

Sharp Power – Autocratic nations threatening democratic nations like Australia in the 21st century

Ascot Vale ALP Branch – 2019 Foreign Policy Lecture

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When I was invited to speak to this Labor Party branch meeting, I began reminiscing about the first Labor Party branch meeting I attended. I was 17 and it was in Canberra. I nervously stood to move a resolution: “That the Pine Gap spy base be shut down.” Speaking to the motion, I said Pine Gap made Australia part of the US war machine and turned Australia into a nuclear target.

The motion was carried. It was a left-wing branch. As someone from the left, and as a student radical protesting against the Vietnam War, I have always had a strong streak of anti-Americanism.

As a history student at the ANU, I studied the Chinese Revolution, and was stirred by books like Edgar Snow’s *Red Star Over China*, the 1937 classic recounting the American journalist’s meetings with Mao and the heroics of the Long March.

I was inspired by the story of how the Chinese people, under Mao Zedong’s leadership, freed the nation from the yoke of imperialism and then drove out the landlords and capitalists to build a socialism for the people.

Today I feel embarrassed at my romanticizing of Maoism and my willingness to overlook the brutality of the Chinese Communist Party and the forces it unleashed. Nevertheless, although upset by events like the Tiananmen Square Massacre, for many years I did not have a strong enough reason to re-examine the deeply-held beliefs I had formed in the 1970s.

It all started to change in 2008 (as I say in my book) when I went along to a protest by Tibetan exiles outside Parliament House as the Olympic Torch relay went past. From nowhere, it seemed, thousands of angry, red-draped Chinese students appeared, surrounding the Tibetans and shouting them down. It was intimidating. The police were outnumbered and I feared a riot would take place.

It left me confused and disturbed, but I recognised two things. The army of aggressive students represented a foreign government. And they had violated something I held dear, the democratic right to protest of the exiled Tibetans.

But it was not until eight years later that I was motivated to look into it. In August 2016, news broke about Sam Dastyari's close links with wealthy Chinese donors, donors whom credible people said had links with the Chinese Communist Party. This struck me as extraordinary. How did a handful of Chinese-heritage billionaires with ties to the CCP become the biggest donors to both main political parties? What on Earth was going on?

So I went to talk to the experts and began to read more widely. And over the next year my understanding of the ambitions and *modus operandi* of the CCP shifted. The bullying of fishermen in the South China Sea, the shifting strategic stakes in Asia-Pacific under an assertive China, and the role of the United States in the region, all took on a different hue.

An economically and militarily powerful China, ruled by an increasingly authoritarian Communist Party, now dominated by hawks who want to return China to its imperial glory and are willing to use ruthless means to get there; these facts change everything, especially when the CCP (as I was discovering) is conducting a multi-faceted and successful campaign of political interference in this country, the kind of thing Australians have never experienced.

Many Chinese-Australians have understood this for years and it's only been in the last two or three that significant numbers in the mainstream, like me, have

begun to acknowledge it. A handful of clear-eyed analysts in the mainstream-- academics like John Fitzgerald and Gerry Groot and Beijing correspondents like John Garnaut and Philip Wen—had been sending warnings, but few were listening. Until now.

Here I should own up to a character flaw. On a number of big issues over the years, my thinking has undergone a major shift as the facts change. After the shift occurs, the new situation seems so obvious to me that I become impatient with those who cannot yet see it. I forget that sometimes the tables are turned and I am the one being slow to see what those in the vanguard have seen.

I had to remind myself of my character flaw last week as I listened to Fran Kelly on Radio National interview Gareth Evans. Gareth was claiming that a bamboo ceiling is preventing Chinese-Australians from proper representation at senior levels of business, politics and universities.¹

It's true that Chinese-Australians are under-represented in politics and senior positions in various institutions. But it was Gareth's explanation for it that irritated me. It's down to a new form of Sinophobia, he said, and the "hyper-anxiety" about Chinese influence in Australia of recent times.

Of course, we can find Sinophobia out on the far right, but is Gareth seriously saying that the top levels of the Australian Public Service, corporate boardrooms and political parties harbour a secret hatred of Chinese people? Gareth's interpretation is a knee-jerk reach for the familiar, reading the new with the old concepts. But it's also an attempt to close down public debate by characterizing as racist those worried about Chinese Communist Party influence in Australia.

¹ <https://www.abc.net.au/radionational/programs/breakfast/evans-calls-for-diversity-targets-to-break-bamboo-ceiling/10899238> See also the speech: https://asialink.unimelb.edu.au/__data/assets/pdf_file/0010/3019483/AsialinkDunlopBambooLecture_v11.pdf

With a Labor government likely within a few months, Gareth's references to "the rise of anti-Chinese sentiment" and "hyper-anxiety" about "Chinese influence" becomes more worrying because if his view influences senior Labor ministers then it would be a godsend for the CCP.

No one I know is anxious about "Chinese influence" in Australia. Chinese influence has been apparent in this country for 150 years and is a welcome part of our cultural richness. The anxiety Gareth decries is about *Chinese Communist Party* influence in Australia, for which the evidence is so strong that last year the Government and the Opposition agreed on far-reaching new laws to counter it.

The Chinese Communist Party always conflates the Party with the Chinese people; it's the starting point of its propaganda. The Party is the Nation; the Party is the People. Four legs good, two legs bad.

The Party uses this device to characterize its critics as "anti-China" and Sinophobic. It's a highly effective device for closing down public debate in the west because of our terror of being accused of racism. I call it Sinophobia-phobia. Sadly, by deploying it Gareth is unknowingly doing the Party's work.

Chinese Communist Party influence in Australia has above all been directed at Chinese-Australians. Many came here to escape the Party, but it has followed them. Others, a minority, have succumbed to its inducements, pressure tactics and threats. The Chinese-Australians I spoke to in the course of writing my book, and many more since, can point to the members of their community who work for the Party.

It's not surprising then that anxiety over CCP influence is making managers in sensitive areas more vigilant about where the loyalties of some Chinese-Australians might lie. But whose fault is that? Gareth reaches for the easy answer, Australia's historical stain of racism.

But shouldn't we be blaming the systematic campaign by Beijing to secure the loyalty of Chinese-Australians, in the ways I detail in my book? The blame lies in the exercise of sharp power by an authoritarian foreign government rather than a fault in the Australian character.

I'm picking on Gareth because he stuck his head up last week and because he is an influential member of what in my book I call the China club, a powerful group of politicians, bureaucrats and advisers that formed in Canberra during the Hawke–Keating years. They believed we must cast off our ties to the Old World and look north to a world that is economically dynamic, culturally exciting and full of new opportunities. The Northeast Asian ascendancy, as Ross Garnaut famously called it in his 1989 report, foreshadowed a cultural as well as an economic realignment.

It was an appealing vision, even if its launch was immediately overshadowed by the Tiananmen Massacre. For some of us, the vision would sour, or at least become more complicated, when it became clear, especially after Xi Jinping became General-Secretary of the CCP in 2012, that the promise of a Northeast Asian ascendancy had morphed into the rise of a powerful and extremely autocratic state bent on regional if not global hegemony.

The romanticised conception of China many of us formed in the 1970s, and which underlay the China club's new vision for Australia's future in the 1980s and 1990s, is dead. As a result, Australia's strategic environment has been transformed. Some, like Gareth and the China club, resist facing the new facts.

Sharp power

What is sharp power? In December 2017 *The Economist* published a cover story titled 'What to do about China's "sharp power"'. It wrote that "if China does not seek to conquer foreign lands, many people fear that it seeks to conquer foreign minds." It does so not by the use of soft power, that is, the attractive and

persuasive power of culture, values and ideas, but by the use of *sharp power*, that is, the deployment of “subversion, bullying and pressure, which combine to promote self-censorship.” This is exactly what I explore in detail in *Silent Invasion*.

In a way, the *Economist* article was an argument against the so-called Thucydides trap, the belief popularised by Graeme Allison that confrontations between a dominant and a newly rising great power typically end in war, that is, the mobilisation of hard power. It’s a view persistently argued by Hugh White in Australia.

Hugh has written that the US-China contest “is classic power politics of the harshest kind.”² This is a profoundly wrong way to view the contest. There is nothing classic about the power politics we are caught up in, and as long as we see it that way we are losing because the CCP is playing a different game. It’s called political warfare and it’s endemic to the way the CCP thinks.

CCP leaders are steeped in Marxist-Leninist theory. They believe that they are engaged in perpetual struggle. A recent paper by Thomas Mahnken, Ross Babbage and Toshi Yoshihara put it this way: “It is abundantly clear that the Party sees itself at war with the West. [Its] books portray a life-and-death struggle against dangerous ideological forces that could topple the regime.”³

It sees the external world, and especially the West, as a hostile force bent on undermining it at every opportunity. The Party explicitly rejects the foundational principles of democracy and human rights. It is constantly vigilant, indeed paranoid, about the influence of “Western” ideas. It must implement counter measures and go on the offensive, that is, engage in *political warfare*. Mark Stokes and Russell Hsiao define political warfare as follows:

² Hugh White, Without America, *Quarterly Essay* 68, 2017, p. 3

³ <https://csbaonline.org/about/events/csba-global-release-counterering-comprehensive-coercion-by-thomas-g-mahnken->

Political warfare seeks to influence emotions, motives, objective reasoning, and behavior of foreign governments, organizations, groups, and individuals in a manner favourable to one's own political-military objectives.⁴

That could be the back-cover blurb for my book. If speaking of “war” seems too strong then we need to recognise that is how the CCP leadership sees itself—at war. There is a great deal of scholarship showing it's not a metaphor but a different understanding of war as a means of subduing adversaries.

Essential to the PRC's strategy has been to reconfigure the role of its military forces, to make them expert in information, cyber and psychological warfare, and to integrate these forms into conventional kinds of military pressure. These in turn are coordinated with other forms of power projection conducted by various arms of government, including United Front work, propaganda work, economic statecraft, normal diplomacy and the increasingly coercive forms of diplomacy practiced by Beijing. All of these are being felt in Australia.

So whether we like it or not, Australia and its allies are engaged in a new kind of contest, political warfare. The aim is to subdue Australia so that we do not offer any resistance to China's continued expansion and geopolitical dominance.

The most important vector of influence is through elites. Political warfare targets influential individuals with sophisticated psychological operations so that they are persuaded to argue Beijing's case. There are Party manuals that instruct cadres in their use.

Psychological work on elites complements Beijing's most powerful weapon of political warfare, economic persuasion and coercion. We have seen it applied

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https://books.google.com.au/books/about/The_People_s_Liberation_Army_General_Pol.html?id=EEW6oAEA CAAJ&redir_esc=y

with real (but deniable) restrictions on imports from Australia, leading business groups to pressure the government to relent and be friendlier to Beijing. In Taiwan, long familiar with Beijing's tactics, this ploy has a name, *yi shang bi zheng*, use business to pressure government.

So, contrary to the traditional view of analysts like Hugh White, rather than applying pressure from without, Beijing is attempting, with great success, to undermine resistance from within. In the canonical text *The Art of War*, Sun-Tzu says it's always preferable to defeat an enemy without joining battle. The aim is to 'psych out' the enemy. There are leading figures among our elites who have been psyched out by the CCP's political warfare.

I want to stress strongly here that we cannot separate Beijing's external strategic activities in the region from its internal subversive activities in Australia. The South China Sea dispute is an excellent example.⁵ For Beijing the two go hand in hand. Political warfare *means* undermining your adversary's resolve through subversion and psychological warfare; it is inseparable from the exertion of strategic dominance. It is precisely this that Gareth Evans does not understand.

Pushback

Over the last couple of years, this new understanding of China has been taking hold in Western capitals. In both Canberra and Washington D.C. there is an extraordinary bipartisan resolve to push back against China. In the United States, pushing back against China is the only major issue that attracts bipartisan support in Washington. If anything, Democrats show more resolve than Republicans.

This shift was confirmed by the 2017 U.S. National Security Strategy, which said "Chinese dominance risks diminishing the sovereignty of many states in

⁵ Not just in the co-option of Sam Dastyari but in the mobilisation of elements of the Chinese diaspora, activism by Chinese students and, most insidiously, psychological work on mainstream elites.

the IndoPacific” and the United States will “redouble” its commitment to the region and strengthen its military relationships with allies. It was also confirmed by the January 2018 U.S. National Defense Strategy, which emphasised the priority of being well-prepared to confront China in the South China Sea and East China Sea and the vital importance of strengthening alliances in the region.

In Australia, the pushback followed two years of exposés in the newspapers and closer scrutiny by the intelligence agencies. Last year we saw a strong bipartisan desire to build defences against the CCP’s systematic campaign to expand its already strong influence in Australia.

It came after the extraordinary work of the Parliamentary Joint Committee on Intelligence and Security, chaired by Andrew Hastie with Labor’s Anthony Byrne as deputy chair. Malcolm Turnbull and Bill Shorten joined together to support the foreign interference legislation, a powerful weapon against PRC interference, along with a number of other legislative and administrative measures to protect our democracy.

Some on the left greet the pushback against the CCP with scepticism. The new laws, the banning of Huawei, the exclusion of state-linked Chinese companies from our infrastructure, heightened vigilance against foreign influence, all are viewed cynically in outlets like *The Monthly* and *The Saturday Paper* as well as by a motley range of commentators elsewhere, with Bob Carr, Andrew Robb and Andrew Forrest prominent among them. (Interestingly, the far-left of the Greens, though not the moderates, has been quick to shout “Sinophobia”.)

And in his interview last week, Gareth Evans dismissed intelligence on CCP influence, reminding listeners that he had always been reluctant to rely on “what the spooks tell us about *anything*.” Is that a safe attitude in government today?

Much of the resistance is driven, I think, by anti-Americanism, supercharged by Trump. I get this. But I cannot understand why scepticism or even hostility

towards the global role of the United States blinds so many on the left to the true nature of the Chinese Communist Party regime under Xi Jinping and the severe danger it poses to our freedoms. Some even welcome China pushing the United States out of the region.

This is madness; the fact is that if the U.S. were to withdraw from the Indo-Pacific we, along with the other nations of the region, would be almost powerless to resist PRC domination. In the last few years, China has taken on all of the features of a brutal fascist state with expansionist ambitions. Yet many on the left seem to have forgotten the lessons of history?

Beijing is working hard to break up alliances—ASEAN, the EU, the American alliance, Five Eyes. An “independent foreign policy” sounds attractive, but China can dominate “independent” countries more easily, which is why it urges us to be independent. If a nation as hardened and capable of its own autocratic powers as Vietnam cannot resist, what chance would we have? Without the United States alliance and its continued presence in Asia, and in the absence of a change in the nature of the regime in Beijing, Australia will inevitably become a client state of China.

A China policy

So what should our China policy be? First, some premises. We should make it clear at every opportunity that we recognise a clear distinction between the Chinese people and the Chinese Communist Party. But we should also discard fuzzy 1970s notions of “friendship between nations”. As New Zealand CCP expert Anne-Marie Brady has written, bestowing the title “friend of China” is not seen by the Party as an honour. It’s seen as a job description.

We should recognize the CCP’s determination to make China the region’s hegemonic power. We should accept that we are engaged in a contest in which Beijing is using political warfare to erode our sovereignty and democracy.

Of course, it's in our interests to do what we reasonably can to pursue a harmonious and sustainable economic relationship with the PRC. But we should make it crystal clear that we will not compromise our institutions and values, and we are willing to pay a high price to protect them. Our government should call out bad behaviour, like cyberattacks by state actors in China on Parliament House and on Labor Party and Liberal Party head offices.

This shift in attitude is already well underway in Canberra. We are building defences against Beijing's political warfare, that is, creating legal and administrative measures to outlaw and punish subversive activity.

In 2018, the Australian Parliament passed the foreign interference law, the foreign influence transparency scheme, and new national security requirements for telecommunication carriers. The Critical Infrastructure Centre was established and the FIRB was restructured. A revamp of the Defence Trade Controls Act is in the pipeline. And a range of administrative measures has been put in place, including visa scrutiny for visiting researchers.

We also need to take measures to limit Beijing's ability to inflict pain on us. That means diversifying our trade and investment to reduce reliance on China. Education and tourism as well as iron ore and coal exports are the most vulnerable.

The government should send a clear signal to industry that if they want to enjoy the commercial benefits of heavy reliance on China's markets, markets they *know* are subject to capricious political intervention, then they must accept the risks themselves and not pressure governments to give way to blackmail.

In order to counter Beijing's divide and rule tactics, we need to consolidate our existing alliances and help build new collaborations with nations in the region and beyond. To keep Beijing out, we must engage much more strongly with Melanesian and Pacific nations, which means spending much more money.

We need to spend more on defence with a special focus on developing a highly sophisticated cyber warfare capacity, both defensive and offensive.

The China policy I'm suggesting is a realist one, that is, built on a hard-headed reassessment of the nature of the Communist Party regime. It's a reassessment over the last several years that is becoming the dominant view in Australia, the United States, Japan, India and beyond. It's regrettable that we must adopt this approach, but new circumstances demand new policy.

It's reassuring to read the foreign policy sections of the ALP's National Platform because it very much reflects the shift I have outlined and the kinds of policy responses needed. The National Platform stresses:

- protecting the rules-based order that has underpinned stability in the region;
- committing to universal human rights as an essential foreign policy objective;
- strongly backing multilateralism and reinforcing regional alliances like ASEAN;
- strengthened ties with other democracies, like India, Japan, Korea and Indonesia; and,
- “continued constructive engagement of the United States in the Indo-Pacific.”

China today is actively working to undermine each of these.

In a speech last October, Bill Shorten framed the new approach this way. He reaffirmed Labor's commitment to the American alliance, “a pillar of our foreign policy”, while recognising that at times Labor disagrees with it, as on the Paris agreement and the Iraq War.⁶

⁶ <https://www.lowyinstitute.org/publications/foreign-policy-next-labor-government>

He noted that China is an increasingly influential player, saying: “Pre-emptively framing China as a strategic threat isn’t a sufficient response to its role and increasing influence in our region.”

But he pointedly observed that “the authority of rule-making organisations – from the UN to the World Trade Organisation – is fraying. This matters to Australia, because a ‘might is right’ world, a world where power alone is the determinant of rule-setting, marginalises Australia’s interests.”

He spoke of Labor’s principles as including “a world in which power is tempered by justice.” That, I suggest, will be Labor’s foreign policy challenge: standing up for justice in a region where increasingly might is right.

With a Labor government looking likely, there are influential voices in the Labor Party who understand that the world has changed and that Beijing now represents a serious threat to our sovereignty and democratic values, and an even greater threat to the sovereignty of many nations in the region.

However, there are some in the ALP stuck in a 1980s romantic view of China. Others, especially in the NSW Right, are Beijing apologists. Some close observers are concerned that a Labor government will go soft by failing to implement the robust domestic measures now in place to resist CCP influence and by doing little to build resilience among our regional allies. It’s an unspoken battle going on within the Labor Party, one that crosses factional lines, but that is of vital importance to Australia’s future.