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Asia Pacific Security: policy challenges

David W. Lovell (ed.), 2003, ISEAS and Asia Pacific Press, Singapore and Canberra, 205pp, ISBN 981 230 213 1

This volume of papers emerged from discussions between Australian and Chinese scholars one month before September 11, 2001. Many of the papers have been revised to acknowledge this watershed event and its aftermath. The thrust of the volume, however, has been left unchanged. This judgment is informed by the view that the core parameters of security in the Asia Pacific will continue to be framed by relationships between the major powers, which are the focus of the book. This is a sensible judgement in my view. In strategic terms, the war on terror has not suspended the underlying or traditional forces shaping these relationships. To the contrary, it has effectively been fused with them.

The book is also explicitly intended to inform policymakers, to balance the inevitable and important, but potentially hazardous tendency in government to become deeply knowledgeable about a set of issues and not have time to keep up with developments in the wider context. Finally, the book has a declared policy mission: to encourage a stronger determination on the part of Australia to make deep engagement with Asian states a policy fixture.

With its pedigree and multiple objectives, the scope for this book to fall between stools is pretty wide. Moreover, as with most collections of this kind, the book is in no sense comprehensive. Nor does it consistently develop any particular theme. This book, however, steps over these potential pitfalls because of the quality of the individual papers, including a consistently high standard of tight, readable prose. The result is a volume that is a pleasure to read and one that I believe the policy community, students

and interested members of the general public will find genuinely rewarding.

For an investment of just a few hours, the reader will gain an eclectic but satisfying exposure to the extraordinarily diverse and dynamic region in and with which Australia must shape its destiny. As a prelude, David Lovell offers an exposition on the challenges confronting our foreign policy professionals, from the hazards of specialisation to the widespread sense of dilemma in reconciling our roots with our geography. James Cotton then traces the evolution of Australian attitudes and policy toward Asia.

Allan Behm provides an elegant and intriguing juxtaposition of the different 'strategic cultures' that drive the United States and China, concluding that, in the unlikely but conceivable event of a choice having to be made, Australia's only realistic option would be to stay with America. Carlyle Thayer throws some much needed light on China's New Security Concept and, in addition, offers a revealing discussion of the hard-nosed policies China is pursuing toward Southeast Asia. William Maley provides a crisp and sure-footed diagnosis of the complexities that confront everyone in dealing with the states of South Asia. Aaron Matthews covers the competing imperatives shaping Japan's approach to the acquisition of ballistic missile defences, while Michael Wesley probes the uncertain past and problematic future of multilateralism in the Asia Pacific. The book concludes with William Tow taking a level-headed look at what the turbulence of the post Cold War era, including the sharper policy settings that characterise the current Bush administration, has meant for the character of Australia's security relationship with America, and at the challenges that lie ahead for this relationship.

The contributions—five of them—from Chinese scholars are also top-drawer, with all of them addressing issues also picked up

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the Australian contributors. Zhu Majie traces China's growing confidence with new or additional security mechanisms for the Asia Pacific, a discussion that links up particularly with Wesley's chapter on multilateralism. In a useful complement to Thayer's essay, Xia Liping looks into the changes that have occurred in China's perception of its security needs and interests over the past 10–15 years. Tian Zhongping notes the importance of embracing the 'knowledge-based economy' to China's long-term future and provides a frank discourse on the advantages and weaknesses that will shape the extent to which China succeeds in doing so. In an illuminating essay on Chinese nationalism and its implications for foreign policy, Zhang Jian makes a strong case that many foreign depictions of this phenomenon are simplistic and increase the risk that other countries will adopt inappropriate or even counter-productive policy settings. Finally, together with a lucid exposition on the alternative 'models' for a security order in East Asia, Chen Dongxiao skilfully exposes the critical factors, internal as well as external, that will shape China's outlook and the choices it sees as available.

This is a short book—just 200 pages—that informs and stimulates throughout. If you are interested in the security of our region—and many people should be—here is a rewarding volume that anyone can readily digest.

Ron Huisken
The Australian National University

Land Claims in East Timor

Daniel Fitzpatrick, 2002, Asia Pacific Press, Canberra, 246 pp, ISBN 0 7315 3688 6

Daniel Fitzpatrick has done an excellent job researching the different sources of land claims in the newly independent state of East Timor. In a short review it is difficult to do

justice to a wealth of examples and detail used to articulate the complexities. He provides a thorough exposition that indicates a tangled set of sources that serve as the basis of land claims in this newly independent state. These include claims based on Indonesian titles, Portuguese title, Indonesian dispossession and traditional customary rights to land. However, if this were not enough, two other categories of uncertainty contribute to the chaotic nature of land issues. An immediate uncertainty has been caused by population flight and return and the widespread destruction of housing and records. An additional uncertainty exists as a result of the widespread unlawful occupation and growth of unregulated informal land market. This, he argues, has deterred legitimate investors while encouraging those who thrive on relative lawlessness.

Fitzgerald rightly laments the National Cabinet's decision in September 2000 in which they advised the United Nations Transitional Administration not to proceed with plans to establish a Land Claims Commission (p.197). This has left East Timor with no functioning land registry, no system to record or verify private land transaction, no effective regime to govern and legalise foreign interests in land and no framework to determine competing claims to land. He states that reportedly the Cabinet did not want to enact the type of legislation that may be more appropriately left to a democratically elected government of East Timor. Unfortunately they have probably missed their golden opportunity. It has been argued that in the East Asian context significant land reform may be too late once democracy has been implemented. In Japan, South Korea and Taiwan land reform, for example, was carried out in a non-democratic context with the help of US occupying forces. It is argued that this may not have been possible in the democratic context in which local interests regularly drive the politician's agenda.

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Although this position may conflict with received opinion on matters democratic, there may be a grain of truth which should not be overlooked. For instance, the illegal squatters in Port Moresby exercise considerable political power and are regularly courted by the politicians. This partly explains why modest efforts at land reform, such as the registration of customary land never get past the proposal stage.

The strength of Fitzpatrick's book lies in his ability to articulate the problems and analyse in impressive detail the difficulties that face the government in resolving these diverse claims. In many areas he offers sensible cautionary advice. For example, in Chapter 4 he considers two options for resolving claims based on Indonesian titles. The first involves invalidating all claims based on Indonesian titles but protect *bona fide* current occupiers who rely on Indonesian titles, while the second option calls for qualified recognition of all Indonesian title claims where good faith can be established. Sensibly he points out that although the latter may be consistent with legal principle and certain strategic calculations it would require expensive, time-consuming institutional processes. Given the urgency of the situation this would qualify as a piece of good advice—especially given continuing commerce in unsubstantiated titles in a growing informal land market. With respect to land claims based on Indonesian dispossession he recommends that some form of remedy should be available to those who establish simply that they were in occupation at the time of dispossession and that they suffered forceful removal. He recommends this approach because he feels that local grievances must be resolved to secure a productive future. With respect to land titles based on Portuguese title he recommends a much more qualified recognition because to do otherwise would involve evicting large numbers of current occupiers of land in East Timor (p.166).

However, other suggested solutions are sometimes less satisfactory, at least from my point of view. Fitzgerald observes that most land in East Timor is not registered in any formal system of land administration and remains utilised in accordance with traditional processes and institutions. Although most of the political attention has focused on Indonesian and Portuguese titles, he observes that customary tenure issues will have the greatest impact on the lives of rural East Timorese. However, with respect to customary land, he sees the solution in the incorporation of the customary land owning group. This is something that has been done in Papua New Guinea and South Africa, as he mentions. However, the PNG experience has been a fairly miserable failure. The PNG Land Group Incorporation Act is based on a quite erroneous assumption of the communal nature of landholding and transmission within the Melanesian 'clan', and of its essentially 'collective' interest. Others, notably R.G. Ward, have pointed out that members of a clan may not have equal rights because individuals or families may hold residual and exclusive rights. Indeed on p.43, Fitzpatrick goes on to more or less agree with Ward's view, so why recommend an incorporated group as the appropriate titleholder? The experience in the southern Highlands in which some of the Foe split allegedly customary designated Incorporated Land Group (ILG) into family ILGs, is not some scandalous non-customary gerrymandering, but rather a natural development. Indeed, there is ample evidence throughout Papua New Guinea that control or effective ownership tends to be exercised at the family and even individual level.

The current problem with an ILG in Papua New Guinea (especially where it is used to determine benefits from land development), from a legal rights prospective, is that it ascribes ownership rights to groups without specifying the nature of the interests

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or rights that individuals possess through membership in the group. This is the fundamental weakness in the current system of land tenure because when all is said and done, group rights only cash out in terms of the specific rights we can assign to the particular members of the group. Throughout the chapter on customary tenure Fitzpatrick refers to Trebilcock and Knetch's work on the mobilisation of land in Papua New Guinea. They recommended maintaining a system of communal or collective ownership rather than introducing individual titles, on the grounds that collective or corporate bodies carry on most significant economic activity in the West. This of course may be true, but there is a fundamental difference between a collective, which is a commercial incorporated body in the West, and an incorporated land group. In the Western context, individuals who have an interest in collective property such as an incorporated body have an interest which is well defined and clearly specified. For example, if I own several shares in an incorporated company, I have a clear and distinct idea of my rights, powers and liabilities. If my share of the company is greater than 50 per cent, I know that I have a controlling interest in the company and can determine its future. I can also calculate accurately my share of future revenues and I can accurately know the current value of my interest by consulting the share market. Furthermore, I am at liberty to easily exchange that interest for an interest in another company. In contrast an individual with an interest in customary land is caught behind a veil of ignorance. He cannot state with any determinacy his degree of control, the value of his interest, or his share of future revenues from this collectively held property. Moreover, he cannot exchange his interest for an 'equivalent' interest in the property of another incorporated land group nor can he legally exchange his interest for monetary compensation. Ultimately the individual's

interest cannot be assigned any values, because his interest is tied up with a particular group in which all the above issues need to be worked out through the local politics of the group.

With the above system it becomes no mystery as to why some of the Foe, for example, divided their ILGs to create family ILGs in order to secure greater control and more precise determination of their interests. Moreover, PNG Review Team Reports (5 February 2001–5 March 2001), which consist of audits of forestry projects for compliance with the requirements of policy, the Forestry Act and other regulations and guidelines, were indicative of the general failure of custom, operating through the legal mechanism of the Incorporated Land Group and Land Owner Companies, to secure an unambiguous, just, equitable and transparent distribution of benefits from forestry projects. Moreover introducing greater democracy into the ILG along the lines of the South African model, as recommended by Fitzpatrick, may not be the solution simply because the majority may impose decisions that deny the rights and interests of the minority.

Having said all this the great advantage of the book is that it impresses upon the reader the urgency and complexity of the land issues that need to be resolved. These issues go beyond the re-establishing of a functioning land administration. Without effective regulation of transactions in private land, he rightly points out, there can be no viable policies with respect to 'investment, taxation, infrastructure, environmental protection and rural development' (p.21).

David Lea
American University of Sharjah

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Crime, Corruption and Capacity in Papua New Guinea

Maxine Pitts, 2002, Asia Pacific Press, Canberra, 197pp, ISBN 0 7315 3681 9

Crime, Corruption and Capacity in Papua New Guinea paints a thoroughly depressing picture of crime in Papua New Guinea. After finishing it, one fears the worst for Australia's northern neighbour and former colony.

A country richly endowed with natural resources, Papua New Guinea appears trapped in a spiral of economic decline. Add to this endemic corruption and the absence of national identity in a land where 700 languages are spoken.

Prospects for economic development depend upon achieving a modicum of public security. But crime is rampant. One does not go for a casual stroll in Port Moresby. An illiterate, young, culturally diverse and largely unemployed population is hardly a recipe for domestic tranquility. The capacity of criminal justice institutions to deal with crime is limited, as scarce resources severely inhibit the development of professional police, judicial officers and corrections personnel. The capacity of formal institutions of social control is thus greatly constrained.

Two of the most significant reviews of crime and justice in Papua New Guinea since independence, the Clifford inquiry of the 1980s (Clifford et al. 1984) and the Dinnen report of the 1990s (Dinnen 1994), both concluded that the prospects for public security in Papua New Guinea depend on the restoration of traditional structures of informal social controls at the village level. This makes eminent theoretical sense. However, whether it is feasible at this stage may be questionable.

Is it realistic to suggest that urban drift can be reversed through some 'back to the land' movement? One would think not, given the attraction that bright lights and big smoke have held for many coming of age in rural

areas all over the world. Moreover, idyllic country living is difficult where there is no work and too much fighting.

Are there non-state institutions that can play a constructive role in arresting or reversing state collapse? Institutions of religion are among the more robust elements of civil society but, one fears, not always for the best. In a country blighted by unwanted babies and HIV/AIDS, there are those churches that oppose the distribution of condoms. If there are any rays of hope, they are likely to reflect the potential of the women's movement and the major churches (as opposed to the stridently evangelistic).

Are there commercial solutions to Papua New Guinea's problems? What is left of the private sector seems to rely on private security services. The author reminds us that some private security services are delivered by moonlighting public police officers (at the expense of their public duties), and that other such services, delivered by gang members or by other unsavoury characters, are really protection rackets.

The author devotes some attention to the Sandline Affair, and in passing to corrupt practices involving the engagement of mercenaries. While not seeking to defend this particular example of contracting out a core governmental function, one wonders if there may be governmental services that might be delivered more efficiently and effectively by private sources under contract to the PNG government, or to an aid agency.

Whether the institutions of governance that Australia bequeathed to its colony were suited to indigenous culture is certainly debatable. A criminal justice system that delivers punishment and rehabilitation was imposed on peoples whose customs favoured conciliation and compensation. A culture in which social status necessitates the dispensation of largesse by 'big men' could be expected to produce nepotism. One can hardly be surprised that violence against

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women is endemic in contemporary PNG society, given the inferior status of women in traditional PNG society.

The prospects for state failure and a return to a Hobbesian state of nature in Papua New Guinea are not remote. The prospects of a recovery in the absence of draconian intercession appear somewhere between nil and Buckley's.

It may not be useful to dwell upon the past, but it would be interesting to revisit the thinking of Australian governments and PNG élites of the early 1970s regarding the prospects of a viable independence. The contemporary plight of Papua New Guinea would appear to be an indictment of both the left idealists of the 1960s and 1970s, and the fundamentalist free market advocates of more recent years. After 28 years of independence, Papua New Guinea has the lowest life expectancy and the second lowest rate of literacy in the Asia Pacific region. It ranks in the bottom quartile of countries in the UN's Human Development Index.

As one watches the Solomon Islands intervention unfold, one wonders not if, but when, some similar scenario will take place in Papua New Guinea. Given the size of Papua New Guinea, the likely cost of such an undertaking will be great.

For those interested in obtaining a useful overview of crime in disorder in Australia's northern neighbour, this book joins Sinclair Dinnen's (2001) *Law and Order in a Weak State* as a must read.

The book is as well written as it is sobering to read, but would have benefited from an index.

Peter Grabosky
The Australian National University

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Kumul Scholars International 2002 Conference Proceedings

Kumul Scholars International, 2003, Asia Pacific Press. Available online at <http://apseg.anu.edu.au>.

Kumul Scholars International is an organisation for Papua New Guinea students studying in Australia. They have held a bi-annual convention since 1998 where they have discussed development problems of their home country. Held in Canberra in 2002, this conference discussed the three Structural Adjustment Programs (SAPs) in Papua New Guinea in 1990, 1994 and 1999 and which are still continuing today. The volume contains papers by expatriate and Papua New Guinean scholars describing and analysing those programs.

Despite enormous effort by the government of Papua New Guinea, the World Bank and International Monetary Fund and other donors, the structure of the PNG economy has not changed significantly as a result of any of the SAPs. Papua New Guinea's human development indicators still rank below its Pacific neighbours and it has failed to stimulate GDP growth in five of the last eight years whilst population is growing at around 2.7 per cent, giving a declining GDP per capita.

Twenty-seven per cent of GDP still comes from on minerals and petroleum and all but one of these projects will be closed by 2011, agricultural exports apart from oil palm have

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stagnated over the last decade and the forestry, fisheries and tourism industries have failed to expand anywhere near their sustainable potential. National debt reached as high as 80 per cent of GDP and inflation has again reached 20 per cent, interest rates are also around 20 per cent, making most investment impossible and failing to encourage capital inflows.

Tim Curtin looks at the areas that the SAPs did not address, and which are vital for economic growth—land, labour and capital. He questions the IMF prescription of high interest rates and questions the assumptions about the absorptive capacity of the PNG economy. He rightly suggests that without growth there cannot be development expenditure in the areas of health, education and infrastructure, which affect the lives of the 87 per cent of Papua New Guineans who live in rural areas.

It is not so much the level of the deficit that is important as the way in which it is spent. If it is based on genuine development expenditure (investment) it will generate future benefits that will more than repay loans. Unfortunately Papua New Guinea has not focused on investment, preferring the easier decisions to spend on what is virtually consumption in the form of 'slush funds', wages and conditions for senior managers and bad management of public funds. Gae Kauzi asks the question of why monetary policy has been concentrated on debt and exchange rates rather than investment for growth.

There have been some important changes made by the Morauta and Somare governments designed to improve political performance and recent changes to the taxation regime have boosted activity in the mining and petroleum sector. On their own they are not enough and the culture of careful management of available resources has still not evolved in Papua New Guinea.

Fiscal deficits have been a part of history since Independence; in the early years luck helped the country through with high export prices and successive mineral and petroleum finds being exploited. In 1990 with the closure of the Bougainville copper mine that luck ran out and a series of crises meant that the Bretton Woods institutions and other 'Friends of Papua New Guinea' were called upon for assistance in the form of SAPs.

Satish Chand examines the fiscal performance of Papua New Guinea and concludes that the successive deficits over the years have been the main cause of Papua New Guinea's economic crises. He attempts to attribute some lofty policy goals to this phenomena which should rightly be blamed on nothing more than bad fiscal management, as pointed out by Ron Duncan.

Unfortunately the country has not been able to direct sufficient resources into the resurrection and restoration of infrastructure which was allowed to collapse over the last fifteen years. Without infrastructure agriculture cannot expand and services cannot be provided to the people. Without either of these there will be no development for the rural majority in Papua New Guinea.

The issue of conditionality is one that is causing a great deal of debate in the developing world. Particularly in Africa, the debate is about whether developing countries should accept conditions for assistance whether it be in the form of aid or concessional loans. The essence of this debate in Papua New Guinea is whether it had sufficient ownership of the SAPs or whether they were imposed on an unwilling recipient.

Peter Larmour discusses conditionality and the degree of coerciveness that this implies. He examines the history of Papua New Guinea SAPs and whether it accepted the conditions imposed. He concluded that there was a continuum from outright rejection

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(Prime Minister tells World Bank to 'go to hell', riots over land reform) to acceptance and even welcoming by the government of support for reforms it recognised as necessary but may not have had the political clout to implement.

Ruth Turia outlines some of the problems with one of the most long-running and controversial conditionalities between the World Bank and government, the forestry industry. She describes how the industry's corrupt practices were exposed by the Barnett Enquiry in 1989 and the industry is still steeped in controversy in 2003. Here conditionalities have not resulted in better practices although there has been a theoretical moratorium on new leases since 1999. This industry introduces a number of moral (international standards) as well as economic issues in the debate about conditionality.

Dan Weise outlines the workings of the third SAP and draws the conclusion that without a strong commitment by both the donors and the host country any SAP is destined to fail. He suggests that Papua New Guinea did not have a 100 per cent long-term political commitment and what there was went out the window as the 2002 elections approached. He believes that the IMF and World Bank failed at their end by fudging the agreed conditionalities of the SAP tranches. He suggests that these have to be more long term in nature and designed to achieve more gradual structural changes.

For any reform to work there has to be the institutional machinery to formulate and then implement it. The period since independence has seen a steady deterioration of the public service and its ability to deliver services in urban, and even worse, rural Papua New Guinea. Politicisation, frequent management changes, a growth in the number of 'ghosts' on the payroll (as high as 10 per cent) and collapsing morale have all taken their toll. Mark Turner points out the essential elements of reform necessary to improve performance

although he may be placing too great an emphasis on the Central Agencies Coordinating Committee and the Public Service Reform Management Unit as agents of change. The real challenge is to redeploy underutilised provincial public servants to local level government where they can provide the services they are paid for.

Joe Demas recognises this problem and wants the government to live within its means, concentrating on productive investment rather than wasteful consumption expenditure. He advocates the setting up of a bipartisan committee to ensure true political ownership of the reform process, an essential ingredient of any SAP.

This volume provides a much needed overview of the SAPs as they have affected Papua New Guinea. But it is not critical enough of the international finance institutions and fails to satisfactorily answer the questions about why Papua New Guinea's experience was so bad and what is needed to really change the structure of its economy.

Mike Manning
Papua New Guinea Institute of National
Affairs