

## THE REGIONAL SECURITY OUTLOOK: ACCORD AND DISCORD IN THE AUSTRALIAN POLICY COMMUNITY

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There is little disagreement within the Australian policy community that the Asia-Pacific/Indo-Pacific regional security environment in 2024 and beyond will continue to be fragile and volatile; that negotiating a course between the two neighborhood giants, China and the United States – our major economic partner and security ally respectively – will continue to be our most formidable international challenge; and that the situation demands a defence and foreign policy response that is better resourced than has been the case in more complacent decades past.

But that is about as far as agreement currently goes – within the Albanese Government, between Government and Opposition, and within the wider think tank, academic and media policy community. The change of government in 2022 saw a major effort to stabilize a relationship with China that had badly deteriorated over the previous five years, culminating in Prime Minister Albanese's highly successful – and generally acknowledged as such – visit to Beijing in November 2023. But significant differences are still very much evident as to the extent and imminence of the security threat posed by China under Xi Jinping; the wisdom of further deepening Australia's alliance dependence on the United States; how we should be prioritizing our defence preparedness; and how much weight we should be giving to diplomacy over defence.

### Common Ground

The security concerns that *are* broadly shared across the Australian policy community are familiar enough, broadly shared as they also are across most of our wider region, including within the CSCAP community. In the case of China, concerns extend to its international law-defying territorial ambition in, and militarization of, the South China Sea, with its “9-dash line” this year expanded to 10; its repeatedly stated determination to unify Taiwan with the mainland, not excluding the use of force, in a context where its repressive actions in Hong Kong have made reunification on a "one country, two systems" basis a nonstarter; its continued assertiveness on other territorial fronts with Japan and India; its efforts to increase its presence and influence in smaller but strategically significant regional players, including the Solomon Islands, Papua New Guinea and Timor Leste; and its transition from a bystander to regular spoiler role in the United Nations Security Council and other multilateral contexts. Above all, there is anxiety – compounded by Beijing's manifest determination to challenge the nature and extent of the US security presence in the region – about the very significant expansion and modernization of its military, including nuclear, capability.

In the case of the United States, the increasingly alarming vagaries of its domestic politics have created concerns across the board – not entirely confined to Washington’s allies and partners – about its will and capacity to stay the course in its long self-appointed role as regional security stabilizer and balancer, particularly given its distractions elsewhere with Russia’s invasion of Ukraine, and now again in the Middle East; also about its retreat from the open trading policies that have contributed so much to the region’s economic prosperity, and consequent stability. Concerns about US reliability have particular resonance in the context of North East Asia, where the DPRK continues to expand its nuclear arsenal and engage in other military provocations; where neither Seoul’s new government nor Washington have shown any interest in diplomatic concessions that might restart negotiations over nuclear risk reduction; and where the ROK (and even Japan, though to a much lesser extent) has made clear that acquiring its own nuclear deterrent remains a serious option. Conflict between India and Pakistan, the Indo-Pacific’s other perennial security flashpoint, is not imminently likely, but can never be entirely ruled out, given the Modi Governments demonstrated capacity to inflame anti-Muslim religious sentiment and the track record of Pakistan’s military-dominated government in accommodating and inflaming extremist religio-nationalist sentiment of its own.

The unhappy reality – and this perception is, again, shared across most of the Australian policy community, as around the region – is that nations can sleep-walk into war, even when rational, objective self-interest on all sides cries out against it. Bellicose nationalist rhetoric, designed mainly for domestic political consumption, can generate over-reactions elsewhere. Small provocations, economic or otherwise, can generate an escalating cycle of larger reactions. Precautionary defence spending can escalate into a full-blown arms race. With more nervous fingers on more triggers, small incidents can rapidly escalate into major crises. And major crises can explode into all-out war – creating, in this nuclear age, existential risks not only for its participants but life on this planet as we know it.

All these shared concerns translate into a degree of agreement – but only a degree – across the Australian policy community as to what our defence and foreign policy response should be.

First, accepting that defence preparedness should be governed by potential adversaries’ capability rather than their perceived hostile intent, there is a general recognition that Australia will need – whatever the state of our US alliance – to spend more on building our own military self-reliance. But how much more, and on what assets, remains contested. The *Defence Strategic Review* initiated by the Albanese Government, authored by former defence chief Angus Houston and defence minister Stephen Smith, and released in April 2023, began – but by no means completed – the task of defining the kind of expanded and refigured capability Australia will need in response to what it described as “the most challenging circumstances in our region for decades”. The review focused on the need to building longer-range “defence by denial” capability, with less emphasis on land warfare, vulnerable surface ships and defence of the continent, and more on distant forward defence through enhanced air, underwater and cyber firepower. There is little disagreement about the need for the Australian defence porcupine (or, in our case, echidna) to have more and sharper quills. But there is still a real issue as to just how long and strong and unequivocally self-managed some of those quills really need to be – above all the nuclear-powered submarines promised by AUKUS, further discussed below. And

there is still plenty of scepticism – historically well-founded – as to whether we are really prepared to pay for needed new capability, and able to deliver it with any timeliness.

Second, it is broadly uncontested that we need to spend more diplomatic time and attention consolidating, building, or rebuilding as the case may be, bilateral relationships around the region with key regional neighbours, especially Indonesia, but also Vietnam, our FPDA partners Malaysia and Singapore, and Japan, South Korea and India. And also in the Pacific, where the previous Coalition Government's largely denialist climate policy has been a significant turn-off for our island friends in recent years. New Prime Minister Anthony Albanese, and particularly Foreign Minister Penny Wong, have received deserved praise for their sustained personal commitment in this respect. The ASEAN-centered regional dialogue architecture – EAS, ARF and all the rest – remains, properly, an important focus, but there is a degree of scepticism as to just how much time and attention we should be devoting to ASEAN itself, as a collective organization. ASEAN continues to be a supremely important de-fuser of cross-border tensions, making violent conflict between its members, so common in the past, now unthinkable, but has proved frustratingly incapable of helping redress catastrophic human rights violations in some of its member states, above all Myanmar, or offering any kind of collective resistance to overweening behaviour by China.

It is also well understood and accepted that giving new substantive ballast and substance to some of these crucial, but so far underdone, regional bilateral relationships will require much more creative energy going into building trade and investment ties, and also more generous and focused aid programs for those countries still needing such support. A good start on the former front has been made with the publication in September this year of the Moore report, *Invested: Australia's Southeast Asia Economic Strategy to 2040*. This report's laser-like focus, not on generalities but particular sectors and sub-regions, follows in this respect the equally impressive 2018 Varghese report, *An India Economic Strategy to 2035*. On the aid side, while new commitments, focusing very much on the Pacific, were announced in August 2023, as part of a thoughtful new policy document, *Australia's International Development Policy*, the total Australian spend has been falling dramatically in recent years. With ODA at just 0.19 per cent of GNI, we are now among the least generous of OECD donors – and badly need to reverse that trend if we are to have any serious credentials as a good international citizen.

Third, although it has its critics on the fringes, the Quadrilateral Security Dialogue – bringing together the US, Japan, India and Australia – continues, since its revival in 2017, to command quite strong support across the Australian security policy community, albeit more for its optics than any real military substance, joint naval exercises notwithstanding. While the Quad is unlikely to evolve into a fully-fledged military alliance, not least because of India's inhibitions about so positioning itself, the new grouping has great combined military clout, and simply by its existence sends a very clear signal to Beijing that any significant further adventurism in the region may be met by a more muscular and united push-back than it would like. Recent moves to give the Quad a greater non-military focus, with cooperative initiatives on health security, clean energy, regional connectivity and the like, should contribute usefully to its longevity.

## **Contested Ground**

As encouraging as all this more or less common ground may be, the reality is that there remains in Australia much that is highly contested within the security policy community, going to the three quite fundamental issues of how we should we positioning ourselves in relation to China, the United States and – in that context – our defence preparedness. In each case the division can be broadly – but crudely, because of course there are exceptions in both camps – put this way. On one side, there is the defence and intelligence community and those think-tanks and media who sail with it – above all the largely Defence-funded Australian Strategic Policy Institute (ASPI), the Murdoch press *passim*, and a strident section of the Age/Sydney Morning Herald *Nine* media empire – who tend to a pessimistic view of the threat environment and a disposition to approach most problem-solving through a primarily military lens. On the other side, there is the foreign policy constellation of current and former diplomats, and academic, think-tank and media analysts and commentators (including me), who tend to be more optimistic about the possibility of peaceful solutions and more willing to champion diplomacy, dialogue and cooperation as the path to them.

This divide remains very pronounced in the case of China. Since the change of government, Prime Minister Albanese and Foreign Minister Wong have been keen to downplay the all too common talk under their predecessors about “drums of war” beating. Wong’s speech to the National Press Club in April 2023 clearly spelt out the new tone when she said that we should “not waste energy with shock or outrage” at China using its great and growing strength and international influence to advance its national interests, but rather “cooperate where we can, disagree where we must, [and] manage our differences wisely”. And Albanese has made clear in multiple statements through the course of the year – including at the Shangri-la Dialogue in Singapore, the East Asian Summit and the G20 meeting – his own strong commitment in this context to dialogue and diplomacy, to cooperation rather than confrontation. All that bore fruit in the resumption of bilateral relations formalised by Albanese’s visit to Beijing in November 2023 to mark the 50<sup>th</sup> anniversary of Gough Whitlam’s ice-breaking.

But that softer tone, for all its obvious rewards, has not found much favour with many in the defence and intelligence community, who continue to fulminate privately, and occasionally publicly (as with Defence Industry Minister Conroy raging against “appeasers” in the context of the AUKUS debate at the ALP National Conference in August 2023, and ASIO head Mike Burgess in October 2023 blasting Chinese intellectual property theft as the worst “in human history”) about the scale of China’s military buildup, the imminence of the military threat it poses to Taiwan, the reality of its determination to build Pacific bases potentially threatening Australia, the state-capture risks of its Belt and Road Initiative, the perfidy of its industrial espionage, and the alarming extent of its influence operations, not least within its now very large Australian diaspora. All this is regularly fuelled by alarmist statements from the Coalition opposition, who have made a meal, historically, of claiming Labor to be soft on communism and weak on defence. Its home affairs spokesman was quick to claim that Albanese’s Beijing visit, for all its evident success in stabilizing bilateral relations, had not “fundamentally changed anything underneath the surface” Tension within the government is well contained for now, but remains capable of boiling up at any time.

Tension is also present, and growing, on the question of Australia's relationship with the United States. There is no serious inclination anywhere to walk away from the ANZUS alliance, with a general recognition of the benefits we continue to derive from access to intelligence, high-end weaponry and technology (with the second tranche of AUKUS, going to cooperation on AI, electronic warfare, hypersonic and underwater capabilities and the like, seen as particularly significant in this respect), and the deterrent utility of the prospect – not guaranteed, but not to be ignored – of the US coming to our defence if attacked. But beyond that the ground is indeed contested. There are those who are true believers in the moral exceptionalism of the United States, the indispensability of its continued economic and military primacy in maintaining both global and regional peace and good order, and the certainty of its military commitment to Australia's defence, and who are prepared to follow it down almost any path it should take. But there are many in the Australian security policy community who are much more sceptical on all these fronts. And there are those who strive to keep a foot in both camps. While the Coalition parties remain more or less unanimous true believers, pretty much the full response spectrum is evident within the Albanese Government. Defence Minister Richard Marles is closest to a true believer. Prime Minister Albanese, while comfortable enough talking Washington talk – not least on state visits, like that very seamlessly carried out in October 2023 – is an instinctive straddler. And Foreign Minister Penny Wong, while always cautious, is more inclined to scepticism, particularly on the attractions of continued US primacy, being very explicit in her April 2023 National Press Club speech about Australia's national interest lying, above all, in our living in a *multipolar* region, one “where no country dominates, and no country is dominated ... and all countries benefit from strategic equilibrium”.

A cutting-edge issue – though one on which the commentariat is much more inclined to be frank than any politician – is whether the US will really feel obliged to rush to our military defence if we are ever seriously threatened, or only do so if its own national interests are also directly at stake. There is a particularly strong case for scepticism in the case of our reliance not just on US extended deterrence, but extended *nuclear* deterrence: it defies credibility to think that Washington would risk losing Los Angeles to save Sydney, or for that matter Seoul or Tokyo. And scepticism on all these fronts will certainly accelerate in the unhappy event of Donald Trump, who clearly regards allies as encumbrances more than assets, regaining the presidency.

One context in which alliance-related tension could clearly explode is if China were to attack Taiwan. This is not inconceivable, although much of the current speculation about Beijing taking military advantage of Washington's preoccupation with Russia in Ukraine, and now again the Middle East, seems wildly overdrawn. China's long-term ambition to regain Taiwan is clear, but the downside risks of taking precipitate and unprovoked strike action – for both its internal prosperity and stability, and its wider international reputation – would seem to outweigh any possible rewards. That said, the prospect of an invasion – however remote – will continue to divide Australian opinion. Echoing a statement from then US Deputy Secretary of State Richard Armitage twenty years earlier, Peter Dutton – then Coalition Defence Minister and now Opposition leader – said in 2021 that it was “inconceivable that we wouldn't support the US” in any military action it chose to take. Defence Minister Marles made clear his own view in October 2023 that Australia “cannot be a passive bystander in the event of war”. But

there is a strong view within a large section of the ALP that if it did come to a fight, and one unprovoked by Taiwan, while it would be a tough call not to join in the defence of a fellow thriving democracy, that siren call should be resisted. The argument is that Taiwan has always been a special case, its sovereignty never recognised internationally in the same way as Kuwait's or Ukraine's, and that Australia has little or no capacity to influence the outcome, but a great capacity to suffer if drawn into war at any level.

The biggest defence issue of all currently testing the solidarity of the Australian security policy community, and likely to do so for years to come, is the desirability, and credibility, of Australia acquiring a fleet of eight or more nuclear propelled submarines, under the AUKUS agreement with the United States and United Kingdom. Signed by the Morrison Coalition Government in 2021, and embraced without any evident reluctance by the Albanese Government in 2022, the agreement has come under fire domestically for three main reasons. The first, which also has had some international buy-in in the neighborhood and beyond, goes to its implications for nuclear non-proliferation, and is the most easily answerable. The boats will not be nuclear-armed; their propulsion units will be lifetime-sealed, requiring no refuelling or any Australian production of possibly divertible fissile material; and IAEA negotiations to establish effective new safeguards protocols seem close to conclusion.

A much more compelling domestic criticism, taking into account to the eye-watering estimated cost of up to \$A368 billion over the next 30 years of the proposed SSN program, the gravity defying delivery timetable (the early 2030s for the first US boat, a decade later for the first new jointly designed and built boat, and sometime in the 2050s for the last... if all goes to plan), is whether these boats, for all the undeniable advantages over conventionally powered boats they bring in range, speed, endurance underwater, firepower and (for now, anyway) undetectability, they really are the optimal choice for Australia's defence needs. Would not we be better served by spending the same or less money on getting, much sooner, a much larger fleet of conventional boats, many more of which could be simultaneously at sea, and which may well – with expected advances in detection capability over the next few decades – be no more vulnerable than the SSNs? If the role of the AUKUS boats is to be a useful, albeit numerically marginal, add-on to US underwater capability in the South China Sea, they can no doubt play that part well. But if their primary purpose is to protect continental Australia, and our Indo-Pacific sea-lanes and communication systems, from attack, could we not be as well or better served by a larger, much earlier deployed, conventional fleet? How much value is really added, here as elsewhere, by moving from a posture of defence of our continent and archipelagic surrounds to one of distant forward defence? These questions remain basically unanswered.

The remaining big concern about the AUKUS project, increasingly being articulated at least within the more sceptical end of the policy community here, is whether by so comprehensively further yoking ourselves to such extraordinarily sophisticated and sensitive US military technology, Australia has for all practical purposes abandoned our capacity for independent sovereign judgement. Not only as to how we use this new capability, but in how we respond to future US calls for military support. The government response is that an Australian flag means just that, and that we will retain complete operational independence in the use of these boats, whatever the context. But my own experience as Foreign Minister tells me that is not

quite the way the world – and American pressure – works. Does anyone really think that a US Congress anxious about depleting US combat capability can be persuaded to exempt Australia from its International Traffic in Arms Regulations (ITAR) if it does not believe that the nuclear-powered submarines it sells us will be on call at the click of a presidential finger if the Americans ever believe they need them?

These criticisms going to the desirability of the AUKUS submarine program may well be subsumed by rapidly growing concerns about its basic credibility, now coming from all sides, including – interestingly – some of its most fierce and longstanding supporters. There is real doubt as to whether the US Congress, in its present mood, will ever support the sale of three – let alone a possible five – Vanguard submarines to Australia or anyone else. And, given the history of all three countries in meeting design-and-build targets for complex new defence assets, and there are few if any more complex than nuclear submarines, anyone who thinks the second phase of this project has any more chance of proceeding smoothly to completion has not been concentrating. Even former Coalition Foreign Minister Alexander, famously defensive of all things South Australian, described in October 2023 the idea of building new generation submarines in Adelaide as a financially untenable “fairytale”. And the unhappy reality is that if the whole AUKUS project falls over, as it well might in the next year or two, we have no obvious fallback Plan B.

Such, many of us would argue, are the consequences of allowing essentially free rein in security policymaking to hardliners in the defence and intelligence community, as has essentially been the case in Australia for most of the last three decades. Many of us are hoping that diplomacy will – as the Albanese Government has signalled by its early actions – no longer be confined to a second fiddle role, that the kind of extraordinarily productive cooperative relationship between Defence, Foreign Affairs and the intelligence agencies that existed for most of the Hawke-Keating Government years can be recreated, and that Australia will again play the creative and constructive middle power role we have in past on both regional and global security issues. But we are not holding our breath.

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