves has waned. In recent decades, Australia's leaders have often told us that the United States is asking its allies to do more for themselves. But now, Washington is asking its allies to do more for the United States.

In principle, Australia could try to influence the other major power, China. We have done that on bilateral issues but, perhaps with the limited example of the Asia Infrastructure Investment Bank, it is hard to think of any substantial effort in that direction in the multilateral area.

So if Australia can't exercise agency through our major ally so easily, what about opportunities do we have to combine our influence and weight with other so-called

middle powers in pursuit of common international objectives? Coalition building of this sort is a popular idea. It features in the Foreign Policy White Paper and many speeches by our leaders. And it is an excellent idea in principle.

But it is difficult to achieve. Identifying common interests is reasonably easy but translating them into targeted issue-specific projects is much harder. Australia's involvement with Japan in the resurrection of the Trans-Pacific Partnership is the best recent example of success in this area I can think of, but it's a rare one.

I noted earlier that Australia does not have the resources to induce others to act as we wish, but we can still have influence through aid. This mostly comes not by buying support for Australian policy but by reaching beyond transactional exchanges with recipient governments to help align our national development objectives and shape shared standards and systems. That sort of agency, too, is becoming more difficult, however, as our aid budget shrinks to an all-time low as a percentage of GNI.

Another form of influence lies in generating the ideas that over time change the world in ways that make it more conducive for Australia. Australia has a rich tradition here, dating back to the setting up of the UN institutions in San Francisco and including Antarctica, Cambodia, APEC and the arms control regime, especially with chemical weapons. Scott Morrison's campaign to control terrorist and extremist messages on social media platforms is a recent example.

That brings me to senior leaders and the power of personal persuasion. International Relations theorists find it uncomfortable to incorporate this form of human agency, but practitioners are all too conscious of its importance.

Looking back through Australia's foreign policy history you can see the difference that relationships such as Bob Hawke's with Rajiv Gandhi, Paul Keating's with President Suharto, Gareth Evans's with Ali Alatas, or John Howard's with George W Bush meant. But the relationship has to be directed to broader national purpose and objectives rather than, to take a contemporary example, pursuing a potential political opponent.

The concept of soft power – the power of attraction – is another dimension of persuasion and therefore agency. Australia's soft power attributes, we claim, include those which make this country a great place to live, including our old and effective democracy, our successful multicultural society, the richness of our natural endowment and the sophistication of our economic, scientific and artistic achievements.

As an element of power, however, soft power is hard to measure. The Lowy Institute's Power Index ranks Australia ninth of 25 Asian powers in a category they term

'cultural influence', which has some areas of overlap with other definitions of soft power.

But the operative word here is 'power'. That is, how do we translate this attractiveness to others into foreign policy advantage? That requires much more effort than simply sitting back and hoping the things outsiders admire about Australia will attract other states to act in ways that suit our interests. Soft power isn't power until it has been operationalised.

The strategic and economic ecosystem that will be required to organise the international environment we are now in will be very different from the hub and spokes of the 20th century alliances and the broad multilateral institutions which sought to manage global politics and economics.

We will need new arrangements, sometimes designed to cooperate, sometimes to compete. Sometimes the institutional bonds will be economic, sometimes normative, sometimes geographic. Sometimes the membership will be broad, sometimes narrow and tactical.

In a world like this, it will be important for Australia to rediscover how to use the instruments of persuasion. That means investing in foreign policy and funding our diplomatic networks, our aid program, our soft power outreach – as effectively as we fund our military and security services.

The AIIA's former National Executive Director, Melissa Conley Tyler, points out in the current edition of Australian Foreign Affairs magazine that Australia's combined budget for diplomacy and aid has contracted from \$8.3 billion for the 2013 – 14 financial year (adjusted for inflation) to \$6.7 billion for 2019-20. In 2017 Australia was ranked 20th of 29 among the developed nations in the OECD for its diplomatic resources.

The costs of any investments in the instruments of persuasion will be far less than those of submarines or joint strike fighters – important though these are – but they can certainly be of more immediate use.

The idea of persuasion has to come together at the centre of government. In my view, we are not well set up for that. Our formal processes for dealing with international policy are centred around the National Security Committee of Cabinet. Although the NSC includes the Treasurer, it is not structured to consider the interaction of economic and defence and security issues. A broader International Policy and National Security Committee would be a more effective way of achieving our aims.

The modest claims of foreign policy are not to any final truths. They are to the step-by-step process of advancing our interests and defending our values in the constantly shifting environment of international politics; building the foundations of an international order in which we can continue to defend our interests and pursue our values. That has never been more important.

When I spoke at this conference last year, I said that “A new bipolar divide is beginning to entrench itself around the Asia-Pacific. Established lines of connection in areas ranging from trade and technology to student and research exchanges are being tested”. I talked about the difficulties this would generate for Australia.

Over the past twelve months, that process of decoupling has gathered speed. The trade dispute between Washington and Beijing intensified, America’s demands that its allies and partners line up with it in limiting cooperation with China on certain technologies such as 5G became stronger. And this issue of competition with China seems to be the only thing these days that can bring a divided American polity together, putting Elizabeth Warren and Ted Cruz on the same side.

I want to end with a provocation. At least it’s a provocation to me because I haven’t decided myself what the answer is.

To be very blunt about it, what happens if the ties between Washington and Beijing finally snap, and strategic competition across all the dimensions of power becomes the norm? It’s not inevitable but it’s plausible. If, as news reports suggested recently, America decided to stop Chinese companies listing on US stock exchanges, or further restrictions were placed on Chinese studying in America, and Washington applied pressure on other countries to take the same action, how could Australia respond?

Just to be clear, my question is not what Australia should do, but a more basic one. What could we do?

Given history, values, the large gap in comprehensive power between China and the United States, and the extent to which the alliance is embedded in the very structure of our defence and security agencies, is there any option for Australia other than simply throw in our lot with the United States, whatever the economic costs to us, or the implications for our other regional relationships?

In the light of the discussion we’ve just had about agency, what, if anything, could we do we could do to prevent such a strategic breach or to respond if it happens?

This is just one of the new sorts of questions Australian foreign policy will face in the period ahead.

This is an edited and condensed version of his address to the AIIA National Conference 2019, which took place on October 14.

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