

De-risking regional geopolitics

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Abstract

This note describes the restraint which will be needed for China and the US to embrace and sustain the kind of *détente* which dramatically thawed relations between the US and Soviet Union. For the United States, the restraint that is needed is to step back from demanding recognition of its continued primacy; Washington should recognize that China is no longer prepared to be just a rule-taker, but is determined to be a major player in international rule-making. For China restraint is necessary partly because its recently reasserted territorial claims over the South China Sea are indefensible in international law, and also because it has recently played a much more active spoiling role on human rights issues than it did in the past. Australia, and other countries in the Asia-Pacific region, have an important role to play in encouraging the US and China to do what is needed.

I don't need to say any more about the extent to which China's economic rise, and all the trade and investment associated with it, has benefited the global economy, the regional economy, and so many of our national economies. The huge scale of that benefit—not least for Australia—is clear beyond doubt.

What I want to emphasize is how much all that will be put at risk, and how devastating the negative impact will be on all our economies, if the *geopolitical* environment blows up—if the strategic competition, the struggle for *primacy*, between the United States and China, gets even more tense and more ugly than it is at the moment and, in a worst-case scenario, descends into violent military confrontation. While the current policy obsession of Washington and all who sail with it is the de-risking of trade and investment, the overwhelming need right now, from which everything else will follow, is the *de-risking of the whole regional geopolitical environment*.

History teaches us that great 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 for life on this planet as we know it.

I certainly believe that to talk—as too many have done recently—of the 'drums of war' already beating, is wildly inflated and totally premature. But the present situation is more fragile than

it should be. If it is not to deteriorate further, it is crucial that both Beijing and Washington show more *restraint*—both in their rhetoric and actions—than they have been in the habit of exercising in recent times.

What is needed, above all, is for China and the US to embrace and sustain over time the spirit of *détente* which, at least for a decade in the 1960s to 1970s, dramatically thawed relations between the US and Soviet Union. And we in Australia, and others in our region like us who want nothing more than to maintain close and mutually beneficial relations with *both* our neighbourhood giants, have an important role to play in encouraging them to do just that.

From the United States, the restraint needed is above all to step back from demanding recognition of its continued *primacy* both regionally and globally, with Washington now seeing just about every arena as a zero-sum struggle for dominance. The inability of leaders right across the political spectrum to (at least in public) conceptualize the US's role in terms other than the 'p' words—primacy, predominance, pre-eminence—makes for continuing real, and potentially acute, tensions. The US should recognize that much of China's dramatic military build-up and far more assertive international behaviour in recent times—while some of it certainly justifies push-back, as I come to in a moment—is no more than can and should be expected of a rapidly economically rising, hugely trade-dependent regional superpower, wanting to claim its own strategic space, and generally reassert some of its historical greatness after more than a century of wounded national pride. And Washington should also do more, without abandoning genuinely principled positions, to accommodate the reality that China, when it comes to the global order which it played little part in creating, is no longer prepared to be just a bystander, a rule-taker, but is determined to be a major player, a participating rule-maker.

The wisest response I have heard from an American leader in this respect was from Bill Clinton at a private, off-the-record event in which I participated in California in 2002, two years after he left the presidency. He said then, in language never to my knowledge repeated publicly by him or anyone else: the right choice for America was to use its great and (then) unrivalled military power not 'to try to stay top dog on the global block in perpetuity', but rather 'to create a world in which we will be comfortable living when we are no longer top dog on the global block'.

From China, some restraint is also unquestionably required. It has stepped back in recent times from the most strident manifestations of its wolf warrior diplomacy, hostage diplomacy, and aggressive trade restrictions—obviously having found a lot of this unproductive or counterproductive—but still has a lot of ground to make up, including with Australia. Its recently reasserted territorial claims over the South China Sea—with the 9-dash line now a 10-dash line—are indefensible in international law, as has been its militarization of certain contested reefs and islets.

Other unhelpful behaviour has been to play a much more active spoiling role on human rights issues in international forums than in the past. Again, China has broken its 1997 treaty pledge to the UK to respect, at least for 50 years, Hong Kong's by no means perfect but distinctly more open, democratic, and human rights-respecting governance system—in so doing killing any prospect of the Taiwanese being prepared to contemplate a 'one country, two systems' solution. And while an outright invasion of Taiwan is far less likely than some doomsayers predict, this obviously remains a critical flashpoint, lending itself to misjudgements and miscalculations which could end in tears.

On all these issues it's time for Beijing, both in word and deed, to lower the temperature, and re-commit itself to serious engagement and dialogue with all those countries with which it has issues. For a country claiming to be genuinely committed to common security and lasting peace, President Xi Jinping's non-attendance in September 2023 at both the East Asian Summit in Jakarta and the G20 meeting in New Delhi sent exactly the wrong message.

The stakes for Australia in all of this, like others in the region trying to navigate a course between the US and China, could hardly be higher. What all of us can probably most usefully do—and middle power voices have an important role here—is to emphasize, over and again, the crucial importance of approaching all these issues with not a confrontational but a *cooperative security* mindset—that approach which focuses on finding security *with* others, not against them; on confidence-building strategies; on seeing security as multidimensional, with many economic and social as well as military and other hard-edged traditional components; and above all on building habits of dialogue, consultation, and cooperation between nations.

Australia's new Labor Government seems to have got this basic message and to be willing to act upon it—notwithstanding all the controversy generated by its less than critical embrace of the AUKUS submarine project, with all implications of that for making ourselves further hostage to American military decision-making. Foreign Minister Penny Wong's speech to the National Press Club in April 2023 spelt it out clearly 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 she was equally right in being very explicit that Australia's national interest lay, 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'.

Prime Minister Albanese has made clear in multiple recent statements—at the Shangri-la Dialogue in Singapore, the East Asian Summit, the G20 meeting, and now again during his ice-breaking visit to China in December 2023—his own strong commitment in this context to dialogue and diplomacy, to cooperation rather than confrontation. It is not a matter of holding back on the tough messages that need to be delivered, but also making clear the need for restraint and balance in the way all of us conduct our relationships. That way lies not only the prospect of a sunny future for Australia–China economic relations, but a safer, saner, and more prosperous region, and world, for us all.