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FOR INTERNATIONAL POLICY

LOWY INSTITUTE PERSPECTIVES

PARALLEL WORLDS

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Parallel Worlds

Allan Gyngell

At least the Cold War was simple. Two different approaches to social and economic organisation, each with its roots in recognizable western philosophical traditions, played out their geopolitical competition across a global arena.

Interpreting the world is more difficult now. It is a time-honoured cliché of Australian policy white papers and political speeches to claim that the strategic environment we face is more fluid and complicated than ever before. But, in several ways at least, the world that replaced the familiar bipolar structure of the preceding forty years at the beginning of the 1990s is harder by far to understand.

For nearly a decade after the Soviet Union so unexpectedly vanished from our maps analysts and politicians struggled to explain what was happening. Were we seeing the end of history? Or the beginning of a new world order? Or a unipolar moment? Or a new concert of powers? Even now, even after September 11 and Bali, this new world is not clear cut. Studying the contemporary international environment is a bit like the work of astronomy. A photograph of the stars taken through a radio telescope or in the infrared spectrum will reveal an entirely different picture from that shown by visible light. The underlying reality is the same, but the features exposed are sharply different.

So it is with global politics. Depending on the filter we use, we can discern at least four parallel worlds co-existing within one universe. One world is unipolar; one is multipolar. One is intensely interconnected and one is deeply divided. Each of the four brings its own batch of intellectual champions — writers like Robert Kagan, Paul Kennedy, Thomas Friedman and Samuel Huntington. But as with the maps of the cosmos, you have to put all the views together to come close to a full understanding of the environment in which Australia has to operate.

In the conventional terms of power politics the world is clearly unipolar. This is the traditional approach of strategic analysis and diplomacy. The Soviet Union collapsed in 1991, the second large economic bloc, the European Union, lacks the will and unity to take on an international leadership role, while the most likely rising power, China, is focusing on its own economic development and is decades away from being a serious strategic competitor to the United States.

The United States is the sole remaining superpower, the only country with the capacity to project military power wherever it wants on the globe. It has military forces in 130 countries and 98 of its combat battalions are operating in active areas. It is a country unrivaled in its arsenal of high technology weapons. Its annual defence budget is just slightly less than Australia's GDP. Under almost any circumstances, America's dominance in conventional and nuclear power, especially in weapons of precision, will remain unchallenged for as far ahead as any of us can see. This first world is the world of the hegemon.

But we can also see a second world that is already multipolar and becoming more so. Ask an economist and the international landscape looks very different, and much more evenly balanced. In market exchange rates, as a share of world output, both the US and the EU-25 represent around 30 per cent of the total, Japan is on 12 per cent and China on 4 per cent. And if you use Purchasing Power Parity (PPP) measurements, China and India loom much larger.

More than ever before, the United States depends on others for its prosperity. In 1960 its exports were worth one-twentieth of its GDP; today they account for over one tenth. It has gone from being the largest net creditor to the world to being its largest net debtor. At the end of 2003 the United States owed the rest of the world \$2.7 trillion.

In this second parallel world, economic weight is relentlessly moving back towards Asia. This really just restores a balance over time. In the early 19th century, India and China accounted for half the world's economy, but by the early 1970s this had fallen to less than one-tenth. In PPP terms, they are already back up to 18 per cent of the world's economy. Even if you use market exchange rates, the investment bank Goldman Sachs suggests that on current trends China will be larger than the US by 2041 and India will be third behind the US and China. The world's leading emerging markets are elbowing their way into a much greater position of power in the international trading system.

A third way of looking at the world is to see its interconnections. This is the world of globalisation.

The word globalisation is used in a number of different and rather imprecise ways. Sometimes it describes an economic phenomenon; the revolution in technology that led to vast declines in the cost of transferring information and made transportation cheaper and more efficient. Some figures are necessary to illustrate that impact: between 1950 and 1998 the ratio of world merchandise exports to world GDP roughly tripled, from around 5 per cent to 15 per cent. In other words, goods markets have become more integrated. So have financial markets. The stock of foreign direct investment in the world has roughly tripled since 1980. And if more countries now participate in the global economy, the international economy is also penetrating much more deeply

into national economies. The vertical integration of manufacturing industry means that the component parts for a single product can be sourced to many different countries. And it is happening with services as well. The IT outsourcing industry in India is only the best known of a new wave of services exports from the developing world that will challenge developed countries as they have already been challenged with manufacturing.

We sometimes use the term globalisation to refer to the freer movement of people. Around 200 million of the world's people are working outside their own country. And that is leaving out the 703 million tourists who jet-setted or backpacked their way around the world last year. Some of those working overseas are merchant bankers and lawyers, though the vast majority are from the third world and working in menial and often dangerous jobs. In our case, one million Australians — five percent of our population — are overseas at any one time. Jobs are certainly more mobile — a Citibank call centre closes in Brisbane and reopens immediately in Manila — but people are more mobile too.

And sometimes we use globalisation to refer to a homogenizing cultural phenomenon, the fact that thanks to the internet, satellite television and the iPod, teenagers from Wagga to Warsaw can listen to Britney Spears or play Digimon or eat Big Macs or support Manchester United.

All these international lines of contact knit us together. They bypass the traditional gatekeepers of international discourse. The inter-connected world brings benefits — none greater for Australia than the economic rise of East Asia — and dangers as well. As we know from our own region, HIV/Aids and SARS travel the path of globalisation too. So do money laundering, drug dealing and international crime.

But the forces driving this integrated world have also generated their own response. There is a fourth, deeply divided, world outside our familiar heartland; an “altogether elsewhere” in W.H. Auden's words. Most obviously, this world has manifested itself in the emergence of millenarian Islamism of the sort that fuelled the terrorist violence in New York and Bali. This is a dualistic world marked by a very clear “other”; its inhabitants lying, it seems, beyond the reach of comprehension. We are despised “not because of what we have done, but because of who we are” said John Howard. Extremist Islamic groups like Al-Qaeda and Jemaah Islamiyah are, in part at least, a manifestation of the reaction to modernisation and globalisation, drawing some of their support from the popular fear of the speed of social change and growing westernization. (Paradoxically, of course, their operations are also made possible by the technologies of globalisation: easy travel, effective communications to plan operations and gather money and the use of the internet to spread their message.) But for all its difference, this is not seen as a distant world: it can intrude violently and without warning into our own.

What does all of that add up to? What are the lessons Australia should draw for its foreign and defence policies from an international landscape that is unipolar, multipolar, integrated and deeply divided at the same time? Each of these parallel worlds teaches us something.

Lesson one is that the United States will continue to dominate the global security environment and will be a key determinant of Asia's security as China forges a wider and more active security role for itself. The United States will be important to Australia directly for our own security (not least in maximizing access to technology) and indirectly for the role it can play in reassuring Japan, managing the situation in the Taiwan Strait and stabilizing the Korean peninsula. Whether Washington does these things well or badly, it will still shape the outcome of change in Asia over the next quarter century.

The conviction that the United States will remain the "pre-eminent global power for the foreseeable future", as the Howard government's 2003 foreign policy white paper puts it, has determined, more than any other factor, the direction of Australia's foreign policy in recent years. This power perspective on the international system has shaped decisions ranging from the military commitment to Iraq to key defence procurement decisions like the F35 Joint Strike Fighter to the negotiation of the Australia-US Free Trade Agreement. So this first, unipolar, perspective on the international environment focuses our attention on the critical role of the US and alliance management in Australia's security policy. The proponents of a new security agenda, who emphasize the role of trans-national threats like terrorism, international crime, environmental problems and disease have given us important insights, but this first world of military power exercised by nation states will continue to dominate one facet of world politics.

Lesson two, drawn from the multipolar world, however, says something else. It says that the United States cannot do it alone, and that notwithstanding America's economic strength, power is already moving relatively back towards Asia. The Yale historian, Paul Kennedy, got it famously wrong in the late 1980s by predicting in his book "The Rise and Fall of the Great Powers" the decline of the United States. But perhaps it was just a matter of timing. Because surely the central question he poses is still deeply relevant:

The United States cannot avoid confronting the two great tests which challenge the longevity of every major power that occupies the "number one" position in world affairs: whether in the military/strategic realm it can preserve a reasonable balance between the nation's perceived defence requirements and the means it possesses to maintain those commitments, and whether, as an intimately related point, it can preserve the technological and economic bases of its power from relative erosion in the face of ever-shifting patterns of global production.

The evidence we have from the multipolar world is that it cannot — that the unilateralist global ambitions outlined in President Bush’s ambitious National Security Strategy statement of 2002, are unsustainable over time. That strategy calls for the United States alone, and without the need to depend on coalition partners, to maintain forces strong enough to prevent any potential adversary from equaling American power, and calls for the United States to “extend the benefits of freedom across the globe”. Iraq is already testing the durability of this doctrine. This second world view helps give perspective to Australia’s security policy and to remind us of the continuing importance of Asia to our own future. It is the reason the Howard government is pursuing with such energy a Free Trade Agreement with China to match the one it negotiated with the USA. It is the reason a potential conflict between China and the United States over Taiwan presents such a nightmare for Australian policy-makers. And it is the reason our trade and foreign policies will increasingly have to take account of the role of emerging economies.

Lesson three, from the deeply interconnected world, is that our international environment is becoming more complex, and that nation-states aren’t all there is to it.

Economies — even the largest — have become more inter-dependent. This does not magically remove the danger of conflict from the realm of international politics, as the situation in the Taiwan Strait shows. (If ever there was a test case of the thesis that economic integration leads to peaceful coexistence it is across the Taiwan Strait. Perhaps 700,000 Taiwanese are now living and working on the mainland, China is Taiwan’s biggest trade partner and Taiwanese companies have between \$70 billion and \$100 billion invested on the mainland. Yet in almost inverse proportion Taiwan’s sense of difference and the danger of conflict seems to grow greater.) Nevertheless, interdependence does change the equation. There have been few times in the past two centuries when war between great powers was less likely.

A second way in which our international environment is more complex is that the strands of domestic and foreign policy are becoming harder to disentangle. From health to education to tax it is difficult to think of a single area of government policy that does not have an important international dimension to it. At the same time the borders between different parts of public policy are more fungible. Foreign policy cannot be conducted any longer out of the Foreign Affairs department alone or defence policy only out of Defence. Police, customs, civil aviation authorities, treasuries, central banks, even the aid agency, all have substantial contributions to make to national security policy.

A third complication is that increasing quantities of power now lie outside the bounds of the nation-state. This is the other side of the coin from the first world-view. The foundations of the

nation state and its near-monopoly of international power are being substantially eroded. The views and actions of other polities — large corporations, media interests, lobby groups, regional and global organisations — need to be considered, weighed, negotiated with or responded to.

All this complexity means that even if you are a superpower you can't achieve what you want unilaterally. It is not just that you cannot do it economically - a lesson drawn from the second world-view — but because it is politically impossible. And if you are not a superpower, the lessons resonate even more strongly. Yet our forums for the task of global intermediation — the United Nations, the IMF and the World Bank — are all creatures of an earlier time. They are not structured to do the job properly in the new era. One lesson from this world is that we need to take up the debate about reform of our international architecture with far greater urgency and imagination.

Achieving policy outcomes in the interconnected world means building more complex coalitions not just with other nation states but through effective public diplomacy. For Australia this means that the sort of work that went into getting such strong US congressional support for the Free Trade Agreement, or the public programs the Australian Embassy in Jakarta ran against people smugglers, are forerunners of what will be an increasingly large part of the job of Australian diplomacy.

And, finally, what does the divided world teach us? It teaches us to avoid complacency, to accept that nothing is preordained in the world, that dangers still exist but they are different dangers and we need to understand their nature and their implications. It teaches us of the folly of letting problems fester in remote parts of the globe without acting to resolve them. (Regrettably, however, it does not tell us exactly what those actions should be). It reminds us that our military planners have to grapple with new requirements. They face complex demands to develop capabilities for warfighting, peacemaking, peacekeeping and humanitarian relief, sometimes in the same area and at virtually the same time.

It teaches us, too, that in an age of terrorism, security policy has a much more direct and immediate impact on ordinary people. National security policy needs to take account of public views and to engage with the public debate in quite new ways. Governments all around the world are slowly having to throw off the rugged old greatcoats of secrecy in which they could formerly wrap themselves against the cold winds of public inquiry.

But the divided world also has to be kept in perspective. This world is different in one hugely important way from the experience of the past half century. It is divided by a barrier of thought far more impermeable than the Iron Curtain. During the Cold War, large segments of the population

on both sides of the divide were capable of being attracted by the other. Important groups in the West were at various times attracted to communism's critique of capitalism; large parts of the communist world saw the West's ideal of personal freedom as an enduring inspiration. But radical Islamism cannot have the same effect. China fell to communism; it will not fall to the Caliphate. In the end, terrorism is a weapon of weakness. It can wound us deeply but it cannot defeat us, either militarily or ideologically.

These four worlds are part of the same underlying reality. They overlay each other. If we live in any one of them alone we will fail to understand the full nature of our circumstances. It is at the borders between the four worlds, where they grind together, that the most important challenges for Australian international policy lie, and where the most interesting ways forward will be found.

ABOUT THE AUTHOR

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