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**GLOBAL THREATS  
AND THE  
INTERNATIONAL SECURITY ENVIRONMENT**

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My aim in this paper is to shed some light on the ways in which Australia's security environment is being shaped by a number of important global trends. It is a large and perplexing topic. I think the best way to start thinking about it is to observe that the world today seems to be in the grip of two major trends which appear to be mutually incompatible. On the one hand, globalisation seems to make states less significant than they used to be. On the other hand, we seem to be heading towards a world in which states are as powerful, and indeed in some ways *more* powerful than ever before, in which there are a larger number of really powerful states than we have seen for many years, and in which the most powerful states may be more powerful than any we have seen before. This world is not with us yet, but the trends are clear and the implications are starting to make themselves felt. These two trends – globalisation and growing state power - are of course related, and the interaction between them will be critical to determining the way Australia's security environment evolves over coming decades. We might therefore benefit from looking at it more closely.

**Globalisation and State Power**

Let's start with globalisation, by which I simply mean the remarkable expansion in the number, form and significance of transactions of all kinds across national borders in recent decades: goods, services, technology, money, people, ideas and information have all moved across boundaries and between continents in larger volumes and at greater speed than ever before. This has changed the way most of us live in many ways. Perhaps most significantly and most beneficially, it has accelerated economic growth in many parts of the world, especially in those places where governments are sufficiently wise and sufficiently effective to facilitate, or at least not obstruct, their societies' engagement in what globalisation has to offer.

But there are at least two downsides. First, those parts of the world – regions, nations and peoples - which have not been able to benefit from globalisation have slipped further back, and now constitute a kind of global sub-class, complex and diverse but nonetheless aligned in their exclusion from the increasingly-integrated rest of the world. The Middle

East, much of Africa and Burma are obvious examples, but so too in different ways are many of Australia's close neighbours.

Second, globalisation itself has given rise to some new kinds of security risk, and amplified many that have always been with us. Indeed the security implications of globalisation have encouraged us in recent years to rethink security, and define it in broader terms than we have tended to do before. The new 'global' risks afflict states which are effectively integrated into the globalising world system, as well as those who are not, and they have taken centre stage in much of our security thinking and policy-making in recent years. Economic growth has greatly amplified the urgent challenge of climate change, and raised new concerns about resource and especially energy security. It has increased the risk of pandemics by increasing contacts between peoples around the world, and by expanding the numbers of farm animals like pigs and chickens in close contact with humans, providing more opportunities for virulent strains of influenza to emerge. Globalisation has increased the scale and consequences to transnational crime and people-trafficking. And of course it has contributed to the emergence of globalised terrorist networks like Al Qaeda, because of the ease with which both motivating ideologies and the techniques to act on them can be disseminated. Many of these trends have themselves been amplified by increasing demographic pressures which are in turn fuelled by globalisation.

What has been happening to states meanwhile? Many people have argued or assumed that there was a kind of zero-sum trade-off between globalisation and state power. As international transactions of all kinds become more important to all of us, collectively and individually, the importance of the nation-state to our interests, and its hold on our affections, would weaken. States would become less important, and less powerful. The capacity of states to mobilise citizens for conflict would decline, and traditional state-state conflict would tend to disappear. The intellectual roots of this argument go back a long way, to the Manchester School of mid-19<sup>th</sup> Century Britain and before them to the late Enlightenment, when people started to believe that growing trade between states would make war impossible. The argument is appealing, but it has failed in the past, and seems likely to do so again. In our own time, globalisation has led to an increase in states' hold on their citizens, in two ways. First, as new globalised threats like terrorism, transnational crime and climate change have emerged, we have turned to our governments to protect us, and in the process have given them powers and resources that are unprecedented in recent times except in the face of major conflict. Second, we find that in a globalised world, citizens maintain a strong and even growing emotional identification with their states, despite the dispersion of their interests around the globe. It may be that this is one way we manage the sense of dislocation that globalisation seems to engender even among those who benefit most strongly from it. In a globalised world, people still think of themselves as citizens of their state, and expect their states to act as states always have. In particular, they seem as sensitive as ever to their states' places in the international order, and governments reflect that. In short, in a globalised world, states still think and act like states.

This leads us to consider a third, more subtle but ultimately more profound security implication of globalisation which has tended to receive less attention until recently, and that is the way in which economic growth driven by globalisation is changing the way the state system itself works. There is something we can call an international order, which really means the collection of understandings and expectations which regulate the way states deal with one another. This system of relationships is very sensitive to changing power relativities, because relations at all levels of human society are so strongly based on power. Nations and their citizens are very touchy about how they see their place in the system. Globalisation is upsetting the system by changing the power relativities. It is driving the emergence of a relatively large group of very powerful mega-states.

This trend and its implications have been described most eloquently by my colleague Dr Coral Bell. She points to the development of a world in which India, China, Japan, the US, a united Europe, Russia and perhaps some others – even Indonesia – each develops and deploys massive national power as a result of globalisation-driven economic growth. This has profound implications for the way the world works, and especially for the maintenance of stable and peaceful relations between the most powerful states. Globalisation has happened in part because over the past few decades, especially since the end of the Cold War, the world's major powers have all got on pretty well. As we have got used to this state of affairs, we have tended to take it for granted, but in fact it has been historically highly unusual. It has been the result of specific aspects of the global order, and especially the distribution of power that arose during, and with the end of, the Cold War. Globalisation is changing the global distribution of power, and thus shifting the foundations of the world order which has made it possible. As power relativities change, relationships must change too.

This will have profound implications for the way the world works, and possibly for our security as well. Let us look at two aspects of this issue. First, as changing power relativities drive changes to the international order, there is an increased risk of strategic competition and even conflict between major powers of a kind we have hardly seen for two decades, and which we have not seen in Asia for nearly four decades. We need not assume, as some gloomy scholars like John Mearsheimer do, that new rising powers inevitably go to war with the old established leaders. But we should recognise that the accommodation of new powers into the international system will need to be managed very carefully if it is to be done peacefully, and the risks that it will be mismanaged are very real. This could lead to a reappearance of traditional, old-style state-on-state strategic competition and war as a prime security concern.

Second, if the world's major powers are drawn into more competitive strategic and political relationship as a result of the breakdown of the current global order, their ability to cooperate to manage the global security threats we have identified will diminish. We might worry today about the chances of building international consensus around an effective response to global warming, but how much harder would it be once major powers like the US and China had been drawn into an intense zero-sum strategic competition? How much harder would it be to deal with pandemics like the SARS outbreak? What chance then for effective global action on AIDS, or terrorism? In such a

world, globalisation would break down, but many of the problems that globalisation has caused would remain with us, while our ability to deal with them would be sharply reduced. So we need to look very carefully at the ways in which inter-state relations will evolve over coming years and decades. In the following paragraphs I will venture a few remarks on what seem to me to be the most pressing issues.

## **Four Pressure Points in the Global Order**

### *Southwest Asia*

Long-term concerns about the international order in Southwest Asia should focus on Pakistan. We have all of course spent a lot of time worrying about Afghanistan in recent years as a locus for terrorism, and in that context and in others- such as nuclear proliferation – Pakistan has been a major area of attention. But here I want to draw attention to a deeper question: can Pakistan survive, and if not, what happens in Southwest Asia? It is hard to be optimistic about Pakistan. Sandwiched between a booming India and a dysfunctional Afghanistan, Pakistan's long-term viability is challenged both by India's strength and by Afghanistan's weakness. In India, Pakistan faces a country which for all its peculiarities has effectively integrated itself into the globalised order and seems set to reap the benefits. In Afghanistan, Pakistan faces the opposite: a neighbour which has enjoyed none of the benefits of globalisation and many of the problems, often to an extreme degree. Pakistan itself, despite considerable potential, remains incapable of following India, and faces the risk of following Afghanistan instead. This is not inevitable: Pakistan's problems would not be unmanageable if it had an effective system of government that could consistently develop and pursue coherent national policies. But the depressing pattern of ineffective rule by successive civilian and military governments alike shows no sign of changing, and the pressure on Pakistan from both sides seems only to be making the problems of governance there more acute.

India would be the natural ultimate beneficiary of Pakistani collapse, but the process could be immensely painful and dangerous for Delhi, and could weaken it considerably, thus affecting the development of the wider Asian balance of power. On the other hand any outcome that significantly increased India's power would be destabilising for the wider regional order too. Two issues in particular would predominate. First, how would China react? What would it see its stake being in any redistribution of power in and around the sub-continent? What might it be tempted to do to support its interests? Second, how would the US react? America today has a vision of India as a strategic client and supporter of the US in its nascent strategic competition with China. Would that vision survive turbulence in India's immediate neighbourhood?

### *The Middle East*

The persistent problems between Israel and the Palestinians notwithstanding, the most important strategic questions in the Middle East concern the future strategic order in the Gulf. Even if the Israel - Palestinian question was to be amicably resolved, deep

divisions would remain about the distribution of power and influence over the source of so much of the world's oil. The biggest question here concerns Iran, which as the largest country by far in population, and among the largest in terms of territory and oil resources, is the natural regional leader. Since the fall of the Shah thirty years ago, the key underlying question in the Gulf has been the management of the challenge posed by Iran's power to the US-led order in the region. The most likely alternative to US primacy in the region is Iranian hegemony.

The events concerning Iraq in recent years have complicated the management of this issue enormously. Iraq was central to the containment of Iran's power, but the destruction of the former Iraqi state removed that bulwark. Its place has been taken by the US itself, through its occupation of Iraq and the resultant presence of large US forces in the region. Unless and until Iraq again develops into a major strategic actor in its own right, the need to keep containing Iran is probably the factor which will do most to determine America's long-term military presence in Iraq. That may be a very long time indeed. Meanwhile Iran's influence elsewhere in the Middle East has grown, while America's standing has, arguably, been damaged. Even then the US will hardly be in a position to entrust the security of the Gulf to the new Iraqi state, so it will need to remain deeply engaged there in ways which will shape and limit its options for strategic action elsewhere in the world. Moreover its adversarial relationship with Iran has the potential to complicate other relationships as well. There is reason to think that for China, Iran will become an increasingly important partner, both as a source of energy and as a transit route for oil and gas pipelines which would help reduce China's vulnerability to US pressure on its energy sea lines of communication. China's interest in Iran may become a major factor in the evolution of the US China relationship, to which we will turn in a moment. Here we need simply conclude that mismanagement of the US-Iran relationship could prolong and worsen the systemic instability of the Middle East. Which has already been the source of so many of today's globalised security problems, and it could complicate further the difficult tasks of managing the evolution of a new international order among the world's major powers.

### *Europe*

For a long time now, Europe has seemed the exemplar of the globalised world: a post-strategic international order in which the use of force between major states had become almost unthinkable. In western Europe that remains very true, but recent events to Europe's east have reminded us that power politics in this part of the world is not dead, and that deep questions of regional and global order need to be addressed if the peace is to be preserved in this part of the world. The Eighth of August 2008 is a significant date because Russia's intervention in Georgia launched that day probably marked the end of the post Cold War era in Eastern Europe, with the forceful and effective reassertion by Moscow for the first time since the Wall came down of its claims to a sphere of influence over some of its close neighbours. The significance of course goes well beyond Georgia itself. It goes to the question about how Europe, the US and the West more generally respond to Russia's demand that it be accorded a veto over developments among its closer neighbours which it regards as contrary to its core strategic interests.

In particular, The recent Georgia crisis marks the point at which further NATO expansion will meet clear and unambiguous Russian hostility. This brings Russia into direct confrontation with those in the West who seek further NATO expansion into the territories of the former Soviet Union. Russia's claims must be taken seriously. It is easy to dismiss them as attempts at bullying from a power that lacks the resources to implement its threats. But this view may underestimate the seriousness of the confrontation in two ways. First, it underestimates the legitimacy of Russia's claims, and the conviction with which they are advanced. On the first point, one need only remark that the 'Putin Doctrine' as we might call it has much in common with the Monroe Doctrine, and some similarities with Australia's attitudes to our own close neighbourhood, and that Russia's long history makes it deeply and understandably anxious about territorial incursions and threats. On the second point, Russia's power though still way below the old Soviet Union's remains formidable on its borders, and of course retains the backing of an immense nuclear arsenal. So the West, and America in particular, needs to find a new *modus vivendi* with Russia on Europe's eastern fringes, or risk an increasingly adversarial relationship with Russia which could affect the international order beyond Europe itself – including in Asia.

### *East Asia*

Asia of course is the region in which the fruits of globalisation are most obviously transforming the power of states and the way they interact. As the Prime Minister noted in a recent speech, China's growth is transforming Asia in many ways, including in its strategic and political arrangements and assumptions. For decades the region's order has been based on unchallenged US primacy. That has brought the most peaceful era in Asia's long history, and has been an essential underpinning for globalisation and growth. But the US strategic primacy that has been the foundation of Asian order is based in turn on US economic primacy, and US economic primacy may be passing. Within a few decades, China may well overtake the US as the largest economy on the planet - the first time in over a century that the US will not enjoy economic primacy. As we approach that point, US strategic primacy will become increasingly tenuous, and the regional strategic order which it sustains will have to adapt as a result. We do not know what such a new order in Asia will look like, but it is likely to be very different from what we have been used to for many years now. And it is entirely possible that it will be more competitive and contested, and less cooperative.

The implications for Australia are immense. For a start, we must recognise that a more competitive strategic system in Asia would make cooperation on major global issues like climate change and pandemic diseases that much harder. But more broadly still, if we can no longer assume that the US will remain the dominant maritime power in Asia by say mid-century, then we need to rethink many aspects of our own strategic and defence policy. That leaves Australia with some clear and immediate policy imperatives. We need to find ways to help shape the emerging new regional order to suit our interests. We need to ensure that foundations for cooperation on key global security threats are established as soon as possible so that they can resist any slide towards more competitive

relationships in future. And we need to consider how Australia's security can be sustained if and when, for the first time since 1788, we find ourselves living without the protection of a close and powerful ally as the dominant maritime power in the Western Pacific.

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