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International security in 2008: the year in review

an address¹ to the Institute on 25 November 2008 by

Rory Medcalf²

Program Director, International Security
Lowy Institute for International Policy



2008 saw many challenges to international security. In this paper, Rory Medcalf highlights the ones that he considers were of most significance from the perspective of Australia's national security, focusing on events that tell us something about how our world will be five, ten or twenty years from now and drawing out lessons from them for our future defence and security policy, including the forthcoming Defence white paper.

I offer these remarks from a civilian background, but based on a longstanding personal and professional fascination with problems and questions of peace and war, especially the causes of war, and the interplay of diplomacy and force. My focus is not strictly on military matters such as capability or operations, but rather on the driving political factors behind major international security decisions.

'The year in review' is a dangerously open-ended topic on which to ask an international policy analyst to speak. Where to end? So what I will present is a selection of snapshots, connected by two threads. The first thread is Australia's national security. This is broadly defined to incorporate not only our physical security from military threat or other forms of political violence, but also the stability of our international environment, the sustainability of our values, and freedom of action as a viable nation-state. The diversity of the events I will cover underlines just how crowded Australia's security horizon is these days.

The second thread to link this selection of the year's events is about scale. I have tried to select only items with long-lasting and geographically-wide repercussions: for instance events this year that tell us something about how our world will be five, ten or twenty years from now.

My selection is mainly of discrete happenings, but also covers:

- trends – and of course an event might symbolise a trend;
- anniversaries – because sometimes a commemoration of the past has powerful resonances with the present and the future, reminding us that some threats and responses do not change; and

- non-events – sometimes the things that do not happen are as important as the things that do. The fact, for instance, that deep instability has not occurred in Indonesia this year or indeed for quite a few years now is probably the most important example of a 'dog that didn't bark' in Australia's security environment – but it does not make for a sensational front-page news story.

So here's my 'year-in-review' list of key events, trends, anniversaries and non-events in the past year. Given the calendar year is not quite over, I might stray a little into late 2007. The list is shamelessly selective, and if your favourite calamity or deadly danger is not listed here, or if you think I have elevated the trivial to the important, we can talk about that in question time. To begin at the end ...

November: Barack Obama is elected 44th President of the United States

Obama is under immense expectations to alter the trajectory of American foreign policy under the Bush Administration, taking a more multilateral approach, bringing the United States out of Iraq and re-focusing upon Afghanistan, and generally repairing the United States' damaged international image.

His election will set the tone for strategic policy in the rest of the world for many years to come. America was ripe for change, and if any candidate will deliver change it is Barack Obama. If you pierce the wilder allegations of the election campaign, it is quite clear that his commitment to United States security and United States international security obligations is solid, not least because he is already surrounding himself with a strong team of advisers and is more likely than Bush was to be subject to the sober checks and balances of the United States inter-agency system and to bipartisan consultation, as well as the counsel of America's friends internationally.

But what is striking is what a grim set of international security challenges the Obama

¹Attended by 85 members and guests

²E-mail: RMedcalf@lowyinstitute.org

Administration will face – and what tough decisions will be thrust upon it. For all its rhetoric of peace and goodwill, there is every chance that Obama's America will find itself in new theatres of international confrontation, such as with Iran or Russia – or even conflict. There is a gruelling war in Afghanistan that Obama is promising to win, despite many warnings that it might be unwinnable. There is a conflict in Iraq from which too precipitate a withdrawal could lead to needless further carnage.

Talk of nuclear non-proliferation and disarmament is all well and good, but strong and positive United States-Russia relations are a prerequisite for progress here, and the jury is out on how they will progress.

And Asia contains crucial strategic relationships to manage – with China, Japan and India all powerful at the same time for the first time in history. One unsung success of the Bush Administration was that it kept these relationships on an even keel. We have no assurance yet that this situation can or will stay that way.

With the financial crisis and smarting from the trauma of Iraq, most Americans want to see Washington put most of its attention on domestic problems, not foreign policy. And we are yet to see how the fiscal pain will cut into American defence spending and its ability to sustain the profile and tempo of its international deployments.

Finally, for those partners and allies of the United States that wished so strongly for an Obama victory – be careful what you wish for. The same Germans that mobbed him in Berlin are unlikely to be so enthusiastic about sending more troops to Afghanistan. The same Australians that were so eager to see him win are unlikely to be the constituency that will want to increase our troop presence in Afghanistan. Remember that, as a Lowy Institute poll recently showed, more than half of our public now sees no good reason for our forces to be there.

September-November: the financial crisis became an economic crisis and it will have strategic effects

Emerging markets, China in particular, appear to have weathered the crisis better than most developed economies, and political-economic solutions to the crisis have been sought at the G20 rather than only at the G8. Both of these developments signal a shift in the balance of economic power.

Our defence minister has been quick to note that the global economic crisis will make Australia's Defence white paper challenge 'far greater' – as if matching Australia's military capability plans to an uncertain strategic environment and limited finances was ever going to be easy. It is not just that the economic crisis will almost certainly hurt defence spending, it is also that the security implications of the crisis are likely to add to the confusing flux the world was already in. After all, the milder and more

geographically limited Asian financial crisis of 1997-98 led, ultimately, via the fall of the Soeharto 'new order' regime, to the independence of East Timor and associated bloodshed. In other words, financial irresponsibility in places like Bangkok and London led to death and freedom on the streets of Dili, and a harrowing job for Australian troops, which is far from over yet.

As for the strategic effects of the current crisis, here are some very early and unformed – call them sub-prime – prognostications:

- Australia's defence budget will suffer. An annual 3 per cent increase will be hard to sustain, and imports like the F-35 Joint Strike Fighter are likely to increase in price for us, not only because of our devalued currency, but because per-unit costs may rise as United States and European defence purchases are cut back.
- If Asian economic growth declines, with potential for social dissatisfaction and unrest, will defence spending remain a priority? Whether or not Canberra's defence establishment was beginning to worry about the possibility of growing defence spending in Southeast Asia, it may now be more likely that Australia will retain its regional combat capability edge a little longer.
- Bad news for equipment purchases may be good news for defence recruitment. If unemployment rises, including in parts of the resources sector (which has poached so much technical talent from the Navy), then the financial security of a military job will start to look appealing again.
- Declining defence budgets will not necessarily equate with a lessened risk of armed conflict. You do not need to draw a 1930s Depression-leads-to-war parallel to acknowledge that prolonged domestic economic dissatisfaction and social dislocation could make jingoistic adventurism just that little bit more attractive to desperate governments. And even among the peace-loving states of the Association of Southeast Asian Nations, resort to military confrontation remains an option – in the last few years we have seen Burma and Bangladesh, Indonesia and Malaysia, and Thailand and Cambodia confront each other militarily.
- And, short of war, there could be geopolitical opportunity aplenty for authoritarian powers to expand their influence, if they are willing to pay – as Russia's audacious offer to bail out Iceland has shown. Yet the good news for us is that the reflex of most Asian countries will not be to distance themselves from the United States in these testing times, even if much of the present financial mess can be traced to a failure of America, its values and its style of capitalism.
- Certainly the next United States Administration

will need friends – of the sort willing to share military and diplomatic risk — wherever it can find them. The expense of maintaining deployments far afield could weigh heavier on Western governments. Many European governments were getting cold feet over commitments like Afghanistan for political reasons. Now they might start doing so for budgetary ones too.

- Meanwhile the United States itself, even if it maintains its overseas military commitments, may find its leadership simply too preoccupied with the economy to attempt diplomacy-intensive initiatives, like an Israeli-Palestinian peace accord or a much-needed salvaging of regional efforts to end North Korea's nuclear mischief. *[Postscript: Of course, had this speech been delivered at the end of December, the Gaza conflict would have featured among key security events of the year.]*

November: the Bali bombers are executed

This has brought a sense of closure in the war on terror in Southeast Asia. The threat is not entirely gone. But the resilience of our regional neighbours, and Australia's quiet help in intelligence, policing and capacity-building, has been impressive. Mainstream Muslims in Southeast Asia have seen the face of jihad and do not like what they see. Occasional attacks will continue, but we can treat them as criminality, not the thin edge of the incipient jihadist revolution. There is a tidy coincidence here with the end of the Bush Administration – a message that the war on terror is no longer the prism through which the West sees world security.

October: the United States Congress approves the United States-India nuclear deal, marking India's coming-of-age as a major power and a partner of the United States

This followed a decision in September by the international Nuclear Suppliers Group to end its 34-year-old nuclear trade embargo. These decisions were momentous in several ways. They are a turning point in the recognition of India's emergence as a major strategic and economic player by the rest of the world, and especially by the other great powers. The United States, France, United Kingdom and Russia found common cause in bringing India into the club of legitimate nuclear trade, the remaining 41 members of the Nuclear Suppliers Group following, however reluctantly.

Its implications for nuclear non-proliferation are mixed, and will be hotly debated. On the one hand, there is the perceived pro-proliferation 'demonstration effect' – that is, other current or would-be nuclear-armed countries outside the Non-Proliferation Treaty regime might take heart from the fact that a one-time outlaw is now seen as part of the solution. On the other,

there is the benefit of having one of the key economic and strategic powers of the 21st century finally engaged as a recognised partner in global non-proliferation efforts, and moreover placing a large and increasing number of its reactors under international safeguards.

September onwards: the menace of piracy rises off the coast of Somalia

Piracy is the classic transnational security threat. It highlights the vulnerability of globalization and world trade. Yet it can also be a catalyst for international security cooperation.

Still, the pirates of Somalia may be doing on the high seas what the pirates of Wall Street have done in the world of finance and economics – they are forcing governments to act. The accelerating tempo of pirate attacks in recent months is beginning to be matched with deployments by navies from as far apart as Russia and Malaysia. The Indian navy is making its mark as a serious security provider, even if, with its sinking of a pirate 'mother ship' that turned out to be a hijacked Thai fishing trawler, it sometimes shoots first and asks questions later. The intriguing question now is whether East Asian powers, especially the Chinese, will get involved. *[Postscript: In late December, China took the historic decision of sending a naval taskforce to protect its shipping in the Gulf of Aden, its first operational naval deployment at that range since 1433.]*

The risk, if many countries send their navies to the region, is that the international response to piracy will be competitive and unilateral rather than cooperative. Unilateral deployments of force can send dangerous signals, which could compound the competition among naval powers in the Indian Ocean. On the other hand, the waters off Somalia could become the testing ground for new habits of maritime security cooperation among the big powers of the Asian century. Either way, just as the war against the Barbary pirates in the early 1800s marked the start of the rise of the United States as a global maritime power, it is quite possible that the campaign against the pirates of Somalia could be the moment when China and India began their voyage towards the status of global military players.

September: an attack on Australian special forces in Oruzgan province, in which nine were wounded, underlines the worsening security situation in Afghanistan

The attack also highlighted the difficult situation the Rudd government is now in – with Australian casualties rising and a failure by many European North Atlantic Treaty Organisation allies to contribute or to lift their caveats. The expectation is that the United States will ask Australia to provide more troops in the months to come. Yet the war is unwinnable without a political strategy to back up what has in fact been a high degree of battlefield success. There is talk of pursuing an accommodation with elements of the Taliban, but the

coalition is divided about how to proceed on this front. Somehow stemming the flow of fighters across the Pakistan border is also a crucial ingredient to victory. It is easy to say that the war can be won with an injection of more political will from Western countries – given the relatively small commitments most have made. But more than perhaps ever before, this is a war where information operations and public opinion are critically important – and the agility of Taliban information operations is a fundamental challenge.

September: Prime Minister Kevin Rudd talks about sea power and, reportedly, about an arms race in Asia

In an important speech in Townsville, the Prime Minister hinted, I suspect, at what he expects to see in the forthcoming Defence white paper – an emphasis on enhanced maritime capabilities to deal with strategic uncertainty in Asia. He did not name any particular country, but plenty of commentators assume that the subtext is the rise of China. Still, he made no specific spending or capability promises as such. Media reports quoted him as warning of a regional ‘arms race’, and going by his transcripts it seems he did slip up and use the words arms race at least once – though he quickly corrected himself. In my view, we do not yet have a true arms race in Asia, that is, countries are not spending dramatically-increasing proportions of their gross domestic product on defence. But yes, there is some capability competition happening, notably in maritime platforms and systems.

August: Australia marks the 100th anniversary of the visit of the Great White Fleet

Long before Curtin, the fall of Singapore or the birth of the Australia-New Zealand-United States (ANZUS) alliance, the 1908 visit of Teddy Roosevelt’s glittering ships was the moment when Australia took its first steps towards defining an alliance with the United States as critical to its security. The question now is – what future for the alliance in maritime security in the Asian century?

August: the Olympics mark China’s emergence as a world power, but ...

The Games were meant to be Beijing’s grand debut as a respectable great power. But China’s charm offensive seems to be wearing thin, including due to its crackdown in Tibet in 2008 and its handling of the protests against the Olympic torch relay. Interestingly, Australian public opinion has turned against China somewhat this year, as Lowy Institute polling has shown, with something of a swing back towards confidence in the United States.

August: Russia invades Georgia

The truce of the Games did not extend to the Caucasus. Was this a return to Russia’s habits of old, to great power competition, confrontation with the West and even risks of a wider war? At this stage, it seems

to have been something less, but even so it had some profound effects. The Putin-Medvedev show of force in Georgia’s breakaway provinces of South Ossetia and Abkhazia indicated Russia’s willingness to assert its sphere of influence and deter those within it from seeking closer relations with Western Europe and the North Atlantic Treaty Organisation. It suggested that Realism is back in international relations – though in truth it never entirely went away. It showed European weakness. Yes, it damaged United States-Russia relations. And it even spooked China, for anything that gives encouragement to separatists (as Russia was essentially doing) will not meet with Beijing’s approval. Incidentally, we tend to worry too much about Russia and China cosyng up to each other through the diplomatic mechanism of the Shanghai Cooperation Organisation. Deep down, these two giants do not trust each other one bit, not least because Russia still possesses valuable territories in its Far East which China considers to have been stolen. I still seriously doubt they could ever become anything like real allies.

August: North Korea wavers on nuclear disarmament

North Korea moved to re-start the nuclear facilities it had supposedly disabled after earlier negotiations. But the talks were salvaged in November, averting a second proliferation crisis concurrent with the intractable situation in Iran.

July 1: the 40th anniversary of the Nuclear Non-Proliferation Treaty – marked, thankfully, not with a bang

When we worry about the hard cases of Iran and North Korea, we tend to forget that the treaty has generally done a good job in constraining the spread of nuclear weapons. The world has added roughly one nuclear-armed state a decade since the treaty was concluded in 1968. The alternative could have been a world of perhaps two-dozen nuclear armed countries. Still, the treaty is under great strain. This year there have been reasons both for pessimism – such as Iran’s obduracy and the downturn in United States-Russia relations – and reasons for optimism – such as the growing number of realist-minded elder statesmen who support nuclear disarmament, for instance Henry Kissinger and George Shultz.

July: Iran continues to assert its right to develop a full nuclear fuel cycle and reportedly had acquired enough nuclear material to produce one nuclear weapon

The United States, Russia, China, France, Britain and Germany offered Iran a freeze-for-freeze deal (with incentives also), in which the six nations would not place any further sanctions upon Iran in return for a promise to stop enriching uranium, paving the way for formal negotiations. Iran refused, and continued to sabre-rattle, testing missiles and threatening to close

off the Gulf of Hormuz in the event of United States naval action against it. United Nations sanctions, however, were becoming more likely to influence Iran since oil prices slumped. The prospect of an Iranian nuclear weapon is a grave danger, not only to nuclear non-proliferation, but also to stability in the Middle East. A worst-case scenario could see a cascade of nuclear proliferation in the region, as countries respond to the perceived Iranian threat.

June: Australia withdraws combat forces from Iraq

Yet this move came at a time when coalition casualties in Iraq were moving towards their lowest point, by far, since the conflict began in early 2003. While the image domestically was of the Rudd government meeting an election promise, the view in some quarters, such as in the United States and Iraq itself, was that we were rather bafflingly withdrawing from a winning battle. The decline in casualty figures has underlined the success of the surge in Iraq. If potential for victory and risk of casualties are the criteria for deploying, there will be some who will have wished we had stayed focused on Iraq rather than Afghanistan. None of this is to suggest that Iraq's future is necessarily rosy – much depends on whether the Shia, Sunni and Kurds maintain their relative truce; if the Shia are more generous than they have been so far in sharing power; and if the Iraqi security forces are up to the job once the bulk of United States forces withdraw, in theory by 2011.

May: Cyclone Nargis hits Burma

The paltry national and international response to this disaster showed that the successful international cooperation in responding to the 2004 tsunami will not necessarily set the template for future disaster relief in the region. Much depends on the consent of the affected country, and on whether regional powers are willing to lobby hard for intervention. In this case, Association of Southeast Asian Nations countries, as well as Burma's other neighbours, India and China, failed to push for prompt or effective action, and hundreds of thousands of people suffered. This episode highlighted two distinct security issues – the destructive potential of extreme weather events, set to become more frequent as climate change accelerates, and the failure of the international community to respond adequately to the humanitarian crisis that followed.

April: Kevin Rudd travels overseas as Prime Minister for the first time

This offered fascinating insights into the dilemmas facing the government's foreign and security policy orientation. Mr Rudd danced an awkward tango with the United States, China and Japan. Japan was miffed at being left out of this first trip. But China was not necessarily thrilled – it received a lecture on Tibet and human rights, in Chinese. The United States,

meanwhile, gained the reassurance it needed that Rudd was strongly pro-alliance and that he harbours no illusions about the destabilising potential of China's growing power.

March: elections in Taiwan

The toughest choice on Australia's security horizon became a little easier, as tensions between China and Taiwan lowered when elections brought to power the moderate Kuomintang-led government of Ma Ying-Jeou in Taipei. With this result, the risks of armed conflict across the Taiwan Straits lessened a little. Ma, unlike his predecessor, is interested in closer ties with Beijing, and not in edging towards formal independence.

February: Australia intervenes in East Timor, again

The Rudd government, promising it would depart from a 'military first' approach to South Pacific and East Timorese security, belied that rhetoric by its actions in sending military and Australian Federal Police reinforcements to East Timor early in the year. This was to guard against unrest following the shooting of President Ramos Horta and the killing of the rebel, Reinardo. These events underlined that, whatever the wishes of the government of the day, Australia needs to be prepared for rolling deployments into the 'arc of instability' for many years to come.

January: Indian Prime Minister Singh visited Beijing

Normally I do not treat state visits as especially important events in real international relations – often, the leaders simply sign pre-cooked documents and mouth platitudes – but the symbolism of this was profound. This year, China became India's largest trading partner. And it was already our largest export market – it became that last year – and is Japan's biggest trading partner. In other words, we are all becoming enmeshed with China. India and China, and China and Japan, are building a perplexing ballet of cooperation alongside competition and mistrust. Along with United States-China relations, it is India-China relations that will be crucial to the security of our wider region in the decades ahead. Indian mistrust of China runs deep. A future war between the two powers is unlikely, but could be catastrophic, and would be a global game-changer.

December: chaos and assassination in Pakistan

Beginning with the assassination of Benazir Bhutto on 27 December 2008, Pakistan descended into a sustained political crisis, further damaging the economy and loosening Islamabad's already tenuous hold over its provinces and the tribal areas bordering Afghanistan. Pakistan's political turmoil could yet lead it to the brink of state failure. There is some resilience yet in the moderate majority in Pakistani civil society – the ensuing February election was conducted with a

surprising level of fairness and relatively low levels of violence. But the long-term trends are bad. Although the departure of Musharraf from power and the associated reduction in military control of the country has increased the space for civilian government to return, such government remains rickety and corruption-prone. And a collapse of governance in nuclear-armed Pakistan would have global implications – the country is already the epicentre of jihadist terrorism. Any sustainable success in the conflict in Afghanistan will require internal changes in Pakistan. *[Postscript: Had this lecture been delivered a week later, the 26-30 November 2008 Mumbai terrorist attacks would have featured prominently. These attacks confirm that terrorism emanating from Pakistan has the potential to lead to fresh confrontation, and even major armed conflict, in the wider region – and to take Australian lives.]*

December 2007: United Nations Climate Change Conference, Bali

In a weeks' time, the United Nations Climate Change Conference will attempt to shape a successor regime to the Kyoto Protocol, at a time when the security implications of climate change are much more apparent. But nations will struggle to find a balance between dealing with climate change and mitigation of the more immediate dangers of the financial crisis. What might be the security effects of climate change? It might best be described as a multiplier of pre-existing security problems, like resource constraints and demographic pressures. A major power like India, for instance, is already worrying about what will happen to its water supplies from the Himalayan glaciers, especially if China diverts waters from the Brahmaputra. And the movement of climate refugees could worsen existing ethno-communal tensions in many developing countries. Much of this may not affect Australia directly or immediately, but it will be a big part of the security landscape of our region and the world a few decades from now – while the military platforms we buy today are still in service.

Conclusion

In conclusion, what might all of these seemingly-disparate events and developments mean for Australia and its interests. Let me venture a few generalisations.

- One: Events this year only underline how much more extensive are our interests than our capabilities.
- Two: A go-it-alone strategy is not an option.
- Three: The alliance remains crucial and thankfully the United States can reinvent itself – but we need to be clever and self-interested allies. We need to contribute if we are to expect help.
- Four: Power is shifting. The rise of China and India will not proceed smoothly; and their own enormous challenges could throw them off

course. But we would be mad if we did not start preparing for a world of multipolarity and looking for ways to work with the new giants, even while keeping the United States alliance alive.

- Five: We cannot afford to gear our national security strategy and our security capabilities for one type of threat or one contingency alone. Yes, that leads to the perennial dilemma of spreading ourselves too thinly – a bit of everything, but not enough of anything. Decisions about developing defence capabilities will be a constant balancing act.
- Six: Strategic shocks will happen, even if their timing and cascading effects are hard to gauge.

The Rudd government is expanding the national security bureaucracy and, for the moment, remains committed to a continued 3 per cent (in real terms) expansion of defence spending, and, in theory, an enhanced Navy. In my view, that is all to the good – if they can keep their word. One thing is for certain: the Australian Defence Force, and the other pieces of our national security toolkit – intelligence, diplomacy, aid, and police – will all be busy. And we will have to be more judicious in our international involvements than ever. But ignoring the world's woes is not an option.

The Author: Mr Rory Medcalf, director of the International Security Program at the Lowy Institute for International Policy, worked variously as an intelligence analyst, diplomat and journalist before joining the Lowy Institute in March 2007. From 2003 to 2007, he was a senior strategic analyst with the Office of National Assessments, Australia's peak intelligence analysis agency, where he dealt with Australia's strategic environment, particularly power relations in Asia. From 1996 to 2003, Mr Medcalf was an officer of the Department of Foreign Affairs and Trade, and served at the Australian High Commission in New Delhi from 2000 to 2003. His diplomatic experience also included a secondment to Japan's Ministry of Foreign Affairs, where he played a key role in drafting the Tokyo Forum report on nuclear non-proliferation; service as a truce monitor in Bougainville; policy development on the Association of Southeast Asian Nations Regional Forum; and assisting the Canberra Commission on the Elimination of Nuclear Weapons. He is the Australian convener of the Australia-India Roundtable and a research consultant for the International Commission on Nuclear Non-Proliferation and Disarmament. His research interests span: implications of the rise of China and India, including their potential as security providers; nuclear non-proliferation and disarmament; Australia's strategic environment and security requirements; and the privatisation of armed force. He has a first class honours degree in political science and a University Medal from the University of Queensland.

[Photo of Mr Medcalf: Lowy Institute]