

The Global Strategic Environment and Australia's Options



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Dr Rod Lyon, Program Director on Strategy and International Affairs at ASPI, spoke to members of the RUSI of Victoria about the role of the United States in the region and globally in the context of global strategic realignments. His presentation drew on judgments recently made in ASPI's Strategic Assessment 2011, released that day which provided an in-depth strategic assessment of a world where the pace of change appears to be accelerating, and the relative slippage in US power, and the broader decline of Western influence, portend an era of fraying global leadership.

Good afternoon, ladies and gentlemen. I want to use this opportunity to talk about some of the judgments in our Strategic Assessment 2011, released this morning on our website.

Much has changed in the world since October 2008

There probably isn't time to touch upon all the topics that are covered in the Assessment.

So I will try to concentrate on 5 questions:

1. What does the global security environment look like for coming years?
2. Where's the US at?
3. What can we say about Asia's strategic future?
4. What's happening with the 'long war' against AQ and its affiliates?
5. And last, but not least, what are Australia's options in a more difficult strategic future?

So, let's start with the big one first: strategically, what's the world look like?

A basic set of six judgments would sound something like this.

First, Western influence is in relative decline, as a result of:

- Sluggish economic performance in the developed world.
- Rapid growth in the developing world.

- President Obama's domestic priorities.

- And, the difficulties that Western militaries have faced in Iraq and Afghanistan. The GFC has accelerated a set of strategic changes that were already under way, shifting power away from Western nations and towards Asia and Latin America.

Second judgment, that doesn't mean a Western-shaped world is going to disappear tomorrow. Something that's been put in place for 500 years will probably decay only slowly. But we should expect global leadership to look more 'frayed' long before it looks 'competitive':

- Rising powers are able to frustrate long before they are able to lead in their own right.

- U.S., Europe and Japan will all have to deal with politically painful spending cuts, tax hikes and significant unemployment, which will probably constrain their own abilities to exercise influence abroad.

- The consensus on global norms is being undone by the rise of a more diverse world.

Third judgment, international power balances are shifting.

- Perhaps the single largest change in great-power relations is occurring in Asia, where the age of weak Asian great powers is over – but not just there: Brazil? A more self-confident Germany? A revived Russia? I will talk more about Asia later on.

- Moreover, a wave of second-tier players – many of the G-20: South Africa, Turkey, Republic of Korea, Indonesia, Australia itself – is making its presence felt.

✓ Not just fracturing global leadership but creating opportunities for new strategic partnerships and power balancing.

Fourth judgment: the challenge posed by non-state actors is not receding. I know there is a school of strategic thinking that says conflict against non-state actors is small beer, not character-building. But this threat looks more lasting and durable to me. Two analysts speculate in the November-December issue of *Foreign Affairs*, that we may be witnessing the emergence of a distinct and durable 'mezzanine floor' in the international strategic space, a floor that exists between states and peoples.

Fifth judgment, globalisation continues but we're blind to its long-term consequences. Strategically, what does it mean? The likely outcome is an interconnected world with more strong industrial states, and fewer fragile agrarian states. At first blush that sounds appealing. But if we add to that outcome a fluid mix of religious and nationalist ideologies, dense global networks and globally integrated economies, it's not clear whether that world will be more or less stable than the one we know now.

Sixth judgment, challenges of strategic policy are increasingly sideswiped by broader 'national security' concerns – natural disasters, transnational crime, epidemics, climate change, energy security, etc – concerns that make it harder to focus on 'strategic' issues as opposed to 'security' ones.

So, overall:

- Expect a less Western-shaped world.
- Expect a more frayed global leadership.
- Expect a new fluidity in strategic relationships and power balances.
- Don't expect a quick end to non-state actor threats
- Don't expect globalisation to be a magical cure-all for our strategic problems.
- Policymakers should expect the strategic agenda to be cluttered and unwieldy.

All of those factors come together to suggest we face a more difficult world for Australia's strategic future.

I want to move to the second of my five big topics: where's the U.S. at?

- In the halcyon afterglow of the AUSMIN talks last November, (part of the new U.S. charm offensive in Asia), a new, more buoyant mood returned to Australian assessments about the future of US global and regional primacy.

✓ Both inside government and out, thoughtful analysts began to argue that U.S. declinism has been oversold.

✓ And therefore that U.S. allies didn't have to worry, and the transformation of Asia was more likely to be economic than geopolitical (Hillary Clinton even said that directly in Hawaii.)

- It's perfectly true that the U.S. will remain the world's largest power for many years to come: as Walter Russell Mead noted recently, Rome didn't burn in a day.

✓ It has the world's biggest economy, military power-projection assets, robust nuclear arsenal, a global set of alliances offering partners and access

- And U.S. global engagement enjoys considerable popular support across the world

- But it's important to keep certain facts in mind:

✓ U.S. relative power is declining in Asia, and this is a fact, and not an opinion.

✓ And as I've already argued, at the global level, power diffusion remains the order of the day, and that diffusion is away from the West.

- U.S., Europe and Japan are all comparatively weak at once, and none has any short-term pathways to reinvigoration.

- The current U.S. position is not like the U.S. position post-Vietnam, or U.S. in the 'Paul Kennedy moment' of the 1980s.

✓ The 'rise of the rest' is a large part of what's different.

✓ Moreover, the U.S. economy is stuck in what might be a 10-year recession: anemic growth, high unemployment, high federal deficits; burgeoning interest payments; rising entitlement costs.

✓ Obama's \$US 1.1 trillion saving over ten years is nothing.

✓ The U.S. defence budget, currently at its highest point in constant dollar terms since 1947 is more likely to go down than up.

✓ Judging by the roller-coaster rise it enjoyed in the Cold War days, it could go down by 20% or about \$US140 billion over the next 10 years.

✓ The Obama administration's priorities are principally domestic: what Obama calls 'regrowing the American middle class'; read the State of the Union address – the 'Sputnik moment' to build a consensus on rebuilding the U.S.

✓ Moreover, U.S. strategic effort remains stretched – over Europe, the ME, AFPAK and Asia-Pacific; might add Mexico to the list shortly.

✓ Prominent analysts, analysts whose judgment is much better than my own (including Michael Mandelbaum, Patrick Cronin, Richard Haass) are all pointing to a more frugal, restrained U.S. role in the world in coming years.

✓ Foolish to ignore what they say,

✓ In simple one-sentence summary? At the risk of over-simplifying, let me say that over the next two decades, the U.S. faces a future of continuing global pre-eminence but increasing regional frustration. (frustrated most in ME, AFPAK and Asia?)

Third big issue for today: what's happening in Asia?

- Big question, and a question given focus in Australia recently by analysts like Hugh White and Ross Babbage trying to sketch out the more troubling possibilities of Asia's strategic future.

✓ Are we seeing the emergence of responsible stakeholders who will give longevity to the current system (a system based on various shadings of U.S. primacy)?

✓ Or are we seeing the beginnings of strategic realignment and the emergence of a new system?

- I acknowledge that all rising powers in Asia rose the same way.

✓ Exploiting the open system.

- But so far, my judgment would be that we're seeing the second (genuine geopolitical transformation).

✓ That doesn't mean we face a looming, inevitable strategic crisis.

- Much more likely, we're heading into an era when Asia will be seen as a complex power balance.

✓ We have at least two great powers in denial.

✓ U.S. tends to think of itself and describe its strategic actions in non-balancing terms (Hillary Clinton, 'not here to balance China').

✓ And China claims it's different from other great powers and is determined to rise peacefully.

- Then we have another two great powers trapped by history and geography.

✓ Japan a prisoner of history: yes, coming back to Asia, but the 'turning circle' is a relatively wide one.

✓ India too far from East Asia's centre of strategic gravity: yes, looking East, but lots of distractions around its immediate periphery.

- We have a former superpower, Russia, interested in Asia, but almost devoid of clout there.

- Across this complicated strategic environment, what's happening?

- Rajan Menon: 'nascent realignment.'

✓ Sounds right, though it's not clear quite what we're realigning to: a bipolar order? U.S.-China? Not really. A tripolar order? U.S.-China-India? Not yet. Four-power Asia? This idea certainly had some real supporters during the Howard government. Four plus the second-tier players? Russia, Republic of Korea, Indonesia, Australia. Personally I like the concept of an Asia with many players (Asia as a 'mobile' of dolphins).

- There's some evidence that U.S. is trying to reinvent its role as a system designer in Asia.

✓ Administration that is less focused on the U.S.-China bilateral than it was when it first came to office.

✓ The administration seems to have shifted from one Asian strategy (China-centric) to a second (Asia-centric).

- In this complex great-power balance, it's probably not the direct use of military force between great powers that is the worry.

- It's the emergence of a form of strategic competition that makes the whole region look more bloc-like.

- A slower factor but perhaps more directly worrying for Australia, Southeast Asia is becoming an arena for great power endeavours and competition.

- Conclusion: strategic realignment is beginning to unfold in Asia, and the most likely outcome is a complex, multipolar regional power balance.

Fourth major topic for today: is terrorism still important?

Yes. Globalisation and technological diffusion are empowering small groups.

- Compact explosives were the technology of the 1970s.

- Google Earth and mobile phones the communication and reconnaissance technologies of the 21st century.

- They coalesce in the form of compact explosives being placed accurately by NSA.

✓ The IED: by late 2009, more than 300 IEDs were being planted every month OUTSIDE Iraq and Afghanistan.

✓ See the truck bomb in Mexico in July this year or the air-mail printer cartridge bombs mailed from Yemen).

- We're also seeing insurgent groups mimic classic military operations.

✓ Mumbai – just a well-planned, well-directed special forces operation.

✓ Could be replicated almost anywhere with little warning.

✓ Just-in-time terrorism is a theme of the new age.

- Meaning?

✓ The spectrum of 'war' is still spreading.

✓ Interstate warfare still there on the spectrum, but it's not alone.

✓ War is still politics by other means, but more actors with a wider range of political interests are capable of using force to gain their objectives.

- The global 'war' against militant extremism (in part, AQ and its affiliates) is difficult, dangerous and long-lasting.

✓ Although we've committed to the long-haul in Afghanistan, the long war might be more transnational.

✓ In that war, we need to be just as light and manoeuvrable as our adversaries, not heavy and static.

- I raised earlier the idea of the 'mezzanine floor'?

✓ Is this symptomatic of a Westphalian system in decay?

✓ Perhaps in near decades we face a Westphalian system that exists alongside a separate political order; we must find ways of deterring and defeating adversaries in that order and partnering and winning with friends in that order.

Conclusion: demassified war/ covert war isn't going away just because great-power relativities are shifting. Australia will face strategic worries both about the upper rungs of the international ladder, and the lower rungs.

Fifth topic for today: Australia's strategic options for living in the world I've just talked about.

- Strategic choices always an equation with three variables:

1. The environment largely beyond our shaping.

2. The choices we make about our role and identity.

3. And the constraints that limit us in pursuing that role.

- Australia's principal strategic concern will focus on how to live in a geopolitically transformed Asia.

- Wrong to characterise that as us having to choose between the U.S. and China... we will have to walk and chew gum at the same time indefinitely into the future.

- What does Australia want?

✓ A regional security environment where it feels safe, where it can be prosperous, and where liberal values endure.

✓ So far, our strategic recipe for achieving that has been to underline U.S. strategic primacy in the region (i.e. to have a strong Western maritime power predominant in the region).

✓ What if we can't have that in the future?

- There are three legs to the Australian strategic tripod: alliance, regional engagement, self-reliance.

- Two reasons we should still be interested in ANZUS...our link with the relatively declining and domestically distracted power.

✓ First, U.S. has considerable reserves of power and has the potential to regrow its own power position, by reinvigoration of itself (and stumbles by others).

✓ Even if it doesn't, U.S. has such reserves of strengths that for some decades yet, a distracted and declining U.S. would be a valuable strategic partner for Australia

✓ And second, ANZUS leaves us better placed to nurture our relations with Asia and our own national power. It gives us the confidence to make a better

fist of building our Asian relationships compared with how we'd manage that if we didn't have ANZUS. And ANZUS gives us time to grow national power.

- Two reasons we have to be interested in Asian partnerships.

1. First, the age of weak Asian great powers is over – more of the Asian strategic environment is going to be shaped in Asia, regardless of whether Washington wishes that to be so or not.

2. Second, given most Asian powers are introverted, an extroverted power (like Australia) can have a disproportionate influence in Asia.

- And there are also two reasons why we should concentrate more on growing Australia's national power base.

1. First, because of national interests: only Australia can fully prioritise Australian national interests, same reason we have an ADF.

2. Second, maths: in a strategic environment of growing complexity and multipolarity, the degree of congruence of interests is probably going to decline. In an

Asia of 4 great powers and 4 second tier powers, $(8 \times 7) / 2 = 28$ sets of important relationships.

Upshot?

- We should keep working our alliance as well as we can. Long after the age of U.S. primacy ends, US will remain a major power in Asia.

- We should be doing more (I think considerably more) to find partners in Asia and to help build a stable order there.

- And we should be doing more in terms of self-reliance. Thought, I say this without intending this to endorse any particular force structure here.

I think I have probably said enough to open up a discussion, so perhaps we can move to the Question and Answer. Thank you for your attention.

Biographies:

Dr Rod Lyon is the Program Director, Strategy and International, with ASPI. Rod was most recently a Senior Lecturer in International Relations at the University of Queensland where he taught courses on conflict, international security, and civil-military relations. His research interests focus on a range of problems associated with global security, nuclear strategy and Australian security. He previously worked in the Strategic Analysis Branch of the Office of National Assessments between 1985 and 1996. As a Fulbright scholar in 2004, he was a visiting research fellow at Georgetown University in Washington DC, researching a project on the future of security partnerships in the post-September 11 environment. He was appointed to the National Consultative Committee on International Security Issues in April 2005. He also authored a range of ASPI STRATEGY reports, including *Alliance Unleashed: Australia and the US in a new strategic age* which was released in June 2005, and *A delicate issue: Asia's nuclear future* released in December 2009.