

Australia's Strategic Outlook

A Longer-Term View

Peter Varghese

In addressing the strategic outlook over the next 10-20 years — about as distant as it is prudent to look — much of what I discuss must be speculative. The past is not always a reliable guide to what will happen in the future and big strategic changes do not always happen slowly. If we were looking forward twenty years in 1987, who would have anticipated the sudden end of the cold war, the swift collapse of the Soviet Union, the Asian financial crisis or the 9/11 attacks?

Australia does not face any direct threat to its territorial integrity. Our continental geography and maritime approaches give us great strategic depth. We have deeply-rooted political stability and a strong economy. So we are quite well equipped to manage the consequences of strategic change. Yet the historical memory of Australians is one of strategic anxiety, an angst which has been shaped by many elements: a small population on a large continent, a historical sense of isolation from cultural roots, a pattern of instability in near regions and a visceral recognition that things can sometimes change quickly for the worse.

Geography, culture and history — including our wartime experiences from the Sudan campaign of 1885 to Afghanistan and Iraq today — have combined to make Australians acutely sensitive to the fact that sunny strategic skies can quickly cloud over. In strategic analysis, national psychology can be as important a vector as national capability.

Australia may be tucked away in the southern reaches of the southern hemisphere but our sense of strategic space is far broader than our locality. Our strategic horizons have always stretched well beyond our geography. Australia has long seen its own security tied to broader regional and global stability. Indeed, of the many instances where Australia has participated in military conflict, only once — in 1942-43 — was it in direct defence of Australian territory. In all other cases it reflected either a defence of principle or a calculation that Australia should help defeat a threat before the threat defeated Australia.

Against this background let me offer some observations about strategic outlook. Let me also acknowledge at the outset the dynamic tension between continuity and change which lies at the heart of all long-term projections. In the next 10-20 years, the foundations of the global order — such as US primacy — will remain familiar, even while they slowly change.

Global cross-currents

Nation-states will remain the building blocks of the world system, despite globalisation and terrorism. National interests will stay the main driver of strategic events but national values will have increasing prominence.

To 2025 we are unlikely to see the widespread emergence of alternative political and economic systems to rival the success of market-based liberal democracy. So the sense of common values that underpins political and economic life in the West will stay strong. It will keep having broader appeal, including among countries where authoritarian regimes hold power. It will continue to influence the norms of global life — defining what is acceptable in state behaviour and governance, and what is beyond the pale.

Of course, not everyone will accept Western values as universal. Some states, with substantial middle classes opting for economic and social stability over democracy, will choose their interests over Western values when the two collide. Others will sometimes invoke values for tactical reasons as they vie for economic gain and political advantage. We should also not dismiss the potential appeal in some non-Western countries of models which promise economic growth and more personal space but stop well short of democracy.

Meanwhile, the world will be ever more connected. Further globalisation to 2025 as well as technological and demographic change will magnify the strategic impact of some future events. Globalisation certainly will not abolish war — but it does raise the cost of war and thus can act as a deterrent of sorts.

Global connectedness moreover does not always herald an alignment of interests. It can widen divisions. The disruption which globalisation brings to traditional societies, including in the Muslim world, stirs grievances that extremists can stoke. Access to the technology and knowledge base of open societies enables terrorists to wreak havoc far beyond their numbers. Even societies that benefit much from globalisation will be vulnerable, especially as electronic information systems which might be subject to attack become even more important to governments and economies.

Pressures associated with demographic change will require careful management. In Japan and Europe, shrinking populations will slow growth and lower living standards if

unpopular economic reforms are not pursued. China is already grappling with the economic and budgetary consequences of its ageing population and emerging gender imbalances. The US and India have more favourable demographic profiles, though India's challenge will be to keep its growing population adequately employed.

More people will try to migrate to the West, often with little education or savings. People-smugglers, taking advantage of such aspirations, will target prosperous countries, especially those with weak border controls and poor maritime surveillance capabilities.

To 2025 Western and other governments will pay more attention to resource security — including oil supplies, water scarcity and fish stocks — than at any time since the oil shocks of the 1970s and early 1980s. This will heighten tension among major and emerging powers but should not by itself cause war.

Failing states will remain a persistent problem, including in Australia's region, producing ongoing security and criminal threats and high intervention costs. Intervening states may be called upon to make long-term commitments — typically involving a mix of security and non-security personnel — but the success of such efforts will depend on a better understanding of how to build nations. There will also be no success without a local partner whose leadership has the vision, commitment and means to see it through.

The future of war

Strength of will and strength of arms will remain the ultimate arbiters in politics among states. But military power now is mainly though not exclusively for coercion, status and operations other than conventional war, including support for nation-building. Public concern in the West at the humanitarian cost of the use of force will sometimes limit the options open to democratic governments. Long commitments, though often needed for counter-insurgency, counter-terrorism and support to nation-building, may get harder for governments to sustain politically.

Still, continuation of current trends towards less conventional warfare and more nation-building is not certain. National leaders may eventually forget the 20th century's errors and horrors and work less hard to prevent the types of situations that can make inter-state wars unavoidable. The nature of war itself will also keep changing. Increasingly it reflects a broad asymmetry in which conventional combat gets more precise and narrower in its applicability, while unconventional methods become more common, more sophisticated and more lethal.

Keys to superiority in battle will include advances in technology, in precision-strike, speed, stealth and satellite-based networks. These are areas where the US aims to stay unbeatable. In general, the gulf between rich states armed with new technologies and poor states lacking them will widen. Even so, rising powers that put much new wealth into defence — notably China and India — could match all except the US. Indeed, how rising powers develop force projection capabilities will be a key determinant of the global strategic future.

Some weaker states, and sub-state groups, will be attracted to irregular, asymmetric means of war, deterrence and coercion. They will choose what they can from such options as terrorism and insurgency, attacking information infrastructure and — in rare and extreme cases — the possibility of threats to build or brandish weapons of mass destruction. In some cases they will develop increasingly sophisticated propaganda campaigns — heavily using new media — in conjunction with threats and acts of physical violence.

Still, the human factor will continue to matter, and remains something of a leveller. Iraq and Afghanistan show how important raw numbers and training are in ground combat. In ground forces, the need will often be for the special-forces qualities of soldiers in small units and networks, drawing on information superiority, elite training and non-combat skills such as languages. Soldiers will have to have wide-rangingly impressive skills, which many militaries will struggle to recruit in the face of demographic trends, private-sector competition and public complacency.

Terrorism

Terrorism will stay a destabilising force globally for at least a generation. It will be a danger to Australian and allied nationals, a challenge to the authority of many governments, and a disruption to the patterns of trust and openness that globalised economies need. The West will have little ability directly to influence Islamist ideology or the political environment in Muslim states, which will change only slowly. Even elimination of Al Qa-eda's operational capability would not cripple the global terrorist threat. Such terrorism will keep adapting and decentralising with a continuing flow of recruits and with autonomous cells looking to Al Qa-eda more for inspiration than for orders and capability.

At the same time, counter-terrorism measures are improving as are co-operation among states and within whole-of-government approaches. But tactical wins limit terrorists' capabilities without always breaking their generally strong motivation.

Islamist terrorism in particular has in-built limits as a strategic threat to Australia. It has little scope to endanger the existence of, or take territory from, the Australian state. Nor will terrorism threaten Australia's fundamental freedom of action to the extent that might, for example, occur through coercion by an economically or militarily powerful state. Islamist terrorism in Southeast Asia will remain a danger for at least a decade. But thanks to the efforts of Indonesia and other regional states it is probably a diminishing danger as the strengthened capability of regional law enforcement agencies keep the pressure on Jemaah Islamiyah.

WMD and missiles

Weapons of mass destruction and missiles will remain a primary element of the global security landscape. Nuclear weapons will retain their prime roles of deterrence against nuclear attack and of leverage in crisis. Though we should expect some spread of WMD capabilities to 2025, accelerated

proliferation is unlikely as is use of WMD by states. Nuclear weapons are difficult and expensive to make. Moreover, the normative influence of the Nuclear Non-Proliferation Treaty is resilient, despite dire predictions by some observers.

More than ever, the focus of proliferation fears, and of international measures, will be the tough cases — North Korea and Iran. These cases show no sign of becoming easier.

A larger risk is from terrorist use of a probably rudimentary chemical, biological or radiological weapon — though this is more likely to cause mass panic than mass casualties. More probable than WMD use is the prospect of WMD ambitions again being a catalyst for tensions. The spread of ballistic and long-range cruise missile technology to many more states is unlikely. To 2025 efforts to build defences against missiles will continue apace, though such defences will remain useful only against small-scale attacks.

Major power dynamics

In the world to 2025, a few powerful states, especially the US, will largely shape the strategic landscape. Indeed, as the century moves on, we face the rise of mega-states, giants unprecedented in their economic and strategic weight but also in the scale and complexity of their potential domestic problems.

Absent major shocks, by 2025 the combined GDP of developing economies in purchasing-power-parity terms will exceed that of the advanced economies, including Australia and its allies. But — as now — there will not be any simple correlation between economic power and strategic weight. In my view a concert of powers — roughly equivalent to the European concert formed after the Napoleonic wars — is unlikely to emerge. That is mostly because the US will not want it, and a rising China and India will not be content with the existing power relativities, as European powers were in the first half of 19th century. But there should still be a fair measure of co-operation among major and middle powers, even if it occurs more often through ad hoc coalitions rather than through the United Nations.

Other than the US — which will retain its strategic pre-eminence — the big powers that will most shape Australia's strategic environment in the decades ahead are China, Japan, India and, in a different way, Indonesia.

A range of Chinas is possible to 2025, including one that is internally much the same as today, though with much more economic and military clout. Barring major setbacks, China by 2025 will have strategic influence beyond East Asia and will have the strongest Asian military. It should stand — with the US and Japan — among the largest economies. China has an advantage and a shackle earlier rising powers lacked: its rivals have deep stakes in its economic success — and it cannot, for reasons of internal stability, afford to disrupt a world economic system which is generating wealth and opportunities for its people — many of whom remain poor and increasingly frustrated.

China has other priorities too. It will stay determined to stop Taiwanese independence. It expects to become the pre-eminent power in East Asia. Its relationship with the US will

contain elements of both engagement and competition. All the while, it is likely that China will be at pains to be seen as a friendly power in its region. None of this will be simple, not least given Beijing's need to square strategic calculations with rising public expectations, including nationalist sentiment. Moreover, plenty of commentators remind us that China's economic trajectory is not guaranteed.

Japan's economic weight will stay great in global terms, though its economic fortunes will be bound increasingly to China's and those of the US. Tokyo will keep moving carefully to a more active security posture, within the US alliance and multilateral coalitions. Still, Japan faces a challenging time in keeping its level of influence in Asia as China continues to rise.

India, meanwhile, is likely to go far in translating economic growth into greater strategic weight. Like China, it is focused on fostering development while seeking recognition as a power with global interests. It also seeks defence capabilities commensurate with its widening interests. India will not want its global aspirations hostage to old tensions with Pakistan. It will want a deeper partnership with the US. In its ties with China, it will try to reconcile burgeoning economic relations with elements of competition, including over energy resources and their utilisation.

I will not dwell here on the European Union or Russia. Their strategic horizons will overlap Australia's but for the most part selectively and indirectly. To 2025 the EU is unlikely to play anything like the global strategic role suggested by its economic weight, but the UK and France will remain players with global reach.

The United States

The US will stay in a league of its own to 2025. Washington's global leadership will be sustained by its strong democratic values and its global interests. In the decades ahead, however, its lead over other powers is likely to shrink noticeably in economic weight and soft power, although generally not in technology or warfare. We can expect others to probe the limits of US will and strength and what they might see as the tensions between its democratic values and its hard strategic equities.

A lasting impact of the 9/11 attacks and Iraq will be the way these events influence US choices, including about the resort to force, force structure and alliances. The US defence budget will have to balance the divergent priorities of land forces (including for irregular combat) and powerful maritime capabilities. In the West Pacific, US maritime military advantage over China will diminish. The US is set to retain its strong engagement and strategic presence in East Asia. As it comes to rely less on permanent bases, strategic partnerships could become at times even more useful than some formal alliances. Still, the US alliances with Japan and Australia will continue to anchor Washington's East Asia strategy. South Korea's alliance with the US, though it will feel growing stress, has every chance of enduring.

Northeast Asia

Australia's security will turn largely on how the US, China and Japan manage their complex relationships. Never have China and Japan been so strong at the same time. In China, the US has a vital stake in a rising power's growth. Japan-US defence ties are closer than ever.

The crucial relationship, in East Asia and globally, will be between the US and China, and will likely stay a delicate mix of engagement and competition. Both will find the threads of competition, co-operation and economic co-dependence hard to weave into consistent policy. A major upset in economic relations or a lurch towards protectionism could hasten strategic competition. Differences between Japan and China are unlikely to vanish, especially over history. As a general rule, these powers will steer an unsteady course of expanding economic ties coupled with strategic wariness. Where they deepen regional co-operation, as in the growth of East Asian diplomatic and financial architecture, it will be partly a contest for influence over these institutions.

Over Taiwan, US-China relations carry the only foreseeable risk — currently low — of war between major powers. Both powers will try very hard to avoid such a strategic, economic and humanitarian disaster.

A high-intensity war in Korea is a very small likelihood but other worrisome scenarios are more likely. Though the North Korean regime has proven surprisingly resilient, we cannot rule out its collapse — a possibility that would unpredictably change North Asia's strategic equilibrium.

Middle East and Southwest Asia

Further turbulence in the Middle East to 2025 is certain. The need for the US to sustain deep strategic engagement in the region will stay large. The Middle East's dominant share of oil reserves will be strategically more important. The region will continue facing serious religious and political rivalries and inter-state mistrusts along with population growth and rising water scarcity. It will face increased unrest from a youth bulge, especially in countries with high unemployment and limited economic openings, including weak involvement in the global knowledge economy. The Sunni-Shia divide is likely to emerge further as a fault-line in the geo-politics of the region.

Political structures in some Arab countries will likely become somewhat more representative. However, I believe these changes will be only incremental, and may continue to bring to power governments with Islamist and anti-Western agendas. Many regional governments will also face leadership transitions, with potential for heightened instability as regimes try to respond to pressures for liberalisation while retaining political control.

Diverse outcomes in Iraq are possible. The most likely scenario is an Iraq which stays together as a federal state with democratic elections, and with Islam holding a prominent place in its political culture. Political violence will not recede quickly and the risk of increased sectarian conflict will remain. Iran's future nuclear weapons intentions will likely remain a first-order concern. A nuclear-armed Iran would have a strengthened hand in opposing Western interests. Iranian pursuit of nuclear weapons will depend in part on how Tehran perceives Iran's rightful status and



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its strategic circumstances, not just on whether its ideology stays hardline.

Saudi Arabia and, even more, Pakistan will stay keystone states. They remind us that radical Islamist capture of state power, in the Middle East or beyond, is a small possibility but one with dangerous consequences. Still, it is less likely through a revolution or coup than in observable stages of disorder exploitable by extremists.

Afghanistan will need heavy international support for ten years — and potentially much longer — including high-quality Western military forces, police and development assistance suited to the range of stabilisation, combat and capacity-building roles.

Southeast Asia

Power relativities in Southeast Asia will shift, but less than in Northeast Asia. Southeast Asia should remain fairly stable and reform-minded enough to sustain reasonable rates of development. It's weaknesses will still cause more trouble than its strengths. Higher economic growth and improving governance is likely to reduce but not end terrorism, insurgency and communal violence where it occurs in the region.

The character of the government in Jakarta will remain crucial to our strategic outlook. To reduce chances of population pressures bringing instability, Indonesia will need prolonged economic growth, supported by sustained legal reforms to assure investors.

South Pacific and East Timor

The South Pacific and East Timor are where we can most expect difficulties of the kind which generates pressure for Australia to respond directly. Australia will stay under pressure to play the leading foreign role in making up for local administrative incapacity and to respond to lawlessness in Melanesia, as well as to humanitarian and natural disasters throughout the islands.

The region's very small states with fast-growing populations will struggle to stay viable. China-Taiwan rivalry over ties with island states can further weaken governance. Transnational crime will keep exploiting porous borders and other vulnerabilities. PNG's challenges are on a scale apart. Infrastructure and law-and-order problems, fast population growth and poor education and health all threaten the population's welfare and erode efforts to strengthen the state.

As a general rule, nation-building in our neighbourhood — like nation-building, counter-insurgency and counter-terrorism in more remote places — will often be a long and only partly successful struggle.

Conclusion — strategic shock

I will end where I began — on strategic shocks. I have focused more on likely trends than on the improbable — an approach some would say smacks of continuity. So I reiterate that we should expect the world to 2025 to face strategic shocks of one kind or another, even though each specific scenario for a crisis is in itself unlikely.

The timing of shocks is by definition unpredictable, their cascading effects hard to gauge. The range of wild cards is wide. Some are already imaginable, like regime change in North Korea or a convergence of terrorism and WMD. Other possibilities are currently harder to imagine, including the ways multiple shocks might interact. Fast environmental degradation and natural disasters, along with pandemics and economic crises, are possible systemic shocks which military capabilities cannot do much to prevent.

Any big strategic consequences from climate change probably will not be felt until after 2025. Managing these consequences will attract increasing attention, including the prospect of environment refugees, internal movements of population and the effect of environmental stress on internal stability. Damaging weather or clearer evidence of climate disruption before 2025 could provoke increasingly strong public responses in anticipation of more serious climate change in coming decades.

More new or virulent diseases may emerge. With changes in the flu virus, and in the human and animal populations it can infect, the chance of another flu pandemic on the scale of 1918 is real. The economic, social, political and security impacts would be very large.

So the list of issues affecting Australia's security in the years ahead is long, and will keep growing. Looking back, it is clear that new strategic problems advance faster than old ones retreat. In a complex and interdependent world, the new issues do not replace the old — they join them on a more crowded horizon. ♦

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AUSTRALIAN PEACEKEEPING MEMORIAL - AN INVITATION TO BE A SPONSOR OR MEMBER

The Australian Peacekeeping Memorial will commemorate and celebrate Australian peacekeeping. It will honour the sacrifice, service and valour of Australian peacekeepers given in the same spirit as in other conflicts honoured in cenotaphs and memorials across Australia and on ANZAC Parade, Canberra.

Progress to Date

The Federal Government, through the Department of Veterans' Affairs, has provided an initial grant of \$200,000 to assist with the construction of the Memorial, which experience indicates requires about \$2.5 million to fund such a major national memorial in Canberra. A committee for the Australian Peacekeeping Memorial Project has been convened with duly elected office bearers and representatives from the ADF, the AFP, State and Territory Police, and peacekeeping veterans.

The APMP Committee welcomes membership and support from all peacekeeping veterans, interested individuals and organisations.

Full details of the project are listed on our website : www.peacekeepingmemorial.org.au