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# The US, Taiwan and the PRC

## Managing China's Rise: Policy Options for Australia

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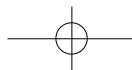
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**Hugh White** has recently been appointed Professor of Strategic Studies at The Australian National University. He was previously the first Director of the Australian Strategic Policy Institute, Australia's leading strategic and defence policy think-tank. Earlier in his career he worked as an intelligence analyst with the Office of National Assessments, as a journalist with the *Sydney Morning Herald*, as a senior adviser in the offices of Kim Beazley as Minister of Defence and Bob Hawke as Prime Minister and as a senior Defence official. As Deputy Secretary for Strategy in the Defence Department from 1995 to 2000, he has been a key adviser to government, principal author of a number of recent policy documents and an important contributor to the Defence 2000 White Paper.



# The US, Taiwan and the PRC

## Managing China's Rise: Policy Options for Australia

Hugh White

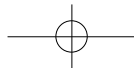
### Our Rising Neighbour

Future historians may not agree with today's consensus that the decisive strategic dynamic of the present decade is the rise of terrorism. More likely, they will see this as the decade in which China achieved regional pre-eminence in East Asia.

The key to this dynamic is, of course, China's economic growth. Over the 1990's China's GDP trebled and Beijing plans that it will quadruple again between 2000 and 2020. On current trends this goal will be achieved. Of course it might not be that simple: straight-line projections are often wrong and many factors could hinder China's growth. Since 1979, however, China has consistently overcome the constraints that many predicted would stifle its growth. This means that if China stumbles, it will cause serious problems; but if its growth strays on track, it may overtake Japan to become the second biggest economy in the world by 2030. And this would fundamentally transform Australia's international environment.

We can already get a clear idea of what that might mean. Over the past few years China has begun to leverage its current economic power - and even more its future prospects - into diplomatic, political and strategic influence. In part, this is the direct result of China's economic growth, which has placed it at the centre of an increasingly integrated regional economy. The result is that China is already becoming the most important trading partner for countries throughout the Asia-Pacific. Even Japan's recent economic lift has apparently been fuelled by growing exports to China. This is why most countries around Asia - including Australia - now see China as the key to their economic future.

But there is more to China's growing regional influence than economics.





It is moving beyond the kind of economic diplomacy that Japan has been able to exercise for many years. China today is beginning to take the lead in regional affairs in Asia at the political level. It is already the key player in regional multilateral forums and seems likely to set the pace and the terms of further regional institution-building.<sup>1</sup>

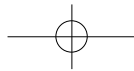
China is thus becoming the focus of a revived and re-energised sense of East Asian regionalism. It is also becoming the key arbiter of major regional security problems like North Korea's nuclear program. These achievements reflect not just economic growth but a change in the style and focus of Chinese diplomacy. Its diplomats are now among the most active, well-informed and agile in the region. There has also been a profound shift in objective: a decade ago China's diplomacy was primarily defensive, intended to limit outside pressure on China. Now it actively seeks to build relationships and institutions that enhance China's influence.

China is at the same time laying the deep foundations of future power. It is building its science and technology base through a prodigious program of education; and is slowly, but effectively, enhancing its military capabilities. China's defence budget has grown very strongly for many years. Its priority appears to be the development of air and naval forces. With the eclipse of the traditional continental threat from Russia, China is adopting a more maritime-oriented strategic posture that is well-suited to the fundamentally maritime strategic environment of East Asia.

The implications of all this can be summarised quite simply. China has already eclipsed Japan to become the most important country in Asia. If today's economic, political and strategic trends continue, China will within a decade or two have established a position of sustained pre-eminence in East Asia, unmatched by any other power since the European penetration of Asia five hundred years ago. Or to use the language of nineteenth century diplomacy – not as anachronistic as one might think – China is building a sphere of influence in the Western Pacific. The Chinese government refers to this process as 'China's Peaceful Rise': a telling phrase.

### **Implications for Australia**

What does all this mean for Australia? Economically, China's rise appears overwhelmingly positive for Australia. China will need our energy and



minerals; and it seems likely that China will overtake Japan as our largest trading partner well before 2020. Indeed China may well do for Australia over the next half century what Japan did over the past half century – be the prime driver of export-led growth in our economy.

But beyond the economy, the picture becomes more complex. We have no previous experience of dealing with an Asian neighbour like the China of the next decade. Our relationship with China will not look like our relationship with Japan, which, despite occasional efforts from both sides, has remained primarily a uni-dimensional economic relationship. In the end that is the way Japan has wanted it. In the post-war era Japan has not sought political influence commensurate with its economic power. China is different. It intends, and expects, that a growing economic relationship with Australia will have political and strategic dimensions as well. Indeed China's Ambassador to Canberra, Madame Fu Ying, recently quoted her President, Hu Jintao, as saying: "China views its relations with Australia from a strategic perspective."<sup>2</sup> Australia already reciprocates this sentiment. In Beijing in August this year, Foreign Minister Alexander Downer described "the evolution of a much stronger and fuller relationship which encompasses many challenges of the Asia-Pacific region of a security or political nature, not just of an economic nature" He said this was "profoundly important in Australian foreign policy over the medium term."<sup>3</sup>

What does this kind of language mean? Simply this: China expects Australia to take account of China's wishes and interests in developing our positions on regional security matters. We may of course hope that China will, in turn, take account of our interests and concerns too, but we should be under no illusion that China in any way views this as a symmetrical relationship. China's expectation is that as her power grows, we in Australia – along with our neighbours - will accept a degree of Chinese leadership on regional issues, in return for the economic benefits that trade with China can bestow.

Australia has already signalled that we will comply with China's expectations and accord China the status of regional leadership. This was demonstrated most clearly in October 2003, when the President of the United States and the President of China each addressed joint sittings of the Australian Parliament on successive days. To accord this honour to the American President was routine, following the precedent set during visits by the first President Bush in 1991 and by President Clinton in 1996. To do the same for the

Chinese President was, however, anything but routine. No foreign leader other than a US President had ever been received in this way. Prime Minister John Howard said in welcoming President Hu to the parliament: "...ten years ago an event such as this would have been seen as not only unlikely, but as highly improbable."<sup>4</sup> To accord this honour to China's leader therefore projected to Australians (and to the world) a powerful image of China's growing importance. It also suggested that, for Australia, China was second only to America.

### Our Pre-eminent Friend

Australia's willingness to adapt itself to living within China's sphere of influence is built on a comforting expectation that China's regional pre-eminence will remain nested within a global order dominated by the United States. We seem to assume that our deeper interests will be protected by continued strong US engagement in the Western Pacific. Quite simply, we are relaxed about living with a powerful China because we expect the US to restrain China's exercise of that power; and manage the wider regional and global system in which China's power operates.

That sounds fine in theory. On present trends, the US will remain the most powerful country in the world for many decades to come. China will not challenge the US as a global power – that is, be able to compete with Washington for influence in parts of the world remote from Asia - for a very long time. There is good reason to expect that the US will remain strongly engaged in the Western Pacific for many years to come, even if the shape of engagement will change – as seen, for example, in Washington's announcement in August that it would withdraw 70,000 troops from Europe and Asia.

How will relations between the US and China work in practice, though? How will they share power in East Asia over coming decades? US-China relations today are better than they have been at any time since the Tiananmen Square Incident in 1989, helped by China's accession to the WTO, which has drawn it deeper into the global trading system.<sup>5</sup> In Beijing, China's leaders recognise America's power and the importance for China's economic development of workable relations with the US. They have evidently taken a strategic decision to minimise disagreements with the US as much as possible. They have tried to use America's preoccupation with the 'War on Terror' as an opportunity to build greater US tolerance of China's growing power. They

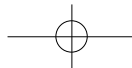


have even used that power to help America with problems like North Korea. The US has been willing enough to accept China's help and has responded positively to China's careful and cooperative diplomacy.

Beneath this solid layer of practical cooperation, however, there remains a deeply competitive relationship. China's apparent aim to become the pre-eminent power in the Western Pacific seems incompatible with America's clear objective to remain the most influential power in Asia. China cannot achieve its objectives without impinging on and displacing American power and influence to some extent. We should not exaggerate this: there is no evidence that China aspires to erase American influence entirely from the region - at least not for the next few decades. But it does seem clear that China wants to be accorded something like equal status with the US in settling the region's affairs.

America will not concede this willingly. American opinion towards China is of course very complex, but many in American policy circles see China's growing power as a challenge - even a threat - to America. There is a political or ideological element to this: China's non-democratic domestic politics raises suspicion about its international objectives and doubts about the legitimacy of its government and the nature of its long-term ambitions. Many Americans do not think their country could, or should, be willing to share regional influence with that kind of country. The US seems unlikely to concede to China a sphere of influence of its own, at least not if that means a significant weakening of America's ability to exert decisive influence on issues which matter to Washington. And the fear that China might some day challenge the US for global power makes the nearer-term competition for regional influence all the sharper. Were it not for the 'War on Terror', it seems very likely that relations with China under the Bush Administration would have been driven from the US side by these concerns and that the relationship with China would have been much more adversarial.

China, of course, reciprocates these American attitudes. An expectation that America will try to curtail China's power and limit its influence strikes historical resonances with its bitter experience of colonialism. China's complex history of former greatness, recent humiliation and future power nurtures a potent, and sometimes strident, nationalism, for which America is a natural target. At a deeper level, however, there is no fundamental reason why the China and US should not establish a perfectly satisfactory *modus vivendi*. Their legitimate basic interests do not appear to be in direct conflict. They have much



to gain by peaceful cooperation; and much to lose by mutual hostility and conflict. But patience, tact, imagination and compromise will be needed on both sides to find and establish that *modus vivendi*. Perhaps typically, each side looks to the other to start the process. Bill Clinton put it this way when he addressed Parliament in Canberra in 1996, as President: "The direction China takes in the years to come, the way it defines its greatness in the future, will help to decide whether the next century is one of conflict or cooperation."<sup>6</sup>

But likewise much will depend on America – on how America defines its greatness. An America that sees China's government as inherently illegitimate, that refuses to accord to China's growing power some commensurate expansion in influence and that sees compromise with China as tantamount to appeasement will limit the ways in which China can develop and shape 'its greatness.' In short, both will, to a degree, define themselves and their greatness in relation to the other.

### A Delicate Balance

We in Australia have a huge stake in the outcome of this process. The US-China relationship will probably be the most important factor shaping Australia's wider strategic environment. Good bilateral relations between the US and China will make it easy to keep the Western Pacific peaceful and prosperous. If they are adversaries, however, their competition could infect every aspect of international affairs in Asia - and thus magnify other problems.

As a country with huge stakes in our relations with both countries, Australia is likely to face some very tough choices indeed. We find ourselves on the front line of a deep, robust and potentially violent competition between two great powers, both of whom we see as very important to our future – and indeed, as the two countries most important to our future. The Howard government has understandably tended to downplay the potential for these two key relationships to pull Australia in different directions. Mr Howard has recently congratulated himself on the way that "we have simultaneously been able to strengthen our long-standing ties with the United States of America, yet at the same time continue to build a very close relationship with China."<sup>7</sup>

Mr Howard is right up to a point. Our relationship with the US is strong, and his government, believing that America will become even more important over coming years, moved to broaden and deepen the relationship through the Free Trade Agreement and strong support for Washington in the 'War on

Terror.' At the same time, the Howard government, after a shaky start in 1996, has quietly made China its number two foreign policy priority; and has built the relationship to a level of substance and engagement unknown before. Looking back at President Hu's reception in Parliament last year, historians may judge that the biggest long-term impact made by Mr Howard on Australia's international stance was not to move it closer to America, but to move it closer to China.

Yet it would be unwise to assume that we can continue to walk both sides of the street in the future. China can put real pressure on Australia over policies it does not like, as Mr Howard learned the hard way, when he sided strongly with the US over the Taiwan missile test crisis, in 1996. Beijing put the relationship into the deep-freeze for a year to convey its displeasure and Canberra squirmed. While the US-China relationship enjoys the current post-9/11 détente, we can avoid tough choices. But if, and when, another source of tension arises, Australia will again be on the rack.

Indeed, it seems likely that as China becomes more ambitious and more confident, it will seek increasingly explicit assurances from Australia that we are willing to see China's side of questions on which Beijing and Washington differ. Professor Zhang Yunling, a senior Chinese academic commentator, recently made this point clear at the same gathering to which Mr Howard made the optimistic remarks quoted above. Professor Zhang said that Australia would have to choose whether to remain with both feet in the US camp or with one foot in the US camp and one foot in the 'Asian' camp, if it wants to be included in the new emerging [Chinese-led] regional structures.<sup>8</sup>

The clearest warning of tough choices ahead came from President Hu himself in his speech to the Parliament last year. Hu finished his speech with some predictably tough comments about Taiwan, stating that: "The Chinese government and people look to Australia to play a constructive role in China's peaceful reunification."<sup>9</sup>

## Taiwan

Taiwan is the issue that could turn the issue of US-China relations from an intriguing foreign-policy challenge to a national disaster for Australia. A US-China war over Taiwan is more than a remote possibility. It could happen in the following way: in 2006, Taiwan's leader, President Chen, plans to present proposals for revisions to Taiwan's Constitution. On past form, his revisions

will move Taiwan closer to formal independence from China. He will try to push as far as he can without risking a military response from China. But he is a gambler: if he thinks the circumstances are propitious, he may be prepared to risk a confrontation in the expectation that with America's backing he could face Beijing down. He will count on Beijing's preoccupation with a successful and peaceful 2008 Olympics to stay the hand of those in China who would call for a military response.

He may push too far. No one – not even in Beijing – knows exactly where China's tolerance of Chen's constitutional reforms would run out or where the threshold of military action might be. But there is no reason to assume that China is bluffing when it threatens military action if Taiwan moves towards independence. That action need not mean invasion: a sea and air blockade or conventionally-armed missile attacks on Taiwanese military bases are more likely. Once China had launched action on this kind of scale, an American military response would be almost inevitable. After that, it would take really expert crisis management – and a lot of luck – for the two sides to negotiate a resolution before US and Chinese forces became heavily engaged against one another. Otherwise, in Churchill's words, "The terrible 'ifs' accumulate..."

Both sides would probably hope, and even expect, that in a crisis the other would back down, because they each see the costs and risks to the other side more clearly than the costs to themselves. But once a military crisis has begun, compromise and retreat gets harder and harder. As at the start of World War One, each side becomes a prisoner of the need to respond to the other's actions.

None of this is inevitable. In recent years China and the US have moved closer together on Taiwan. Both sides emphasise the need to preserve the status quo: Washington has cautioned Chen about any moves towards independence, and China has suggested it is willing to be patient to allow Taiwan time to make up its own mind to rejoin the mainland. Of course a war over Taiwan is in no one's interest. China's economy needs global markets; and America's economy needs China and its Asian neighbours - so even in economic terms the consequences of war would be appalling for both sides.

That, alas, does not mean it could not happen. In another context, George Kennan remarked on the tendency of statesmen to underestimate the likelihood of war by reason of:

...the overestimation of economics and trade as factors in human events, and a corresponding underestimation of psychological and political reactions – of such things as fear, ambition, insecurity, jealousy, and perhaps even boredom – as prime movers of events.<sup>10</sup>

The risk of a US-China war over Taiwan arises almost entirely because the issue has become the proxy for US-China strategic competition in East Asia. Taiwan is not intrinsically a vital interest for either country. But for China, Taiwan is the symbol of China's determination to move from a humiliating past to a powerful future. As such, it has an iconic status in Chinese domestic politics, including in the complex politics of the Communist Party itself. It is often said that no leadership that acquiesced in Taiwanese independence could survive long. For many Americans, to acquiesce in a Chinese subjugation of Taiwan would be to appease aggression by a large and well-armed authoritarian regime against a small but flourishing democracy. Analogies would be drawn with the appeasement of Hitler and the containment of Soviet expansionism in the Cold War.

What of the Taiwanese in all of this? At the heart of the current dangerous situation is the paradox that Taiwan seems to be moving closer to China economically, with huge investments and many Taiwanese living in China, while the vote for pro-independence policies continues to grow. It is not clear why this is so, especially given Taiwan's current ambiguous status gives its people a level of political autonomy substantially indistinguishable from full independence. It is hard to see how the mostly symbolic attributes of nationhood that Taiwan is denied by its current status would be worth the costs of war. Optimists conclude that Chen is playing a careful game and that he has enough skill to avoid the risk of war. Many who know him well are not so sure.

If fighting breaks out, there is no reason to expect that conflict would be brief. It is more likely to become bitter and protracted. That would be a disaster for Australia. It needs little imagination to realise just how seriously a US-China conflict could transform our world for the worse. Much that is promising in our future, much that we now take for granted, is, in fact, contingent on avoiding such a calamity. Hostility between the US and China would become entrenched; and it would dominate the security environment in the Asia-Pacific. Our hopes of living in a peaceful, prosperous, integrated region would be dashed.

Moreover, Australia could not stand aloof. We would come under strong pressure to support the US by contributing forces to fighting against China. If we agreed, our relations with China would be damaged irrevocably; and our relations with many other Asian neighbours (who would side with China at least tacitly) would be complicated. If we declined, our alliance with the US could hardly survive unscathed.

### Mr Downer in Beijing

This is the minefield into which Mr Downer wandered in August in Beijing, when he made what became well-publicised remarks about our alliance commitments under ANZUS.<sup>11</sup> He was answering a well-considered question from Hamish McDonald, who asked how the new Australia-China strategic partnership that Mr Downer had been describing squared with our obligations under ANZUS to support the US in the event of a war over Taiwan.

Mr Downer's answer mixed poor legal interpretation and inept diplomacy with good strategy. He seriously misrepresented the actual provisions of the ANZUS treaty. A conflict over Taiwan would fall squarely within the terms of the treaty, which obliges the parties to act to meet 'common dangers', even if it does not specify that such action need be military.<sup>12</sup> But his answer on the legal provisions of the treaty was beside the point: what matters in an alliance like ours is not the legal wording but the political expectations of both parties - and on that there can be no doubt. The US clearly does - or at least did, until last month - believe that Australia should, and would, provide forces to support the US in the event of fighting with China over Taiwan. American policymakers had made it clear in private discussions over several years that they would expect nothing less from Australia than a substantial military contribution if they found themselves at war with China.

Nonetheless Mr Downer's answer was not a mere gaffe. The message he conveyed by saying that Australia would not necessarily feel bound to support the US in the event of war with China over Taiwan was a true and accurate reflection of a growing recognition within the Government in recent years that a decision to support the US could not, in fact, be taken for granted. Moreover, though the form, timing and location of the statement left a lot to be desired, the fact that an Australian foreign minister has now made it clear publicly that Australia would not feel bound to support the US under all circumstances is an important clarification of Australia's position. It provides fair warning to the

US that there is no support for an open-ended commitment to Taiwan's security on this side of the Pacific. This will inject a note of caution into US thinking - and perhaps a note of realism into the planning of pro-independence activists in Taipei.

The problem with Mr Downer's statement was not that he said too much, but that he said too little; and in the ensuing fuss some of the messages were obscured. A fuller statement of Australia's policy towards the Taiwan issue is now needed; and it should be embedded in a wider statement of Australia's policy towards the future of US-China relations. What might such a statement say? The rest of this paper considers some options.

## Policy Options

### Clarify our Wider Strategic Interests and Objectives concerning China

The vital first step is for Australians to start thinking more clearly about the issue that, more than any other, will shape our strategic environment over coming decades.

Australia's interests would be well-served by clear and unchallenged US pre-eminence in Asia. The plain fact is, however, that US strategic pre-eminence is not unchallenged. China will not be another post-war Japan, economically vibrant and strategically dormant. The question for Australia, then, is what kind of outcome to the power competition between the US and China would suit our interests best? Australia cannot prosper in a region divided by overt US-China competition. So our interests are best served if the US and China can reach some kind of stable and mutually acceptable power sharing arrangement - what we might call a 'condominium'.

This approach of course carries risks - the risks of appeasing, and therefore encouraging, a rising power whose demands may turn out to be insatiable. This is a serious concern. But the alternative - confrontation and containment - is also risky. It risks losing the opportunity to draw China into a stable international order. These are the old, hard choices of the 1930s. The lessons of Munich are clear enough. But we need to be careful not to 'over-learn' the lessons of history, or they may become self-fulfilling prophecies.

There is no reason yet to conclude that China's growing power cannot be peacefully accommodated within a regional and global order. We have an interest in reassuring China that the current international system can work to

its advantage and that its ambitions are consistent with a continued strong US role in the region. We also have an interest in supporting those in the Chinese system who argue for China evolving into an increasingly well-integrated member of the international system, rather than more xenophobic elements that want China to try to set its own rules, in isolation. This hypothesis deserves to be tried until it becomes obvious that it is not working.

We should welcome a larger Chinese role in the affairs of our region, as long as it conforms to reasonable contemporary norms of international conduct. The best outcome from Australia's point of view would therefore be a sharing of regional influence between China and the US, within a regional security framework that gives the other great powers – Japan and India - and the rest of us a clear say as well. These are issues on which we need to promote a broad national debate.

#### **Start a Dialogue with America about China**

The second step is to open a deeper dialogue with Washington on the same issues. We in Australia do see China differently from the US. In particular, there is a much smaller constituency in Australia than in the US for a tough line against China. Many Americans do not understand this: they tend to assume that Australia will be willing to support the US in any policy to contain China. Mr Downer's Beijing remarks will have given them pause, but we need to follow up with a sustained and detailed dialogue on the questions about China's future power and how it can be accommodated.

Our aim should be two-fold: first, to encourage America to seek the kind of broad condominium with China that is in our interest; and, second, to ensure that the US understands our position and does not have unrealistic expectations of the kind of support it will receive from Australia if it takes a tough line with Beijing. This kind of frank debate is important to the long-term health of the alliance. We need to recognise that differences in perception over China could become the deepest divergence in basic strategic perspectives between the US and Australia in the history of the alliance. So these differences need to be carefully managed.

#### **Explain our Approach to the Taiwan Issue**

Mr Downer has started to explore in public the complex question of how Australia would respond in the event of a US-China conflict over Taiwan. There would be real merit in finishing this job by explaining clearly the

framework within which Australian decisions would be made in the event of such a disaster.

Our starting point should be support for the status quo in Taiwan. This reflects two factors. On the one hand, Australia cannot easily turn its back on the emergence of a democratic society in our region. On the other, we, like other states, have clear obligations to respect the implications of the 'One-China' policy that we have adopted and affirmed over several decades. This means we should oppose both Taiwanese moves towards independence and any Chinese action to force unification without the consent of the people of Taiwan. The implications in the event of a conflict are clear. If US-China conflict is sparked by clear moves towards independence on the part of Taipei, Australia would not be willing to provide military support to the US. If, on the other hand, a conflict arises as a result of Chinese military pressure to force unification against the wishes of a majority of the people of Taiwan, Australia would be inclined to support the US in helping Taiwan.

To say such things out loud is tough diplomacy. But if Australia is going to play any part in shaping the region we live in, we will need to be prepared to say what we think.

#### **Promote an Agreement between the US and China over Taiwan**

John Howard said in the aftermath of Mr Downer's Beijing remarks that Australia is working hard to prevent any conflict breaking out.<sup>13</sup> And he has given a hint as to what that might mean. In his speech of welcome to President Hu, quoted before, John Howard said:

...our aim is to see calm and constructive dialogue between the United States and China on those issues which might potentially cause tension between them, and it will be Australia's aim as a nation which has close but nonetheless different relationships with both of those nations to promote that constructive and calm dialogue.<sup>14</sup>

And in August he repeated that message, adding that "Australia is well-placed to promote that constructive dialogue."<sup>15</sup>

What might Australia do? The risk of war between the US and China over Taiwan can best be reduced by an agreement between the US and China over the future of the island that clarifies the objectives of each side and reduces the risk of misunderstandings. Australia could promote such an agreement to both the US and China.

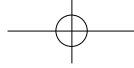
The underlying rationale of an agreement is simple: China needs assurance that restraint on its part will not encourage a slide into formal independence by Taiwan; the US needs assurance that Taiwan can maintain its current status without threat of attack by China.

An agreement to provide these assurances would have the following elements. The US would rule out support for formal independence under any circumstances, and express support for eventual reunification as a long-term goal, so long as that was achieved peacefully and with the consent of Taiwan's electorate. It would also need to affirm that it would not provide military support to Taiwan if Taiwan provoked a Chinese attack by actions that undermined the status quo. China, in return, would need to declare that it would not use military pressure to force reunification on Taiwan, unless Taiwan took clear steps towards formal independence.

A proposal like this is less ambitious than it looks. The assurances required of America do not go far beyond the position already adopted by the Bush Administration.<sup>16</sup> For China the step is bigger, but the payoffs are larger too, especially as an agreement like this would also provide an opportunity to scale back US arms sales to Taiwan.

Such an agreement would do much to stabilise the situation. Both China and the US would clarify and codify their respective positions, so that each side could better understand where the other is coming from – and Taiwan's leaders would better understand the practical limits to their actions. A negotiation like this might also set the pattern between Washington and Beijing for cooperative resolution of differences in the future – and that would be a good thing for everyone.

Australia should not attempt to mediate negotiations over such an agreement between the US and China. They are quite capable of negotiating such a deal without our intrusion and we could add little to the negotiations. Instead, we should simply advocate a deal to both sides, and then let them get on with it. Even that would be a bold step. Cautious diplomats will immediately register objections. They will say Australia lacks the diplomatic or strategic clout to launch this kind of policy. But we should not underestimate our influence. If things go wrong, the US will be asking us to fight. That alone gives us a right to have our views heard in Washington – if they are worth listening to. Australia's ideas might well be influential in the hotly-contested and delicately-balanced policy debates in Washington, especially if they are



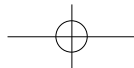
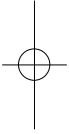
shared by others in the Western Pacific as well.

Likewise in China. If Beijing is serious about a strategic relationship, it should be willing to listen to our views. Serious proposals to manage US-China tensions might receive a good hearing, especially from those in Beijing who recognise the importance to China's future of successful management of the relationship with Washington, and who are aware of the risks to China from the Taiwan issue over the next few years. And this is especially true right now, when US-China relations look better than they have in years. Now is the perfect time to try to promote a more durable understanding between the two countries that, more than any others, will shape our future. If we miss this chance, there may not be another.

Several decades ago, but in somewhat similar circumstances, Owen Harries surveyed the scope for this kind of regional diplomatic activity. He wrote:

...as long as it does not degenerate into simply 'doing good' and is not accompanied by delusions of self-importance, such a role comes very near to that of working to maintain equilibrium, a role which some thoughtful commentators advocate as Australia's best option in the emerging circumstances.<sup>17</sup>

Precisely.



### Notes

- 1 A recent survey of China's growing political influence in Asia can be found in Jane Perlez, 'Across Asia, Beijing's Star is in Ascendance', *New York Times*, 28 August 2004.
- 2 Fu Ying, 'Address to National Press Club', Canberra, 28 July 2004.
- 3 Alexander Downer, 'Media Conference', Beijing, 17 August 2004.
- 4 John Howard, 'Address to Joint Sitting of the Houses of Parliament', 24 October 2003.
- 5 See Eswar Prasad (ed.), *China's Growth and Integration into the World Economy* (Washington DC: IMF Occasional Paper 232, 2004).
- 6 Bill Clinton, 'Address to Joint Sitting of the Houses of Parliament', 20 November 1996.
- 7 John Howard, 'Address to the Asialink-ANU National Forum', 13 August 2003.
- 8 Patrick Walters, 'Great Call of China', *The Australian*, 14 August 2004, p. 29.
- 9 Hu Jintao, 'Address to Joint Sitting of the Houses of Parliament', 24 October 2003.
- 10 George F Kennan, *American Diplomacy 1900-1950* (Chicago: Chicago University Press, 1951), p. 11.
- 11 Alexander Downer, 'Media Conference', Beijing, 17 August 2004.
- 12 Article Four of the ANZUS Treaty, 1951. On this and all other points, those who are seriously interested in the Treaty, can do no better than consult J.G.Starke, *The ANZUS Treaty Alliance* (Melbourne: Melbourne University Press, 1965).
- 13 John Howard, 'Interview with Neil Mitchell', 20 August 2004.
- 14 John Howard, 'Address to Joint Sitting of the Houses of Parliament', 24 October 2003.
- 15 John Howard, 'Address to the Asialink-ANU National Forum', 13 August 2003.
- 16 James A Kelly, 'Overview of US Policy Towards Taiwan: Testimony to House International Relations Committee', Washington DC, 21 April 2004.
- 17 Owen Harries, 'Australia's New Guinea Question' in W.J.Hudson (ed.), *Australia and Papua New Guinea* (Sydney: Sydney University Press, 1974), p. 151.

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