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Operationalising strategic risk reduction in the Asia-Pacific region: An Australian perspective

Policy brief

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Introduction

Should a major power war erupt in Asia, the prevailing sentiment among Australian strategic observers is that it would most likely stem from inadvertent escalation or 'accidental conflict' rather than a deliberate act or policy choice. Many of these same observers advocate for bolstering deterrence strategies as the primary means to forestall such a catastrophic scenario. This policy paper, however, contends that an unacknowledged tension exists between these two viewpoints, asserting that deterrence strategies may, in fact, heighten the risks of inadvertent escalation rather than mitigate them. To address this tension, this paper proposes that Canberra should place greater emphasis on revitalising and reimagining mechanisms for crisis management and conflict avoidance in the Asian context. This imperative, it argues, necessitates collaboration within a new coalition of regional middle powers, which includes Indonesia, the Philippines, Singapore, South Korea, and Vietnam.

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Sleepwalking to war

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For the past half-decade, Australian scholars, policy analysts, and officials have increasingly been of the view that the risk of major power conflict in Asia is rising. Encapsulating this sentiment, the then-Secretary of the Australian Department of Home Affairs, Mike Pezzullo, created headlines in April 2021, when observing in a leaked memo to staff that free nations “again hear the beating drums of war” as tensions in this region rise.¹ In a similar vein, Canberra’s April 2023 *Defence Strategic Review* observed that “for the first time in 80 years, we must go back to fundamentals, to take a first-principles approach as to how we manage and seek to avoid the highest level of strategic risk we now face as a nation: the prospect of major conflict in the region that directly threatens our national interest”.²

Such concerns initially focused, half a decade ago, on the growing risk of a major conflagration on the Korean Peninsula. In February 2018, for instance, former Defence Minister and Australian Ambassador to the United States, Kim Beazley, argued that “without doubt, we are in the most dangerous moment since the armistice that adjourned the Korean War in 1953. A war today could have unimaginable consequences: a catastrophic death toll, missile strikes beyond the Peninsula, the first nuclear bombs to be used in conflict since Hiroshima and Nagasaki. The risk has long been real – and in 2018, with Donald Trump in the White House, it is alarmingly high”.³ Around the same time, as Trump and his North Korean counterpart Kim Jong-Un traded increasingly bellicose threats and insults, former Australian Prime Minister Kevin Rudd assessed that the risk of renewed conflict on the Korean Peninsula had “increased to between 20 and 25 percent”.⁴

Although the situation on the Korean Peninsula hasn’t markedly improved since – and, indeed, has arguably deteriorated further due to Pyongyang’s advancing nuclear, missile, and other military capabilities – the focus of the Australian commentariat and policy circles in recent years has shifted to the possibility of a US-China conflict over Taiwan. Addressing the National Press Club in April 2023, for instance, Australian Foreign Minister Penny Wong observed that “a war over Taiwan would be catastrophic for all. We know that there would be no real winners”.⁵ Speaking at the same venue only three months later, former Australian Foreign Minister Julie Bishop identified the growing risk of conflict over Taiwan stemming from “shifting relative power in a geostrategic and military sense”⁶ as one among four ‘megatrends’ that are driving rapid and disruptive change for Australia, its region and in the broader international community.

Consistent with enduring characterisations of Australia as a ‘frightened country’, scholars here have long debated the likely triggers of major power conflict.⁷ Some of this work has attracted international attention and acclaim. In arguably the best-known treatise on the causes of war, for example, the Australian historian Geoffrey Blainey argued during the early 1970s that, although the outcomes of major power conflict can often be unintended by those who initiate it, such conflicts have historically been the product of intentional, conscious decisions for war on the part of national leaders. In other words, in Blainey’s view there could be no such thing as ‘accidental war’ or ‘inadvertent conflict’.⁸ Blainey’s contemporary Coral Bell, however, advanced a different perspective. She developed the concept of a ‘crisis slide’, wherein events could unintentionally spiral out of control through a series

of inter-state crises which have the effect of narrowing the choices available to decisionmakers and typically culminate in major conflict. Also writing during the early 1970s, Bell argued that such 'crisis slides' preceded both the First and the Second World Wars.⁹

A majority of contemporary Australian observers pointing to the growing risk of major war in Asia favour Bell's interpretation over that offered by Blainey. Most posit that any escalation to conflict will likely be the result of misperception, miscalculation, or mishap, rather than the product of a conscious, rational decision. In a prescient paper published in November 2014, for instance, the late Desmond Ball argued that there are military-technical dynamics present in Northeast Asia which create incentives for parties "to escalate even an unintentional minor conflict".¹⁰ In Ball's view, the vulnerable nature of contemporary Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) capabilities heightens the risk of one party using force if they perceive – rightly or wrongly – that an adversary intends to use significant and imminent military action against them, especially if such action is likely to target those capabilities.¹¹ Likewise, the US-based Australian scholar Fiona Cunningham has posited that the diametrically opposing views in Beijing and Washington regarding the feasibility of controlling escalation significantly heighten the risk of crises spilling into full-blown conflict, including across the nuclear threshold.¹²

Such arguments have been made by Australian analysts in relation to both the Korean Peninsula and Taiwan. Writing in September 2017, for example, during a period of heightened tensions between Pyongyang and Washington, former Chief of the Australian Defence Force Chris Barrie likened this situation to that in Europe on the eve of the First World War, when leaders ended up "sleepwalking"¹³ into a global conflagration. Barrie's use of the term "sleepwalking" drew directly from the work of another Australian historian, Christopher Clark, whose award winning book on the causes of World War One attributed this conflict to the actions of weak leaders who took what they regarded as calculated steps, but ultimately were unaware of the horrors that they would unleash.¹⁴ In the more recent case of the Korean Peninsula, Barrie saw similar potential for two "megalomaniac leaders" with "tin ears" – Trump and Kim – to engage in acts of miscalculation, misadventure, or poorly judged provocation, all with uncertain outcomes. This danger was exacerbated, in Barrie's view, by a US desire to demonstrate the credibility of its extended nuclear deterrent guarantee to allies, coupled with a lack of reliable intelligence about North Korea. Consistent with Clark's historical metaphor, Barrie saw potential for other powers – including China, Japan and possibly even Russia – to become entrapped in a conflict that none of them wanted but from which they ultimately couldn't escape given the larger strategic considerations at play, should this combustible situation ignite.

Hugh White, an Australian academic and former senior Defence official, has similarly embraced Clark's 'sleepwalking' logic. Indeed, his third in a trilogy of works published in the prominent Quarterly Essay series was entitled "Sleepwalk to War: Australia's Unthinking Alliance with America".¹⁵ Writing elsewhere, and specifically with reference to the prospects for a conflict over Taiwan, White sees the US and China engaged in a classic power political contest over the future shape of the international order that is centred

around this long-disputed island of 24 million people. In his view, “neither side wants to go to war, but both sides think that the possibility of a clash will serve their wider strategic aims”.¹⁶ According to White’s logic, China’s larger strategic ambition is to usurp America to become the leading power in Asia – now the world’s most economically dynamic region – whereas the US wants to preserve the dominant position that it has enjoyed here during the period since the Second World War. While both sides continue to talk up their willingness to go to war in defence of these larger goals, White’s view is that they are doing so primarily with the aim of convincing the other to back down without a fight. Given the significance of the stakes involved, however, he believes it unlikely that either side will do so. And as tensions continue to escalate, he maintains that Beijing and Washington will ultimately face a choice between a humiliating backdown or actually going to war – most likely over Taiwan, given the stated willingness of both sides to use force in the island’s defence. White’s assessment, based upon the course of previous cases of power politics dating back to the Peloponnesian Wars of Ancient Greece, is that Beijing and Washington will most likely opt for conflict over a humiliating concession that could fatally undermine their overall strategic position in Asia.

Deterrence ascendant

The emphasis given to deterrence in Australian foreign and defence policy has significantly outweighed that afforded to reassurance and diplomacy.

There has been some recognition on the part of recent Australian governments regarding the growing risks of inadvertent escalation. In its 2017 'Foreign Policy White Paper', for instance, the Turnbull Government committed to the promotion of confidence-building measures designed to reduce the risks of miscommunication and escalation to conflict in the cyber domain.¹⁷ Since November 2020, Australia has also co-chaired (with the Philippines) ASEAN Regional Forum (ARF) workshops on the subject of nuclear risk reduction.¹⁸ Foreign Minister Penny Wong has publicly urged Beijing to reciprocate calls from the Biden administration to establish 'guardrails' designed to prevent an increasingly fraught Sino-American rivalry from spilling into conflict. She has reportedly even raised this issue privately with her Chinese counterpart.¹⁹ In her aforementioned National Press Club address, Wong also spoke of the balance that must be struck between "strategic reassurance through diplomacy"²⁰ and military deterrence if conflict is to be avoided and stability preserved, particularly in relation to Taiwan. Echoing Wong, though arguably not going quite as far, Prime Minister Anthony Albanese observed during his June 2023 keynote address to the IISS Shangri-La Dialogue in Singapore that such "guardrails are absolutely necessary – while not being entirely sufficient".²¹

Indeed, in recent years the emphasis given to deterrence in Australian foreign and defence policy has significantly outweighed that afforded to reassurance and diplomacy. To be sure, deterrence is an enduring idea in Australian strategic thought. While cautioning against embracing deterrence as a starting point for defence planning and force structure development, for instance, the 1986 'Dibb Review' observed that deterrence could still constitute a useful element of Australia's overall defence strategy and, indeed, that it should ultimately be an eventual outcome of detailed planning and preparations.²² Another prominent Australian strategic analyst, Ross Babbage, was considerably less circumspect during the late 2000s when advocating for a strategy of "offensive deterrence" that could provide his country with the capacity to "rip an arm off any major Asian power"²³ that sought to attack it.

After more than a decade in abeyance, the concept of deterrence returned to centre stage in the Morrison Government's July 2020 'Defence Strategic Update', which included deterring actions against Australian interests as one of three primary objectives for Defence planning.²⁴ The April 2023 'Defence Strategic Review' subsequently devoted an entire chapter to the concept, outlining elsewhere the range of internal and external balancing measures that Australia has already or will undertake to enhance its defence capabilities relative to higher-level threats.²⁵ Internally, Australia's annual defence expenditure is poised to exceed \$A50 billion for the first time in the nation's history, while Canberra has also announced its intention to acquire potent new military capabilities including nuclear-powered submarines and long-range missiles.²⁶ Externally, Australia is significantly deepening existing alliances and partnerships – such as those with the United States and Japan – and forging new ones, such as the September 2021 Australia-United Kingdom-United States (AUKUS) trilateral partnership and the reinvigorated Quadrilateral Strategic Dialogue (or QUAD) between Australia, India, Japan and the US.²⁷

Risk reduction

Deterrence is regarded by many, if not most, Australian observers as the only viable approach for preventing major power war in Asia.

Deterrence is regarded by many, if not most, Australian observers as the only viable approach for preventing major power war in Asia. In February 2023, a group of prominent analysts jointly published a statement addressing the rising risks of conflict, in which they observed that “Australia must equip itself for the age of crisis. It should plan for war in the near, medium and long term, understanding that a stronger Australia would help deter conflict by raising the risks and costs of war for the CCP. The key to avoiding conflict is deterrence”.²⁸ Yet assessments such as these assume rational calculation on the part of involved parties and overlook the extent to which deterrence tends to increase, rather than ameliorate, the risks of inadvertent escalation. This represents an unacknowledged tension in current Australian foreign and strategic policy given that, as noted previously, inadvertent escalation is also widely regarded by Australian analysts as the most likely trigger of major power conflict in Asia.

There has certainly been a spike in dangerous encounters at sea and in the air during the period that the US and its allies have adopted increasingly robust deterrence strategies vis-à-vis China. According to La Trobe University academic Rebecca Strating, for instance, an alarming 79 incidents at sea occurred between both military and non-military vessels operating in the Asia-Pacific during the period from 2010-2022.²⁹ In recent years, Chinese and Australian military vessels and aircraft have been involved in several such encounters, including in May 2019, when Australian Army attack helicopters were targeted with lasers from Chinese fishing vessels during night time exercises; in June 2022 when a Chinese fighter jet released flares and small pieces of metal (or chaff) near an Australian military aircraft; and in November 2023 when a Chinese destroyer used its sonar while Navy divers from the HMAS *Toowoomba* were in the water, subjecting them to sonar pulses.³⁰

The preeminent Cold War strategic thinker Thomas Schelling illuminated the nexus between deterrence and inadvertent escalation when observing during the 1960s that “it is really better to consider the more ‘accidental’ kind of war – the war that arises out of inadvertence or panic or misunderstanding or false alarm, not by cool premeditation – as *the* deterrence problem and not one unrelated to deterrence”.³¹ Schelling did argue that the credibility of deterrent threats could potentially be enhanced by deliberately creating a risk of war wherein the issuer was not completely in control of whether or not they would ultimately carry their threats out – a dynamic that he famously referred to as the “threat that leaves something to chance”.³² However, he also advocated for the use of a variety of risk reduction measures – “delaying mechanisms, safety devices, double-check and consultation procedures, conservative rules for responding to alarms and communication failure, and in general both institutions and mechanisms for avoiding unauthorized firing or a hasty reaction to untoward events”³³ – to reduce the risk of accidental conflict and stabilise deterrence. And he emphasised the critical importance of ensuring that, should war break out, the adversaries would remain able to communicate clearly.³⁴

The Cuban Missile of October 1962 provided the catalyst which prompted the US and the Soviet Union to embrace such risk reduction measures. The year following that near-fatal exchange, they famously agreed to a hotline – known formally as the ‘Direct

Communications Link' (DCL) – to facilitate more timely crisis communication between Moscow and Washington.³⁵ A decade later, in May 1972, the US and the Soviet Union signed an 'Incidents at Sea Agreement' (INCSEA) designed to reduce the risks of dangerous encounters when vessels from their respective navies were operating in close proximity. The INCSEA had the desired effective, substantially reducing the number of such encounters between Soviet and American vessels. Its success later served as inspiration for similar mechanisms elsewhere, including the 1998 US-China 'agreement on establishing a consultation mechanism to strengthen military maritime safety'.³⁶

Despite the widespread view that the risks of inadvertent escalation in Asia are rising, there is currently very little enthusiasm for such measures amongst Australian observers. Responding to Foreign Minister Wong's support for the establishment of Sino-American 'guardrails', for example, Hugh White observed: "she surely understands that the chances of these bitter adversaries agreeing on measures to de-escalate their rivalry are very low, as long as the underlying issues between them remain unresolved, as they do. She must also understand that within two years there may well be a new administration in the White House – or a recent administration restored – which would make those chances even lower".³⁷ Richard Maude, another former senior official and policy advisor concurs: "Beijing isn't keen on specific guardrails, either – it fears these would legitimise US behaviour it regards as provocative. China doesn't want to have to manage incidents in the South China Sea, for example, it just wants the US out of the area. Nor do crisis hotlines get much of a workout. Beijing wouldn't take calls from US military leadership during the spy balloon drama in January, for example, because to do so would acknowledge there was, in fact, a crisis. In Beijing's world view, China never creates crises, other countries simply overreact".³⁸

In his recent book, *The Echidna Strategy*, the Lowy Institute's Sam Roggeveen comes closest to recognising the risks associated with Australia's emerging deterrence posture. By developing the military capabilities to strike targets on the Chinese mainland, he argues that Canberra is putting itself in a dangerous and disadvantageous position by substantially increasing the incentives for Beijing to escalate against Australia in the case of conflict. Given the stark power asymmetries between the two countries, Roggeveen contends, Australia will inevitably come out worse off from such an exchange, especially if Beijing feels cornered into responding with overwhelming military force to an Australian strike against the Chinese mainland. Drawing inspiration from a combination of Cold War Europe's strategy of 'non-offensive defence' and Taiwan's so-called 'Porcupine strategy', Roggeveen calls upon Canberra to explicitly repudiate any capacity to hit the Chinese mainland and to instead focus its energies and resources upon building a defence force designed to protect Australian territory and other more geographically proximate interests.³⁹ Once again, however, risk reduction measures of the kind proposed by Schelling do not feature in the predominantly military solution Roggeveen proposes.

The deep-seated scepticism regarding Beijing's willingness to meaningfully buy into risk reduction measures deserves closer examination.

For at least three reasons, the deep-seated scepticism regarding Beijing's willingness to meaningfully buy into risk reduction measures deserves closer examination.

First, it is important to keep in mind that China remains relatively new to the theory and practice of crisis management. This is an area where the US and Europe have decades, if not centuries, of experience to draw upon.⁴⁰ By contrast, as the Harvard sinologist Alastair Iain Johnston has documented, Chinese scholars and practitioners only began seriously studying crisis management in the late 1990s and early 2000s. This interest was in large part motivated by a series of Sino-American stand offs, including the 1995-96 Taiwan Strait crisis, the accidental US bombing of the Chinese embassy in Belgrade, and the April 2001 EP-3 crisis where a Chinese fighter jet collided with an American surveillance aircraft operating over the South China Sea. In the period since that time, a relatively large body of literature has developed, much of it drawing direct inspiration from American crisis management scholarship.⁴¹ Moreover, Chinese scholars working in this area have shown capacity for self-reflection and criticism through recognising, for instance, the role of Beijing's convoluted decision-making processes and stove-piped intelligence architecture as factors that are detrimental to effective Sino-American crisis management. The extent to which these views have percolated into the upper echelons of the Chinese leadership, however, remains unclear.⁴²

Second, while Beijing continues to appear reluctant to reciprocate the Biden administration's calls to establish 'guardrails' – notwithstanding what seemed a cordial November 2023 Leaders' summit where the Chinese at least agreed to re-open military-to-military communications which had been frozen for more than a year⁴³ – this stance is not necessarily set in stone and could yet evolve over time, especially in response to a major strategic crisis. During the early years of the Cold War, for instance, the Soviet Union displayed a similar reticence regarding crisis management and avoidance mechanisms. The Cuban Missile Crisis marked a significant turning point which, as noted above, led to the establishment of a high-level hotline in 1963. This mechanism was used to good effect in subsequent crises, including during the Arab-Israeli War of 1967 which threatened to inadvertently draw the superpowers into direct conflict on behalf of their respective allies.⁴⁴

Third, an overemphasis upon Sino-American crisis management and avoidance mechanisms obscures the extent to which Beijing has already bought into risk reduction measures more generally. In July 2022, for instance, a high-level meeting between Chinese Foreign Minister Wang Yi and Vietnam's Deputy Prime Minister Pham Binh Minh produced agreement to speed up the implementation of a hotline for managing fishing incidents between the two countries.⁴⁵ In May 2023, a hotline connecting the Chinese and Japanese defence establishments, which had been agreed to half a decade previously, became operational.⁴⁶ In June 2023, China and Singapore also agreed to establish a new hotline – formally known as a 'secure defence telephone link' – connecting their respective Defence establishments.⁴⁷ A hotline between China and the Association of Southeast Asian Nations (ASEAN), designed to prevent accidental collisions in the South China Sea from escalating, has also been agreed to and planning is reportedly underway to test this mechanism.⁴⁸

Securing Beijing's buy-in is certainly critical to the present and future crisis risk reduction measures in Asia. This is not only because of China's significant economic and strategic weight, but also due to its direct involvement in a number of the region's most protracted territorial disputes. That said, there remains a need to engage other regional powers too.

This is especially so on the Korean Peninsula, where the risk of inadvertent escalation remains high due to this flashpoint's enduring historical animosities, its complex balance of military power, and its combustible strategic geography – conflicts across land borders have the potential to escalate more quickly than those in maritime environments due to a phenomenon known as the “stopping power of water”.⁴⁹ Despite these substantial challenges, however, Korean risk reduction measures remain fragile. Since September 1971, when the first hotline between the two Koreas was established, more than 50 such measures have been put in place.⁵⁰ However, these measures have unfortunately tended to stall during periods of tension; this occurred in June 2020 and again in April 2023, after Pyongyang unilaterally cut off all communication links with Seoul.⁵¹ Similarly, in November 2023 Seoul responded to North Korea's launch of a military reconnaissance satellite by partially suspending the ‘inter-Korean Comprehensive Military Agreement (CMA)’, that the leaders of the two sides, Kim Jong Un and Moon Jae-In, agreed to at their September 2018 summit. Responding within a matter of days to Seoul's partial suspension, Pyongyang completely abrogated the CMA.⁵²

Policy recommendations: A middle power moment?

Canberra should work in collaboration with other Asian middle powers who have a similar interest in avoiding major power conflict.

Amidst an intensification of strategic rivalries across Asia, there is a growing risk of inadvertent escalation. This risk is widely recognised by Australian strategic observers. However, an under-acknowledged tension exists between this recognition and the greater emphasis that is currently placed on deterrence in Australian foreign and defence policy. To resolve this tension, Australian policy should balance an increased focus upon deterrence with greater advocacy for crisis management and avoidance mechanisms designed to reduce the risks of inadvertent escalation and accidental conflict.

The Albanese Government's public support for US efforts to establish Sino-American 'guardrails' suggests that Canberra is somewhat cognisant of this tension. However, the risk of inadvertent escalation extends beyond the US-China relationship and greater attention also needs to be given to reinvigorating, and possibly even reimagining, other regional risk reduction measures especially on the Korean Peninsula and across the Taiwan Strait.

While it is encouraging that Australian Foreign Minister Penny Wong has reportedly urged her Chinese counterpart to reciprocate the Biden administration's calls to establish 'guardrails', Australia lacks the requisite diplomatic heft to undertake this task alone. Instead, Canberra should work in collaboration with other Asian middle powers who have a similar interest in avoiding major power conflict given the unimaginable human and financial costs that such a conflict would likely entail – especially if it were to escalate beyond the nuclear threshold. Members of this new middle power coalition might potentially include Indonesia, the Philippines, Singapore, South Korea, and Vietnam. One interesting question to ponder here is whether the United Kingdom could also potentially put its shoulder to the wheel, adding further substance to its so-called 'Indo-Pacific tilt' in the process. The reticence that some of the region's other middle powers – namely Indonesia and Malaysia – have expressed regarding AUKUS provides reason for caution.⁵³ Nonetheless, it remains a possibility worth considering, especially given London's considerable sway in Washington and so-called 'soft power' influence elsewhere in the region, especially in parts of Southeast Asia.⁵⁴

The grouping could begin modestly by conducting a through stocktake of existing crisis management and avoidance mechanisms in Asia. This task could be undertaken as a collaboration between leading academic institutions and/or think tanks in some (or all) of the countries concerned. The stocktake would provide a comprehensive overview of existing regional risk reduction measures, highlighting which are currently operative and those that have atrophied, as well as areas of possible redundancy, and potential gaps for future investment.

Through this stocktake, the coalition of Asian middle powers could then prioritise which regional crisis management and avoidance mechanisms would benefit from some reinvigoration. The Cross-Strait hotline which was agreed to by Chinese leader Xi Jinping and Taiwanese leader Ma Ying-jeou during their historic November 2015 meeting in Singapore stands as an obvious example here. This mechanism has been dormant since the inauguration of the independence-leaning Tsai Ing-wen Government in mid-2016, notwithstanding a significant rise in Cross-Strait tensions that has included Chinese military ships and aircraft operating increasingly

closer to Taiwan.⁵⁵ Likewise, the group could also advocate for the more consistent use of inter-Korean mechanisms, especially during times of tension when they are needed most.

This middle power coalition could identify areas where new crisis management and avoidance mechanisms should be developed. One potential area is in the cyber domain, where such measures are desperately needed but remain next to non-existent. For instance, the grouping could develop new guidelines – or ‘rules of the road’ – for how cyber capabilities should (and should not) be used for military purposes.

Finally, rather than adding yet another ‘minilateral’ grouping to an already overcrowded regional security architecture, this middle power coalition could collaborate to advance its agenda through existing Asian multilateral institutions, such as the East Asia Summit (EAS), the ASEAN Defence Ministers Plus (ADMM+) process or the ASEAN Regional Forum (ARF).

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