New Zealand, Australia and the Asia-Pacific Strategic Balance: Ideas and Policies

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I was reminded recently by a good friend and careful thinker in the Wellington policy community that major changes in world affairs generally happen slowly. So the proposition that New Zealand needs to think carefully about how it positions itself in a changing Asia-Pacific region is unlikely to be anything new. And the underlying hypothesis that a major transformation is occurring in the distribution of regional power is hardly new either. At the same time, the demands of the short-term have a habit of crowding out the space we require to think clearly about the challenges this transformation brings for New Zealand's interests, and about the way we would like to be positioned as this process intensifies.

This transformation is happening in at least two ways. First the locus of global power is shifting increasingly to Asia. We only have to think about the implications of the European financial crisis for the distribution of international economic power to find some additional evidence to support this thesis. Second, change is also occurring *within* the Asia-Pacific distribution of power: China is rising, India too is emerging, Japan is adjusting and the United States, which remains for the foreseeable future the strongest presence in the wider region, is anxious not to let its own position slip.

Both of these aspects of the power transition have a common element: the relative decline in western influence in both global and Asia-Pacific political, economic and strategic affairs. Within our wider region, this suggests that the period in which security in Asia has mainly been underwritten by western maritime pre-eminence – including by English-speaking and democratic powers – has a finite lifespan. This has particular historical significance for the Australasian part of the world. We once connected our security – at least until the fall of Singapore in 1942 – to the power projection and presence of the British navy. We then came to enjoy the security benefits that the maritime strength of the United States brought to the wider region as the Pacific War turned in the allies' favour and as Washington took up its postwar and Cold War roles in Asia.

By "we", I am referring to the New Zealanders and the Australians. But, as most of us know, our close friends across the Tasman Sea have generally felt more

concerned than New Zealanders often have about the Asia-Pacific strategic balance. Australia feels more exposed to any reduction in western maritime power in the region. But New Zealanders have also benefited, politically and economically, from many of the contributions the United States has made, and continues to make, to regional security in Asia. Many of our most important Asian partners and friends, including Japan, Korea, and most of the Southeast Asian countries, have also benefited, even if some of the latter do not always say so in public. China has gained some benefit too, given its interests in a peaceful regional security environment which does not distract it from its medium-term economic development priorities. To some extent then, the United States has helped establish the favourable external conditions for China's rise, just as it did for the economic rise of Japan and Germany in the postwar period.

This last point is important to remember in case we think that China and the United States, the two leading powers in our region, cannot be encouraged to see that they can have *common* interests in charting and managing this changing distribution of power. Wherever possible and sensible, we need to resist the temptation to contrast their interests and aspirations in zero-sum terms. But we should not then assume that Washington and Beijing will naturally be inclined to negotiate the terms of this power transformation, and that they will be able to do this easily and entirely peacefully.

The roles that China and the United States play are the most important ingredients of Asia's future security environment but they are by no means the only ones. The picture becomes more complete but also more complex when we consider the interests of Japan, perhaps the one major Asian power in relative decline despite its massive economy. Just at the moment, Tokyo is clinging even closer than usual to its alliance relationship with Washington as the Korean crisis unfolds. But Japan remains nervous about the prospect of being left isolated in Asia if China and the US can come to a long-term understanding. This does not all add up to harmonious trilateral relations. The picture becomes further complicated when we consider the interests of an emerging India, which will bring its own sense of purpose as it becomes more involved in the East Asian picture, including in the maritime domain. Moreover these several big powers are hardly best placed between themselves or unilaterally to cope with wild card events, including a further deterioration of relations on the Korean peninsula (which are at their most fragile for some years) or the unification of the same peninsula which will change the geopolitics at Asia's core.

One scholar who has written persuasively about the management of these major power relations, and especially those between the US and China, is Hugh White, the Professor of Strategic Studies at the Australian National University.[1] Before long – and certainly before the publication of the Key government's Defence White Paper – today's audience can expect that Professor White will be back in Wellington to speak on these developments and their relevance to New Zealand. He will of course do this in a much more eloquent way than you will hear from

[1] See for example, Hugh White, 'Why war in Asia remains thinkable', *Survival* 50:6, December 2008-January 2009, pp. 85-104.

me today. But someone who will not be here is another Australian academic, whose writings are rather older but which certainly deserve our attention. This is Hedley Bull, who was Professor of International Relations at the ANU from the mid-1960s to the mid-1970s and then Montague Burton Professor of International Relations at Oxford University before his death in 1985. The period that Hedley held his ANU chair was itself one of significant geopolitical transition, and for Australia it marked the shift towards an emphasis on defence self-reliance. While less well known than his work on the idea of an international society and less noted even than his earlier work on nuclear arms control, Hedley Bull's assessment of the changing Asian balance of power in the late 1960s and early 1970s[2], and the implications he argued this should bring for Australian strategic thinking, can offer us an especially pertinent framework today.

At the basis of Hedley's argument was a judgment that western influence in the region was in decline. (This might sound a little familiar). Britain was simply no longer a factor: for Hedley the retention of a British nuclear weapons program was really a last grasp at great power status. More importantly for Australia and other regional countries, in the wake of its costly engagement in Vietnam, the United States could not be expected to rule the regional roost. Bull argued that the US alliance system was also of decreasing relevance. As a consequence, he suggested, Australia's regional security interests could no longer rest so strongly on its alliance relationship with Washington. Australia should instead recognise that its interests in a secure Asia would now depend on a four-sided strategic equilibrium in the region which it needed to accommodate. According to Hedley, the four sides were what he saw as a weakened and chastened but nonetheless important United States, a rising China, an economically powerful Japan and, not to be left out of the picture, Soviet Russia.

There were some fairly traditional and even mechanical and unemotional balance of power considerations which could go into this mix. Bull suggested, in his usually cheeky fashion, that Australia should welcome some aspects of Soviet strategic power in Asia because of the check these would pose on China's growing military power. (China had, after all, recently become the world's fifth nuclear weapons state). At the same time, while regarding China sometimes as an unreconstructed revisionist power, Bull saw no reason to deny China a seat at the big power table.

Indeed there was an element of Bull's conception of an international society in this quadrilateral. He welcomed, for example, the recognition that the United States had given to China's place in regional affairs during the Nixon-Kissinger years. This was one reminder that for the equilibrium to operate properly, it could not be allowed to occur as an 'accident of history' (to use one of Bull's favourite phrases) as the major power intersected clumsily. It needed to be worked on deliberately as well, rather like the European Concert. As the guardians of ideas, including those which related to civilized international

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[2] See Hedley Bull, 'The New Balance of Power in Asia and the Pacific', *Foreign Affairs*, 49:4, July 1971.

behaviour, scholars had a central role here: a responsibility to remind governments of the need to find understandings and accommodations in their relations with one another.

Bull's arguments about the four-way equilibrium in Asia were written powerfully but they did not stand the immediate test of time as the 1970s wore on. In particular, he had exaggerated the extent of America's decline, although he would not be the first, or the last, to do this. Like a number of others during the détente era in US-Soviet relations, he had also anticipated the end of the Cold War nearly two decades before it really occurred, and when it did eventually end twenty years ago, it left the United States as the single pre-eminent global power with a huge gap back to whoever was in second place. A multi-player equilibrium in Asia seemed neither necessary nor possible under these unipolar circumstances. Early post-Cold War concerns that China, India and Japan would rush to fill the illusory power vacuum in Asia proved to be over-reactions, although they were still good copy for opinion pieces in international newspapers.

But if we read Professor Bull's assessment of Asian security in the 1970s in light of today's circumstances, and I hope more of us will do so, something rings true. We should be careful, of course, not to underplay the ongoing importance of Washington's role in the region. Nor should we expect China's rise to be unaffected by its significant domestic challenges. Less still should we expect India to grow forever easily, or for its regional engagement always to be smooth. Nonetheless, Bull's idea of a quadrilateral equilibrium seems very pertinent as we look forward from 2010. A quite reasonable claim can be made that Asia-Pacific security over the next two generations will depend on the region's success in peacefully managing the transition to an equilibrium involving not the United States, China, Japan and Soviet Russia, as Bull suggested 40 years ago, but the United States, China, Japan and India. In that sense Hedley's score of three out of four of the powers is not bad. This also confirms that today's story of Asia's transformation is hardly a novel one. Perhaps then my seminar is about an old solution to an old problem.

There is of course nothing certain about the identity of this grouping: Japan could, for example, drop away if its decade of stagnation is not followed by decades of new growth and if it is unable to find for itself a really dynamic new international personality. And it may just be possible that Russia's contemporary importance to European and Central Asian relations will be followed by something of a return to influence across its Pacific boundaries, although I would not put any money on this prospect. The region's medium powers – among which we might number Korea, Indonesia, Vietnam, and Australia – also count to some degree. But it would still be rather surprising to find in 20 or 30 or 40 years time either (a) that the distribution of state power in Asia no longer mattered, or (b) that the states of Asia had been willing to let one of their number become truly dominant, or (c) that power was distributed rather evenly across the region with no select group of states significantly more important than the others. One of the reasons for discounting the third of these possibilities is Bull's observation, which I believe still holds, that the existence of a group of great powers is one of the institutions that provides for order in the modern

world, even though those same great powers are not always good at understanding the interests of less-than-great powers such as ourselves.

Implications for New Zealand – and Australian – Policy

Speaking of which, this brings me to the "so what" part of my paper. What's in it for us? What should New Zealand – and our leading partner Australia - be doing about this Asia-Pacific power transformation? Let us consider Australia first, not to provide a template for New Zealand to copy on a smaller scale, but to see what room there might be for complementary trans-Tasman approaches and to see what conversations we might be wanting to have with our counterparts in Canberra.

An opening observation here is that Australia accepts the primary assumption that the big regional powers really matter in Asia as well as the secondary assumption that the distribution of power amongst them is changing. Australia's response to this set of affairs is twofold: it is thinking about what Australia itself can do independently, and it is also thinking about how it might work with others, or more particularly, who it needs to work with. These two elements are combined in the way Australia, especially under the Rudd government, is seeking to carve out for itself a role as a second-level power which can mix as much as possible with the big players.

There are many aspects to this approach. First, there are the ambitious plans for the Australian Defence Force, revealed in the Rudd government's Defence White Paper. Above all, these plans reflect Canberra's judgment that it needs a greater capacity to conduct advanced military operations in its own part of maritime Asia as the regional balance shifts.[3] This is not presented as an alternative to Australia's alliance relationship with the United States: indeed Mr Rudd has been at great pains to reaffirm the importance of the Australia-US leg of ANZUS. But lurking within the pages of the latest Australian White Paper is a sense that Washington's ability to shape Asia's maritime environment will be challenged, or at least conditioned, by the actions of other major players, and that Australia's capability edge in its own area will be undermined if it does not do something fairly quickly.

But this ambition is about more than defence. A second aspect is Australia's inclusion in the G20 and the idea of an Asian caucus within that grouping in which Canberra can participate. Australia's quest for a turn on the Security Council is a related initiative. The third aspect is the scale of Australia's economic engagement with the larger Asian powers, especially China and Japan, whose appetite for Australian minerals and hydrocarbons is quite remarkable. The stories of multi-billion dollar deals with China in particular, which appear regularly on the front pages of Australian newspapers, have in my view developed a receptiveness within that country to the story of a changing and growing Asia in a way that has not really occurred here in New Zealand.

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[3] See Robert Ayson, 'Australian Defence Policy: Medium Power, Even Bigger Ambitions?', *Korean Journal of Defense Analysis*, June 2010, forthcoming.

Fourth, we need to mention Kevin Rudd's proposal for an Asia-Pacific Community which reflects a clear interest in helping lead the management and refashioning of Asia's multilateral machinery. Whatever we may think of this proposal, and it has not received universal acclaim within the region, it nonetheless reflects two assumptions, both of which are correct in my opinion: (i) that the real test of Asia's security architecture is what it does to help the major powers manage their relations, and (ii) that the existing machinery is not yet up to that challenge.

This point is important, because Canberra is putting no little emphasis in its foreign policy on its own ability to connect with the major Asia-Pacific powers. It is no accident that its top four or five bilateral partners – the United States, China, Japan and Indonesia, and also India to an increasing extent in coming years, were all guaranteed a seat at the Asia-Pacific Community, (alongside Australia of course). This focus, not surprisingly, irritated some of Australia's smaller but nonetheless important regional neighbours in East Asia, including Singapore, and – at least initially - left the Association of Southeast Asian Nations and other ASEAN-centred organisations parked out the back.

New Zealand's approach, by comparison and to use a terrible pun, has been rather low-key. 'Focused determination' might be a way of describing it. The vital centre of that approach, which has been accentuated by the foreign policy preferences of a National-led coalition governing during a period of international financial uncertainty, reflects the reality that New Zealand attaches greater relative importance to the enhancement of our economic performance (which in any way we see as lagging behind Australia's). And we devote significantly less of our concerns, in comparison to our Australian neighbours, about the security implications of the changing Asian balance.

This focus is reflected in the priority we attach to our regional economic relationships – where we believe we have strong interests as a constructive participant, and through which we seek to engage important partners. We have done this bilaterally through the CER arrangement with Australia and the FTAs we have with a number of East Asian partners including China and Singapore.[4] FTA negotiations with Korea are at an advanced stage, will begin before long with India, and we have had an officials group with Japan which has been looking at where to take things next. We are also doing so multilaterally, through the Trans-Pacific 'Strategic Economic' Partnership (TPP) negotiations which are aimed in large part at connecting the United States, and the FTA that New Zealand and Australia have agreed with ASEAN which increases our ability to participate in Asia's dynamism.

We do more than further our trading and economic interests through these arrangements: they are also, in my view, some of the most potent signs of our

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[4] New Zealand also has a Closer Economic Partnership with Thailand and has signed FTAs with Malaysia and Hong Kong. For a full listing, see http://www.mfat.govt.nz/Trade-and-Economic-Relations/Trade-Agreements/index.php

geopolitical positioning that we can display. This is not to deny the importance to Australia of its own regional economic connections. Canberra also uses these to offer deeper signals: its Free Trade Agreement with the United States, for example, is about rather more than trade alone. But anyone who has been in Canberra for some time and then returns to Wellington cannot avoid being impressed by the priority that New Zealand attaches – for some very good reasons of national interest – to the trade and wider economic side of its international relations.

New Zealand's approach also reflects our place in the broader scheme of things. As a less weighty power ourselves we are keen to extract maximum value out of partnerships with a whole host of powers, big, medium and small. And New Zealand's ongoing commitment to Asian multilateralism is guided not by a false sense of idealism or by politeness beyond the call of duty, but comes out of the very strong sense of self-interest that beats at the heart of our official community. To put it bluntly, strong ASEAN is in New Zealand's interests as are a strong set of more recently established forums which include New Zealand among their members: a strong APEC, a strong ASEAN Regional Forum and a strong East Asian Summit are all in New Zealand's interests. Our awareness that many of these regional mechanisms are not all doing nearly as much as they might, does not stop us from working to see what value they might still bring.

Involvement in these multilateral processes can provide an entrance point for New Zealand into wider regional discussions – some of which are subterranean, and which often involve reading between the lines – about the management of relations with the major powers. This is so even if we think that these organisations are more likely to act as venues for competition between the great powers than as cooperative mechanisms to engage and socialize them (an observation which also can apply to some second track networks).

I have no doubt that what is required to remain in good standing with this vast and overlapping array of regional machinery tests the patience of even the most tolerant of New Zealand's representatives. But without that good standing we – and Australia - may just miss out on some significant opportunities to work alongside our small and medium power partners in Southeast Asia in developing elements of a collaborative approach to our relations with the really big powers in the region.

This is not to suggest that we have to line up with ASEAN – and with all of ASEAN's diverse members – on all foreign policy questions. It does not mean we overlook the domestic challenges facing a number of Southeast Asian countries – including Thailand's political crisis – which can sometimes turn their focus inwards. But it seems unlikely that New Zealand and Australia will have more wisdom on the management of relationships with the Asian great powers than some of these countries which have been engaging with them for some centuries now and at much closer range. Some our Southeast Asian colleagues, for example, have deliberately pursued strategies which seek to simultaneously engage the major powers and avoid choices between them. Evelyn Goh has

colourfully referred to this approach as omni-enmeshment'[5] the aim of which is in some ways similar to Bull's multi-power equilibrium. We have in our own modest way been enmeshed as well, as the East Asian multilateral tent has been enlarged in some places to include New Zealand, Australia and India. This has been an opportunity well worth grabbing, and throws into doubt the claim that our western connections and sensibilities are a liability in post-colonial Asia.

Where Does Defence Fit?

Exactly where and how New Zealand's defence policy, defence engagement and defence force fit into the changing Asia-Pacific scene is an interesting and challenging question. There is no doubt that defence engagement is part of New Zealand's overall strategic positioning in a region of many powers. One thinks first of the importance of the defence aspect in New Zealand's relationship with Australia – including our respective and often collaborative roles in Pacific security. One can think of the Five Power Defence Arrangements as a continuous part of New Zealand's connection to Malaysia and Singapore, and to Australia and the United Kingdom, which goes back well before the FPDA came into being nearly 40 years ago. One can think of the symbolism of the recent visit to New Zealand of General Guo, the Vice President of China's Central Military Commission, who also visited Australia and Indonesia. One might contemplate New Zealand enjoying enhanced defence engagement at differing levels with a range of significant regional countries such as India, Japan, Korea, Indonesia and Vietnam, resources allowing of course.

Of course, one thinks in particular about the recent attention given to the warming of New Zealand's defence relations with the United States. Some may view this evolutionary process through the old lens of the nuclear issue, or simply as one of the positive results of New Zealand's involvement in Afghanistan. Whatever our diagnosis may be along these lines, New Zealand's interest in closer military relations with the United States also says something about the value Wellington attaches to a long-term commitment by Washington to Asia's security. In return the Obama Administration has an opportunity to expand its own engagement in the wider Asia-Pacific. I do not believe New Zealand and the United States are doing this in order to turn the clock back to the early 1980s. Nor is this part of a zero-sum game where choices have to be made between the major powers.

The maintenance of a well-trained and professional NZDF is an important prerequisite for the defence side of our regional positioning. But while defence engagement can provide a further signal of the importance we attach to our regional relationships, and about which of our relationships are particularly significant, it is an expensive way of doing so if that was to be the only function of the NZDF. And clearly this is not the case. There are particular operational purposes which we require the NZDF to undertake: things the NZDF can do that

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[5] See Evelyn Goh, 'Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies', *International Security*, 32:3, Winter 2007/08, pp. 113-157.

help us achieve our military strategic objectives in a given setting, even though we need to be realistic about how we set those objectives and about the areas where we wish to focus.

The capacity of our defence force to accomplish military strategic objectives as well as serve our wider foreign policy interests tends to diminishes the further out into the region we move. This does not mean we can accomplish all we would like even in the South Pacific. But it means we also need to be realistic in our expectations of the role for defence in the wider Asian scene, one of the issues we can expect to be canvassed by the New Zealand Defence White Paper when it is published later this year. I have little in the way of any insider knowledge to bring to bear on this question, but in its depiction of the strategic environment, I think we can expect that the White Paper will draw attention to some of the aspects of the changing distribution of regional power which I have discussed in this paper.

Our first Defence White Paper in many years may also refer to the way a number of our close neighbours and friends are responding to that changing strategic environment. But we should not expect this to be followed by a "we too" approach, including in comparison to Australia's defence policy. We would be unwise to expect, for example, a series of newly announced capabilities which allowed the NZDF to play a significantly larger combat role in the maritime domain, and least of all great dollops of extra funding to allow it do so. I don't think any of our partners are expecting that either. The focus for now appears to be on seeing if the Value For Money exercise can release sufficient funding to cover the capabilities the NZDF already has and those which are already scheduled to come on line.

There is likely to be an enhanced emphasis in that White Paper on the maritime security picture, one of the big themes for students of Asia-Pacific affairs. But New Zealand is likely to interpret and respond in a particular way, for example by emphasizing the way the Project Protector vessels can support a number of our maritime interests, and help free the frigates for missions further afield. Staying a bit distinctive will probably in the end be more of an asset than a liability. Our ability to respond to a wider security agenda, including the so-called non-traditional issues, will be part of this: as some of the major powers such as India, Japan and China tentatively strive for increased military cooperation in the wider region, cooperation on such issues as disaster relief and humanitarian assistance can be part of that agenda. These are things we can do well: something for which we should not be at all apologetic. And there are more traditional military roles in the Asia-Pacific region, beyond the South Pacific, where the NZDF may be able to make available to Ministers an option or two. But there are some wider Asia-Pacific scenarios where it is not clear what the New Zealand participation in a direct defence sense would or could or should be. One small consolation is that we are not alone in this quandry, and that it is not just a question of capabilities.

Conclusion

There are some other big ifs and buts. First, there is the question of whether the maintenance of good relations with all the major regional powers (although with

differences in the means and intensity of that engagement at times), and efforts to work with Australia and our Southeast Asian colleagues in that cause, really deserves to be called a genuine strategic position for New Zealand. What would tip us over into a situation where this strategic position becomes a strong and singular alignment where we make what is for us a game-changing choice between the powers? Can we call our preferred approach 'multi-alignment.'? Perhaps a project by the Centre for Strategic Studies on New Zealand's strategic positioning is called for.

Second, we might wonder how well integrated and mutually supporting the various elements of New Zealand's statecraft happen to be. How closely do our trade policy, our wider foreign policy and our defence policy work together in staking out that position in the region, and do we attach appropriate relative weightings to them. As some previous governments have discovered, New Zealand's foreign policy is about considerably more than trade even when we regard our economic interests as paramount. But even if we all recognise this reality, it does not give us an automatic guide on where and how we can draw the connections between our economic and our security imperatives in Asia. I'd like to see more work done on this economic-security relationship from a New Zealand perspective.

Third, would a recasting of the *Foreign and Security Policy Challenges* document published ten years ago by the Ministry of Foreign Affairs and Trade during the first term of the Clark Labour government, or the development of a formal national security strategy, help or hinder New Zealand's ability to promote its interests in a changing Asia-Pacific? Do we need to lay down our principal objectives in this explicit and deliberate and public manner, or would this reduce our flexibility and exaggerate our influence over the regional environment around us? Would it help if an academic with not enough other things to do tried to put together a completely unauthorized version?

Finally one might ask whether seminars papers such as this perform a service in this area of public policy? My own hope is that the answer to the last of these questions is a very definite yes, unless strategic positioning is like growing mushrooms – amongst some other pursuits - and can only be done well in the dark.

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