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**THE SHIFTING CENTRE OF GLOBAL POWER:
AUSTRALIA'S EMERGING RELATIONSHIPS
IN ASIA AND THE SOUTH PACIFIC**

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As you have heard from my bio, my life experience has been wide and varied. Despite the wars and economic crises of the first half of the 20th Century or maybe because of them, people of my generation generally chose one career path and stuck to it. This weekend I will attend a 50th reunion of my High School graduating class and most of them will have retired from the same profession they chose back in 1957 when they finished their Leaving Certificate.

Given that I have now retired three times, my own life is primarily made up of 40 years of military service and the rest, which is only the last nine years. But that military service carried me all over the world in one of the most volatile periods of change in the history of humankind and provided the opportunity to engage at all levels, from the tactical to the strategic, in leadership roles that exposed me to the deeper issues behind those changes. These issues included those of a social, economic and technological nature and alerted me to the dynamic connection between ecology, culture and the environment in reconciling new ways to sustainable futures.

My address to you is about all these things. Let me assert at the beginning, because it is of the essence of what I have to say to you, that I have a deep commitment to the idea that reconciliation is the only foundation of successful strategy in this changing environment, and a view that alliance building will be the great art form of the 21st Century.

On that rather profound note, to which I will return, the title of my address, *The Shifting Centre of Global Power: Australia's Emerging Relationships in Asia and the South Pacific* is recognisably strategic and regional in nature. Many of you would have been attracted to it for that reason. But the subject is also holistic, in the sense that centres of power are not simply economic, as many of the proponents of the global market would have you believe; they owe as much, if not more, to belief systems that transcend the day to day engagement with the material world and the driving needs of the corporate constructs we in the West have been constrained to view as essential drivers of society. Osama Bin Laden and his followers remind us of this fact almost every day.

This view makes my address to you much more than an analysis of the shifting realities of demographics and trade balances, which are, nevertheless, important; it suggests, right from the beginning, that we may need to become reconciled to a change in the way we relate to our region and our own continent if we are to prosper, or survive, in this part of the world.

I am sure that most of you will be familiar with the trends in the global economic environment. The global economy has grown by close to 400 percent over the past 30 years – most of that in the last 17 years. Where has this growth come from?

In 2003, when they accounted for just 15% of global GDP, Goldman and Sachs predicted that, ‘if things go right’, Brazil, Russia, India and China, the so called BRIC economies, together would be larger than the combined economies of the US, Japan, UK, France, Germany, Italy – the G6 – by 2040. Earlier this year they predicted that this will happen much earlier, with only the US and Japan remaining in the six largest economies and China passing Germany as the third largest economy as early as the beginning of 2008.

I could go on putting before you many such statistics. There have been many other predictions of this nature over recent years. They all share one characteristic; they have all had to be upgraded in terms of the tempo of change, with the shift taking on a character that is almost exponential in nature. It is certainly not linear, as some might wish it to be. Regardless of whether you accept the accuracy of these forecasts, they tell a tale of enormous volatility and uncertainty that is already reflected within both international forums and nations as the social patterns adjust in the light of changing demands for skills and knowledge. They confront all of us, Chinese, Americans, Europeans, Australians, with a need to reassess the certainties that have guided our social development up to the present time. Perhaps this is why some of us are frightened into believing that a reaffirmation of something called ‘values’ might somehow create a rock that we can cling to in the storm.

Now I am not one to deny the importance of values as a unifying force in the development of social cohesion. My concern would be that there is always a risk that, if you get it wrong, such values can be divisive rather than inclusive, particularly where the nature of your society is changing and you are trying to embrace a new range of cultures, both internal and external.

The other problem with the values being used in this way, as I see it, is that they can create a false sense of security that comes from a degree of certainty that is in conflict with emerging reality. What is an undeniable dynamic in this is that the centre of gravity of World power has moved and is moving east away from the North Atlantic towards the Western Pacific and Indian Ocean Rim – Australia’s neighbourhood, and the place where Australians, whoever they may turn out to be, will have to make their future.

Culturally, this presents Australia with an acute dilemma. We have clung for most of recent history to the view that we are a part of that North Atlantic cultural construct, even while we were forced to acknowledge the imperatives of our geography. Our approach to

cultural engagement with the region where we live, which really only began with the Second World War, could best be described as reluctantly linear and reactive.

Much to our displeasure, in some instances it has been described as patronising. It suggests that we have been crisis managing relationships rather than pursuing deep strategic engagement. Clearly, in an environment of exponential shift in global power, such an approach would now be considered as risky, if not perilous.

There is one obvious reason why we have retained this cultural affinity in the face of change. The North Atlantic culture is essentially white, Christian and liberal – enlightened by a series of 17th, 18th and 19th Century revolutions that eventually gave expression to citizens rights, individual rights or human rights as they are often referred to. The region that we live in, on the other hand, while massive, is incoherently Buddhist, Hindu, Islamic, Shintoist, Confucian, all of which inform its take on both Christianity and Liberalism. Individual rights tend to take second place to order and stability.

For very good reasons, in the well-founded belief that all people wanted their rights to be established in law, our liberal democratic approach has been viewed as an essential component of our national power. This view has been contested by some leaders within the Region in which we live on the basis that economic rights should have precedence over human rights – an argument that has both a communal and an ‘order and stability’ dimension to it. Despite that, until quite recent times Australia was widely regarded as a successful example of a democratic, multicultural experiment in a way that gave the nation a strong position in international forums dealing with a wide range of issues.

It is on the basis of this assessment that I want to raise with you the consequences of a shift in the global balance of power and our relationships within this Region. Without question, Australia has been one of the major beneficiaries of the growth in economic power in our region. While some political leaders might assert that this has been due to their astute management of the national economy, it has definitely been demand driven and managed to a large extent by multinational companies that have shaped the aspirations of the labour market and set the priorities for the development of infrastructure. There has been an imperative to wring as much as possible out of the Australian work force through new forms of employer/employee relationships and a demand for the engagement of a wider labour market through relaxation of the immigration laws.

All of these things are happening, regardless of appeals to Australian cultural insecurity through such things as offshore illegal refugee detention camps and an emphasis on a form of Australian values. Slowly but surely we are being persuaded to share a view that

economic rights (or economic growth) is more important than human rights. If we consider a power map of our region for a moment, the perils of these developments become fairly obvious.

Japan has been an economic powerhouse for most of the last half century now. It came out of the disaster of World War II with a liberal democratic constitution, written by the American conquerors that focussed its national strategy and genius away from building military might towards a highly technical, industrial revolution that has created massive markets worldwide. America has been, more or less, the guarantor of its security against external threats over that time.

Despite its massive economic success and recent emergence on the international stage, there are aspects of its past that won't go away. Japan has a rapidly ageing population that has remained largely homogeneous and xenophobic with a latent militarism that comes from a deep sense of insecurity. As I observed earlier, the sources of power are not necessarily economic. As with Japan, they are deeply anthropological and cultural.

Take China for example. Its geography is central and strategic; its culture is ancient and imperial and a source of pride to its people; its population is ostensibly 1.4 billion, but possibly as much as 25 percent larger than this, with another 0.5 Billion overseas Chinese. This suggests that one third of all humans are Chinese. No wonder its economic power is growing at such a rate. The mass of its labour force and internal markets is matched by a huge investment in education and technology. China has taken over from Japan as the second highest spender on Research and Development after the US. The UK think tank, Demos, has suggested that China is poised to take over from the US as the major global science power within eighteen months.

India's population is growing faster than China's with possibly 1.1 Billion Indians at the present time. This implies that half the world's population is either Indian or Chinese. While India is not as homogeneous as China, its democratic culture means that it has the capacity to inspire commitment to ideas and objectives through the democratic process. Its middle class is creative and increasingly capable of doing business on an international basis through its high levels of education and command of English.

While the economies of both these giants continue to grow, we can expect that they will see that the needs and aspirations of their emerging middle classes best met by the further opening up of global trade, which will include a growing reliance on resources and food from places like Australia. This is good for everyone, including other Asian nations with economies of a smaller magnitude.

Massive unknowns exist in this formula however. Environmental problems press heavily on these ambitions, as do the issues of energy and water. All three nations I have mentioned have neighbours who are deeply stressed by clashes of culture and poverty, and who, almost on a daily basis, trend towards forms of hysteria.

We nations have a powerful vested interest in managing these problems together, which highlights the vital importance of multinational institutions such as the UN and its satellite organisations. It also points to a need for the strengthening of regional dialogue and institutions, while at the same time, avoiding the perils of forming alliances that anticipate and compound the decline of mutual interest.

This latter point should ignite in this audience a deep concern about the potential for a decline of the United States of America's ability and desire to remain engaged if, as is highly probable, they suffer major strategic failure in Afghanistan and the Middle East.

Potential outcomes of such a shift affecting Australia's strategic outlook include a commitment to rearming in Japan, a realignment of the strategic interests of some Asian nations more closely with those of China, a broadening of Chinese strategic policy to include greater emphasis on an Indian Ocean component, and a more intense commitment from several nations to compete for a more favourable posture in the South China Sea and the South West Pacific.

To some extent, these things are all happening now That's the way things are done on the international scene, with most nations hedging their bets as the tectonic plates of global power shift. It is appropriate in this climate, I believe, to review the sources of Australia's national power and consider how we might hone these in a way that enables future generations to contend successfully in whatever environment emerges from these shifts.

I have already mentioned Australia's connection with previously ascendant North Atlantic culture. Unquestionably, this remains a source of national power, which explains in part why we are participating in a US led operation in Iraq and a NATO led operation in Afghanistan. The question of whether it will continue to be in our interests to pursue these sorts of engagements will have to be considered against the backdrop of the shifting alliances within our region.

I have also spoken of Australia's commitment to liberal democratic values that have unified us with each other and all other peoples who aspire to the individual freedoms that go with them. Our leadership on and commitment to the human rights protocols and conventions of the United Nations has been a source of our national power in the past, but, as I have suggested, we have already sacrificed a part of this in order to pursue the needs of

globalisation. The question is, “how far down the slope have we descended, and can we recover our position in a way that allows us to build alliances with peoples of like mind?”

Like all nations, the most important component of power is the creative potential of our people and their commitment to investing their talents and energies in the future. This is a complex equation founded on a belief system about human relationships and the acquisition and sharing of knowledge. Until recent times, Australia has measured up fairly well in this regard through maintaining an appropriate balance between communal responsibility and individual material realisation.

The growing commitment to individual engagement with the market and an accompanying user pays philosophy have combined to create a deficiency in various skill sets to match the emerging opportunities and needs. The complexity inherent in such an imbalance includes the consequences of a widening social divide and the demands of importing and absorbing skilled labour from other cultures. This complexity is compounded by a growing climate of fear induced by things like terrorism, weapons of mass destruction, plagues, climate change and environmental refugees, all of which erode national unity and confidence in the future.

A fundamental component of our national power is our geography. The fact that our land is “girt by sea” is enormously favourable, and it is a reality because we are the only people in the history of humankind to have united an entire continent under one system of government.

Building an inclusive society into the future is essential to retaining this advantage. There is a potential weakness in this too, which I am sure you will appreciate. It requires us to nurture and secure a vast landmass and resources zone – perhaps one tenth of the Earth’s surface – the source of all those natural resources we are exporting to pay for our lifestyle. This problem is compounded by the fact that we are becoming more and more urbanised as a people, with the continent becoming emptier than it has ever been. Increasingly, we exploit the natural resources of the continent on an expeditionary basis, with a mercenary workforce ‘flying in and flying out’ from southern urban concentrations where there are massive levels of private debt centring on unprecedented housing mortgages and a culture of aspirational consumption fanned by all forms of media whose primary reason for existence is to generate cash flow.

This vacuum in the north of the continent that I speak of contains the remnants of the Earth’s most ancient culture – the Aboriginal people of Australia, who have been here for at least 60,000 years. This embraces at least two Ice Ages and more climate change than most of

us can imagine. It is not a fossilized culture I speak of here, but a living connection to the land and the landscape.

These people are also scattered throughout the rest of the continent in urban areas and regional centres. Despite this, most Australians only have contact with them through the media where they read or hear accounts of despair and dysfunctional behaviour such as suicide and substance abuse, family violence, child neglect and sexual abuse, and massive health problems. Such accounts are most often accompanied by calls for action from governments who respond to each as they occur with heroic commitments to sort it out once and for all - crisis management supplanting deep strategic engagement. Indigenous people are treated like some species being subjected to a series of experiments, rather than as human beings who have distinct cultural needs and are citizens of this nation.

While we also hear something of the sporting prowess of Aboriginal stars, and occasionally see mention of the fabulous art that emerges out of Aboriginal connection with the land, there is very little information available on the struggle that Aboriginal people have to keep alive their culture in the face of an onslaught on two fronts: the desire to mainstream them into white society, and an invasion of their landscape by alien vermin and resource extraction agencies.

The importance of maintaining these cultures and keeping them on the land is little understood by most Australians. The fact that they define the landscape and are the essence of a true Australian culture, as opposed to the imported shadow of the North Atlantic culture I spoke of earlier, eludes most people who live in the urban concentrations of the South East and South West. This transcends the immediate needs of the market and has deep strategic implications for Australia's engagement with the continent itself and those cultures that surround it. Quite clearly, creating healthy, creative, sustainable communities in the north of continental Australia is an essential ingredient of national power.

By extension, the creation of healthy, creative and sustainable communities in the nations that are a part of Australia's immediate region is also an essential ingredient of national power – provided we maintain a community of interest in the process of helping those nations to achieve these outcomes. There is really no alternative to Australia accepting a leadership role in this regard – its mass, wealth, governance systems and service institutions dictate that there is no one else who can do so.

The cultural complexity of the region I speak of here is clearly daunting to policy makers and Australians generally. The evidence for this continues to lie in the fact that we continue to crisis manage our relationships with nations like Papua New Guinea, where we

once had deep strategic engagement, East Timor, Vanuatu, Solomon Islands and Fiji. Our relationship with Indonesia is the most complex of all, partly because of the vulnerability of the unified republican construct they have chosen to govern their hugely diversified people and cultures, and partly because of the fear Australians have of being alone with a North Atlantic culture in an Asian Pacific world. This fear has been amplified in recent times through such things as terrorism and the passage of refugees through the Archipelago.

It is these nations, close to the Australian continent, which contain the secret to Australia's capacity to contend in the rapidly changing Asia Pacific region. There really is no choice but to morph into a much closer relationship with them, based on a shared region of interest. We need to start thinking of the continent and the region as one. A capacity to speak in the international forums such as the United Nations with a regional voice would be a desired objective.

The great risks in doing this would lie in a fragmentation of our own society if we were to lose the essence of the things that bind us together. It requires strategic leadership of the highest order. I don't speak here of the transitory 'values' tied up in a jingoistic knowledge of history and current events, but a commitment to things like human rights, justice and a fair go, a love of country and all the biodiversity that goes with it, and an acceptance of the custodial role that living on a piece of the Earth's surface entails.

Regardless of its causes, we are now faced with the reality of climate change, which will impact on the continent and the region around us in a substantial way. Australians are already confronted with the potential demise of some of our great river systems and the end for a number of our agricultural regions. In part, the impact of these changes has been and is being softened by the rapid growth in demand for Australian resources. There is an overwhelming demand for labour and a massive cash flow into other parts of the Australian economy.

The severe distortions of that economy aside, with good strategic leadership, we probably have the luxury of shifting infrastructure and agricultural production to other parts of the continent. This is a luxury not available to many of our neighbours – some of whose people are already well on the way towards becoming environmental refugees as the seas rise. It is a time of great danger, but also a time of great opportunity. If ever there was a need for Australia to step up and assume a leadership role in our region it is now.

Returning to my theme of reconciliation and alliance building, fundamental to this leadership role will be a commitment to building trust and alliances within our region in a way that has eluded us up to this point in our history. Such trust and such alliances will be the

true measure of our national power as the world about us changes. Narrow self-interest won't allow us to do this. We will have to begin at home by building a partnership with Indigenous Australians – one that is based on true values and true reconciliation – choosing the pathways ahead together.

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