

Speech by Hon P J Keating

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- The international political system is fundamentally an anarchic structure.
- *Pax Americana* is not the natural order of things.
- We should not confuse the relative peace of the last thirty years with the anarchy which otherwise abounds.
- At some point an American President was going to construe the national interest in narrower terms.
- Relative decline and domestic exhaustion are the two pressing trends.
- Trump may have no academic or rationalist framework for his actions, but his intuitive stance will take America where the next President, or the one after that, would take it anyway.
- The trend really started with Obama. His policy of 'restraint' and his impotence in the South China Sea pointed the direction for Trump.
- Trump is restoring America, as a selfish state among selfish states.
- Never since the Roman Empire has power been so concentrated in one state.
- Imperial decay is primarily a result of the misuse of power, which follows from its concentration. The thoughtless extension of NATO up to the borders of Russia and the criminal attack on Iraq, come to mind.
- Then, out of the mists of imperial grandeur, China popped up.
- Trump's great fear is that China will overtake the US, both economically and technologically.
- Trump is trying to engineer a technological divorce from China, in the now mistaken belief that China's technological achievements depend almost entirely on theft from the West.

- Trump fails to understand that the industrial revolution broke the nexus between population and GDP, but that globalization has restored that nexus.
- Population will again be the principal driver of GDP.
- Vice President Pence's declaration of a new cold war with China - is evidence of the US's absolute affront at China's rise – rather than thinking 'successfully' about an informal G2; more or less replacing the old G7. Where everybody wins.
- In this environment military escalation becomes conceivable.
- As the US would be hopelessly outnumbered in conventional land battles, military escalation will be all about naval power and hypersonic short-range missiles. (Chinese DF-21D long-range targeting a carrier group.)
- The problem for the Americans is that their forward projection by traditional carrier forces will be vulnerable to Chinese hypersonic ballistic missiles, travelling at Mach 10.
- Every great battleship in the Second World War went down in their first week at sea. The Bismark, the Tirpitz, the Yamato; and in their first contact week at sea: the Renown and the Repulse.
- This is likely the fate of the American carriers in any near exchange with China.
- These developments underline the need for Australia to know where it stands, and what it wants in the coming muscling up between the US and China.
 - The US has been and remains our security ally. But we must get the US right.
 - Trump is making it completely clear that US interests are US interests and not, in our case, Australian ones.
 So we have to now view the US through that lens.
- US interests will not be Australian interests. They may coincide from time to time, even mostly, but they may not.
- The great irony is that China offers more prospect for stability, predictability and continuity, internationally, than any other major player.
- Currently, Australia does not have a foreign policy of any degree of sophistication, which comprehends the choices we will need to make between our own interests and that of the US and China.