

CHINA'S RISE: WHY US ADVOCACY FOR CONFRONTATION LEAVES ASIA COLD

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The times are changing. In Washington recently, Australian foreign minister Marise Payne reiterated that Australia would make its own decisions in its own interests. Former prime minister Kevin Rudd observed that the Australian foreign and defence ministers 'probably got the fright of their lives when they were fully and comprehensively confronted with some of Secretary Pompeo's thinking'. Rudd observed that all of the press briefings from the Australian delegation poured 'huge buckets of cold water on Australian participation in various American contingencies' regarding China. This 'reality bite', as Rudd called it, serves as a reminder that sometimes we should be wary of the judgment of the United States and occasionally we should be sceptical of its motives and interests.

The balance of the global order has changed - no more so than in Australia's own geographic region in Asia. Yet Australia has been slower, and probably less percipient, than the rest of East Asia to grasp the significance of the change. It is a truism that 'the future is Asian' – a future being led by China. There is no getting away from the fact that China is the principal engine of the global economy. It is responsible for approximately one-third of global growth; its trade with the ASEAN nations now exceeds its trade with any other bloc, including the European Union and the United States; and intra-Asian trade is greater than Asian trade with the rest of the world. One of the defining truths of our times is that the Western share of the global economy is shrinking and will continue to do so.

In this 'plague' year, while the rest of the world reels from an unwanted pandemic, China's trade figures for June 2020 exceeded its trade figures for June 2019 – seven months before the pandemic. The International Monetary Fund expects that the economies of almost every country in the world, except China, will experience negative growth in 2020. Its prediction for the United States is negative 8 per cent. The longer term disparity is more stark. In 2019, the IMF projected that by 2024, China's contribution to global growth would exceed 28 per cent – while that of the United States would fall from 13.8 to 9.2 per cent. And Australia's foreign policy white paper predicted that by 2030, China's

economy could be worth \$42.4 trillion compared with \$24 trillion for the United States - 77 per cent larger. The Covid-induced global recession will alter the numbers but is unlikely to change the trajectory. It is more likely to increase the disparity.

The growing economic dominance of China is partly a consequence of the weight of numbers and markets. China's population is four times that of the United States and almost double that of the West – being the United Kingdom, Western Europe, North America, Australia and New Zealand. Yet China represents only one-third of Asia's population and its GDP is only half the GDP of the region. A World Economic Forum paper in 2019 stated that 'Next year in purchasing power parity (PPP) terms, Asian economies will become larger than the rest of the world combined for the first time since the 19th century'. PPP terms measure the volume of goods and services, while GDP at current market exchange rates measures value.

China's strength is not merely economic. The PLA navy now has the world's largest naval force in vessel numbers. And China's ballistic missile force – including lethal anti-ship missiles – 'presents such a challenge to US air bases and aircraft carriers in the Pacific that Washington can no longer claim supremacy in the region.' The problem will only get worse as China's naval capabilities expand further over the next few years. In addition, China's satellite, missile and space technology has created a defensive bubble difficult to penetrate. This may explain why, according to Bonnie Glaser, China Power director at the Centre for Strategic and International Studies in Washington, the Pentagon's simulated war games with China 'have all ended up with the defeat of the US'.

Meanwhile, the ascendant American view is binary - dividing the world between good and evil and advocating that the United States and its allies engage in a great Manichean struggle with China that will define the next century. Secretary Pompeo described the conflict as one 'between tyranny and freedom', even proposing regime change in Beijing. There are no takers for this approach among the countries of East Asia. They have their disputes and differences with China, not the least being those that relate to the South China Sea and the Senkaku Islands. But every one of them wants an accommodation with China that will permit them to coexist in relative peace, despite those differences. None desires military confrontation with China.

The Asian approach is more pragmatic, subtle and multi-polar. The Philippines' President Duterte, for example, 'like all other Asian leaders – prefers multidirectional alignment to reliance on the United States alone'. Vietnam, despite its pugnacity and historical enmity with China, is no different. Singapore is quintessentially balanced. Asians regard China with a mixture of anxiety and respect. But they are also optimistic about the benefits that may accrue. China is both benefactor and bully. Everywhere you go in Southeast Asia, the presence of China is evident – in Chinese owned banks, technology companies and real estate firms; Chinese-funded bridges and highways; and increasing numbers of Chinese students and business people.

In the tide of human history, the rise of China is an unstoppable force. Asians know this. They prefer to engage with China rather than rally against it – especially under an American flag. Lord Patten's approach is preferable. After completing his post as the last Governor of Hong Kong, he wrote 'China's economic progress is good, not bad, for America, Europe and the rest of the world'. He then added a note of pragmatism, adopting a Chinese aphorism, 'What you cannot avoid, welcome'. We must all learn to co-exist with China, whether we like it or not, Australia included.

Michael Pembroke

Michael Pembroke is a former New South Wales Supreme Court judge and is the author of *America in Retreat-The Decline of US Leadership from WW2 to Covid-19* (Oneworld, January 2021) released in Australia as *Play By The Rules-The Short Story of America's Leadership from Hiroshima to Covid-19* (Hardie Grant, August 2020)