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Australia’s strategic dilemma – balancing China and the United States

As the Australian government begins work on its next Defence white paper, it faces a major strategic dilemma. Heretofore, Australia’s strategic guarantor — the United States for the last 70 years — has for much of this time also been its major trading partner, but China is our major trading partner now. China and the United States, however, are strategic rivals. Is this trade-security partnership dichotomy sustainable?

Over the next half-century, the United States is likely to remain the world’s predominant military power, providing its economy can continue to sustain that position. China, however, will be progressively closing the military-capability gap and its strategic reach will extend well into the Indian and Pacific Oceans. In the latter, it may achieve at least parity as far as the ‘second-island chain’, which runs from Japan, through the Marianas, to western New Guinea. Australia, currently viewed as being in a geo-strategic backwater, will increase in geo-strategic significance commensurately. Indeed, the epicentre of global power is shifting in our direction and the United States is already expecting us to play a bigger role in our joint relationship.

Given this, Australia’s trade-security dichotomy probably is not sustainable. Sooner or later, we will be forced by one or both of the players, or by strategic circumstances, to decide in favour of one or the other. Australian experts are divided on the most appropriate way forward, but there are three broad options:

- maintain our strategic alliance with the United States based on the ANZUS Treaty¹ – this would probably incur major trade disadvantages over time, but is the option currently preferred by most strategic analysts;
- realign our trade and security interests, by switching to China as our security guarantor – this currently has little support; or
- adopt an independent security stand, analogous to the neutrality of Sweden and Switzerland during World Wars I and II.

Other nations are also reassessing their strategic relationships as the global economic and power balances shift. The approach of India is instructive. In his keynote address to the Institute’s Inaugural International Defence and Security Dialogue on 26 May, retired Indian Vice-Admiral A. K. Singh stressed that India sought friendly relations with both the United States and China. China’s increasing strategic assertiveness in the Indo-Pacific region, however, was a major concern. Yet, while the United States sought a close strategic relationship with India, India would retain its independence. Singh placed little value on alliances, there being few enduring examples globally.

Two aspects of the ANZUS Treaty are relevant in this context. Firstly, when one side requests assistance of the other, the request is considered in accordance with the recipient’s normal democratic procedures and may be declined. During confrontation with Indonesia in 1964, Australia argued that the treaty prescribed automatic assistance, but was rebuffed by the United States. Secondly, the treaty must now be read in conjunction with the 1969 Guam Doctrine which provides that, in honouring its treaty obligations to allies, the United States “shall look to the nation directly threatened to assume the primary responsibility of providing the manpower for its defence”. We saw this in practice during the East Timor crisis in 1999. Also, in 1964 and 1999, the United States had conflicting interests. Both times, it had a potential treaty obligation to support Australia if requested, but, at the same time, it did not wish to weaken Indonesia². The lesson seems to be that, in a global crisis, we probably could rely on United States support (as in World War II) as it would be in both countries’ interests, but locally we could be on our own, particularly where the United States had conflicting interests or divided loyalties.

If continued reliance on the ANZUS Treaty is questionable, at least in our near region, armed neutrality would also be problematic. Acquisition of our own nuclear deterrent would be of marginal utility and would in time be neutralised by the nuclear deterrent of potential adversaries. Maintenance of an effective conventional deterrent in a large country with a relatively small population would not be a cheap option and, if effective, would need to be coupled with the ability to counter asymmetric threats.

In summarising the International Defence and Security Dialogue on 26 May, Professor Peter Leahy stated that, at some stage, Australia would need to make a decision. It would be difficult for Australia to decouple itself from the United States, as our strategic culture is based on a ‘great and powerful friend’ with similar political and cultural ideals to us. Nevertheless, we do not have to confront China and we must maintain a relationship with all regional players. Indeed, it is vital that we make room for China and India in the institutions of global power and influence.

This is an ongoing national debate. The Institute will continue to contribute to it through its Special Interest Group on Strategic Analysis which will attempt to refine the key issues and choices further. Meanwhile, the proceedings of the Dialogue are published in this issue of United Service. I commend them to you.

David Leece³

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¹Australia, New Zealand, United Sates Security Treaty 1951
²In the 1960s, it wanted a strong Indonesia as a bulwark against the southward spread of communism. In 1999, it wanted a strong, democratic, moderate, secular Indonesia as a model for the Muslim world.
³David Leece is a vice-president of the Institute and editor of United Service. These are his personal views.