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Transcript

The Hugh White thesis: Ten years on

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James Laurenceson:

Thank you very much, Tom. It's a great shame I couldn't be with Hugh White today, instead I'm joining Hugh from the bedroom of my 13-year-old son and trust me everyone should be very grateful that I'm using a virtual background because you certainly don't want to actually see what's behind me. Hugh, your background looks more professional than mine.

In 2010 Hugh White penned an essay, this essay ['Power Shift: Australia's future between Washington and Beijing' in *Quarterly Essay*], that would become a seminal contribution to Australia's strategic policy analysis and debate. He began the essay with these words, let me quote the opening paragraph. 'There is a problem with Australia's vision of its future. On the one hand we assume that China will just keep growing indefinitely, buying more and more from our miners at higher and higher prices. On the other hand, we expect America to remain the strongest power in Asia, the region's natural leader and Australia's ultimate protector. We'll have a very nice future if both of these things happen, the problem is that they cannot both happen at once', close quote. Yet our policymakers, Hugh White argued, were showing little evidence of having understood what was unfolding in the region. Partly this could be explained because Asia's biggest power, the biggest powers in Asia, Japan and China had largely accepted American primacy and leadership for the preceding four decades and because we'd done so well out of the status quo, it was somewhat intoxicating to tell ourselves a story that we could just keep it all going. But if and when, we did get around to thinking about these issues seriously our leaders could foresee a future where China would no longer be happy with that status quo.

The US would then face three options: Option A, withdrawing from Asia; option B, coming to some deal and sharing power with China, nonetheless giving up its primacy; or option C, staying around and competing with China head-on for primacy. And in Hugh White's view, we in Australia had better aim to bring about option B, because that is likely to be the least worst option. Why not option C, compete with China? Because the cost to America would likely prove unsustainable and in the end, it might withdraw anyway, or worse the competition for primacy could provoke a kinetic conflict, potentially even nuclear war. Hugh White, I'd better stop there and pause for a minute and ask you what whether that's a fair, albeit very quick summary of the 'Power Shift' thesis you wrote more than a decade ago.

Hugh White:

Thanks James and your team and our participants for this session. I'm very glad to have a chance to go back over some old ground and to say, look, yes your summary of the argument is very fair, that's really the proposition in a nutshell.

James Laurenceson:

Great, let's get into it then, Hugh. Having brought our – I'm sure most of our audience have already read your thesis but just in case there are a few out there who hadn't, I thought that was a decent way to start. Now, Hugh, my colleague and good friend, and your colleague at the ANU, Professor Jane Golley, openly describes herself as a 'White-ist'. A 'White-ist. I have to admit that I've frequently touted your analysis too, but, Hugh, I don't want this event to be a public meeting of the Hugh White fan club, so I'd actually like to begin by interrogating your thesis and putting to you some of the criticisms of the 'Power Shift' thesis I've seen raised and invite your response. After we've done that, then I think we can move on to an assessment of how things have unfolded over the last decade and where they appear headed. Does that sound like a plan to you?

Hugh White:

Absolutely, sounds great.

James Laurenceson:

Okay let's get started. Following the introduction of 'Power Shift' is a section titled 'Facing Facts'. This says, let me quote you, 'If China's power displaces America's primacy, we will have to start thinking about our place in the world all over again from the ground up.' Hugh, can I ask you about this word 'primacy'? First of all what does it mean? Does it mean dominant power? Or can a country be dominant but still not have primacy? The reason I ask this is I'm an economist and yet I see even senior international relations scholars looking to me like they're arguing with each other, struggling to pin down a definition of what primacy means. On page 38 of 'Power Shift' you say that if the US were to treat China as an equal, this means, quote, 'no more lecturing China about dissidents, Tibet or religious freedom, it will have to accept that China's international interests will legitimately differ from America's and be prepared to compromise to settle those differences amicably'. Is that really what losing primacy means? That the US will just have to shut up when it comes to China?

Hugh White:

Well, really good question, really quite an important place to start because primacy is right at the heart of my thesis. Right at the heart of my thesis because, as your preliminary sketch indicated, was that America has enjoyed what I'm calling primacy in Asia for a long time. Not just primacy but uncontested primacy for 40 years at least and now China is contesting that and my argument is that China wants to not just push America, not just stop American primacy, but replace it with primacy of its own. So, understanding this concept is very important. What do I mean? Well it's really something pretty simple. It's a situation in which one state claims and is accorded by at least a proportion of the members of the system, a place in an international system of more than equality. A status which allows it to some extent, to a significant extent, set the terms of international relationships within that system and enforce those terms. A country that can do that can also, will also tend to ensure that its interests, particularly its security and economic interests are given special weight and it will seek to ensure that no other country is exercising anything like the same kind of influence. So, it's claiming a superiority, a strength of interest and a sense of exclusiveness.

Now, to just be more practical about that, the best example we have in recent history is America's position in the Western hemisphere. For nearly 200 years, America has claimed a preeminent position in its own backyard and that's been broadly accepted, but you could also point to what America's had in Asia. We're all very used to talking about US leadership in Asia, but primacy in a sense I don't really mean much more than the kind of thing that America's had. But it's also worth noting the primacy comes in different forms. There's Joseph Stalin's primacy in Eastern Europe at the height of the Cold War, very tough, rigorous hegemony enforced by military power. The US hegemony in the Western hemisphere has been much softer than that, much gentler and so the fact that primacy comes in different forms, is a significant part of this story. The last point to make I guess is simply that primacy is what China wants. We can all tell that China wants something and probably come back later to exactly talk more about that but China wants something in East Asia more than it's had before. I think primacy is what it's after. Now you know that passage that

you mentioned where I said you know if America is prepared to relinquish Trump primacy, it'll have to deal with China in the ways that I described. Really what I was trying to capture there was just that if America steps back from primacy and seeks to develop with China, a relationship of equality, it's going to be a very different relationship than the one that America's had in the past because it is going to have to treat China as an equal and that means that it can't expect to impose on China, anything that that it's not prepared for China to impose on it. That's what equality means.

Now, it doesn't mean that America has to accept whatever China does, just to get to the end of your question, no, there's still some rules and constraints. But at least within the sphere in which China claims primacy, I would say within East Asia then it's going to have a special standing just as within the sphere that America claims primacy in the Western hemisphere, for example, it has a special standing. So it really means something, I mean it's a very significant part of the international, the way an international system might work.

James Laurenceson:

Okay, so the top dog, perhaps the US, the unassailable top dog - let me just stick with this question of primacy for a bit, Hugh, and specifically, I want to ask you about what the US has had in strategic terms in Australia's region and what it is aiming for. Now, look, on the one hand, the Trump administration's strategic framework for the Indo-Pacific is full of the term 'primacy'. The first national security challenge is, quote, 'how to maintain US strategic primacy in the Indo-Pacific region.' It describes as a desired end state, quote, 'the US maintains diplomatic, economic, military pre-eminence in the fastest growing region in the world.'

So, look that does indeed sound like a strong commitment from the US to remaining the unassailable top dog, having primacy in the region. On the other hand, Hugh, I have heard some folks push back on your thesis and they say when you're talking about primacy, you ascribe something to US intentions that simply isn't there. Let me give you one example. I'm quoting Ian Hall here, who is, I think, an old colleague of yours from the ANU, now at Griffith University. He says, quote, 'since the 1970s, the US has basically been an offshore balancer, except for the special case of Korea'. He says, 'Its aims are limited: to defend allies and deter attempts to alter the territorial status quo.'

Do you buy that, Hugh? Or is the US wanting much more than that?

Hugh White:

No, I don't buy that. I've got a lot of time for Ian, he's a very fine scholar, but I disagree with his characterisation of what America is doing as offshore balancing. Offshore balancing is – the idea of offshore balancing borrows from the model of what Britain tried to do in relation to Europe in the 19th century where it was quite happy for the Europeans to do all the things that Europeans used to do before they had the EU, you know, always competing and bullying one another. And Britain stood back, wasn't allied with any of them, but was always prepared to come in if necessary in order to make sure that no one power came to preponderance. But the whole aim of British policy was to avoid any engagement and it certainly tried to avoid any alliances until the very end of the 19th century. America's policy in Asia has been completely different from that. It's been right in there. It's had key alliances not just with South Korea but with Japan. It's been the security guarantor of East Asia's most powerful state, or at least until recently East Asia's most powerful state. It's been our security guarantor, and it's been the de facto security guarantor of every country in the region. This is much more than offshore balancing. This is onshore balancing. This is getting right in. Now if we ask ourselves what, you know, what does America want at the moment, well, I think you can see that in two terms.

The first is it wants to prevent China achieving China's objective of primacy or hegemony in East Asia. But it also, and I mean, going back to the Trump administration's document that you quoted, and I smiled when I read that, I must say, that it wants primacy. It doesn't want to just stop the Chinese dominating East Asia, it wants to dominate East Asia. And although that's not language that the Biden administration has yet brought itself to use, when you look at the kind of language it has used, I think they're just pussyfooting around it. I see no evidence that the Chinese don't really want to stop the US, to get the US out of Asia. I see no evidence the US does not fully intend to preserve the kind of role it's had in Asia for so long in the past.

James Laurenceson:

All right, that's a pretty clear rebuttal from you there, Hugh. I'm going to keep on with the critique if you don't mind. This is a bit of a tough way to start off a discussion –

Hugh White:
No, no, it's a good way to start.

James Laurenceson:
– 10 years after your thesis, but here's another one, Hugh, this is one that I keep seeing coming up. I've heard people complain that Hugh White goes straight from strategic competition that might involve some low-level tensions and frictions to nuclear war, and because of that nuclear possibility to advocating that Australia's best course is to urge the US to relinquish its primacy. But, in fact, some argue what's more likely is a multipolar region. Indeed, to be fair to you in 'Power Shift', you actually talk about a multipolar region as well where competition results in frictions and measures that fall short of war.

A distinct prospect, for example, probably a reality too actually, in fact, is China making use of what we might call 'salami-slicing' tactics and grey-zone measures which, without any pushback, will allow China to get its way and, in turn, bring about a more illiberal order in Australia's region. So, in that context, the argument goes that seeking to accommodate China would be a deficient strategy that misdiagnoses the nature of the challenge that we're facing. We're better off encouraging the US to stay, striving to build a balancing coalition that includes Japan and India and trying to shape a regional order to one we would much more prefer, you know, one where China doesn't get a free run.

Hugh, what's wrong with that assessment? Is your analysis too binary, too stark? Or is it just that the risk of a kinetic conflict potentially ending in nuclear war is so devastating that, in your view, we just can't afford to muck around and take our chances?

Hugh White:
Yeah, look, really, really good question, James, and brings in some really important issues. So, the first point I'll make is we've got to be very careful which region we're talking about because a lot of our discourse at these days, not back when I wrote the essay, but these days it presumes that we're dealing with a region called the Indo-Pacific which goes all the way from India's border with Pakistan on the one hand, which goes to the United States or even the east coast of the United States on the other, and that region will be multipolar because I don't think there's any prospect of China being able to dominate India, leaving aside what America might do. India is a very special player in this business because it's, you know, broadly speaking, a peer competitor of China. Not there yet but, you know, with 1.4 billion people of its own, it's got to be on its way.

But I don't think the Indo-Pacific, beloved as it is by many of my friends and colleagues and critics, I don't think that's the key focus. Our key focus is East Asia and the Western Pacific because that's China's key focus. I don't think China really expects to be able to dominate the Indo-Pacific, but I do think it expects and desires to dominate, to establish primacy over East Asia. And so that's what we need to focus on. Now, the question then is, you know, would it be possible to establish a multi-polar order in that region. Sure, it would, that's actually what I'm arguing for, but multipolar orders come in different varieties, and some are inherently peaceful and some aren't.

The multipolar order that the critics you're mentioning propose is what you broadly call a good old-fashioned balance of power. There's China, on the one hand, and maybe it can find a few allies, although it hasn't got many of those and the others, you know, America and Japan and Australia and maybe if we can talk them around, the Southeast Asians, on the other, balancing China. That is the classic balance of power model. But as Hedley Bull, the great Australian scholar, after whom my building was named, once said very wisely, a balance of power system is not a system to avoid war, it's a system to avoid hegemony, if necessary at the price of war.

Thing about balance of power systems is that you end up going to war with them. If you look back at the history of 18th century Europe, that was a classic balance of power system and they had a major great power war about once every 20 years and it was a bit of a, it was a bit of a nightmare. The other kind of multipolar order is what I talk about in the, in the essay, is a concert, which is very different from a balance of power system, because in a balanced power system everybody competes and they just choose teams. In a concert, the great powers, in particular, the ones that are really strong enough to make a difference, agree to manage their competition in such a way that it doesn't get out of hand. Now, what I'm arguing for is managing, is building a new order in Asia, in East Asia, which has that kind of

balance. The trouble is that that requires very big compromises by everybody. The kind of compromises that we talked about in your first question and in the end I haven't seen any sign that either America or China are willing to make those compromises. So, while I still think it's the best outcome, I don't think we should just assume that we can get it and if we want it, we better work really hard for it, which is not what we're doing at the moment. At the moment, we're sailing into a balance of power structure.

Now the last point of the question is the thing about war. So far what we've seen in the Western Pacific is, as you say, a whole lot of grey-zone salami-slicing. But I think we'd be very unwise to assume that that that's the only risks we face because, as all the talk about the Thucydides Trap makes clear, the kind of contest we have between America and China at the moment, which is after all, a contest between the world's two most powerful states over which of them will be the dominant power in the world's most dynamic region – that line from the beginning of the Trump administration's document used that kind of language – the stakes could not be higher. And these are the kind of stakes which, throughout history, countries have been, great powers have been willing to go to war with one another over. Now people and, you know, the Thucydides Trap guys, say this means that war is inevitable. Well, I don't think that's right, it's not inevitable. But it's a real risk. And I think if we ask ourselves, 'How is war avoided? How do we sort of see countries competing in the grey-zone and salami-slicing but don't go to war?', the answer is because one side or the other backs off. So, if one side or the other backs off, fine we'll avoid a war but if neither side backs off and you look at the trajectory of the escalating rivalry over the last 10 years, and indeed over the last 10 months, then you get yourself to the point you're thinking, well, if neither side backs off then the chances of war are very real.

So, one of the big differences between me and a lot of other people who are looking at these questions is that I do see the risk of war not as inevitable but as very high, much higher than others do, and I therefore think it's worth making big compromises, and painful compromises, in order to avoid it, and that's where a lot of the debate resides, I think.

James Laurenceson:

Thanks Hugh, it's good hearing you take on those critiques head on. I think our audience will enjoy listening to that as well. Look, I'd like to give you a bit of a break now, transition more towards talking about the developments that have unfolded since 'Power Shift' was published. But actually to make the transition, I actually want to play to you and our audience, an interview, an edited clip between yourself and Peter Jennings of the Australian Strategic Policy Institute, published in August 2014, where in fact Jennings begins by citing what he regarded as another problem with your 'Power Shift' thesis. So, I'm just going to ask my ACRI colleague to play that, our audience might just have to wait for a couple moments.

Video clip: Interview with Hugh White, August 21 2014

Peter Jennings:

Something that I've sort of niggled at you over a couple of years now about your line of argument is to say as yet we really have had no indication from China of anything other than satisfaction with the state of their bilateral relationship with Australia. Notwithstanding the steps that have been taken to get, to get us closer to the Americans through the enhanced cooperation in the north and, for that matter, the closer cooperation that we we're now contemplating with the Japanese. So I'll end on this question, which is really to say at some point in order for your thesis to be validated that has to change and we have to have an angrier Beijing that really is pushing Australia on its position. When do you think that's going to happen?

Hugh White:

I think one of the reasons why the Chinese are relatively content with the position Australia has taken is, I think, a succession of Australian governments have actually been quite careful to manage the way they've presented their approach to these issues in such a way as to avoid irritating China too much...no, well, I'm just observing that the way Australian governments have managed to balance their position between the US and China has been to offer something to the US and then offer something to China to keep the balance. We have already for some time managed our relationship with the United States to take China's sensitivities into account and we've managed our relationship with China to take US sensitivities into account. That's what it's going to be like for us.

Peter Jennings:

I call that good policy.

Hugh White:

Yeah, that is good policy. It's good policy as long as the US and China have a relationship in which that kind of accommodation is possible. The risk for us though is that the US-China relationship changes, becomes more intensely adversarial to the point where the choices we have to make are starker and starker and eventually we end up having to choose.

James Laurenceson:

Well, I've got to say I think we can chalk that round up to Hugh White, no one is suggesting that China is still quite happy with its relationship with Australia these days. You noted to Peter that while China hadn't become angry towards Australia this reflected careful diplomacy on Australia's part and also a US-China relationship where competition wasn't unbridled. When you look at dynamics since 2014, does one element stand out as having changed more decisively? For example, has the US strengthened its commitment to maintaining primacy? Has Beijing overtly increased its challenge? Or, even if both of these are true, could Australia still potentially have threaded the needle with more adept diplomacy of the type that you were describing in your discussion just before?

Hugh White:

Well, James, it's a really good question and I haven't re-seen that interview for a while so I'm so amused to see it again. Yeah, look, I think you know right at the heart of this is that – as I predicted – the relationship between the US and China has become much more starkly adversarial and therefore our choices have become starker. And so to some extent, I'll get back to that last part of your question in a minute, but to some extent our predicament today is a product of a transformation of the US-China relationship. I think, myself, that has been primarily because of changes at the US end. I don't think – China's policies changed quite sharply, its attitudes, the tone of its conduct changed, I think, quite sharply in the late 2000s – 2008, 2009, 2010, which not coincidentally, I think is the time of the global financial crisis and the, you know, ascent of Xi Jinping to supreme leadership. But it was also the point at which, I think, China's both military and economic power became, in a sense, so great that it became almost impossible, at least in the Chinese view, for America to resist it. So I think a whole lot of things changed that back then which, if you like, broke the previous mould of China's bide and hide accommodating position. And then in the decade that followed that roughly, well, the time that followed that, up until I think 2017. The US sort of half recognised what the Chinese were doing but really didn't internalise it. And so throughout the Obama administration for, example, you had this sense of rivalry – they launched the pivot, after all, in 2011. But you also had a very strong commitment to try to pretend that everything's fine, that the relationship with China was going to be manageable, that we didn't have to see China as a strategic rival. And it wasn't until we got the Trump administration in and codified in the Trump administration's National Security Strategy of December 2017 that you had America really declare China to be a 'strategic rival'. And of course that then was at the strategic front, of course there was a lot of economic stuff going on at the same time.

That produced a whole new dynamic in the relationship and I think to a certain extent, Australia's predicament, our worsening relationship with China, the sense that we do now have to make that choice that Peter Jennings back then was so confident that we wouldn't have to make, that is partly a reaction, a reflection of the way in which we have just been caught between two tougher, more adversarial great power rivals. But that's only part of it because when you look at other countries in the region who have been in the same position, have also been trying to, you know, walk that narrow path between America and China, they haven't had as hard a time as we have. You know, everyone in Asia, you could say, is trying to keep being good with the United States because they want US support, so the Chinese won't be able to monster them, on the one hand, and they want to keep being good with China because they want to continue to hitch their economy to the Chinese locomotive and we're the only one that's got into as much trouble as we have.

So, we could ask ourselves what's New Zealand done differently or what's Singapore done differently or what's South Korea done differently or even what's Japan done differently. And so I do think it's partly external

circumstances, but I think it's also our own maladroit diplomacy which has got us into that problem. And I think behind that maladroit diplomacy are some real questions about what our underlying strategy is.

James Laurenceson:

Right, you've said a couple things here there that I do actually want to explore more on. In particular, just then you talked about how other countries in the region had handled their own China challenge and the US-China competition. When I see analysts talking about Australia's region, I see them pointing to sets of facts that essentially confirm or validate their own hypothesis. So, for example some will point to the rise of the Quad, and – you mentioned Japan before – an increasingly assertive Japanese rhetorical position on China as evidence that Japan, India are coming around to the Australian position. Even European powers now have their own Indo-Pacific strategies. Another one of your colleagues at the ANU, Rory Medcalf, said in September 2020 that, quote, 'all eyes are on us and Australia has never been less alone'.

Now, on the other hand, there are repeated statements from the Singaporean prime minister about how China's rise is a reality that must be accommodated without a view to changing China. The Indonesian navy is undertaking joint exercises with the PLA navy off the coast of Jakarta. And Australia is certainly an outlier in having no senior level political dialogue with China and in the range of trade punishment/disruption it is being hit with.

So, my question for you, Hugh, is what's your assessment of where the region is at? Are there any particular data points that you find particularly instructive for discriminating between these different positions?

Hugh White:

Yeah okay, really good question, James. And, you know, worth making a point that, you know, right at the heart of Australian policy, such as it is, on this whole question is the idea that, that we can work with America and all of our original friends and partners – and, as you say, there's a lot of talk about how big that group is and how diverse and powerful that group potentially is – in order to push back effectively against China and stop it becoming too powerful. And so there's a natural tendency for people, including many of my dear, close friends and colleagues, to look out there and sort of mark off on the scorecard, you know, yes these guys are with us, and those guys are with us, and these guys are with us, and look how many people are in our team, and the poor old Chinese are all alone over there on the other side of the room and nobody's going to dance with them. Well, maybe I'm less persuaded. What strikes me, and what I should say is that, governments, successive governments on both sides of politics have made great play of how Australia is going to work with other countries in the region and build up close regional connections, and, you know, been working hard with the Quad, they've been working hard individually with India and Japan, with much talk about ASEAN and so on. I personally think that there is a lot less to all of that than meets the eye.

Take the Quad to start with. You know, a big focus on the fact that we've got Japan and India and the United States and us all together seemingly coalesced around the idea of pushing back against China. But when you look at what the Quad actually delivers, you look at the sort of stuff that was talked about at their first virtual summit a few months ago, you know, it's about vaccines, it's about cyber, it's about this that and the other. It's a whole lot of little stuff, none of which actually delivers anything. If I'm right about what I said in answer to one of your earlier questions, that this is a real high order power politics in which, in the end, war or the threat of war is going to play a critical part then the big question is, is the Quad really an Asian NATO? Does it really express the willingness of those four countries to actually, if necessary, go to the mat and go to war in order to prevent China from pursuing its challenge to the US? Because it's worth bearing in mind, that right at the heart of US strategy is an attempt to deter China from sustaining a challenge to US primacy by an implied, or in some cases, explicit threat by the United States to push back militarily if they do. Are we really willing to support that? is India and Japan willing to support that. I don't see any evidence of that at all. Talk is cheap. But I don't think there's anything like that kind of resolve. And, I mean, one point you can make there is even if you look at Japan, which is in some ways the other country in the Western Pacific which is most closely aligned with Australia in terms of our anxieties about China and our commitment to the United States, had it not been for the pandemic, we would've have had a major state visit by Xi Jinping to Tokyo last year. This year, the Japanese and the Chinese have still been trying to make that visit work. Now can you imagine Australia hosting a state visit by Xi Jinping today? It's absolutely out of the question. That just tells you how differently the Japanese approach to China, how differently the Japanese are approaching China from where we are.

Then we look at ASEAN, and you mentioned Singapore, you know, Lee Hsien Loong has been extremely articulate – and, at times, even a little bit lecturing, taking a bit after his father and lecturing to Australia – that we can't respond to China's rise by trying to keep China in a box, we're going to have to accept that China is a is a great power in Asia and that is going to have more influence and we need to work out how to accommodate. In other words, you know, I think he agrees with me (I don't think he'd put it that way necessarily). But I think when we actually look at what's happening in Asia, the countries of Asia are nothing like as close to us, as confident as we proclaim ourselves to be, that somehow we can push back against China's challenge and preserve US-led primacy, the US-led order, as America wants to do. And, you know, the fact is partly because of that we are turning to Europe. And I've just got to say how pathetic is it that we think there's a huge deal because the British, you know – 80 years is it from Pearl Harbor and the fall of Singapore – are going to come back to Asia. I mean, give me a break. That is folly. Europe will have no strategic impact in Asia at all, of any significance.

James Laurenceson:

All right, no holding back there from Professor White here. Hugh, I've got one more question. I can see the Q&A box filling up but I'm just going to ask one more question, then I'm going to go back to the Q&A and then I'll finish off on another one on my list.

So here's the final question from me before we go to the Q&A. You actually mentioned this word 'strategy' just before, I want to come back to that. Now, you argued in 'Power Shift' that fundamentally, Australia didn't have a strategy for living in a region with a more powerful China. Well, China's GDP – this is something I follow closely as an economist – has doubled since then. Do we have a strategy now? Foreign Minister Marise Payne says we do. Very clearly in an address to the Australia China Business Council a couple weeks ago she said, let me quote her, 'Australia is following a clear strategy informed by clear objectives and principles in working with China. We seek a relationship that serves the interests of both countries in which each respects the others interests consistent with our values and our sovereignty', close quote. Now, I've written for the Lowy Institute that comments like these strike me more as statements of desire rather than as plans for overcoming obstacles.

Hugh White:

Yes,

James Laurenceson:

And that is, in fact, in the words of Richard Rumelt, a leading academic on strategy, it's a hallmark of bad strategy.

Now, am I being too harsh, or perhaps, even if the government isn't willing to say it so out loud, might we fairly confidently conclude that Australia has settled on a strategy, and that it's option three in your 'Power Shift' thesis? That is, spurring the US into strategic competition with China by making it clear to Washington that we are on board and in the expectation that China is going to back down.

Hugh White:

Yeah, look, really critical question. The first part of the answer is to say absolutely right, the kind of formulation that Marise Payne was using, that you quoted: that's not a strategy, that is just an expression of hope and vain hope. What we've got to recognise is that our preference is to preserve and perpetuate a US-led order in Asia which China is deeply committed – deeply committed – to overturning. We have devoted ourselves to frustrating China and one of China's most deep-seated ambitions. And so the idea that we end up with the kind of kumbaya relationship with the Chinese that Marise Payne postulated, well, it would be nice but that's not going to happen.

So, do we have a strategy?

I don't think we have a strategy if by strategy we mean a carefully balanced and articulated set of steps to get from where we are today to where we want to be. But I think we do have a strategy in a sense of, you know, where we think this is going. And that is, it is option C. That is, Australia has increasingly conducted itself on the basis that the US will succeed in defeating China's challenge, persuading China to accept US primacy. And, in a sense, the more our relationship with China has deteriorated over the last three years or so, the more deeply we're committed to the idea that China's going to fail and that America will succeed. And so that's right at the heart of it. Now, my problem

with that is that I think the chances of that succeeding are very low. It's not that I wouldn't like it to succeed, to be absolutely crystal clear, and I made this crystal clear all the way back in 'Power Shift', I love US primacy and it would be much better for Australia if US primacy could be sustained forever. I just don't think that's practical politics. So what we need is to start working out what to do if we don't get what we want and that's the challenge that we're dodging. That's the real strategic question for us.

James Laurenceson:

Thanks Hugh, okay let me now go to a couple questions, they're really pouring in here.

Audience Q&A

James Laurenceson:

Look, I'll ask you this one first because it's such a current issue and I imagine that many people will be interested in it.

This is from Hosein Gharavi. He asks, 'Is the withdrawal from Iraq, Syria and now Afghanistan a sign that the point of focus of the current US administration is changing from the focus on the Middle East and imposing maximum pressure on Iran towards the Asia-Pacific and a more Cold War-style conflict with China?'

Hugh White:

Yeah, look, that's a really good question. I think the answer is yes and no. It's yes to the extent that clearly the United States, having placed the Middle East right at the top of its strategic hierarchy of priorities ever since 9/11, and in some ways for a long time before that, is clearly, ever since the Obama administration, just stepping back from that. I think we're now seeing US influence in the Middle East at a lower point than it's been for a very long time. And a lot of people in Washington would say to you, and some people in Canberra would say to you, that that shows that what America is doing is swinging its focus across to Asia, and therefore it's an indication that America is taking Asia seriously. I don't draw that conclusion because – for two reasons. The first is that this nature of the resources involved is so different. The Middle East, it's overwhelmingly a land force story. And even at its height the commitments in Iraq and Afghanistan didn't absorb very much of America's air and naval power. Air and naval power is what's really critical in East Asia.

So, I don't think there's as much of a straightforward trade-off as there might have been. The other reason why I don't see it in that way is that the scale of the task in East Asia is so much greater. I mean of course it's significant the United States is no longer bogged down as it has been in Iraq and Afghanistan and spending a trillion bucks there over a decade and so on, but the scale of the task of America has set itself as it confronts China is far, far bigger than anything it's done in the Middle East.

It's absolutely vital to remember that China is the richest and therefore the most powerful adversary that the United States has ever encountered. Do you notice that the Soviet economy at the height of the Cold War was never more than half the size of America's. China's is the same size as America's and is heading on up faster. So, China is just much more formidable. And so the idea that we can take comfort, we in Asia can take comfort, from the fact that America has buggered out of the Middle East is not one that I support. I think America will be out of the Middle East, I think that's very significant, it says something important about America's global posture, but I don't think that means that we can be confident that it's going to have the resources to do what those of us who assume that America can prevail in Asia would like to think of them.

James Laurenceson:

Thanks Hugh. Here's a question from Glenda Korporaal from *The Australian*. And she raises – it's interesting because this is something that you could not have foreseen when you wrote 'Power Shift' back in 2010 – it's this, she asks, 'How does the rise of a leader like Xi Jinping, who rose to power since you wrote your thesis impact on how you view your thesis now?'

Does the rise of Xi Jinping change your reading of the region or not? I think that's a useful question to ask.

Hugh White:

Yeah, look, it's a really important question, Glenda, and thank you for it. The answer is I don't think it makes that much difference. Obviously Xi Jinping is a very special leader with some very special weaknesses and some substantial strengths. But I think the idea that the problem we have with China today is a reflection of Xi Jinping's personality or ambitions way understates the scale of the problem. Whoever was leading China, as China overtook the United States to become the biggest power and the biggest economy in the world, was going to be leading a country that was, not just in its leadership in Zhongnanhai, but out there in the streets and lanes, dissatisfied with an order in its own backyard which saw it subordinate to American power. Any leader in China would have been seeking to transform that order and to give China a much greater say. And I think any leader in China would have been seeking to assert, or as they might say, reassert China's hegemony over its own backyard. And so although while I think the tone of which it's been done, and you might say some of the impatience with which it's been done, is down to Xi Jinping as an individual, the broad thrust, the broad drift, the scale of China's challenge, the nature of America's response, the challenges that poses to Australia, I think that would have happened anyway.

James Laurenceson:

Thanks Hugh. I do think that is a really good question because in Australia, you know, we always hear this: China has changed. And indeed it has. But I guess your point is yes, but the question is the changes that we often talk about, such as the rise of Xi Jinping, how much do they matter for the big strategic question. And from your answer just then it may not matter so much. Even if it wasn't Xi Jinping it could well have been someone else and we'd be in the same basic blind that we are now.

Okay, let me ask another question. This is from Carl Hinze. He asks, 'How similar is Australia's relationship with China to Canada's?' And he follows that up with this, Hugh, he says, 'Canada wasn't able to leverage the 50th anniversary of diplomatic relations with China to improve a deteriorating relationship with China. What lessons can we learn from Canada's experience?' And if I could just editorialise a little bit here, I think this is interesting because are we at a point now where diplomatic tweaks can still achieve something or are we past that point and we've got a really big fundamental problem on our hands?

Hugh White:

Look, I'll answer your question first. I don't think this is a space for tweaks. You know, we face a fundamental, as I said a minute ago, our problem with China is that our primary aim is to prevent China achieving its primary objective. So, you know, there are no angles here, this is a really fundamental contest. And either we'll give way or China will give way. And I don't like our chances of China giving way. So I think it is that big. But look, I think there are some very interesting analogies between our position and Canada's, but I think there's one huge disanalogy and that's the Pacific Ocean.

The fact is we're on this side of the Pacific and Canada's on the other side. Whatever happens, Canada will not end up in a region dominated by China because whatever happens China's not going to dominate the western hemisphere, America will dominate the western hemisphere. But for us, we might well end up in a hemisphere dominated by China or rather we might well end up sitting on the boundary between a Chinese sphere of influence in East Asia and the Western Pacific and an Indian sphere of influence in the Indian Ocean and South Asia. But what we won't end up doing, I think, is ending up back where we want to be in a region dominated by the United States, whereas Canada will.

So, although China's rise is a big deal for Canada, it poses nothing like the kind of existential challenge to our sense of our place in the world to Canada that it does to us.

James Laurenceson:

Thanks Hugh. Now I'd now like to ask a question from my UTS colleague Lai-Ha Chan, and I find this one interesting. Where Glenda's question was about the specific impact of Xi Jinping, Lai-Ha asks – it's sort of a question that relates to your way of conceiving of the international system. She says, 'I understand you're a realist thinker, Hugh. Just wonder, in your opinion, do you think that Australia's national identity' so this is getting away from the you know the realism, what realists usually focus on, that is being in Asia but not of Asia, 'is it an obstacle for its relations with China

and also makes Australia deal with China differently compared with other Asian countries that you mentioned before Singapore, Japan and so on?' Any thoughts on that?

Hugh White:

Yeah, absolutely. And I'm going to defend myself from the charge of being a realist. I mean, I do put power right at the heart of the analysis, but that's just because I keep on fighting, it seems to get in the way of everything else, power and ambition. But look, I mean it's a really important question, and it's absolutely central to this because, you know, don't get me started, you know, right from European settlement in 1788 we're here, we immigrants, because Anglo-Saxon maritime powers – first British then American – provided the strategic setting, the power setting in which this continent could be seized and occupied and developed and defended, and it completely framed our approach to our region. Australia has never had to deal with in Asia which has not been dominated and made safe for it by Britain or America. And the fact that Britain or America and not some other power is important because they are English speaking and we do share all those bonds of history, culture, tradition etc etc, values that people keep on banging on about when they're talking up the alliances.

And so it's a huge challenge for us to reimagine ourselves as a country that would live and thrive and flourish as best we can in an Asia which is not dominated by our mates. And so that is a challenge to our identity and it's one of the reasons why this issue has been so hard for us to get our, to get our heads around. And some people find it impossible. I think one of the reasons why as a country and the governing culture, I mean both politicians and senior bureaucrats, find it so hard to respond to all of this is they simply can't imagine what it would mean for Australia to live in Asia which is not dominated by our mates. But we have made those big adjustments before and I'm not so pessimistic as to think we can't find a way to make our way in that kind of Asia, it's just going to be different and we're going to have to make compromises. People get very scared by that. Well, live with it, we don't have much alternative.

James Laurenceson:

There you go, a massive revelation in today's webinar, Hugh White pushes back on being described as a realist. I think that's the first time I've heard that one. Probably – we are rapidly running out of time, I think I am going to finish off on this question and it actually relates to the question that I was going to come back to right at the end as well. So this question is from Professor James Curran from the University of Sydney. He asks, 'Hugh, do you see anyone in government at the moment capable of the imaginary leap required to rethink the ways and means of alliance management with the United States which for some time has been making it clear that it is prioritising the home front rather than being the global cop on the beat. Why is the default answer in Canberra to this conundrum always to do more, to give the US more? What does giving more mean and what can it realistically achieve other than narrow the room for our own manoeuvrability?'

That's a question I was going to more or less ask as well, Hugh, because, you know, it's interesting, I'm an economist and I'm often told Australia has a big exposure to China, China's become a less reliable trading partner so we need to diversify away from China. Yet in the strategic space, the US is becoming a less reliable partner but we need to double down and do even more.

I mean, here's a quote from Alan Dupont in a Paul Kelly column last weekend. He says, 'Australia has to rethink its alliance relationship with the US, and the sooner the better. Ppaying our alliance dues with token contributions won't work anymore. If we want a security guarantee and the protection of the US nuclear umbrella we have to pay a higher premium. That means greater burden-sharing and greater US access to our defence facilities, particularly in Northern Australia.' So, Hugh how would you respond to James Curran?

Hugh White:

Well James's question is a really good one, of course. I mean it is, in some ways, the great question. Let me start with the first bit. To be honest, I don't see anyone in government, or for that matter, in the opposition, who show signs of really having committed to the challenge that we're facing, the kind of energy and imagination and courage, for that matter, that's going to be needed. And if we compare our present crop, and James is better qualified to do this than I am, of course, because he's a real historian. But if you compare people like Alfred Deakin or people like Doc Evatt or Chifley, or for that matter, Spender or Whitlam or Hawke or Keating – individuals, leaders who did help Australia to rethink their relationship with the world at times of great change, then we know what that looks like. And I, you

know, I don't see any of them now. And, you know, the reason why that's the case, the reason why that quote you had from my old friend and colleague Alan Dupont – and he's not the only one – the reason why people think the only possible way to respond to what we see as the uncertainty about America's commitment to us and commitment to the region is to double down further, is because they simply find it impossible to imagine that we might do anything else because they simply cannot imagine an Australia that does not approach Asia on the basis of the support of a regionally dominated Anglo-Saxon, i.e. non-Asian, power. And I think that – so it's a failure of imagination. And I just think that's got to be wrong. Of course there is some kind of future we can make for ourselves in a new Asia in which the United States is dominant, the dominant power, except I think, there better be because I think our chance of the United States remaining the dominant power is low and getting lower, and partly it's getting lower because of the sort of chaos we've seen in the last seven days. So I think that it requires an effort of the imagination but then also it requires a commitment to leadership.

Now, we saw Paul Keating in an interview in *The Fin Review* last weekend talking about how the great task of leadership, political leadership is education. You've got to educate the public to what's going on and what we have to do about it. And that requires political courage and we haven't seen much of that from either side of politics for a very long time. And that's why I think Australia is in grave danger of screwing up what is one of the most important national challenges we've ever faced.

It sounds melodramatic but it's the biggest shift in Australia's national setting since European settlement and we're getting it wrong.

James Laurenceson:

Let's finish right there with that very strong quote. Hugh, thanks very much for your time today.

[ENDS]