Review Article

Australia-China relations: analysing and responding to the challenge*

Red Zone: China's Challenge and Australia's Future. By Peter Hartcher (Carlton, Vic.: Black Inc., 2021), pp. 360. AU$32.99 (pb), AU$14.99 (ebook).

China's Grand Strategy and Australia's Future in the New Global Order. By Geoff Raby (Carlton, Vic.: Melbourne University Press, 2020), pp. xiv + 226. AU$34.99 (pb), AU$22.99 (ebook).

Contest for the Indo-Pacific: Why China Won't Map the Future. By Rory Medcalf (Carlton, Vic.: La Trobe University Press in conjunction with Black Inc., 2020), pp. x + 310. AU$32.99 (pb), AU$14.99 (ebook). International edition: **Indo-Pacific Empire: China, America and the Contest for the World's Pivotal Region**. (Manchester: Manchester University Press, 2020), pp. 320. £20.00 (hb).

How To Defend Australia. By Hugh White (Carlton, Vic.: La Trobe University Press in conjunction with Black Inc., 2019), pp. 318. AU$34.99 (pb), AU$16.99 (ebook).

Australia's relationship with China has been negative for the past several years. This might be surprising given the close economic ties. In 2019–20 39.6 per cent of Australian merchandise exports went to China, with China providing 21.6 per cent of Australia's merchandise imports.[1] This high volume of trade has continued despite the fact that in response to the negative political relationship with Australia, China has imposed restrictions on several Australian imports, including barley, wine, beef and lamb, lobsters, cotton, timber, and coal. The major exception is iron ore (over half the value of Australia's merchandise exports in 2019–20) where China has

* I wish to acknowledge helpful feedback from Wendy Atkinson, John Langmore, Russell Lansbury, Pradeep Taneja and David Tucker on an earlier version of the essay. I remain responsible for the final version.

[1] Australia Government, Department of Foreign Affairs and Trade, *China Fact Sheet*, *https://www.dfat.gov.au/sites/default/files/chin-cef.pdf.*

limited options for developing alternative sources of supplies; Australia provides about 60 per cent of China's iron ore imports, with Brazil as the next most important supplier.

The deterioration in Sino-Australian relations is a product of the way in which Australian governments have responded to the growing assertiveness of "rising China", taking account also of the impact of negative developments in Sino-American relations. While previously Australia was able to "have its cake and eat it too", in the sense of balancing the strong economic relationship with China and the strong security alliance with the United States (US) (the US also being a major economic partner for Australia as an investor and supplier of imports), the increasingly negative perception of China over issues such as Taiwan, Hong Kong, the South China Sea[2] and Xinjiang has led to a re-assessment. This perception has been reinforced by the negative image China has in the US, influenced in that case by the Sino-US trade war initiated under President Donald Trump (but not confined to that issue). This re-assessment has been fuelled by a perception (and evidence) of China attempting to manipulate Australian politics beyond what one would normally expect of a foreign power. This latter point led to Australian legislation designed to restrict foreign interference in June 2018. A particular concern also had been the possible involvement of the Chinese company Huawei in the planned rollout of a 5G telecommunications network; such involvement was blocked in August 2018 on security grounds. In the context of Pacific Island countries (PICs), the negative Australian reaction to increasing Chinese involvement was a major factor in Australia's "Pacific step up", announced by Prime Minister Scott Morrison in November 2018.

The Liberal-National Coalition government has chosen to be "high profile" in some of its criticisms of China. Most notably Prime Minister Scott Morrison called publicly for an international enquiry into the origins of the COVID-19 pandemic in April 2020.[3] Defence minister Peter Dutton said in an interview on 30 April 2021 that the "prospects of a battle over Taiwan […] should [not] be discounted".[4] In his 2021 Anzac Day message to staff, Mike Pezzullo, Secretary

[2] Mark Beeson and Andrew Chubb, "Australia, China and the maritime 'rules-based international order': comparing the South China Sea and Timor Sea disputes," *International Relations of the Asia-Pacific*, Vol 21, 2 (2021), pp. 233–64. Beeson and Chubb point out that China's preference for bilateral negotiations in the South China Sea rather than conforming to the UN Convention on the Law of the Sea (UNCLOS) parallels the approach adopted by Australia in relation to the Timor Sea before 2016.
[3] Scott Morrison, "Press Conference," Parliament House, Canberra, ACT, 23 April 2020.
[4] Peter Dutton, interview with David Speers, *Insiders*, ABC, 30 April 2021.

of the Department of Home Affairs (a public servant) spoke of "free nations again hearing the beating drums" [of war].[5]

Apart from economic penalties imposed on Australia by China, there have been various statements from Chinese leaders and officials highlighting China's displeasure with Australia. The negative assessment of Australia was summarised in a statement of fourteen "grievances" from the Chinese embassy in Canberra in November 2020.[6] The "grievances" cover criticisms of the Coalition government making Chinese involvement in Australia more difficult (such as the Huawei decision, foreign interference legislation, foreign investment decisions), concerns about public criticisms of China's international behaviour and "China's Xinjiang, Hong Kong and Taiwan affairs", and various other allegations of "anti-China" statements, policies, and actions.

Most recently China has reacted negatively to the joint announcement on 15–16 September 2021 of the AUKUS (Australia-United Kingdom-United States) pact. Described as "an enhanced trilateral security partnership" and directed in the first instance at the acquisition of nuclear-powered submarines by Australia, the pact was clearly aimed at China.

In the context of deteriorating Sino-Australian relations there are numerous books one can consult. Here I would like to discuss four books, two dealing specifically with Sino-Australian relations but in a broad way; the other two giving attention to strategies relevant to Australia in the emerging situation (while not being confined to that issue).

Sino-Australian relations

The books by Peter Hartcher and Geoff Raby deal with Sino-Australian relations, while also discussing the nature of China's emerging role in the world. Hartcher is more pessimistic in his assessment, whereas Raby is more optimistic. Hartcher writes as a prominent Australian journalist (political and international editor for *The Age* (Melbourne) and *The Sydney Morning Herald*). Raby is a former Australian ambassador to the People's Republic of China (PRC) (2008–11) and an academically qualified economist (Ph.D., La Trobe University, Melbourne).

[5] Michael Pezzullo, "The Longing for Peace, the Curse of War," 25 April 2021, *https://www.homeaffairs.gov.au/news-media/speeches/2021/25-april-anzac-day-message*.
[6] See Peter Hartcher, *Red Zone: China's Challenge and Australia's Future* (Carlton, Vic.: Black Inc., 2021), pp. 242–45, for a listing and "decoding" of these points.

Hartcher's book is an expansion and updating of his earlier *Quarterly Essay* entitled "Red Flag".[7] He discusses Sino-Australian relations in the context of his understanding of how China's international goals are threatening to Australia. Writing as a journalist, he eschews the use of footnotes or endnotes (although there is a good index), referring to works he has used and people he has interviewed in the body of the text. While not a China scholar,[8] Hartcher provides an overview of Chinese politics and society that emphasises its "totalitarian" character; his use of "totalitarian" recalls debates about the character of Nazi Germany and the Soviet Union in the early Cold War period.[9] Hartcher argues that totalitarianism in China is becoming stronger under Xi Jinping (General Secretary of the Chinese Communist Party since 2012 and PRC President since 2013). Internationally China aims for a "return to imperial-era greatness", thus ending "the ignominy of the 'century of humiliation' in glory" (pp. 177, 178); this includes becoming more assertive on issues such as the South China Sea, Taiwan, and Hong Kong (the latter two issues not "international" from a Chinese perspective, although they have international implications; the South China Sea issue is both "international" and "domestic" for China). The Belt and Road Initiative (BRI), a vast programme involving Chinese assistance for infrastructure development in key regions of the world for China, is the main evidence of China's expansionist aims. China's military modernisation and enlargement give it a stronger capacity to further its aims, particularly in areas adjoining China.

According to Hartcher, China aims to break Australia's will through economic measures and exerting political influence both within Australia and in countries important to Australia (such as the Pacific island countries, but also noting the extent of Chinese influence in a region such as Southeast Asia). Chapter 23 (entitled "Brace") sets out a strategy for Australia to "toughen" its

[7] Peter Hartcher, "Red Flag: Waking Up to China's Challenge," *Quarterly Essay*, No. 76 (November 2019).
[8] In relation to Hong Kong, Hartcher appears to confuse Hong Kong's New Territories with the whole of Hong Kong (including Hong Kong Island and Kowloon) (p. 202). It was the impending expiry (1997) of the British 99-year lease over the New Territories that led to the agreement between the Thatcher government and the People's Republic of China (PRC) in 1984 for the transfer of the whole of Hong Kong to the PRC with special autonomous arrangements for the first fifty years. China (meaning the Qing dynasty) ceded the island of Hong Kong to Britain after the Opium War (1839–42, and then Kowloon after the second Anglo-Chinese war (1856–60). The British assumption in 1984 was that the ceded territories would not be viable without the leased New Territories. On p. 203 Hartcher refers to "the British taking control of five ports plus Hong Kong" after the Opium War. His statement on the previous page needs some clarification.
[9] Hannah Arendt, *The Origins of Totalitarianism* (New York: Harcourt, Brace and Co, 1951); Carl J. Friedrich and Zbigniew K. Brzezinski, *Totalitarian Dictatorship and Autocracy* (Cambridge, MA: Harvard, 1956).

approach through such means as stronger laws against foreign interference, diversifying Australian trade (to reduce dependence on China), and countering PRC influence in the local Chinese community. In the context of reduced US reliability, Australia needs a much stronger defence posture; this extends to considering the development of a nuclear capability "probably" (p. 336). Despite the emphasis on toughening Australia's approach to China, Hartcher says that a "cooperative working relationship with China" should be sought "to deal with shared problems of disease and destabilisation, climate and crime, trade and trafficking"; however, this should be on the basis of Australia setting "the terms of its engagement" rather than succumbing to Chinese pressure (pp. 338–39).

As well as being more optimistic than Hartcher, Raby's book is more academic in approach (endnotes!). The focus is on understanding China's role in the world (the first four substantive chapters), before giving more explicit attention to Australia's position vis-à-vis China (the next two chapters, plus conclusion). As one would expect with Raby's background in economics, his book is particularly strong on economic analysis. However, he is also well versed in relevant international relations literature (confusing Henry Kissinger's *On China* and *World Order* (p. 9) is an uncharacteristic slip). In analysing China's role in the world, Raby's emphasis is on China's constraints rather than its strengths; he summarises the constraints as China's "geography, its history, and most of all […] its resource endowments" (p. 8). The geographical constraint is that China has over 22,000 kilometres of land borders, shared with fourteen countries (conflicts occurring with many of these countries); this is not to mention the maritime borders. Historically modern China is heir to an empire encompassing outlying regions such as Tibet, Xinjiang, Manchuria, and Inner Mongolia (Mongolia itself having once been part of the Chinese Empire); from one perspective Taiwan could also be seen as part of that imperial expansion. Lacking the required natural resources, China has had to become a major importer to provide the basis for its economic development (chapter 3). In advancing its goals of defending territorial integrity and protecting the party-state, China has had limited soft power (chapter 4). Nevertheless, China has done well in advancing its goals internationally through such means as the BRI and the development of alternative international institutions (Shanghai Cooperation Organisation, Asian Infrastructure Investment Bank (AIIB), New Development Bank); it has also strengthened its

position in liberal international institutions such as the United Nations[10] and the World Trade Organization (p. 28). China's military strength is "for China's own security, not regional or global hegemony" (p. 27). China is not expansionist (p. 17); it aims for a pluralistic world order, not a Sinocentric universalist one (p. 43).

Raby recognises that from a liberal perspective (which includes Australia), the new world order will be "dystopian" (p. 16). While Australia needs to be "realist" in coming to terms with the emerging world, it can work with China provided it recognises both the legitimacy of the party-state and China's interests (p. 20). At the same time, it is legitimate for Australia and other countries to "push back" if they see their interests as challenged; "competitive coexistence" is possible (pp. 18, 20). In Chapter 5 Raby expresses his scepticism about the "three legs" of Australia's strategy for dealing with China: the US alliance (why follow the US into strategic confrontation with China?); the Quad (with the US, Japan, and India) and the Indo-Pacific concept (both needlessly provocative and lacking in substance).

Chapter 6 charts a way forward for Australia in its relations with China. Australia should aim for "a stable and prosperous region in which all countries' voices can be heard within a framework of agreed rules" (p. 154). Raby describes China as "now the dominant power in East Asia", but with "few friends and no allies" and the US and Japan continuing to play major roles, it is "unlikely to become a regional hegemon and pose any threat to Australia's security" (p. 154). He puts forward a ten-point framework, giving attention to such matters as working cooperatively with the US, developing an activist middle power diplomacy, and strengthening bilateral relations with all East Asian countries. In relation to China specifically, Australia should engage "cooperatively and constructively" on issues such as "the environment, water resources, energy, and asymmetrical threats such as terrorism, transnational crime, cyberwarfare and the militarisation of space" (p. 163). In relation to a China hedging strategy, ASEAN is the most obvious group to focus on. Raby sees possibilities for a regional security architecture based on a Quad plus that would include China. With the goal of "strategic cooperation" with China, he argues that Australia should associate with the BRI and work cooperatively with China on development

[10] See Rosemary Foot, *China, the UN, and Human Protection: Beliefs, Power, Image* (Oxford and New York: Oxford University Press, 2020).

projects in Pacific Island countries; involvement with the AIIB demonstrates how engagement brings opportunities to influence China.

Much of what Raby advocates is anathema to those who portray China's international role as determined primarily by the "wolf warriors". The issue for Australia is whether the relationship with China should focus on engagement or containment, or perhaps some combination of both. Raby clearly focusses on engagement, and Hartcher on containment. Before assessing these alternative approaches, it is worthwhile examining the strategies proposed by Rory Medcalf and Hugh White in their respective books. Medcalf is one of the leading advocates of the Indo-Pacific strategy; White's primary focus is defence but based on assumptions about "Fortress Australia" and accommodation with China.

Strategies

While I wish to focus on Medcalf's proposed strategy in relation to the situation in Sino-Australian relations, his book has a far broader canvas. The title (thinking of the Australian edition) is narrow in relation to what the book covers. The general aim is to develop the Indo-Pacific concept, and within that framework to propose strategies for dealing with China's rise. These strategies are relevant not just to Australia, but to the whole Indo-Pacific region (Medcalf also uses the term "super-region").

Arguing for the importance of "mental maps" or political constructs as guides to state behaviour, Medcalf describes "Asia-Pacific" (perhaps the major term in use since the 1980s) as "once-useful but now outmoded" (p. 9). Instead Medcalf proposes "Indo-Pacific" as a more useful construct. Centred on "maritime Asia", it is a term that signifies the high level of connection between the Pacific and Indian Oceans (pp. 3–4), deriving its reality from China's own behaviour in this context; the Maritime Silk Road, as China's outreach into the Pacific and Indian Oceans under the BRI is "the Indo-Pacific with Chinese characteristics" (p. 4).

In developing the argument for an Indo-Pacific focus, Medcalf has an excellent section entitled "Past" (comprising three chapters) charting the historical context. This is a very well-informed overview, reminiscent of the "world history" approach that has featured in Indian Ocean

studies.[11] There are excellent endnotes for this section and throughout the book, guiding the reader to relevant literature, while also indicating how well informed the author is.

Having established the historical context, the next section of the book ("Present") consists of four chapters discussing the contemporary situation, covering the major powers in chapter 5 (China, India, the United States) and a range of other actors in chapter 6 (Japan, Australia, Indonesia; the ASEAN countries (in addition to Indonesia), the two Koreas, Russia, the European countries (especially France), small island states, the South Asian countries, and the Gulf states (with reference also to Islam more broadly). Chapters 7 and 8 show the complexity of interactions within the "region", with chapter 7 focussing on geoeconomics and chapter 8 on the military and diplomatic dimensions. In reference to the former, one issue for China is its dependence on energy imports; however, through the BRI and associated means, China is attempting "to exert control, not only of energy paths but of wider supply chains and sources of raw materials across the Indo-Pacific, Africa and Eurasia" (p. 188). Chapter 8 makes sobering reading, with Medcalf suggesting a future "not [of] nuclear confrontation, but a state of permanent coercion, dominated by […] the 'stability-instability paradox'" (p. 217). With nuclear deterrence making general war less likely, there can nevertheless be more intense conflict at a level below than one might expect were nuclear weapons not part of the strategic environment. Medcalf is sceptical about multilateral diplomacy, arguing that it "works mostly at the margins" (p. 220).

On the issue of strategies, the key chapter is chapter 9 where the author sketches possible scenarios for the Indo-Pacific based on coexistence, competition, or confrontation (p. 241). In responding to the challenge posed by China, the aim should be coexistence, achieved through three instruments (development, deterrence, diplomacy), underpinned by two qualities (solidarity, resilience) (p. 247 ff.). In outlining what these five dimensions entail, the aim essentially is to contain China, while allowing also for cooperation where elements of mutual interest prevail. Obviously, it is not a situation of China versus the rest of the Indo-Pacific. However, there is plenty of scope for alignments to develop, some short-term, others more continuing, that will have the effect of limiting China; some of these alignments will be more general, others will focus on

[11] For example, Edward A. Alpers, *The Indian Ocean in World History* (Oxford and New York: Oxford University Press, 2014).

particular issues. "Imperial overstretch" by China will make it easier to achieve the type of coexistence sought by Medcalf.

It is relevant to note that Medcalf has been an influential advocate of an Indo-Pacific approach, working in governmental, think tank, and university contexts. At an earlier stage he was an Australian diplomat in India and Japan, and he is currently head of the National Security College at the Australian National University. He modestly refers to himself as an "early adopter" of the Indo-Pacific approach (p. 106). Under the Gillard Labor government (2010–13) this approach received some attention in the Asian Century White Paper of 2012,[12] and then more so in the Defence White Paper of 2013;[13] by the time of the *2017 Foreign Policy White Paper* "Indo-Pacific" had become the orthodoxy.[14] In the US there was a shift to an Indo-Pacific approach from 2017 (pp. 113–115); Pacific Command in Hawaii (now Indo-Pacific Command) had long referred to the "Indo-Asia-Pacific" (p. 108). Indian Prime Minister Narendra Modi used the terminology in his speech at the 2018 Shangri-La Dialogue in Singapore (p. 114). While Medcalf notes criticism in Australia of the Indo-Pacific approach (pp. 107–8) as too broad and downgrading "Asia", he remains convinced that the Indo-Pacific approach is likely to be most effective for the goals he seeks. He does not explain why "Asia-Pacific" is outmoded. "Asia" is central in that term; India (obviously part of Asia) can easily be included. "Indo" in Medcalf's formulation refers primarily to the Indian Ocean but is sometimes taken to refer to India (thus elevating the role of that country within the super-region).

As far as Australia is concerned, the aim is to take a leading role in the strategy that Medcalf advocates for the broader Indo-Pacific vis-à-vis China, particularly in terms of coordinating with the US, Japan, India, and Indonesia, but across the whole range of middle and small powers in this region. Medcalf highlights the Australian focus on developing "partnerships" with "fellow middle players […] such as India, Japan and Indonesia" (p. 157). He refers approvingly to Australia's role "in building a multilateral diplomacy combining […] 'minilaterals' with big bilateral partnerships and […] inclusive regional organisations" (p. 157). At the same time there is "no substitute" in Medcalf's view for the "military heft" provided by the US alliance. He argues that while China is

[12] Australian Government, *Australia in the Asian Century: White Paper* (Canberra: Commonwealth of Australia 2012).
[13] Australian Government, Department of Defence, *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013).
[14] Australian Government, *2017 Foreign Policy White Paper* (Canberra: Commonwealth of Australia, 2017).

Australia's leading trade partner, the impact of that situation on Australia's security choices should not be exaggerated. With iron ore (the most significant Australian export to China), China has few alternative sources of supply. In any event China is not a major investor in Australia (the US is the leader), and Australian dependence on export income is far less than for many other countries (21.7 per cent of Gross Domestic Product in 2018 (p. 158, footnote 21)). The relative success of Australia in developing strategies to "balance" China is significant among the reasons for China's use of "authoritarian 'sharp power' inside Australia" (p. 226).

As with Medcalf's book, Hugh White's book covers much more than the issue of Australian strategy in relation to China. White's focus is the issue of what Australia requires to defend itself. However, in discussing that question White examines Australia's wider strategic context, including Australia's relationship with China. Chapter 3 assesses strategic risks to Australia, giving attention to China, India, and Indonesia. White argues that China could become a threat to Australia in two contexts. One is "if Australia actively supported America or some other major power for strategic primacy in East Asia and the Western Pacific" (p. 38). The other is if China "succeeds in becoming the region's leading power" (judged "far from unlikely") (p. 38). India cannot be relied on "to step up and oppose China's primacy in East Asia and the Western Pacific"; other potential rivals, such as Japan and Indonesia, would not be strong enough (p. 39). Should the US "lose the contest" with China in East Asia and the Western Pacific (p. 39), the other countries in the region (including Australia) would be left "living under China's shadow" (p. 40). Compliance with China would "come at a cost", especially if this involved decisions contrary to "core social and political values" (p. 41).

Following White's logic, he also assesses Australia's relationships with both India and Indonesia from the perspective of strategic risk (threats or partners?). However, China is the main concern. This prepares the way for the argument about what an independent Australian defence would require. Essentially White's argument is that Australia should focus on maritime denial, meaning the development of a strong conventional submarine force,[15] with complementary air

[15] White argues that a fleet of 24 upgraded *Collins* class submarines would cost no more than the 12 French *Barracuda* submarines (the Australian government abandoned this contract with the advent of AUKUS in September 2021); a 32-boat fleet would be ideal in his view, costing less than 15 per cent of the defence budget at the time he wrote (Hugh White, *How To Defend Australia* (Carlton, Vic.: La Trobe University Press in conjunction with Black Inc., 2019), pp. 186–88). Needless to say, White is a critic of the plan for Australia to acquire at least eight nuclear-powered submarines from the US or the United Kingdom under AUKUS, arguing that this scheme is needlessly expensive, going well beyond what is needed for a "defence of Australia" approach; it ties Australia to the US in the event of a military confrontation with China when "we absolutely cannot assume that it [the US] will

forces designed to achieve this goal; the army would have a more subordinate role. This does not come cheaply, with White estimating a required expenditure of 3.5 per cent of Gross Domestic Product (GDP) on defence, compared with about 2.0 per cent currently. He also considers the development of nuclear weapons (a minimum deterrent) although he does not commit himself to that option; this would require a further expansion of defence spending (to about 4.0 per cent of GDP).

White has previously written about the strategic impact of China's rise in *The China Choice*, arguing for acceptance of China's leading role in East Asia.[16] He has also analysed the choices for Australia in two issues of the *Quarterly Essay*, putting the case for accommodation with China and a more independent stance vis-à-vis the US.[17] His academic background is in philosophy (including B.Phil., University of Oxford). He was an adviser to Australian defence minister Kim Beazley at the time of the Hawke government, and subsequently head of the Australian Strategic Policy Institute and a professor of strategic studies at the Australian National University. His style of argument is highly logical, provided one accepts his underlying assumptions. This approach means less emphasis on the historical and political context than is the case with most writing on international relations.[18] White does not use footnotes or endnotes but indicates relevant literature for each chapter in a section at the end of the book.

Some key issues

Taken together, what are the key issues posed by these four books? I would suggest the following issues for consideration. First, what is the nature of emerging China? And does the manner of China's emergence pose a threat to Australia? Second, what is the relevance of the Indo-Pacific approach? Should this approach replace alternatives, such as "Asia-Pacific"? Third, how should Australia relate to China in current and emerging circumstances (the containment versus engagement issue)? There is also a general point about how politics affects the manner and substance of strategic analysis; while much discussion proceeds on the basis of "rational actor"

win". See Hugh White, "From the submarine to the ridiculous," *The Saturday Paper*, No. 367, 18–24 September 2021, p. 7.

[16] Hugh White, Hugh, *The China Choice: Why America Should Share Power*, 2nd ed. (Collingwood, Vic.: Black Inc., 2013).

[17] Hugh White, "Power Shift: Australia's future between Washington and Beijing," *Quarterly Essay*, No 39 (August 2010); Hugh White, "Without America: Australia in the New Asia," *Quarterly Essay*, No 68 (November 2017).

[18] On historical matters, White has Finland winning the Winter War of 1939–1940 with the Soviet Union (p. 91). This was only a win in the sense that the territorial gains of the Soviet Union were less than what it aspired to.

assumptions, the processes involved, and the decisions taken, occur within a political environment that is often complex.

On the first point, there is clear agreement that China is an authoritarian system (becoming more so under Xi), but does this in itself make China a threat to Australia? "Authoritarian" covers a spectrum, ranging from "totalitarian" (Hartcher) to a more positive assessment that might emphasise China's success in providing for the social and economic needs of its population. Many (perhaps all) Southeast Asian countries are like that, with the balance between the two aspects varying. In Northeast Asia, Japan, South Korea, and Taiwan are more clearly "liberal" democratic. The problem in China's case is that it is such a large and powerful country and is becoming stronger. In addition, under Xi Jinping China has become much more assertive on a number of issues, most notably Taiwan, Hong Kong, Xinjiang, and the South China Sea.[19] Among the countries in China's neighbourhood the response to this emerging situation has varied, some being relatively high profile in reacting negatively (Vietnam) while others are more low-profile with their concerns or attempt to accommodate to China's behaviour.

In the Australian case, however, China's greater assertiveness has elicited a negative response. This concern has been compounded by this situation being part of the weakening of the liberal world order. The negative response has been most evident in Australia's domestic context, leading to the foreign interference legislation and the banning of Huawei. The cultural and political differences between China and Australia exacerbate this concern. One can point to "interference" by the US in Australian affairs in the past that goes well beyond anything attempted by China, including involvement in union conflicts during the Cold War, support for pro-US cultural outlets (such as the Congress for Cultural Freedom, funded through the Central Intelligence Agency), and the use of well-placed "informers" among Australian political figures.[20] The cultural and political similarities between the US and Australia — not to mention the close political relationship — make it much easier for the US to influence Australian affairs than is the case for China.

Specific developments affecting Hong Kong, Xinjiang, and Tibet are of concern to Australia from a human rights perspective but do not directly affect Australian interests. Taiwan

[19] For a succinct analysis, see Richard McGregor, *Xi Jinping: The Backlash*, Lowy Institute Paper (Melbourne and Sydney, 2019).

[20] On Bob Hawke's role in this respect during the 1970s, see C. J. Coventry, "The 'Eloquence' of Robert J. Hawke: United States informer, 1973–79," *Australian Journal of Politics and History*, Vol 67, 1 (2021), pp. 67–87. More recently *Wikileaks* revealed the role of Senator Mark Arbib (Labor, NSW) as a "source" for the US embassy in Canberra. See Philip Dorling, "Arbib revealed as secret US source," *The Sydney Morning Herald*, 9 December 2010.

is also of concern from a human rights perspective, but as well there would be strategic implications for Australia should the PRC attempt to use force to incorporate the island within its domain. In this context China would be able to project its security presence further into the Western Pacific, but more importantly such a development would be a huge setback for the US; Japan also would see itself as adversely affected.[21]

Whether or not such a development concerning Taiwan eventuates, greater Chinese assertiveness on this and other issues (the South China Sea being particularly important too) is part of a trend whereby China is becoming the leading power in East Asia. The US on the other hand is becoming relatively weaker, partly because of what is happening with China but also because of its own internal conflicts and the weakening of multilateralism under Trump (Biden is attempting to reverse this trend); compared with China, the economic growth of the US is far less. The perception that the US can "protect" Australia is being undermined; AUKUS might indicate the contrary, but in this case "protection" ironically suggests a diminution in Australia's sovereignty given that the pact integrates Australia into US strategy vis-à-vis China. China's rise and US decline are most evident in the East Asian context but more broadly this trend is part of the weakening of the liberal world order; China has worked within that order but also sees itself as representing the emergence of a different world order in which Western countries will be much weaker than was previously the case. Australia has seen itself as upholding the (liberal) rules-based order but now needs to navigate a more pluralistic world order.

On the issue of the Indo-Pacific approach, there are perhaps two aspects to consider. One concerns the value of this approach as a way of understanding the "region"; the other is the issue of the Indo-Pacific strategy as a response to China's rise. Medcalf's book certainly makes a strong case for linking the study of the two oceanic regions, explaining in some detail the linkages both historically and in terms of the contemporary context. Even though Medcalf says that the focus is "maritime Asia", my main reservation is that the term Indo-Pacific does not refer specifically to "Asia". I would prefer Indo-Asia-Pacific, following the previous usage of the US Pacific (now

[21] In recognising the People's Republic of China on 21 December 1972, the official Australian position was as follows: "The Australian Government recognises the Government of the People's Republic of China as the sole legal Government of China [and] acknowledges the position of the Chinese Government that Taiwan is a province of the People's Republic of China". See Australian Government, Department of the Prime Minister and Cabinet, *Joint Communique of the Australian Government and the Government of the People's Republic of China concerning the establishment of diplomatic relations between Australia and China*, 21 December 1972 (A13307, 41A/3, National Archives of Australia).

Indo-Pacific) Command in Hawaii. In relation to Medcalf's book it would also be helpful to have an explanation as to why Asia-Pacific has become an outmoded term. In Medcalf's formulation Asia is central to the framework. It might be argued that Asia-Pacific as it has generally been used excludes India, but the term could be used to make clear that India is part of Asia (explaining the obvious). If one wants to focus simply on the oceanic dimensions, then Indo-Pacific (without the addition of "Asia") makes that focus very clear. But does one want to prioritise the oceanic dimensions in this way? Another point is that "Indo" might be taken as referring to India, thus emphasising India's role in this super-region; allowing for India being very important, no other country (thinking of China in particular) receives this attention.

From the point of view of strategy, the Indo-Pacific approach has been used as a framework for limiting China. This is most obvious with the Quad, linking Japan, India, the US, and Australia (to which AUKUS can now be added). Starting off as a low-level arrangement, in more recent times there have been attempts to strengthen the linkages among the four Quad powers (most notably under Biden). The Quad has never purported to be an alliance. At the very minimum it could be seen as a way of focussing attention on the fact that these four powers can work together collectively in ways that might limit China on some issues (also keeping in mind that the four powers involved can also work bilaterally, with Japan and Australia most notably having their separate alliances with the US). Scepticism about the Quad focusses on the issue of just how strong it is as a grouping. In addition, there is the argument that India would be unlikely to involve itself in a major way in East Asian affairs.[22] Allowing for India's strategy of multi-alignment and keeping in mind the country's relatively low-level involvement in East Asian affairs, it is nevertheless the case that the Indo-Pacific strategy (of which the Quad is one manifestation), encourages a greater focus on India in relation to the issue of responding to China's rise; it also signifies the importance of India in the context of the super-region more broadly.

As far as Australia is concerned, the Indo-Pacific strategy fits in well with Australia being involved in both the Pacific and Indian Oceans (likewise for the US). It could be part of a strategy for responding to China, while also allowing for a broader trans-oceanic focus. The omission, as I suggested, is the word "Asia"; hence my preference for Indo-Asia-Pacific, whether from an Australian perspective or more generally.

[22] See Geoff Raby, *China's Grand Strategy and Australia's Future in the New Global Order* (Carlton, Vic.: Melbourne University Press, 2020), pp. 156–57.

This brings us to the issue of how Australia should relate to China in current and emerging circumstances. On the one hand there are concerns about the circumstances in which China might constitute a "threat"; on the other hand, there is a range of issues where cooperation with China would be in Australia's interests. A broad approach that prevailed until relatively recently is "soft balancing with accommodation",[23] allowing for a combination of "containment" and "engagement". "Soft balancing" is a way of dealing with issues where there are significant differences between Australia and China. It involves making "common cause" with powers that have a similar outlook on whatever the issues might be. The linkages developed in this context could vary over time. It is not just a matter of strengthening ties with the different members of the Quad (either individually or collectively). Various middle powers (such as France[24] and South Korea) and indeed small powers can be relevant, as well as the different regional and global organisations (the United Nations most obviously).

Whereas "soft balancing with accommodation" was an appropriate description of Australian strategy towards China until a few years ago, the growing perception of China as a threat has led to a shift towards hard balancing, but with some elements of engagement. AUKUS, with its focus on Australia acquiring at least eight new nuclear-powered submarines, is the most dramatic evidence of this shift.[25] It is worth noting, however, that most Southeast Asian countries focus on "soft balancing with accommodation" in their relations with China, allowing for "soft balancing" covering a range from hedging to stronger variants (Vietnam, for example, being at the stronger end).

"Accommodation" or "engagement" remains relevant for the various issues where China and Australia have overlapping interests. Even strong critics of China (such as Hartcher, pp. 338–339) recognise this, with climate change being perhaps the major issue. While undoubtedly Australia should be diversifying its trade, China remains its single most important trading partner, and having arrangements that are mutually satisfactory needs to be a priority. The task of engaging with China in areas of common interest becomes much more complex in a situation where

[23] Derek McDougall, "Responses to Rising China in the East Asian Region: soft balancing with accommodation," *Journal of Contemporary China*, Vol 21, 73 (2012), pp. 1–17; Derek McDougall, "Australian Strategies in Response to China's Rise: The Relevance of the United States," *Asian Survey*, Vol 54, 2 (2014), pp. 319–42.
[24] Australia's relationship with France has been greatly damaged as part of the fallout from AUKUS. Previously the relationship with France (particularly under the "enhanced security partnership" announced in 2016) had become a significant element in Australia's "soft balancing" strategy.
[25] See Stephen Walt, "The AUKUS Dominoes Are Just Starting to Fall," *Foreign Policy*, 18 September 2021.

Australia is shifting towards hard balancing. Avoidance of "megaphone diplomacy" would be helpful in advancing Australia's goals in areas of common interest. Australia's stance on the human rights issues affecting China can be articulated in various contexts, including the UN Human Rights Council, recognising also that China will be critical of Australia on issues such as the treatment of Aboriginal and Torres Strait Islander people.

A specific aspect of Australia's response to China concerns defence policy. Hugh White deals with defence policy generally, but in terms of specific countries, China is the main concern. Whether or not one agrees with White about his preferred strategy of maritime denial, a general concern relates to how his recommendations would play out in relation to the security dilemma. A much-enhanced Australian defence posture might provoke a response by other regional countries, not just China, leading to a spiralling arms race. (This appears to be even more the case with Australia's shift to nuclear-powered submarines under AUKUS, although Australia and its allies could claim that these developments were in response to China expanding its own naval forces, including nuclear-powered submarines.) The argument about the "security dilemma" applies to the specific recommendations White makes about Australia's defence forces (focussing on a much-expanded conventional submarine fleet), but also to his arguments about Australia acquiring a minimum nuclear deterrent (there is also the question of cost of course).[26] I would argue that one needs to consider the broader political context in the region. Judgements about defence policy also require judgements about what can be achieved in relation to peace and security at the political-diplomatic level. This might appear too general a statement but getting the balance right between these two elements is the key to avoiding an unnecessary arms race that in turn would mean a deteriorating international situation.

In assessing these different issues, a lot of analysis assumes a "rational actor" model. In conclusion, I would reiterate the importance of taking into account the political factors, both international and domestic, that affect the general direction of Sino-Australian relations and the decisions taken. I would argue that the deterioration in Sino-Australian relations has been affected by the deterioration in Sino-US relations. The defence and intelligence agencies in Australia have led the way in criticism and condemnation of China. These agencies have close relationships with

[26] White appears to recognise the argument about the security dilemma in his critique of the AUKUS plan for nuclear-powered submarines. He refers approvingly to the Hawke-Keating approach whereby Australia sought "to stop looking for […] security *from* Asia and start looking for it *in* Asia" (White, "From the submarine to the ridiculous," p. 7).

their counterparts in the US, in turn picking up the more critical approach that has emerged in those circles (some would argue that these agencies have tried to influence their US counterparts in a more hawkish direction). The Australian agencies communicate their preferred "mindset" within the Australian governmental context, in turn influencing political debate and attitudes in the community.[27] Certainly, the milieu is very different from a decade or so ago when there was more emphasis on accommodation in Sino-Australian relations and more optimism about achieving a balanced relationship. In addition to the changed outlook in the US, the more assertive Chinese approach under Xi Jinping has made it more difficult to achieve that balanced relationship. In term of Australian domestic politics, the advocates of cooperation have been on the back foot. However, should there be further deterioration in the economic relationship one can expect those adversely affected to argue for more emphasis on accommodation and a more diplomatic approach to China. A key state in this respect is Western Australia, the source of iron ore exports to China. Premier Mark McGowan (Labor) has been critical of the federal government's approach.[28]

More broadly, the inauguration of AUKUS has raised questions about Australia's strategic direction, focussed on whether the emphasis should be on "strategic autonomy" or closer integration with the US. In both cases the central concern is how to respond to "rising China". Politically the Morrison government attempted to minimise debate, quickly winning the support of the leadership of the federal parliamentary Labor party for AUKUS. While there has been significant discussion of the issue in the media and various community contexts focussed on international affairs, it is unclear as to whether opposition to the move will gain significant political traction. The most forceful criticism has come from Paul Keating, Labor Prime Minister from 1991 to 1996.[29] The Labor leadership is obviously concerned about Labor being wedged on this issue,

[27] Indicative of hawkish attitudes within the Coalition was an article by Senator Jim Molan (Liberal, NSW) in which he posed the question (assuming a wider war, rather than Australia being the primary target): "Will China come for Australia with hundreds of ships and millions of soldiers?" (Jim Molan, "War-gaming tomorrow: 'It's possible to envision this ending in an all-out invasion'," *The Australian*, 10 September 2021). For analysis of the forces involved in the shift in Australian strategy towards China, see Max Suich, "War Dance," *Australian Financial Review*, 17 May 2021; "China Confrontation: What Were We Thinking?," *Australian Financial Review*, 18 May 2021; "Hawks' Tough Talk Makes China a Stalking Horse," *Australian Financial Review*, 19 May 2021. On the broader political and cultural context promoting "fear of China", see David Brophy, *China Panic: Australia's Alternative to Paranoia and Pandering* (Carlton, Vic.: La Trobe University Press in conjunction with Black Inc, 2021).

[28] Jacob Kagi, "WA Premier attacks federal government over attitude to China, calling approach 'off the planet'," *ABC News*, 10 June 2021.

[29] Paul Keating, "This pact ties Australia to any US military engagement against China," *The Age*, 16 September 2021; Paul Keating, "Morrison is making an enemy of China – and Labor is helping him," *The Age*, 22 September 2021.

divisions in the party weakening its prospects in relation to the 2022 federal election. The general question of Australian strategy in relation to China will remain, but as I have argued the evolution of that strategy is subject to the impact of political factors, both domestic and international.

DEREK MCDOUGALL

School of Social and Political Sciences, University of Melbourne