The Silk Road was for millennia a trade bridge between East and West. Now China, as it pushes to be a global power again, is investing in a network of road and sea routes between the Pacific Ocean and the heart of Europe as a Silk Road fit for the 21st century.

The obstacles, the costs and the potential benefits are all immense — while the politics are complex and fraught.

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Australia’s Crumbling China Consensus
By Brendan Taylor

As a longstanding ally of the US in Asia, Australia is presented with a particularly acute set of choices as China pushes ahead with its New Silk Road initiative.

If, as many predict, the initiative succeeds in fulfilling the ambitious vision the Chinese leadership has for it, China will inevitably be in a stronger position to challenge the US role in Asia. That prospect has rocked Australia’s past consensus on how to deal with China and presented policy makers with difficult choices, writes Brendan Taylor.

WHAT are the implications of China’s New Silk Road initiative for Australia? The short answer is that it depends increasingly upon whom in Canberra you ask. Such was not always the case. For much of Australia’s history, successive governments have maintained a fairly consistent approach to Beijing, particularly since Canberra formally recognized the “new China” in 1972.

As influential Australian foreign policy observer Michael Wesley has observed, this approach has involved two key components: seeking to enmesh Beijing within the prevailing, predominantly rules-based regional and global orders, while at the same time “decoupling” the development of Sino-Australian ties from the larger, and often more turbulent, US-China relationship.

Recent developments around one of the key supporting elements of the New Silk Road initiative strongly suggest that this longstanding approach is coming under strain. In March 2015, for instance, the government of Tony Abbott approved Australia signing up to the Chinese-led Asian Infrastructure Investment Bank (AIIB). It did so in the face of strong opposition from Washington, although only after others — namely Britain, France, Germany and Italy — had also announced their intention to join.

It was a decision that split the Abbott government. Treasurer Joe Hockey and Trade Minister Andrew Robb were reportedly in favor of Australian AIIB membership. Mindful of American opposition, the prime minister himself and his foreign minister, Julie Bishop, were allegedly against it.

To be sure, few Australian observers would disagree with the proposition that some aspects of the New Silk Road will likely impact upon Australia more than others. For reasons of geography, President Xi Jinping’s “21st-Century Maritime Silk Road” is likely to focus the minds of Australian policymakers much more than his “Silk Road Economic Belt.” That is because the “road” runs from Coastal China through the South China Sea, the Indian Ocean and right down to Australia’s doorstep in the South Pacific — unlike the “belt,” which has a more distinctly Eurasian focus.

This is where any agreement likely ends. While Australian observers have so far given surprisingly little attention to the precise implications of Xi’s “One Belt, One Road” (OBOR) strategy, they are
increasingly split as to how Canberra should respond to China’s rise more generally. Where there was once broad foreign-policy convergence, at least four distinct schools of thinking now seem to be emerging in relation to this question: the “no choice,” the “China choice,” the “Australia choice” and the “America choice” schools. Implicitly at least, each would have a clear view on the implications of the New Silk Road for Australia. (As Global Asia went to press, Malcolm Turnbull’s ouster of Abbott and elevation to prime minister added uncertainty.)

Adherents to the “no choice” school continue to cling to the remnants of Canberra’s longstanding China consensus. For all the talk of his being a “brutal realist” on China, former Australian Prime Minister Kevin Rudd looks increasingly like a cheerleader for the “no choice” school. In a well-received paper written recently during a stint at Harvard University, Rudd suggests that Australia is perfectly placed to continue charting a middle course between China and America. According to Rudd, Australia has the luxury of being “the West in the East, and the East in the West.” Rudd even likens Canberra’s situation to his own personal experience, pointing out that he has been able to sustain “deep personal friendships and relationships in both Washington and Beijing over many decades.”

There are other variants within the “no choice” school. One such strain suggests that Australia faces no choice between Beijing and Washington because the New Silk Road initiative will ultimately falter. In July 2015, for instance, the Secretary of the Prime Minister’s Department, Michael Thawley, controversially went on record with remarks that China is “not willing or able to play a serious global leadership role.” Instead, in Thawley’s view, “China won’t help you produce a solution ... China will get in the way or get out of the way.” The following month, Thawley’s counterpart, Foreign Affairs Secretary Peter Varghese, described China’s current transition as a “high-wire act,” whose outcome “we underestimate at our peril” and where “there is no certainty about how this will end.” Varghese by no means welcomed such an outcome, it ought to be noted, cautioning that “no one gains if China fails.”

Avoiding unsavory outcomes is a primary objective of those belonging to the second, “China choice” school of thinking. This school has been unfairly characterised at times as one proposing that Canberra should choose rising China over a declining America. Its champion is the former defence department official and political advisor turned academic, Professor Hugh White. White begins from the proposition that Asia’s tectonic plates are shifting. As great powers have done throughout history, suggests White, China will seek as part of this process to translate its growing economic weight into greater diplomatic and strategic influence. The New Silk Road initiative is entirely consistent with this historical pattern. Yet, as Beijing’s influence grows, White also points to historical examples suggesting that Washington means welcomed such an outcome, it ought to be noted, cautioning that “no one gains if China fails.”

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will increasingly seek to limit it, as it has already done in the case of the AIIB. Rather than seeking to constrain Chinese influence, and thus fueling strategic competition with the potential for catastrophic war, White contends that America should instead afford Beijing more “strategic space” and negotiate with it some form of power-sharing arrangement akin to the 19th-century concert of Europe. In his view, Australia should be courting America to go down this path.

A third school, for the “Australia choice,” suggests that Canberra should be less concerned with trying to shape larger geopolitical developments and more with the clear-eyed pursuit of Australian national interests. Again, this school has been somewhat unfairly caricatured as one comprised of “no offense” advocates who suggest that Australian policies should avoid provoking China lest Beijing wield its growing economic clout against Canberra.

In reality, however, the “Australia choice” school is less concerned with offending Beijing and more with maximising the significant benefits and opportunities that China’s rise potentially affords Australia. Former Foreign Minister Bob Carr, for instance, has recently urged the Abbott government to “cleave to a China policy with an optimistic and positive tone rooted in Australian interests and Australian priorities.” Perhaps more controversially, former prime minister, the late Malcolm Fraser, prior to his passing in March 2015 urged Australia to sever its alliance with America on the grounds that this “dangerous” strategic tie prevents Canberra from enjoying amicable, not hostile relations with its neighbors, including China.

Both Carr and Fraser would see little sinster in Xi’s New Silk Road initiative. Interestingly, such views appear to be generating some anxiety in Washington, where worry and disdain is being driven as much by the fact that senior former politicians and officials are publicly advancing such opinions rather than by what they are actually saying. In July 2015, for instance, Michael Green and Zack Cooper of the Washington-based Center for Strategic and International Studies (CSIS) observed that “in no other US-allied capital do former leaders engage in such blatant questioning of the alliance with the United States. What are Australians to make of such statements?”

A fourth school in the Australian debate, for the “America choice,” would concur. This camp regards rising China as having a carefully calibrated grand strategy designed to exact the US from Asia. Advocates point to Xi’s new “Asia for Asians” security concept as evidence. They argue that seemingly altruistic economic initiatives such as the New Silk Road and associated AIIB are highly strategic in nature and designed to support China’s ultimate objective of becoming a regional hegemon. Australia, this line of thinking goes, must join with America and its allies to balance against China’s growing power and influence, with a view to preserving the US-led Asian security order that has served Canberra so well throughout the postwar period.

Prominent in this camp is Peter Jennings, chair of the Abbott government’s panel of experts appointed to provide external advice for Australia’s 2015 Defence White paper. According to Jennings, “the strategic choice Australia faces is not the pulp fiction one of picking between the US and China. It’s a choice about us: do we crouch or do we stand? Stand, that is, with a strong defence capability, a powerful alliance and a global network of friends? No choice at all, really.”

Thus far at least, some influential Australians have managed to keep a foot in more than one of these camps. Defence Secretary Dennis Richardson is a case in point. In an widely-cited address delivered in May 2015, for instance, Richardson said that Australia’s relationship with China and America can be encapsulated in one simple phrase: “friends with both, allies with one.” Richardson went on to observe, however, that “as close as we are with the United States we do have our own interests and set our own course. Our relationship and interests in China are sometimes different to those of the US, as witnessed by the decision to join the Asian Infrastructure Investment Bank.”

Mixed strategies such as these could become increasingly difficult for Australia to sustain, however, as the so-called Asian Century unfolds. The success or otherwise of Xi’s New Silk Road initiative will likely prove influential in determining their longevity. For the greater the momentum that the New Silk Road builds, the sharper the divisions are likely to become between the “no choice,” “China choice,” “Australia choice” and “America choice” schools. Australia should not be seen as an outlier in this regard. Indeed, as the respected American commentator Brad Glosserman has observed, the Australian debate deserves a much greater level of international attention than has thus far been the case. In his colorful terms, such “discussion is or will be taking place in capitals throughout the region, although there is little chance it will be as public or as sharp. Australia is the canary in the Asian security coal mine.”

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