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CHANGING MILITARY DYNAMICS IN EAST ASIA POLICY BRIEF 2, JANUARY 2012

Changing Military Dynamics in East Asia: Australia's Evolving Grand Strategy

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SUMMARY

Australia's geographic isolation, small population, and European roots have led it to make allies of distant yet powerful nations like the United States and the United Kingdom. As power shifts in the Asia-Pacific, Australia's grand strategy must shift as well to keep it balanced between Western interests and the rise of China and India as major powers.

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THE STRATEGIC ENVIRONMENT

Unsurprisingly, Australia's grand strategy is shaped by its geography, history, values, demography, and political economy. It is a Western middle power (for want of a better term) with a relatively small population occupying a huge, resource-rich continent to itself at the edge of Asia between the Pacific and Indian Oceans.

Australia was founded as a remote British military outpost principally to deny a strategic location and resources to great power competitors. For two hundred years, Australia's grand strategy has reflected the underlying anxiety of a small European nation on the edge of a vast and often turbulent region, sharing little in common with its neighbors and separated by vast distances from its traditional providers of security, markets, and cultural identity. Of course, Australia and its region have changed profoundly in the intervening 220 years, yet its grand strategy exhibits strong continuities.

Australia lacks the weight to shape its strategic environment and guarantee its national security on its own. Moreover, it is not a natural member of any regional bloc. Occupying a vast, resource-rich but hostile continent with a small population means it has always been dependent on foreign capital and markets. Hence, Australia has recognized that its security and prosperity depend on a benign, liberal international political and economic order, that security is indivisible, and that its interests can be materially affected by developments far from its shores. At the same time, there has been a long-standing understanding that Australia needs to work to shape its regional security environment in concert with like-minded countries and ultimately maintain sufficient military capabilities to defend its territory in extremis.

These factors are manifest in active Australian support for international institutions and an entrenched expeditionary strategic culture. Australia has a long history of "out of area" military deployments in support of its primary ally—first Britain, then the United States—whether to South Africa at the turn of the nineteenth century, the Middle East and Europe in World War I, the Middle East again in World War II, the first Gulf War, Afghanistan, or Iraq. At times this strategy has been challenged, and strategists have argued for a focus on threats "closer to home" (Japan's advance in 1942, the Nixon doctrine post-Vietnam, the end of the Cold War and the war on terror all generated variants of this response).

Yet this more constrained view of Australia's security interests and responsibilities has never prevailed for long, and history, combined with globalization,

suggests that Australia will continue to take a global perspective that recognizes security is much broader than narrow territorial defense. Since the end of the Cold War, Australia demonstrated both the capacity and the will to intervene, forcefully if necessary, to maintain stability in its strategic approaches (Bougainville 1998; East Timor 1999; Solomon Islands 2003).

In parallel, successive Australian governments from both parties have made sustained efforts to reinvigorate the alliance with the United States since the end of the Cold War. This was a key factor in Australia's military contributions to coalition operations in Afghanistan and Iraq, in major Australian defense acquisitions (such as M1 tanks, Aegis-equipped air warfare destroyers, and F-35 aircraft), and in steps to institutionalize much closer defense, intelligence, counterterrorism, and other security links. As a result, only the United Kingdom is as broadly and deeply integrated with the United States as Australia is in security matters.

SUPPORTERS AND DETRACTORS

There remains strong support for the grand strategy outlined above among Australian national security officials, both major political parties (Labor and the Coalition), and the Australian public. Indeed, the Lowy Institute's polling shows a strong increase over the past few years in public support for the U.S. alliance.¹ More than 80 percent of Australians consider the alliance either very important or fairly important for Australia's security. Moreover, Australians have a realistic understanding of the costs and risks that come with the alliance as well as the benefits.² Australians' support for the alliance has grown despite protracted wars in Afghanistan and Iraq and despite the prospect that it could draw Australia into a U.S. military conflict with China.

Nonetheless, Australia's growing economic dependence on China and that country's rapidly growing political and military power have led some Australian strategic commentators to question Australia's traditional grand strategy. This tendency has been strengthened by the global financial crisis, America's slow economic recovery, and China's continued strong economic performance despite the global slowdown.

Hugh White, for example, argues that China's military power will displace the United States from the Western Pacific, and that U.S.–China strategic competition would be a worse outcome

1. See Shearer 2011.

2. Ibid.

for Australia. Australia should encourage the United States to accommodate China's rise.³ While this view is out of step with mainstream official and political opinion and with public attitudes, it does resonate with some Australian elites, including those in the business community who have a commercial interest in minimizing differences with China and some academic and media circles. The left-wing Australian Greens, whose influence has been rising and who now wield the balance of power in the Senate (and have the support of around 14 percent of Australians), are disposed against the alliance.

HEDGING ITS BETS IN THE FACE OF CHANGE

Australia has been pursuing a hedging strategy, albeit generally unstated, since the end of the Cold War. It has continued to support an open global and regional economic and political order, including efforts to promote economic integration and to build stronger international institutions such as APEC, the ASEAN Regional Forum, the East Asia Summit, and the G20. Bringing China into the international system has been an integral aim of this policy.

Yet Australia has also looked to hedge against growing strategic uncertainty in the region. These institution-building efforts feature a strong underlying element of "soft balancing," seeking to bind both China and the United States into durable regional structures. Australia's preference for an open, trans-Pacific rather than a closed, East Asia only regional architecture is based on a determination to ensure that the United States remains firmly locked into the region—politically, economically, and militarily—to offset China's growing power. Canberra's efforts to strengthen and reinvigorate the Australia–U.S. alliance and to place a premium on interoperability with U.S. forces represent classic external balancing, as does a sustained focus on building robust strategic ties with Japan, South Korea, and (less successfully to date) India.

Finally, Australia has also been internally balancing. In 1996–97 the Howard government quarantined defense from drastic cuts required to return the federal budget to surplus. In 2000, following the Interfet operation in East Timor, Howard began rebuilding Australia's run-down military capabilities, committing the government to 3 percent sustained real growth in defense spending for the next decade and beyond (now extended out to 2018 but, under the current government, tapering off thereafter). This program accelerated after 9/11 and saw significant enhancements in

key capabilities such as infantry, special forces, armor and attack helicopters, and enablers including C4ISR and strategic lift.

While the 'war on terror' has reinforced these trends, the end of the Cold War and the rise of China and India as major powers have also been important drivers. Together these developments are radically changing Australia's strategic and economic context, shifting the center of global economic growth and political and military power closer to Australia, positioning Australia as a "resources superpower," heightening the strategic importance of the Indian Ocean, and challenging both the preeminence of the United States, Australia's ultimate security guarantor, and Australia's traditional conventional military capability edge in Southeast Asia and the South Pacific.

The main contribution of the 2009 Australian Defense White Paper was to make this hedging strategy explicit in an official document for the first time.⁴ In it, the Australian government committed to a major buildup of maritime forces including a larger and more capable conventional submarine fleet. The white paper was never convincing on funding, however, and the force structure it outlined faces growing cost, time, and capability pressures at a point when Australia is losing its capability edge in some areas faster than defense planners had anticipated. Hence a force structure review scheduled for 2012 is likely to revisit some of the white paper's key assumptions. Officials are particularly cognizant of the rapid regional proliferation of precision-guided munitions, submarines, and advanced Electronic Warfare systems.

AUSTRALIA AND THE UNITED STATES

The United States' economic travails, highlighted by the recent debt ceiling debate and downgrading of its credit rating, have focused the minds of Australian defense planners (as they have others around the region). It is important not to overstate Australia's anxieties: the United States retains a massive conventional and military advantage in Asia and is taking steps to improve its position, including redistributing its military posture to make it more survivable, flexible, and hard-hitting, and developing the Air-Sea Battle concept.

Yet the prospect of the U.S. defense budget being cut drastically over the next decade raises legitimate questions about the resilience of U.S. military power in Asia over the longer term and America's ability and will to dissuade, deter, and defeat threats and reassure its Asia-Pacific allies. This is particularly the case in

3. White 2010.

4. Australian Department of Defense 2010.

light of China's faster-than-anticipated military modernization gains targeting America's ability to secure the global commons—whether at sea, in space, or in cyberspace.

U.S. defense cuts that reduce its capacity to develop effective responses to China's anti-access/area denial strategy and to project power throughout the Indo-Pacific region—that is, to critical maritime, strike, space, and cyber capabilities—would fuel Australian concerns. The likelihood that the U.S. economic recovery will be slower than anticipated means Australian officials will remain highly attuned to signals from Washington (and Honolulu)—whether deliberate or inadvertent—about U.S. commitment to Asian security.

Nonetheless, only a major, sudden U.S. retrenchment in Asia would trigger a major Australian strategic reassessment, not least because the alternatives to the Pax Americana in Asia are so unappetizing. These amount to:

- finding another compatible “great power protector,” which seems highly unlikely; neither India nor Japan can fit this bill for various reasons;
- Australian strategic autonomy, which would require a massive expansion in defense spending and overcoming major limitations in Australia's human capital and defense industrial base (not to mention leaving open the acquisition of nuclear weapons as an option); or
- an accommodation with China, with all that would mean by way of compromise to Australia's values and strategic interests.

THE RISE OF CHINA

China's rise is perhaps the most significant development driving Australia's development and implementation of a comprehensive hedging strategy over the past two decades. Managing the tensions likely to arise as a result of Australia's growing economic dependence on China will be the major challenge facing Australian statecraft.

The China military threat is not yet the main determinant of Australia's force structure, which remains focused on responding to contingencies in Australia's nearer neighborhood including Southeast Asia and the South Pacific, its immediate sea approaches, and “niche” contributions to U.S.-led coalition operations further afield. But China is already reshaping Australia's strategic environment, particularly by influencing the choices of other Indo-Pacific countries. For exam-

ple, Chinese missile and submarine acquisitions are inducing Southeast Asian countries such as Vietnam and Indonesia to acquire sophisticated offensive capabilities for the first time. For a country such as Australia with a small population base and remote from its traditional security partners, this poses a major challenge to its longstanding regional military technological edge and its way of fighting wars.

As well as strengthening its most important security relationship, that with the United States, Australia is responding to China's rise by building new strategic partnerships, most importantly with Japan but also with South Korea, India, Indonesia, and Singapore.

Building on the Australia-U.S.-Japan Trilateral Strategic Dialogue, Australia and Japan are quietly building one of the region's most substantial security relationships. Defense and intelligence ties between Canberra and Tokyo had been inching forward for two decades but accelerated rapidly after Australia deployed forces to southern Iraq in 2005 to work with Japan Self-Defense Force engineers. A Joint Declaration on Security Cooperation was signed in 2007, followed by a logistics agreement in 2010. Australia was the only country other than the United States to make a substantial military contribution to earthquake relief operations in Japan. Australian and Japanese combat aircraft carried out exercises together for the first time in 2011, and Australian and Japanese warships trained with U.S. Navy vessels in the South China Sea near Brunei. An information-sharing agreement is under negotiation.

Security ties with South Korea, India, Indonesia, and Singapore are less comprehensive and less advanced but progressing nonetheless, generally with a focus on maritime cooperation.

DOMESTIC CONSIDERATIONS

As outlined above, there is broad bipartisan and public support in Australia for the U.S. alliance and for Australia's grand strategy more broadly. Strong alignment of values and perceived common interests, including a shared stake in the liberal international political and economic order, further reinforce this sentiment. China's increasingly assertive bilateral and regional diplomacy, military posture, authoritarianism, and pursuit of neo-mercantilist policies all work in a similar direction. Australians are mistrustful of foreign direct investment by Chinese state-owned entities and concerned by signs of organized political influence, such as the large, aggressive, and highly-organized counter-demonstration during the Olympic torch relay. Austra-

lians recognize the benefits of China's economic development but are increasingly ambivalent about other aspects of its rise.⁵

Nonetheless, through strategic investments in Australian businesses, political parties, media, and academic institutions, China is exerting greater influence on Australian elites and this has the potential, over time, to affect wider community and political attitudes towards the alliance with the United States and other aspects of existing grand strategy. The evidence to date, however, is that (as elsewhere in Asia) one effect of assertiveness by the Chinese state—whether diplomatic, military, or economic—is to reinforce Australian support for the U.S. alliance.

CONCLUSION

As noted, Australia's grand strategy is a comprehensive hedging one and includes important elements of both soft and external balancing. But Australia has been rebuilding its defense capabilities—not spectacularly, but steadily—for more than a decade. Over the same period, Australia has demonstrated increased willingness as well as capacity to use military force in support of national objectives, whether in stabilization operations in the South Pacific or counterterrorism and counterproliferation efforts in the Middle East. Indeed, this has led some policy commentators to complain of the “militarization” of Australia's international policy.

Yet the trend seems more likely than not to continue—not least because, having enjoyed several decades of relative stability and uncontested military preeminence in its own immediate neighborhood, Australia faces a much more fluid and contested region. This en-

5. See Shearer 2010.

vironment will place a premium on hard power capabilities that are expensive and relatively new for Australia, including advanced C4ISR, unmanned aerial vehicles, precision-guided strike, missile defense, and cyber. As well as integrating Australia more tightly into U.S. war-fighting strategy in the Pacific and Indian Ocean region, these capabilities also hold out the prospect of Australia building networked capabilities with other partners, starting with Japan. It will be interesting to see how the Australian government grapples with these challenges in its 2012 force structure review.

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