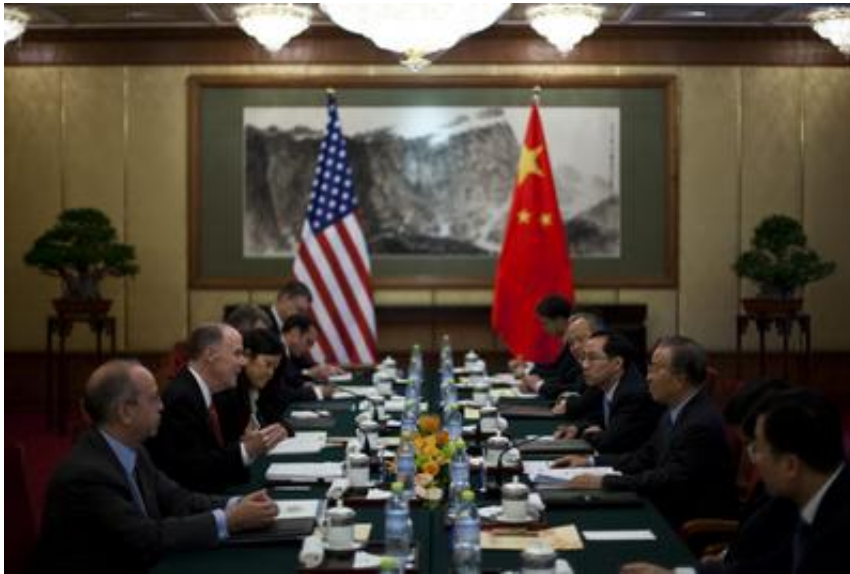


The emergence of a new Asia Pacific order

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The change in the economic balance of power, between America and China, is leading inexorably to the emergence of a new order in Asia and the Pacific.



Little more than half a decade ago, the major trading partner of every East Asian economy, including Australia, was either the US or Japan. Today, China is the major trading partner of all those economies except the Philippines. China is set to overtake the US as the largest economy in the world in real terms within little more than half a decade, according to the IMF. This large and rapid shift in the structure of regional and global economic power is inevitably accompanied by shifts, not perfectly but nonetheless strongly correlated, in the structure of Asian Pacific political and military power and influence.

There are, in Washington, Beijing, Canberra, Tokyo and other capitals around the region, many who have been, and still are, unwilling to confront the reality of what is taking place in our regional strategic circumstance. It is not that the US has lost, or will soon lose, pre-eminent global military capability or political influence. Rather, the shift in economic weight and relative military capabilities now means that the projection of US naval power in the Asian neighbourhood is subject to contest and constraint (short of all-out conflict) in a way that was not the case up to this point.

How can this new circumstance be managed in a way that preserves the stability that thus far US hegemony has secured in Asia and the Pacific?

Over the last few years Hugh White has [presumed to ask and to answer](#)^[1] this question in a way that, initially at least, very few found comfortable. Today, [his book](#)^[2], *The China Choice*:

Why America Should Share Power, is being launched by former Australian Prime Minister Paul Keating in Sydney. White's prognostications may or may not turn out to be right, but he has done a huge service in trying to [set out the implications](#) ^[3] of the changes that are taking place in the region in a brutally honest and rigorous way.

Malcolm Turnbull, arguably one of the most cerebral of the current crop of Australian politicians on either side of Australian politics, provides both the best [summary and critique](#) ^[4] of White's thesis.

As Turnbull explains, White argues that China and the whole region have benefited from the peace and stability delivered over more than 40 years by the unchallenged pre-eminence of the US navy. But when China, already the world's second-largest economy, overtakes the US its wealth and dignity will compel it to acquire a military capacity worthy of a great power, even though it presently spends less than 2 per cent of its GDP on defence compared to the US's 4.7 per cent. Even when Chinese workers remain on average just one quarter as productive as those in the US, China's GDP will level with that in the US.

'China is America's only rival for global leadership and yet as the rivalry increases so does their interdependency,' Turnbull points out. 'This will be the first time in the modern era that the world's largest national economy has not also enjoyed very high average personal incomes'.

'White does not argue that a war between China and America is inevitable, but he fears it is likely unless the two develop a clearer understanding and a greater mutual acceptance and respect. China is not developing, nor is it likely to develop, a capacity to project force anywhere in the world as the US has done. It is first and foremost an Asian power and above all a continental power,' Turnbull explains.

China has already acquired the capacity to deny the US navy freedom to operate in the ocean between China and what they call the first island chain consisting of Japan, the Philippines and Malaysia. Taiwan is *within* this chain, not marking its perimeter. This is a consequence not only of China's economic growth but also and mainly of changes in military technology that have made the US navy's carrier groups more vulnerable to missile attack. 'But this does not mean China has gained the ability to control the seas offshore. Each side can deny access to the other, with the proviso that it is generally accepted today that if China sought forcibly to incorporate Taiwan within the People's Republic, the US would not be able to prevent it other than by a full-scale, probably nuclear, war'.

'This is the context within which White argues that, as China seeks to play a role in the region commensurate with its regained status as a great power, the US faces three choices. First, it can pack up and pull out, which he considers neither desirable nor likely. Second, it can seek to confront and contain China, which he considers is likely to lead to conflict. Third, the US and China can come to a *modus vivendi* that ensures competition between them is peaceful'.

Where Turnbull dissents is on White's conclusion that the third choice and a happy and peaceful outcome requires China and America to forge a 'concert of powers' (analogous, if not formally similar, to that which kept peace in Europe after 1815) — a formal set of understandings

that would recognise each other's legitimate roles in the region. Turnbull suggests that this is where White's argument appears 'vague'. Turnbull is not persuaded that the US and China need *formally* to recognise each other's equality in this way. That might evolve gradually and naturally. Turnbull sees Kissinger's gradualist evolution to an 'implicit balance of power' far more likely and achievable than White's notion of formalism.

There may be less distance between Turnbull's and White's positions than appears at first sight. As White makes clear in this week's lead essay, 'if the two powers could reach a *tacit* or explicit agreement to respect and accept each other's position as a great power, then there is no reason why they should not live in harmony'.

Why are a bunch of Australians slogging it out about the great strategic choices of our day, while quietness, if not deathly silence, is the response in Washington and Beijing? Yet, as White observes, there are signs of the first flickers of the kind of debate about China that the US needs. In March, Hillary Clinton gave a speech commemorating Nixon's visit to China 40 years ago with Henry Kissinger, in which she hinted at a radical rethink of the basis of US–China relations. At about the same time, Kissinger himself published an essay in *Foreign Affairs* addressing the need for both countries to compromise in order to build a new order to minimise the risk of war.

In fact these are also choices that the intellectual advisers of the king and the pretender cannot so readily articulate without making, or undiplomatically claiming, the concessions that will ultimately be required of them, with or without fanfare, it matters not which. And that is why, despite his many critics, including the thoughtful Mr Turnbull, White deserves his particular place in the firmament.

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[1] presumed to ask and to answer:

<http://www.eastasiaforum.org/2010/09/12/the-end-of-american-supremacy/>

[2] his book: <http://www.blackincbooks.com/books/china-choice>

[3] set out the implications:

<http://www.eastasiaforum.org/2012/08/05/america-s-choices-about-china/>

[4] summary and critique:

<http://www.themonthly.com.au/hugh-white-s-china-choice-power-shift-malcolm-turnbull-5847>