Transcript — George Friedman on Why Australia and Japan are the Future of the Pacific

Christian Smith: Hello, and welcome to this podcast from Geopolitical Futures. I'm Christian Smith. There is no country in the world with whom we have a greater strategic alignment than Japan. That is quite the statement, but it is what Australia's Defence Minister, Richard Miles, said over the weekend. He has actually made that comment several times before. But it is fairly rare for a country to single out one ally in this way. It came as Miles and his Japanese counterpart were announcing a $7 billion deal for Japan's Mitsubishi Heavy Industries to build three of Australia's new stealth frigates, with Australia to build a further eight. Japan and Australia have long been allies, but this deal is a significant step. It's not every day, after all, that you spend billions on a new fleet. So today on the podcast, I am joined by Geopolitical Futures chairman and founder George Friedman to discuss the alliance and what it says about the new geopolitical order that is developing in the Pacific. Before we start, let me also point you in the direction of the geopolitical futures website, geopoliticalfutures.com where you can find George's recent article on this, free to access. That's Geopolitical futures dot com. George, hello. Welcome. Good to see you again. Look, our audience may have missed it. I gave a brief outline there. But just talk us through what was agreed between Australia and Japan over the weekend.

George Friedman: Well, there are several agreements between Japan and Australia already. This is an agreement that the Japanese will produce a number of frigates, important vessels in time war. Both nations are basically maritime nations. Both are islands, one a vast one, another smaller one. One exists at the northern end of China, the other at the southern end of China. And the two of them are forming this relationship and has been there in place. But now this is the Japanese producing a large number of frigates to be used by the Australians and also many of them produced in Australia by the Japanese. And this indicates a significant evolution in the geopolitics of the Pacific Ocean, where the United States and China were never at war, but always in some sense of confrontation with each other. Okay. Now, with the United States and China moving forward to some sort of accommodation, okay, the task of defending the Pacific is a Japanese

task and Australian task. And these are the two major countries really, apart from China, in that region. And they're joining together as they should, to form a defensive pact.

Christian Smith: As someone from New Zealand with family from Australia, including family who fought in both world wars, my mind jumps to the First World War and the fact that the Ottoman Empire. There just seems to be a cute mirror here. The fact that the Ottoman Empire entered that war against the Allies in part because Britain reneged on a deal to build ships for the Ottomans and instead decided to keep them for themselves. And then later, that led to the infamous Gallipoli campaign. George, with these sorts of deals, you need a fair amount of trust between parties. Of course, Australia and Japan were at war 80 years ago or so. What do you think we can read into that fact that. That they've decided to do this.

George Friedman: More than trust, you need a common fear. The common fear is that China will evolve if the United States isn't there to block them and impose economic and potentially military actions on them. So in the relationship between nations, love is not the moving element. Fear is not that they're so terribly afraid, not that they really think that is going to happen, but it is one possibility in the future. Therefore, there is a common interest of both to be able to keep the Chinese, since they are both islands, to bear in mind Japan, a much smaller island than Australia, from using its navy to surround them and so on. So in the Pacific, ground warfare is less relevant than maritime warfare. It's control of the oceans that is essential to all nations, especially trading nations like Australia, Japan, China, and so on and so forth. The building of a fleet, the first part of the new Australian Navy, having been built by the United States with submarines, the building of that navy simultaneously brings them closer together at the same time pleases the United States a great deal. So this is a win, win, win situation on all sides. And it really takes two massive economic powers. Japan, already a great industrial power. Australia, also significant power with major evolutionary capabilities if they chose. So we're seeing the two great western Pacific powers coming together.

Christian Smith: And look, this is part of a wider trend in increased defense spending for both countries. Talk us through that.

George Friedman: Well, the Japanese, of course, after World War II were pacifists. In other words, they learned not to like war. And really, for the past 50 years, they've avoided increasing their capabilities. They started increasing those capabilities mostly under American pressure, and they didn't want to. But Japan has evolved. The World War II generation that remembers its defeat, remembers Hiroshima, Nagasaki, they're passing away. And the new generation has always known a fair degree of prosperity in Japan. So when you look at them and they say, well, who are we? World War II isn't how they define themselves as. And when they take a look at the United States reasonably trying to reduce its exposure, they're not having that problem they used to have. So the Japanese are engaged in a large defense enlargement if you will. And so the Australians are slower in moving on that course, but are also taking a look at the Americans wanting to be a little farther back. Certainly no one in their right mind would evade Australia. It's a vast country. They're not going to defeat it. But again, it's a maritime issue. Whoever controls the oceans, particularly the passes like the Malacca Pass outside of Australia, when you take a look at the past between Japan and South Korea, well, these are important for the Chinese. They're also important for the Japanese. They're also important for the Australians. So, as they say, good fences make good neighbors, powerful militaries make good friends.

Christian Smith: And you touched on it there, George. The U.S. of course, in the U.S. strategy, we've seen the new National Security Strategy, which is interested in focusing on the Western Hemisphere. A lot of analysis about what the US Is now doing with its foreign policy is based on the idea that Trump and his team want to focus more on China, on the Pacific. Why is it that Japan and Australia feel the need to gear up and team up a bit more, or is that a misreading of the situation?

George Friedman: Well, the United States looks at Australia, looks at Japan, and says, they're quite capable of defending themselves. Why should we have the burden, aside from minor things like Iran and so on and so forth, we don't want to get involved elsewhere. However, the United States is frequently felt, particularly with the Europeans, that they were quite capable of defending themselves, but they preferred us to bear that burden. The interesting thing about Australia and Japan is they understand the American position. They understand how they've evolved Since World War II, both the Japanese and the Australians, and they both

come to the conclusion that depending on the United States is not necessarily safe for their own nations, because who knows what the United States will choose to do in a crisis. And therefore, they're maturing in a way. The Japanese were a very mature society, if you will. World War II shattered them. They've now recovered from that. And so they're doing what one of the largest industrial nations in the world would do, preparing for the worst, hoping for the best. The same is true Australia. Australia is not as industrialized in a way as Japan, but has massive resources, natural resources. A very sophisticated population like Japan does is quite capable of doing these things. So where the Japanese are probably better at building ships than the Australians are at this moment, this is a transfer of technology as well there. And remember, both Japan and Australia are fundamentally maritime nations. They're islands. Australia a vast island, Japan a substantial island, but still islands. And anytime that anybody wants to make war on them, they have to have navies. You don't play with either one unless you're ready to have a naval force. And building navies together brings down the price. And simultaneously one could come to the rescue of the other if it was necessary. So you're the two major non continental Asian nations, if you will. Okay, you're off the coast, you're well to do, you're hard to attack, but in this world of drones and everything else, anything is possible. So you have a natural interest in each other based on the fact that you have no fear of each other. Unlike World War II, when there was a fear between two, there's nothing to fear. Neither one of you is going to attack the other. And having business relations between a very prosperous mineral country and a very capable industrial country makes a very interesting combination. A very common market.

Christian Smith: Yeah. And Australia and Japan have long had, over the past decades, a close economic relationship would. Do you think we're going to see some kind of NATO esque alliance between the two of them? NATO esque is the wrong way of putting it. But a defense alliance where, where they defend each other?

George Friedman: Well, one, the idea of China invading Japan or invading Australia is not a rational possibility. However, given the evolution of warfare with drones, missiles and so on in tactical positions, the possibility of engaging is there. China has a fundamental fear of both the countries because they are boxed in out of the Pacific, but particularly getting into the Indian Ocean and around. So

both the Japanese and the Australians hold keys to their global interests, commercial interests, not necessarily military interests. So one thing that they may want to do in the future is to secure the straits between Japan and South Korea, for example, the Malacca Straits. That would lead them into the Indian Ocean. Would they? It's unknown. But a good. The best sorts of alliances are those that are not created under pressure out of fear necessarily, but of possibilities and that those don't have to revolve radically rapidly and they don't have to be imposed on each other. So in the case of this, we see a classic evolution of relations between two countries, not on an emergency basis, but to prevent emergencies. So it is much more low key but significant development.

Christian Smith: I want to pick up on the European side of this. As you mentioned before there, George, do you think that there is a difference in how European nations are approaching their defence and their willingness to build their defence and how Australia and Japan are. And if there is, why do you think that's there?

George Friedman: Well, the European countries, you should have to remember, are divided into two Parts. The part that formed global empires. This is not the first global period. The first global period was the European conquest of Africa, parts of Asia for some time with the Western Hemisphere, okay, the ones on the Atlantic to the west coast. Britain, France, not Germany, because it was divided in time. They built massive empires. You think about the fact that the Netherlands controlled Indonesia, this vast country controlled by them, the Eastern European countries. Well, they didn't have access to the Atlantic. They did not have empires. And they were at risk both from the Germans particularly, and from the Russians. So the level of distrust between the two nations is enormous. The Japanese and the Australians had a kind of clash in World War II. I say kind of because the Japanese never landed in Australia. They thought about it, but thought it was a bad idea. And the Australians fought with the Americans up the coast and, you know, were involved in that. But that terrible pressure that Europe was under, both from the Roman Empire onward of these very small countries with very different languages and very different histories and particularly the experience of colonialism, creates two massive differences. Very different areas. Eastern Europe, Western Europe. And secondly, the Western European countries, France and Germany, for example, have a terrific memory of horrible wars with each

other. The Japanese and the Australians had a bad time of it all, but never that kind of war. It never came to that. And over the last 80 years, you've been happily developing on your own with some relationships, but not dependent, whereas the Europeans have been constantly scraping against each other in small countries, banging in each other. So NATO was a reality forced on them by the Russian threat, which has seriously subsided in the US since the Ukraine war, and the American imposition on them of alliance. So that was not something that organically grew out of their friendships with each other and interests with each other. It was imposed upon them by the Russians and the Americans. Thus, this is a fundamental difference between what's verging in Australia and Japan, which is not being forced to do it, but sees it in its interest, given the situation around them. China is not going to attack anytime soon, but this is a much different one. Plus, you're not neighbors. You're not close to each other. You now have a very little history of conflict. World War II was it, but most are gone from that. So there's a fundamental difference in the nature of relations between European nations that have hundreds of years of history, bad history with each other, and Japan and Australia, which have been very far away from each other, although in today's economy and in terms of today's technology is much closer than they used to be. Therefore, the pressure and the kind of fear of each other and memories, bad memories, they're not there. So it's very different than NATO. You're also not having this imposed by the United States. The United States is not saying if you want to be safe from China, we're going to be sending forces to both of your countries to occupy them. And in some sense it controlled them. The Australians and the Japanese are doing this out of their own interests and are negotiating it without any third party either frightening them too much nor imposing their will on the other. So it's a very different thing. It's called the alliance of the willing.

Christian Smith: Yeah, that's really interesting. I think it's, it's, and I should have specified the difference between of course, as you say, particularly the Eastern European nations which are much more invested now in their defense, particularly Poland and, and some in the West, Germany, France, the UK Etc. It's an interesting comparison I think because you've got many military analysts and defense experts now in, in Europe saying what more evidence do you need that you need to, you know, up, up your investment in defense? More, more evidence than Trump saying he's not, he may not be around forever than Russia on the doorstep and that sort of thing. Whereas in Australia and Japan there's, there's

obviously the, the threat, the fear, as you say, George, of, of China and they are doing something about it. So that is, is quite an interesting comparison.

George Friedman: Yeah, I think when you look at it, this is the healthiest way alliances emerge. You're not making demands on the political system as the United States did, that you must be liberal democracies at the time. You're not making any claims of what you should demonstrate to them as peace loving as everybody did with the Germans. Again. So in other words, your history is milder, your distance is farther, but your interests are aligned. So you're not going to be constantly interfering with each other. When you consider the fact that you may actually form an economic alliance as well. You have interesting interests between the two of you. Massive mineral capabilities. Absolutely essential for Japan. Japan has massive industrial power which it needs these minerals and I think Australia could use a hand in getting a little more industrialized.

Christian Smith: Take a moment to follow and rate us on your preferred podcast platform. For video versions of the show and More, subscribe on YouTube eopoliticalfuturesgpf. Click the link in the description below for access to our free newsletter. And for a limited time you'll receive an instant download from our special collection on the Middle East. In this select issue you'll find insights on Turkey's regional ambitions, Iran's nuclear and ideological dilemmas, and the role these nations play in regional power dynamics. I want to come back to the US role in all of this, in the future of the Pacific in that respect, but let's talk about India for a moment as well. Of course, India is part of the Quad, which is somewhat of a more blurry grouping with less defined roles. But of course, it is on the other side of Australia and Japan to China, the other major player in their world. What role does it then have if Australia and Japan are becoming so friendly?

George Friedman: Well, there's no reason that India can't become friendly as well. India has had tense relationship with China, border issues, border battles, and so on and so forth. In a certain sense, the Indian economy is competing with the Chinese economy, trying the same technologies to export to the world, and so on and so forth. Certainly not doing as well as the Chinese do, but doing that. India is also a country with internal differences. You can't quite call it a nation state because it contains many nations speaking different languages. When you take a look at Australia and Japan, you have two internally confident peoples. A general culture of Australia, of European migrants dominated by the British, you

have that culture. The Japanese have a very old culture. They're maritime countries, so they can't easily be having border disputes with everyone. So where India really doesn't fit into it either, geographically, to some extent, economically, because there are certainly things that Australia and Japan might want to do with India. But the Quad was a time when we were trying to intimidate Chinese. It was a time when the United States wanted to gather together the navies of all these ships and sail them pass the Chinese. That time, as I've been arguing, is passing. That's not necessary. So it seems to me that India, sort of like all the other countries of Asia, are certainly of some importance to you, but the question of China being more accommodating, well, generations from now, that might change. Australia and Japan are not going to war with each other. And your economies complement each other deeply, and so that's easier building India into it. Well, you will certainly have all sorts of economic relation with India, perhaps even an interesting military cooperation with India over the Malacca Straits and other things like that. But Japan and Australia live in the same waterway, same side of China, one to the north, one to the south. You have fundamental interests in common.

Christian Smith: We will come on in a minute. Just to the future of the regional geopolitical dynamic that is developing in the US Role in It. But we've recorded on this podcast before about the upcoming meeting between Trump and Xi and the expectation that there will be some sort of agreement reached and that we will see a softening of relations between the US and and China. Taking that as red, do you then think we're going? Is there a risk, say, for both Japan and Australia, that the US becomes satisfied with its relationship with China and is therefore happy to leave China to do what it would like in its region, leaving Australia and Japan perhaps more at risk?

George Friedman: I don't think that China is in a position to engage either Japan or Australia in war. It has capabilities. But fighting a war at distance overseas is not the Chinese game. And I don't think they have an interest in doing it. I don't think they have a fear of that relationship. From the American point of view, what we're trying to do, as Trump has said he was trying to do and occasionally misses on that, is to use the fundamental principles of American grand strategy as laid down by Admiral Mahan in the 19th century. We have two oceans between us and the Eastern Hemisphere. They have vast oceans. And even if someone were

attacked, as the Japanese did, they face Pearl harbor first. Hawaii. It's a long way to go and it's hard to get there. From the American point of view, we're in a wonderful position. We're one of the few countries that cannot be invaded. To the north of us is Canada, and even if they like to sometimes do something they can't, to south is Mexico and the Mexican border, and they're not going to invade. So long as the Atlantic and the Pacific are not held by hostile powers, we're absolutely secure. Much of NATO, as I've talked about before, was built around keeping the Russians away from the Atlantic ports so that the Atlantic made it safe. From the American point of view, Australia and Japan have an interest in maintaining some sort of guardrail, if you will, nothing hostile on China's penetration. And from the American point of view, you're going to have to do what Australia does, and Australia, Japan, both have to do is work together. That makes us very secure in the Pacific. So if you take a look at the United States, the reality of the United States was until the First World War and Germans started singing ships until the First World War, the American position was isolationism. That was what it was built on. So in some sorts of way, some clumsy, some effective, what Trump is trying to do is re establish that old relationship. This is hard to do for him in two ways. One, we're very entangled with these countries. Two, Culturally, there is an element in the United States that feels us responsible for the world, that we cannot let our allies down. What he wants to see is our allies become allies with each other. The Europeans with the Europeans, the Asians with the Asians. Japan and Australia, we then do whatever we have to do to make it easier, stronger, and so on. But we can step back and be at peace. Now, I will agree that the actions in Iran are not coherent with that policy, but policies are never that clean. There's always variations. But I think this is still, whether it is still on Trump's mind or not, this isn't the American reality. So the United States absolutely would bless the Japanese Australian relationship and would absolutely bless NATO continuing without us. So our interest is primarily at this moment in history to reduce our vulnerability in the world and to reduce our responsibility for the world. The evolution of Chinese Australia relationships, I think, was predictable. It's here now. And even if the Chinese became very good friends with the United States, you should be cautious. These people should be cautious. And I'm sorry I keep saying you, but I think of you as being Australian. My wife is Australian, and I think of you. And I can't, as an American draw a distinction

between Australia and New Zealand. I know you guys draw a big distinction, but I've never made it out.

Christian Smith: I mean, as you say, China's not really in a position to do much about Australia and Japan at the moment. But let's say in a few decades time, things develop. Is there a risk for Australia and Japan that the US May not be around to help out in a way that it perhaps might now, it's not

George Friedman: a risk, it's a reality. The United States was not founded to defend the interests of Australia and Japan. So in other words, we went through a period of 80 years where we took that responsibility. We had never done that before. So a normal thing for the United States to be is friendly, close, but unobligated to anyone. There is really for Australia and Japan, a common interest that draws them together and quite capability. Now, there are questions that the two of these nations have to settle. What is the Philippines? The Philippines are between you. They're a substantial area. They are not as strong as you, but they can evolve quickly. So when you take a look at the questions that Japan and Australia have between themselves, aside from Taiwan, which is being settled I think now by the United States and China, between them, you are quite capable of taking care of yourselves. I think under the circumstances, if it turned out that China would be powerful enough to take on Japan and and Australia at the same time. The United States would have a different view of this because if both of these nations fell, that would open the Pacific to the Chinese. But these are at the moment imaginary thoughts. And remember, geopolitics changes. There are no absolute conditions that can never shift. This is something the Europeans have trouble grasping. But what the Australians and Japanese have done is grasp it. Now, if China turns into something I don't expect it to a hostile and capable naval power threatening both of you at the same time. I have no idea why they would do that, but if they did that, the United States would have to reconsider. But that's way down the road.

Christian Smith: I should point listeners to a podcast we did in November last year on sort of the Chinese threat to the Pacific and in some ways Australia and Japan and other countries role in that as well, which set out some of these challenges from a slightly different angle from the Chinese angle. So go and have a listen to that if you'd like. George with the shoe on the other foot. In some ways, America is trying to reach accommodation with China. Japan and China have very

long historical issues. Although they have managed to get on pretty well for the past few decades, we've recently seen a bit of tension between them because of Japanese comments about Taiwan. Australia has a very close relationship with China trade wise. Australia is very dependent on China as an export market. Do you think we could see both of these countries doing similar to the US and reaching an accommodation that they are happy with, much like the US wants to do with China as well?

George Friedman: Well, it doesn't seem to me that there's anything blocking you Australia and China, nor New Zealand and China for that matter, or Japan. So we look at the region. The region is far more interested in economics than war. It is not Russia. The Chinese really have not been an aggressive nation from at the beginning of the founding of the communism. They were aggressive toward Tibet and so on and so forth. But they've been fairly peaceful in their external relations. Why? Because all their external relations are either weak to their west or across the ocean. So I think I look at this region less as a geopolitical relationship than as a geo economic relationship. When you take a look at the region, you take a look at the economies and so on, it would seem to me that China is really a global economy. But both Australia and Japan are somewhat global economies. So the issues that emerged after World War II in Europe, in China, communism versus the United States, these are past. And one of the things that the Europeans are having trouble with is going past that relationship. The Australians and the Japanese seem to have emerged less scathed.

Christian Smith: George, to finish, let's just sort of move sideways quite substantially, but stick with Australia and Japan more immediately. Both of those countries are very vulnerable and concerned about what's going on in the Gulf right now. They're very heavily reliant on Middle east energy, as is China, as is many other countries. What will they be thinking? What are they thinking now about this in terms of how they can hedge against risks like this?

George Friedman: Well, there are two things. The first is to work with both the Americans and the Chinese that want a different Iran. There's a misunderstanding of the Chinese view of Iran. They get a great deal of oil from it, and based on that, they don't want this to be happening. Okay, but they have no love or interest in getting involved in the Middle East. Nobody in their right mind would. From the Chinese point of view, they need the oil that's shipped from there, and therefore

the Chinese have to guarantee that the Straits of Hormuz and the other roadways to China, to China are open. But I think the most important thing that we have to consider is the danger of our dependence on oil as an energy source. People talk about it in terms of global warming and so on, and that may be the case. I'm neutral on that simply because I'm not knowledgeable enough to have a view, and I don't like views where I just have opinions. But at the same time, what we've learned in the Iran war is that it's very dangerous to countries, regardless of their ideology, regardless of where they sit, if they have to depend on oil coming in from elsewhere. 30% of the oil that the world consumes comes from the Middle east, an extremely unstable place, not about to stabilize itself. The other countries that are involved, the United States is a significant producer of energy, so is Canada, and so on. China, for example, is not a major producer of energy. It depends on imports. So when we take a look at the current geopolitical situation, one of the things that has to happen is the diversification of energy sources. So depending entirely on oil puts the entire global economy at risk. If the global oil producers, nations around the globe, particularly the Middle east, have it out now, there are other technologies that are available. You know, nuclear has a bad reputation, but the small nuclear reactors that are being developed now are much safer and more usable. Solar is another option. Geothermal drilling into the Earth and getting the heat that's massive out there There are other sources. So I think this war marks the beginning of the evolution away from an oil based global economy to a multi based global economy. Because given where the oil is coming from, from countries that go in various different directions that are unstable and not accommodating the global economy, like Venezuela becoming a drug threat to the United States, hence of that basis, knocking them off the fly. I mean, you can't do this. We can't be this dependent on oil. So what I take away from the Iranian experience is that a relatively minor issue between the United States and Iran that led to a relatively minor war, hardly. World War II has had dramatic effects on the global economy, both of the United States and of Japan, Australia and so on. So I think what comes out of this, interestingly is a new geopolitical element which we don't normally talk about, which is technology. AI is fine, but if you can't get the oil to produce electricity, AI is not there. Therefore, when we're really looking at the fundamental economic evolution of the world, look at the way that technologies are emerging as alternatives to oil. And that in turn changes the entire geography of the world of what's important and what's not. Without oil, do

we really care what happens in the Middle East? Should we take that burden? And so it really, this war I think is a moment where we're being struck by what all the people talking about the environment have been talking about for a very different reason, completely unconnected. Can we have an oil based economy in a world where the largest oil producers are the Middle east, the United States to the largest exporters of oil and where the United States gets involved at all?

Christian Smith: And Russia of course as well. But yes, much the same problem there.

George Friedman: Yeah, but these are the countries that get in trouble and these are trouble countries that can make trouble. So can the rest of the world simply depend on all these countries to stay out of trouble and ship the oil? And I think the lesson here is both between the United States and Iran to China as well. For the time being, we've got to be really friendly with the United States because we need that oil. And we're going to have to help the United States get out of this mess in Iran. And I think they will. But more important than that is a technological evolution. We cannot be this dependent on a scarce commodity, relatively scarce commodity that is present on for production only in some parts of the world, some of which are terribly stable.

Christian Smith: And that's what we, we didn't have in the 70s with the oil crisis then we didn't have other options technologically speaking whereas now we do.

George Friedman: Well, we had nuclear but at Chernobyl and at Three Mile island we discovered they're dangerous. People don't understand how much nuclear nuclear power has evolved since then, how much smaller and safer it is and how efficient it is. Solar really is coming along as well and so is geothermal. So the age of oil I think is coming to an end because the ones who prospered the most from oil production have behaved badly and reliably and as the Middle East.

Christian Smith: George, as always, thanks very much. Thanks out there for listening as well. We'll be back again soon with another podcast from Geopolitical Futures and George gave you just a little flavor there of I know something he's writing on soon about the future of energy and geopolitics. So you can subscribe to geopolitical futures@geopoliticalfutures.com to get that. Thanks for listening.

George Friedman: Bye bye.

Christian Smith: You can find all of our expert geopolitical analysis@geopoliticalfutures.com.