



The China Choice in depth

***Power, Inertia and Choices:
Advancing the Debate about China's Rise***
Evelyn Goh

Getting China Right: America's Real Choice
Jingdong Yuan

***Is Minimal Order Enough? Hugh White's
Strategic Parsimony***
Robert Ayson

***Missing the Mosaic: Gazing Through the
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***Hugh White's The China Choice: A Critical
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***Response to Commentary on The China
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Hugh White

COMMENT

***Australia's Uranium and India: Linking
Exports to CTBT Ratification.***
Crispin Rovere and Kalman A. Robertson

ARTICLES

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Throughout 1999***
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EDITORS:

Dr Andrew Carr

Dr Peter Dean

Dr Stephan Frühling

Managing Editors

editor@kokodafoundation.org

Robert Wylie

Consulting Editor Defence Industry Policy

r.wylie@adfa.edu.au

Geoff Hunt

Production Editor

wamboohunt@yahoo.com.au

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Project Management and Cover: Qote Canberra (02) 6162 1258

Published and distributed by: The Kokoda Foundation

2/10 Kennedy St

(PO Box 4060), Kingston ACT 2604

T: (02) 6295 1555

F: (02) 6169 3019

E: manager@kokodafoundation.org

W: www.securitychallenges.org.au

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Editors' Note

Released in late 2012, 'The China Choice' by Professor Hugh White has been one of the most controversial recent books on international security. For this edition, we have commissioned expert scholars from around the world to give us their view on Professor White's book, where it succeeds and where it falls short. The scholars have been carefully selected not only to ensure excellent theoretical engagement with the text, but also regional engagement, bringing in the perspectives of their home countries or regions of geographic expertise.

The first edition of Security Challenges for 2013 also includes articles by Andrew Tan on Singapore's Defence Industry, Iain Henry on Australia's intervention in East Timor in 1999 and a comment piece by Crispin Rovere and Kalman Robertson on Australia's uranium policies. Future editions for 2013 will include Australia's national security apparatus, as well as the implications of the changing defence and maritime environments. We welcome contributions on all of these topics.

Andrew Carr *Peter Dean* *Stephan Frühling*
Managing Editors
March 2013

Power, Inertia and Choices: Advancing the Debate about China's Rise

Evelyn Goh

Most contemporary writing on the US-China relationship is heavier on advocacy than analysis, and Hugh White's new book is no exception. However, in a field dominated by loud cries either for US policy-makers to rise up and counter the China challenge or for Chinese decision-makers to prove themselves as responsible stakeholders, *The China Choice* stands out in pressing for alternative thinking. For that reason alone, White's call for Washington to share power seriously with Beijing, and his suggestion that this should take the form of a regional concert involving essentially the United States, China, Japan, India and possibly Indonesia, is unlikely to be received with universal enthusiasm.

Few would welcome White's power-sharing argument because it challenges their assumptions, ambitions and illusions about power and leadership in the region. The current China discourse in the United States is overshadowed by a gathering worry that US global primacy is in decline, particularly in the wake of the global financial crisis. This insecurity exacerbates the traditional dichotomy and ambivalence vis-à-vis China to ferment an often vitriolic debate that nevertheless shows signs of coalescing towards a middle ground that agrees on two points. First, that inevitably growing Sino-American interdependence must be accompanied by a strong US policy of deterrence; and second, that China as currently constituted cannot be a full-fledged trusted strategic partner since its political identity is at odds with the existing liberal international order.¹ As such, when US policy-makers contemplate power-sharing in Asia, it usually takes the form of delegation to or cooperation with established allies, while China is still regarded as having to prove its intentions.

¹ For instance, in three recent publications, moderate China scholar Christensen agrees with the more hawkish Friedberg on deterrence, while Friedberg and the liberal institutionalist Ikenberry converge on the need for China to change ideologically: T. J. Christensen, *Worse than a Monolith: Alliance Politics and Problems of Coercive Diplomacy in Asia* (Princeton: Princeton University Press, 2011); A. L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: Norton, 2011); G. J. Ikenberry, *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order* (Princeton: Princeton University Press, 2011).

Within China, a debate is growing slowly but steadily in the transition away from Deng Xiaoping's *taoguang yanghui* policy of biding time to develop comprehensive national power, towards questions of what kind of great power China should be and whether China ought to support or challenge the existing order. But this is still a gradual awakening, and without more coherence in narrowing down the parameters of this struggle for identity, power-sharing with the United States cannot be an option seriously favoured by opinion leaders against the backdrop of growing popular nationalism within China. Other countries in East Asia, meanwhile, either sustain national security identities that feed upon the assurance of continued US primacy, ground their national security strategies upon at least some degree of US-China rivalry, or seek to retain some strategic autonomy by forestalling great power domination. For all three reasons, a potential US-China condominium is distasteful.

Essentially, in spite of the constant debate and some earlier innovation, US and Asian responses and management of China's rise have been characterised by relative inertia. At the same time, Chinese policies and rhetoric have been relatively low-key and committed neither to supporting the status quo nor to revising it. In this arena so lacking in positive choices, Hugh White's book performs a valuable service: regardless of whether we agree with his prescription, we must take seriously White's diagnosis that this state of affairs cannot continue because

Washington and Beijing are already sliding towards rivalry by default, seeing each other more and more as strategic competitors [such that] the quest for political, strategic or military advantage becomes the overriding priority.²

His argument that the United States particularly must therefore stir itself to make some choices about China is not only timely, but helps to shine the spotlight on two core issues that have been buried in the myriad discourses thus far.

Alternative Thinking: Power-share

First, *The China Choice* cogently sets out an important alternative strategy towards rising China, in contrast to the prevailing notions of balancing and containment, or bandwagoning and accommodation. As White rightly argues, accommodation—in the form of US withdrawal from the region—is out of the question, while containment and preserving the status quo of US primacy will be costly, dangerous, unpopular and potentially self-defeating.³ Others have suggested 'hedging' as a way to mix containment and engagement, but the concept carries little meaning for a dominant power that

² H. White, *The China Choice: Why America Should Share Power* (Collingwood, Vic: Black Inc., 2012), p. 2.

³ An argument also made powerfully in D. C. Kang, 'Getting Asia Wrong: The Need for New Analytical Frameworks', *International Security*, vol. 27, no. 4 (2003), pp. 57-85.

is essentially concerned with preserving its primacy to the exclusion of other powers.⁴ Hedging is also a relatively passive notion, centred on the management of the status quo. Hence, White's suggestion of power-sharing as the potential, positive strategic choice for the United States and China is not only radical but potentially revolutionary.

Power-sharing is an option that I agree with and have analysed in the past. Examining the evolving regional order in 2005, I suggested that the contemporary situation of China generally adjusting its behaviour and rhetoric to conform with international norms and not out-rightly challenging US primacy could evolve in two different ways. China and the United States might embark on a process of "negotiated change" by which they consciously negotiated and managed a structural transition from US primacy to a power-sharing "duet". Or, their mutual antagonism and dissatisfaction with the shifting power distribution might lead to conflict and an unpredictable power transition.⁵ The route of negotiated power-sharing would be preferable for the higher chances of a peaceful transition entailed, but I shared White's recognition that this option necessitates significant reversals to both American and Chinese mindsets and ambitions. Indeed, my greater concern was and remains that

the radical change required in American attitudes about China, the US role in the Asia-Pacific, and its exercise of power as the unipolar power will arguably be much more difficult to achieve

and that insufficient attention has been paid to the question of socialising the United States into non-military cooperative modes of security behaviour and into non-zero-sum strategic interactions with China.⁶ White's focus on the United States in the book endorses the direction in which this main challenge lies.

Negotiating Satisfaction

The second big contribution *The China Choice* makes is in kick-starting considerations of what power-sharing between the United States and China would look like. As White observes, sharing power would mean for China "abandoning hopes to lead Asia and accepting a strong US presence there indefinitely" and for the United States

accepting that its unique leadership role is no longer feasible and learning to work with China as a partner in a way that America has never done with any other country before.⁷

⁴ See E. Goh, 'Understanding "Hedging" in Asia-Pacific Security', *PacNet*, vol. 43 (31 August 2006).

⁵ E. Goh, 'The U.S.-China Relationship and Asia-Pacific Security: Negotiating Change', *Asian Security*, vol. 1, no. 3 (2005), pp. 216-44.

⁶ *Ibid.*, p. 232.

⁷ White, *The China Choice*, p. 6-7.

He draws upon the remaining classical model of international relations, the 19th century European Concert of Powers, to flesh out what this type of cooperative great power management system would entail. Essentially, the United States and China must agree to limit their mutual competition—and, for White, this turns on an agreement to grant each other equal and independent status as great powers. In so doing, they would therefore agree not to try to dominate each other and to resolve differences by negotiation rather than force.

The book pays more attention to making the case for why this radical choice is necessary than how it can be put into practice, but in a small section, White lists seven “essential understandings” that the two sides must agree upon. These relate to mutual legitimacy: treating each other as equals, recognising each other’s domestic political systems, respecting each other’s national interests and right to develop armed forces sufficient to defend them, committing to resolve differences peacefully, agreeing on the norms of legitimate conduct, mutual willingness to counter attempts to dominate, and the ability to sell this to domestic audiences.⁸ White will undoubtedly be criticised for not providing more substantive suggestions for how these fundamental agreements are to be translated into policy practice; however, he has quite rightly started at the beginning. The essential stumbling blocks to a more genuinely cooperative relationship between Washington and Beijing do still lie in their mutual perceptions, identity and ideology. Approaches that concentrate mainly on how to achieve an optimal mix of engagement and containment policies will by definition be conservative because they do not address these fundamental social structural constraints.

White tells us that the crucial question is not whether Asia’s future is American or Chinese supremacy, but “escalating rivalry or some form of great-power accommodation that constrains that rivalry”.⁹ But more importantly, *The China Choice* reminds us that what is at stake is not only the nature of the US-China relationship, but the future character of the Asian order itself. The character of any functioning international order is basically determined by the shared understandings of the key state actors, but the two de facto shared understandings right now are that the United States will not relinquish its strategic leadership and military dominance, and China does not have a legitimate stake or voice in the existing order. This sets Asia up for the classic conflictual power transition scenario whereby a growing discrepancy between power resources and status causes a dissatisfied rising power to challenge the uncompromising incumbent hegemon. Yet, even within power transition theory, scholars have more recently focused on the scope for negotiation, which is wider than many believe. As one rationalist scholar observes, “the fact that fighting is costly ensures that a

⁸ Ibid., pp. 137-41.

⁹ Ibid., p. 6.

bargaining range always exists”.¹⁰ The basic difficulty in reaching and sustaining such agreement revolves around expectations about continuing changes in distribution of power, but such commitment problems do not render bargaining impossible; rather, it consigns incumbent hegemon and potential challengers to “serial negotiation”.¹¹

White's book takes this argument to policy audiences in forcing us to consider more carefully the specific elements of what needs to come under negotiation between the United States and China if we aspire to a stable international order. This is a powerful rejoinder to classical realists like Henry Kissinger (2012), who suggest that a stable balance of power will occur naturally through mutual adjustment with the United States as China grows. Changing the nature of the relationship requires conscious negotiation of mutual satisfaction—as Kissinger himself found in negotiating the historic rapprochement with Communist China in 1971-72, which involved significant diplomatic performance and substantive policy actions on the part of the Nixon administration to grant China great power status, show respect for its core national interests and defer to its national security imperatives.¹²

In developing the argument for what Sino-American power-sharing would look like though, White encounters two key problems. First, there is a significant disjuncture between American and Chinese power in the Asia-Pacific that extends beyond the closing gap in operational military capabilities and economic influence. The United States exercises what may be accurately termed comprehensive power in the region: US strategic relationships are underpinned by and deliver on a structure of beliefs and benefits that China does not yet begin to match. For the not-insignificant number of US allies and partners in East Asia, the American relationship and US leadership often grows out of mutual identification that goes beyond instrumental gains alone. The World War II settlement and Cold War geopolitics tied the existential security of many non-communist partners into US commitment and alliances, while experience, training and groupthink consolidated a sustained pro-US sentiment within the region, creating a series of dyadic Deutschian ‘security communities’.¹³ At the same time, the most vibrant of the East Asian economies took off within the framework of the US-led global economic order and its institutions, and their embedded-

¹⁰ R. Powell, ‘War as a Commitment Problem’, *International Organization*, vol. 60 (2006), p. 171.

¹¹ S. Chan, ‘Exploring Puzzles in Power Transition Theory: Implications for Sino-American Relations’, *Security Studies*, vol. 13, no. 3 (2004), p. 116.

¹² E. Goh, *Constructing the U.S. Rapprochement with China, 1961-1974: From Red Menace to Tacit Ally* (New York: Cambridge University Press, 2005).

¹³ See especially N. Hamilton-Hart, *Hard Interests, Soft Illusions: Southeast Asia and American Power* (Ithaca: Cornell University Press, 2012) on pro-Americanism in Southeast Asia and J. J. Suh, ‘Bound to Last? The U.S.-Korea Alliance and Analytical Eclecticism’, in J. J. Suh, P. J. Katzenstein and A. Carlson (eds.), *Rethinking Security in East Asia: Identity, Power, and Efficiency* (Stanford: Stanford University Press, 2004), pp. 131-171 on the US-South Korean security community.

ness within these hegemonic structures is evident how these economies continue to support such institutions even after the Asian financial crisis. Over the last three decades, China's growth has undoubtedly brought most Asian countries selective economic gains and some diversification of dependencies, but China has not yet provided significant evidence of being able to create or lead in providing a strategic order that would deliver sustained security and benefits for these states.

Second, the United States and China are operating within seriously overlapping spheres of influence in the contemporary world—and the key region of overlap is East Asia. While White's argument suggests that this provides the ultimate imperative for cooperation between them, it is worth recalling that the key organisational principle of the European Concert was the ability, notionally at least, to draw relatively distinct spheres of influence within which to delimit each great power's areas of relative authority. Within East Asia today, however, China and the United States are, on the one hand, courting the same core strategic constituencies to establish regional strategic leadership—particularly key middle powers like South Korea and Indonesia. On the other hand, they each have to manage clients or junior partners that are difficult to control—North Korea for China, and increasingly the Philippines for the United States, for example.

Concert or Bust?

Indeed, the most controversial part of *The China Choice* flows from the above constraints. White's idea of a potential concert of power led by the United States and China is unlikely to work, because a concert is a uniquely social arrangement that requires consent and complicity from all the key states within the regional order. White may be right that US supporter states do not support its primacy per se, but this does not mean that they would necessarily support power-sharing between the United States and China as the alternative.

As White himself acknowledges, the most significant challenge for a regional concert will come from Japan. Japan's post-war strategic position and identity has rested upon the fundamental base of the US alliance, and the unresolved Sino-Japanese geopolitical contest has been held at bay by the United States providing a dual assurance to keep these adversaries apart.¹⁴ After the end of the Cold War, Japan has revised somewhat the limits within which it is willing to exert military power, but this has taken place very much within the confines of the US alliance. Indeed, sustaining the alliance remains at the heart of Japanese security imperatives, and this aim increasingly relies upon some degree of Sino-American friction and exacerbates Sino-Japanese antagonism. Against the stringent material and ontological constraints of Japanese domestic politics, White's proposal that a

¹⁴ H. White, 'Why War in Asia Remains Thinkable', *Survival*, vol. 50, no. 6 (2008/9), pp. 85-104.

regional concert would have to include a more 'normal', independently militarised Japan makes significant—and perhaps unrealistic—demands on its leaders and political system.

White may also underplay the lessons of the Korean conflict for a potential concert. The seemingly unresolvable conflict on the Korean peninsula has highlighted more than any other issue the limits to US-China strategic cooperation of the sort required in a concert of power. The two sides have not been able to narrow down a range of common goals that would allow joint management of the conflict; and as long as Pyongyang remains willing to threaten the South, Republic of Korea leaders would find it difficult to turn away from the strong reliance on the US alliance towards support for a US-China condominium to determine Korea's future. In Southeast Asia too, it is hard to imagine effusive support for a concert of great powers that would by definition exclude the majority of these small states. This was already evident in ASEAN's successful attempts to undermine an earlier Australian initiative to construct a major power-centred Asia-Pacific Community. Once again, picking out Indonesia as a sub-regional power only elicits alarm and resistance from this collection of states that have expended so much political and institutional effort to create for ASEAN a 'driving seat' in regionalism precisely to avoid great power dominance that would undermine their autonomy.

Advancing the Debate

These constraints do not make the prospect of power-sharing between the United States and China impossible, but they do serve to heighten the challenge of what White is suggesting. Ultimately, it is not only the United States that has to make a choice about China. Almost every country in the Asia-Pacific faces some very tough strategic choices ahead—so the challenge is even bigger and more ambitious than what White sketches out in his book. The fact that *The China Choice* has caused so much controversy is a sign that White has succeeded in his main aim of provoking and dislodging policy-makers and politicians from their 'cruise control' mode and comfortable illusions about rising China. This is a starting point from which to build further innovation and alternative thinking about how to manage the evolving international order.

In advancing this debate, two further tasks stand out. First is the need consciously to develop alternative strategic concepts for the Asia-Pacific 'after hegemony'—not only in terms of great power interaction but also for national security strategies of the countries that remain deeply intertwined with US preponderance. Second, we need more sustained analytical attention paid to China itself. Arguably, the main forces of change and innovation in the coming years are most likely to arise from within the rapidly changing political and discursive landscape within China. In responding to White's stimulating book, the next fundamental question is, why should

China seek to share power? With what and how can the United States and other Asia-Pacific partners make power-sharing worth China's while, more than other alternatives? These questions will come to dominate the field as our focus is forced to shift from others' choices about China to China's choices.

Evelyn Goh is Reader in International Relations, Department of Politics & International Relations, University of London. Evelyn.Goh@rhul.ac.uk

Getting China Right: America's Real Choice

Jingdong Yuan

China's rise as a major power has generated wide-ranging discussions and debates among scholars, analysts and in the corridors of power in major global and regional capitals. On the one hand, there are great expectations that a more prosperous, influential, and engaging China can and should make positive contributions to solving major issues such as economic recovery, climate change, and nuclear nonproliferation. On the other hand, there are also growing concerns about a more confident, assertive and indeed an insecure China that could pose serious challenges to international and regional order.

Nowhere are the impacts of China's rise felt more acutely and close to home than the Indo-Pacific Region. A country close to the abyss of complete economic collapse and amidst chaotic political turmoil during the final days of the Cultural Revolution, China has, within the short span of thirty years, transformed itself from a backward agrarian economy to an industrial and trading giant. China today is the second largest economy in the world and the number one trading partner of almost every major country in the region. It trades with more countries and has the largest holding of foreign exchange reserves in the world. And it is poised to overtake the United States as the largest economy within this decade.

China's economic rise is also changing the region's geo-strategic landscape. Beijing has been modernising its military, more actively involved in regional multilateral institutions, and is becoming increasingly assertive in territorial disputes with a number of neighbouring countries. For many, Beijing's foreign policy behaviour is confirmation of the inconvenient truth that the middle kingdom is out to reclaim its past glory and challenging US primacy—the very foundation of the region's peace, stability and prosperity of the past six decades. The question is: what would and should Washington do in meeting the China challenge?

Professor Hugh White's book, *The China Choice: Why America Should Share Power* offers a timely, thought-provoking, and controversial analysis of the changing Indo-Pacific geopolitics and what he thinks as the sensible and perhaps the best solution to a gathering storm and impending strategic rivalry between China and the United States. His grasp of the fundamental

issues is solid, his analysis insightful, and his recommendations logically derived and forcefully presented. It is a welcome antidote to the sheer rhetoric and headlines with reasoned and well-structured elaborations and arguments.

Essentially, White makes the following arguments. Facing a rising China with growing economic and military power, an increasing appetite for prestige, respect and influence in determining regional affairs, the United States can choose one of three options: seeking to maintain its primacy by confronting and rolling back the China challenge; withdrawing from Asia to allow China to establish hegemony in the region; or working and sharing power with China to jointly build a new regional order. For White, the best option Washington can and should choose, before it is too late, is the third one, to make the necessary adjustment, share power with China, and maintain US presence through a new arrangement. This is the option which will ensure a peaceful transition from the US-based regional order of more than six decades to an emerging one where China, as the rising power, will be recognised and given a major role to play.

White arrives at this conclusion through careful analyses of the foundation of the current regional order, the changes and challenges to this foundation, and a sensible arrangement that he thinks is necessary to avoid conflict between China and the United States. This is the only sensible way to sustaining regional stability and prosperity that is acceptable by all the other key players. He uses the year 1972 as the benchmark to illustrate his points. The regional order over the past four decades has been built on explicit or implicit acceptance by all the powers (save North Korea and the Soviet Union) in the region of US primacy, a power structure based on the closely knitted political, military, and economic networks that have provided access to America's market, capital and technology; American security guarantees to allies and friends; and a still weak China threatened by the Soviet Union and therefore willing to align itself with the United States.

But that structure is changing, and the change is reflected in the rapid rise of China and America's relative decline since the end of the Cold War but in particular over the past decade. The decade-long US wars in Afghanistan and Iraq have depleted its treasure and blood; prolonged economic recession, high unemployment rates, huge deficits and national debts have further weakened America's abilities and staying power for maintaining the regional order of the past four decades. The failure to address the financial problems, as the current impasse in negotiation between the White House and Congress suggests, has already resulted in sequestration and other massive budget cuts with serious consequences for US security commitments to its allies and military presence in the region.

At the same time, China is gaining power and influence in the region. Beijing is becoming more confident and its appetite for recognition and greater voice

in regional affairs, and its efforts in encouraging and developing regional arrangements that either limit or exclude America's role, from the ASEAN + 3 to the Shanghai Cooperation Organization, are clear signs that China is beginning to challenge US primacy. What White is concerned with is a dangerous drift toward conflict and confrontation between Asia's rising power and its reigning one. And recent developments support that assessment. Washington's 'pivot' to Asia and the strengthening of alliances, its emphasis on freedom of navigation, and its public advocacy for multilateral negotiations to solve territorial disputes come into direct conflict with China's positions on these issues. Beijing clearly views US rebalancing as directed at China and it opposes external interference and insists on bilateral negotiations to solve these territorial disputes.

The danger of conflict is obvious. A good indicator is China's recent military buildup. While initially driven largely by the needs to modernise a rather backward military with obsolete equipment and to prepare for military confrontation in the Taiwan Strait, recent developments indicate that the People's Liberation Army is on the march motivated by greater ambitions such as regional influence and the ability to escort marine ships and protect critical Sea Lanes Of Communication further away from China's maritime boundary. Of particular concerns to the United States are the so-called anti-access and area-denial capabilities, such as anti-ship ballistic and cruise missiles that could seriously threaten US carrier battle groups. The Pentagon, meanwhile, has responded by adopting the Air-Sea Battle Concept that seeks to disrupt, destroy and defeat Chinese conventional capabilities, including options for deep strikes into Chinese territories. This could lead to further escalation and even nuclear exchanges, especially if Beijing perceives these strikes as aimed at taking out its nuclear retaliatory capabilities. White clearly recognises the inherent danger of confrontation escalating out of control. In this context, the Obama administration's efforts to retain its primacy and to reassure allies with the 'pivot' to Asia run the risk of committing itself to unnecessary regional maritime conflicts; stoking fear and resentment in Beijing; and raising concerns in its allies since the latter are seeking assurance from Washington, not confrontation between America and China.¹ As White rightly points out, America's allies "will not sacrifice their interests in peace and stability" and they will "increasingly fear that they risk being entrapped in America's conflicts with China and abandoned by America in their own".² Indeed, America's key allies have all become economically interdependent with China even as they continue to hedge against the latter. However, none has adopted deliberate balancing or containing strategies. Instead, most have seen their defence spending

¹ R. S. Ross, 'The Problem with the Pivot', *Foreign Affairs*, vol. 91, no. 6 (November/December 2012), pp. 70-82.

² H. White, *The China Choice: Why America Should Share Power* (Collingwood, Vic: Black Inc., 2012), p. 85.

decline in sharp contrast to the double-digit increases in Chinese defence budget.³

White's prescription for power sharing is premised on the rather pessimistic reading of what China wants as it becomes more powerful. There is a strong realist underpinning that states are sensitive to their relative capabilities in the international system and will seek to change the international structure in ways that better assert and promote their national interests. When weak, they may reluctantly accept the constraints placed upon them; but once strong enough, they tend to wield their power to change the status quo. Clearly, if one accepts the views of the power transition theory and offensive realism, then it is easy to predict an assertive, impatient, and even aggressive China seeking regional primacy and hence conflict with the United States. There are additional reasons for anticipating an assertive China: its desire to reclaim past glory and return East Asia to the past tributary system of nations, its inherently authoritarian regime, and the rising nationalism pushing Beijing toward a more aggressive foreign policy.

But the conventional realist reading of China misses other important elements. While there is general agreement on China's continued ascendancy to great power status and the near certainty that it will replace the United States as the world's largest economy in the coming years, its future aspirations and behaviours are not predestined; nor is its conflict with the United States inevitable. Despite its many achievements and an active and at times assertive foreign policy, Beijing remains predominantly preoccupied with issues at home and vulnerable security abroad. Its domestic problems range from economic slowdown and growing unemployment, ethnic unrest that threatens national unity, demographic change and population aging, to environmental degradation, income inequality and social instability, and potential challenges to the communist party's legitimacy and its right to rule. China also faces a volatile and complex external security environment, with fourteen countries sharing its borders, many of which historically having had military conflicts with China and some still having unresolved territorial disputes. In other words, China is a lonely, and highly insecure power.⁴

The path that has led China to its current power status is one of rapid economic growth. Indeed, the economic rationale has underpinned many of the domestic and foreign policy decisions Beijing has made over the past three decades—greater integration into the world economy, closer ties with the industrialised countries for markets, investments, and technology transfers, and the development and maintenance of a stable security

³ S. Chan, *China, the United States, and Power Balancing in East Asia* (Stanford: Stanford University Press, 2012).

⁴ A. J. Nathan and A. Scobell, *China's Search for Security* (New York: Columbia University Press, 2012).

environment in China's periphery through bilateral and multilateral diplomacy. These have not fundamentally changed even as China becomes the economic power house that it is today. Its continued economic growth will be predicated on these external conditions and increasingly also on domestic structural shift from an export-oriented economy to one of consumption.

Even as Chinese economic power and political influence continue to grow, Beijing remains contented in behaving more like a regional power and in only selected areas on the international arena that give it more profile but impose low costs has China chosen to play a more active role. Contrary to the predictions of power-transition theorists, China has refrained from directly challenging the United States and indeed recognised the costs of assuming a leadership role and shouldering more responsibilities. Indeed, there is little evidence to demonstrate that China has developed a grand strategy that is aimed specifically at replacing the United States as the world's new reigning power; in fact many analysts suggest that if anything, China is more or less a status power with limited albeit clearly defined goals. If anything, both countries seem to recognise that maintaining order and stability while seeking cooperation and managing disputes has served both well, given their increasingly interdependent ties. Many of the global and regional challenges require that Beijing and Washington work together. At the same time, because of their different positions in the international system, lack of trust, and concerns over each other's intentions, their cooperation remains limited and constrained.⁵

White also discusses the idea of a Concert of Asia which, while ideal for great power consultation and hence a more stable regional order, may be impossible to establish, for a number of reasons. It would not pass the criteria White himself lists in the book, nor would it be acceptable for all the other states in the region not considered as the candidates, which are China, India, Japan and the United States. It would be hard to imagine the four powers agreeing on critical security issues and on common approaches to address them, given their differences and indeed disputes between them. A G-2 arrangement would be even less appealing and could cause more concern than foster stability. Just witness the resentment expressed by Tokyo in response to President Clinton's 'Japan passing' during his 1998 visit China; and the alarm from New Delhi when Washington and Beijing issued a joint statement that touched on issues concerning South Asia during President Obama's visit to China in 2009.

America's China choice has critical implications for Australia. As a middle power with limited resources on defence, Australia's security ultimately depends on the overall external environment it is in and its ability to influence

⁵ R. Foot and A. Walter, *China, the United States, and Global Order* (Cambridge: Cambridge University Press, 2011).

such an environment; the resources—internal and external—it can count on in response to potential or actual threats; and how it uses its resources to advance and protect clearly defined national interests, with priorities and trade-offs at times. But the more daunting challenge will be how to respond when the two powers that matter the most to Australia—the United States and China—drift into open rivalry given their fundamentally different visions of Asia and their respective role in it and the disputes that already cast a shadow over their relationship. America is not going to cede primacy easily; China thinks it deserves better given its growing economic power and political influence. Washington is pivoting to Asia; Beijing is asserting itself. As a rising power, it is inevitable that China will challenge and seek to replace the United States as Asia's new dominant power. Despite—or perhaps because of—their ever growing economic interdependence, disputes over trade balance, currency evaluation, intellectual property rights, and market access have only intensified rather than receded despite the best efforts by both capitals to manage them so that they can still cooperate on other areas of mutual interests, from nuclear proliferation to climate change.

US-China strategic rivalry poses the most serious challenge for Australian foreign policy. The assumptions are that major trade-offs are inevitable and that Canberra will side with Washington in any serious conflicts between the United States and China, from the Taiwan Strait to the South China Sea and to the Indian Ocean, leading to major setbacks in Sino-Australian relations and irreparable economic disruption to Australia. The consequences are indeed dire. Clearly, Canberra needs to seriously consider its options, fend off worst case scenarios where it can while encourage its US ally to adapt to the new reality of a transforming Asian geo-strategic landscape.⁶

Without doubt, China constitutes a key factor in Australia's national security consideration. Former Prime Minister Kevin Rudd once defined Australia's national security as:

Freedom from attack or the threat of attack; the maintenance of our territorial integrity; the maintenance of our political sovereignty; the preservation of our hard won freedoms; and the maintenance of our fundamental capacity to advance economic prosperity for all Australians.⁷

The critical questions to ask then include the following: Is China's rise posing a serious threat to Australian national security and in what ways? What should be Australia's response and can it reasonably protect its security?

⁶ H. White, 'Power Shift: Australia's Future between Washington and Beijing', *Quarterly Essay* 39 (September 2010).

⁷ K. Rudd, 'The First National Security Statement to the Australian Parliament', 4 December 2008, quoted in A. O'Neil, 'Conceptualizing Future Threats to Australia's Security', *Australian Journal of Political Science*, vol. 46, no. 1 (March 2011), p. 20.

China's rise should not pose a direct threat to Australia's national security in terms of its sovereignty and territorial integrity, or the freedoms as listed by Rudd. But a US-China rivalry and China's internal political and economic developments could affect Australia's continued prosperity and even its security; what policy Canberra adopts and how it is implemented could also have an impact on China's perceptions and actions, which in turn will affect Australia. Managing the China challenge therefore must start from well defined national interests, which in turn serve as the overall guide to set and prioritise objectives, formulate policies, and allocate resources. Australia needs a stable international environment and continued economic growth. China's rise clearly has been conducive to the latter but can be unsettling for the former. But China's path to great power status and how it will use its power are not predestined and can be affected by many factors.

White's arguments have touched off heated debates within Australia. While most agree with his analysis of the changing power relationships in Asia, there is considerable disagreement on the inevitability of China's continued rise and a pending conflict between it and the United States. The most controversial relates to White's prescription for a peaceful transition and stable management of power in Asia in the form of a US-China concert.⁸ But regardless of whether sharing power is a good option from Washington's perspective, White's careful and thoughtful analysis of the potential pending security challenge for Australia deserves serious consideration. Indeed, what Australia should and could do has important impacts on how it can best protect its national interests.

The essential question comes down to this: whether or not, and to what extent, should Australia support the US strategy of re-balancing, or pivoting, to Asia, and what role it should take in the process. At least three perspectives have emerged. One is for full support of the US strategy and strengthening Australia's own military capabilities in preparation for a likely future US-China showdown. This perspective calls for a stronger US-Australia alliance and closer security cooperation with its Asian partners. The November 2011 announcement of US Marines rotating in and out of the base facilities in Darwin would be a good example. Despite the Gillard Government's explanations to the contrary, this also seems to be the direction that Australian policy has taken.⁹

A second perspective strongly criticises Canberra's foreign policy, charging that it has ceded its autonomy to Washington in pursuit of alliance politics instead of basing policies on national interests. This group includes senior

⁸ P. Dibb, 'Why I Disagree with Hugh White on China's Rise', *The Australian*, 13 August 2012; J. Lee, 'A Tilt toward China? Australia Reconsiders Its American Ties', *World Affairs*, November/December 2012, pp. 62-70.

⁹ R. Babbage, *Australia's Strategic Edge in 2030*, Kokoda Papers No. 15 (February 2011); B. Schreer and S. Lee, 'The Willing Ally? Australian Strategic Policy in a Contested Asia', *RUSI Journal*, vol. 157, no. 5 (October/November 2012), pp. 78-84;

retired politicians such as former prime ministers Malcolm Fraser and Paul Keating, and former Australian ambassadors to China Stephen FitzGerald and Geoff Raby. They argue that Australia's policy of blindly following US strategy seriously undermines the country's national interests. While not disputing the importance of the Australia-US alliance and the role of a US presence in Asia, they nonetheless warn against losing Australia's foreign policy autonomy and locking itself into an offensive US strategy of containment of China.¹⁰

The third perspective suggests that Australia can maintain good relationships with both China and the United States and there is no need to choose between the two. The alarm over the pending US-China conflict is overblown. Washington and Beijing have extensive contacts and share many common interests that will enable them to overcome and at the minimum manage their differences. It is conceivable, the argument goes, that Australia can remain engaged and even expand its economic ties with China while strengthening its security alliance with the United States and indeed that is also the strategy that Washington has been following.¹¹

In assessing China as a potential threat to Australia's and to the region's security interests, one must accept and acknowledge that Beijing similarly has to make the same assessment. The best approach would be one that can raise the costs for unacceptable behaviour through a combination of alliances and alignments, self-reliance and military preparedness, and institutions that can minimise the impacts of a security dilemma; at the same time, it should refrain from raising China's anxiety and fear of encirclement, or heightening its suspicion of being deprived of its rightful place in regional and global affairs befitting its newly acquired power status. Indeed, that perhaps should be America's real choice as well.

Jingdong Yuan is Associate Professor, Centre for International Security Studies/Department of Government & International Relations, University of Sydney jingdong.yuan@sydney.edu.au.

¹⁰ M. Fraser, 'Australia-US Relations in the "Asia Century": To Avoid Unnecessary and Ill-Advised Conflict', speech at the Asialink series, University of Melbourne, 25 September 2012; S. FitzGerald, 'Australia and China at Forty: Stretch of the Imagination', lecture prepared for the Australian Centre on China in the World, Australian National University, November 2012; P. Keating, 'Australia's Diminishing Spheres of Influence', The Keith Murdoch Oration, 14 November 2012; G. Raby, 'Australia and China at 40: Pivot, Devot and the US', 2012 Richard Larkins Oration, 7 August 2012.

¹¹ 'No Need to Choose China or US: Howard', *Sydney Morning Herald*, 2 October 2012; N. Bisley, 'Never Having to Choose: China's Rise and Australian Security', in J. Reilly and J. Yuan (eds.), *Australia and China at 40* (Sydney: University of New South Wales Press, 2012), pp. 66-84; G. Garrett, 'Strategic Choices: Australia, China and the US in Asia', *The Asialink Essays*, vol. 2, no. 5 (2010).



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Is Minimal Order Enough? Hugh White's Strategic Parsimony

Robert Ayson

Hugh White's prescription for order in Asia has two essential and inter-related elements. The first is the requirement for the United States to treat China as a co-equal great power. The second is for China to accept that it can lead in Asia with the United States, but not instead of it. Hence Asia's order depends upon the United States being willing to forsake its practice of primacy and China forsaking its own hopes for practicing the same thing. Without this mutual restraint, White's argument goes, the region is faced with the clear prospect of a dangerous and damaging strategic rivalry which could all too easily lead to great power war.

Readers might wonder whether White's 184 pages of text in *The China Choice* goes further than this straightforward algorithm, but as I will argue below, his argument is spectacularly parsimonious. This quality helps him set the tone of the debate about Asia's order with a clarity that few others can match. It is one reason why even those who strenuously disagree with White's conclusions often find themselves using his argument as a baseline for the debate. But his economical approach may also leave out some of the questions and features which may count for Asia's order in the end.

In this article I will examine three elements of White's strategic parsimony and show that in some cases at least they bring perils as well as analytical advantages. First, I will show that despite White's declaration of support for a four-way great power concert in Asia, he is really pinning his main hopes on what amounts to a United States-China duopoly. Second, I will argue that while *The China Choice* sometimes portrays these two giants as actively sharing power in the region (a point that comes across even in the book's evocative subtitle: *Why America Should Share Power*), its author focuses mainly on an agreement between them to avoid war by eschewing primacy and the rivalry this generates. This is an argument for common restraint rather than cooperative government. Third, I will suggest that while White occasionally flirts with the role of *values* in underpinning this already parsimonious order, his conceptualisation of order is based on the recognition by the two great powers of their *interests* in restraint.

As a result, White's analysis presents a distinctly geopolitical argument for Asia's order, reflected in the admiring words that he has for such figures as Bismarck and Kissinger. One of the questions that needs to be asked is

whether the limited deal he wants the United States and China to strike with each other is going to be up to the mark, including for the medium and smaller powers in the region who will consume the security this agreement is aimed to provide. My suspicion is that even if those other countries are willing to subordinate their interests to the US-China strategic duopoly he has in mind, and even if the aim of war avoidance between them is as urgent as White suggests, his calculus of order through limited interest-based restraint may not provide a deep enough foundation for Asia's order.

And Then There Were Two

There is no doubting Hugh White's enthusiasm for the early nineteenth century Concert of Europe as the main model for the great power understanding he prescribes as the basis for a new order in Asia. He presents this post-Napoleonic arrangement between Europe's five great powers (Austria, Prussia, Britain, Russia, and eventually France itself) as the archetypal "agreement, implicit or explicit, among the major players not to seek primacy in a strategic system" and as a conscious effort "to minimize the risk of war that is inherent in the balance of power system".¹

There are good reasons for White (and others besides) to be attracted to this Concert formulation. Among them is the prospect that Asia's order might rest on strategic cooperation based as much on informal understandings as formal undertakings, rendering today's debate over the region's *security architecture* the sterile and bureaucratic conversation that is so often becomes. Another is the sheer fact that for a period of time (whose length historians continue to debate) Europe's great powers were able to consciously manage their relations in such a way to avoid outright war between themselves, and to navigate the fundamental disagreements that challenged their vital interests in especially dangerous ways.

In his eighth chapter, White depicts a modern Asian version of that concert. In addition to the United States and China, the leading actors intrinsic to any discussion of Asia's strategic future, he nominates two others, Japan and India. There is nothing terribly novel in the notion of a wider group such as this. But in this instance, these additional nominations are made somewhat half-heartedly. White argues that if Japan is unable to take its place as an independent great power in its own right, its other options as either too dependent an ally of the United States or a client of a stronger China will make a US-China concord impossible. But this means that Japan is little more than a strategic nuisance with an ability to negate a concert but little real capacity to contribute to one. India may one day possess the latter quality that Japan lacks, but the problem here is one of timing. White's treatment of India is akin to selecting an opener for Australia for next year's

¹ H. White, *The China Choice: Why America Should Share Power* (Collingwood, Vic.: Black Inc., 2012), p. 136.

Ashes test cricket series on future promise than on established form. There seems to be little chance that India will be the real great power in Asia that White sees it becoming before the United States and China have either passed or failed the test of their own strategic relationship. And it is noticeable that White's main interest in India's role is whether it makes it easier or harder for the United States to maintain its own strategic primacy in the region.²

Although White behoves all four of these powers to "accept one another as equals"³ there is not much evidence in *The China Choice* of a framework for that particular quadrilateral equality. He does little to suggest (for reasons that should be obvious), that alongside the United States and China, any other powers in Asia (including Japan and India) need to resist their own temptations towards strategic primacy. These would surely be delusional fantasies. In White's strategic universe only two powers really matter, and the rest are largely observers of the contest between them. If China and America do get into an "escalating rivalry", he argues earlier on in the book, there is not a lot others could do

because the two rivals are the world's strongest and richest states: their size and power make it hard for any other country or group of countries to restrain them very much.⁴

It is a strategic duopoly and that is all there is to it when we peel back the layers in White's book. China is there because it is already "undermining the military foundations of US primacy in Asia and fundamentally challenging Asia's strategic order" and it is essential that the United States continue as a great power because the region needs an American presence that is "large enough to ensure that China's power is not misused".⁵ Third place is a long, long way back in these considerations. I wish the region as White depicts it were otherwise. The prospect of a third and fourth great power in Asia, as well as the presence of strong and confident medium powers, might offer the rest of us in the region some alternatives to the spectrum of choices along the line running between Beijing and Washington that his analysis feeds into.

This bilateral monopoly generates at least one important question. Was there something to the larger group that comprised the Concert of Europe that took the pressure of any single great power from making the one big choice? I ask this because White is clear that in today's two player game the ball sits firmly in one half of the court. It is up to America to "take the initiative to offer China as much as it reasonably can to bring to bring it to the table".⁶ This is one explanation for the Presidential speech he provides at

² See *Ibid.*, p. 89.

³ *Ibid.*, p. 144.

⁴ *Ibid.*, p. 120.

⁵ *Ibid.*, pp. 68, 129.

⁶ *Ibid.*, p. 157.

the end of the book which suggests that the best course for America consists of “stepping back from primacy and allowing China a bigger role”.⁷ No corresponding address is provided for the Chinese premier to make. That gives the impression of a superpower that is “lonely” in ways other than envisaged in the early post-Cold War years. And perhaps even more lonely than it might be thought in 2013: China’s price for entering into the bilateral discussion White has in mind might well be the US alliance system which helps spell security in large parts of Asia but which often adds up to containment in Beijing.

A Limited Deal on Limits

The idea of America ‘stepping back’ from primacy, and China not ‘stepping in’ to the same role, provides a nice connection to the second aspect of White’s parsimony. The entry price to that bilateral discussion may be high, and certainly higher for the United States which has to treat China as the genuine equal it has not yet fully become. But White is not in fact asking too much of the great powers in terms of the running of Asia, despite the reference in the same Presidential speech to them “as equal partners in a joint regional leadership”.⁸ This form of words suggests more than the main contents of the book which precede them. Like the vast majority of White’s powerful strategic analysis in other writings, *The China Choice* is about how to maintain a regional peace rather than what do with it. This is not a guide to how China and the United States should lead the region once they have recognised each other as equals. It is not a book about the joint government of Asia. It is about the necessity of that recognition in the first place: how Asia can be secure so that any beneficent government can then occur.

White’s main objective here is an important one. The ability of the great powers in a system of states to avoid war between themselves is rather more than a *necessary* condition for order. It is perhaps the most important one. Without great power peace, most other goals are little more than hot air. Other scholars may be a little less worried than White is about the possibility of a Sino-American armed conflict, a debate which will no doubt continue. But few of them could disagree about the damage that war could do to the region, including to the economic prosperity upon which the greatness of the great powers has been built.

Because White does see such a damaging war as a genuine prospect, and one the great powers may already be heading towards as signs of their rivalry for primacy become evident, the achievement of great power peace ranks as more than a significant achievement. It almost becomes the *sufficient* condition for Asia’s order. It becomes the yardstick by which other elements of Asia’s international relations are measured. The quest for

⁷ Ibid., p. 180.

⁸ Ibid.

status, for example, is a dangerous commodity because the beliefs with which it is associated “have caused the biggest wars”.⁹ Likewise, the levels of Sino-US economic interdependence, which White notes are higher “than any two comparably powerful states” before them will “certainly restrain ambition and rivalry on both sides” but if we want to preserve peace we should not be putting too much “faith in the power of money”.¹⁰

White certainly lays out some of the principles of the Sino-US partnership designed to forestall such a calamity. The concert he has in mind requires each great power to “fully accept the legitimacy of the political systems of all the others” and also to tolerate the differences in views that thereby result.¹¹ He even suggests that “the powers must share a clear understanding of legitimate conduct”.¹² But before the global governance types reach for their smelling salts in a state of shock, White’s parsimony takes over once again. Unacceptable conduct here is that which aims to dominate the others and this is expressed, above all, in the use of force by one great power on another.¹³ Here White is not talking about any use of force, but only between the great powers themselves because this is what will really threaten their vital interests. The more narrow the foundations of the concert, and the more directly they bear on the interests of the power themselves”, he writes, “the more robust the concert will be.”¹⁴

Robust perhaps, but perhaps a bit too narrow? *The China Choice* is not Hugh White’s fourteen points on the management of Asia’s political order. It is a primer on the main condition which can make that order possible. It is not a book about how China and the United States together can run Asia (with or without the help or hindrance of other would be and imagined great powers). It is really about how the peace can be maintained between them so that Asia can run.

That is actually a potentially reassuring note to make, at least for those excluded from the high halls of great power diplomacy. One of the main arguments against the European Concert, which White acknowledges, is “that it ignored or sacrificed the interests of the small and the middle powers to the interests of the great”.¹⁵ White himself is not too perturbed by this problem: it pales into insignificance against the main prize of great power peace. He has never been a prisoner to universal multilateralism. But a deeper great power partnership which did more to decide issues in Asia than might occur in White’s minimal concert could be expected to generate particularly strong levels of disharmony in the region. By comparison, if the

⁹ Ibid., p. 60.

¹⁰ Ibid., pp. 54-5.

¹¹ Ibid., p. 138.

¹² Ibid.

¹³ Ibid., p. 139.

¹⁴ Ibid.

¹⁵ Ibid., p. 135.

aim is simply to keep the great powers from each other's throats, parsimony and minimalism have their advantages. Perhaps only Japan would be unhappy with such a deal.

Add a Tiny Pinch of Values?

This vision reflects White's reading of the motivations of the European leaders in the wake of Napoleon's bid for hegemony:

The concert was not founded on any abstract commitment to principles of peaceful coexistence of the brotherhood of man. It gained its strength from the clear and very practical recognition by successive generations of European statesmen that the costs of seeking hegemony outweighed the benefits.¹⁶

This is an interests-based account of these motivations if ever there was one. White protests that "Peace is a value too" and that "There is a moral obligation to minimize the risk of war if at all possible",¹⁷ but there is no doubt which side he comes down on in the relationship between values and interests. He wants his President to err on the side of the latter by instructing the American people that "we must deal realistically with the world as we find it", by coming to an accommodation with China, "or sacrifice our own interests and those of wider humanity".¹⁸ White's Asia has little time for the flouncy notions of 'shared values' which sometimes inhabit American foreign policy. Even "America's allies in Asia are practical folk for whom such talk means little against the overriding imperative for peace and order."¹⁹

White clearly sees himself as one of these practical folk. An emphasis on shared values may work for the in-group but not for the diversity of systems which a Concert needs to include, even if we are only talking about the United States and China. The latter is ruled, White says, by a communist party which "is ruthless in preserving its monopoly on power".²⁰ But this fact is no obstacle to a partnership with the world's leading liberal democracy. "In the mid-nineteenth century", he suggests, "the political systems of Russia and Britain had as little in common as those of the United States and China do today."²¹

It would take a much longer essay than this to test such a bold proposition, although there may be some common values (including the value attached to prosperity, and its relative importance vis-à-vis ideology) which are already bringing America and China together. But I suspect that one of the

¹⁶ *Ibid.*, p. 135.

¹⁷ *Ibid.*, pp. 115, 173.

¹⁸ *Ibid.*, p. 181.

¹⁹ *Ibid.*, pp. 84-5.

²⁰ *Ibid.*, p. 39.

²¹ *Ibid.*, p. 138.

reasons White argues for what turns out to be a rather limited partnership between the United States and China (based on the avoidance of primacy and war) is that this is about all two such different political systems with differing value systems can be expected to agree on. And even then White suggests it will be “a long shot!”²²

This is why it is surprising to read White's approach to the Cold War relationship between the United States and the Soviet Union, the two superpowers whose value systems clearly were in disharmony, but who managed to fashion a way to avoid war with one another. Speaking through his President, White suggests there was anything but an understanding between the two: “We were fierce in our refusal to accommodate the Soviets.”²³ Elsewhere he refers to the “critical decision that the Soviet Union could not be trusted to work with the United States”.²⁴ But if I am right in suggesting that White's thesis is really more about Sino-US mutual restraint and less about the two great powers working side by side, there may be more to the Cold War experience than he suggests.

Indeed one of White's intellectual predecessors spent a good deal of his early career writing about the prospects for an accommodation between the United States and Soviet Union. In their mutual, although limited, embrace of some of the basic principles of arms control, Hedley Bull argued that from time to time the basis of a crude understanding between the superpower rivals could be detected. At the centre of this informal deal was something very familiar to readers of *The China Choice*: the conclusion that war between the two nuclear armed powers was too costly for them to entertain.²⁵ This common interest was the starting point for their accommodation, just as it appears to be in White's prescription.

But it is also true that Bull wanted something more. Looking back on European history in a slightly different fashion to White, he saw evidence of a common European civilisation featuring common goals and values around which a society of states had been built. Translating that onto a new international canvas would be difficult: the system of states went far beyond Europe and it included members of the Eastern and Western blocs and the divide between the declining European powers and their former colonies. But these challenges did not stop Bull from contemplating what set of values might be needed for that new international society.²⁶

²² *Ibid.*, p. 130.

²³ *Ibid.*, p. 182.

²⁴ *Ibid.*, p. 163.

²⁵ See Hedley Bull, *The Control of the Arms Race: Disarmament and Arms Control in the Missile Age* (London: Weidenfeld & Nicolson for The Institute for Strategic Studies, 1961).

²⁶ For that story, see Robert Ayson, *Hedley Bull and the Accommodation of Power* (Houndmills, Basingstoke: Palgrave Macmillan, 2012).

This raises the question of whether Asia's order in the twentieth century can rest on the parsimonious understanding about primacy and violence that White suggests or whether it needs to go deeper by entering the hazardous frontier of common values. And this, unfortunately, is where the Cold War experience is potentially of less value than I have initially suggested. One of the potential advantages of the East-West standoff was the separation of its leading protagonists into almost self-contained economic systems and political communities. There was, as scholars like Thomas Schelling explained, a powerful interdependence at play resulting from the nuclear striking power of each superpower,²⁷ and managing this question put a premium on the avoidance of direct armed conflict between the Americans and the Soviets. But that sort of strategic bargain could be had in the presence of some pervasive political, ideological and even economic antagonism. Arms control was nearly enough to stabilise the relationship.

The same cannot be said for the relationship between the United States and China who at the very least are strongly interdependent economically. They are also competing for leadership amongst a fairly similar group of Asian countries, rather than maintaining primacy over their own separate blocs. As China grows, its influence on other Asia-Pacific countries is becoming more obvious. The fact that China is willing increasingly to wield that power is more than a reason for the region's interest in America sticking around, an interest White acknowledges. It is one of the areas where a further discussion about restraint will be needed, and where some emphasis on the values associated with that restraint will be helpful. This is especially so if another thinker in Canberra is right in wondering in closed meetings whether the real question as China grows stronger is not whether Asia will be at peace or at war, but what sort of peace Asia will come to experience. White's own observation that "The close connections between business and government in China make it easy for China to apply commercial leverage for diplomatic ends"²⁸ might be part of that challenging picture.

The complexity and depth of Sino-US interdependence, and the relationships of influence they have with some of the same states in Asia may make it difficult to neutralise their rivalry by a set of external limits on primacy and war. The sort of restraint that keeps the two great powers apart in their own space may well offer less than White hopes when he contemplates the possibility of an informal understanding between Asia's great powers about their respective spheres of influence.²⁹ This approach had far greater traction in the Cold War (including respect for the spheres of influence which divided Europe), and is the first of the five rules of the game used by John Lewis Gaddis to explain the long peace between the United

²⁷ See Thomas C. Schelling, *The Strategy of Conflict* (Cambridge, MA: Harvard University Press, 1960).

²⁸ White, *The China Choice*, p. 45.

²⁹ *Ibid.*, pp. 150-1.

States and Soviet Union.³⁰ In fact two of Gaddis's other rules, the avoidance of direct military confrontation and the prohibition on undermining the other side's leadership,³¹ are very similar to corresponding points in the seven great power understandings which underpin White's Concert of Asia.³²

But Asia's order may depend less than White suggests on the deals that the United States and China can do about their own international relationship, including the extent to which Washington recognises China as a legitimate great power. It may have more to do with whether there is any sort of common project for Asia's future: a positive view on where the region is heading which goes well beyond the avoidance of great power conflict. This requires rather more than a concerted effort by the great powers to tolerate their differences. It may require a concerted effort at bridging some of those gaps so that more of the common goals and purposes which populate Bull's notion of an international society can be found.

This is very tricky territory. Some of the most significant differences between the United States and China, which cannot but affect their relations with each other and with others in the region, comes from their attitude to the most fundamental of political questions: "how they strike the balance between liberty and order".³³ I would not necessarily suggest that this part of their respective value systems be tackled first. But it would be hard to imagine a deeper order emerging without, say, an informal agreement between the two great powers about aspects of the rule of law. This takes us beyond the strategic dimension which is prominent in White's analysis into wider systems of rules. But it also leads us into a world of political compromises that few countries, especially big and proud ones like the United States and China, may be willing or able to consider.

Conclusion

The China Choice is a deliberately provocative piece of writing that gets us to the big question: what will be necessary for order in Asia, the world's most important region. Its success is not necessarily to be measured by the extent to which readers agree with Hugh White's answer in terms of the sharing of power. A few months ago I happened to ask an Australian official about the thinking that was going on there in terms of the changing balance in Asia. His answer, that no-one really agreed with Hugh White's position, would have pleased the author of *The China Choice*, because it was a sign of his success in setting the terms of the debate. That's a sign, perhaps, of a degree of intellectual primacy.

³⁰ See J. Lewis Gaddis, 'The Long Peace: Elements of Stability in the Cold War System', *International Security*, vol. 10, no. 4 (Spring 1986), pp. 134-5.

³¹ See *Ibid.*, pp. 135-6, 138-40.

³² See White, *The China Choice*, pp. 138-40.

³³ *Ibid.*, p. 170.

But getting the answer right also matters, and it matters for the two countries who are meant to accommodate one another in White's schema as well as for the other countries of Asia. As White has shown, a parsimonious approach to one's subject is often more compelling than a more inclusive but less definite account. And it is hard to find a more important strategic proposition today than the argument that order in Asia requires the two great powers to restrain their rivalry by holding back on primacy. That's already a big call, because of the imagination it requires in discounting America's current power and anticipating China's fuller regional presence. But, even then, is it going to be enough? I would argue that mutual restraint in the name of common interests needs to be buttressed by more attention to common and uncommon values in Asia. But in part because that may mean some other difficult choices, the parsimony of Hugh White's framework may remain hard to resist.

Robert Ayson is Professor and Director of the Centre for Strategic Studies at Victoria University of Wellington. robert.ayson@vuw.ac.nz.

Missing the Mosaic: Gazing Through the Prism of Asian Futures

Swaran Singh

The China Choice: Why America Should Share Power by Hugh White (2012) is an extremely engaging, lucid and readable exposition on the alternative futures of Asia projected through the prism of multiple models that could apply in deciphering the evolving contours of the interface between the United States and China in recent years. White presents a noble and convincing narrative on how a bold and visionary deal with China by President Nixon in 1972 had facilitated an unprecedented 'golden age' of peace and stability for the last forty years in Asia. This master-stroke deal not only aligned adversarial China with the United States and against the former Soviet Union but set large parts of Asia on an irreversible course of Western-oriented economic and political reforms: making Asia, under the American leadership, the world's most vibrant region thereby heralding the proverbial Asian century and the legendary rise of China. It is this unprecedented rise of China that is projected as the fundamental trigger which calls the US leaders today to make similar bold and visionary choices for the future of Asia.

Going by history, Hugh White believes, this does not seem to be an insurmountable challenge for the United States. US leaders have dealt with similar challenges—from the previous rise of Nazis, Fascists and Soviets—and have continued to be world leaders for over 100 years underlining the creed of US exceptionalism. Of course, US leaders have never faced a challenger of the size and genre of China and especially in a world that has since transformed in both its methods and metaphors. Never before was our world as closely knit together as now. Besides, for the first time, China presents not a military challenge but one of simply becoming the largest economic power—overtaking the United States; and it will do so sooner than later. This clearly impinges on US interests without Beijing having to directly threaten the United States in any manner. Deeper than that, both the global discourses and China's actions seem to gradually undermine the very indices and connotations of 'power' that make the United States the sole surviving superpower, thus forcing the United States to re-enforce or revisit its assets and assumptions that have been the source of its power and influence so far.

This narrative is especially engaging for being so definitive about its assumptions and their expected outcomes which also make it vulnerable to the narrow-bandwidth of its binaries and biases, something that are seen as the benchmark of academic works that distinguish these from policy research perspectives. Though strong in its formulations and impressive about its organisation of materials presented, the reading of this book generates intense curiosity and responses to it are likely to trigger great debate on several of the issues and formulations presented by the author. Some of the issues that invite attention and further debate may include the following which are presented largely in contrarian relish to prompt responses on this very important subject of alternative futures of Asia and especially the future trends of intense interface between Washington and Beijing.

US Primacy Versus China's Hegemony

At the very outset, White alludes to the centrality of global transformation and yet his analysis often fall prey to conventional wisdom and past experience as basis of his analyses. America, for instance, is too sharply painted like a benefactor (almost like a paragon of virtues) rather than as major beneficiary of this 1972 deal by President Nixon. Similarly, the follow up trends unleashing the Asian century clearly underplay the contributions of local Asian nations and leaders. Indeed, for an Asian reader, constant use of the words "US primacy" and "China's hegemony" appear intriguing. Similarly, use of the expressions 'Asia' and Asian century—for what actually is merely the Pacific-Asian region—appears seriously flawed if not a calibrated superimposition of cold war politics over Asia's history and geography. A book so deeply grounded in the fundamental hypothesis of an 'Asian century' and rise of China forcing US leaders to make tough choices cannot afford to take such a casual approach to geography and history so lightly. Similarly, use of the very loaded metaphor 'America' for the United States also remains equally intriguing and betrays author's uncontested internalisation of the Monroe Doctrine.

White's limited view of Pacific-Asia—as Asia—clearly allows the author to build the story of milk and honey and of the primacy of American leadership as the primary reason for it. To some extent one can take a benign view of both the East Asian Financial Crises as also the recent spread of terrorism which remains intrinsically connected to Asia's links to the so-called US leadership as also to its crisis. But how can one ignore other strong contrarian trends in the rest of Asia—Central, West, South—which have little reason to feel a part of any such narrative of either peace and prosperity or of the US leadership of Asia. Clearly, contributions of the US leadership, especially since the early 1990s, in the cases of Iraq, Afghanistan, and more recently in Egypt, Libya, and Iran tell a very different story of Asia and its future. Other than thousands of body bags for the United States and millions of causalities and destruction for these Asians, such US interventions have

invariably left behind far more radical regimes than the ones the United States came in to overthrow in the first instance. For them US leaders already have made their choice of 'offshore balancing' which clearly sounds like deserting them midstream.

The most perennial and curious feature is White's constant comparisons of the nature of politics and society between China and the United States which seem hurried if not simplistic. To take an equally simplistic opposite extreme of this argument, one only has to look at the state of affairs in the US polity and society when it stood at the ripe age of 63 in 1837—which is the current age of China's People's Republic as Hugh White makes these comparisons. Having consolidated the Louisiana Purchase (1803), US leaders were preparing for the annexation of Texas (1845), Oregon Territory (1846), Mexican Cession (1848) and Alaska Purchase (1867). All of these present well-known examples of intrigue and brutality with few parallels in human history. Conversely, the picture of the China of 2187—when it reaches the age of the US polity today—surely can be far more optimistic. Even when these comparisons are inevitable, there is need for a far greater caution in comparing apples and oranges. These inadvertently push the reader to see an anti-China slant that also goes against White's mention of China's material achievements and an increasing acceptance of China around the world which seem to hold great promise.

Debating Alternative Futures

Then there is this issue of evolution of the 'State' itself which remains a critical part of global discourses on alternative futures. The contemporary nation-state as an institution is less than 400 years old and it has been evolving rapidly. For 1000 plus years before the nation-state there was a world of agrarian societies where the large-sized society of China had been the mystic civilisation attracting attention from far and wide. China's power and influence then was measured not in per capita income or defence expenditures but using very different indices of culture and commerce spread by traders and pilgrims from different parts of the world. As we take a broad-sweep from the ancient Silk Route to the Silicon Valley dominated by Asian-engineers, States are already beginning to create space for non-State actors. Civil society has developed a global persona and lives, not in time zones, but in a real time of constant connectivity and consciousness. Even in its core traditional functions like War, states (with the United States in the lead) increasingly depend on private security companies. Moreover, militaries are expected to represent only a miniscule core of the comprehensive national power and, as we move towards soft power, the gap between the United States and China remains far too little and is shrinking rapidly. So scenario building of nuclear competition between the United States and China seems like more than stretching it.

State policies of the United States and China can have only limited value as being the sole barometer of Asia's possible future trajectories. But White outlines Asia's futures as linked directly to the rise of China which in turn presents US leaders with three specific policy options: to withdraw from Asia, to push China back and to share power with China. White prefers the third one as the least costly of all. However, there is no talk of China's socialisation which could be an even cheaper option for the United States as worth considering? The United States indeed has been working on this option assuming to turn China into US-III (with EU being US-II). This also makes the example of transition of leadership from Great Britain to the United States look far more credible, cost-effective and the most likely model for Asia's future. Co-opting China into all so-called Western-sponsored international regimes and then outsourcing the nuclear non-proliferation of North Korea to China since 2003 alludes to this being the preferred strategy of US leaders. The book also misses on engaging with the ASEAN led efforts at launching initiatives for communitarian models of regional integration. Currently, in spite of sporadic speculations on US-China brinkmanship, these ASEAN-centric forums represent the most agreeable regional forums for discussions on the alternative futures amongst all Asian leaders. For sure, this model promises to be far more lasting than any Concert of Asia that involves only the United States, China, Japan, and India; as Russia and other so-called middle-powers of Asia are kept out of these arrangements.

It is interesting to note that even in the various alternative futures painted by the author China is presented largely in a negative light, if not as evil pure and simple. US polity, on the other hand, has been and promises to remain the benefactor, almost a paragon of virtues. One is not sure whether any such simplistic binary perspective can be supported by either their past or their present. Flowing from this basic assumption is his exercise in scenario building of potential China-US confrontation which remains a prisoner of the time warp of cold war years whereas today the world seems completely transformed and too connected; where states have become far too focused on non-traditional threats from non-State actors and increasingly dependent on civil society participation and initiatives. Even in so-called monolithic China, one can see a rise of non-governmental organisations and transformation in the media and private ownership and initiatives which are becoming noticeable. So China is not only economically far more robust and less overstretched than either the former Soviet Union was or the United States is today, China also has far more Chinese living in the United States and contributing to the US economy, polity and society than Soviets could have ever imagined. The United States and China share far stronger economic interdependence and their interface remains far too broad-based to be limited to their State-to-State interactions. It surely cannot be restricted to the limited bandwidth of three policy choices of State entities.

Other Asian Players

In reality, neither US nor Chinese leaders seem to be taking initiatives based on any such scenario building. Most of their actions remain knee-jerk reactions that seek to address scores of teasers and triggers from visions of leaders at the helm to the view of the man on the street all broadly reflecting their traditions and broad understandings. State policies on both sides also remain focused primarily on their domestic constituencies and compulsions. The book clearly misses on discussions on the trends in their domestic politics and societies. Who could contemplate till 2008 that the United States would elect a black man to the White House, and do so again in 2012. The US presidential elections of 2012 were the last for US history with whites constituting the majority of voters, which itself is likely to unleash noble trends. Similarly, China's polity has become far more transparent and debates about factions and in-fighting within the Communist Party as also in terms of China's gradual reforms towards creating greater space for making choices at all levels of political participation and decision making. Their societies are changing even more rapidly.

Currently, China seems to lead Asia's economic order based on its co-prosperity sphere of influence where most nations today have begun to see their own prosperity being linked to the prosperity of China. Similarly, the United States continues to lead Asia's security order where most nations except few exceptions—China being most notable—see their security in the leadership of the United States. Both these orders remain parallel and yet share a complex relationship involving a mosaic of changing shades and changing ratios of costs and benefits which again remain subject to changing assessments and interpretations. The mosaic of Asia seems far too intertwined to be understood using a model of East-West equations of the Cold War years. Even treating their states as autonomous and primary actors would be limiting given the enormous intermixing of their economies and societies. American symbols like McDonalds and KFC make more profits in China than in the United States and China remains the source of manufacturing for so many US businesses.

Meanwhile, most middle-powers of Asia—India included amongst these—remain cautious and will prefer not to be forced to choose sides. Most of them expect to see the United States and China calibrating their interface on a day-to-day basis; gradually learning from these baby-steps rather than becoming prisoners to any grand strategies. Besides, each of these middle-powers will have their own ambitions and needs that will guide their analyses and initiatives. India for instance sees 'strategic autonomy' and 'multi-alignment' as its most preferred policy though it does not fully define its alignments and initiatives which have often been far too pragmatic to even the Indian elite's comfort. But if India has to take a policy stance on proposals like being part of any 'Concert of Asia' as outlined by Hugh White,

official New Delhi is likely to feel extremely reluctant to be seen endorsing any such idea.

Concert of Asia

India, that Hugh White finds historically “isolated” and currently not of direct relevance to Pacific-Asia itself sounds like a dated, very western and a non-starter of an assumption to begin with. Most Indians feel proud of India’s participation in international affairs and consider India as one of the pioneers in launching the Asian Relations Conferences in March 1947 (even before its own independence) and for contemplating of an Asian Relations Organization. Most experts consider India’s engagement with East Asia since early 1990s as a success story of India’s foreign policy. This includes India’s engagement with Australia which may have been partially facilitated by India’s recent engagement with the United States. India shares Australian perspectives of co-opting China into any such future Asian orders yet mainstream India remains wary of any formulation that smells of ‘spheres of influence’ or ‘balance of power’ which remain the very basis of Hugh White’s Concert of Asia.

Others may also have objections on other counts. The nineteenth century Balance of Power model so approvingly presented by Hugh White had a ‘balancer’ as also had relatively equal statured states as its members. Who will play the ‘balancer’ in Concert of Asia and how to bridge the enormous gap amongst the United States, China, Japan and India in terms of their wealth and populations. Moscow—the largest weapons supplier to both China and India—will have its own reasons to feel sore with Hugh White for Russia’s clear exclusion from Concert of Asia. Others like Indonesia—which are part of Kevin Rudd’s Asia Pacific Community—have also been celebrated for their democratisation and growth rates. Lately, the lowering growth rates of India have led to insinuations that the ‘I’ of BRICS, IBSA, BASIC should now stand for Indonesia and not India. And then there are the rapidly growing South Korea and pregnant-with-great-potential, Vietnam, and of course Australia! Once Hugh White goes beyond the G2 model he needs to explain the basis of his inclusions and exclusions.

And finally, where do we place ASEAN in any such Concert of Asia? ASEAN does not even believe in any such model. Conversely, community-building approach of ASEAN has apparently been the one most favoured even in Pacific-Asia; and endorsed by several leading Australian experts and practitioners including several former prime ministers and foreign ministers. Successive Indian leaders from Nehru onwards have also been reluctant to be part of any Concert of Powers and have propagated and practised confidence and community building approaches. India has stood firm in not sending forces to be part of coalitions of the willing in either Iraq or Afghanistan and continues to explore diplomatic solutions in the case of Iran. Indeed, the Chinese have also shown a similar orientation. One is not sure

therefore as to who are the willing takers of Hugh White's Concert of Asia? If anything, Hugh White's Concert of Four raises more questions than it even seeks to answer; unless, of course, raising questions was itself what the author may have intended.

That European experiences and lessons cannot be replicated in Asia has been the most regular refrain of Asian scholars. This often sounds rhetorical and anti-colonial but it is also true. With chunks of its landmass hosting Islam, Christianity, Buddhism and Hinduism and nations varying to extremes in every conceivable variable, any future trajectories of this Asian mosaic will require multilevel and multidimensional projections and can at best provide only a broad sweep of a rather flexible and constantly evolving road-map to its future. This partly explains why Asia continues to be confused with Pacific-Asia. This also tells us why, in spite of so many regional and sub-regional forums, it has not been possible to put up a single pan-Asian forum so far. This nuanced (or nostalgic) Asian approach to alternative futures of Asia may be far more realistic but it has limitations in generating quick and specific long-term policy options as is attempted by Hugh White in *The China Choice*. The book therefore fills a critical space and makes a very thought-provoking and interesting read and this one-big-idea brain-teaser now calls for a deeper and broad-based sequel, from a Chinese perspective.

Swaran Singh is Professor at School of International Studies, Jawaharlal Nehru University, New Delhi. He is President of Association of Asia Scholars and General Secretary of Indian Congress of Asian and Pacific Studies. ssingh@mail.jnu.ac.in

Hugh White's *The China Choice*: A Critical Analysis

Ralph A. Cossa

It is difficult to argue with the central recommendation in Hugh White's *The China Choice*. If indeed the United States only had three basic choices in responding to China's rise—capitulation, confrontation/containment, or working out a cooperative power sharing relationship, “allowing China a larger role but also maintaining a strong presence of its own”—US interests, and those of China and the region writ large, would indeed best be served by taking the cooperation route. One can argue that there are other policy choices, although most would in truth be variations on his three main alternatives.

My problem with his analysis is, first and foremost, that it is based on a faulty assumption. White seems convinced that the current US policy toward China, as spelled out (according to him) in President Obama's speech before the Australian Parliament in November 2011, is one of containment, in order to maintain US “primacy” or “supremacy” in the Asia-Pacific. He accuses Obama of “speaking dismissively of China's achievements and prospects”. He is flat out wrong! A more careful reading of Obama's speech, and the many China policy pronouncements by him and senior foreign policy spokespersons such as Secretary of State Hillary Clinton, would argue that the United States is currently embarked on exactly the same course that White says it should pursue, albeit with a somewhat different (and in my view more sensible) approach.

Curiously, White cites Secretary Clinton in describing the “different kind of relationship” that he is prescribing, one that she, like White, says would “require adjustments in our thinking and our actions, on both sides of the Pacific”. White has been associated with government service long enough to know that when a Secretary of State gives a major foreign policy address outlining US-China policy, she is not making suggestions to the President of the United States; she is outlining official US policy, the same policy White wishes the United States would follow.

President Obama's speech before the Australian Parliament was not about China; it was about the United States. It was aimed at reassuring friends and allies that, despite its domestic financial difficulties and political gridlock, America remained “all in” in Asia, as White notes it should and must, if long

term stability is to be preserved. Here's what Obama said about China in that speech:

Meanwhile, the United States will continue our effort to build a cooperative relationship with China. All of our nations ... have a profound interest in the rise of a peaceful and prosperous China-and that is why the United States welcomes it. We've seen that China can be a partner, from reducing tensions on the Korean Peninsula to preventing proliferation. We'll seek more opportunities for cooperation with Beijing, including greater communication between our militaries to promote understanding and avoid miscalculation. We will do this, even as continue to speak candidly with Beijing about the importance of upholding international norms and respecting the universal human rights of the Chinese people.¹

True, as White stresses, Obama also said that

history shows that, over the long run, democracy and economic growth go hand in hand. And prosperity without freedom is just another form of poverty.

Promoting freedom and democracy is what US presidents do; the message was not just to China but was and is a global one, steeped in US (and Australian) tradition. It is a great stretch to say that this is dismissive of China's accomplishments. While on the one hand White acknowledges that building a cooperative relationship should not preclude America from "speaking out against Chinese internal policies and events of which it disapproves", he sees current US criticism as "contesting that government's essential authority": "Governments that contest one another's legitimacy and seek one another's overthrow cannot [work together as equals]". Even the most paranoid of Chinese interlocutors do not usually accuse the United States of trying to "overthrow" the Chinese Government. How White reaches this conclusion is anyone's guess.

White's most damning unsubstantiated (and I would argue completely inaccurate) accusation is that

since about 2009, a clear consensus has emerged in Washington that China poses the biggest threat to America's international position, and that responding to this threat is now the highest foreign and strategic policy priority.

Really? I thought it was international terrorism and keeping weapons of mass destruction out of their hands, an effort which requires collaboration between Washington and Beijing. Perhaps White should have read the speech that Obama gave in July 2009 outlining US policy toward China when he hosted his first Strategic and Economic Dialogue in Washington. A few illustrative excerpts follow:

¹ B. Obama, speech to Australian Parliament, Canberra, 17 November 2013, <<http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>> [Accessed 21 February 2013].

The relationship between the United States and China will shape the 21st century, which makes it as important as any bilateral relationship in the world. That really must underpin our partnership. That is the responsibility that together we bear.

[O]ur ability to partner with each other is a prerequisite for progress on many of the most pressing global challenges.

[N]o one nation can meet the challenges of the 21st century on its own, nor effectively advance its interests in isolation. It is this fundamental truth that compels us to cooperate.

[T]he United States respects the progress that China has made by lifting hundreds of millions of people out of poverty. Just as we respect China's ancient and remarkable culture, its remarkable achievements, we also strongly believe that the religion and culture of all peoples must be respected and protected, and that all people should be free to speak their minds.

Let us be honest: We know that some are wary of the future. Some in China think that America will try to contain China's ambitions; some in America think that there is something to fear in a rising China. I take a different view. And I believe President Hu takes a different view, as well. I believe in a future where China is a strong, prosperous and successful member of the community of nations; a future when our nations are partners out of necessity, but also out of opportunity. This future is not fixed, but it is a destination that can be reached if we pursue a sustained dialogue like the one that you will commence today, and act on what we hear and what we learn.²

The major problem with White's book is that its central accusation—that Washington is today determined to maintain regional supremacy by containing and confronting China—feeds the paranoid suspicions of those in China who see the United States as trying to hold China back. By feeding these suspicions, White makes it that much more unlikely that China will accept US overtures as genuine. As he himself acknowledges, building a cooperative relationship will only work if both sides are committed to it. His accusations will discourage China from making the "mutual concessions needed to pull back toward cooperation". Americans (along with Japanese, Europeans, and others) have invested billions of dollars in China to help it reach its current level of prosperity. This is not to demean the great accomplishments of the Chinese people and their government. But, had the West embarked on a policy of containment verse engagement, China's growth would have been slower and considerably more difficult. It has been the bipartisan policy of US presidents since Nixon's breakthrough visit, to help China rise and become an interdependent partner in an increasingly prosperous Asia. This has not been by accident; it has been deliberate US policy which Obama, like his predecessors, has followed.

² B. Obama, speech at the U.S./China Strategic and Economic Dialogue, Washington DC, 27 July 2009, <http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-at-the-US-China-Strategic-and-Economic-Dialogue> [Accessed 21 February 2013].

President Obama began his presidency with an outstretched hand to China. Unlike several of his predecessors, he did not campaign against China as a “strategic competitor” (George W. Bush) or as the “butchers of Beijing” (Bill Clinton). From the onset he focused on building a cooperative, constructive relationship and seemed almost deferential to China. Some (myself included) have argued that Beijing misinterpreted Obama’s softer, polite approach as American weakness and, rather than meeting Washington half-way (as White prescribes), decided to push harder against US interests and allies, compelling Washington to push back, thus signalling (again as White prescribes) that attempts at achieving Chinese supremacy will also be resisted.

All this is not to dismiss the many cogent arguments in White’s book about the benefits of power sharing and the need to develop a more cooperative Sino-US relationship. His description of the consequences of a precipitous US withdrawal from Asia are compelling and convincing. Many of his other observations and recommendations also ring true. He does seem overly alarmist, however. His assertion that “war between the United States and China is already a clear and significant danger” does a disservice to the leadership in both countries which already recognise the need for cooperation and the limits to competition. Chinese leaders are also more aware of their own shortcomings than is White, who sees China “in the long run, more formidable than the Soviets were at the height of the Cold War”. Maybe one day, but not anytime soon. Even if the overall size of China’s economy exceeds that of America’s one day (which is likely although I suspect it will not come as soon as White and others like to predict), this does not make China more “powerful” either economically or strategically.

The dilemma he describes for Australia (and others)—whether we can continue to rely at the same time for America for our security and on China for our prosperity—in truth does not really exist. First, no one is asking Australia or anyone else to choose between the two countries. Second, economic partners come and go and economic reliance in most instances is mutual. China needs Australia’s natural resources as much as Australia needs China’s purchases. How much of Australia’s exports goes to Chinese companies and how much to multinational companies that twenty years ago were in Taiwan or Korea and twenty years (or less) from now are more likely to be in Vietnam, Indonesia, India, or elsewhere? Two-way trade in goods and services between Australia and China account today for 19.9 per cent of Australia’s total trade, versus 11.9 and 8.9 per cent with Japan and the United States respectively). When it comes to direct foreign investment in Australia, the United States, United Kingdom, and Japan top the list. The United States and United Kingdom are also the top destinations for Australian overseas investment (Japan is sixth). China does not even appear on either top ten list. While China is an increasingly important trading partner for Australia (as it is for the United States), to state that Australia relies on China for its prosperity is a gross overstatement. Indeed,

Australia's trade with ASEAN constitutes 14.5 per cent of total trade; with the EU it is 13.4 per cent. It sounds like Canberra's prosperity rests in numerous hands.

It is in looking at the military balance and in describing military scenarios where White is at his weakest. How does China's navy and air force, largely equipped with Russian hand-me-downs and Chinese copies of less than the best that Russia might otherwise have to offer pose "by far the greatest challenge to American sea control in the western Pacific by an Asian power since the defeat of Japan in 1945". Asserting that marines and aircraft carriers are "no longer a viable strategic option for Washington" displays a profound lack of understanding of sea power principles and the willingness, indeed necessity, to take risks in wartime. The idea that such forces would no longer be deployed during periods of increased tension during peacetime flies in the face of considerable history to the contrary.

Time and space limitations do not permit a longer assessment of White's accusations about US nuclear policy objectives. Suffice it to say that he should read the Obama administration's April 2010 Nuclear Posture Review and its commitment to "strategic stability" with China. He also repeats the accusation frequently heard from his Australian colleague Gareth Evans that it was "sheer luck" that allowed us to avoid a general nuclear war during the Cold War era. This does a great disservice to the military planners and their political bosses in both the Soviet Union and the United States/NATO, who worked tirelessly to ensure that accidents and miscalculations did not trigger a nuclear catastrophe.

White also describes one scenario where a naval confrontation between China and Vietnam quickly descends into a nuclear confrontation between the United States and China. This requires much too vivid an imagination, especially given that the United States has no defence commitments to Vietnam and, his (and Beijing's) accusations to the contrary, has not been encouraging Vietnam or anyone else to militarily confront Beijing in the South China Sea. Washington has called for a peaceful solution, a credible and binding Code of Conduct, and a commitment to freedom of the seas. He avoids a discussion of a potential China-instigated military confrontation with the Philippines, a US treaty ally. One wonders how White thinks the United States should respond in such an instance, where one could construe Chinese motives as being aimed at testing Washington's commitment or seeking primacy, which White acknowledges must be resisted.

White also seems all too eager to hand Taiwan over to the Mainland and to encourage Japan to abandon its alliance with the United States in order to become an independent major power in Asia as part of a Concert of Power along with the United States, China, and India—Russia, despite its growing economic power and far superior military forces (*vis-à-vis* China) is out, in White's calculations.

As regards Taiwan, White argues that the United States “has no reason to oppose reunification if it happens with the unforced consent of a majority of Taiwanese people”. Not only is this true, this is declared US policy. The United States is not “implicitly opposed to this outcome”, as he asserts (again without documentation). Washington does not oppose “eventual, peaceful, consensual reunification”. It does oppose Chinese coercion or the threat or use of force in bringing about reunification. White asserts that

possession of Taiwan by China would not make any real difference to the strategic balance between the United States and China in the Western Pacific.

This only holds true if unification is truly consensual. Any Chinese government that the Taiwan people would willingly become a part of is likely to be one that is not threatening to the United States or to its neighbours. But US credibility in Asia would suffer greatly were it to stand by and allow Taiwan to be consumed by China against its will. This would clearly represent a move by China to assert its primacy in Asia, which White rightfully argues should be resisted.

White asserts that

a stable concert of power in Asia will only emerge if Japan is willing and able to act more independently of America and join the concert as a great power in its own right.

What’s missing is the formula by which Tokyo accomplishes this feat. The other three members are nuclear powers. Does this require Tokyo to also develop a nuclear weapons capability to be an equally great power? Indeed, if one removes the extended deterrence that the US security treaty currently provides, would Japan have any credible option other than to develop its own nuclear weapons? And what would be the reaction in Korea (South and North) to Japan’s major power status? Would this really create a more “stable” situation in Asia? Would China, even under such circumstances, be willing to treat India and Japan as equals?

Is creating a concert of powers that encourages a more independent (potentially nuclear weapons-equipped) Japan, while demeaning Russia and disregarding or downplaying the role of Korea, Indonesia/ASEAN, and others (including Australia) really the best path toward working out a cooperative power sharing relationship that allows China a larger role but also maintains a strong United States presence? Or, does the current US alliance system, which embraces Japan and Korea and encourages the rise of China within limits, make more sense?

Throughout his book, White asserts that “most [Americans] don’t even consider” the cooperation option and that many in America and even in Asia “believe that there is no third option for Asia between US primacy and

Chinese hegemony". But, in truth, this is the course that American leaders have consciously followed, albeit cautiously, not due to concerns about their own intentions, but rather about China's.

White raises many of the concerns that American policymakers today must take into consideration when crafting a cooperative approach toward China. If China is indeed a revisionist power, as White seems to suggest, then is seeking accommodation the right approach? Will Beijing be more likely to interpret this as a weakness to be exploited rather than an opportunity for power sharing? Will it temper or fuel Chinese ambitions? Hedging is not containment. Hedging is preparing for the worst while hoping and working toward the best. The signals that Washington is willing to share power in a future Asia are considerably more clear than are the signals that China will be as willing once it is fully risen.

One wishes that White would have understood and accepted this basic fact and instead focused his book on the more recalcitrant partner in this equation. I would encourage him to climb off his *China Choice* bandwagon and instead begin working on a follow-on volume entitled "*China's Choice*", aimed at persuading Beijing that Chinese supremacy or primacy is equally unlikely and unacceptable. Unless and until China is prepared to adopt the same course, White's third option sadly will not be achieved.

Ralph A. Cossa is President of the Pacific Forum CSIS, Honolulu. Ralph@pacforum.org

Response to Commentary on *The China Choice*

Hugh White

The five thoughtful essays presented here offer a wealth of ideas from their eminent authors, and I am very grateful both to them and to the editors for having prepared and presented them. *The China Choice* is not deliberately provocative. My aim was simply to put the arguments as plainly and starkly as I could. But I did not expect that they would command instant and widespread agreement, so I am at least pleased that it has helped stimulate this kind of debate. In this short note I will try to take that debate a little further, not by attempting specifically to rebut the many excellent points made, but to see where they might take the issues from here.

One point on which almost all the reviewers agree is that *The China Choice* only tells half the story, and I fully concur. The second paragraph of the book explains how the future of Asia will be shaped by decisions in both Washington and Beijing, and both governments share equally the responsibility for building a relationship between them which is stable and peaceful. This book focused on America's choices about China only because they seemed to have had less attention than China's choices about America. However China's Choices certainly deserve more study, and I have only half-jokingly threatened to write a sequel which might be called *The America Choice: Why China Should Share Power*, because it does seem to me that China's choices are very similar to America's in some ways, and are obviously just as important and in many ways just as hard. I had space in *The China Choice* only to touch on these choices (pp. 48-53, 60-64), and will not attempt a more extensive treatment here. Suffice to say that while America has to decide how much it would be worth paying to try to retain primacy in Asia, China has to decide how much it is willing to pay to achieve primacy. My argument is that the price for both is very high, so both would be better off forgoing dreams of primacy and accepting parity instead. But that option only exists for each of them if the other makes the same choice. Hence China's choice about America is just as important as America's choice about China.

This central issue apart, most of the points raised in each of these essays concerns one or both of two central questions. The first is whether or not problem in the trajectory of the US-China relationship is as serious as I argue. The second is whether the solution I suggest to that problem is any good. Let us look at these in turn.

Is there a problem?

One of the central arguments in *The China Choice* is that the current trends in US-China relations pose very serious risks to both countries and to the rest of us. The obvious costs and risks of pursuing the kind of radical new Asian order which I propose in the book could only be justified if the congenial *status quo* is unsustainable, and the costs and risks of other models of a new Asian order were even greater than those of the model I propose. So it is very important to get clear just how big the risks we face are. The commentaries here raise three different kinds of question about this. The essence of my pessimistic view is that the United States and China have increasingly incompatible views of their relationship with one another and their roles in the Asian order. China wants to take over America's leadership role in Asia, while America wants to hang onto it. So there are two issues to explore: first, is China really challenging US primacy? Second, is the United States really resisting?

Take China first: is it China really challenging the *status quo* in Asia? In different ways I think Ralph Cossa, Jindong Yuan and Swaran Singh each raise this question by suggesting that China has a huge stake of its own in the *status quo*, and might therefore be expected to support rather than challenge it. I think there is a lot to be said for this argument. To the extent that I hold out much hope that China can be convinced to make wisely the choice about its future relations with the United States outlined above, that hope is based on the undoubted fact that China itself has so much to lose from breaking the economic interdependence which has been so central to its economic rise.

But that hope can only go so far: it is based on an assumption, unsupported so far as I can see by clear evidence, that China will always place economic considerations above all others. More fundamentally, it rests on the assumption that China will accept that its economy must suffer if the *status quo* in Asia is overturned. Again I do not think there is much evidence for that. Evidence for the contrary is provided precisely by the fact that China seems both so aware that its economic rise depends on peace and stability, and that it is so evidently determined to challenge US primacy. There comes a time when we have to accept the plain evidence of our eyes and ears.

One final point: those who doubt China's determination to challenge US primacy often exaggerate how much of the present order China might actually want to change, assuming that any challenge to the current order must necessarily be comprehensive. But China is in many ways a deeply *status quo* power itself. It does not seek radical changes in the way Asia works, precisely because it works so well for them as it is. They simply want to change who is in charge, and they see no reason why under their leadership the Asian order should not run pretty much as it has done under US leadership, only even more to their advantage. Of course they may be

wrong about this, but that seems to me to be what they think. This means we would be wrong to believe that China would be deterred from contesting US primacy because of the value it places on many aspects of the current order.

And finally of course we have the plain evidence of China's conduct. Is there any credible account of its actions over the past few years, especially in the South and East China Seas, other than that they are intended as a deliberate and calculated challenge to US primacy in Asia?

So what of the US response? Cossa especially argues that the United States is already doing all that could reasonably be expected to accommodate China's ambitions—indeed that the United States is already treating China as an equal. If that is true, then there is no need for further accommodation. But we need to consider what counts as sufficient accommodation of China. Cossa is arguing that America has already given China as much strategic space as it needs and deserves—which is not enough to erode the US-led *status quo*. He certainly believes that China *should* be satisfied with whatever can be done to accommodate its ambitions without eroding US primacy. But we cannot assume that China *will* be satisfied with that. And this is what really matters here: not what we might think China should or should not accept, but what it will accept. The risks of escalating rivalry and war do not depend on the rights and wrongs of each side, but only on the presence or absence of profound disagreement between them. I see no evidence that China is in fact satisfied with what the United States is offering so far. The remaining gap between US and Chinese views of what China should accept drives the risk of rivalry and conflict.

The resulting risk of major war is, as I have explained, central to my analysis and prescriptions. Cossa and others perhaps think I exaggerate it. I certainly do not think that a US-China war is inevitable: indeed my purpose in *The China Choice* is to suggest how the risks could be much reduced. But I do think the risk is very real and growing. Whether I am right or not depends ultimately on questions about how major wars start and what causes them, which are rather too large for this quick note. Let me just say here that people who are confident war can be avoided often assume that wars only happen when one side or the other actively seeks it. That is not so. They happen when both sides find themselves having to choose between making war, or some alternative which they conclude, either coolly or in the heat of the moment, is even worse. Neither the United States nor China want war, but both could very easily find themselves forced to choose between war and abandoning their vision of themselves as a leader in Asia. That is exactly the kind of situation in which leaders, and peoples, choose war. That is why I think there is a very serious problem.

What is the solution?

The China Choice offers a solution to this problem which is both radical and—as Robert Ayson so elegantly puts it—rather austere. My proposal is austere because my aim was to discover the easiest, simplest, most modest measures which would give a real chance of reducing the risk of major war. It is radical because, if my analysis is right, even the most modest measure turns out to be very big indeed, very hard to conceptualise and very difficult to implement. Like the authors of these essays, I think the Concert of Asia model which I offer has many flaws and drawbacks. The only real merit I claim for it is that it would reduce the risk of major war without sacrificing the most important features of a stable international order. But that seems to me to be a very big merit indeed. Also like others, I think the difficulties of establishing a Concert of Asia are very great, and that it will most likely not happen. It is instead much more likely that the present situation will persist, US-China strategic rivalry with steadily escalate, and the risk of major war will grow.

Nonetheless, if I am right that the kind of accommodation I propose is the best way to limit the risk of catastrophe, then it might not be as fanciful a proposal as it seems at first glance. Certainly it would take extraordinary statesmanship by leaders in several countries to make it happen, but if those leaders realise the risks and costs of the current situation, then the incentives to take the very difficult steps needed to avoid them would be strong. This is where the force of economic interdependence might come into play. Many people recognise how important interdependence is in shaping the relations between states, but they mistake its effects. It does not prevent strategic rivalry arising, but it does increase the incentives to manage it effectively. So the interdependence between the United States and China does not prevent them having to compromise with one another's vision of their respective roles in the Asian order, but it does give them big incentives to reach that compromise. Many people who cannot imagine any disruption of the economic interdependence between the United States and China nonetheless find it equally hard to imagine that something like a Concert of Asia might ever arise. But in fact without the kind of accommodation embodied in the Concert, economic interdependence probably cannot survive. So the incentives to build something like the Concert are perhaps greater than people assume, and the chances of it happening are perhaps not quite so low.

Of course this argument only holds if the Concert model would actually work. Not surprisingly to anyone who knows her work on this subject, Evelyn Goh makes some outstanding points about the nature and workings of a Concert which deserve a fuller response than I have room for here. Let me just touch on three of the issues she, and others, raise. First, there is the question of the relative power of the United States and China. Goh correctly points out that the United States provides many benefits to other countries in the region

that China cannot yet match. She says that this leaves the United States with a big power advantage, which [I infer] might mean that the United States could not, or need not, establish a Concert-style system with China. I am not sure the inference follows, because the benefits which America has delivered have not been the result of US primacy alone. They have also been the result of Chinese acceptance of that primacy. America has been able to do all it has done in Asia since 1972 only because its position has been uncontested. China therefore can, and I think is already, eroding these US advantages even if it cannot replace them with advantages of its own.

Second, Goh makes a very important point about spheres of influence. To build a stable concert on the European model would seem to entail the definition of exclusive spheres of influence for each power. That seems very hard to do because they both seek influence over the same sets of smaller powers. I agree, but with two observations. First, if separate and exclusive spheres of influence do turn out to be essential for the United States and China to live in peace with one another, that may be a price we have to pay. The difficult task of delineating the dividing line between them would then become one part of the difficult process of establishing a stable new order. It would be painful and regrettable but not I think impossible. Second, I do not think we should assume that this would be necessary. Spheres of influence were a prominent part of the nineteenth century European order, but not I think essential to its workings. We can envisage a Concert system that found some other mechanism for reconciling conflicting interests in third countries. It would be interesting to explore this idea in more detail.

Thirdly Goh, along with Ayson, Singh and Cossa, raises critical questions about who is inside the Concert, and what becomes of those who are left out. The first of these relates to the issue of which powers are strong enough to get a seat at the table. I have suggested that there will be four—the US, China, India and Japan—but this simply reflects my hunch that these will be the powers that will be strong enough to disrupt, and therefore veto, any regional order that does not satisfy them. My core point is that the Concert will only involve as full members those countries which have to be there if the order agreed between them is to survive. If one of my four does not meet this test they will fall away, and if some other power does it will have to be accepted. The only powers I am sure will pass the test are China and the United States. Which others might make the cut eventually—not just India and Japan but Korea, Vietnam, Indonesia—is an important area for further study.

The second question concerns the countries which do not make the cut. What kind of a say do they get? We must here distinguish between normative judgements about how we would like Asia's new order to evolve, and analytic judgments about how it would or could actually evolve. I do not believe that an exclusive concert of great powers is a desirable way to build a new Asian order. I only argue that it is much more likely than any more

inclusive process to deliver an order which effectively limits the risk of rivalry and war, because the compromises necessary for agreement between the great powers will be much harder to reach in a larger forum. This is contrary to the inclusive diplomatic norms that have evolved in Asia over the past few decades, but that experience will be of limited use in the very different decades ahead. The ASEAN way has been the result, not the cause, of the major power amity of recent decades, and it will not help to deliver the basis for a new amity now that the old one is falling apart. At the risk of sounding a little Thucydidean, if the region's great powers do a deal among themselves, the middle and small states will not in the end have much choice about whether to accept it or not. But they might take comfort in the thought that if the great powers do not do a deal, then the outcome for them would be even worse.

Even so, I think there is a lot more work to be done on the kinds of institutions and mechanisms that might develop to manage regional issues within a regional order based on a great power concert. These might not necessarily be very much different from those we have today, but like them they would be products of the underlying order, not determinants of it. Thinking more deeply about the shape of such institutions and mechanisms might be a very useful area for further work.

Values

This brings me finally to Robert Ayson's very thoughtful comments. Ayson's recent work on Hedley Bull¹ gives him a wonderful foundation for thinking about the Asia's future order and the conditions for peace in the Asian Century, and anyone who has read his work will see how much my thinking owes to him, as well as the significant areas on which we differ. There is a great deal that could be said, but I will limit myself to a very brief and preliminary response to what I take to be the core point in his contribution here: that my model of a new Asian order is too austere to provide an adequate basis for Asia's future, in particular because it focuses too narrowly on interests rather than values.

Let's start by going back to Bull for a moment. Ayson's book shows clearly how Bull believed that the anarchical society which is the foundation of order among states must be built, at least to some extent, on a shared set of values. This was the origin of his later interest in cosmopolitan conceptions of international justice, because he took the view that without a measure of justice there could be no convergence in values. But this conception of the place of values in order clearly presupposed a fairly rich conception of order—something rather more than the mere absence of war. I think Bull's views on all this might well be right, at least as far as they go, but I do not

¹ Robert Ayson, *Hedley Bull and the Accommodation of Power* (Houndmills, Basingstoke: Palgrave Macmillan, 2012).

think that this account is complete. It may well make sense to identify a rich conception of order that depends on values in this way, but if so I think it is also necessary to recognise another, more austere conception of order as well. This minimal concept of order might indeed be limited to simply avoiding war between states, and might therefore fail to do much that we would like an international order to do. But it is nonetheless important because avoiding war is so important. As Ayson suggests, this minimal order need be based on nothing more than a shared desire to avoid war, but we forget the most painful lessons of the twentieth century if we do not see in that one of the most vital aims in the management of international relations. I favour an austere approach not because I do not believe a richer order would be preferable, but because that richer order would be harder to achieve, and I fear that by reaching for a richer order we may fail to secure even an austere one. I'd rather settle for half a loaf than no bread. Does this mean we ignore values in favour of interests? Only if you think the avoidance of war is a mere interest, rather an very important value in its own right. In the promotion of that value I am happy to plead guilty to austerity.

Hugh White is professor of strategic studies at the Strategic and Defence Studies Centre, ANU.
Hugh.White@anu.edu.au

Australia's Uranium and India: Linking Exports to CTBT Ratification

Crispin Rovere and Kalman A. Robertson

Uranium mining and export have always been deeply divisive issues within Australia.¹ Of primary concern among the Australian public has been the reconciliation of uranium export with nuclear non-proliferation and disarmament. To that end, few decisions were as comprehensively unpopular with the Australian electorate as the one to open uranium exports to India while it remains a non-party to the Nuclear Non-Proliferation Treaty (NPT). In August 2007, Prime Minister John Howard decided to support the export of Australian uranium to India.² This policy was subsequently reversed when Kevin Rudd was elected Prime Minister before any agreement could be reached. After Rudd was ousted, Julia Gillard sought to change the Australian Labor Party (ALP) national platform to allow uranium export to India; a move that was especially unpopular in the Labor rank-and-file.³ The debate at the ALP National Conference saw the Labor Left faction come out uniformly against the move, with one Labor Senator beginning his dissenting speech with an unequivocal "Prime Minister, you are wrong" to the rapturous applause of those present.⁴ The most common argument made against exporting uranium to India has been that it undermines Australia's non-proliferation credentials by allowing export to countries that are not members of the NPT.⁵ Ultimately, the motion to grant an exception

¹ J. Falk, 'Preventing Proliferation: The Role of Australian Uranium', in D. Ball and A. Mack (eds.), *The Future of Arms Control* (Sydney: Australian National University Press, 1987), p. 253.

² Howard, in support of uranium export to India argued in 2007 that; "as well as assisting India to pursue economic development while addressing environmental challenges, the decision recognises India's strong non-proliferation record and will help to bring India more fully into the non-proliferation mainstream". S. de Tarczynski, 'Uranium Sales May Fuel Asian Arms Race', *Inter Press Service News Agency*, 26 August 2007, <<http://www.ipsnews.net/2007/08/australia-uranium-sales-may-fuel-asian-arms-race/>> [Accessed 22 February 2013].

³ The 2012 Lowy Institute Poll indicated that overall 61 per cent of people were against Australia exporting uranium to India, with only 33 per cent in favour. Of those who always vote Labor, it was 65 per cent against. See F. Hanson, 'Australia and New Zealand in the World: Public Opinion and Foreign Policy', *The Lowy Institute Poll 2012*, <http://lowyinstitute.cachefly.net/files/lowy_poll_2012_web3.pdf> [Accessed 22 February 2013].

⁴ K. Murphy, 'Labor Votes in Favour of Selling Uranium to India', *Sydney Morning Herald*, 4 December 2011. <<http://www.smh.com.au/national/labor-votes-in-favour-of-selling-uranium-to-india-20111204-1od53.html>> [Accessed 2 February 2013]

⁵ There were a total of sixteen speakers for and against the relevant Amendment 665A at the 2011 ALP national conference. At least one Labor MP spoke against the motion on the grounds that it would "leave ourselves open to pressure from every other country in the world on every other issue that they wish to invite debate on". See P. Hudson, 'Tough Guy Weeps over Nuclear Dangers', *Herald Sun*, 5 December 2011, <<http://www.heraldsun.com.au/news/victoria/tough->

to India passed on the conference floor by a slim majority, 208 in favour with 185 against.⁶ This handed Prime Minister Gillard an important victory, having taken some profound political risks. Clearly she believed there were significant national imperatives that justified the expenditure of limited political capital.

This comment argues that it is possible for a bilateral uranium export deal between Australia and India to support nuclear non-proliferation and disarmament objectives; and that arguments against this are based upon misconceptions regarding the role that uranium supply can play in shaping the nuclear behaviour of recipient states. Australia's uranium export policy should be conceptualised in terms of the nuclear legitimacy sought by and conferred upon recipient states. Applying this concept to the proposed agreement with India, it is recommended that export be linked to an undertaking by India to ratify the Comprehensive Nuclear-Test-Ban Treaty (CTBT), conditional on CTBT ratification by the United States.

The policy of linking uranium supply to nuclear non-proliferation began in 1977, when Prime Minister Malcolm Fraser announced that Australia should export uranium because its vast deposits acted as a “tangible reward” for NPT membership.⁷ The centrality of the NPT in Australia's policy was affirmed by linking it to the Article IV.2 undertaking to facilitate nuclear exchanges for peaceful purposes, thereby supporting directly the bargain inherent in the NPT. Since that time, a bipartisan policy has entrenched the view that being a major uranium supplier gave Australia “a lever” with which to influence other countries embarking on nuclear energy programs.⁸ As Michael Clarke has argued, “the core assumption of the Fraser Government's ‘uranium decision’—that Australia could use its uranium as an instrument of diplomatic leverage—has remained largely unquestioned by successive governments in Canberra”.⁹ In recent years this view has been challenged,¹⁰ with a large number of uranium suppliers gaining significant shares of the market in many importing states. Among the arguments put forward in support of Labor's policy shift was that exporting uranium exclusively to NPT states had become outdated in the case of India by the 2008 US-India Nuclear Cooperation Agreement. According to Prime

[guy-weeps-over-uranium-dangers/story-fn7x8me2-1226213613927>](#) [Accessed 22 February 2013].

⁶ Murphy, ‘Labor Votes in Favour of Selling Uranium to India’.

⁷ M. Clarke, ‘The Fraser Government's “Uranium Decision” and the Foundations of Australia's Non-Proliferation Policy: A Reappraisal’, *Australian Journal of Politics and History*, vol. 58, no. 2 (June 2012), p. 230.

⁸ See *Ibid.*

⁹ *Ibid.*, p. 233.

¹⁰ M. Clarke, ‘The Third Wave of the Uranium Export Debate: Towards the Fracturing of Australia's Nuclear “Grand Bargain”’, in M. Clarke, S. Frühling and A. O’Neil (eds.), *Australia's Uranium Trade: The Domestic and Foreign Policy Challenges of a Contentious Export* (Surrey: Ashgate Publishing Limited, 2011), pp. 109-36.

Minister Gillard, Labor's national platform should change to "recognise that reality".¹¹ As Australia's uranium export policy environment shifts, it is necessary to critically analyse what role export decisions can play, if any, in restricting the proliferation of nuclear weapons.

The waiver granted to India through the Nuclear Suppliers Group (NSG) guidelines,¹² and the US-India Nuclear Cooperation Agreement, opened the door for a range of other uranium suppliers. At least nine other countries have negotiated or are in the process of negotiating nuclear cooperation agreements with India, including four of the five permanent members of the United Nations Security Council (UNSC).¹³ As Clarke observes, "while the substance of the domestic debate within Australia has shifted only slightly since the 1970s, the international picture has evolved considerably".¹⁴ Therefore, a categorical refusal by Australia to supply uranium to non-NPT states is no longer an effective means of supporting the non-proliferation regime.

This comment addresses the challenge of developing a new coherent uranium export policy that supports non-proliferation and disarmament objectives in two steps. First, it argues that the influence nuclear suppliers can exert to strengthen compliance with non-proliferation norms relates primarily to the legitimacy conferred to a recipient states' nuclear activities in the view of the international community. Here legitimacy is characterised by the recognition of a broad constituency (in this case the international community) that a given behaviour accords with "certain 'norms' and 'principles' which are deemed 'generally accepted'".¹⁵ In other words, legitimacy focuses on the recipient's self-perception and the perceptions held by other stakeholders of a given activity. In the case of uranium supply, this means that nuclear supply agreements confer an acceptance of nuclear

¹¹ J. Gillard, 'Transcript of Press Conference, Canberra', 15 November 2011, <<http://www.pm.gov.au/press-office/transcript-press-conference-canberra-19>> [Accessed 22 February 2013]. On the possible strategic and military benefits of the deal see R. Mishra, 'India-Australia Strategic Relations: Moving to the Next Level', *Strategic Analysis*, vol. 36, no. 4 (July-August 2012), pp. 657-62.

¹² 'Statement on Civil Nuclear Cooperation with India', NSG Document from Extraordinary Plenary Meeting on 6 September 2008 (reproduced in 'Communication Dated 10 September 2008 Received from the Permanent Mission of German to the Agency Regarding a "Statement on Civil Nuclear Cooperation with India"', International Atomic Energy Agency Doc INF/IRC/734 (Corrected) (10 September 2008).

¹³ The exception on the UNSC is China. Negotiations for the US-India nuclear agreement started in 2005 and were concluded in 2008. For a survey of the US-India nuclear relationship see M. Jabeen and I. Ahmed, 'Indo-US Nuclear Cooperation', *Journal of South Asian Studies*, vol. 26, no. 2 (July-December 2011), pp. 411-29.

¹⁴ M. Clarke, S. Frühling and A. O'Neil, 'Introduction: Australia's Uranium Trade in Domestic and International Contexts', in M. Clarke, S. Frühling and A. O'Neil (eds.), *Australia's Uranium Trade: The Domestic and Foreign Policy Challenges of a Contentious Export* (Surrey: Ashgate Publishing Limited, 2011), p. 5.

¹⁵ S. P. Mulligan, 'The Uses of Legitimacy in International Relations', *Millennium—Journal of International Studies*, vol. 34, no. 2 (2006), p. 351.

behaviour upon the recipient, which is a more accurate descriptor than it being a power relationship between the supplier and recipient.

Second, this comment argues that framing the issue in terms of legitimacy can inform Australia's policy options with respect to negotiating a bilateral nuclear cooperation agreement with India. This could provide an answer to the challenge for Australian diplomats of determining how to link uranium export to India with non-proliferation and disarmament objectives. This can be achieved by relating Australia's export conditions to the nuclear legitimacy that India seeks, specifically legitimacy commensurate with the five nuclear-weapon states (NWS) permitted nuclear weapons under the NPT. It is proposed that India be asked to commit to ratifying the CTBT as soon as reasonably possible *after the US Senate* as part of a bilateral export deal. This would utilise the legitimacy conferred by nuclear supply in a way that supports non-proliferation norms.

This is possible because, in accordance with India's self-conception as an emerging great power, India desires equality of nuclear status with China and the United States.¹⁶ It is therefore unlikely that India will conclude any nuclear deal with Australia that enshrines preferential treatment of uranium supply to any other state, especially China. Conversely, it is likely that India will be sensitive to implications that it is not acting as a legitimate NWS as this would be inimical to a status of nuclear equality. India will therefore pay close attention to steps taken by other NWS toward ratification of the CTBT, in particular any movement by the United States and China, as this would place heavy pressure on India to follow suit. This reality has been acknowledged by India's Prime Minister, Manmohan Singh, who indicated in 2009 that "should the US and China ratify the CTBT, a new situation will emerge".¹⁷

A more aggressive bargaining strategy by Australia, especially one that treats uranium supply as a tool of coercion, cannot succeed. India has rejected Australia's calls to accede to the NPT as a non-nuclear-weapon state (NNWS), an action which would require complete dismantlement of its nuclear arsenal.¹⁸ Faced with two threatening nuclear powers on its borders (China and Pakistan), Australia's dogged insistence that India sign the NPT

¹⁶ E. Kavalski, *India and Central Asia: The Mythmaking and Relations of a Rising Power* (London: I B Taurus Publishing, 2010), p. 76.

¹⁷ Quoted in 'Japan Wants India to Sign CTBT; PM Puts Onus on US, China', *The Indian Express*, 29 December 2009, <<http://amrrakha.com/article/Japan-wants-India-to-sign-CTBT--PM-puts-onus-on-US--China.html>> [Accessed 22 February 2013]. See also, V. R. Raghaven, 'India May Ratify CTBT after US and China—Expert', *Daily News Bulletin* (Moscow), 7 September 2012.

¹⁸ According to Article IX.3 only countries which exploded a nuclear device prior to 1967 are permitted to accede to the NPT as a nuclear-weapon state.

has had a negligible impact on India's leadership, except to breed a certain degree of antipathy.¹⁹

Australia's export of uranium to China, while refusing India, has also been a sore point of contention. China's proliferation activities in Pakistan have been well documented,²⁰ while India argues that it has a strong non-proliferation record and has been arbitrarily punished through being excluded from joining the NPT as a NWS.²¹ From India's perspective, Australia has been far more insistent on other countries signing up to international treaties and far less concerned whether the parties abided by those commitments. This perceived double standard fostered significant distrust of Australia in India; more acutely felt by virtue of China remaining India's most powerful strategic rival.²²

Furthermore, the supply of uranium ore concentrate (UOC) from Australia (or any other supplier) is not a limiting factor on the nuclear weapons programs of other states. Even for states to which nuclear transfers are restricted, such as Pakistan and North Korea, acquisition of UOC to supply conversion, enrichment and reprocessing activities for a nuclear weapons program has not been a difficulty.²³ There is also a major disparity between the volumes of uranium required to power nuclear reactors and the finite amounts needed for military purposes. In 2006, then Foreign Minister Alexander Downer pointed out that:

The quantities of uranium required for a nuclear weapons program are relatively small, as little as five tonnes of natural uranium to produce one nuclear weapon. Such quantities of uranium are readily available in nuclear weapon states. By contrast, producing fuel for one 1,000 megawatt power reactor requires around 200 tonnes of natural uranium every year ... For a nuclear weapon state considering whether to proceed with nuclear power, therefore, the choice is not between using its uranium for nuclear weapons or for nuclear power—the quantities required for nuclear power are so much

¹⁹ S. Gordon, 'Implications of the Sale of Australian Uranium to India', Working Paper No. 410 (Canberra: Strategic and Defence Studies Centre, September 2008), pp. 1-15.

²⁰ See A. Davies, 'Australian Uranium Exports and Security: Preventing Proliferation', Strategic Insights Paper No. 28 (Australian Strategic Policy Institute, 31 August 2006), p. 18.

²¹ See Gordon, 'Implications of the Sale of Australian Uranium to India'.

²² See also R. Medcalf, 'Australia's Uranium Puzzle: Why China and Russia but not India?' *Fearless Nadia*, no. 1 (Spring 2011), p. 13; R. Medcalf, 'Powering Major Powers: Understanding Australian Uranium Export Decisions on China, Russia and India', in M. Clarke, S. Frühling and A. O'Neil (eds.), *Australia's Uranium Trade: The Domestic and Foreign Policy Challenges of a Contentious Export* (Surrey: Ashgate Publishing Limited, 2011), pp. 167-86.

²³ See generally Z. Mian, A. H. Nayyar and R. Rajaraman, 'Exploring Uranium Resource Constraints on Fissile Material Production in Pakistan', *Science and Global Security*, vol. 17 (2009), pp. 77-108; M. Kroenig, *Exporting the Bomb: Technology Transfer and the Spread of Nuclear Weapons* (New York: Cornell University Press, 2010).

larger than the actual choice is whether to generate base load electricity with uranium, or coal, or gas.²⁴

Therefore, so long as electricity can be generated economically by means other than nuclear, there will always be ready substitutes for power generation should the supply of UOC become a concern. For the short to medium term, India has adequate supplies of uranium from alternative suppliers²⁵ as well as large indigenous reserves of thorium which may become an alternative source of nuclear fuel in the future.²⁶

As with other countries, India did not have problems sourcing enough UOC for military purposes, even prior to the 2008 US-India nuclear deal.²⁷ The NSG was originally formed, ironically, in response to India's so-called "Peaceful Nuclear Explosion" conducted in 1974. The aim was to get countries to "exercise restraint" when supplying enrichment or reprocessing technologies.²⁸ Of course, the NSG did not successfully prevent India or Pakistan from continuing nuclear weapons development, and their emergence as nuclear-armed states in 1998 occurred without exception to the NSG guidelines. It has long been recognised that control over enrichment and reprocessing technologies and expertise have had far more impact on the proliferation capabilities of states than restricting UOC. Indeed, enrichment or reprocessing have been the choke points for every nuclear weapons program.²⁹

²⁴ A. Downer, Submission No. 33.1, p. 11 to House of Representatives Standing Committee on Industry and Resources, Parliament of Australia, *Australia's Uranium—Greenhouse Friendly Fuel for an Energy Hungry World* (2006), reproduced on p. 439 <<http://apo.org.au/node/2418>>.

²⁵ See OECD Nuclear Energy Agency and International Atomic Energy Agency, *Uranium 2011: Resources Production and Demand* (Paris: OECD, 2012) p. 254. See also 'Uranium Supply to India Will Be Demand Based, Says Australia', *The Hindu: Business Line*, 17 May 2012, <<http://www.thehindubusinessline.com/industry-and-economy/government-and-policy/article3428360.ece>>. See also C. Moloney, 'Australian and Canadian Nuclear Policy' in M. Clarke, S. Frühling and A. O'Neil (eds.), *Australia's Uranium Trade: The Domestic and Foreign Policy Challenges of a Contentious Export* (Surrey: Ashgate Publishing Limited, 2011), pp. 186-204.

²⁶ India has 32 per cent of the world's known reserve of thorium. See Gordon, 'Implications of the Sale of Australian Uranium to India'.

²⁷ Z. Mian, A. H. Nayyar, R. Rajaraman and M. V. Ramana, 'Fissile Materials in South Asia and the Implications of the US-India Nuclear Deal', *Science and Global Security*, vol. 14 (2006), pp. 117-143; P. K. Kerr, 'U.S. Nuclear Cooperation with India: Issues for Congress', Congressional Research Service Doc RL33016, 26 June 2012, pp. 1-8.

²⁸ See 'Communication Received from Certain Member States Regarding Guidelines for the Export of Nuclear Material, Equipment or Technology', IAEA Doc INFCIRC/254 (February 1978), Appendix: Guidelines for Nuclear Transfers, para. 6.

²⁹ J. Ullom, 'Enriched Uranium versus Plutonium: Proliferant Preferences in the Choice of Fissile Material', *Nonproliferation Review*, vol. 2, no. 1 (1994), pp. 1-15. The June 2011 NSG rules restricting supply of enrichment and reprocessing technology demonstrate that these technologies have greater proliferation sensitivity than supply of other materials and equipment and therefore deserving of greater restriction, see D. Horner, 'NSG Revises Rules on Sensitive Exports', *Arms Control Today*, July/August 2011, <http://www.armscontrol.org/act/2011_%2007-

Despite a lack of evidence that restricting uranium supply diminishes the capacity of states to develop nuclear weapons, the NSG continues to place heavy restrictions on the transfer of uranium.³⁰ Given its limited impact on non-proliferation, it is curious that global uranium exports are so heavily restricted. There is also no appetite to lessen the restrictions placed upon the transfer of UOC, which is still viewed as a component of the global non-proliferation apparatus.

It is important not to attach too much strategic significance to UOC. Australia's export of UOC to China does not influence the Sino-Indian strategic balance, nor does it directly impact alliances or the course of strategic competition across the region. Yet this does not itself mean that controlling uranium export plays no role in influencing the behaviour of prospective recipient states. Where nuclear suppliers conclude agreements with a nuclear-armed state, they convey legitimacy on the recipient's nuclear status. For India, nuclear cooperation agreements remove diplomatic isolation, and having many such agreements raises India to the status of a de facto NPT NWS.³¹ Having sought and attained this recognition, India becomes incentivised to behave in a manner that accords with its new status as a responsible stakeholder in a stable nuclear order. Australia does have particularly stringent controls in its bilateral nuclear agreements, and therefore an Australia-India nuclear deal would help to most fully legitimise India as a NWS in the view of the international community.

An Australia-India Nuclear Agreement that Supports Non-proliferation and Disarmament

The prospect of Australia acknowledging India's status as a legitimate nuclear power may persuade India to undertake additional non-proliferation obligations, provided it results in an agreement comparable to Australia's agreements with China and the United States. India, like some other countries, views the possession of nuclear weapons as one symbol of importance on the international stage.³² Acceptance as a de facto NWS accords with Indian conceptions of being an emerging great power, and in

08/Nuclear_Suppliers_Group_NSJ_Revises_Rules_Sensitive_Exports> [Accessed 22 February 2013].

³⁰ See 'Communication Received from the Permanent Mission of Brazil Regarding Certain Member States' Guidelines for the Export of Nuclear Material, Equipment and Technology', IAEA Doc INFCIRC/254/Rev.9/Part 1 (7 November 2007), Appendix: Guidelines for Nuclear Transfers.

³¹ R. Huisken, 'Uranium Sales to India: What Should Australia's Price Be?', *Nautilus Institute for Security and Sustainability*, 10 April 2006, <<http://nautilus.org/apsnet/0612a-huisken-html/#n2>> [Accessed 22 February 2013].

³² S. M. Shuja, 'India and Nuclear Weapons', *American Asian Review*, vol. 19, no. 3 (Fall 2001), pp. 103-19.

seeking this status it follows that India would be willing to accept the rights and responsibilities that go with that position.

The key priority for Australia in any nuclear export agreement is ensuring adequate nuclear safeguards for its uranium and, to the extent possible, utilising its uranium to materially support nuclear non-proliferation and disarmament.³³ At first it appears as though Australia's bargaining position is seriously constrained. India has a wide range of alternative suppliers, does not require Australian uranium for its energy needs, and can potentially pressure Australia politically to expedite conclusion of an agreement. Since India will not place its nuclear weapons program at a disadvantage to the NPT NWS, it is unlikely that Australia can induce India to unilaterally join agreements (such as the CTBT).³⁴ At the same time, India may want to take care to avoid appearing *more* recalcitrant than the NPT NWS, as this would undermine their arguments regarding perceived double standards and their strong non-proliferation record.

To achieve a uranium export deal that supports the priorities of both Australia and India, this comment proposes that, as part of such a bilateral uranium export deal, India would state publicly that it will ratify the CTBT *once the US Senate does*. This is possible because it confirms India's status as a responsible nuclear power, while not requiring India to do anything unilaterally. This approach avoids the pitfall of making CTBT ratification a South Asian issue by considering India's broader nuclear relationship with China.³⁵ As China has already indicated it will ratify the

³³ All Australian obligated nuclear material (nuclear material derived from Australian uranium) would be subject to International Atomic Energy Agency (IAEA) safeguards of at least the 'item-specific' standard contained in *The Agency's Safeguards System*, IAEA Doc INFCIRC/66/Rev.2 (16 September 1968) ('INFCIRC/66'). See *Agreement between the Government of India and the International Atomic Energy Agency for the Application of Safeguards to Civilian Nuclear Facilities*, signed 2 February 2009, entered into force 11 May 2009 reproduced in IAEA Doc INFCIRC/754 (29 May 2009). Supply may also be conditional on India's ratification of the Additional Protocol to its safeguards agreement, which is currently before the Indian parliament, see P. Crail, 'IAEA Approves India Additional Protocol', *Arms Control Today*, April 2009; *Protocol Additional to the Agreement between the Government of India and the International Atomic Energy Agency for the Application of Safeguards to Civilian Nuclear Facilities*, signed 15 May 2009, attached to IAEA Doc GOV/2009/11 (25 February 2009). On the legal requirements for the application of IAEA safeguards in India for Australian uranium, see K. A. Robertson, 'The Legality of the Supply of Australian Uranium to India', *Security Challenges*, vol. 8, no. 1 (Autumn 2012), pp. 25-34.

³⁴ Segments of the strategic community within India have expressed concern that the May 1998 nuclear tests may not have yielded sufficient data to make further testing unnecessary but this view does not appear to be widely held, see A. V. Kumar, 'India and the CTBT: The Debate in New Delhi', *Bulletin of the Atomic Scientists*, 4 November 2009, <<http://www.thebulletin.org/web-edition/features/india-and-the-ctbt-the-debate-new-delhi>> [Accessed 22 February 2013]; H. V. Pant, 'India and Nuclear Arms Control: A Study of the CTBT', *Comparative Strategy*, vol. 21, no. 2 (2002), pp. 91-105.

³⁵ The United States has traditionally viewed India's ratification of arms control treaties as a South Asian issue, this may have contributed to previous diplomatic failures, see Pant, 'India and Nuclear Arms Control'.

CTBT when the United States does,³⁶ a refusal from India to do the same would leave its leaders exposed and undermine India's claim to nuclear legitimacy. India is aware that a norm against testing nuclear weapons exists and has a moratorium on nuclear testing.³⁷ If India fails to uphold its commitment to ratify within a reasonable time after the United States, then the legitimacy of India's nuclear status would be compromised in the eyes of the entire international community. In such an eventuality it would be up to the Australian government of the day, in consultation with other nuclear suppliers, to determine whether uranium supply to India should be suspended. Any action taken by Australia or the international community would be profoundly impacted by the circumstances in which the reneging by India occurred, such as whether Pakistan has ended its moratorium and resumed nuclear testing. In the interests of equitable treatment of China and India, the undertaking to ratify the CTBT would be conditional on ratification by the United States only.³⁸ As a practical matter, "a reasonable time" is likely to mean after China ratifies, or China and India could arrange to ratify around the same time.

A pledge by India to ratify the CTBT after US ratification would support non-proliferation and disarmament. This is because one of the biggest impediments to nuclear arms control is the linked US-China-India-Pakistan nuclear relationship. As insecurity regarding the credibility of US extended nuclear deterrence increases among America's Northeast Asian allies, deep cuts in US nuclear stockpiles become more difficult to achieve.³⁹ A lack of movement on disarmament, as well as the ongoing development of US ballistic missile defence, gives cover to China's nuclear modernisation and expansion.⁴⁰ Faced with the expanding nuclear capabilities of both China and Pakistan, India is placed under considerable domestic pressure not to fall behind. This interwoven nuclear relationship increases the likelihood of a destabilising nuclear arms race across the Asia Pacific region, while a commitment by both China and India to ratify the CTBT after the US Senate would help to minimise the probability of that outcome.

³⁶ K. Reif, 'The Case for the CTBT: Stronger Than Ever', *Bulletin of Atomic Scientists*, 9 April 2012, <<http://www.thebulletin.org/web-edition/columnists/kingston-reif/the-case-the-ctbt-stronger-ever>> [Accessed 22 February 2013].

³⁷ India released a statement from New Delhi about its non-proliferation and arms control commitments, focusing on its moratorium on nuclear testing, as part of its lobbying effort for being granted an exception to the NSG guidelines during the Plenary Meeting of the Nuclear Suppliers Group, Vienna, 4-5 September 2008: 'Statement by External Affairs Minister of India Shri Pranab Mukherjee on the Civil Nuclear Initiative', 5 September 2008, <<http://meaindia.nic.in/pmcmd.geneva/?50031094>> [Accessed 22 February 2013].

³⁸ In this way, India does not have the advantage of its ratification being conditional on an additional party, namely China.

³⁹ See generally, R. Medcalf and F. Cunningham, *Disarming Doubt: The Future of Extended Nuclear Deterrence in East Asia* (Woollahra: Lowy Institute, 2012).

⁴⁰ T. J. Christensen, 'The Meaning of the Nuclear Evolution: China's Strategic Modernization and US-China Security Relations', *Journal of Strategic Studies*, vol. 35, no. 4 (August 2012), pp. 447-87.

Some have argued that exporting uranium to India, under any condition other than India's ratification of the NPT as a NNWS, would encourage Israel and Pakistan to remain outside the NPT in the hope of uranium supply being extended to them as well.⁴¹ Since India's ratification of the CTBT would be linked to this export agreement, it reinforces the fact that such supply is not without rules, but rather subject to new ones that better fit with evolving strategic circumstances.⁴² Commitments on ratification of the CTBT could become one necessary criterion upon which supply (or refusal of supply) to non-NPT states is based in the future.

An Indian undertaking to ratify the CTBT after the US Senate also increases the probability that the United States will ratify the CTBT in the future. With commitments from both Beijing and New Delhi, advocates of CTBT ratification in Washington would be able to argue that most of the world's population can be brought under a test ban regime with a single act of the US Senate. For Australia, receiving this undertaking from India as part of a bilateral nuclear cooperation agreement would mean that Australia's export of uranium to India would materially benefit nuclear non-proliferation and disarmament, in a manner distinct from India's nuclear agreements with any other uranium supplier.

The negotiation of a bilateral nuclear agreement should be part of a broader recalibration of understanding about the role Australia's uranium supply agreements can play in non-proliferation and disarmament. The reassessment of Australia's policy is underway within government⁴³ and Australians need to be made aware that the coercive power of uranium supply is very limited for impeding a state's nuclear weapons program. The uranium trade does play a role, however, in determining which countries are considered legitimate nuclear powers by way of acknowledgment from the international community. Being a major uranium supplier, Australia has a responsibility to accord its export policy with non-proliferation norms and to be mindful that its export of uranium confers a degree of legitimacy to the recipient's nuclear status. As part of being more responsive to evolving strategic circumstances Australia may move toward a more robust uranium export policy, and this should be the basis of Australia's nuclear cooperation with India.

⁴¹ Noted in G. Evans and Y. Kawaguchi, *Eliminating Nuclear Threats: A Practical Agenda for Global Policymakers*, Report of the International Commission on Nuclear Non-Proliferation and Disarmament (Canberra: ICNND, 2009), pp. 96-9.

⁴² *Ibid.*, p. 100; the ICNND report also supports the supply of nuclear material and technology for civilian purposes to non-NPT states where they "satisfy strong objective criteria demonstrating commitment to disarmament and non-proliferation".

⁴³ G. Daley, 'Uranium Controls Point to India Deal', *Financial Review* (Sydney), 4 October 2012, p. 1; 'India, Australia May Finalise Uranium Safeguards Agreement Next Week', *The Economic Times*, 11 October 2012, <<http://economictimes.indiatimes.com/news/economy/foreign-trade/india-australia-may-finalise-uranium-safeguards-agreement-next-week/articleshow/16765833.cms>> [Accessed 22 February 2013].

Crispin Rovere is currently completing PhD Research at the Strategic and Defence Studies Centre (SDSC), ANU. Crispin.rovere@anu.edu.au

Kalman A. Robertson joined the Strategic and Defence Studies Centre at the Australian National University (ANU) as a doctoral candidate in February 2011. His research interests include nuclear physics, non-proliferation and verification. Kalman.roberts@anu.edu.au

Singapore's Defence Industry: Its Development and Prospects

Andrew T. H. Tan

Since the end of the Cold War in 1989, the partial globalisation of the arms industry has led to a process of defence industrial consolidation and rationalisation, particularly in Europe. As Richard Bitzinger noted, this resulted in the emergence of mega defence conglomerates, such as Lockheed Martin, Northrop Grumman, Boeing, BAE Systems, Thales and DASA (now part of EADS). The large number of competent and motivated sellers in the West, in conjunction with the removal of Cold War ideological barriers to the sale of arms to any willing buyer, however, created a buyers' market in arms. At the same time, the globalisation of the arms industry has only been partial, as autarky remains the norm. According to Bitzinger, in the case of the United States, for instance, its defence industry remains, "a highly insulated sector that dominates the world's arms market through the force of massive US defence spending and an export juggernaut".¹

This has serious implications for the emerging arms industries in smaller states, such as Singapore, Israel, South Africa, Sweden and Australia, as they need, in the context of a much more competitive environment, to access markets, development funding and technologies that would enable their arms industries to survive. Some, such as Australia, have responded by allowing their own arms industries to be taken over by European and US conglomerates. Others, such as India and China, both emerging great powers, have poured huge resources into sustaining and expanding their own independent arms industries.

Yet, some small states, such as Israel and Singapore, have managed to sustain their indigenous arms industries, by various means such as developing competitive advantages in niche areas in defence and through diversification into commercial non-defence sectors. The definition of "small" states is contested but most attempts at defining them have sought to answer the question in terms of capabilities, that is, the possession of power resources in absolute or relative terms.² Thus, how a small city-state such

¹ R. Bitzinger, 'Globalisation Revisited: Internationalizing Armaments Production', in A. T. H. Tan (ed.), *The Global Arms Trade* (London: Routledge, 2010), pp. 208-9.

² B. Thorhallsson and A. Wivel, 'Small States in the European Context: What Do We Know and What Would We Like to Know?', *Cambridge Review of International Affairs*, vol. 19, no. 4 (December 2006), p. 653..

as Singapore, with a population of about 5 million in 2012, has managed to sustain a defence industry makes it an intriguing case study.

According to the respected Stockholm International Peace Research Institute (SIPRI), Singapore's government-owned ST (Singapore Technologies) Engineering is ranked 49 amongst the world's largest defence firms in 2010, with arms sales of US\$1.75 billion. Reflecting its successful broad diversification into the civilian sector, however, this represents 40 per cent of its total sales for 2010. While ST Engineering's sales figure pales in comparison with the major players in the global arms industry, being a fraction of the top-ranked company, Lockheed Martin (United States) which had sales of US\$35.73 billion in 2010, it has done relatively well, considering that the top 100 arms producers (excluding China) are dominated by US firms. Some 47 US firms dominate the top 100, with major European industrial powers contributing 27 companies to the list, and Russia another nine companies. In the top 50 list, there are only three defence firms from small states which outrank Singapore. They are: Israel Aerospace Industries (ranked 37), Elbit Systems of Israel (ranked 35) and Saab of Sweden (ranked 28).³ According to ST Engineering's annual report in 2011, it had revenues of S\$5.99 billion, profits before tax of S\$655.2 million and an order book of S\$12.3 billion, though a large portion of this is for non-military products and services, given the diverse non-military businesses that it operates.⁴

Singapore's defence industry is thus a useful case study of how a small state has been able to establish and sustain a defence industry. Given the brutally competitive global arms market, how has Singapore managed to develop an arms industry and what are its problems and prospects? Are there lessons for small state defence industry from the Singapore experience? This article will therefore examine how Singapore's defence industry became established, its key components, the main factors that contributed to its growth, and assesses its problems and prospects. The article concludes with the possible lessons for other small states.

The caveat here is that statistics on Singapore's defence industry, such as details and composition of various arms deals, or any kind of state subsidy, are not publicly available. However, some information on arms sales is available through indirect secondary sources, which gives an indication of the types of arms sales involved. ST Engineering is also a publicly-listed

³ Stockholm International Peace Research Institute (SIPRI), 'The SIPRI Top 100 Arms Producing and Military Services Companies, 2010', <<http://www.sipri.org/research/armaments/production/Top100>> [Accessed 8 June 2012].

⁴ Singapore Technologies Engineering Ltd (ST Engineering), *Simply Smarter*, Annual Report 2011, <<http://www.stengg.com/AR2011/download.html>> [Accessed 8 June 2012]. The exchange rate for the Singapore dollar to the US dollar on 30 June 2011 was 0.813749. See X-Rates Historic Lookup, <<http://www.x-rates.com/cgi-bin/hlookup.cgi>> [Accessed 8 June 2012].

company which publishes annual reports according to the disclosure rules of the Stock Exchange of Singapore.

Growth and Development

Competence bloc theory identifies the “competencies necessary ... to generate, identify, select, expand and exploit profitable new combinations in the state space”.⁵ The competent actors include: competent customers, inventors, innovators, entrepreneurs, industrialists, venture capitalists and skilled labour. These constitute a competence bloc, which emerges once it has attracted competent actors in large numbers such that the process of generation, identification, selection, expansion and exploitation of business ideas is able to function well.⁶ Competence bloc theory has been further developed, for instance, by Gunnar Eliasson in his case study of the Swedish military aircraft industry. According to Eliasson, advanced product development distinguishes itself by being surrounded by a “cloud of technology spillovers”, available to external users depending on their competence. More significantly, Eliasson concludes that

while the value of the cloud to society may be greater than the development investment, the value captured by the producer is often not sufficient to make the product privately profitable.⁷

The case of Singapore illustrates the growth and development of a competence bloc within defence industry, though this is state-directed and revolves around a key competent customer, namely, the armed forces, as well as inventors, innovators, entrepreneurs and skilled labour that are found amongst its defence scientists and scholar officers. The government also plays the roles of industrialist and venture capitalist, providing the necessary strategic direction as well as state funding. The resultant defence industrial capacity has led to a “cloud of spillovers” available to other external customers. As this spillover is not sufficient to justify the economic returns of the initial development investment, Singapore’s defence industry has also actively expanded into a range of non-military commercial activities. This however, exposes it to the risk of business loss inherent to any commercial activity.

After Singapore’s ejection from the Malaysian Federation in 1965 in the midst of heightened political and ethnic tensions, and given the context of Confrontation with Indonesia from 1963-1965, the government made the defence of Singapore one of its top priorities, as the fledging city-state hardly possessed any military capability at the time. In contrast, it was surrounded by much larger states, namely Malaysia and Indonesia, relations with which

⁵ D. Johansson, ‘The Theory of the Experimentally Organized Economy and Competence Blocs: An Introduction’, *Journal of Evolutionary Economics*, vol. 20 (2010), p. 189.

⁶ *Ibid.*, pp. 189-91.

⁷ G. Eliasson, ‘Advanced Purchasing, Spillovers and Innovative Discovery’, *Journal of Evolutionary Economics*, vol. 21 (2011), p. 121.

were tense at the time and which have since ebbed and flowed depending on political developments. The sometimes contentious relations and the mutual deterrent relationship between, in particular, Singapore and Malaysia is already well-documented and is not within the scope of this essay, suffice to cite Tim Huxley's observation that "the SAF's order of battle appears to be designed for the possibility of war with Malaysia".⁸

While the Singapore Armed Forces (SAF) was established and universal conscription put into place, a parallel early effort was also made to ensure basic defence self-sufficiency through the establishment of a local defence industry. The early ambitions were limited and realistic, and involved the production of ammunition and small arms, the maintenance and repair of weapons systems, the building of patrol boats for the navy, and the refurbishment of military aircraft. One of the earliest defence companies was Chartered Industries of Singapore (CIS), which was established in 1967. CIS produced ammunition, small arms, mortar rounds, artillery shells and tank rounds, as well as license-produced the M16 assault rifle, and later, the SAR-80 assault rifle. CIS was later acquired, in 2000, by ST Engineering.

In 1974, a holding company, Sheng-Li Holding, was established to better strategically oversee the development of Singapore's defence industrial capacity.⁹ In 1986, the Defence Technology Group was also established to better coordinate the various defence research and development agencies.¹⁰ By the end of the Cold War in 1989, Singapore had three key companies which serviced the needs of the army, air force and navy. They provided crucial basic defence self-reliance, given continuing uncertainties over the US security commitment to Southeast and East Asia following the end of the Vietnam War in 1975, concerns which resurfaced amongst US allies in the region at the end of the Cold War.¹¹

The three companies serviced the various arms of the SAF. Singapore Technologies Corporation serviced the army and had three main divisions. The establishment of Chartered Industries of Singapore in 1967 was followed by Singapore Automotive Engineering in 1971. This company refurbished second-hand AMX-13 light tanks and modified V-150/ V-200 and M-113 armoured personnel carriers for the army's use. The third division

⁸ T. Huxley, 'Singapore and Malaysia: A Precarious Balance?', *Pacific Review*, vol. 4, no. 3, p. 204. A detailed discussion of the mutual deterrent relationship between the two countries can be found in A. T. H. Tan, *Security Perspectives of the Malay Archipelago* (Cheltenham: Edward Elgar, 2004), pp. 23-5, 49-60.

⁹ 'Company Overview of Singapore Technologies Holdings Pte Ltd.', *Bloomberg Businessweek*, <<http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=60896919>> [Accessed 8 June 2012].

¹⁰ R. Karniol, 'Singapore Reshuffles Defence Agency', *Janes Defence Weekly*, 26 April 2006, <<http://articles.janes.com/articles/Janes-Defence-Weekly-2006/Singapore-reshuffles-defence-agency.html>> [Accessed 8 June 2012].

¹¹ M. Yahuda, *The International Politics of the Asia-Pacific, 1945-1995* (London: Routledge, 1996), p. 144.

was Ordnance Development and Engineering (ODE), which was established in 1973, and produced mortars and 155mm howitzers for the army.¹²

Singapore's navy was serviced by Singapore Shipbuilding and Engineering (SSE), which was established in 1968.¹³ In the 1970s, the company license-built four of the six TNC-45 Sea Wolf-class missile gunboats which the Singapore navy ordered from Germany. The vessels were equipped with Israeli-made Gabriel anti-ship missiles.¹⁴ Three Sea Wolf class missile gunboats were also later built by SSE for Thailand's navy as the Prabparapak-class. In the 1980s, SSE also license-produced twelve German-designed FPB57 Fearless-class anti-submarine warfare vessels for the Singapore navy.¹⁵ In the late 1980s, SSE built six German-designed Victory-class missile corvettes for the navy, which were delivered in 1990-91 and which still serve the navy today.¹⁶

Singapore's air force was serviced by Singapore Aerospace, which was established in 1981. It undertook the overhaul and maintenance of various military aircraft, including engines and avionics. It also developed expertise in the maintenance and refurbishment of A-4 Skyhawk combat aircraft, which were acquired by the Singapore air force in 1975. In 1988, it successfully carried out an extensive upgrade of the aircraft, relaunching it as the A-4SU Skyhawk. The refurbished aircraft had new General Electric F404-100D engines, upgraded avionics and improved weapons delivery capability.¹⁷

The excitement generated by the debates in the United States over military transformation, specifically, over the so-called Revolution in Military Affairs (RMA) was followed closely by Singapore, particularly after the swift US conventional victories over Iraq in the First Gulf War in 1990. Singapore quickly embraced the RMA, since it promised to overcome its strategic weaknesses, such as lack of strategic depth, heavy external reliance on trade and resources, and the lack of standing military manpower due to the small size of its population. In 2000, Singapore's defence white paper asserted that Singapore would aim for an RMA with the objective of

¹² 'Singapore Technologies', *Singapore Infopedia*. <http://infopedia.nl.sg/articles/SIP_1042_2011-03-29.html> [Accessed 8 June 2012].

¹³ Association of Singapore Marine Industries, <<http://www.asmi.com/index.cfm?GPID=43>> [Accessed 8 June 2012].

¹⁴ Ministry of Defence, Singapore, 'Milestones of the Republic of Singapore Navy's Missile Gunboats', Factsheet, <http://www.mindef.gov.sg/imindef/news_and_events/nr/2008/may/13may08_nr2/13may08_fs.html> [Accessed 12 June 2012].

¹⁵ T. Hootan, 'Fast Attack Craft: Threats and Capabilities', *Asian Military Review*, March 2010, pp. 20-21. <<http://www.asianmilitaryreview.com/upload/201003140001391.pdf>> [Accessed 12 June 2012].

¹⁶ Ministry of Defence, Singapore, 'Republic of Singapore Navy—Assets—Ships', <http://www.mindef.gov.sg/imindef/mindef_websites/atozlistings/navy/assets/vessels.html> [Accessed 12 June 2012].

¹⁷ Ministry of Defence, Singapore, 'The A-4SU Skyhawk', Factsheet, <http://www.mindef.gov.sg/imindef/news_and_events/nr/2000/jul/14jul00_nr/14jul00_fs.html> [Accessed 12 June 2012].

achieving battlefield superiority.¹⁸ In 2000, a reorganisation led to the establishment of the Defence Science and Technology Agency (DSTA) which replaced the previous Defence Technology Group.¹⁹ The DSTA would acquire weapons systems for the SAF as well as design, develop and maintain defence infrastructure.²⁰ The DSTA's work is complemented by the Defence Science Organisation (DSO), which was reorganised as the DSO National Laboratories in 1997.²¹ This was followed by the establishment, in 2003, of a Future Systems Directorate which manages a Center for Military Experimentation to explore new operational concepts for Singapore's RMA.²² The aim is to develop a "3G SAF" or Third Generation SAF, which will be based on state-of-the-art technology in the areas of precision strike, advanced networks and unmanned systems. The new 3G SAF would also provide the SAF with more flexible capabilities which will enable it to better undertake operations other than war, such as in counter-terrorism, peacekeeping and humanitarian assistance.²³

Around the same time, the phrase "defence ecosystem" began to be used to describe the close, interlinked relationship between the SAF, research and development agencies and defence industry.²⁴ In 2006, a new Defence Research Technology Office (DRTC) was established as the lead agency in defence research and technology, working closely with DSTA and DSO National Laboratories as well as defence industry within the context of Singapore's defence eco-system.²⁵

Thus, the SAF would establish requirements, while various agencies such as the DSTA, DRTC and DSO National Laboratories would evaluate these requirements and translate these into actual capabilities through either external acquisitions of weapons and electronics systems or through local development. The defence industry is responsible for producing and servicing these systems and their components, playing an increasingly

¹⁸ Ministry of Defence, *Defending Singapore in the 21st Century* (Singapore: Ministry of Defence, 2000), p. 10.

¹⁹ R. Karniol, 'Singapore Reshuffles Defence Agency', *Janes Defence Weekly*, 26 April 2006.

²⁰ Defence Science and Technology Agency, Singapore, 'An Overview of DSTA', <<http://www.dsta.gov.sg/index.php/About-Us/>> [Accessed 19 September 2012].

²¹ DSO National Laboratories, 'Our Story', <http://www.dso.org.sg/dso_story.aspx> [Accessed 19 September 2012].

²² Ministry of Defence, Singapore, 'Future Systems Directorate'. <http://www.mindef.gov.sg/content/imindef/mindef_websites/atozlistings/fsd/scme.html> [Accessed 8 June 2012].

²³ Ministry of Defence, Singapore, 'About the Third Generation SAF', <http://www.mindef.gov.sg/imindef/mindef_websites/topics/3g/what.html> [Accessed 8 June 2012].

²⁴ J. Grevatt, 'Briefing: Singapore's Defence Industrial Capabilities', *Jane's Defence Industry*, 6 December 2011, <<http://www.janes.com/products/janes/defence-security-report.aspx?id=1065931887>> [Accessed 8 June 2012].

²⁵ Defence Research and Technology Office, Ministry of Defence, Singapore, 'About Us', <http://www.mindef.gov.sg/imindef/mindef_websites/atozlistings/drtech/About_Us.html> [Accessed 15 June 2012].

important role as the SAF has also increasingly outsourced their maintenance.²⁶

Singapore's defence industry evolved in response to the need for better strategic management and integration within the defence ecosystem and in the context of the evolving RMA. In 1990, Sheng-Li Holdings was restructured and renamed Singapore Technologies (ST) Holdings. In 1994, it came under the control of the state investment company, Temasek Holdings. Singapore's defence industry was also steered towards commercialisation and diversification into non-military areas, in order to develop commercial activities that could cross-subsidise the maintenance of facilities meant for military production and maintenance. Through mergers and acquisitions, Singapore Technologies Holdings grew tremendously, branching into areas as diverse as tourism, infrastructure development, electronics, property, financial services, telecommunications and transportation, and establishing businesses in a number of countries. The success of ST Holdings in doing so can be explained in the context of the rapid economic development of Singapore since independence in 1965. By 1997, defence-related activities made up only 20 per cent of the turnover of ST Holdings, with the bulk of its operations focused on a range of non-military commercial businesses. Defence-related companies were consolidated into a key conglomerate, ST Engineering, which today dominates Singapore's defence industry.²⁷

ST Engineering is a publicly-listed company (though the state-run Temasek Holdings holds a controlling stake of about 51 per cent), and is run as a global business, with a number of subsidiary companies. It operates in the United States, for instance, through VT (Vision Technologies) System, which is headquartered in Virginia. It also has several non-military businesses in China, in the areas of aerospace, electronics and land systems. The four major companies of ST Engineering which form the core of Singapore's defence industry today consist of ST Aerospace, ST Kinetics, ST Marine and ST Electronics. In total, ST Engineering employs almost 22 000 people worldwide.²⁸ The company has rapidly grown, with turnovers of S\$1.47 billion in 1997 and S\$1.66 billion in 1998 (the two years of the Asian financial crisis), with pre-tax profits of S\$202.4 million in 1997 and S\$249.2 million in 1998. These figures rose to turnovers of S\$5.05 billion in 2007 and S\$5.34 billion in 2008 (the year of the Global Financial Crisis), with pre-tax profits of S\$638.1 million in 2007 and S\$540.7 million in 2008 (the year of the Global Financial Crisis). In 2011, ST Engineering reported a turnover or revenue of

²⁶ R. Karniol, 'Industry Briefing—Singapore: Defence Ecosystem', *Janes Defence Weekly*, 15 February 2006. <http://www.dso.org.sg/data/JDW_Feb15_Defence_Ecosystem_210220061215.pdf> [Accessed 8 June 2012].

²⁷ Singapore Technologies, *Singapore Infopedia*.

²⁸ ST Engineering, 'Corporate Overview', <<http://www.stengg.com/about-us/corporate-overview>>; ST Engineering, 'Global Presence', <<http://www.stengg.com/about-us/global-presence>> [Accessed 13 June 2012].

S\$5.99 billion, and pre-tax profits of S\$655.2 million.²⁹ Although full details have never been divulged, the company has reportedly sold defence products to a number of countries, such as Indonesia, Chad, Nigeria, the Philippines, the United Arab Emirates and Brazil since 2000, generating US\$1.75 billion in defence sales in 2010 alone.³⁰ Significantly, 60 per cent of its turnover in 2010 is in non-defence sales, indicating not just the success of its non-military commercial ventures, but the strategy of diversification and the use of non-military revenues to sustain its core military competencies. This appears to be its key strategy in remaining viable in an era of immense competition in the global defence industry.³¹

Key Components of Singapore's Defence Industry

According to the International Institute for Strategic Studies (IISS), Singapore's defence industry, while narrowly focused on certain products and services, is nevertheless "globally competitive in quality and technology terms".³²

ST Aerospace is the jewel in the crown, as it is the world's largest commercial provider of aircraft maintenance, repair and overhaul (MRO) measured in airframe man-hours.³³ It has facilities in the United States, Europe and Asia, and employs 8 000 people worldwide. Its MRO capabilities for commercial narrow and wide-body aircraft are extensive, covering aircraft made by the world's leading aircraft manufacturers, such as Boeing, McDonnell Douglas and Airbus. It has also collaborated with China to develop the EC120 light civilian helicopter.³⁴

The company provides support and maintenance for various aircraft operated by Singapore's air force, such as the C130 Hercules transport aircraft, Fokker 50 maritime patrol aircraft, Super Puma helicopters and F5 Tiger combat aircraft.³⁵ The company also provides support for the air force's training aircraft stationed overseas, and has more recently been contracted by the air force to provide pilot training. In 2007, the company won a contract to upgrade the air force's fleet of ten C-130B Hercules transport aircraft, with the objective of extending its service life by another

²⁹ ST Engineering, Annual Report 2000, 2009 and 2011.

³⁰ 'Singapore Gains Toehold in World Arms Industry', *DefenceNews.com*, 18 March 2012, <<http://www.defensenews.com/article/20120318/DEFREG03/303180003/Singapore-Gains-Toehold-World-Arms-Industry>> [Accessed 13 June 2012].

³¹ SIPRI, 'The SIPRI Top 100 Arms Producing and Military Services Companies, 2010'.

³² International Institute for Strategic Studies, *The Military Balance 2009* (London: International Institute for Strategic Studies, 2009), p. 458.

³³ CAPA Centre for Aviation, 'Profile of ST Aerospace', <<http://www.centreforaviation.com/profiles/suppliers/st-aerospace>> [Accessed 12 June 2012].

³⁴ ST Aerospace, 'Corporate Profile', 22 March 2011, <http://www.staero.aero/downloads/uploadedfiles/ST_Aerospace_Corporate_Profile.pdf> [Accessed 12 June 2012].

³⁵ *Ibid.*

twenty years.³⁶ ST Aerospace has also been awarded work by other air forces. It upgraded F-5 Tiger combat aircraft for Turkey and Brazil, and supports the US Air Force's entire C-130 Hercules transport fleet in Asia.³⁷ In the first quarter of 2012, ST Aerospace announced that it had secured US\$540 million worth of contracts, mostly relating to MRO work.³⁸

The company does not manufacture aircraft. However, it has produced a range of unmanned aerial vehicles (UAVs) which provide tactical reconnaissance capabilities to land forces. The Fantail 5000 is a vertical take-off and landing (VTOL) UAV weighing just 6.5 kg. The Skyblade III weighs 5 kg and is launched by hand and has an endurance of more than an hour. The Skyblade IV weighs 50 kg and has an endurance of 12 hours.³⁹ In 2010, it was reported that the Singapore army had acquired a number of Skyblade III UAVs for its land forces.⁴⁰

The second major component of ST Engineering is ST Kinetics. It was formed in 2000 with the merger of ST Auto and Chartered Industries of Singapore. ST Kinetics supplies ordnance to the Singapore armed forces and customers abroad. They include a range of 40mm ammunition and weapons systems (such as the Low Velocity Air Bursting Munition System), infantry mortar bombs and 155mm artillery ammunition. It produces small calibre weapons, such as the CIS 50 machine gun, the SAR 21 assault rifle and the Ultimax 100 Light Machine Gun, as well as a series of automatic grenade launchers. ST Kinetics also produces the 120mm Super Rapid Advanced Mortar System, the FH2000 155mm 52 calibre field howitzer, the air-portable Pegasus 155mm 39 calibre lightweight howitzer and the Primus 155mm 39 calibre self-propelled howitzer. It also produces the Spider Light Strike Vehicle, the tracked Bionix Infantry Fighting Vehicle (IFV), the all-wheel Terrex IFV which is a urban warfare armoured personnel carrier, and the Bronco All Terrain Tracked Carrier (ATTC), which is a capable all-terrain armoured vehicle.⁴¹

ST Kinetics has sold a number of its products to other armed forces overseas although full details are rarely disclosed. However, Britain did

³⁶ ST Aerospace, 'ST Aerospace Redelivers First Modernized C130 Aircraft to RSAF', Media Release, 21 September 2010, <http://www.staero.aero/www/mediacentre_newsarticle.asp?newsid=OTAwMDAwMDE5Mg&yname=MjAxMA&arc=bm8> [Accessed 13 June 2012].

³⁷ Karniol, 'Industry Briefing – Singapore: Defence Ecosystem'.

³⁸ 'ST Engineering's Aerospace Secures \$540M Contract for Aircraft Maintenance from US DoD', *DefenseWorld.net*, 16 April 2012, <[http://defenseworld.net/go/defensenews.jsp?n=ST Engineering's Aerospace Secures \\$540M Contract for Aircraft Maintenance from US DoD &id=6842](http://defenseworld.net/go/defensenews.jsp?n=ST%20Engineering's%20Aerospace%20Secures%20$540M%20Contract%20for%20Aircraft%20Maintenance%20from%20US%20DoD&id=6842)> [Accessed 13 June 2012].

³⁹ ST Aerospace, 'Unmanned Aerial Vehicles', <<http://www.staero.aero/www/serviceofferings.asp#ODAwMDAxMA>> [Accessed 12 June 2012].

⁴⁰ 'Singapore Army to Equip Six Units with Mini-UAV', *Defence Talk*, 30 November 2010, <<http://www.defencetalk.com/singapore-army-to-equip-6-units-with-mini-uav-30334/>> [Accessed 12 June 2012].

⁴¹ ST Engineering, 'Products and Solutions: Listing by Product Category', <<http://www.stengg.com/products-solutions/listing-by-product-category>> [Accessed 13 June 2012].

procure 100 Broncos at a cost of £150 million for use in counter-insurgency in Afghanistan. Modified in Britain as the Warthog, deliveries began in 2009.⁴² In early 2012, it was reported that ST Kinetics had secured an order to supply its 120mm Super Rapid Advanced Mortar Systems to “an overseas customer” in a contract worth US\$46 million.⁴³ In recent years, ST Kinetics has also reportedly sold 40mm weapon and ammunition systems to Britain, Sweden, Finland and Brazil.⁴⁴

Like ST Aerospace, ST Kinetics has also made a serious effort at diversification into commercial non-military sectors. Apart from military products and services, it makes construction equipment such as earthmovers, dump trucks, road construction equipment, trucks and trailers, which is marketed in the United States and other countries. It also provides automotive support services to a range of commercial enterprises in Singapore.⁴⁵

The third major component of ST Engineering is ST Marine. Formerly known as Singapore Shipbuilding and Engineering, the company has expanded and diversified beyond the building of naval vessels. It has developed significant capabilities in ship repair, overhaul, conversion and construction in various types of vessels. Today, it is a builder of various types of commercial vessels, such as tankers, container vessels and especially Offshore Support Vessels (OSVs) for the offshore oil and gas industry, for which it has won recent lucrative orders.⁴⁶ For instance, its US subsidiary, VT Halter Marine, was awarded a contract in 2011 worth S\$441 million to build eight OSVs for Hornbeck Offshore Services.⁴⁷

Nonetheless, it has continued to build naval vessels for both the Singapore navy and other navies. In 1997-2000, it built a fleet of four Endurance-class amphibious warfare ships for the Singapore navy. Although officially classed as Landing Ship Tanks (LSTs), these ships have well-docks to offload troops and equipment as well as a helicopter deck which could operate a heavy

⁴² 'From Bronco to Warthog', *Defense Update*, 19 December 2008, <http://defense-update.com/products/b/bronco_191208.html> [Accessed 14 November 2010].

⁴³ 'Unidentified Country Orders 120mm Mortars', *UPI.com*, 20 February 2012, <http://www.upi.com/Business_News/Security-Industry/2012/02/20/Unidentified-country-orders-120mm-mortars/UPI-13431329752452/> [Accessed 13 June 2012].

⁴⁴ 'Briefing: Singapore's Defence Industrial Capabilities', *Jane's Defence Industry*, 6 December 2011, <<http://www.janes.com/products/janes/defence-security-report.aspx?id=1065931887>> [Accessed 13 June 2012].

⁴⁵ ST Engineering, 'ST Kinetics: Products and Solutions', <<http://www.stengg.com/our-business/land-systems/products-solutions>> [Accessed 13 June 2012].

⁴⁶ 'ST Marine to Grow Offshore', *The Edge Financial Daily*, 2 February 2012, <<http://www.theedgemaalaysia.com/in-the-financial-daily/200319-st-marine-to-grow-offshore-sector.html>> [Accessed 13 June 2012].

⁴⁷ ST Engineering, 'Milestones, 2011', <<http://www.stengg.com/about-us/milestones>> [Accessed 13 June 2012].

Chinook helicopter, and are thus in reality Landing Platform Docks (LPDs).⁴⁸ More recently, it built under license the last five of an order of six Formidable-class frigates for the Singapore navy, which are a version of the stealthy Lafayette-class frigate designed by the French defence company, DCNS.⁴⁹ It also carried out a recent upgrade of the navy's Victory-class corvettes, which was unveiled in 2012.⁵⁰ The company also provides support services for the Singapore navy. This has included the building and operation of a submarine support and rescue ship to support the Singapore navy's submarine arm, and which unusually has been outsourced to ST Marine under a twenty-year contract.⁵¹

ST Marine continues to win overseas naval orders. In 2008, Thailand awarded the company a contract to build an Endurance-class LPD for its navy, in a contract worth US\$134 million.⁵² In 2012, it was reported that the company had won a contract worth S\$880m to build four Fearless-class patrol vessels and provide logistical support for Oman's navy.⁵³ In 2010, the company unveiled the design of a large 14 500 tonne helicopter support ship, known as "Endurance 160", which could be a future requirement for the Singapore navy. The vessel is a derivative of the Endurance-class LPD but is much larger, resembles a small aircraft carrier with a full-length flight deck, and has hangar facilities to accommodate aircraft such as helicopters. It also has a well-dock and can therefore launch landing craft. The ship would carry 140 crew plus 150 flight crew, as well as more than 400 troops. The design is similar to the Italian navy's San Giorgio-class and the South Korean navy's Dokdo helicopter assault ships.⁵⁴

The fourth major component of ST Engineering is ST Electronics, which plays an important role in sustaining Singapore's electronic warfare capabilities, which are the most advanced in Southeast Asia, and its communications and signals intelligence capabilities, which are some of the

⁴⁸ 'Endurance Class Landing Ship Tank (LST), Singapore', *Military-Technology.com*, <<http://www.naval-technology.com/projects/endurance-class-landing-ship-tank-lst/>> [Accessed 13 June 2012].

⁴⁹ 'DCNS Delivers Sixth and Last Formidable-class Frigate to the Singapore Navy', *PRWeb*, 29 August 2008, <<http://www.prweb.com/releases/2008/08/prweb1259124.htm>> [Accessed 13 June 2012].

⁵⁰ Ministry of Defence, Singapore, 'Upgraded Missile Corvettes', Factsheet, <http://www.mindef.gov.sg/imindef/news_and_events/nr/2012/may/15may12_nr/15may12_fs2.html> [Accessed 13 June 2012].

⁵¹ 'ST Marine Launches RSN Submarine Support and Rescue Ship', *Cyberpioneer*, 9 December 2008, <http://www.mindef.gov.sg/imindef/publications/cyberpioneer/news/2008/December/09dec08_news.html> [Accessed 13 June 2012].

⁵² 'Endurance Class Landing Ship Tank (LST), Singapore', *Military-Technology.com*.

⁵³ 'ST Engineering Awarded S\$880M Contract for Vessels from Oman', *DefenseWorld.net*, 10 April 2012, <[http://defenseworld.net/go/defensenews.jsp?n=ST Engineering's Awarded S\\$880M Contract for Vessels from Oman&id=6822](http://defenseworld.net/go/defensenews.jsp?n=ST+Engineering's+Awarded+S$880M+Contract+for+Vessels+from+Oman&id=6822)> [Accessed 13 June 2012].

⁵⁴ 'ST Marine Showcases Amphibious Ships at IMDEX 2011', *Warship Technology*, July/August 2011, p. 31.

most advanced in the world.⁵⁵ Its strengths, in integrated communications systems, mobile command-and-control systems, next-generation simulators and combat system integration, give it an important role in Singapore's evolving RMA, particularly its objectives of a network-centric and network-enabled 3G SAF.⁵⁶ Like other ST Engineering subsidiary companies, it has expanded into non-defence commercial applications, such as wired and wireless communication solutions, rail and traffic management systems, real-time C4I (command, control, communication, computing and intelligence) civilian solutions, modelling and training simulation, intelligent building management systems and homeland security solutions. The company employs 5,000 people worldwide.⁵⁷ It has also developed a particular strength in satellite communications, being a leading global manufacturer of Very Small Aperture Terminal (VSAT) products. In 2006, it controlled two-thirds of the world's VSAT market.⁵⁸

Key Factors For Growth

Although it has diverse non-military businesses, ST Engineering is still dependent on the SAF for much of its core military business. Despite sales of weapons systems and munitions abroad, harsh competition and autarky are realities in the global arms market. Full details are never divulged regarding its arms contracts with the SAF or of its overseas arms sales. However, according to the SIPRI Arms Transfers Database, arms exports from Singapore from 1990 to 2011 totalled US\$493 million (measured in constant 1990 prices). During the same period, Singapore imported US\$11.26 billion (in constant 1990 prices) of arms from abroad.⁵⁹ This not only shows that Singapore remains dependent on overseas sources for its arms, but also suggests that much of ST Engineering's range of defence products are, despite modest sales abroad, in fact mostly sold to the SAF. Singapore's defence industry has, however, benefitted from the priority given to defence and the sustained high defence expenditures since Singapore's independence in 1965. Defence spending in Singapore has been kept at relatively high levels since, underpinned by the sustained high economic growth which has resulted in the transformation of Singapore into a developed economy. This economic growth has given Singapore the resources to fund its defence, and enabled it to insulate defence from economic downturns and recessions. According to SIPRI, defence spending (in constant 2009 prices and exchange rates) was US\$6.96 billion in 2006,

⁵⁵ T. Huxley, 'Singapore and the Revolution in Military Affairs', in E. O. Goldman and T. G. Mahnken (eds.), *The Information Revolution in Military Affairs in Asia* (New York: Palgrave Macmillan, 2004), p. 198.

⁵⁶ R. Karniol, 'Industry Briefing—Singapore: Defence Ecosystem', *Janes Defence Weekly*, 15 February 2006.

⁵⁷ ST Electronics. 'Our Company—About Us', <<http://www.stee.com.sg/ourcompany/aboutus.html>> [Accessed 13 June 2012].

⁵⁸ Karniol, 'Industry Briefing —Singapore: Defence Ecosystem'.

⁵⁹ SIPRI, SIPRI Arms Transfers Database, <<http://www.sipri.org/databases/armstransfers>> [Accessed 19 September 2012].

US\$7.23 billion in 2007, US\$7.29 billion in 2008, US\$7.74 billion in 2009, and US\$7.76 billion in 2010. In comparison, much larger countries such as Thailand and Indonesia spent about US\$4.3 billion and US\$6 billion respectively on defence in 2010.⁶⁰ In 2012, Singapore's defence budget was S\$12.28 billion (about US\$9.7 billion), which constituted 24.4 per cent and the largest single item of the government's total budget for 2012.⁶¹

Another key factor has also been Singapore's perceptions of the strategic benefits of basic defence self-reliance. This self-reliant capability included the evaluation and modification of weapons systems for use, the integration of systems into a variety of air, sea and land platforms, the maintenance of weapons systems and platforms throughout their life-cycle, and the production of basic ordnance and weapons systems to equip the armed forces, such as infantry weapons, ammunition, artillery, armour, electronic warfare and communications equipment.

Ensuring basic defence self-reliance was and continues to be perceived to be of strategic necessity given the potentially unstable regional geopolitical environment. After all, Singapore's independence had occurred under unpropitious circumstances, as it was expelled from the Malaysian Federation amidst political and racial tensions in 1965. Singapore's acute sense of vulnerability was enhanced by its lack of strategic depth and small size, as well as being surrounded by much larger, potentially hostile neighbours.⁶² While Singapore could not achieve self-sufficiency across a range of weapons systems and platforms, limited self-reliance gave it greater flexibility, particularly in the sourcing or procurement of arms. Singapore has focused, for instance, on retrofitting and upgrading capabilities which include the integration of systems in existing platforms to either extend their service or to upgrade their combat performance. It has also developed its own ammunition base, and has developed its own range of small arms, artillery and armour. It has particular strengths in defence electronics and communications, leveraging off its highly-trained and technologically advanced work force. This strategic imperative of achieving some basic self-sufficiency coincided with concerns throughout the region regarding the US military commitment to the region, one which its allies had perceived to have kept the peace and underpinned regional stability throughout the Cold War. These concerns emerged in the aftermath of the US defeat in Vietnam in 1975, and resurfaced after the end of the Cold War in 1989.⁶³

⁶⁰ SIPRI, *SIPRI Yearbook 2011* (Stockholm: Stockholm International Peace Research Institute, 2011), pp. 208-9.

⁶¹ 'Singapore Gains Toehold in World Arms Industry', *Defense News*, 18 March 2012, <<http://www.defensenews.com/article/20120318/DEFREG03/303180003/Singapore-Gains-Toehold-World-Arms-Industry>> [Accessed 16 June 2012].

⁶² A. T. H. Tan, *Security Perspectives of the Malay Archipelago* (Cheltenham: Edward Elgar, 2004), p. 42.

⁶³ Yahuda, *The International Politics of the Asia-Pacific, 1945-1995*, p. 144.

An advantage of basic defence self-sufficiency is also its cost-effectiveness. For instance, the ability to refurbish and upgrade old equipment, epitomised by the refurbishment which resulted in the A-4SU Super Skyhawk combat aircraft in 1988, and the current refurbishment of C130B Hercules transport aircraft to extend their service life for another twenty years, are examples of self-reliant and cost-effective solutions in the face of increasingly expensive weapons systems and platforms.⁶⁴

The development of Singapore's defence industry has also benefitted from the presence of long-term strategic defence planning. This has been made possible by the political dominance of the ruling People's Action Party, which has been in power since 1959. In turn, this political domination has made possible an integrated and sustained approach to defence planning, epitomised by the concept of the "defence ecosystem". Although this concept was articulated much later in around 2003 in the context of Singapore's enthusiastic embrace of the RMA, the close integration between defence planners in the Ministry of Defence, defence scientists in the various research and development agencies, and the defence industry, was established at the founding of the SAF in the 1960s.

The close linkages between the SAF and the defence industry have been established by the cross-over of senior military officers upon their retirement or end of their military contracts. While this is not unusual in other countries, such as in the United States and Israel, the Singapore case is unique in that this is a conscious policy cultivated by the ruling party to ensure that the SAF is able to share its highly-trained manpower resources with the rest of society, such as in private industry, the public sector and in political leadership. This is achieved through generous SAF Scholarships (including the payment of a salary whilst on study leave) to attract the best and brightest to join the SAF. These are trained in the best universities in the world, including Cambridge and the Ivy League universities in the United States, where they obtain degrees in engineering and science.⁶⁵ Upon returning, the scholars are nurtured into senior military leadership in the SAF. Surprisingly, many senior officers are retired early. Until it was raised to fifty years of age in 2010, commissioned officers retired at 45 years of age.⁶⁶ However, a number of them then join the defence industry, ensuring that strong linkages with the SAF have been built up over the years. Indeed,

⁶⁴ Ministry of Defence, Singapore, 'The A-4SU Super Skyhawk'. See also ST Aerospace, 'ST Aerospace Redelivers First Modernized C130 Aircraft to RSAF'.

⁶⁵ Ministry of Defence, Singapore, 'SAF Overseas Scholarships', <<http://www.mindef.gov.sg/content/imindef/careers/scholarships/scholarships/SAFOS.html>> [Accessed 14 June 2012].

⁶⁶ 'SAF Regulars in High Demand After Retiring from Military', *Asiaone News*, 27 December 2011, <<http://www.asiaone.com/News/Latest+News/Singapore/Story/A1Story20111227-318436.html>> [Accessed 14 June 2012].

military officers have played a dominant role in the growth of Singapore Technologies Holdings.⁶⁷

The SAF has also built up a strong relationship with the defence research and development sector, where a number of SAF officers, themselves trained as engineers or in the various science disciplines, have also served.⁶⁸ As described earlier, this is coordinated through its Defence Research and Technology Office, which was established by the Ministry of Defence in 2006 as the lead agency in defence research and technology. The close relationships and linkages within the defence ecosystem have led to the smooth synergy in translating the operational demands of the SAF into actual capabilities. While the ecosystem concept is rational and promotes efficiency, an obvious danger is the lack of robust debate over defence policy choices and the promotion of groupthink. Crucially, the defence ecosystem is underpinned by the technical expertise of SAF officers and defence scientists who are often themselves trained as officers while serving compulsory national service conscription. As Brigadier-General Lee Hsien Loong (now Prime Minister) noted in 1989, the SAF

sought people who would know how to evaluate and buy the right equipment and weapons, and then modify, develop and upgrade them to suit the SAF's special requirements and tactics ... such people add value to our purchases and make every defence dollar spent on hardware count.⁶⁹

Technically-competent military leadership and defence scientists throughout Singapore's defence ecosystem do not necessarily mean that the best or wisest decisions will be made, but the development of Singapore's defence industry can at least be partly attributed to its presence.

The government of Singapore has disavowed any direct subsidy to support its defence industries. An early key objective is that Singapore's defence industries should eventually be viable economic entities and not end up requiring massive state subsidies to stay afloat.⁷⁰ This has been a long-standing policy of the government, as expressed in the Singapore Defence Industries charter in 1987, which makes clear that beyond contributing to defence, defence industries are required to undergo commercialisation and diversification in order to maintain their capabilities and economic viability.⁷¹

⁶⁷ T. Huxley, *The Political Role of the Singapore Armed Forces' Officer Corps: Towards a Military-Administrative State?*, Working Paper No. 279 (Canberra: Strategic and Defence Studies Centre, Australian National University, December 1993), pp. 10-11.

⁶⁸ *Ibid.*, p. 11.

⁶⁹ As cited in C. Manohara, 'Defence Procurement and Industry Policy—A Singapore Perspective', *Defence and Peace Economics*, vol. 9 (1998), p. 129.

⁷⁰ Yong Mun Cheong, 'The Military and Development in Singapore', in J. Soedjati Djihadono and Yong Mun Cheong (eds.), *Soldiers and Stability in Southeast Asia* (Singapore: Institute of Southeast Asian Studies, 1988), p. 282.

⁷¹ A. Chua, 'Singapore Technologies', *Singapore Infopedia*, <http://infopedia.nl.sg/articles/SIP_1042_2011-03-29.html> [Accessed 19 September 2012].

As Brigadier-General Lee Hsien Loong, the then Minister of Trade and Industry (now Prime Minister) stated in 1988,

we have to run the defence industry highly efficiently, almost ruthlessly ... it means we must use the capacity we have to do even non-defence business.⁷²

This reflected the apprehension that defence industries could become a huge economic liability, consuming scarce economic resources particularly at a time when Singapore was focused on sustaining its rapid economic development. Thus Goh Keng Swee, Singapore's defence minister in the 1960s and 1970s, set up Singapore Mint in the same complex as Chartered Industries of Singapore, as the same workshops were able to make both the small ammunition for the SAF as well as the country's coins. The idea that the defence industry should serve both military and civilian commercial sectors was firmly established from the beginning.⁷³

The focus on dual military-civilian competencies in the defence industry has fortuitously paid handsome dividends. The early establishment of capabilities in the maintenance, repair and overhaul (MRO) of military aircraft was aimed initially at servicing the needs of the air force as it built up its capabilities. However, the predecessor of ST Aerospace, Singapore Aircraft Industries, was able to find work in the 1980s, initially in the servicing of US Air Force C130 Hercules transport aircraft, and also the fast-growing number of civilian helicopters in Southeast Asia, the latter described as a "gold-mine" by an analyst writing in 1988.⁷⁴ The general economic development of Southeast Asia, and the growth in commercial aviation have benefitted ST Aerospace, which had sought from the start to capitalise on its dual-use capabilities. Today, its core competencies in MRO have led to ST Aerospace becoming the largest MRO provider in the world, measured in airframe man-hours. The company is certified to maintain and refurbish a range of Boeing, McDonnell Douglas and Airbus commercial aircraft and employs 8 000 people worldwide.⁷⁵

Similarly, ST Marine has also benefitted from its dual-use capabilities in an era of growth in the maritime industry. Globalisation has meant an increased reliance on seaborne trade, and the demand for energy resources has led to greater exploration and exploitation of offshore oil and gas fields. Singapore's strategic maritime location, along the busiest waterway in the world, namely, the Straits of Malacca, has also aided the development of its commercial shipbuilding and repair industry. In this context, ST Marine's

⁷² Yong Mun Cheong, 'The Military and Development in Singapore', p. 287.

⁷³ 'Goodbye Goh Keng Swee, 1918-2010', *Petir*, Special Issue, May/June 2010, pp. 25-6, <http://www.pap.org.sg/uploads/ap/6738/documents/petir_goh_keng_swee_may_june_2010.pdf> [Accessed 15 June 2012].

⁷⁴ Yong Mun Cheong, 'The Military and Development in Singapore', pp. 281-2.

⁷⁵ CAPA Centre for Aviation, 'Profile of ST Aerospace'.

capabilities in military maintenance, repair, overhaul and construction have proven useful in the repair, overhaul, conversion and construction of a range of commercial shipping vessels, such as containers, tankers and Offshore Support Vessels (OSVs), the latter becoming a very lucrative business as it has won several large contracts in recent years.

ST Kinetics has had a similar trajectory. For instance, its automotive services capabilities were initially focused on the repair, maintenance and overhaul of tanks and armoured personnel carriers. This has since expanded into civilian businesses, such as automotive support services for commercial enterprises, and construction equipment, including earthmovers, dump trucks, road construction equipment, trucks and trailers. Overall, the success of ST Engineering's non-military commercial businesses is reflected in the fact that 60 per cent of its turnover in 2010 is in non-military products and services.⁷⁶ This subsidises its military production and maintenance infrastructure, and enables the defence industry to survive.

Problems and Prospects

The partial globalisation of the global arms industry mentioned at the beginning of this article has meant that it is not yet a level playing field for everyone. The continued desire for defence self-reliance has meant that autarky remains a feature of the global arms industry. However, while emerging great powers such as India and China, and an established economic power such as Japan, can generously support their defence industries, smaller second-tier arms producers with much less state resources have had to face a complex and very competitive global arms market. These smaller producers cannot merely rely on their domestic arms market alone as these markets are too small to support a broad range of defence products. To survive, they have to develop niche products and attempt to market these globally, and, in the Singapore case, expand the non-defence civilian businesses of its defence industries to sustain its defence-related capabilities.

The somewhat protected markets in larger countries, however, have proven to be a significant protectionist barrier. For instance, the United States arms market, the largest in the world, remains heavily protected and resistant to external participation. It has thus proven difficult for external non-US defence companies to bid for US defence contracts, with the exception of some British firms.⁷⁷ At the same time, US defence firms continue to dominate the global market in arms, although this has been challenged in recent times by cheaper, relatively sophisticated weapons systems from Europe, Russia, China and smaller arms producers such as Israel. Some

⁷⁶ SIPRI, 'The SIPRI Top 100 Arms Producing and Military Services Companies, 2010'.

⁷⁷ R. Bitzinger, *The Defence Industry in the Post-Transformational World: Implications for the United States and Singapore*, Working Paper No. 150 (Singapore: S. Rajaratnam School of International Studies, Nanyang Technological University, 12 February 2008), p. 16.

smaller arms producers, such as Australia, have resolved the issue of survivability by allowing their domestic arms industry to be taken over by foreign interests. Thus, the three Australian defence firms which rank amongst the world's top 100 arms producers are subsidiaries of BAE Systems (Britain), Thales (France) and Raytheon (United States).⁷⁸ However, this would be inconceivable for states with a high perception of external threat, such as Israel and Singapore, which feel that they must preserve autonomous basic defence self-reliance given their much more vulnerable and potentially uncertain geostrategic circumstances.

Singapore's stated objective of not providing massive direct state subsidies to its arms industry has led to public stock offerings and diversification into non-military commercial sectors utilising dual-use civil-military technology. This, however, has meant that ST Engineering cannot focus primarily on the Singapore defence market but must compete externally in both the defence and particularly the non-defence commercial sectors to grow and to survive. It has thus expanded its global footprint, with acquisitions of various companies overseas as it attempts to find niche areas and open up foreign markets. However, the question must be how Singapore's defence industry can remain focused on its core primary mission, which is the servicing of Singapore's basic defence needs, when it has to develop such a wide range of non-military commercial interests, products and services. Given its range of commercial businesses, is ST Engineering a defence company with substantial commercial operations, or is it a commercial enterprise with interests in defence products and services? Will it, in the long-run, be able to do both well? In deploying its limited resources, which has priority, military needs or commercial concerns?

Another key issue is whether there are in fact forms of state support and subsidy, which could represent a not insignificant drain on resources for such a small city-state. While the Singapore Government has rejected any direct state subsidy in support of its defence industries, indirect forms of subsidy could be inferred from the close defence industry linkages with the state-supported defence research and development sector. In addition, high defence spending and the procurement of local defence products by the SAF could be regarded as indirect forms of subsidy. Moreover, much of the product of Singapore's defence industry is in fact sold to the SAF, and most of them would not be viable without SAF contracts. These are however, not unusual as they are normal practices for many countries, including the United States and Israel.

The more intriguing question is whether the government might intervene should there be, for instance, a global recession or economic downturn affecting its various businesses. After all, commercialising its operations and relying heavily on non-defence businesses is accompanied by heightened

⁷⁸ SIPRI, 'The SIPRI Top 100 Arms Producing and Military Services Companies, 2010'.

business risk inherent in any form of commercial enterprise. The various arms of ST Engineering are therefore not immune to long-run business risk. However, as a state-dominated enterprise with strategic core competencies required for defence, it would not be unreasonable to expect the state to step in if contingencies required it to do so, in order to preserve those core defence competencies. This however, leads to the problem known in economics parlance as the moral hazard, where a business or an institution might take greater risks than is necessary given the knowledge that it would not be held accountable or allowed to fail, or conversely, fail to make the necessary effort to compete effectively knowing that it would ultimately be sustained. The evidence thus far in fact suggests that the various arms of Singapore's defence industry have been competently managed and have been able to expand globally into new markets without suffering undue risks or losses. However, this cannot be taken for granted in the long-term.

Another problem relates to the fact that the closely integrated defence ecosystem relies on well-trained manpower through the SAF. The question, however, is whether Singapore's defence ecosystem can continue to attract top-rate local defence scientists and technologically-trained military officers in sufficient numbers to sustain it at a time when there is much greater competition for scarce top-level talent in a globalising world economy. Moreover, the imperative for the defence industry to diversify into non-defence sectors has put a premium on globally competitive commercial skills, which the military officers and defence scientists who permeate its defence ecosystem, including its defence industries, may not possess in abundance.

Ranged against these actual and potential problems are some obvious prospects. The continued commitment to fund defence, in the context of Singapore's sustained economic growth, means that there will be a growing local market for defence products and services. This also means that some form of local defence industry will ultimately be sustained. Moreover, the SAF is committed to finding cost-savings in the face of the rising cost of modern weapons systems, through the refurbishment and upgrading of weapons systems. These are precisely the strengths of Singapore's defence industry. The SAF's drive towards efficiency, through the outsourcing of logistics, training and non-sensitive military support functions have also led to further business opportunities for ST Engineering's various subsidiaries. Thus, ST Aerospace provides pilot training for the air force, while ST Marine has built and maintains the navy's submarine rescue and support vessel.

The future prospects lie in remaining nimble and exploiting commercial opportunities wherever possible. The globalising world economy has opened up just such opportunities, and Singapore's defence industry is a player just like any other in the non-defence commercial sector. In doing so, it can leverage off the competent dual-use research and development

capabilities that Singapore possesses. Through mergers and acquisitions, it has also been able to establish operations in new markets overseas. A good example of this is ST Engineering's acquisition in 2002, through its US subsidiary, VT Systems, of Halter Marine, which has helped the company develop its OSV commercial shipbuilding business in the lucrative oil and gas industry in the United States.

The key challenge is sustaining its defence businesses in the face of a limited local market and the difficulty in penetrating the protected arms markets of other countries, such as the United States, the world's largest arms market. Even with collaborative ventures with US firms, foreign firms will still have to contend with US export and technology transfer restrictions and the resistance in opening up the US defence industry to foreign contractors. As Bitzinger noted, the licensing of the production of foreign-designed armaments will continue to be an uphill battle in the United States, given the US military's traditional reluctance to embrace "not-invented-here" products.⁷⁹

Nonetheless, the Singapore defence industry's prospects in the United States will improve in tandem with Singapore's growing strategic relationship with it. Singapore is one of the United States' key allies in Asia and has been assiduously courted by the United States on account of its strategic location in the environs of the strategic Straits of Malacca, the most important waterway in the world, and its importance as a local ally in the war against global terrorism in a part of the world where Al Qaeda-linked groups operate amongst the world's largest population of Muslims. Singapore is also an important regional ally in the emerging strategic rivalry between the United States and China. Indeed, in tandem with its military pivot towards Asia, the Obama administration announced in 2011 that it would station its latest Littoral Combat Ships in Singapore.⁸⁰ These open up possibilities of improved defence cooperation, possibly leading to greater inroads by Singapore's defence industry into the lucrative US market.

Indeed, *Forbes* reported in 2007 that ST Engineering's subsidiary in the United States, VT Systems, was doing well, with its business deals there surviving scrutiny from federal regulators, namely the Committee on Foreign Investment in the United States. *Forbes* concluded that its prospects are good provided it does not acquire companies or bid for contracts which involve too much classified information.⁸¹ *Forbes* also noted that VT Systems, led by retired US general, John Coburn, who formerly headed the

⁷⁹ Bitzinger, 'The Defence Industry in the Post-Transformational World', pp. 15-6.

⁸⁰ 'US Expects to Base Ships in Singapore', *DefenceNews.com*, 17 December 2011, <<http://www.defensenews.com/article/20111217/DEFSECT03/112170306/U-S-Navy-Expects-to-Base-Ships-in-Singapore>> [Accessed 16 June 2012].

⁸¹ 'Singapore Defence Firm Thrives in U.S.', *Forbes*, 29 March 2007, <http://www.forbes.com/2007/03/29/singapore-beltway-defense-biz-washington-07forbes2000-cz_atg_0329beltway.html> [Accessed 16 June 2012].

US Army Material Command, had grown from a turnover of US\$61 million in 2001 to US\$1 billion in 2008.⁸²

An obvious way forward for Singapore's defence industry is also to engage in collaborative research, development and production ventures over new weapons systems with foreign defence firms. These will lessen the risks in research and development, gain access to new defence technology, and also share production costs. A recent example was the development of the Matador, a portable anti-tank weapon which replaced the previous Armbrust employed by the SAF's ground forces. The Matador was developed in collaboration with the German firm, Dynamic Nobel.⁸³ Another example is the collaboration between ST Kinetics with the private Australian defence firm, Metal Storm, in the development of the latter's patented 40mm rapid fire munitions.⁸⁴ French and Israeli press have also speculated that the new Iron Dome system in Israel designed to intercept short-range missiles and rockets was developed with funding from Singapore, primarily to fit Singapore's defence needs.⁸⁵ There has also been speculation that Sweden has considered Singapore (together with Norway and Poland) over collaboration on the new A26 submarine, which will be Sweden's next-generation submarine.⁸⁶

In doing so, Singapore's defence industry is also attempting to pick winners in the search for niche defence areas. Thus, while ST Aerospace might not have the capacity to actually design and build new fifth generation combat aircraft, which is the preserve of only the largest states in the world, it is developing UAVs, which have great future potential, given the expected eventual demise of manned combat aircraft. While its UAV products are currently basic, there have been reports of much greater ambition. For instance, it has reportedly been developing a range of more sophisticated UAVs, including a battle management LALEE (Low-Altitude Long Enduring Endurance) drone the size of a Boeing 737.⁸⁷

⁸² Vision Technologies Systems, Ministry of Defence, Singapore, 'John G. Coburn, Chairman and CEO', <http://vt-systems.com/vts/dsp_vts_contact.cfm?vts_contact=6&type=1> [Accessed 16 June 2012].

⁸³ Ministry of Defence, Singapore 'The Matador', <<http://www.mindef.gov.sg/weapons/matador/>> [Accessed 17 June 2012].

⁸⁴ 'Metal Storm Sets Weapons Commercialisation Path with ST Kinetics', *Defence Talk*, 25 February 2008, <<http://www.defencetalk.com/metal-storm-sets-weapons-commercialisation-path-with-st-kinetics-14881/>> [Accessed 16 June 2012].

⁸⁵ 'Was Iron Dome Defense System Actually Built for Singapore?', *Haaretz*, 25 March 2010, <<http://www.haaretz.com/print-edition/features/was-iron-dome-defense-system-actually-built-for-singapore-1.266629>> [Accessed 17 June 2012].

⁸⁶ 'A26 Nasta Generation Ubat (NGU), Sweden, Submarines—Submarines and Submersible Designs', *Jane's Underwater Warfare Systems*, 7 September 2011. <<http://articles.janes.com/articles/Janes-Underwater-Warfare-Systems/A-26-Nasta-Generation-Ubat-NGU-Sweden.html>> [Accessed 17 June 2012].

⁸⁷ Huxley, 'Singapore and the Revolution in Military Affairs', p. 193.

Conclusions

Singapore's defence industry could be said to be relatively successful, in the sense that it has survived despite Singapore's small size and in the face of a complex and very competitive global arms market. It has also been able, thus far, to fulfil its primary core mission, which is to service Singapore's defence needs and enable Singapore to achieve a measure of basic defence self-reliance.

While Singapore is not able to achieve self-sufficiency across a range of weapons systems and platforms, limited self-reliance has provided it with greater flexibility, particularly in the sourcing or procurement of arms. Capabilities in refurbishing old equipment mean that it would always be able to deploy basic land, air and naval warfare platforms. Coupled with the ability to produce a range of ordnance and small arms, this means that even without a great power patron or access to advanced technology, Singapore has the capacity to ensure its own basic defence. Ensuring basic defence self-reliance is seen as an imperative on account of the potentially unstable regional geopolitical environment. As noted at the beginning of this essay, Singapore has had a sometimes tense relationship with its much larger Muslim neighbours, which have, from time to time, displayed hostility towards it. Despite Singapore's very close alliance-like relationship with the United States, and its membership in the Five Power Defence Arrangements, it cannot be guaranteed that its great power allies would intervene to defend it from external threats.

The growth and development of Singapore's defence industry is the product of a mix of factors, including sustained high economic growth, relatively high defence spending, the presence of long-term strategic planning, the political dominance and longevity of the ruling party, the seamlessly integrated defence ecosystem, the technical expertise of SAF officers and the dual military-civilian competencies which have underpinned the success of its various non-defence commercial enterprises.

However, the relative success of Singapore's defence industry could well be unique, being a product of exceptional circumstances stemming from its contentious independence amidst heightened tensions, the impetus provided by its strong perception of a potentially unstable regional environment, and the opportunities afforded by the region's economic growth. Nonetheless, there could still be lessons that could be learnt by other small states. Singapore's case proves that it is indeed possible for small states to achieve basic defence self-sufficiency, provided the objectives are modest and realistic to begin with. The production of basic ordnance, such as ammunition and artillery shells, as well as small arms, are well within the capacity of a number of small states, while the capacity to maintain, repair and overhaul armoured vehicles, patrol vessels and combat aircraft and helicopters do not require massive investment by the state.

In particular, the ability to refurbish old equipment, improvise and adapt weapons systems from a variety of sources for use, and maintain weapons systems and platforms for operational use, provides strategic and military benefits. They include greater flexibility in terms of sources of weapons systems, greater freedom in the use of one's military forces, and the reduction of dependence on external powers, which could use defence reliance on them to exercise various forms of influence, such as the veto on the use of military power by the smaller state. Basic defence self-reliance is also a form of insurance, as it cannot be guaranteed that a great power ally would intervene to defend a small state in a crisis. In addition, basic defence self-reliance also sends a deterrent message to would-be aggressors that the small state involved has some independent capacity to make any attack against it a somewhat costly venture.

In addition, an integrated defence ecosystem with close collaboration between the armed forces, defence research and development, and defence industry, could contribute to rational and cost-effective solutions to a country's defence needs, since this should lead to more optimal and economic outcomes. In turn, this rests on the technical and technological capabilities of military officers and defence scientists, which a state must invest heavily in. From the Singapore experience, it also seems that despite indirect forms of subsidy such as a more or less guaranteed domestic market for its products, and funding for research and development, a defence industry's survival also requires it to be corporatised and run as commercial operations, in order to promote efficiency and supplement earnings to support a defence industrial base. This invariably means that there is the need to develop a range of non-defence commercial businesses. However, this leads to exposure to business risks and to the vagaries of the global market.

Andrew Tan is an associate professor in the School of Social Sciences at the University of New South Wales. andrew.tan@unsw.edu.au

Playing Second Fiddle on the Road to INTERFET: Australia's East Timor Policy Throughout 1999

Iain Henry

Though other accounts have critiqued Australia's efforts to secure a peacekeeping force in East Timor—or have alleged that Australia attempted to prevent this outcome—this article explains why Australia was forced into a reactive policymaking posture, where the need to prioritise the most critical objectives limited possible response options. While Australia could have done more to secure a pre-ballot peacekeeping force, this would have entailed serious risks with low prospects of success. This article shows that Australia's need to prioritise its relationship with Indonesia constrained its ability to pursue other strategic goals—a reality that is unlikely to change.

On 27 January 1999 the Indonesian President, B. J. Habibie, announced that the status of East Timor—which had been invaded in 1975 and formally incorporated into Indonesia in 1976—would be determined through an act of self-determination. This decision generated extreme policy challenges for Australia: although its long-standing preference was for East Timor to remain part of Indonesia, it had little choice but to support Habibie's decision and work towards supporting a free and fair self-determination ballot.

Two authors have already examined this period of Australian policy-making, drawing very disparate conclusions. Hugh White, a former Defence Department official who was intimately involved in the events of 1999, has argued that Australia was “remiss in not trying to do more” to secure a pre-ballot peacekeeping force (PKF).¹ Clinton Fernandes, a former Australian Army intelligence analyst, presents a contrary view by claiming that the Australian Government “worked assiduously” to prevent a peacekeeping force.²

Rejecting both of these theses, this article presents an original perspective on the events of 1999 by examining the intent, substance and efficacy of Australia's strategic policy. While it draws on many publicly available sources, it also uses data obtained in interviews with 15 individuals

¹ H. White, 'The Road to INTERFET: Reflections on Australian Strategic Decisions Concerning East Timor, December 1998-September 1999', *Security Challenges*, vol. 4, no. 1 (Autumn 2008), p. 86.

² C. Fernandes, 'The Road to INTERFET: Bringing the Politics Back In', *Security Challenges*, vol. 4, no. 3 (Spring 2008), p. 83.

intimately involved in forming Australian policy. Undertaken in 2012, this interview series included former Prime Minister John Howard, former Foreign Minister Alexander Downer and the other four ministers that comprised the National Security Committee of Cabinet.³

This article argues that during 1999, Australia's strategic policy was almost constantly reactive—usually driven by a desire to protect the Australia-Indonesia relationship and avoid inflaming civil-military tensions in Jakarta. Developments in East Timor—particularly instances of militia violence—regularly placed the Australian Government in a difficult position, where the need to respond to such violence conflicted with Australia's long-term strategic concerns. In this context, Australia's primary challenge throughout 1999 was ensuring that strategic policy appropriately prioritised the two most important objectives—encouraging Indonesia's developing democracy and maintaining the Australia-Indonesia bilateral relationship. Based on this analysis, the article closes with some observations on Australia's ability to pursue and achieve its strategic objectives concerning Indonesia. While Australia failed to prevent violence in East Timor, it appropriately prioritised its most important objectives and avoided worst-case outcomes.

Why Consider 1999 as Separate from the Events of 1998?

Australia's East Timor policy throughout 1998 and 1999 can be separated into two discrete periods. The first, from mid-1998 until early 1999, culminated in a diplomatic initiative aimed at shifting responsibility for Indonesia's East Timor policy from Foreign Minister Ali Alatas to President Habibie and the Indonesian military. In December 1998 Howard wrote to Habibie, suggesting that despite Indonesia's mid-1998 offer of special autonomy for East Timor, international negotiations on East Timor's status were "not producing the desired results quickly enough".⁴ These international negotiations, known as the "Tripartite process", involved Indonesia, Portugal—as East Timor's former colonial power—and the United Nations (UN). East Timorese leaders were not directly involved, but their interests were represented by the UN official responsible for the talks, Jamsheed Marker.

This 'Howard Letter', which affirmed Australia's support for Indonesian sovereignty over East Timor, was intended to caution Jakarta that a fresh approach towards East Timor was required. Howard suggested that Habibie might consider granting wide-ranging autonomy for a lengthy interregnum period, which could conclude with an act of self-determination. According to Peter Varghese, then a senior official in the Department of Prime Minister

³ To provide alternate perspectives, senior public servants, a Ministerial adviser and a former military officer were also interviewed. Data obtained from these interviews was carefully assessed, particularly with regard to the possibility of *ex post facto* interpretations of history.

⁴ Commonwealth of Australia, *East Timor in Transition 1998-2000: An Australian Policy Challenge* (Canberra: Department of Foreign Affairs and Trade, 2001), p. 181.

and Cabinet (PM&C), it was hoped that this interregnum would maximise the prospect that “over time, the Timorese would be more comfortable with the idea of remaining part of Indonesia”.⁵ Senior Defence officials, though aware that a policy change on East Timor was under consideration, did not learn of the Howard Letter until after it was dispatched.

There has been significant debate about the intent of this letter, particularly since the end of the Howard Government in 2007. Although some commentators have since suggested that East Timorese independence was one of the Howard Government’s strategic objectives, the text of the letter—as well as supporting interview data from senior Australian Government officials—suggests that many decision-makers and officials hoped Habibie would adopt a strategy that maximised the prospects of Indonesian rule being accepted and legitimised. It is sufficient to say that the eventual outcome—an independent East Timor—was at no point a policy objective or preference for the Australian Government.⁶

The second period began with Habibie’s response to the Howard Letter—in January 1999 Habibie announced that Indonesia would provide an act of self-determination for East Timor. This decision prompted a significant shift in Australia’s foreign and strategic policy, whereby much of the effort moved to military contingency and diplomatic crisis planning focused on reducing the likelihood and consequences of militia violence. Following Habibie’s decision, from late-January 1999, Australia worked to mitigate the perils of the self-determination ballot. The pursuit of this strategic goal marked a new phase in the Australian Government’s approach to East Timor. Given that senior officials at the Department of Defence were not involved in the drafting of the Howard Letter, it was only at this point that Australia’s strategic policy adopted a truly ‘whole of government’ approach.

Studies that approach the East Timor issue by examining both of these periods usually argue that Australia failed to achieve its strategic objectives of 1998, and this is correct. However, given that Habibie’s decision in January 1999 necessitated a revision of Australia’s strategic policy and the implementation of whole of government approach, the second period is worthy of independent examination and assessment.

Indonesia’s *fait accompli* Forces Australia into a Reactive Posture

Despite Howard’s suggestion for a long-term approach, Habibie was inclined towards an expeditious solution and after internal consultation, in late January 1999 he announced that Indonesia would allow an act of self-

⁵ P. Varghese, interview with author, 2012.

⁶ For a detailed analysis of Australia’s diplomatic activity in 1998 and early 1999, see I. Henry, ‘Unintended Consequences—An Examination of Australia’s “Historic Policy Shift” on East Timor’, *The Australian Journal of International Affairs*, forthcoming.

determination for East Timor. This announcement stunned the Australian Government—throughout 1998, Australian diplomacy had been focused on supporting Indonesia’s democratic transition and strengthening the bilateral relationship. Although a successful act of self-determination might address the long-standing and problematic issue of East Timor, this decision posed serious risks for Australia’s most important objectives—protecting the bilateral relationship and supporting Indonesia’s ongoing democratic and civil-military reforms.

Interviewed in 2012, Howard and Downer agreed that Australia had little choice but to accept Habibie’s decision as a *fait accompli*.⁷ Given Australia’s priorities, once Habibie had made his decision in late January 1999, Australia’s new strategic objective was simple—“to see the ballot not just occur, but to see it occur credibly”.⁸ Australia now adopted a reactive policy-making posture—from January onwards, Australia’s strategic policy would essentially be driven by events in East Timor and Indonesia.

Habibie’s Audacity Generates Risks for Australia and Indonesia

Habibie’s announcement was publicly supported by the Indonesian Defence Minister, General Wiranto, but there was concern as to whether the Indonesian military (TNI) was willing and able to ensure a secure voting environment.⁹ The military occupation of East Timor had exerted a heavy casualty toll on the TNI and the possibility of a coup against Habibie still worried Australian officials. Beyond the risk of aggravating civil-military tensions in Jakarta, the conduct of a self-determination ballot would place the TNI’s behaviour in East Timor under the spotlight of global media attention. Violent incidents in East Timor might now generate additional international criticism of Indonesia—this could affect investor confidence and undermine Jakarta’s efforts to recover from the 1997 Asian Financial Crisis.

Following Habibie’s announcement, there was considerable debate as to how self-determination would be achieved. At the conclusion of a Tripartite meeting in early February 1999, the Indonesian Foreign Minister, Ali Alatas, argued that “a referendum was not the way to proceed, because that would only reopen old wounds and re-ignite old tensions”.¹⁰ Although alternate

⁷ J. Howard and A. Downer, interviews with the author, 2012.

⁸ J. Dauth, former Deputy Secretary, Department of Foreign Affairs and Trade, interview with author, 2012.

⁹ Although the Indonesian military were known at this stage as *Angkatan Bersenjata Republik Indonesia* (ABRI)—the Armed Forces of the Republic of Indonesia, the term *Tentara Nasional Indonesia* (TNI)—Indonesian National Armed Forces—adopted in 1999—is used throughout this article.

¹⁰ A. Alatas, *The Pebble in the Shoe: The Diplomatic Struggle for East Timor* (Jakarta: Aksara Karunia, 2006), p. 157.

options were considered, these were discounted and on 11 March 1999 it was agreed that a direct ballot would be conducted.¹¹

Meanwhile, the situation in East Timor was beginning to worsen. In response to Habibie's offer of a special status in 1998, pro-integration militias had formed and in February 1999 there were reports that they were receiving arms and supplies from the TNI.¹² In late February Downer voiced his concerns to Alatas, but these were dismissed: Alatas claimed the TNI was not establishing new militia groups but arming civil defence units, which was a "legitimate" action.¹³ This démarche established a pattern repeated regularly throughout 1999—Australian officials would raise their concerns about security in East Timor, only to have these rebuffed or ignored by their Indonesian counterparts. Concerned about how the violence could adversely affect the bilateral relationship and Indonesia's international standing, Australian ministers—particularly Downer—would consistently downplay the connections between the militias and TNI.¹⁴

Were there Tensions in Australian Policy—Diplomacy or Peacekeeping?

Australia responded swiftly to the self-determination announcement. On the diplomatic front, in late February the Secretary of the Department of Foreign Affairs and Trade (DFAT), Ashton Calvert, had several meetings with the American Assistant Secretary of State, Stanley Roth. The meetings, scheduled to discuss developments in East Timor, also included Varghese. The summary records of these meetings were leaked in 1999 and are used by Clinton Fernandes to argue that Australia was determined to prevent the deployment of a PKF.¹⁵ However, a careful examination suggests a more nuanced position. According to press reports quoting the leaked documents, Calvert believed that the international community could "induce East Timorese and Indonesian leaders to work towards an orderly and peaceful transition and to avert the need for recourse to peacekeepers".¹⁶ Varghese echoed this sentiment by noting that

¹¹ United Nations Press Release, SG/SM/6922, 12 March 1999.

¹² D. Greenlees, 'E Timor—Divide and Conquer', *The Australian*, 6 February 1999.

¹³ P. Edwards and D. Goldsworthy, *Facing North: A Century of Australian Engagement with Asia*, (Melbourne: Melbourne University Press, 2004), p. 232. See also P. Kelly, *March of the Patriots—the Struggle for Modern Australia* (Melbourne: Melbourne University Press, 2009), p. 496.

¹⁴ See Kelly, *March of the Patriots*, p. 496.

¹⁵ See Fernandes, 'The Road to INTERFET', pp. 88-9.

¹⁶ J. Lyons, 'The Secret Timor Dossier', *The Bulletin*, 12 October 1999.

an early offer of a peacekeeping operation [PKO] would remove any incentive for the East Timorese and Indonesians to sort out their differences.¹⁷

Although Roth did defend his personal belief that a “full-scale peacekeeping operation would be an unavoidable aspect of the transition”,¹⁸ only a few weeks later he publicly supported Australia’s policy by testifying to Congress that it was

premature to talk about troops in East Timor...we are pushing so aggressively to try to break this cycle of violence so that we will not have to end up with the hard choices about a PKO.¹⁹

Following Habibie’s decision, the Department of Defence acted quickly to prepare for a variety of worst-case scenarios. Despite the government’s preference for the TNI to improve the security situation and thus avoid an Australian Defence Force (ADF) deployment, Defence knew that if violence escalated in East Timor then a PKF might be required. Though DFAT believed that the “very fact of raising force readiness levels” might become something of a “self-fulfilling prophecy”,²⁰ on 9 February 1999—only two weeks after Habibie’s decision—the National Security Committee of Cabinet (NSCC) approved a Defence recommendation to bring another Australian Army brigade to a greater state of readiness.²¹ This was announced by Defence Minister John Moore on 11 March 1999—downplaying the notion that this decision was made solely with reference to East Timor, he emphasised that Indonesia and the East Timorese retained responsibility for security and that it would be “premature to make any decision about ADF involvement in any peacekeeping role”.²²

Despite Moore’s public claim, one of the key reasons for this decision was the possibility that Australia might make a substantial contribution to a PKF in East Timor—Defence had explained to the NSCC that the single brigade already at a higher level of operational readiness would be insufficient to

¹⁷ Ibid. Importantly, at this point the mechanism for testing East Timorese opinion had not yet been decided—this might have influenced Calvert and Varghese’s views on the prospects for violence.

¹⁸ Ibid.

¹⁹ S. Roth, in testimony to the United States of America Congress, ‘Indonesia: Countdown to Elections’, hearing before the Subcommittee on East Asian and Pacific Affairs of the Committee on Foreign Relations, United States Senate, one hundred and sixth Congress, first session, 18 March 1999, p. 17.

²⁰ P. Barratt, former Secretary of the Department of Defence, interview with author, 2012. This view was supported by J. Moore, C. Barrie, A. Behm and H. White, in interviews with the author, 2012.

²¹ D. Connery, *Crisis Policymaking: Australia and the East Timor crisis of 1999* (Canberra: ANU E Press, 2010), pp. 23-4; White, ‘The Road to INTERFET’, p. 75.

²² Commonwealth of Australia, *House of Representatives Hansard*, 11 March 1999.

secure East Timor.²³ A long-term, multi-nation PKF—with Indonesian consent—would be the only realistic scenario.²⁴

Against this backdrop, Defence began to plan not for a pre-ballot PKF, but rather a post-ballot PKF that would “take responsibility for security over from TNI if East Timor opted for independence”.²⁵ However, there was a question as to whether the Tripartite process would make provision for a pre-ballot PKF. The UN argued for a pre-ballot PKF during a Tripartite meeting on 10-11 March, but this suggestion was “indignantly rejected by Alatas, who argued forcefully that this was a matter of national honour and sovereignty”.²⁶ In late March 1999 Francsec Vendrell, a UN official working with Jamsheed Marker, visited Canberra to discuss East Timor.²⁷ In these talks, White suggested that although he was not formally speaking on behalf of the Australian Government, the ADF would probably make a “substantial contribution” if a pre-ballot PKF was organised by the UN.²⁸

White’s enthusiasm for a pre-ballot PKF was not shared by other Australian Government departments. Varghese noted that at this time PM&C officials believed that although a PKF was desirable “it was unrealistic, because the Indonesians wouldn’t accept it”.²⁹ DFAT advised Downer that it concurred with the UN’s advice: “given Indonesia’s sovereignty over the province during the period of the ballot, that TNI retain responsibility for security”.³⁰ The official publication from DFAT notes that Vendrell emphasised:

There was no prospect of the Indonesian Government acquiescing to any form of non-Indonesian military or police presence to assist with ensuring security in the period leading up to the consultation. Planning for a security contingent would have to focus on the post-ballot period.³¹

Vendrell reported back to the UN and recommended a variety of measures to reduce the likelihood of violence, but—perhaps believing it to be a lost cause—his advice stopped short of advocating a pre-ballot PKF.³²

²³ H. White, J. Moore, interviews with author, 2012. Some interviewees also noted that a single brigade at higher readiness would not be sufficient if circumstances warranted simultaneous deployments in the South-West Pacific.

²⁴ P. Barratt, interview with author, 2012.

²⁵ White, ‘The Road to INTERFET’, p. 76.

²⁶ J. Marker, *East Timor: A Memoir of the Negotiations for Independence*, (North Carolina: McFarland & Company, Inc., Publishers, 2003), p. 139.

²⁷ Lyons, ‘The Secret Timor Dossier’, p. 28; Commonwealth of Australia, *East Timor in Transition*, pp. 72-4.

²⁸ H. White, interview with author, 2012. See also White, ‘The Road to INTERFET’, p. 78.

²⁹ P. Varghese, interview with author, 2012.

³⁰ Edwards and Goldsworthy, *Facing North*, p. 239. The source cited for this claim is a Ministerial Submission, dated 25 March 1999.

³¹ Commonwealth of Australia, *East Timor in Transition*, p. 74.

³² I. Martin, *Self-Determination in East Timor* (Boulder, CO: Lynne Rienner Publishers Inc., 2001), pp. 29-33. Martin notes that Vendrell recommended the withdrawal of some TNI and the disarming of militia groups.

Clearly, the Australian Government was not completely united on the prospect of a pre-ballot PKF. Downer believed that there was no prospect of Indonesia accepting a pre-ballot PKF, so it would be unhelpful to press the issue.³³ Defence—through White—argued that the UN should pursue this option through the Tripartite process, while DFAT and PM&C officials accepted Indonesia's insistence that TNI provide security. A common view of the Tripartite process—scepticism bordering on disdain—may have also caused Australian officials to overlook the importance of the security arrangements that might be agreed by the UN.

But these differences should not be overstated nor exaggerated. It is critical to observe that in their meeting with Stanley Roth, Calvert and Varghese did not argue that Australia was unwilling to contribute towards a PKF in East Timor—Calvert specifically noted that Australia would be willing to deploy peacekeepers if required, as long as they were not sent into a “bloodbath”.³⁴ At this stage, the official consensus was that while a pre-ballot PKF was desirable, Indonesia would simply never accept such a deployment. This sentiment was clearly conveyed in Habibie's initial response, in December 1998, to the Howard Letter.³⁵ Although the possibility of a PKF at some stage was not absolutely precluded, it is clear that Australian decision-makers readily accepted Habibie's position that an international presence in East Timor was unacceptable. From January-April 1999, Australia's main effort was to reduce the violence in East Timor through private representations to the Indonesian Government and the TNI.

The ADF Tries to Influence the TNI, with Uncertain Results

In September 1998 Australia's Chief of the Defence Force (CDF), Admiral Chris Barrie, had travelled to Jakarta to meet with General Wiranto, who was both Barrie's direct military counterpart as well as the Indonesian Defence Minister. During a meeting with Habibie and Wiranto, it was agreed that an ADF-TNI conference on civil-military relations would be held in 1999.³⁶ From 9-11 March 1999, several senior ADF officers and Defence officials visited Jakarta to attend what was known as the 'CDF-PANGAB Forum'.³⁷ Amid discussion on the TNI's role in post-Suharto Indonesia, Barrie privately encouraged Wiranto to make sure the TNI placed significant effort into ensuring a free and fair ballot, which would hopefully result in the incorporation of East Timor.³⁸ As the decision to raise the readiness of an Australian Army brigade was to be announced on 11 March, Barrie was also

³³ A. Downer, interview with author, 2012.

³⁴ Lyons, 'The Secret Timor Dossier'.

³⁵ P. Varghese, J. McCarthy, interviews with author, 2012.

³⁶ A. Behm, former First Assistant Secretary, International Policy Division, Department of Defence, interview with author, 2012.

³⁷ *Panglima Angkatan Bersenjata Republik Indonesia* (PANGAB)—Commander of the Armed Forces of the Republic of Indonesia.

³⁸ C. Barrie, interview with author, 2012.

tasked to explain this to Wiranto. Mindful of how Wiranto might perceive this action, Barrie “had to try to persuade him that it had nothing to do with East Timor”.³⁹

Importantly, events such as this contributed to the perception that the ADF was capable of influencing the TNI’s senior leadership—beyond supporting Indonesia’s progress through international funding efforts, Australia was also concerned with directly supporting the TNI in their effort to achieve further civil-military reform. Former Defence officials noted that at this point the TNI-ADF relationship was extremely strong, as evidenced by the conduct of the CDF-PANGAB Forum and the close cooperation on the possibility of evacuation flights for Australian citizens ahead of the Indonesian Presidential elections.⁴⁰

April 1999—Violence in East Timor Prompts Australian Efforts Towards a PKF

During the first few months of 1999, Australia’s intelligence agencies began to warn the government that the TNI were supporting militia violence in East Timor. A Defence Intelligence Organisation (DIO) *Current Intelligence Brief* in early March assessed that “further violence is certain”—while it noted that Wiranto’s views on the violence were not known, DIO believed that he was “at least turning a blind eye”.⁴¹ On 6 April 1999 militia forces attacked a churchyard in Liquica, killing up to sixty civilians in what was East Timor’s most violent incident since the Santa Cruz massacre in 1991.⁴² DIO reported two days later that while the TNI’s

exact role in the incident is unclear ... [TNI troops] had fired tear gas into the church and apparently did not intervene when the pro-independence activists were attacked ... [TNI] is culpable whether it actively took part in the violence, or simply let it occur.⁴³

On 17 April pro-integration militias attacked independence supporters in Dili, killing between twelve and twenty-eight.⁴⁴ These incidents were a significant escalation of violence and showcased the inability or unwillingness of the TNI to restrain militia activity. If allowed to continue unchecked, such incidents would endanger the ballot and significantly damage Indonesia’s reputation. Ugly scenarios began to concern Australian officials: if the ballot was subverted through a campaign of militia violence, it might ensure a very close outcome—perhaps in favour of independence by only a few

³⁹ Ibid.

⁴⁰ A. Behm, C. Barrie, interviews with author, 2012.

⁴¹ D. Ball, ‘Silent Witness: Australian Intelligence and East Timor’, *The Pacific Review*, vol. 14, no. 1 (2001), p. 44.

⁴² Garran and Greenlees, *Deliverance*, p. 120. It is believed that between 150-270 died in the Santa Cruz massacre—see Commonwealth of Australia, *East Timor in Transition*, pp. 7-8.

⁴³ Ball, ‘Silent Witness’, p. 46.

⁴⁴ Commonwealth of Australia, *East Timor in Transition*, p. 67.

percentage points.⁴⁵ Combined with possible allegations of impropriety around the conduct of the vote, this could provide a basis for the Indonesian Government to retain East Timor.⁴⁶ Thus, militia violence was placing Australia's strategic objective of a free and fair ballot at serious risk.

On 19 April 1999, Howard telephoned Habibie, urging him to prevent further violence in East Timor—Howard suggested a meeting, which was arranged for 27 April in Bali.⁴⁷ Only a few days before the summit, Australian officials were informed that the Tripartite arrangements—which had been agreed, but not yet signed—had assigned responsibility for security to the TNI.⁴⁸ Given the violence of the preceding two weeks, Australian officials were “concerned about how all of this could spin badly out of control”.⁴⁹ The Australian delegation agreed that some form of increased international presence would be required in order to ensure that the ballot would be perceived as legitimate.

But Habibie had already signalled his intent to resist a PKF—in their phone conversation, he told Howard that if a PKF “was imposed on Indonesia then it would abandon East Timor and the ballot and unilaterally withdraw”.⁵⁰ Downer regarded this threat as one of “Habibie’s constant secret messages to us”.⁵¹ Avoiding this scenario, which could amount to civil war in East Timor, was an objective that had to be balanced carefully against the need for a fair ballot.

There is no question that the Australian delegation would have preferred the ballot to be supervised by a multi-nation PKF.⁵² But many were sceptical as to whether this was possible. Varghese believed it was a “pie in the sky” concept—there was “no point going on and on about something which is just not going to happen”.⁵³ John Dauth, then a Deputy Secretary in DFAT notes

it wasn't an easy period dealing with the Indonesian system ... [we] made very careful judgements about every engagement with them, and one of those judgements had to be how much we pressed him [Habibie].⁵⁴

Although Habibie had consolidated his political position since the fall of Suharto, there was concern that his policy freedom on East Timor was still constrained by the TNI. Wiranto had accepted Habibie's decision to conduct

⁴⁵ H. White, interview with author, 2012.

⁴⁶ J. McCarthy, H. White, interviews with author, 2012.

⁴⁷ J. Howard, *Lazarus Rising* (Sydney: HarperCollins Publishers, 2010), p. 342.

⁴⁸ H. White, interview with author, 2012.

⁴⁹ P. Varghese, interview with author, 2012.

⁵⁰ Kelly, *March of the Patriots*, pp. 497-8. See also Commonwealth of Australia, *East Timor in Transition*, p. 80.

⁵¹ Kelly, *March of the Patriots*, p. 498.

⁵² A. Downer, P. Varghese, H. White, J. McCarthy, interviews with author, 2012.

⁵³ P. Varghese, interview with author, 2012.

⁵⁴ J. Dauth, interview with author, 2012.

an act of self-determination, but it was felt that he would flatly refuse to accept a foreign military presence on Indonesian soil.

Between January and April 1999, Australia's actions had been driven largely by Habibie's announcement—shocked by his audacity, Australian officials readily accepted the self-determination *fait accompli*. Although officials understood the desirability of a PKF, given the preference for a diplomatic solution there was no willingness to push for a foreign military presence that Habibie would likely refuse. But the violence of April 1999 raised the stakes for both Australia and Indonesia. As the Australian delegation flew to Bali, it was focused on reconciling competing strategic objectives. Although a free and fair ballot was required, this had to be carefully balanced against Australia's enduring strategic interests—the need to maintain the bilateral relationship and avoid civil-military tension in Jakarta.

The Bali Summit

The Summit began with a private meeting between Howard and Habibie—in this discussion, Howard suggested that a pre-ballot PKF might assist with security in East Timor.⁵⁵ Howard writes that this produced a “metaphorical explosion” from Habibie, who explained that his “position would be absolutely untenable in Jakarta if he were to agree to this” request.⁵⁶ Although the point was not made explicitly it was clear that had Habibie accepted a pre-ballot PKF, this might have precipitated a civil-military showdown and posed the grave risk of a TNI coup.

Two conflicting Indonesian accounts of this meeting raise some questions about how hard Howard pushed Habibie. Dewi Fortuna Anwar believes Howard “pressed a number of times”, asking “explicitly” if Habibie would accept a PKF, whereas Alatas believes that Howard's approach was “not very strong ... he raised it because he probably needed to raise it”.⁵⁷ Howard himself did not think that Habibie would agree to his request, but “thought it was worth trying ... he'd already surprised me once!”⁵⁸ Once it had been determined that a PKF was precluded, the discussion turned to civilian police (CIVPOL) under UN authorisation—Habibie agreed to allow between 200-300 CIVPOL to supervise the ballot.⁵⁹

This private discussion was followed by a large plenary meeting, where Howard pushed for a large CIVPOL contingent. This suggestion visibly

⁵⁵ For differing accounts of this, see: Commonwealth of Australia, *East Timor in Transition*, pp. 79-80; White, 'The Road to INTERFET', pp. 79-80; Howard, *Lazarus Rising*, pp. 343-4; Kelly, *March of the Patriots*, p. 498-500.

⁵⁶ Howard, *Lazarus Rising*, p. 343.

⁵⁷ Australian Broadcasting Corporation, 'The Ties that Bind', *Four Corners* (television program), 14 February 2000.

⁵⁸ J. Howard, interview with author, 2012.

⁵⁹ Greenlees and Garran, *Deliverance*, p. 145.

angered Wiranto, who had an animated discussion with Habibie.⁶⁰ Paul Kelly's account of this meeting even has Wiranto gesturing aggressively to Habibie, indicating that any foreign presence in East Timor would be unacceptable.⁶¹ Howard then pointed beyond East Timor to Indonesia itself, noting that if the ballot was anything less than free and fair then "Indonesia's international standing would be damaged".⁶² Eventually, it was decided that an "adequate" number of UN CIVPOL—between 200-300 officers, as agreed in the private Howard-Habibie meeting—would assist Indonesian police in East Timor.⁶³

It was clear that such a small force would be incapable of preventing widespread violence, but it was hoped that the increased international presence—directly assisting the integrity of the ballot—might deter violence and reduce voter intimidation. Significantly, at the conclusion of the meeting Howard noted that it was still Australia's preference to see East Timor choose incorporation with Indonesia.⁶⁴

Was a Pre-Ballot PKF ever Possible?

Hugh White has since argued that in not corraling international support for a pre-ballot PKF and pushing Habibie further, Australia may have "missed the last best chance to avoid the disasters of September".⁶⁵ Though White is correct in reflecting that "there was little we could do, but we did less than we could have", it is unlikely that more strenuous efforts would have succeeded in securing a pre-ballot PKF.⁶⁶ International pressure on Indonesia may have helped, but the focus of the US and European powers was on events in the Balkans—it was difficult for Australia to attract Washington DC's attention to East Timor.⁶⁷ The violence of April 1999 demonstrated that a pre-ballot PKF was desirable, but it came too late in the Tripartite process to substantively influence the negotiations. Indonesian domestic politics also placed pressure on the process—Indonesia's next President would be elected in October 1999 and it was feared that if the ballot was delayed, then a new President might refuse to release East Timor.

An early 1999 effort to secure a pre-ballot PKF would also have entailed serious risks for Australia's primary strategic objectives. As evidenced by Habibie's frank comments to Howard in Bali—as well as Wiranto's behaviour in the plenary meeting, which Kelly characterises as Wiranto "giving Habibie his orders even in front of the Australians"—Habibie's acceptance of a pre-

⁶⁰ J. Moore, interview with author, 2012.

⁶¹ Kelly, *March of the Patriots*, p. 500

⁶² Ibid.

⁶³ For a more detailed account of these discussions, see Kelly, *March of the Patriots*, pp. 500-2,

⁶⁴ See C. Johnstone and S. Spencer, 'Howard Pledges Police for Timor', *The Courier Mail*, 28 April 1999.

⁶⁵ See White, 'The Road to INTERFET', pp. 78-80.

⁶⁶ H. White, interview with author, 2012.

⁶⁷ See Kelly, *March of the Patriots*, p. 503. Also A. Downer, interview with author, 2012.

ballot PKF might have precipitated a TNI coup.⁶⁸ The United States was particularly worried that pressure for a pre-ballot PKF might threaten the vote itself. Jamsheed Marker notes that in late April 1999 Roth:

made a forceful representation to us [the UN] about putting anything, either specific or conditional, to the Indonesians that could make President Habibie, whom Roth described as being at the end of this tether as regards East Timor, balk at the last fence.⁶⁹

Opinion is divided on the efficacy of Howard's meeting with Habibie. For John McCarthy, then Australia's Ambassador to Indonesia, an agreement for UN CIVPOL "was presented as a victory ... but really it was a loss, because we didn't get peacekeepers".⁷⁰ Varghese believes Australia "pushed as hard as we could, and what we ended up with on the police side was probably a bit more than we might have expected".⁷¹ Given Australia's relatively weak bargaining position—and Habibie's precarious situation with regards to the TNI—Howard probably achieved all he could at the Bali Summit without endangering Australia's primary strategic objectives. Given the importance Australia placed on supporting Indonesia's democratisation and maintaining the bilateral relationship, the cautious approach of Howard and Downer was likely the more prudent choice. As Howard's International Advisor, Michael Thawley later reflected, it was probably an unfortunate reality that "sometimes things have got to get bad, before they get worse, before they get better".⁷²

May-June 1999—Australia and the UN Prepare for the Ballot

On 5 May 1999, the Indonesian and Portuguese Foreign Ministers met in New York to sign the Tripartite agreements. The agreement on modalities stipulated that the ballot would occur on 8 August 1999—an ambitious timeframe, agreed by the UN due to Habibie's insistence that the East Timor issue be resolved during his presidency.⁷³ Given the US requirement for Congress to be consulted, the United Nations Assistance Mission in East Timor (UNAMET) was not officially established until 11 June 1999 although its head, Ian Martin, arrived in Dili on 1 June 1999.⁷⁴

On 7 June, Indonesia held elections for the People's Representative Council. These were conducted peacefully and without military interference—a notable achievement in light of Indonesia's history. Habibie's party came

⁶⁸ Kelly, *March of the Patriots*, p. 500. The possibility of a coup was also noted by several interview participants.

⁶⁹ Marker, *East Timor*, p. 154.

⁷⁰ J. McCarthy, interview with author, 2012.

⁷¹ P. Varghese, interview with author, 2012.

⁷² M. Thawley, interview with author, 2012.

⁷³ Commonwealth of Australia, *East Timor in Transition*, p. 97.

⁷⁴ Martin, *Self-determination in East Timor*, pp. 39-40.

second by a wide margin—Megawati Sukarnoputri's strong polling suggested she was likely to win the presidential election in October.⁷⁵ She had openly criticised Habibie's action on East Timor and "considerable diplomatic effort was put into convincing Megawati that she should honour Habibie's commitments".⁷⁶ Thus, the domestic political situation in Jakarta put further pressure on the timing of the ballot.

As UNAMET began its preparation, conditions on the ground also posed serious challenges. Martin found that while the international presence had a calming effect in Dili, militia violence in regional areas had caused some 40 000 East Timorese to become internally displaced.⁷⁷ The voter registration process, which was meant to begin on 22 June 1999, was rescheduled to begin on 16 July.⁷⁸

Australia's Second Message to the TNI

After their failure to secure a pre-ballot PKF in Bali—and following repeated denials that the TNI were involved in assisting the militia—Australian decision-makers decided to try a new approach to senior TNI officers. Australian intelligence collection had revealed "a clear picture of the TNI-militia linkages at [the] operational level" and on 18 May 1999, the Cabinet authorised an Australian mission to Jakarta. This delegation would explain Australia's knowledge of these links and warn the TNI that their covert activities would eventually become public knowledge.⁷⁹

On 21 June 1999, the Vice Chief of the Australian Defence Force, Air Vice Marshal Doug Riding, delivered this message to the TNI's Chief of Staff for Territorial Affairs, Lieutenant-General Susilo Bambang Yudhoyono. Accompanying Riding were John McCarthy and a senior Defence official, Allan Behm. The Australian message was blunt and unequivocal:

In our opinion the most significant threats to a genuinely free ballot come from the pro-integrationist militia groups, supported by TNI. So long as this occurs, Indonesia's claims to be supporting a fair and open process will be undermined. This is very seriously damaging the credibility of the Indonesian Government and TNI.⁸⁰

⁷⁵ Garran and Greenlees, *Deliverance*, p. 156.

⁷⁶ *Ibid.*, p. 116. See Marker, *East Timor*, pp. 170-1, for an example of such diplomatic efforts.

⁷⁷ Martin, *Self-determination in East Timor*, p. 45. See also T. Samuel, 'East Timor: The Path to Self-determination' in C. Sriram and K. Wermester (eds), *From Promise to Practice: Strengthening UN Capacities for the Prevention of Violent Conflict* (Boulder CO: Lynne Rienner Publishers, 2003), p. 217.

⁷⁸ See United Nations, 'Question of East Timor', Report of the Secretary-General, S/1999/705, 22 June 1999.

⁷⁹ Edwards and Goldsworthy, *Facing North*, p. 241.

⁸⁰ Garran and Greenlees, *Deliverance*, p. 167.

McCarthy remembers this encounter as having little effect on Yudhoyono, who politely deflected the accusatory statements.⁸¹ According to White, though Australia

knew quite a lot about what was happening on the ground in East Timor, we knew very little about how it was connected with Jakarta ... we knew there was a connection, but we never saw what it was.⁸²

Without proof of this connection—the proverbial ‘smoking gun’—the visit did not result in any discernable reduction in violence.

Australia’s Contingency Planning—Was there a Dispute with America’s Pacific Command?

Concerned about the prospects for post-ballot violence, in May 1999 Australia began contingency planning—at the UN’s request—for an evacuation of UN personnel from East Timor. This was named *Operation Spitfire*.⁸³ After the Bali Summit, some Australian decision-makers now regarded the eventual deployment of ADF troops to East Timor as almost certain⁸⁴ and the ADF began planning for a post-ballot PKF—a force to be deployed following a ballot for independence and an Indonesian parliamentary decree releasing East Timor.

By July 1999 there were firm ideas of how Australia might contribute to a post-ballot PKF and Marker was briefed on Australia’s ability to deploy two brigades under UN authority.⁸⁵ It is important to specify that at this stage, Australian officials did not anticipate—nor plan—the deployment of an Australian-led PKF immediately after the ballot. As Defence had earlier advised the government that the “ADF lacked the resources to stabilise East Timor once it came apart”, the planning was premised on the concept of a UN-led PKF in late 1999.⁸⁶

In June 1999 the US Pacific Command (PACOM), based in Hawaii, requested that Australia assign liaison officers to participate in contingency planning for East Timor.⁸⁷ PACOM’s operational plans focused on the US military using “overwhelming force” to “stop the killing” that might accompany or follow the ballot.⁸⁸ Clinton Fernandes has argued that Australia’s decision

⁸¹ J. McCarthy, interview with author, 2012.

⁸² H. White, interview with author, 2012. See also Garran and Greenlees, *Deliverance*, p. 166.

⁸³ White, ‘The Road to INTERFET’, p. 80.

⁸⁴ J. Moore, A. Behm, interviews with author, 2012.

⁸⁵ Marker, *East Timor*, pp. 178-9.

⁸⁶ H. White, interview with author, 2012. This view was also supported by A. Behm, in his interview with the author, 2012. See also S. Aylmer, ‘Timor: Downer Says There’s No Rift with US’, *The Australian Financial Review*, 2 August 1999.

⁸⁷ P. Daley, ‘US Marines Set For Dili’, *The Age*, 10 August 1999.

⁸⁸ P. Daley, ‘Downer Trips Over Secret Timor Cable’, *The Age*, 11 August 1999.

not to assist this planning was part of a campaign to prevent a PKF, but his account overlooks two critical factors.⁸⁹

Firstly, this was routine contingency planning conducted by PACOM—it did not illustrate US enthusiasm for a PKF. A leaked cable records the US Commander-in-Chief of the Pacific, Admiral Denis Blair, specifically noting that it “was unclear which way Washington would jump”—PACOM’s work was “no more than prudent planning at this stage”.⁹⁰ On this issue, Australia was very well aware of the distance between Hawaii and Washington DC. According to White, Australia “knew the Pentagon wasn’t going to buy this”—a claim only supported by America’s reluctance to contribute ground forces in September 1999.⁹¹

Secondly, PACOM’s concept for a PKF in East Timor was heavily influenced by the US military’s mid-1990s experience in Somalia—“their force protection doctrine had gone right out of control ... their requirements were to establish a citadel in the middle of Dili”.⁹² This notion is supported by Moore, who was reluctant to sanction American leadership of a PKF—“we were concerned that they would overplay their hand with Indonesia” and that this might create long-term problems for the Australia-Indonesia relationship.⁹³

June-August 1999—Violence puts Pressure on the Ballot, and on Australia’s Objectives

In June and July, further security incidents in East Timor cast doubt on whether the ballot should proceed.⁹⁴ Due to the attacks against UNAMET and the issue of voter intimidation, Martin recommended to New York that preparations for the ballot “should remain suspended until the Indonesian Government had taken action resulting in a clear improvement in the security situation”.⁹⁵ McCarthy, who then believed that proceeding would pose an unacceptable risk of violence, conveyed his supporting view to Canberra.⁹⁶

These conditions posed severe challenges for UNAMET, but Marker and Annan decided that any significant delay might threaten the entire process—Annan reported to the UN Security Council that he decided to progress with voter registration

⁸⁹ See Fernandes, ‘The Road to INTERFET’, pp. 90-1.

⁹⁰ Daley, ‘Downer Trips Over Secret Timor Cable’.

⁹¹ H. White, interview with author, 2012. This view was also supported by A. Downer, in an interview with the author, 2012.

⁹² H. White, interview with author, 2012.

⁹³ J. Moore, interview with author, 2012.

⁹⁴ See Edwards and Goldworthy, *Facing North*, p. 242.

⁹⁵ Martin, *Self-determination in East Timor*, pp. 48-9.

⁹⁶ J. McCarthy, interview with author, 2012.

based on positive assurances by the Indonesian authorities, on the condition that meaningful, visible improvements in the security situation will be observed in the immediate future.⁹⁷

This course of action was strongly supported by Australia—Downer believed that if “the militias on the ground knew that violence would stop the ballot, then they would just become more and more violent”.⁹⁸

The voter registration period began on 16 July 1999—the UN Secretary General soon reported that “the first few days of registration have proceeded relatively peacefully, the East Timorese turning out to register in substantial numbers”.⁹⁹ The relatively peaceful conduct of the registration period contrasted with earlier violent incidents and raised the possibility that the ballot itself might not be accompanied by significant violence. Interviewed in 2001, McCarthy recalled that

things weren't necessarily always as bad as you thought they were going to be ... there was a conflicting flow of evidence as to what might happen.¹⁰⁰

Australian officials knew that any significant postponement of the ballot would likely amount to a cancellation that would destroy Indonesia's international standing—a dire scenario for Australia's strategic objectives. Since April, Australia had done all it could prudently do to reduce violence in East Timor—it had cautioned TNI about support for the militia, deployed CIVPOL to assist the ballot and begun preparations for a post-ballot PKF. Australian officials knew that some level of violence would accompany the ballot: closest to the action, McCarthy felt that there was “going to be a price paid” for self-determination.¹⁰¹ But considered against the consequences of a cancellation, a relatively free and fair ballot—even one accompanied by violence—was seen as the best choice amongst a range of unpalatable options.

A Vote for Independence ... and its Consequences

On 30 August 1999, 98.6 per cent of those who had registered to vote participated in the act of self-determination.¹⁰² Only a few violent incidents occurred and the day of the ballot was surprisingly calm. However, on 2 and 3 September the security situation deteriorated—militia forces began to target East Timorese working for UNAMET and foreign journalists began to

⁹⁷ United Nations, Letter from the Secretary-General Addressed to the President of the Security Council, S/1999/786, 14 July 1999. See also Marker, *East Timor*, p. 176.

⁹⁸ A. Downer, interview with author, 2012.

⁹⁹ United Nations, 'Question of East Timor', Report of the Secretary-General, S/1999/803, 20 July 1999.

¹⁰⁰ J. McCarthy, interview with Paul Edwards, Oral History Section, National Library of Australia, 25 June 2001. Copy in author's possession.

¹⁰¹ Ibid.

¹⁰² Edwards and Goldsworthy, *Facing North*, p. 244.

evacuate.¹⁰³ UNAMET decided to release the ballot results earlier than scheduled and on the morning of Saturday 4 September 1999, the results of the ballot were announced in Dili, with a simultaneous announcement in New York: 78.5 per cent had voted in favour of independence.¹⁰⁴

The violent response was immediate. Angered by the scale of their defeat, pro-integration militias began to attack UNAMET buildings and staff in regional areas.¹⁰⁵ In many cases, despite militia attempts to prevent the evacuation of East Timorese working for UNAMET, foreign staff refused to evacuate unless their East Timorese colleagues could accompany them.¹⁰⁶ As the militias retreated towards West Timor, they looted and burnt most of Dili—a UN spokesman noted that “the principal weapon was gasoline”.¹⁰⁷

The scale and severity of the violence shocked Australian decision-makers, particularly given the relatively peaceful conduct of the ballot itself.¹⁰⁸ Howard and Downer called their Indonesian counterparts, insisting that the TNI needed to control the militias and stop the violence.¹⁰⁹ With Indonesia’s consent, on 6 September the ADF began to evacuate UNAMET’s non-essential staff from Dili—*Operation Spitfire* had begun.¹¹⁰

Howard spent most of Monday 6 September on the phone. Kofi Annan called and asked if Australia was willing and able to lead a multi-national PKF in East Timor. As White has noted, “this was not a task for which Australia had specifically prepared”: “planning for this hadn’t crossed our mind, because we reached the judgement that we couldn’t do it”.¹¹¹ Nevertheless, Howard affirmed to Annan that Australia was ready to lead only if Indonesia consented to the insertion of a PKF. Howard called Habibie and suggested he admit an international force to restore order in East Timor, but Habibie resisted. He told Howard that he would declare martial law, but that if this failed to stop the violence then he would invite an international PKF to restore security.¹¹²

At an NSCC meeting on 7 September 1999, it was decided that an Australian-led PKF would require:

¹⁰³ Garran and Greenlees, *Deliverance*, p. 194.

¹⁰⁴ United Nations, Letter from the Secretary-General Addressed to the President of the Security Council, S/1999/944, 3 September 1999.

¹⁰⁵ Garran and Greenlees, *Deliverance*, p. 199.

¹⁰⁶ Martin, *Self-determination in East Timor*, p. 95.

¹⁰⁷ J. Traub, ‘Inventing East Timor’, *Foreign Affairs*, vol. 79, no. 4 (2000), p. 78.

¹⁰⁸ J. Howard, interview with author, 2012.

¹⁰⁹ A. Downer, J. Howard, interviews with author, 2012.

¹¹⁰ Commonwealth of Australia, *East Timor in Transition*, p. 130.

¹¹¹ White, ‘The Road to INTERFET’, p. 82. The second quote is also from H. White, in an interview with the author, 2012. See also Australian National Audit Office, *Management of Australian Defence Force Deployments to East Timor* (Canberra ACT: Australian National Audit Office, 2002), pp. 27-30.

¹¹² J. Howard, interview with author, 2012.

- strong Asian participation,
- clear American support, including a security guarantee,
- Indonesian consent,¹¹³ and
- a robust mandate, authorising the PKF to take “all necessary means” under Chapter VII of the UN Charter.¹¹⁴

DFAT and Defence wasted no time in securing South-East Asian commitment to the operation and soon “obtained early expressions of support ... from the Philippines, Thailand, Singapore, New Zealand and Malaysia”.¹¹⁵ Given the Association of South-East Asian Nations (ASEAN) norm of “non-interference”, this was an encouraging result for Australian planners.¹¹⁶ Although not all of these expressions of support translated into troop commitments, the willingness of Thailand to quickly commit over 1 600 troops—as well as the PKF’s Deputy Commander—was key in ensuring the force had strong regional representation.¹¹⁷ Importantly, this “diluted the impression that it was an Australian vs Indonesian confrontation”.¹¹⁸

In a discussion with US President Bill Clinton on Monday 6 September, Howard asked for an American military contribution to a PKF. Howard specifically requested “ground troops”, but Clinton—citing commitments in the Balkans—declined to provide this support.¹¹⁹ Clinton’s inability to provide a quick contribution of ground forces shocked Howard—“it really brought home to me how much of a peace dividend they had taken out of the end of the Cold War”.¹²⁰ This had a significant impact on Howard—“we all felt a bit sort of alone on it ... it was a surprise when he said no to boots on the ground”.¹²¹ Beyond Clinton, the Pentagon was also determined to avoid US involvement. John Moore called the US Secretary of Defense, William Cohen, and requested only a limited commitment—“a ship, a plane, at the very least”—to demonstrate US support. Cohen relayed the Washington DC

¹¹³ Aside from being an Australian precondition, this was also required to ensure that China did not veto a UN Security Council resolution.

¹¹⁴ This process is covered in White, ‘The Road to INTERFET’, pp. 82-3; and Kelly, *March of the Patriots*, pp. 505-7.

¹¹⁵ Commonwealth of Australia, *East Timor in Transition*, p. 134.

¹¹⁶ See A. Dupont, ‘ASEAN’s Response to the East Timor Crisis’, *Australian Journal of International Affairs*, vol. 54, no. 2 (2000), pp. 163-70.

¹¹⁷ M. Thawley, interview with author, 2012. See also Howard, *Lazarus Rising*, p. 351.

¹¹⁸ B. Nicol, *Timor: A Nation Reborn* (Jakarta: Equinox Publishing, 2002), p. 322.

¹¹⁹ J. Howard, ‘Reflections on the Australia-United States Alliance’, Speech to the United States Study Centre at the University of Sydney, 15 February 2011, <<http://tinyurl.com/howardspeech1>> [Accessed 15 May 2012].

¹²⁰ J. Howard, interview with author, 2012.

¹²¹ *Ibid.* Downer expressed similar sentiments in an interview with the author, 2012.

view that the US would not be supporting the PKF. Moore replied “well, so much for the ANZUS treaty”.¹²²

These difficulties continued for several days: on Tuesday 7 September, Downer publicly berated the Clinton administration, commenting that

it has been enormously difficult to get the Americans to give us any commitments on troops and logistics support ... Australians would be very disappointed if the United States decided against participating.¹²³

This elicited a quick reaction from the US Secretary of State, Madeline Albright, who rang Downer to express her displeasure at his comments.¹²⁴ Clinton’s National Security Adviser, Sandy Berger, also aggravated the issue by frivolously comparing the situation in East Timor to his daughter’s messy room—some perceived this as “a very sharp reminder to Australia that when the chips are down, you cannot always automatically bank on the USA”.¹²⁵ For these few days, at the political level, the intimacy of the Australia-US relationship was at significant risk.

Australia’s leaders had hoped for a rapid commitment of American ground forces for “the symbolism of their direct involvement”,¹²⁶ but Howard’s initial request was the wrong approach given America’s military commitments in the Balkans. Perhaps more significantly, it was also not what the ADF required—Australian defence officials were not concerned about a ground force contribution, but rather transport, logistical assistance, intelligence support and—most importantly—the promise of an American security guarantee. These supporting elements were agreed in a teleconference on Wednesday 8 September, enabling Clinton to ring Howard and commit to the PKF, which would be called the International Force for East Timor (INTERFET).¹²⁷

Although Downer and Howard were dissatisfied that it took several days to reach this point, from the US perspective this was a “highly accelerated decision-making process”.¹²⁸ Having resolved to throw their support behind Australia’s efforts to secure a PKF, the US now moved to amplify the diplomatic and financial pressure on Jakarta. On Friday 10 September, as Clinton left to attend an Asia-Pacific Economic Cooperation (APEC) forum

¹²² J. Moore, interview with author, 2012. ANZUS—the Australia, New Zealand and United States Security Treaty—is commonly regarded as the cornerstone of Australia’s defence planning arrangements.

¹²³ R. Garran, ‘US Should Repay Loyalty’, *The Australian*, 8 September 1999.

¹²⁴ A. Downer, interview with author, 2012.

¹²⁵ T. Fischer, former Deputy Prime Minister of Australia, interview with author, 2012. For Berger’s comments, see L. Wright, ‘US Adviser Apologises for “Stupid Metaphor”’, *Canberra Times*, 20 September 1999.

¹²⁶ A. Downer, interview with author, 2012.

¹²⁷ See Kelly, *March of the Patriots*, p. 509.

¹²⁸ E. Schwartz, ‘A Reminder That Friends In Deed Are Friends Indeed’, *The Sydney Morning Herald*, 24 July 2001.

meeting in Auckland, he called for Indonesia to accept a PKF: “if Indonesia does not end the violence, it must invite—*it must invite*—the international community to assist in restoring security”.¹²⁹ He also alluded to the fact that, in the aftermath of the Asian Financial Crisis, Indonesia’s economic future was still dependent on international funding: if Indonesia refused a PKF there would be “overwhelming public sentiment to stop the international economic cooperation”.¹³⁰

By the time Clinton arrived in Auckland for APEC, he and Howard were united in their message: Indonesia must consent to an international PKF or face the economic consequences. Although the East Timor situation was not technically considered as part of the APEC agenda, an informal meeting of foreign ministers enabled concerned countries to voice their support for a PKF.¹³¹ This meeting “galvanised support for intervention, and demonstrated to Indonesia the concern of its ASEAN colleagues over events in East Timor”.¹³²

The “extraordinary crescendo of diplomatic pressure” on Indonesia had come to its zenith.¹³³ Isolated in the international community, Indonesia faced financial Armageddon: the rupiah had slipped significantly against the US dollar and there was a very real prospect of punitive financial action.¹³⁴ With no further room for recalcitrance, on Sunday 12 September 1999 Habibie requested that the UN provide a PKF for East Timor.

Finalising the UN Security Council Resolution and Deploying INTERFET

With Indonesia having signalled its willingness to accept a PKF, work began on the text of a UNSC resolution. Although Indonesia would have preferred a less authoritative Chapter VI mandate, the resolution passed under Chapter VII of the UN Charter.¹³⁵ The PKF was tasked to “restore peace and security in East Timor...protect and support UNAMET...[and] facilitate humanitarian assistance”: importantly, the Chapter VII resolution allowed the PKF to “take all necessary measures to fulfil this mandate”.¹³⁶

Australia’s final deployment condition required the TNI to understand that any opposition to the deployment would attract the wrath of the US military. Although Paul Kelly claims that Cohen visited Jakarta on the “eve of the

¹²⁹ Garran and Greenlees, *Deliverance*, p. 248. Emphasis in original.

¹³⁰ P. Shenon, ‘President Asserts Jakarta Must Act or Admit Troops’, *The New York Times*, 10 September 1999.

¹³¹ A. Downer, interview with author, 2012.

¹³² Garran and Greenlees, *Deliverance*, p. 257.

¹³³ I. Martin and A. Mayer-Rieckh, ‘The United Nations and East Timor: From Self-determination To State-building’, *International Peacekeeping*, vol. 12, no. 1 (2005), p. 131.

¹³⁴ See Garran and Greenlees, *Deliverance*, p. 260.

¹³⁵ See Martin, *Self-determination in East Timor*, pp. 113-4.

¹³⁶ United Nations, UN Security Council Resolution 1264, S/RES/1264, 15 September 1999.

operation' to warn that the 'deployment must not be contested', this cannot be independently corroborated.¹³⁷ However, on 16 September the Vice Chairman of the Joint Chiefs of Staff met with General Yudhoyono and emphasised the need for the "full cooperation of the Indonesian military".¹³⁸ Closer to East Timor, this message was reinforced by the presence of Admiral Blair's command ship, the *USS Blue Ridge*, which was positioned in the Pacific Ocean. It seems likely that when Cohen visited Jakarta in late September, he delivered the more explicit warning to the TNI leadership that INTERFET must not be contested.¹³⁹

Australia's four conditions had been met; all that now remained was to deploy INTERFET to East Timor. The commander, Major-General Peter Cosgrove, flew to Dili on 19 September to discuss the entry of INTERFET with his TNI counterpart. This was a period of significant tension in the bilateral relationship—only days earlier, Indonesia had abrogated the Australia-Indonesia Agreement on Maintaining Security due to the "attitude and actions of Australia on the questions of East Timor".¹⁴⁰ It was agreed that instead of a helicopter insertion, which might risk miscalculation and conflict, the first Australian troops would arrive in Dili on Hercules transport aircraft.¹⁴¹ On 20 September 1999 INTERFET deployed 1 500 troops to Dili, beginning a new chapter in the history of East Timor.¹⁴²

The Lessons of INTERFET—Constraints on Australian Influence

Throughout 1999, Australia's efforts to influence Indonesian policy on East Timor had lacklustre results. Despite private discussions, Howard's efforts in Bali and the ADF's warning to the TNI leadership, Australia was unable to secure a reduction in violence. It could be argued that these results highlight the limits of Australia's influence in Jakarta, but this is too strong a conclusion to draw from what was an incredibly unique scenario. Habibie's approach to the self-determination process was driven by political and civil-

¹³⁷ Kelly, *March of the Patriots*, p. 511. Archived records suggest that Cohen was in the US during the week immediately preceding the deployment of INTERFET—see Cohen, William, *News Advisories*, <<http://tinyurl.com/cohenarchive>> [Accessed 11 June 2012]. See also Cohen/Moore Joint Press Briefing, 29 September 1999, <<http://tinyurl.com/cohenmoore>> [Accessed 15 May 2012].

¹³⁸ E. Becker, 'U.S. and Indonesian Generals Discuss Safety of Troops in Timor', *The New York Times*, 16 September 1999.

¹³⁹ See Kelly, *March of the Patriots*, p. 511.

¹⁴⁰ Commonwealth of Australia, *East Timor in Transition*, p. 145.

¹⁴¹ Garran and Greenlees, *Deliverance*, p. 274.

¹⁴² The operational conduct of INTERFET falls outside the scope of this study. Interested readers will find that *Deliverance* by Garran and Greenlees provides an excellent overview. For a more detailed account, see B. Breen, *Mission Accomplished, East Timor: Australian Defence Force participation in the International Forces East Timor (INTERFET)* (Crows Nest, NSW: Allen & Unwin, 2000).

military realities in Jakarta and it is unsurprising that these were beyond Australian influence. Given Australia's primary goals—maintaining the bilateral relationship and avoiding civil-military tensions in Jakarta—Canberra had to pursue its secondary goals, such as avoiding violence in East Timor, in a measured and responsible way, ensuring that these efforts did not further jeopardise Australia's primary objectives.

However, once the eyes of the world were focused on East Timor and these constraints shifted, Australia's diplomatic efforts achieved rapid and remarkable successes. Australia's ability to marshal diplomatic pressure on Indonesia and coordinate military contributions for a PKF ensured that East Timor was able to separate from Indonesia in a reasonably straightforward manner. The deployment of a PKF in September 1999—which was desperately needed in order to prevent further damage to Indonesia's international credibility—would not have occurred without Australia. Although some Indonesians might still resent Australia's role in this transition, alternative scenarios might have proven worse. Had Indonesia refused to admit an international PKF—or had the TNI resisted the deployment of INTERFET—the future of a democratic Indonesia could have been seriously imperilled.

The unique circumstances that led to East Timor's independence are very unlikely to recur. However, given an ongoing focus on conditions in West Papua, it is worth remembering that with the exception of a very brief period in 1999—when minimising the damage caused by East Timor's separation was the top priority for Canberra—Australian Governments of both political persuasions have consistently prioritised the Australia-Indonesia relationship above almost all other concerns. There are no indications that this is likely to change and although the bilateral relationship has recovered from the nadir of September 1999, this was never an assured outcome—had events unfolded differently in September 1999, Australia might have been inextricably linked to a second Indonesian invasion of East Timor. If Jakarta were to ever adopt a new approach towards West Papua, it might be wisest for Australia to quietly support—rather than attempt to shape—Indonesia's efforts. Beyond allaying some Indonesian concerns about the sincerity of Australia's view that Indonesia retains sovereignty over West Papua, this approach could minimise any risk to the bilateral relationship.

'So Much for the ANZUS Treaty'—the Alliance in Practice

The events of 1999 highlight some communication issues within the ANZUS alliance, but these should not be overstated. Australian leaders were bitterly disappointed by President Clinton's first response, but the eventual provision of US support shows that these issues did not prove insurmountable. Despite the initial feeling of betrayal amongst Australia's political leaders, America quickly realised depth of this sentiment and moved to support Australia with meaningful security assistance. However, this initial dispute

demonstrates the importance of frank communication between close allies—Australia could have better managed the relationship by outlining to America earlier what support it would require in the event of a large-scale intervention, while the US could have made clearer to Australia the constraints posed by concurrent operations in the Balkans. Given the almost constant security cooperation since 1999 these issues may have already been addressed, but this instance acts as a cautionary tale for Australian leaders: American military support may not always simply be “on-call”. For America, it highlights the leadership role that Australia exercises in its region and the possibility that, in times of crisis, this will require active American support—even at the Presidential level.

Australia’s Strategic Policy Was Reactive, but Adroit

To fully understand Australia’s strategic policy towards East Timor throughout 1999, the unique pressures, constraints and challenges faced by Australian decision-makers must be appreciated. Although Australia failed to achieve several of its strategic objectives, most notably its desire to reduce violence in East Timor, this performance must be considered against the limited strategic options available to Australia. Having unintentionally prodded Habibie down the path of East Timorese independence, Australian leaders felt they had little choice but to support his decision and attempt to mitigate the worst consequences of the self-determination ballot. However, from January 1999 onwards, developments in East Timor were driven largely by Jakarta and were—to a significant degree—beyond Australia’s influence.

While Hugh White has correctly argued that Australia could have done more to support the inclusion of a pre-ballot PKF in the Tripartite agreements, it is doubtful that this approach would have been successful. Beyond the constraints posed by the Indonesian presidential election schedule and the international focus on the Balkans, a strenuous effort for peacekeepers would have also entailed serious risks—it would have increased the likelihood of civil-military instability in Jakarta and endangered Australia’s primary strategic objectives.

Reacting to the violence of April 1999, Howard pushed Habibie for a pre-ballot PKF but conceded when Habibie made it clear that he was unable to accept such a measure. This abandoned push for a pre-ballot PKF may have helped Australia in securing the increased UN CIVPOL presence in East Timor, which substantially assisted in ensuring the integrity of the ballot. Although Fernandes has argued that Australia worked to prevent a PKF, a careful examination of Australia’s actions throughout 1999 casts significant doubt on this thesis. Although it was unable to secure a pre-ballot PKF, Australia did support—and later defend—a free and fair act of self-determination. Throughout 1999, the need for a free and fair ballot was responsibly balanced against Australia’s primary concerns and competing objectives—to avoid further civil-military instability in Jakarta and to maintain

the bilateral relationship. The worst-case outcome—a fraudulent, cancelled or usurped ballot, with its attendant consequences for Indonesia, Australia and East Timor—was avoided.

Any evaluation of Australia's strategic policy throughout this period must consider that from January 1999 onwards, developments were driven largely by decisions in Jakarta, not Canberra. Australia's failure to secure a pre-ballot PKF and prevent violence in East Timor was not due to negligence, incompetence or apathy. Rather, Indonesia's actions often placed Australia in difficult positions, where reactions were required but strategic policy choices were limited. Critical objectives, such as maintaining the bilateral relationship and supporting Indonesia's stability and democratic progress, could have been threatened by reactive policymaking that failed to responsibly manage Australia's priorities. Although Australia often found itself playing second fiddle to Habibie and was unable to prevent the tragic violence of September 1999, strategic policy throughout this period was sound—the most important and enduring objectives were prioritised appropriately and worst-case outcomes avoided. This study has shown that in a series of very difficult and high-stakes situations, Australia probably achieved all it could.

Iain Henry is a doctoral candidate at the Australian National University's Strategic and Defence Studies Centre. He has previously worked in the Australian Army, the Australian Public Service and the private sector. He would like to thank Natalie Sambhi, Ivan Losada-Rodriguez, Marisa Losada-Bartel, Matthew Hill, Raoul Heinrichs, Thomas Messer and the anonymous referees for their comments on this article. iainhenry@outlook.com

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