Capturing the Year

2008

Writings from the ANU College of Asia and the Pacific

Edited by Barbara Nelson with Robin Jeffrey
Capturing the year

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Introduction

It was the year Suharto died; China held Olympics; Japan again changed prime ministers; Kevin Rudd, a Mandarin-speaking Australian, led a new government; the US elected a president who spent part of his childhood in Indonesia; world financial systems shuddered; and ‘nuclear power’, ‘clean energy’, ‘climate change’ and snow-deprived polar bears peppered news bulletins.

Members of the ANU College of Asia and the Pacific interpreted these events and processes in newspapers and periodicals ranging from our city’s Canberra Times to The Economist and The New York Review of Books.

This is the third year that the college has published a selection of popular writing produced by its members. From more than 100 articles published by college members in the past year,* we have selected 73, written by 49 of the college’s members.

The College of Asia and the Pacific has more than 150 academic members whose duties are to research, publish, teach—and communicate with Australians and Australia’s global neighbours. College members fulfil their obligation to communicate by maintaining blogs, doing radio and television interviews and writing for newspapers and magazines. This popular writing, which represents the distillation of years of research, is represented in Capturing the Year.

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* For purposes of Capturing, we take an elastic view of ‘the year’: it extends from about November of one calendar year to October of the next.
Themes and issues change, but the fascination that people have with the stories of other people remains constant. We chose again to begin Capturing the Year with a focus on people—Australia’s new prime minister, the former president of Indonesia, an influential Indonesian economist and an assassinated former prime minister of Pakistan. For Australians, the arrival of a new prime minister, able to converse in Mandarin, inspired cartoonists* and occasioned pride in the College of Asia and the Pacific: Kevin Rudd studied Mandarin here and graduated from ANU. In this collection, Geremie R. Barmé examines the careful use of language in Rudd’s speech in Mandarin at Peking University in April. Robert Ayson and Hugh White reflect on the prime minister’s foreign policy.

The college has a long-standing commitment to studying and working with Indonesia. When ex-President Suharto died in January at the age of 86, members of the college were called on to write about the former dictator and his legacy. We publish four accounts, ranging from Jamie Mackie’s detailed obituary to George Quinn’s personal memoir. Less noticed, but perhaps almost as influential as Suharto himself, Sadli, the economist, also died in January. An architect of Indonesia’s economy from the 1970s, Sadli and his legacy are considered by Peter McCawley. And Shakira Hussein reflects on Benazir Bhutto whose murder in December 2007 cast still graver doubts over the future of Pakistan.

The College of Asia and the Pacific acts as a hinge: it connects scholars with deep knowledge of specific cultures and histories to others whose interests are in important, world-spanning themes. At their best, these collaborations ensure that nuance and fine detail are captured in Big Pictures and, in turn, that scholars who work on the local are in constant conversation with the global. Thus the concerns with human rights and ethical government, reflected in the writing of John Braithwaite, Hilary Charlesworth and Gabrielle McKinnon, sit easily with ‘Something borrowed, something blue’ by Shakira Hussein, which sensitively analyses aspects of

* ‘Was that the Mandarin version?’ cartoonist Peter Nicholson has a figure ask a neighbour in a hall full of snoring people after the new PM has given a complicated speech on ‘emissions trading’. The Australian, 19–20 July 2008.
marriage in Pakistan, and Tessa Morris-Suzuki’s ‘Why the senate should pass the comfort women motion’.

Climate change, environment and energy—particularly nuclear energy—were at the forefront of public concern. Ross Garnaut published *The Garnaut Climate Change Review* (Cambridge: Cambridge University Press, 2008), a landmark report on the need to reduce fossil-fuel emissions. ‘A revolution in humanity’s fossil fuel-based energy’, Garnaut writes in *Capturing the Year*, ‘would be necessary sooner or later to sustain and to extend modern standards of living. It will be required sooner if we are to hold the risks of climate change to acceptable levels’.

Immense economic growth generates immense environmental pressures, as Dai Qing vividly illustrates in ‘Thirsty dragon at the Olympics’, her analysis of the water-guzzling Games held in Beijing in August. In the same month in India, too much water—or water in the wrong places—saw the Kosi (the ‘river of sorrow’) change its course, flood thousands of hectares and leave millions of people homeless, as Kuntala Lahiri-Dutt describes in ‘Anatomy of a flood’. And India pursued its nuclear-power ambitions by concluding an agreement with US for acquisition of nuclear technology—without embracing the Non-Proliferation Treaty.

The remarkable range of expertise among members of the college carries them from Afghanistan’s insurgency to the politics of Tonga and the tortured state of North Korea. Struggles over political change, where democratic transitions are unknown or less established and predictable, led contributors to *Capturing* to traverse the Pacific, East Timor, Thailand, Tibet, Burma and even South Korea where the ‘beef protest’ challenged a new government, as Hyung-A Kim recounts in ‘Cyber-savvy Koreans take their beef to the president’.

Australia figures prominently in all this, as it should, for one of the roles of the college is to enable Australia to understand and situate itself in its region and the world. Thus Paul Dibb, Hugh White and Clive Williams ponder Australian defence policy and the big decisions about what sorts of forces and weapons Australia needs for the next two generations. And where should Australia stand in the new equations being formulated between the
US, China and a burgeoning Asia? As a vast repository of energy, Australia cannot escape involvement, even if it wished; but what form should such involvement take?

Members of the college tackle these questions in various ways. Capturing the Year 2008 will, we hope, impress, stimulate and entertain.

Robin Jeffrey and Barbara Nelson
12 April 2008
SYDNEY MORNING HERALD

GEREMIE R. BARMÉ

Facing up to friendship

On Wednesday [9 April 2008], the Prime Minister, Kevin Rudd, made a speech to an audience at Peking University, China’s pre-eminent tertiary institution. Given the tensions over Tibet and the Olympic torch relay, as a practised diplomat Rudd could have taken the easy path by speaking in platitudes about the strength of the bilateral relationship and any number of mutually acceptable and anodyne topics.

Instead, with finesse and skill, he chose to address the students on the broad basis for a truly sustainable relationship with the economically booming yet politically autocratic state that is China. In doing so, he rewrote the rules of engagement in a way that can only benefit Australia and our relationship with this important country.

First Rudd acknowledged where he was: at a university that, more than...
any other educational institution in China, has helped shaped that country’s modern history, one known for its contributions to Chinese intellectual debate, political activism and cultural experimentation. He mentioned some of China’s twentieth-century intellectual heroes whose careers were entwined with Peking University. Some were involved in reshaping Chinese into a modern language capable of carrying urgently needed political, cultural and historical debate. One was a leading democratic thinker.

He also made three references to Lu Xun (1881–1936), China’s literary hero, unyielding critic of authoritarianism and principled dissenter, noting that Lu Xun personally designed Peking University’s crest. It would not have been lost on his audience that the prime minister’s choice of intellectual exemplars acknowledged China’s dominant communist ideology while pointing to the traditions of free speech and debate that have made Peking University so important.

Rudd’s strategy was thus first to honour the place where he was speaking and its connection to significant, complex historical and cultural figures. He went on to speak more personally of his own educational and political trajectory, and about Australia’s national interest. Appealing to his youthful audience to consider what positive role they could play in China’s rise as a world power, he evoked the concept of harmony (hexie), embraced by the present Chinese leadership, before making a canny digression. This was to note that 2008 is the 110th anniversary of the Hundred Days Reform movement, during which an enlightened emperor struggled to enact a process of political reform and modernisation similar to the Meiji Restoration in Japan that had taken place not long before. Rudd didn’t need to say that this movement failed and its leaders were beheaded; his audience would know that. Instead he noted that one of the leading lights of the reforms, the thinker Kang Youwei, who survived by fleeing into exile, went on to write about ‘the Great Harmony’ (datong), ‘a utopian world free of political boundaries’. Thus, in a manner both subtle and eminently clear to a Chinese intellectual audience, he linked the officially approved concept of harmony to the broader course of political reform, change and openness.

Rudd then spoke about China joining the rest of humanity as ‘a responsible
global stakeholder’—a lead-in to addressing the pressing issue of Tibet. By framing his comments in such a manner, he established his right—and by extension the right of others—to disagree with both Chinese official and mainstream opinion on matters of international concern. There is a venerable Chinese expression for this position: ‘A true friend’, Rudd went on, ‘is one who can be a zhengyou (诤友), that is a partner who sees beyond immediate benefit to the broader and firm basis for continuing, profound and sincere friendship.’

The subsequent Chinese media discussion of Rudd’s use of the powerful and meaning-laden term zhengyou—the true friend who dares to disagree—has been considerable. That is because the more common word ‘friendship’ (youyi) has been a cornerstone of China’s post-1949 diplomacy. Mao Zedong once observed, ‘The first and foremost question of the revolution is: who is our friend and who is our foe.’

To be a friend of China, the Chinese people, the party-state or, in the reform period, even a mainland business partner, the foreigner is often expected to stomach unpalatable situations, and keep silent in the face of egregious behaviour. A friend of China might enjoy the privilege of offering the occasional word of caution in private; in the public arena he or she is expected to have the good sense and courtesy to be ‘objective’, that is to toe the line, whatever that happens to be. The concept of ‘friendship’ thus degenerates into little more than an effective tool for emotional blackmail and enforced complicity.

Rudd’s tactic was to deftly sidestep the vice-like embrace of that model of friendship by substituting another. ‘A strong relationship and a true friendship’, he told the students, ‘are built on the ability to engage in a direct, frank and ongoing dialogue about our fundamental interests and future vision.’

The distinction was not lost on the Chinese. The official newsagency Xinhua reported: ‘Eyes lit up when [Rudd] used this expression…it means friendship based on speaking the truth, speaking responsibly. It is evident that to be a zhengyou the first thing one needs is the magnanimity of pluralism.’ Of course, in the land of linguistic slippage it is easy to see that while for
some zhengyou means speaking out of turn, for others it may simply become another way for allowing pesky foreigners to let off steam.

Of course, there are dangers, not mentioned in the Chinese media. Perhaps the most famous zhengyou relationship of modern times was that between Mao and Liang Shuming, a Confucian thinker and agrarian reformer. Mao declared that although their politics were different, Liang was a true zhengyou. Liang advised Mao on rural policy from the 1940s into the early 1950s. But, in 1953, Liang dared to venture that class struggle was having a calamitous effect on rural life. He asked Mao whether he had the ‘magnanimity’ to accept his views. The Chairman shot back, ‘No, I don’t have that magnanimity!’ Shortly thereafter, Liang was denounced and silenced.

On the other hand, there are examples from Chinese history where a zhengyou has played a key role in bringing about good governance and prosperity.

The most famous zhengyou was Wei Zheng, a friend and critic of the Emperor Taizong of the seventh-century Tang dynasty. Wei told the ruler that ‘if you listen to wise counsel all is brightness; if, however, you give in to bias darkness falls’. When Wei died, some years later, the emperor bitterly mourned his death. He offered this tribute: ‘One looks at a reflection in a mirror to see if one’s dress is in order. One studies history to understand the changing fortunes of time. And one seeks wise counsel to avoid mistakes. Wei Zheng has died, and I have lost my mirror. To have a zhengyou is to be fortunate indeed.’ The metaphor is used by China’s leaders and the media even today. One can only hope that when they look in the mirror they do not do so with eyes wide shut.

By introducing the term zhengyou with all of its liberating connotations into our dealings with China, Kevin Rudd has achieved something of considerable significance.
None are more vulnerable than those who think themselves invincible. After John Howard won his triumphant fourth election as prime minister of Australia in 2004 with a big swing in his favour, many people said that he had fundamentally transformed the terms of Australian politics and established an unshakeable hold on the loyalty of its voters and the national leadership. He apparently believed them. If so, that might explain the disaster that befell him in the elections held on 24 November 2007, in which he lost not only the prime ministership, but his own seat in Parliament. Only once before, in 1929, has an incumbent Australian prime minister suffered this humiliation.

Howard had been expected by many, including his deputy and presumed successor, Peter Costello, to step down during his fourth term, so joining the select band of democratic leaders who achieve the dignity of choosing their own departure date. Instead he chose to hang on and fight another election. His plans to be re-elected for a fifth term included hosting the APEC Leaders’ Summit in Sydney in September 2007, just a few weeks before the election was due to be called. He intended that APEC would showcase his strengths as an international statesman. Instead it showcased his weaknesses in the face of a sustained challenge by a new, young, earnest and effective opponent whose strengths he apparently never really understood.

It was during the summit that the reality sank in—for the voters, for Howard’s colleagues, and for Howard himself—that his era was over. Nothing captured this sense of transition more tellingly than two images.

that dominated Australians’ view of the APEC week in Sydney. One was of John Howard, still in lock-step with the shop-soiled George W. Bush, still forlornly spruiking success in Iraq. The other was Kevin Rudd, welcoming China’s President Hu Jintao in fluent and remarkably well-accented Mandarin. By the end of the week Howard’s own closest colleagues were suggesting he should step down before the election was called.

Kevin Rudd is different. He is not only different from John Howard, but from his other predecessors as prime minister of Australia, in ways which will do much to shape his approach to Australia’s place in Asia and the world. He is a relative newcomer to politics, having entered Parliament only in 1998. His early career was spent as a diplomat in the Australian foreign service. He has worked as a senior bureaucrat in one of Australia’s state governments. And he has made a lifetime’s study of China. He is the first Australian prime minister to speak Chinese, and indeed the first to speak any Asian language at all fluently. No one has come to the Australian prime ministership with such a comprehensive and professional grounding in foreign affairs before. Normally it takes an Australian prime minister a few years to find their feet on the international stage. Not so with Rudd: he will put his own clear stamp on Australia’s international posture from the start.

What does Rudd inherit from his long-serving predecessor? The Howard legacy is complex and hard to pin down. He is credited by some with taking Australia to a leadership role on the world stage, but this leadership was reflected primarily in his willingness to follow others into the quicksands of Iraq and Afghanistan. He has been praised for strengthening Australia’s US alliance with the US, but his conception of the alliance was largely based on the transitory and fragile foundations of his own personal relationship with George W. Bush. He deserves credit for committing Australia to a more energetic engagement with its weak and troubled small island neighbours, but has failed to commit the energy, patience and imagination required to help find lasting solutions to their problems.

He has cooperated effectively with Australia’s giant neighbour Indonesia on specific issues like counter-terrorism, but has failed to build a trusting and durable rapport with this new and rambunctious democracy. He has
been hailed as the liberator of East Timor, whereas in fact its independence came as an entirely unintended consequence of events that rapidly spiralled out of his control. Finally, and perhaps most importantly, Howard has built a strong trading relationship with China, but for years he has ignored the troubling signs of emerging strategic competition between Beijing and Washington, and has recently found himself drawn heedlessly into dubious schemes to ‘contain’ the Chinese challenge to US primacy.

In all of this it is hard to see any coherent theme or strategy underlying Howard’s foreign policy. He was never as anti-Asian as his detractors claimed, but it might be fair to say that he never understood the urgency, the complexity and the excitement of the task of fashioning a place for Australia in the Asia Pacific. For Howard Asia always remained, in the end, a place to trade and a source of threats. And this may be the key to understanding the new direction that Australian foreign policy will take under Rudd. It is way too simple to see Rudd as simply returning to the focus on engagement with Asia which was the hallmark of the Labor governments of Bob Hawke and Paul Keating from 1983–96. For a start the circumstances are very different, and so are the challenges. But nonetheless it remains as good a way as any to characterise the basic direction of Australia’s new foreign policy. Australia is back in business in Asia and the Pacific, not just as a US ally but in its own right, and willing again to try to make a distinctively Australian contribution to addressing the region’s problems.

What will this mean in practical terms for the shape of Australia’s diplomatic agenda? First, it is important to see that Rudd is not in any sense a classic leftist ‘progressive’ in foreign policy approach. Philosophically he is a realist, placing emphasis on power and the way it is exercised and constrained. By instinct he is a free-trade advocate and will sustain the strong Australian tradition of active promotion of global multilateral trade liberalisation. But he will differ sharply from his predecessor in placing climate change in the front rank of his policy priorities. Global warming is now a key mainstream political concern in Australia, and Howard’s long-standing scepticism about it has been an important factor in his political demise. Rudd will be an activist on climate change, at home and abroad.
At first glance the most obvious difference between Rudd and Howard has been over Iraq, with Rudd following established Labor policy by promising to pull some of Australia’s troops out of the US-led coalition forces there, after Howard has doggedly stuck it out in support of his friend George. In fact the difference is less important than it appears: Rudd is committed to leaving a small but symbolically significant number of troops in Iraq, enough for Washington to claim that Australia is still a member of the coalition. And Howard made it clear that he too would have scaled back Australia’s commitment had he retained office. Either way it has been clear that Australia’s recent enthusiasm for high-profile commitments to US-led operations in the Middle East has passed. What remains is a grim recognition that as a close US ally Australia has little alternative but to maintain some forces as a symbolic gesture of support.

Deeper differences can be seen in their approach to the small weak states in Australia’s immediate neighbourhood. Australia now has substantial deployments in East Timor and Solomon Islands, and has attempted major programs in Papua New Guinea as well. While these operations reflect a welcome recognition of Australia’s interests and responsibilities among its immediate neighbours, there is a strong sense that the police and military-led approach has not worked. In East Timor, for example, there are no signs when Australia’s military contingent will be able to leave, 18 months after the initial deployment. Rudd is committed to sustaining Howard’s policy of engagement, but shifting its emphasis from security interventions to economic, social and political reconstruction designed to address the underlying causes of insecurity, as well as addressing the violent symptoms themselves. No one imagines this will be easy or quick, but there is a welcome recognition that bold and imaginative new thinking is required to help neighbours find solutions to deep-seated problems. Rudd has also promised closer and more respectful relationships with the governments of these countries themselves.

Likewise, Rudd seems likely to set a new course on relations with Indonesia. Observers on both sides of the Arafura Sea recognise that, despite close cooperation on terrorism and generous Australian aid after the 2004
tsunami, Australia’s relations with Indonesia remain fragile and fractious. Small issues like the 2006 dispute over Papuan asylum seekers landing in Australia can quickly escalate to full-blown diplomatic crises, with public opinion inflamed on both sides. It is particularly sad that almost ten years after Indonesia began its remarkable experiment with democracy, Australia’s relations remain as uncertain as they were during the military dictatorship of President Suharto. Rudd has always taken the relationship with Indonesia very seriously, and while he is unlikely to replicate the sometimes rather breathless enthusiasms of Paul Keating, he does seem committed to laying deeper and more robust foundations for the relationship. This will require, above all, the recreation of the trust which was so badly eroded on both sides by the events in East Timor in 1999. That will only happen if both sides are willing to take some political risks at home. This Kevin Rudd may be willing to do.

Finally, of course, there is the question of China, and how Asia’s power structures evolve in response to China’s rise. No issue is more important to Australia than this, and none poses bigger challenges to Australia’s diplomacy over coming years. China this year overtook Japan to become Australia’s largest trading partner. But it has also become increasingly clear that China’s relationship with Australia’s great ally, the US, is becoming more strategically competitive as America responds to the subtle but unmistakable challenge posed by China to US primacy in Asia. Both sides have a huge stake in trans-Pacific harmony, but it is no longer possible to say, as Howard said in a speech to the Lowy Institute in 2004, that he did not regard strategic competition between the US and China as inevitable. It is already happening. This places Australia in an awkward spot. Australia’s vision of its future, like those of so many others in the Western Pacific, depends on being able to trade freely with China, Japan and the US, while still relying on the US to underwrite regional security. Australia cannot afford to have to choose sides if and when strategic competition escalates. And yet Howard, blithely assuring Australians that China would not mind, lent Australia’s name to ideas from Tokyo and Washington designed to build an alignment of US allies and others which would specifically exclude China and clearly be directed against
it—creating exactly the kind of divisions that it is in Australia’s interests to avoid.

Rudd has put this issue firmly on his foreign policy agenda. In launching his election campaign Rudd listed the rise of China and India as one of the handful of key challenges facing Australia over coming years. He has opposed some of Howard’s recent diplomacy, including the bilateral defence agreement reached with Japan in March 2006. He has suggested that Australia should urge the US and China to deal with one another more frankly over key issues such as the development of their nuclear forces. He has made it clear that Australia’s close relationship with China is conditional on China’s continuing to conform to the norms of the global community and not starting to throw its weight around. But he has also acknowledged that China’s international conduct on many issues in recent years has been responsible and has contributed to stability in Asia. He accepts that as China’s power grows, it should be accorded a bigger leadership role in Asia.

That is the good news for Beijing. The bad news is that Mr Rudd will urge China to be more respectful and accommodating of Japan’s rightful place as a regional leader. He will promote Australia’s growing relationship with Japan and support the evolution of Japan’s bigger role in regional security affairs—as long as that is not done in ways which are directed at China. He will also encourage the emergence of India as a key player in a regional concert of powers.

Finally, of course, Kevin Rudd will adhere to Australia’s close alliance with the US, but he will seek to persuade Americans of his vision of Asia’s future and America’s role in it. Like others in the Western Pacific, Rudd believes that the US must remain engaged in Asia, but that Washington’s future engagement cannot assume that American primacy remains unaffected by the immense changes in the distribution of power that economic growth has brought. In the Asian century America needs to join and support an emerging concert of power in which all the major players are treated as equals. That will be hard for Americans to accept. Trying to persuade them of it may be Mr Rudd’s toughest foreign policy challenge. Mr Rudd may speak fluent Mandarin, but his toughest diplomatic exchanges are likely to be in plain English.
Kevin Rudd and Asia’s security

Kevin Rudd has been swept into power after 6 per cent of the voters swung to the Australian Labor Party. With domestic issues dominating the contest, the Howard government’s unpopular industrial relations policies became the focus of discontent and a central argument for political change.

Rudd becomes prime minister after having cut many of his political teeth on foreign policy issues. Foreign policy looms fairly large in how he will differentiate his government from its predecessor, including enhanced Asian engagement. Rudd knows it will not be easy to promote Australia’s interests in stable great power relations at a time when the indexes of power in Asia are fundamentally changing.

The Sydney Asia-Pacific Economic Cooperation summit in September revealed much about the prism through which Rudd will view Asia’s security. Not so important here is the well publicised fact that he addressed China’s Hu Jintao in Mandarin. The more significant point is that, in the English portion of his address to China’s president, Rudd spoke of the United States as Australia’s ‘great friend and ally’ and China as Australia’s ‘great friend and partner’. Getting Australia in the right position to cope with the evolving, and often competitive, relationship between the US and China is Rudd’s primary foreign policy objective. Everything else is secondary.

Well known for his political and linguistic fluency in things Chinese, Rudd has had to demonstrate his US alliance credentials. On election night he devoted his first words on foreign policy to the argument that the US alliance will be central to his government’s foreign policy. This is doubly important because two of his government’s first acts in international politics

will distance Australia from the Bush administration. One is the ratification of the Kyoto Protocol, leaving the US isolated as the only industrialised country not to have done so. The second is a negotiated withdrawal of Australia’s combat forces from Iraq.

These initiatives will be welcomed in those parts of Asia for which the Howard government’s approach to international security issues was too similar to Washington’s. Rudd, however, believes that a strong US presence in the region is crucial to a stable regional balance between the great powers. That means a policy of US strategic engagement in Asia is central to Australia’s own approach to the region. But that needs to occur in a way that does not require Canberra to concur with Washington on all issues.

Until the last 12 months in office the Howard government had succeeded in maintaining brand differentiation from the US by taking a more optimistic view of China’s rise. But this distinction became muddied as the Australian election approached. In March the Howard government made such a fuss of its new security declaration with Japan that Australia risked becoming too closely identified with one side of the major power divide in North Asia.

Soon afterward, a new Australian defence policy update gave comfort to China-sceptics in the Pentagon and in Tokyo with its warning that the Middle Kingdom’s military modernisation could destabilise the region. Rudd will not back out of the security declaration with Japan or the trilateral strategic dialogue that links the two countries with the US, but Canberra will display an even greater resistance to any ideas of a wider Asian alliance system that could be seen as an attempt to contain China.

This philosophy extends to the new Australian government’s approach to relations with India, singled out by Rudd as Asia’s second rising power. If the Howard government was lukewarm on the idea of an Asian democratic quad involving Japan, the US, India and Australia, the Australian Labor Party leadership will be positively against the notion of dividing the region strategically on the basis of different political systems. This will not necessarily be a problem in Australia–India relations given New Delhi’s ambivalence toward the quad concept. But if he wishes to court India, Rudd may need to reconsider his opposition to Australian uranium sales to it.
Rudd also has at least one eye on Australia’s immediate neighbourhood. His visit to Bali to join climate change discussions is an ideal opportunity to sell his new policy of Asian engagement in a strategically important country that occupies a neutral position in the US–China and China–Japan great power relationships.

Rudd has indicated that his new government will be keen to deepen Australia’s relationship with Indonesia beyond the friendly atmospherics that Howard enjoyed with President Susilo Bambang Yudhoyono. Yet deeper ties might be said to already exist, courtesy of the recovery in Australian–Indonesian relations following the Bali bombing in 2002. And no Australian prime minister can insulate this particular bilateral relationship against the problems that appear with very little notice.

Rudd also faces a challenge in delivering on his promise of a more engaged Australia in the South Pacific, given the extent of aid and intervention that came in the later Howard years. Even so, the state of Canberra’s diplomatic relations with Papua New Guinea could hardly be worse, so there is still plenty of room for improvement. The South Pacific is also a region where even a Rudd-led Australia may find itself at odds with Beijing—in the medium term—if China’s quest for regional influence in the Pacific Islands becomes too strong, and with Tokyo if Japan’s whaling vessels engage in illegal activities in the Southern Ocean.

The countries of Asia will find that the Rudd government is committed to regional engagement and to positioning Australia wisely in the emerging great power picture. Support for multilateral institutions (including the United Nations) will enjoy greater prominence under Rudd foreign policy. But Australia’s 26th prime minister will be under no illusion that old-fashioned power relations between states are being sidelined in the region, or that Asia is destined for increasing peace and prosperity. The region’s many realists will find that Rudd is someone who can understand and speak their language.
Indonesia mourns economic visionary

No crisis in Indonesia ever seemed to rattle Mohammad Sadli. He was famous for his easygoing approach even when the nation was facing one or other of its many crises. Pressed for comment after the latest turmoil in Jakarta, he would chuckle and say, ‘Oh, I’m sure it will turn out alright.’

Sadli, mentor to an extraordinary range of Indonesian and foreign colleagues during his long career in public life, has died in Jakarta aged 85—almost exactly one year younger than Suharto, the president he served for many years but distanced himself from.

While Suharto has been widely criticised for corruption and human rights abuses, he also oversaw a long period of economic stability and growth. And much of this was due to the remarkable role played by some far-sighted economists who persuaded Suharto, a little known general when he assumed power in the mid 1960s, to embrace sensible economic policies.

In August 1966, while Indonesia was still in crisis following the overthrow of President Sukarno, the nation’s top military leaders invited a small group of Indonesian economists to a key national strategy seminar to plan for economic recovery. Suharto listened closely to the group. He not only adopted their ideas but also recruited them as advisers to his ‘New Order’ government.

The group of five economists was quickly dubbed the ‘Berkeley Mafia’ because of their links with the University of California, Berkeley. Sadli was a member of this remarkable group.

Born in Java in 1922, Sadli studied engineering in Indonesia in the early 1950s. Later, he spent time at Harvard, the Massachusetts Institute
of Technology, and at the University of California, Berkeley, on US government scholarships, before taking up a research job at the University of Indonesia.

Sadli officially became a senior government adviser when he was appointed chairman of the Foreign Investment Board in the late 1960s. Sadli’s easygoing approach was a dramatic contrast to the Konfrontasi style noisily promoted by Sukarno just a few years earlier. Soon, a much-needed revival in investment was underway.

As the economic recovery strengthened, the influence of the Berkeley Mafia grew. In 1971, Sadli was appointed Minister of Manpower. Two years later, he was promoted to Minister for Mining. The mining ministry was a key portfolio both because of the large oil revenues and because of the need to maintain effective contacts with the powerful foreign and domestic mining companies.

Liberated from his responsibilities as a minister in 1978, Sadli took on the role of senior economic commentator for the nation. He remained a key adviser to Suharto, he fostered his many links in business circles, and he became an active economic journalist.

It was as an economic commentator that Sadli made his most important contribution in Indonesia in recent decades. His untouchable status was such that he could chide or praise almost anybody in public life at will—and he did! He was one of the first senior figures in Indonesia to become openly critical of the Suharto regime. And his most consistent theme was the need for good economic policy.

He supported economic growth, sound budgetary policies and international trade reform. He opposed monopolies (including, pointedly, those linked to the Suharto family), price-fixing and the tendency of bureaucrats to dream up unhelpful regulations.

The final departure of Suharto, Sadli and other key ‘New Order’ figures from the stage brings down the curtain on a remarkable era in Indonesia. A start was made on building a strong, modern and prosperous Indonesia, but only a start. The challenges that Suharto and the Berkeley Mafia identified in the mid 1960s remain immense.
The torch has passed to the next generation of Indonesian leaders. It is now the turn of President Susilo Bambang Yudhoyono, and the group of Sadli’s students who are now economic ministers, to build both democracy and economic strength in Indonesia.

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JAMIE MACKIE

President Suharto: Cold War hard man who reshaped a nation

Army officer and former president of Indonesia

Suharto dominated the political scene in Indonesia for more than 30 years, from when he first burst into the limelight in October 1965 by crushing the leftist Gestapu coup attempt until his downfall in May 1998, the latter due largely to the East Asian financial crisis of the previous year. The swing to an intensely anticommunist regime in the decades following the coup attempt was a major political transformation.

His regime has evoked intense controversy ever since 1965, initially over the disputed explanations put forward about the coup attempt, later over the scale of the killings that resulted from its suppression and the authoritarian character of his military-backed New Order regime, as well as because of the grossly excessive wealth accumulated by his family throughout his life. Indonesia’s seizure of East Timor in 1975–76 and its later oppressions there were also highly controversial, not only in Australia, but worldwide.

Yet it is undeniable that Indonesia flourished under his leadership and was transformed from the economic basket case it was in 1965—afflicted by acute poverty, dangerous political tensions and administrative chaos—into a strong and stable state, one of the rapidly developing Asian Tigers in the 1990s.

In an admirably balanced assessment of his strengths and weaknesses, his Australian biographer, Robert Elson, concluded:

His period in office brought the greatest period of enduring growth in the country’s history, and hitherto only imagined levels of prosperity and hope to millions of Indonesians. Moreover, whatever the damage caused by corruption, much of that growth was channelled into productive investment, into the elaboration of physical infrastructure and communications, into education, family planning and into agricultural and industrial development.

On the political front, however, his record was much more mixed:

He created a long-lived phase of political order and relative tranquillity such as the country had not known since the height of Dutch colonialism. Yet that order came at a great cost. It was created by the imposition of an artificial and repressive set of ideas that abolished pluralism and by the engineering of a paternalistic political framework that could not accommodate change.

Until 1965, he was almost unknown outside military circles. His name was never heard among the dozen or so leading Indonesians touted as successors to the first president, Sukarno. His opponents were inclined to belittle him at first as a political novice in comparison with the vastly more experienced and charismatic Sukarno, asking how such a prosaic, untried military officer could hope to inspire and unify the strife-torn country, as the latter had once done.

Suharto soon showed how wrong they were, displaying impressive political skills, by no means inferior to Sukarno’s in effectiveness, although utterly different in style. In the end, few should deny that he possessed remarkable political talents and shrewdness—plus considerable ruthlessness—for he maintained his supremacy over Indonesia until he was forced out in 1998, achieving far greater successes than the mercurial Sukarno ever did.

This all-powerful yet curiously enigmatic second president of Indonesia will go down in history as one of the most effective of the great Asian
nation-builders of the postcolonial era, along with Pandit Nehru, Mahatma Gandhi, Mao Zedong, Deng Xiaoping, Chiang Kai-shek, Ho Chi Minh, Lee Kuan Yew and Sukarno. Yet his almost reclusive private life and the controversial aspects of his public career make it hard to reach confident judgements about him.

From the political angle, he can be seen as a strong, successful leader who got things done in a way that had rarely happened previously in Indonesia. From a more personal angle, Suharto was often portrayed as a quietly spoken, almost avuncular figure, ‘the smiling general’, not at all the jack-booted soldier so often caricatured by hostile cartoonists. He enjoyed appearing on nationally televised discussions with ordinary farmers about better ways of growing rice, corn or cattle. Yet he could be hard, ruthless and unforgiving towards enemies or critics.

From yet another angle, he was a family man who cherished his privacy, choosing not to reside in the ornate presidential palace but continuing to dwell in his old house (initially quite a modest one, later much enlarged) in Jalan Cendana until the end of his life. He delighted in getting away to his cattle farm at Tapos, in the hills near Bogor. Yet his family’s immense wealth and his apparent unconcern about the rapacious business activities of his children was one of the most damaging blots on his record.

Suharto shielded his deeper thoughts and feelings even from his closest colleagues, in typically Javanese fashion—except when he revealed them in rare outbursts of bad temper. ‘No one knows what that man thinks,’ a veteran Jakarta insider remarked to me many years ago. ‘That is the secret of his power.’

As his authority increased, his style of ruling came to resemble that of a traditional Javanese sultan in many respects, omnipotent and reclusive. He demanded complete loyalty from his ministers and other subordinates, to such an extent that even the strongest of them became reluctant in his later years to criticise him or pass on bad news. He was ungenerous in failing to acknowledge the help of his colleagues and showed an utter lack of magnanimity towards old comrades-in-arms who fell out with him.

He seems to have accepted unhesitatingly the doctrine that the end
justifies the means. His autobiography reveals no trace of remorse over the
massive slaughter and jailing of communists in the late 1960s, or the killings
of innocent people in East Timor after 1975.

Yet on almost any view of his record he must be given the lion’s share
of the credit, along with his technocrat advisers, for the country’s amazing
transformation from the chaos and instability of the mid 1960s to the
increasingly prosperous, industrialising country Indonesia was becoming
by the early 1990s. Per capita incomes rose by 230 per cent between 1969
and 1982, then doubled again between 1985 and 1995. The title of *Bapak
Pembangunan* (Father of Development) bestowed upon him by the People’s
Consultative Assembly in 1983 was deserved, and cherished.

The revolution in rice farming productivity throughout Java achieved under
the leadership of this boy from a poor village family was an achievement
of historic significance, with average yields rising from two to more than
six tonnes a hectare, making Indonesia self-sufficient in foodstuffs despite
its steadily rising population. By establishing a family planning program
he reduced population growth towards a point where zero net growth is
foreseeable within a few decades, an even greater contribution to the
country’s long-term development potential.

The shift from an agricultural economy in the 1960s towards a rapidly
industrialising one in the 1980s changed Indonesia’s basic socio-economic
structure along lines similar to what has happened in the other Tiger
economies of East Asia. Export earnings from manufactured goods began
to exceed the previously abundant revenues from oil and natural gas around
1990, diversifying the productive base of the economy to an unprecedented
degree.

How did he do it? The most crucial point to note is that whereas the state
was hopelessly weak in 1965 and society-based forces too strong for the
state authorities to control them, the reverse was the case within 20 years,
due almost entirely to his cautious, single-minded, step-by-step approach,
and skilful husbanding of his political assets.

Suharto gradually centralised power, patronage and immense financial
resources into his own hands, as well as those of a handful of cronies in
the palace circle, such as Liem Sioe Liong, Bob Hasan and other wealthy Sino-Indonesian businessmen. The state apparatus had become so much stronger and more effective by the 1980s that no group in the society could retain much effective strength or autonomy without its backing—neither the middle class, nor any regional forces, nor even organised Islam.

Suharto was born in the village of Kemusuk, a few kilometres south of Yogyakarta, in 1921. He grew up, as Adam Schwarz has put it, ‘in a sprawling family...heaped with step-brothers and cousins...the only child of his natural parents who divorced shortly after he was born’. In his first 10 years he was shuffled from one household to another, to a degree that must have been highly unsettling even by Javanese standards of considerable family fluidity. His childhood was haunted by poverty, but he was able to get reasonable schooling because of the social status of his father’s relatives as priyayi (lesser nobility).

He joined the Dutch colonial army (KNIL) about a year before the outbreak of the Pacific War, a step that opened the way towards his later military career. When the Japanese conquered Java, he volunteered to join their forces and soon found himself an officer in the PETA, a Japanese-sponsored local militia. From there it was a logical step to become an officer in the Indonesian army soon after independence was declared in August 1945.

During the 1945–49 struggle for independence Suharto became a battalion commander with the rank of lieutenant colonel. He achieved fame as leader of the attack on Yogyakarta in March 1949, a symbolic gesture of great significance in demonstrating that the Indonesian army was still capable of hitting back at a time when the Dutch claimed to have almost destroyed it.

In the first decade of independence he commanded a battalion sent to Makassar (later Ujung Pandang) to crush regional dissidence, then spent most of the 1950s in central Java, initially in anti-rebel operations, then as commander of the Diponegoro division in Semarang, one of the key posts in the army, when the dramatic rise of the Communist Party (PKI) there was a source of concern to civil and military authorities.
In 1959, Suharto was recalled to army headquarters after a scandal over smuggling operations within his command. He was sent to the Army Staff and Command School, where he made a deep impression on the influential commander, Suwarto, and had contact for the first time with the University of Indonesia economists who were to become known later as ‘the technocrats’, or ‘the Berkeley mafia’, the brains trust he called in to run the economic stabilisation program introduced soon after he came to power.

During the 1961–62 campaign to wrest Irian Jaya from the Dutch, Suharto was appointed as military operational commander, playing a very active role. He was appointed to head Kostrad, the elite strategic reserve force in Jakarta, during the 1963–65 Konfrontasi struggle against Malaysia, which led to his involvement in the events of October 1965 and the army’s decisive confrontation with the PKI and Sukarno.

Suharto’s part in foiling the Gestapu coup attempt of 1 October 1965 has given rise to controversy, mystery and mythology on both sides of the political spectrum, with far-fetched conspiracy theories on the Right about Chinese complicity and from the Left about CIA involvement.

There are still many puzzles about what happened that day and why, yet Suharto’s role was straightforward. After hearing at dawn of the murder of six senior officers overnight, including army commander Yani, Suharto assumed command of the army under standard operational procedures and made the key decisions which soon neutralised the rebel forces in Jakarta. After slowly piecing together who was behind the coup attempt and where Sukarno stood in relation to it, he was confident enough to launch an attack on the rebel headquarters that evening, after advising Sukarno to move out of harm’s way. By the following day, he found himself in a uniquely powerful position, militarily and politically, as the country’s most senior officer exercising control of the capital.

This put him on a collision course with Sukarno, however, who had aroused suspicions among the army leadership by his strange actions during the crisis and his later attempts to deflect any blame for the coup from the PKI. Suharto dramatically utilised the exhumation of the bodies of the murdered generals so as to focus responsibility for the coup attempt
on left-wing elements behind Sukarno, thereby polarising the country’s political alignments irreversibly. Attacks against the PKI mounted during the following weeks, with tacit approval from the army, escalating to a point where its mass base was utterly destroyed by the killings that occurred at the end of 1965 in a conflict situation tantamount to civil war.

Suharto carefully avoided any open confrontation with Sukarno over the following months, manoeuvring cautiously to undermine the basis of his power while minimising the risks of conflict, which could easily have been precipitated—or of a split within the armed forces between pro and anti-Sukarno units. Not until 11 March 1966 could he be prevailed upon to exert overt military pressure against the president, when he did so at the behest of a coalition of anticommmunist student activists demonstrating in Jakarta and anti-Sukarno elements in several army divisions. Sukarno was compelled to transfer executive authority to Suharto to restore law and order in the capital, and from that day on the latter was in charge, formally becoming president in March 1968.

The character of Suharto’s rule went through several phases. During the first eight years of the New Order, until the Malari riots of January 1974, his power was limited by the need to juggle a coalition of supporters behind him. That was to change radically later, but at first he was not much more than *primus inter pares* among the group of senior army officers of his generation. There were several senior officers who could have stepped into his shoes (and were eager to) if he had stumbled.

Those early years constituted a period of relative freedom of expression and political activity (for all except the banned PKI and its members, who were systematically excluded from political life and government employment) after the constraints of the late Sukarno era, although new curbs on political freedom were being steadily reintroduced. Rifts were widening and disillusionment with Suharto deepening among the student activists and the Islamic parties as they found themselves increasingly alienated by Suharto’s economic policies; but they were marginalised from any positions of influence in government. Political parties were restructured
into two easily controlled, factionalised mega-parties in 1973, which could pose no real threat to the government’s electoral standard-bearer, Golkar. The anti-Japanese Malari riots in January 1974, triggered by a visit by Prime Minister Kakuei Tanaka but directed just as much against the government and the rich Sino-Indonesian cukong (big bosses) who were closely associated with it—and partially funding its off-budget expenditures—marked a watershed in the development of Suharto’s rule. The riots were followed by a crackdown on the press and political activists, then by a decade of increasing concentration of power in the hands of Suharto.

After 1983, the highly personalised and patrimonialist character of Suharto’s rule became most striking, as did the increasing prominence of his children. Decision-making power over nearly all significant aspects of the nation’s political and economic life was concentrated more and more within the palace circle of officials and business associates, with Suharto exercising the final decision over almost all key policy decisions and appointments, which were automatically referred to him.

Suharto proclaimed a shift towards greater openness in 1992, but reversed abruptly soon after the first sharp press criticisms of politically sensitive issues arose. Yet the momentum of economic development was then increasing dramatically and if it had continued beyond the 1997 financial crisis, the political effects might also have been far-reaching. But that was not to be.

A major political issue in those final years arose out of the highly controversial business activities of Suharto’s six children, who were the beneficiaries of many lucrative contracts given out by the government, thereby gaining control of some of the largest enterprises in the country. This generated intense dissatisfaction with Suharto’s singular blind spot about their behaviour.

Former Labor Prime Minister Paul Keating’s view in the 1990s that the Suharto regime represented ‘the single most beneficial strategic development to have affected Australia and its region in the past 30 years’ was essentially correct (although many Australians objected to it on human rights grounds). The close personal relations developed by Keating, and by Gough Whitlam
in the 1970s, helped greatly to alleviate tensions over East Timor and led to close cooperation between our two governments over APEC issues.

Suharto came in for sometimes vehement criticism and often excessive praise during his years in office, both at home and abroad. There was certainly much to applaud among his socio-economic achievements, as well as a lot to be deplored on the repressive civil rights and political side. Since his downfall, attention has inevitably been focused largely on the attempts to bring him to trial for corruption or misappropriation of public funds or his various misdeeds, not least his family’s defamation case against *Time* magazine for its report on the Suharto family’s wealth. But in view of the prevalence of corruption and patrimonial politics in East Asia more generally, it is arguable that this alone is not the most important ground on which he should be judged. The balance we strike between his achievements and his shortcomings is a much trickier issue.

Evaluations of his rule are bound to fluctuate over time, coloured especially by the ups and downs of the post-Suharto regimes. The erratic records of presidents B. J. Habibie, Abdurrahman Wahid and Megawati Sukarnoputri, plagued as they were by the economic stagnation and acutely hard times brought about by the 1997 financial crisis, left many Indonesians looking back wistfully at the more prosperous and predictable years they had enjoyed under Suharto. As conditions have improved under Susilo Bambang Yudhoyono since 2004, it has become more reasonable to hope that Indonesia has at last found a workable alternative formula for sustained progress on both the economic and political fronts, vastly preferable to Suharto’s New Order regime.

Disappointing though Yudhoyono’s record has been on some issues—but still much better than Suharto’s—he has delivered a steady recovery from the crippling economic stagnation of 1997–2002 towards the high growth rates achieved by Suharto at the peak of his economic miracle. If this progress can be continued over the next five or ten years, Suharto’s successes will not appear to have been as unique as they seemed earlier (and his failures far greater). But if Indonesia falters again and plunges back into political and economic chaos—which we in Australia must earnestly hope
it will not—the Suharto legend may again look far more impressive than it does at the time of his death. Yet, whatever the outcome, he will still deserve great credit for having got the process of economic development under way and having pointed out the path to be followed.

29 January 2008

AUSTRALIAN FINANCIAL REVIEW

ROBERT CRIBB

Enigmatic mastermind of change

Former President Suharto, who died yesterday, dominated Indonesian politics and society during the last third of the twentieth century. The beginning and end of his rule were marked by political chaos and economic decay, but for three decades he gave Indonesia political stability and spectacular economic growth. His achievements seemed to mark him as a model for Third World modernisation. His rule led to hopes that Indonesia had made progress along the road to democracy and prosperity in the footsteps of South Korea and Taiwan. But his economic achievements proved to be fragile and both corruption and brutality were deeply embedded in his regime.

Suharto was an enigmatic man. Although he occasionally revealed his inner views in angry outbursts, many aspects of his life remain shadowy. He was born in the village of Kemusuk in Central Java on 8 June 1921. He was possibly the illegitimate child of an important local figure, because he received a good education, something out of the reach of most village boys in colonial Indonesia. His family life, however, was unstable, and as a child he was repeatedly shuffled between relatives. Suharto’s biographer, Professor

Robert Elson, attributes Suharto’s remarkable sense of self-reliance to this lack of family stability during his childhood.

Suharto’s early career drifted until the outbreak of the Indonesian revolution against the Dutch in August 1945 at the end of the Second World War and the Japanese occupation of Java. He joined the revolutionary army, and his calm leadership qualities carried him quickly into the middle echelons of the officer corps. Central Java was the heartland of the new Indonesian republic and Suharto developed important political contacts in these years. Still more important, however, he learnt the art of inscrutability. In the tangled and sometimes vicious politics of the independence movement, he learnt to keep his cards close to his chest, maintaining cordial contacts with all sides and making a decisive commitment to the winning group only at the last moment.

The revolutionary years seem to have crystallised his political attitudes, too. He took part in suppressing a rebellion by the Indonesian Communist Party in 1948. The campaign was marked by atrocities on both sides and seems to have created in Suharto and many other military leaders a deep hatred and fear of communism. He also fought the Darul Islam movement which aimed for an Islamic state in Indonesia and became highly suspicious of political Islam.

Many revolutionary generals slipped into obscurity after the Dutch finally pulled out in 1949, but Suharto’s career prospered. He moved into increasingly senior posts and his career was not significantly damaged by a reputation for extensive involvement in business. Military budgets at the time were small, and a responsible commander was virtually forced to engage in business to keep his troops from starving. Suharto, however, in cooperation with his wife Tien (Hartinah) and Chinese Indonesian business associate Liem Sioe Liong, seemed to have a special knack in this area.

Suharto was still a low-profile, ‘non-political’ general in 1963, when he became commander of Kostrad, the army’s crack strategic reserve. Being non-political was difficult in these times. Sukarno was the ageing president of a tumultuous and chaotic ‘guided democracy’ in which the army and the resurgent communist party were jostling for the keys to future power.
Suharto’s skill at keeping his opinions to himself was a great advantage and his Kostrad position was pivotal two years later, when the rest of the army’s high command was killed in an ambiguous coup in Jakarta in October 1965.

Although the coup was officially blamed on the communist party, much remains unexplained. Suharto himself, who knew some of the plotters and seems to have had at least an inkling that an action was to be launched, has been accused of masterminding the coup. It seems most likely, however, that he simply remained ambiguous until the last moment before striking decisively.

With his commanding officers out of the way, Suharto took over the army and presided over the bloody destruction of the communist party in which perhaps half a million people were killed and twice as many were jailed. He systematically dismantled Sukarno’s power and took over as president in 1967, leaving Sukarno to languish under house arrest.

Calling his regime the New Order, Suharto reversed the radical policies of Sukarno. He took the advice of American-trained economists and opened the economy to Western investment. Using both aid money and windfall income from vast oil and timber exports, he invested massively in infrastructure, especially communications and education.

He preserved the large state sector, most notably in banking, and regarded direction and intervention as the key to accelerated economic growth. Important industries were backed with abundant state funds, and he put the formidable resources of the bureaucracy behind major policy goals such as controlling population and achieving self-sufficiency in rice production.

Early observers of Suharto sometimes portrayed him as a simple, authoritarian man with good (or bad) advisers, but in fact he was a consummate manager. He listened to different viewpoints, rapidly mastered the key policy issues and delegated effectively. The fruits of his rule were impressive. Indonesia, which had been one of the poorest countries in the world when Suharto came to power, underwent rapid growth and increased prosperity for most sections of society.

The combination of state intervention and windfall income from resources
created ideal conditions for corruption on a vast scale. Suharto siphoned state money into private charitable ‘foundations’ under his own control, and he granted lucrative licences and concessions to family, friends and political allies. Perhaps because he was not personally greedy—he always lived a rather modest life—he saw these favours as a way building up Indonesia’s own capital base and business expertise and of freeing the country from domination by Western and Japanese business. To outsiders, however, and to Indonesians not in the president’s favour, the regime seemed increasingly mired in self-enrichment.

Suharto’s control of Indonesian politics was tight, even stifling. Elections and parliamentary sessions were hedged about with so many controls that there was no possibility of initiatives from below having any influence. He turned the vague state ideology, Pancasila, into a comprehensive set of social injunctions which told people to stick to their work and not to question the orders that came from above. And he was brutal when he felt it necessary: secessionists in East Timor, Aceh and Irian Jaya were killed, dissidents were jailed and harassed, the press was censored. In the early 1980s, Suharto reacted to a crime wave in Indonesian cities by ordering the assassination of more than 5,000 ‘known’ criminals, their bodies often left in the street as a warning to others.

The New Order was also marked by a callous disregard for the victims of development. On thousands of occasions, urban squatters and rural peasants were pushed out of their houses or off their lands to make way for development projects, receiving little or no compensation.

In the end, Suharto was brought down in 1997 by a wide variety of factors. The president’s own self-importance grew, while public impatience increased over his authoritarian style and his shameless support for his children’s predatory business activities. During the New Order’s last decade, the gap between rich and poor widened dramatically. As Suharto aged, moreover, politics became increasingly dominated by a feeling that the country was waiting, marking time until the installation of a new president with fresh ideas and greater energy. Financial reforms in the early 1990s, however, allowed the development of a bubble economy in Indonesia
whose vast scale was exacerbated by the government connections of many key players. The collapse of the rupiah in the second half of 1997 created an economic crisis which no government could have withstood. Amidst rioting in Jakarta and other cities, the wholesale collapse of Indonesian businesses and growing international pressure against him, Suharto resigned his office on 21 May 1998.

Many Indonesians wanted Suharto put on trial, either on human rights charges or for corruption, but few in the elite, including the new president, B. J. Habibie, felt any appetite for pursuing their former patron. They felt respect for his achievements and feared the serious pursuit of the New Order’s crimes would end up implicating them as well. Although Suharto was charged with corruption in August 2000, the charges were dismissed a month later on grounds of ill health. Deprived of the adrenalin of power, Suharto had rapidly declined from a stocky, pugnacious figure in early 1999 to a frail, wheelchair-bound old man by mid 2000.

Suharto, born Kemusuk, Central Java, 8 June 1921, died Jakarta, 27 January 2008. His wife Hartinah (Tien) died in 1996; he is survived by six children and several grandchildren.

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AUSTRALIAN FINANCIAL REVIEW

HAL HILL

Suharto’s divided legacy

Suharto (who passed away last night aged 86) was one of a handful of figures who dominated twentieth-century postcolonial Asia. Controversial,
enigmatic, reserved, mystical, ruthless, tactically brilliant and little understood, even in his own country, he ruled Indonesia with an iron grip for 32 years, making him one of the world’s longest serving leaders.

Opinions of him divide sharply. To some he was seen as Indonesia’s saviour, who presided over its economic transformation from its ramshackle state in the mid 1960s, to a modern, high-growth industrialising economy.

To others, he perpetrated, or at least presided over, some of the worst human rights violations of his era, following the violent suppression of the Indonesian Communist Party in the mid–late 1960s, the brutal annexation of East Timor in 1975, and his tight, authoritarian management of the country throughout.

There can be no disputing Suharto’s remarkable economic achievements. The Indonesian economy had been in long-term decline for much of the twentieth century, and was viewed by many as a failed state. Yet under his rule the hyperinflation of the 1960s was quickly brought under control, per capita income nearly quadrupled and the incidence of poverty fell from over 50 per cent to around 15 per cent of the population.

The 1980s saw another of his great achievements. By then in supreme control, and aided by his gifted team of ‘technocrats’, he managed adroitly to steer Indonesia through the collapse in commodity prices and the Third World debt crisis that engulfed many oil exporters. His deep and unquestioned commitment to rural development resulted in Indonesia becoming self-sufficient in rice, after being the world’s largest rice importer just a decade earlier. Major investments in education and infrastructure were generating rapidly improved living standards throughout the entire archipelago.

If he had stepped down from power at the end of this decade, he would surely have been revered as one of the truly great leaders of economic development in the Third World, even allowing for his blemished human rights record. But he continued to exercise absolute authority, notwithstanding an apparent—but in retrospect short-lived—experiment with political liberalisation in the early 1990s. Meanwhile, he took two decisions that were eventually to lead to his demise.

First, his children were becoming extraordinarily rapacious, and he did
little to curb their excesses. Four of the six—Sigit, Bambang, Tommy and Tutut—built up billion dollar empires within a decade, on the basis of little more than extraordinary audacity and blatant nepotism.

Their activities were initially tolerated but by the 1990s they had become a subject of deep resentment. That they were able to continue reflected not only Suharto’s political management and tactical genius, but also the otherwise able management of a booming economy, and continued improvement in living standards of the poor. Moreover, even his staunchest critics were forced to concede that Suharto himself led a simple lifestyle.

Second, and a factor that was eventually the trigger for his removal, Suharto had begun to part company with his technocrat advisers. With the economy booming, and private capital inflows at unprecedented levels, he felt he had little further need for them. Surprisingly, in his 1989 autobiography, he gave little credit to them for the country’s remarkable economic turnaround.

From a seemingly impregnable position, his fall from power occurred quickly. The Asian economic crisis, which originated in Thailand in July 1997, quickly spread to Indonesia. By then, Suharto had lost his sure touch. He prevaricated when the International Monetary Fund (IMF) reform program would have dismantled some of his children’s business interests.

A bitter row erupted between him and the IMF, not helped by the latter’s incompetent management of the crisis. With the economy and the rupiah in free fall, he tried to maintain a semblance of unity by installing the last of his five-year cabinets in March 1998.

But the game was up. Eventually, in the face of persistent and increasingly strident student protests, he resigned on 21 May. At a stroke, Suharto virtually disappeared from public life.

The last decade of Suharto’s life was an unhappy one, and he increasingly came to be regarded as a tragic figure. His wife had predeceased him, his children were under investigation (Tommy was imprisoned for a while) and the family of which he was so proud began to disintegrate. He himself was the subject of corruption investigations. For a period, his name was reviled, especially amongst student activists and the urban intelligentsia. But it says something about his standing with the common people, and perhaps also
the Indonesian capacity for reconciliation, that he remained in the country (unlike Ferdinand Marcos, with whom he is sometimes, misleadingly, compared) and was treated gently, and mostly with respect, in his last years.

Suharto’s impact on Southeast Asia and beyond, including Australia, was immense. He immediately dispensed with Sukarno’s adventurous, swaggering foreign policy. Indonesia rejoined the United Nations, the IMF and the World Bank. The ‘confrontation’ against Malaysia (and by default Singapore) was terminated. He played a major role in the establishment in 1967 of the Association of Southeast Asian Nations, a grouping that has since underpinned the region’s political stability, economic transformation, social identity and growing self-confidence.

Suharto was not able to visit Australia after 1975 owing to the certainty that his presence would be dogged by humiliating and violent protests. But his rise was of inestimable importance for this country. He transformed Indonesia and its neighbourhood into a region of political stability and economic modernisation.

There were abundant commercial opportunities created for our companies as a result, but far more important have been the broader geostrategic implications of a dynamic and peaceful region on our doorstep.

There were ebbs and flows in the bilateral relationship during his tenure. Suharto formed very close personal relations with two of the eight Australian prime ministers over his period of rule—Whitlam and Keating. But differences emerged, as would be expected from such different neighbours. Along with Indonesia’s former colonial master, the Netherlands, Australia has been the subject of some of the fiercest criticism from those close to Suharto (though never, unlike Mahathir and Lee Kuan Yew, from the man himself). There was always an undercurrent of unhappiness in this country with Suharto’s human rights record. These criticisms became more vocal after the sorry events of East Timor in 1975, exacerbated by issues elsewhere in the country, especially in West Papua. Nevertheless, with occasional hiccups, the official bilateral relationship remained cordial and effective for most of his rule.
Mixed feelings about the president of paradoxes

I remember vividly the first day I spent in Indonesia in January 1966. Under the incompetent rule of President Sukarno the country was in a Zimbabwe-like meltdown. With a young student activist I went to Pasar Baru, then Jakarta’s main shopping street. In one of its department stores dispirited shop assistants kept watch over counters sparsely stacked with rolls of cheap cloth. A sharp twittering sound came from the empty rear of the shop. I looked up. A writhing colony of bats was nesting in the ceiling. Their rank smell filled the air. Beneath them a pair of neatly dressed girls mopped droppings from the tiled floor. I caught the eye of my student friend and he turned away. His face spoke shame and anger.

The following day he was in the streets with thousands of other young Indonesians shouting his contempt for Sukarno. There was noisy support for the young, still little known General Suharto who had seized power three months earlier and was effectively in charge of the country. Over the next 32 years Suharto’s repressive, corrupt, often murderous rule lifted scores of millions into relative prosperity. And with prosperity came the self-respect that so many yearned for.

The passing of the former strongman has triggered a surge of nostalgia for the authoritarian certainties and the high rates of economic growth that marked most of his rule. The public consensus is that Father Harto (as most call him) ‘did great things for the nation’. To be sure, he, his family and his cronies enriched themselves on an outrageous scale. Human rights, openness and the justice system were trampled. But, as an Indonesian journalist remarked to me, he could have taken Indonesia in the same direction as

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A slightly abridged version of this piece appeared in *Canberra Times*, 2 February 2008.
Burma’s military rulers have taken their country. But he did not. For many in Indonesia, Suharto was in the same mould as the military rulers of South Korea and Taiwan in the 1950s and 1960s, perhaps even of Japan before the war. He laid down a tough but, they say, a necessarily tough, foundation for a later era of prosperity and democracy.

There are still plenty of Suharto hardliners. I met some of them last Wednesday when I visited Giribangun, the family mausoleum in a remote spot on the slopes of Mount Lawu in Central Java where the former president was laid to rest. Early in the morning pilgrims were already filing into the airy, cool burial chamber with its dark, ornately carved teak panels. I joined them sitting crossed-legged on the carpeted floor. Under a ceremonial umbrella Suharto’s grave was a simple rectangle of bare earth with two temporary wooden grave markers. At one end a modest portrait of him in military uniform stood on an easel.

‘He was no mere office-holder,’ one of the pilgrims whispered to me. ‘He was a genuine leader whose personal vision fundamentally changed our country and changed it for the better.’ In his civil servant’s uniform he crawled forward to the graveside and digging his hands into a tray of red and white flower petals (Indonesia’s national colours) he scattered them reverently over the fresh earth. Among the varnished wooden columns in the mausoleum’s outer gallery, men and women sat in ranks on the floor intoning the chant: ‘There is no god but Allah.’

As the quiet rhythms of the chant filled the inner burial chamber, my memory took me back to 1997, just before the financial crash that threw Suharto from office. I was at the tomb of Java’s revered saint Sunan Kalijaga. Seated crossed-legged on the floor of the mosque I chatted with a group of young men who, they told me, had been two weeks at the saint’s graveside, fasting and praying to him for help. Delicately adjusting his white skull cap and fingerling a string of prayer beads, one of them told me that Indonesia’s boom of the 1990s—driven by Suharto’s policies—had turned him from a small-time market trader into a successful second-hand car dealer. He bought clapped-out cars, reconditioned them, and sold them for big profits to a hungry market.
But the ‘king’, he said, referring sarcastically to Suharto, had given his son, the ‘crown prince’ Tommy, the monopoly right to manufacture and market a new car, the so-called Timor car built from components supplied by Korea’s Kia motor company. Overnight the bottom dropped out of his business as consumers rushed to grab the glitzy and super-cheap new product. Now bankrupt, and with no recourse in the country’s supine legal system or in the equally craven mass media, he had turned to religion for help. In the quiet of the mosque his eyes burned with rage.

Since his fall in 1998 Suharto’s legacy has been fiercely disputed, and there are signs the debate will continue. Those who castigate him for his cruelty and human rights abuses are answered by others who argue that the rise in living standards that he engineered saved or lengthened the lives of untold millions.

The live coverage of Suharto’s funeral and the endless retrospectives on television have been almost wholly complimentary. But Suharto’s critics are hinting the eulogies have a lot to do with the dropping of big money into the reporting process by the strongman’s associates and family members.

There has also been a suggestion that Suharto be officially declared a national hero. This has come mainly from the leaders of Golkar, the still-powerful political organisation that was a mainstay of the strongman’s ruthless rule. Sceptics fear that Golkar is seeking to snatch a morsel of political advantage in the lead-up to the 2009 parliamentary and presidential elections. In the aftermath of Suharto’s death, while people are still politely reluctant to speak ill of the dead, Golkar is hoping to bypass the normal process of debate that should accompany this prestigious beatification.

Last Monday, as Suharto was being buried, delegates to an international anticorruption conference in Bali paused to honour the famously supercorrupt former president. Possibly their gesture was a reluctant one and certainly it is what cliché-loving journalists would call a ‘delicious irony’. But it mirrors the somewhat grudging respect most Indonesians feel they have to express. Like Mao in China, Suharto’s authority in Indonesia’s recent history is such that in death he cannot be officially or rudely denounced.

Suharto was indisputably the father of Indonesia’s modern economic
development and deserves to be honoured for this. But he was also an old-
style Javanese tyrant, unable to escape from his heritage into true modernity. 
Contradictory though they seem, these extremes of judgement can easily be 
justified, though neither comes close to telling the whole story. Suharto, it 
seems, is destined to remain a paradox in his own country, but one whose 
key place in Indonesian history will not be in dispute.

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THE AUSTRALIAN

SHAKIRA HUSSEIN

Bloodstained memorials to a life that failed to fulfil its promise

Review of Reconciliation: Islam, Democracy and the West by Benazir Bhutto, 
London: Simon & Schuster, 2008; and Daughter of the East by Benazir Bhutto, 

It is impossible to read Reconciliation: Islam, Democracy and the West without being starkly conscious of the events that preceded its publication. It was completed, so we are told, the same morning that its author was assassinated during her campaign to regain the prime ministership of Pakistan. And in the opening chapter, Bhutto describes how the manuscript itself was maimed during the homecoming parade in Karachi that ended her years of exile. A suicide bombing killed 179 people at that parade, which Bhutto survived in part thanks to the young men who acted as human shields to protect her. As she describes:

Within hours of my reaching Pakistan, some of the pages of this book would

be symbolically charred by fire and splattered with the blood and flesh of disembodied innocents thrown up by devastating terrorist bombs.

No doubt this image of the blood-consecrated manuscript is intended to impress the importance of its message upon the reader. But it had the opposite effect on me; I physically recoiled, and slammed the book shut. And I remembered Asif, one of the young men who Bhutto’s political party had sought to recruit as they trawled the country from one end to the other in search of people who could be persuaded or paid to attend her grand homecoming. Asif’s disdain for such offers turned to outright disgust after the parade’s bloody conclusion. ‘They offered to pay us. Pay us to travel all that way, just to be killed.’

In the end, Bhutto herself paid for her political ambitions with her life. But it is worth remembering that she was also prepared to pay with the lives of others, regarding with apparent equanimity a security strategy that consisted of insulating herself with a generous layer of bodies belonging to people whose loyalty she extolled, but whose lives she does not seem to have valued very highly.

Two strands run through Reconciliation. The first strand outlines Bhutto’s personal political philosophy. Here, she refutes claims by both Muslims and non-Muslims that Islamic and Western values are fundamentally incompatible. Bhutto and her collaborator, Mark Siegel, cobble together evidence from a range of Muslim scholars to argue that Islam is in essence democratic in spirit, tolerant of other religions and supportive of women’s rights. There is a lengthy repudiation of Samuel Huntington’s ‘clash of civilisations’ thesis, which maintained that Islam and the West were destined to engage in bloody intercivilisational conflict. Such conflict can be avoided, Bhutto argues, if Western democracies (most notably America) end their support for dictatorships in Muslim societies. Democracies, whether Muslim or Western, will not make war upon one another.

The second strand of the book sits uneasily with the first. It consists of a self-serving account of the political careers of Bhutto and her father, the executed former Prime Minister Zulfikar Ali Bhutto. This account only highlights the disjuncture between Benazir Bhutto’s professed (and probably
sincerely held) beliefs and her political record. She was the first female leader of a modern Muslim state, yet once in power she failed to repeal legislation under which thousands of Pakistani women, including rape victims, were jailed for adultery. She denounced religious extremism, yet under her prime ministership, Pakistan facilitated the Taliban’s rise to power in Afghanistan in the name of gaining ‘strategic depth’. She speaks passionately of the need to sweep aside dictatorships, suffered terribly under the dictatorship of Zia ul-Haq and urges America to cut loose contemporary dictators such as President Musharraf. Yet even as this book was written, she and Musharraf were reluctantly engaged in negotiating an American-brokered power-sharing agreement.

Bhutto’s memoir *Daughter of the East* has also been updated and reissued, timed to coincide with her homecoming, but now another memorial to her life. Reading this book, first published as she came to power in 1988, only highlights the extent to which she disappointed the hopes invested in her. She writes movingly of her imprisonment, the execution of her father and the mysterious poisoning death of her younger brother in France during the family’s years in exile. But the account of her years in office merely recounts achievements and offloads responsibility for failed policies (such as the support for the Taliban) onto military intrigues and disloyal colleagues. The bitter political feud with her second brother and his death in a police shootout during her prime ministership is dealt with in a couple of paragraphs.

Bhutto’s death was a terrible loss for Pakistan. For all her willingness to compromise her principles in the pursuit of her political ambitions, she represented an alternative path to governance by the military or the mullahs. It was still possible to invest some cautious hope in her return to the political centre stage. But despite this, neither this book nor its author were worthy of the blood that stained its pages after that tragic homecoming parade in Karachi.
Amendment to ensure administration is brought to rights

Important amendments to the Australian Capital Territory Human Rights Act are currently being considered by the Legislative Assembly. In 2004, the ACT was a pioneer in introducing the first legislative human rights charter in Australia. The Human Rights Act offered a model for human rights protection quite different to that contained in traditional bills of rights, such as that of the United States, which have been criticised for allocating too much power to judges to override the will of democratically elected parliaments through declaring legislation invalid.

The ACT legislation, by contrast, was built on a dialogue model of human rights protection, which left the final decision on legislation to the Legislative Assembly, but ensured that human rights were considered at each step of the political and legislative process. If the ACT government were to
enact laws that breached human rights, it would have to do so in the face of judicial and public scrutiny. In this sense, the ACT legislation followed Britain’s Human Rights Act of 1998, which is credited with transforming the public administration of Britain.

The impact of the ACT Human Rights Act has not been headline news since and there have been few court cases invoking the legislation. The real effects have been largely out of the public eye, but they have been significant. All ACT laws and policies are now subject to human rights scrutiny and a number of proposals have been altered and improved as a result. For example, the ACT’s Terrorism (Extraordinary Temporary Powers) Act 2006 reflects the influence of a human rights approach and includes a number of important safeguards for those subject to preventative detention, which were absent from the equivalent federal legislation.

The positive results of human rights legislation in the ACT encouraged the enactment of a Charter of Human Rights and Responsibilities in Victoria, which came into full effect on 1 January this year. Public consultations have been held in Tasmania and Western Australia and government-appointed committees have each recommended that similar legislation be passed in those jurisdictions. The ACT Human Rights Act has also paved the way for consideration of a charter of rights at the national level. These proposed amendments to the ACT Human Rights Act will introduce a greater level of accountability for government and its agencies to observe human rights.

The Human Rights Amendment Bill places a direct responsibility on public authorities to consider human rights in their decision making. Public authorities are defined to include not only all government agencies and instrumentalities but also all entities that exercise public functions. This will mean that private businesses that provide public services, such as public transport, gas or water supplies, will be required to act consistently with human rights. The amendments will allow people who have had their human rights breached by a public authority to have those decisions reviewed. The Supreme Court can make any order that it considers appropriate to remedy the violation (such as an apology) but the legislation specifically rules out the possibility of monetary compensation.
An intriguing provision in the new law is the possibility that any entity, such as a private business that does not act as a public authority in any context, may opt in to the duty to comply with human rights. Such possibilities are available at the international level, for example through the United Nations Global Compact, but unusual in national legal systems. We hope that Canberra’s private sector will take up this invitation to participate in observing human rights.

Other amendments to the Human Rights Act in the bill include clarifying the wording of the provision at the heart of the legislation, section 30. The aim of section 30 was to ensure that all ACT legislation was interpreted to be consistent with human rights as far as possible. The original wording was somewhat convoluted and has led to some misunderstandings within ACT courts and tribunals, which were cautious about interpreting legislation in light of human rights principles unless the legislation was ambiguous in its wording. The new wording of section 30 makes it clear that a human rights-consistent interpretation of legislation must prevail unless this contradicts the very purpose of the law.

Another helpful clarification to be made to the Human Rights Act is the expansion of section 28, which allows reasonable limitations on rights. A claim of human rights by one person can often be met by a claim of another right, for example, the right to privacy can be met by invoking the right to freedom of speech. Decision-makers thus require a mechanism to balance contending claims of rights. The amended section now provides a list of factors which a court or tribunal can take into account in working out whether a proposed restriction on a right is reasonable and justified. These include the nature of the right, the extent of the limitation and whether there is any less restrictive way of limiting the right.

Overall, the changes to the Human Rights Act will provide a stronger incentive for government and public agencies to observe human rights. The amendments will not come into effect until 2009 in order to allow government and public authorities to prepare for greater accountability.
April 2008

CANBERRA TIMES, PUBLIC SECTOR INFORMANT

RICHARD MULGAN

No minister: frank, fearless or just partisan?

How far should public servants go in responding to the directions of their political masters? Grafting legitimate democratic control on to rule-based administrative agencies is a problem all democracies grapple with. They also face some new challenges to traditional conventions brought on by international trends such as the managerialist adoption of private sector employment practices, the growing influence of media management over all areas of government activity and increasing public availability of official information.

The meaning of ‘responsiveness’

Responsiveness refers to the readiness of public servants to do what government ministers want (though it can also be applied to other relationships, such as that of public servants and the community at large). The concept itself is not altogether straightforward. First, there is the question of responsive to whom? A secretary, for instance, may be responsive either to the portfolio minister or to the prime minister. Though the relationship with the portfolio minister might seem dominant, as it is on a day-to-day basis, ministers (and therefore secretaries) always operate within the context of the government’s program and priorities as articulated by the prime minister and the cabinet and as relayed by the secretary of the Department of the Prime Minister and Cabinet (PM&C). Given the power of that secretary and the prime minister over secretaries’ tenure and advancement, secretaries can be expected to respond to the wishes of the prime minister even if this leads them into some tension with portfolio ministers.

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Secondly, responsiveness does not necessarily involve acceding to explicit directions from ministers. As with any superior/subordinate relationship built on professionalism and trust, the subordinate will often anticipate the superior’s wishes without prompting. Experienced senior public servants are skilled in knowing what ministers will and will not want them to do and in acting accordingly. For responsiveness to occur, all that is needed is that public servants act in accordance with what they perceive to be their political masters’ wishes. Indeed, much responsiveness takes place within departments without ministers being aware of it. Secretaries and other senior public servants take the initiative themselves on the minister’s behalf, either through their own actions or through instructions to their own subordinates. At the same time, ministerial advisers, acting on the minister’s behalf, make requests of public servants in the minister’s name, often themselves anticipating the minister’s unspoken wishes.

Ministers want many things, not all of them consistent. They want to win the next election but they also want to serve the long-term good of the country. They want to win the daily political contest in the media but they also want to avoid making any foolish commitments that may come back to haunt them. Being responsive may be a matter of looking past the minister’s immediate demands and recalling other wants temporarily eclipsed in the minister’s mind. On this understanding, public servants may be responsive to ministers while going against what ministers are actually pressing for at the time. They may point out difficulties in government proposals which ministers might prefer not to hear but which they ought to listen to if they wish to avoid unwelcome consequences.

The principle of democratic legitimacy

The main principle that supports responsiveness is democratic legitimacy. Ministers are elected politicians forming a government with the support of a majority in the lower house. Chosen by the voters, via Parliament, they are accountable to the voters, via Parliament and through other channels. This fact gives them the democratic right to impose their own directions on government departments and gives non-elected public servants a
corresponding obligation to follow such directions.

The principle of democratic legitimacy is sometimes expressed in terms of the elected government’s right to determine the public interest, at least in relation to the substance of government policy. The public interest is a contested concept, referring to a judgement of what is best for the people as a whole. Everyone has their own ideas about the public interest, not least public servants, who often have quite decided views about the public good. Public servants are not expected to relinquish these views, still less to become moral and political eunuchs. But democratic values do require them to defer to the elected government’s view of the public interest in public policy when it conflicts with their own.

Contrary to some misconceptions, the tendering of ‘frank and fearless’ advice is demanded by democratic responsiveness and is not necessarily in conflict with it. Good advice in any organisation always requires pointing out weaknesses and potential pitfalls in policy options proposed by the leadership as well as offering alternative options, even when such advice is unwelcome. All good executives—whether public or private sector—need frank advice and the best ones learn not to resent it.

In the government sector itself, frank and fearless advice is also required within ministers’ private offices from political advisers and media minders (and even from the minister’s family), all of whom need to have the courage to give unwelcome news and unpalatable advice. Indeed, it may take more courage for an adviser to tell a minister to change his or her hairstyle than for a public servant to point out difficulties with a policy proposal. From this perspective, frank and fearless advice is part of the loyal service that a good managerial team owes ministers in helping them to implement their policies and achieve their goals. If it sometimes requires saying things that ministers do not want to hear, this can be justified in terms of the need to be responsive to the whole range of ministers’ wants, not just those that are uppermost in ministers’ minds at the time. It does not depend on any supposed obligation to present an opposing view of the public interest.

One can thus understand the obvious irritation expressed by senior public servants such as Peter Shergold with public servants who invoke the
principle of frank and fearless advice as a mandate for offering advice that takes little account of government priorities and attempts to be impartial between competing political viewpoints. As the Public Service Act makes clear, frank advice is to be offered within the context of responsiveness to the government. ‘The APS is responsive to the government in providing frank, honest, comprehensive, accurate and timely advice and in implementing the government’s policies and programs.’

That is, the awkward and unpalatable elements to such advice (about which one should be properly frank and fearless) are those that ministers need to know if they want to meet their chosen objectives. Though advice may run counter to the government’s immediate preferences or commitments, it should not present or assume alternative policy directions incompatible with the government’s values. Responsiveness does have its limits but they should not be set by public servants’ own sense of the best policy direction for the country.

Many who join the public service as a career bring with them a genuine vocation to serve the community as well as a share in the widespread public prejudice against politicians and party politics. They prefer to see their role as ‘above politics’, offering advice from a more detached and independent perspective, one that is not confined to the partisan values of the government of the day. They tend to look on departmental seniors who embrace ministers’ policy priorities as having yielded to undue political pressure or as having sold out to the government.

Traditions of policy independence can also be found in departments such as treasury and defence which have their own strongly institutionalised views about what the public interest demands in their particular area of policy. The treasury view of what is good for the country is often sharply at variance with the government’s view, a point underlined by the leaked speech given to staff in March 2007 by the treasury secretary, Ken Henry. In this speech Dr Henry criticised the government’s water initiative for being insufficiently grounded in economic (that is, treasury) analysis and also warned against government pre-election spending proposals ‘that are, frankly, bad’.

Dr Henry’s criticism of coalition government policy could be partly justified
on the ground of process, that good policymaking requires treasury to be at
the table to present expert economic advice. Talk of ‘bad’ policy could also
be construed as being responsive to the government’s own long-term wants
(for agreed goals such as low inflation, low interest rates, continuing growth)
if not to the government’s short-term intentions (in spending up big in the
hope of re-election). But such language treads a fine line. Departmental
views of ‘good’ policy at variance with the chosen directions of an elected
government run counter to the principle of democratic legitimacy and
represent a potentially dangerous limitation on responsiveness.

Departmental advice known to be at variance with ministers’ ultimate
decisions provides potent ammunition for oppositions and other government
critics. Ministers can be attacked for overlooking ‘expert’ advice for short-
term political advantage. One can see why treasury maintained such firm
opposition to freedom of information (FOI) requests for in-house research
that may have been critical of the coalition government’s first home
buyers’ grants and the effects of bracket creep on tax rates (the subjects
of ‘conclusive certificates’ that were appealed unsuccessfully as far as the
High Court). Henry was unrepentant about conclusive certificates, arguing
that confidentiality was fundamental to treasury’s research function and that
most FOI requests were from people seeking to embarrass the government.
It was not his role, he said bluntly, to help people embarrass the government.
If all treasury reports were available under FOI, he would be forced to block
any research that had the potential to yield politically damaging results for
ministers. But this is precisely the type of advice that governments ought to
be getting.

Frank advice always has the potential to be damaging to corporate
decision-makers if publicly revealed, a consideration that applies in all
sectors, not just government. Confidentiality is thus often assumed to be a
necessary condition for effective advice. On the other hand, it can be argued
that Australian governments and their advisers are too defensive about the
possible impact of FOI disclosure of advice and research that runs counter
to government policy. A more democratically robust approach (as appears
to be developing in New Zealand) would be for ministers to frankly admit
divergence from public service advice and to mount a political argument in defence of acting otherwise.

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CANBERRA TIMES

RUTH BARRACLOUGH

I was one of Nelson's nine academic victims

Brendan Nelson’s time as Minister for Education had a lasting impact on the university sector, with his most infamous act his veto of funding for research projects that bothered him. Nine projects were vetoed in the face of recommendations for funding based on peer review by the Australian Research Council (ARC). This created a culture of paranoia in universities, leaving many researchers wondering if they should stop pursuing the questions they believed were important and instead focus on the question: will the government be bothered by this?

In 2005 my ARC fellowship was one of those vetoed by Brendan Nelson. Apparently the title of my project made him unhappy. As a part-time tutor at Sydney University, and with a newborn baby, I rushed to take the first job I could get and relocated to a Big Ten university in the US. Then, late last year back in Australia I got a phone call from the ARC: I was one of the ‘Nelson Nine’.

It is important to explain the impact that the vetoing of grants has had upon research culture in Australia. In the rumours, paranoia and disappointment that followed the news of vetoes, a culture of fear took hold. I know freshly minted PhDs who have been scared off from applying for an

ARC grant because they believe it funds only ‘political research’ that caters to a narrowly defined national benefit. These people, who are some of our best, will go overseas or, worse, not pursue the kind of research that requires a real culture of confidence and support. Following the vetoes people began to question if the largest and most prestigious research funding bodies in this country would continue to succumb to ideological intervention. The damage has been enormous.

It turns out that I was fortunate. I was at a university where our Vice-Chancellor, Ian Chubb, protested on our behalf. I know of academics at other universities who have been advised to keep quiet about their vetoed grant for fear it might jeopardise their career. In my corridor people stumped up to congratulate me on having won anyway, and their support was the only thing that stopped me railing at the loss. For the loss is considerable. Without the precious time and money that the grant awarded me, the project has stalled. Let me explain this research that the minister felt had to be stopped.

My project examined the Korean kisaeng, a profession similar to the Japanese geisha only with a history that goes back several hundreds of years. Kisaeng occupied the lowest rank of traditional Korea’s caste system. Born or sold into the profession they were exceptional amongst women for their accomplishments: they were trained in literature, music, dance and composition. As slaves who were literate, erudite women they also wrote some of the most treasured poetry in the Korean literary canon. My project asked: how do we understand them as both slaves and figures in high culture? I proposed that sex work and sex trafficking today in Korea and other parts of East Asia cannot be understood without reference to the historical basis of this trade. Bonded labour practices are rife in the contemporary sex industry in this part of the world. I argued that we need to understand the economic origins and cultural history of bonded sex labour if we are to truly address the resilience of the industry.

From the examiners’ reports available, it appears that the grants vetoed by Nelson over 2004 and 2005 were ranked highly. At least three of the Nelson Nine took up positions overseas following the vetoes. Behind closed doors
the ARC fought the vetoes but ended up being blamed for the political fiasco. Meantime Nelson moved onwards and upwards, refusing to disclose, refusing to be accountable, refusing to defend an organisation within his own portfolio.

But the question must be asked of academics and university administrators: how did we let this happen? And this is the crux of the matter: as long as ‘national benefit’ can be harnessed by a fidgety education minister then this will happen again. Now is the time to set down a transparent process that defines ministerial accountability and the appropriate limits of political power.

9 July 2008
NEW MATILDA

SHAKIRA HUSSEIN

Something borrowed, something blue

Brides are supposed to cry on their wedding days. Even Western brides, marrying the man of their choice, cry on what is supposed to be the happiest day of their life. And my aunts told me that Pakistani brides would be considered somewhat strange if they didn’t cry. ‘It’s not a happy day, is it? Leaving your family and everything you know. Of course you cry.’

But this bride was different. Her wedding was taking place in an Afghan refugee camp in northern Pakistan. Even though her face was coated in a heavy layer of makeup, it was possible to see that her expression was frozen in a rictus of fear. Her eyes were blank and seemed not to take in any of the scene before her—the wedding guests, the foreign visitor, the women

who sang and laughed in a vain attempt to draw her into the celebration. It occurred to me that she might have been given a drug of some kind to calm her down.

The mother of the bride was nowhere to be seen. And when the other women explained why, they dropped all pretence of celebration. ‘The girl’s mother is in another room, crying. The family is newly arrived from Afghanistan, and they have nothing. They can’t afford to feed everyone, so they had to find a husband for their daughter. She is only 16, and she is marrying an old man. He already has a wife his own age and, just a few months ago, he married another young woman. It is not what anyone wants for their daughter, but what can they do? They cannot take care of her themselves, and they cannot find her a husband of her own age.’

In peacetime, the mathematics of polygamy does not add up. If there are equal numbers of men and women, then for every man who takes a second wife, another man has no wife at all. That is why breakaway polygamous Mormon sects in the United States have taken to leaving excess teenage boys by the side of the highway—to leave the field clear for the older men to take their pick of the women. Polygamy is damaging to lower ranking men, as well as to women, when a few high-ranking studs corral more than their share of the available females.

But wartime leaves communities with an excess of women. In Australian suburbs there are still maiden aunts who never married because the young men of their generation were killed in the Second World War. But post-war Australian society was better able to provide for such women than present-day Afghanistan. The early days of Islam, too, were marked by warfare, by the presence of women whose husbands or potential husbands had been killed in the fighting. And war-torn societies are insecure places for unattached women. Better half a husband, or even a quarter of a husband, than destitution. And if the husband is not to your taste, you might prefer not to have him all to yourself.

I understand this. I can see why that terrified young woman’s family handed her over to that old man, so that she would be fed, and her share of the family’s resources could be distributed among their other needy children.
In similar circumstances, I can imagine that most of us might do the same, whatever our views of polygamy.

But most Muslim women regard polygamy in a similar light to the guests at that sad wedding—as a last, desperate resort. Of course, polygamous matches happen in peacetime, as well as during war, although they are much less common. If a first marriage does not produce children, then a second wife may be taken in the hope that she will prove more fortunate.

Polygamy may also be used as an alternative to the form of ‘serial monogamy’ more familiar in Western societies, so that a first wife may retain her status as a married woman once a marriage has broken down and her husband has effectively moved on to a new love. But this violates the injunction for the wives in a polygamous relationship to be treated with equal love and care.

However, the usual justification for polygamy is that it provides women who might otherwise have to fend for themselves with a male protector and breadwinner. This may make sense during times of great social upheaval, when no other form of welfare is available (although I will always remember the blank-eyed terror of that young Afghani woman whenever I hear polygamy justified in these terms). But in a just society, women and girls should be provided for by other means. Many so-called monogamous relationships are of course no such thing, and Muslims are as free to engage in informal polygamy as anyone else.

But institutionalised polygamy assumes that women are in such need of male providers that even a quarter share will do. In contemporary Australian society, women do not need to resort to such means of support. In fact, it seems to be men who need the support of women—need it so badly that one woman is not enough. But that, frankly, is their problem.
High tea with a disgraced political dynasty

You cannot trust anyone. These people used to follow us everywhere. They would tell us ‘We are your cats and your dogs.’ Now, we can’t get our own shadows to follow us.

Maryam Safdar was an inconsolable young woman. It was July 2000, nine months since Musharraf had taken power in Pakistan, deposing and imprisoning Safdar’s father, Nawaz Sharif. The Sharif men were in prison or in exile, leaving the Sharif women to rally the faithful. The faithful, however, were few and far between, leaving Sharif’s wife and daughter with time on their hands. Frankly, when you have endless hours to spare for a rambling chit-chat with a passing Australian freelancer, you have hit rock bottom.

Now, the political cycle has turned. Last week, Musharraf finally bowed to the inevitable and resigned from office, his own cats and dogs having fled into the night (although he still rated a phone call of appreciation from George W. Bush, who was among the last of his friends to desert him). Watching Musharraf’s televised resignation speech, I looked for his shadow, and saw no sign of it.

And Nawaz Sharif is a man on the political rise. His party performed unexpectedly well in the elections earlier this year, although the Pakistan People’s Party won the largest share of the vote in the wake of the assassination of its leader, Benazir Bhutto. And in the months since then, Sharif’s hardline stance against Musharraf has further restored the public standing that lay in shreds back in 2000, when I met Maryam Safdar and her mother.
By the time Sharif was overthrown in 1999, after an unsuccessful attempt to sack Musharraf as chief of the armed forces, his rule had become so authoritarian that many Pakistanis felt that military dictatorship could hardly be any worse. Journalists who dared to question Sharif’s grip on power were beaten up and arrested, opposition rallies were violently dispersed, and the Supreme Court was stormed by a mob when it attempted to hear a contempt of court case against Sharif.

I visited the Sharif women along with a couple of local journalists, one of whom had left the country during Sharif’s final months in power, after some not-so-subtle hints that his presence was unwelcome. ‘The electricity on the house was cut. Just our house, nobody else’s. The tyres on the car were slashed. And then I was shot in the leg. Here, let me show you—or perhaps not here. There are many people around. Later.’

In the circumstances, it was perhaps too much to expect that this journalist, along with many other Pakistanis, was going to have much sympathy for the Sharif women’s troubles. Sharif’s wife Kulsoom had been placed under house arrest at various points, but since the luxurious Sharif residences had been the source of much resentment among ordinary Pakistanis, there was a general sense of satisfaction at having them confined to their golden cages. The journalist with the bullet scar in his leg surveyed the Sharif’s bling-studded Lahore residence with a proprietary air. ‘All of this, paid for with our money!’

Kulsoom Nawaz seemed somehow out of place amid all the glitz. She was dressed like a frumpy auntie, very un-Benazir—which may well have been the point. Her manner, too, was low-key and nervous. She clutched a rubber band in one hand, and as she spoke she began to twist it between her fingers in agitation. Her husband had stood firm against ‘certain forces’ who wanted Pakistan to become ‘like Spain’. I was momentarily disconcerted by an image of Pakistani streets filled with tapas bars and flamenco dancers, before I realised that she meant a country that had once been governed by Muslims, from which Muslims had been entirely eliminated.

She detailed the various indignities inflicted upon her family—the discomforts of prison, the unjust accusations, the way her son had been
roughed up in prison. The rubber band twisted faster and faster. (‘That elephant!’ snorted a journalist later, at the mention of Sharif junior. ‘Always speeding around the country in his father’s armour-plated jeep.’)

The Sharif entourage—what was left of it—first arranged for us to visit the hospital that the Sharifs had paid for opposite their country estate (or ‘palace’ as most Pakistanis referred to it) outside Lahore. It was a lovely hospital—clean, shiny, fitted out with impressive-looking equipment—and almost entirely deserted. A young boy with his arm in a sling was the only patient in sight. Then it was over to the palace to meet Sharif’s daughter. She was a stubborn woman, the Pakistani journalists had told me, who had insisted upon marrying her father’s aide-de-camp.

‘Was her father angry?’

The journalists giggled. ‘He was furious! They invited only 200 guests!’

But none of those guests were apparently calling on Maryam Safdar anymore, as she sat alone with her children and the servants in the infamous family palace. ‘I do not trust anyone! Not anyone! None of them can be trusted! And you’—she stabbed her finger in my direction—‘you must learn from my suffering! Never trust anyone!’

Except your family, of course. Her father, she said, was ‘very close to God these days’—praying and seeing divine guidance. His faith was a great comfort to him in these difficult times. Her visits to him were difficult, the guards always keen to impose every humiliation, but their faith would see them through it all. And her mother was keeping the party running until he should return to them.

I asked whether she had ever considered going into politics herself, and she snapped ‘No! Not when I have seen what politics has done to my family. Unless’, her face brightened, ‘unless I could become prime minister. I would love that.’ Then her face fell again. ‘But I am Muslim. And it is against Islam for a woman to become prime minister.’ So there, Benazir.

The next day, the Urdu-language newspapers reported that the Sharifs had been visited by ‘a delegation of Australian journalists’. I was impressed. Either my Pakistani colleagues had become honorary Australians, or I was worthy of ‘delegation’ status all by myself. Even from a disgraced political
 dynasty, it seemed like a compliment.

A few months later, the Sharifs were released into exile in Saudi Arabia. And now Musharraf is gone, the Sharifs are back, and Nawaz Sharif is sporting an improbably luxuriant regrowth of hair and an equally improbable commitment to democracy and the independence of the judiciary.

Yesterday, the shaky alliance between him and Bhutto’s widower Asif Ali Zardari finally fell apart. Sharif had insisted on the restoration of the judges who were sacked last year by Musharraf, and who might have overturned the amnesty on corruption charges against Zardari.

Zardari and Sharif had based their alliance on a commitment to return the judges to office, but Zardari apparently regarded this as a non-core promise, telling the BBC that the agreement with Sharif ‘was not like the holy Qur’an’.

Sharif will now position himself as the opposition, the man of principle who refused to sell out to Musharraf, to the United States and to the increasingly unpopular Zardari. And the cats and dogs seem to be hearing the call.

1 October 2008
AUSTRALIAN LITERARY REVIEW

SHAKIRA HUSSEIN

Prejudice beyond belief

Review of *The Jihad Seminar* by Hanifa Deen, Crawley, W.A.: University of Western Australia Press, 2008; and *Secularism, Religion and Multicultural Citizenship*, edited by Geoffrey Brahm Levey and Tariq Modood, New York:

After the carnage of 9/11, the bombings in London and Madrid, and the Bali bombings in which 88 Australians died, it is hardly surprising that conversations about the relationship between Islam and the West are dominated by the issue of terrorism. However, alongside this fear of physical destruction has grown a concern that Muslims do not only seek to shed Western blood—they seek to bring about a fundamental shift in Western cultural identity. According to many commentators, Muslims are laying siege to core Western values—secularism, equality of the sexes, the Judeo-Christian spiritual legacy and the intellectual legacy of the Enlightenment. Free speech has become an issue of particular concern in the wake of events such as the Ayatollah Khomeini’s fatwa against Salman Rushdie, the murder of Theo Van Gogh and the violent protests against the Danish cartoons. More recently, Random House cancelled the publication of a historical novel narrated in the voice of Muhammad’s youngest wife Ayesha, after receiving advice that the rather breathless description of Ayesha’s wedding night might create security problems. (According to Sherry Jones, author of *The Jewel of Medina*, the Prophet was fabulous in the sack. I don’t suppose it would have helped if she had said that he was nothing out of the ordinary.)

According to some commentators—Paul Sheehan and John Stone being two prominent Australian examples—the danger is due not only to the threat of Muslim intimidation, but to the failure of many within the West to adequately safeguard their own values. In their view, Muslims have deployed the rhetoric of multiculturalism in order to manipulate Western social, political and legal institutions for their own ends. They have been abetted in this enterprise by the willingness of Western multiculturalists to capitulate to Islamic demands because of their lack of certainty with regard to the values of their ‘own’ culture. The confrontation with Islamic extremism has therefore generated debate over the governing norms of Western societies, and whether they need to be either reassessed in the face of social change or reasserted in the face of external threat.

Two new books explore contemporary debates about religion and secularism, with particular focus on the ‘Muslim issue’. Hanifa Deen
describes herself as being ‘as fascinated by religious people as only a secularist can be’. *The Jihad Seminar* draws upon her experience of exploring Muslim communities in both Australia and overseas to tell the story of a highly publicised court case between the Islamic Council of Victoria and the Pentecostal Christian organisation, Catch the Fire Ministries.

*Secularism, Religion, and Multicultural Citizenship* originated in an international symposium held in Sydney in the immediate aftermath of the 7/7 bombings in London. Edited by Geoffrey Brahm Levey from the University of New South Wales and Tariq Modood from the University of Bristol, the book provides a solid historical background on the issue of secularism as well as discussing contemporary debates in which the issue of Islam and Muslim communities features prominently. While Deen’s first-person narrative is very different in style to the academic essays in Levey and Modood’s anthology, both books offer thoughtful and reflective insights on issues that are too often discussed only in sound bites and alarmist headlines.

*The Jihad Seminar* is a lively and accessible account of the first case to be heard under Victoria’s religious vilification legislation. The case centred on Catch the Fire’s ‘Insight into Islam’ seminar, an event that promised to ‘give you a tremendous insight into Islam and the future of Australia’. Alerted to the seminar’s likely content, three Muslim converts attended and were horrified to hear Muslims described as liars who were waging a ‘silent jihad’ on Australia.

The resulting court case was presented by some media as a confrontation between Christianity and Islam, but the battlelines were not so clear-cut. Victoria’s Racial and Religious Tolerance Act was regarded by some Christians, including Catch the Fire Ministries, as a curb on religious freedom that sought to prevent them from preaching the fundamental basis of their faith: that their religion held a monopoly on divine truth. However, other church groups regarded the legislation as offering protection to religious identity by curbing religious hate speech, and the expert witnesses for the Islamic Council of Victorian included a Catholic priest and an Anglican academic.

Deen interviews the Muslim complainants and their witnesses as well as
the Christian pastor who had conducted the ‘jihad seminar’. Daniel Scot
was a Pakistani-born Christian who had sought asylum in Australia after
being threatened with imprisonment under Pakistan’s notorious blasphemy
laws. In Scot’s view, the Australian court proceedings represented another
Muslim attempt at religious persecution. He let it be known that he would
go to prison rather than recant, although the judge made it clear early in the
proceedings that regardless of the outcome, imprisonment was not on the
agenda.

At the heart of the Catch the Fire case, and of many other discussions
of religion in general and Islam in particular, is the question of how to
distinguish between believers and belief. Religious vilification legislation is
not intended to act as a quasi-prohibition on blasphemy. Rather, it is intended
to protect religious communities from hate speech. There is no prohibition
on analysing, criticising or satirising Islam; problems only arise when speech
crosses the line into vilifying believers as a collective.

The Catch the Fire ministers denied inciting hatred, claiming that they
believed that one could ‘hate the sin, but not the sinner’. They did not hate
Muslims—they loved them. They hated Islam, but that was a different
matter.

However, the seminar presented by Daniel Scot did not simply preach
against Muslims because of their sins; it attributed certain sins to Muslims—
all Muslims—because they were Muslim. These sins were not simply
theological lapses such as a failure to accept Christian doctrine; they were
temporal sins with serious implications for the here-and-now of Australian
society, not just the hereafter.

Scot’s claim that Muslims were authorised to lie for the benefit of their
faith plays an important role here. This characterisation of Muslims as
inherently untrustworthy has become an increasingly prominent feature
of anti-Muslim rhetoric in recent years. Muslims are accused of practising
taqiyya, or dissimulation, in order to conceal their intentions from non-
Muslims. Taqiyya is a term used by Islamic theologians in discussing whether
it is permissible to conceal one’s true beliefs in order to avoid harm. It has
mostly arisen among Shia Muslims, during times when they faced oppression
from the Sunni majority. To practice *taqiyya* is to conceal one’s true beliefs in the interests of self-preservation. While some Muslim thinkers believe that it is never permissible, others say that it is acceptable when necessary for survival.

However, anti-Muslim commentators such as John Stone have broadened the definition of *taqiyya* by claiming that it allows Muslims to engage in deceit against the infidel in the interests of a glorious Islamic victory. In particular, Muslims are supposed to misrepresent their beliefs to non-Muslims in order to make Islam appear more benign than it really is. ‘Moderate Muslims’ are therefore not to be trusted when they dissociate themselves from violent extremism, since *taqiyya* mandates them to make soothing noises to non-Muslims while pursuing an entirely different agenda behind closed doors.

The claim that Muslims routinely misrepresent their true beliefs has the effect of binding together all Muslims, from ruthless enforcers of Taliban-style doctrine at one end of the spectrum to whisky-drinking nominal Muslims at the other. It allows individual Muslims to be regarded as the enemy, regardless of anything they may have ever done or said or believed. Any apparently friendly word or action from a Muslim may safely be disregarded, since it is in all likelihood simply another strategy of *taqiyya*. It is, of course, a completely circular accusation—Muslims may deny practicing *taqiyya*, but that is simply another form of *taqiyya*. Even as I write this, I anticipate the responses accusing me of practising *taqiyya* in my discussion of *taqiyya*—although when I was first accused of exercising this supposedly central element of my identity, I had to ask an (incidentally Catholic) Islamic studies professor to tell me what the hell it was.

This line of thinking reaches its logical conclusion in the persistent rumours surrounding US presidential candidate Barack Obama. Obama’s father and stepfather were at least nominally Muslim, and he spent part of his childhood in Indonesia. He is now a churchgoing Christian, but these family links with Islam have generated allegations that he is ‘really’ a secret Muslim and his presidential bid is part of a sinister Islamic plot. Googling ‘Obama AND *taqiyya*’ brings up 34,000 hits, plus several thousand more once you add in other transliterations. This is an extreme example of the
racialisation of Muslims, but it is part of a wider trend in which Muslims are not so much criticised for their beliefs, as much as they are assigned beliefs on the basis of a sometimes very tenuous religious affiliation.

In bringing the case, the Islamic Council had placed itself in a no-win situation. While Catch the Fire Ministries was the initial loser in the courtroom, they came out way ahead in the court of public opinion. Muslims were seen as using the legal system to suppress free speech and religious freedom. Unsurprisingly, when the verdict was overturned the parties agreed to an out-of-court settlement rather than prolong the acrimony and expense. Deen nonetheless sees hope in the fact that Muslims chose to pursue their grievances through a secular court system in a case that drew support from Christians, Jews and secularists.

Levey and Modood engage similar issues in a co-authored chapter on the Danish cartoon affair, which also includes a footnote on the Catch the Fire case. Both cases raise the issue of whether criticism of Islam and vilification of Muslims are the same thing. Levey and Modood argue that they are two separate issues, and that the category of ‘Muslim’ has been racialised. They draw an analogy with anti-Semitism, which began as religious persecution but which morphed into the biological racism that reached its lethal depths in the Holocaust. ‘The prejudice against [Jews] transmuted from a damning theological disputation to the blood in their veins, where what they believed or did or how they looked was immaterial.’ Similarly, Bosnian Muslims were ‘ethnically cleansed’ because they were ‘ethnically’ Muslim, not because of their individual religious practice. On a less extreme scale, the Cronulla riots targeted anyone who looked visibly Muslim, on the basis of their ethnicity as much as their dress, without regard to their actual beliefs.

Levey and Modood argue that the Danish cartoons have been viewed as problematic in three regards: the alleged breach of the widely held Islamic taboo upon visual representation of the Prophet, the negative depiction of Islam as a creed, and the negative stereotyping of Muslims. They regard the first two as a necessary entitlement in a liberal democracy, while the third is a form of racism that breaches the boundaries of acceptable relations among citizens.
S. Sayyid, too, argues that Muslim identity is not simply religious identity and that this blurs the boundaries between the secular and the religious sphere. Contemporary debates about secularism, he argues, are not about separating religion from politics but about affirming the dominance of Western norms over a multilayered Muslim identity. Rajeev Bhargava, however, concludes his discussion of Indian secularism with the claim that ‘[t]he later history of secularism is more non-western than western’, and that in dealing with the religious diversity that now characterises their own societies, Western secularists could benefit from ceasing to regard secularism as exclusive to their own terrain.

These books emphasise that debates around secularism and religious identity do not simply take place across religious boundaries. Despite attempts to corral individuals according to their religious and/or secular identities, there is at least as much disagreement within categories as between them. Recognition of that simple fact holds the best hope for the future.

2 October 2008
THE AGE

HILARY CHARLESWORTH

Is the Universal Declaration of Human Rights universal?

10 December 2008 is the 60th anniversary of the adoption of the Universal Declaration of Human Rights (UDHR) by the UN General Assembly. The vote was unanimous, but there were eight abstentions.

The significance of the UDHR is profound. For the first time, a general
catalogue of the rights of individuals was made the explicit subject of international standards. The president of the General Assembly at the time of the Universal Declaration’s adoption, Australia’s ‘Doc’ Evatt, called the declaration a ‘step forward in a great evolutionary process’, predicting that ‘millions of people, men, women and children all over the world, would turn to it for help, guidance and inspiration’.

The UDHR is the umbrella for the modern international human rights system, comprising general and specific human rights treaties at both the international and regional level. All countries have ratified at least one of the UN’s human rights treaties; indeed, 80 per cent of UN members have ratified four or more. The UDHR is also the basis of constitutional rights guarantees in 90 countries, although it is not yet fully implemented in Australia.

A 60th birthday is usually the moment to celebrate a life well lived, success in public and private life, and perhaps to anticipate a comfortable retirement. But these are not apt measures for the UDHR. It was and remains a controversial document. One controversy has dogged the UDHR since its adoption: can it claim universal application in a world marked by religious, cultural and civilisational differences?

The future of the declaration involves balancing the power of universal ideals with the inevitable specificity of their translation in particular local contexts. But claims that human rights do not acknowledge cultural difference are overplayed and indeed are regularly used as a gambit to avoid human rights scrutiny by governments of all shapes and sizes.

Although experts from many nations were involved in drafting the UDHR, some countries argued that the UDHR was a Western enterprise. For example, Saudi Arabia criticised the reference to the equality of the rights of men and women in relation to marriage and the right to change one’s religion in Article 18 as a form of colonialism.

Recent debates at the United Nations show that the issue of universality is still contested. Last year the UN Human Rights Council adopted a resolution, introduced by Pakistan, entitled ‘Combating defamation of religions’. The resolution encourages states to prohibit criticism of religion and focuses on Islam in particular. The religious defamation issue was framed as one of
Western rights against Islamic values.

The resolution conflicts with the protections of freedom of thought, belief, opinion and expression set out in the UDHR and later human rights treaties. It contains no criteria to determine when freedom of speech crosses over into unacceptable religious defamation. While international human rights standards accept the possibility of limitations on freedom of opinion and expression, for example, to protect public order or public health, it is not clear why religions should be protected against criticism. Although it is clear that there has been inadequate attention given to understanding Islam in the West, the resolution proposes a crude solution. By implying that states have a duty to prevent criticisms of and debates about religions, particularly Islam, the resolution seems more intent on protecting religious ideas rather than the rights of individuals to religious freedom.

Attacks on the universality of human rights are also common in the West, although they are not usually pitched in these terms. Western governments regularly find international human rights standards as irksome and confronting as non-Western governments.

The conduct of the ‘war of terror’ in particular has led Western governments to resist the universal application of the UDHR. Indeed, across the globe the post-9/11 era has generated laws that attempt to reduce the threat of terrorism. One local example is the 2005 amendments to the Commonwealth Criminal Code, enacted in the wake of the London bombings. These amendments rest on a very broad definition of terrorism and introduced preventative detention orders and control orders, and expanded the definition of sedition.

The Australian laws raise serious human rights questions: both preventative detention and control orders are mechanisms that are inconsistent with the rule of law and with human rights principles such as the right to a fair trial and the right not to be arbitrarily detained. The sedition provisions are inconsistent with international guarantees of freedom of speech.

As Conor Gearty argued in his 2006 Oxford Amnesty Lecture, the war against terrorism is built on a division of the world into ‘good’ and ‘evil’ camps. The idea of human rights developed over the last 60 years is that
human rights attach to every person, regardless of whether we label them good or bad. The new wave of anti-terror laws undermine this development by establishing categories of people who are unable to claim the full protection of basic rights because they have been tarred with the word ‘terrorist’.

So, we can see that the universality of human rights remains controversial 60 years after the adoption of the UDHR. All types of governments tend to stake out areas in which recourse to human rights standards is suspect.

In this sense, the UDHR remains a radical document. It is difficult to imagine that the economically drafted text of the thirty articles of the Universal Declaration could emerge from a twenty-first-century United Nations process. Today, the formulation of the rights contained in the Universal Declaration would be much more qualified. They would be hedged by the language of exception and special circumstances.

We should hold onto the ideal of universality in the human rights area and resist attempts from all sides to water it down. Universal principles can accommodate pluralism and cultural diversity while embodying a commitment to a flourishing human life. The idea of universal human rights is valuable also in that it makes us scrutinise opposing claims of culture carefully. Whenever exceptions to human rights based on cultural difference are proposed, we should investigate the political agenda of the culture claim.
6 October 2008

CANBERRA TIMES

JOHN BRAITHWAITE

The risk shifting society

What do family violence and the global financial crisis have in common? The research shows that among the worst things we can do about violence when it first occurs in a family is natter at the child.

A busy parent sees a son punch his sister. Instead of dropping everything to confront the violence, parents continue on their way to the kitchen, nattering at the boy ‘stop hitting your sister’. By failing to make it clear why this is behaviour that is never allowed to stand, failing even to check that the violence ceases, family violence escalates.

Similarly with a child caught at petty theft. Police may do nothing, handing the matter to the parents. Parents are good at blaming police and schools when the petty crime of their children grows into something serious. Divorced parents can be particularly good at blaming each other. In fact, everyone involved in the lives of children is good at shifting blame to others.

One day the boy lands a lucky punch and breaks a jaw, or worse. He feels a victim of arbitrary justice when put in a cell. He has behaved worse in the past, seen his friends behave more violently and get away with it. Why me? Just bad luck the jaw broke.

We don’t need to punish children when they fail to respect the persons and property of others. We just need to confront it. Punishment is only necessary when they refuse to pay attention.

The US mortgage crisis has occurred because the Bush administration and banks had a problem that they chose to natter about rather than confront. Now Wall Street and Washington natter blame at each other for the fiasco.

Published as ‘Shifting the blame has become the bankers’ game’, Canberra Times, 6 October 2008.
The problem started at a very micro level. Mrs Smith and Mr Jones were given bigger loans for bigger homes than they could afford. Some were ‘liar loans’ where the bank encouraged them to inflate their income so the loan could be sold.

The bank blames Mrs Smith for her destitution caused by this minor fraud. The bank did not feel responsible to confront this risk. It simply decided not to shoulder it. Banks believed financial engineering would shift the risks to others.

Mrs Smith’s default risk would be bundled with thousands of other loans. Then that bundle of loans would be divided into securities for sale. The bank shifted the risk to other banks who bought shares of the loans.

Everyone in the system believed they were using clever financial engineering to shift and spread their risks. With none of them owning and confronting the risk of bad loans, the number of bad loans in the system grew and grew to the point where a crisis was waiting to happen as soon as markets fell.

The primary purpose of derivatives in contemporary capitalism is to allow financial institutions to get around regulatory responsibilities. That is an institutional problem America must confront.

If we write a home loan to Mrs Smith, we have a responsibility to ensure it is a loan she can afford when times get tough. That is a banker’s responsibility to Mrs Smith and to the solvency of our society.

If we marry Mrs Smith, we have a responsibility to confront violence and theft by the children of the marriage. This is a responsibility we owe to the child and to the safety of our society.

If we leave Mrs Smith for a younger woman and in the process neglect the needs of those children, we shift responsibilities to Mrs Smith that are not hers alone. If the banker shifts Mrs Smith’s loan risk to other banks, leaving the family homeless, that is not solely the responsibility of Mrs Smith.

At root, at the micro level, the same virtue has collapsed. This is the virtue of owning a responsibility to confront a risk rather than shift it. At a macro level, our institutions encourage us to be risk shifters.

We can remedy that with our crime control institutions by expecting
parents, police, teachers to sit in a restorative justice circle with victims and offenders when theft and violence occur. A restorative justice circle is about the virtue of active responsibility, all stakeholders in the child’s life actively taking responsibility for putting things right and healing harm.

We can remedy insolvency with regulatory institutions that require those who sign reckless contracts to be ethically responsible for them. Financial engineering that subverts decent regulation, that allows escape from the consequences of commercial immorality must be confronted. Nattering about it, shifting risk to taxpayers, will not do.

Aggressive use of negative licensing laws that exist in Australia and New Zealand for regulating finance brokers and insolvency practitioners is one remedy. The idea is not to require a bank officer to have a licence before they can issue a loan or manage a bank. That’s a positive licence. A negative licence means the regulator can issue an order that the individual banker be banned from working in the finance industry.

Countless thousands of people will lose their jobs in US banks soon. It would be just if a few thousand of these innocent employees were able to take the jobs of morally culpable bank executives who were negatively licensed out of the sector. Then the future use of negative licensing would be a credible threat to get bankers to take notice of their responsibilities. Of course, this is not enough. More systemic regulatory changes are needed. Threatening the future incumbency of strategic executives is one way of levering cooperation with systemic change.

The United States is a rich society because it is clever financially compared to us in Australia. But it is also a country with more insolvency and more crime than any rich nation because it has become a society that shifts its risks. On the one hand, bailouts may restore some confidence. But if they fail to follow up with new rules of the game that demand ethical responsibility for loans, the bailouts will further worsen moral hazard.

Divorce and derivatives are necessary devices for easing out of contracts. But they are corrosive of responsibility if unregulated by a moral code.

Many Australians are attracted to the freedom American institutions allow, especially to the rich, to shift away from risk, to shelter from tax and from
the crime of poor communities. Now seems a good time for Australians to think seriously about the virtue of owning risks that are properly ours. And the general virtue of regulatory, family and justice institutions that require this.
Thirsty dragon at the Olympics

The picture on this page† was taken by a People’s Pictorial photographer in 1953. The sixty-year-old Mao Zedong had just finished writing a calligraphic inscription that read ‘Celebrate the successful completion of the Guanting Reservoir Project’. The man sitting next to him was my father-in-law, Wang Sen, the project manager for the dam.

The photograph was probably published in some newspaper or other around that time. Even if I’d seen it, I wouldn’t have paid any attention to it. I certainly never imagined that fifteen years later I’d marry the project manager’s son, Wang Dejia, thereby becoming the daughter-in-law of a man once shown relaxing on the bank of the dam, chatting and laughing with the ‘Great Leader’.

The first time I saw this photograph was in 1968, during the Cultural
Revolution. I found it at the bottom of a pile of discarded documents beneath some quilts. At that time most people would treasure a picture taken with Mao as if it were a family heirloom, a talismanic charm, something to be carefully framed and hung in a prominent place at home. They prized such things even though in the picture they themselves might only have a head the size of a pea.

I shouted out with surprise: ‘When was this picture of you with Chairman Mao taken?’ My father-in-law was sitting holding his favourite deck of cards—they were so worn that only he could tell them apart. He looked up but said nothing. My husband, Dejia, didn’t say a word either. It was obvious that neither of them wanted to see the thing brought out for display. Only many years later did Dejia tell me that his father—a man who had overseen the building of a number of major dams and who ‘struggled throughout his life for the Party’s cause’—once whispered to him, ‘Build a dam, bleed a river dry.’ By then it was the late 1980s and I myself was involved with an environmental group opposed to the Three Gorges Dam being planned for the Yangtze River. My environmental group was investigating what had happened to the earlier Sanmen Gorge Dam Project on the Yellow River, and we had publicly started lobbying to protect China’s rivers and water sources.

I didn’t ask Dejia when his father had made the remark. Even if it wasn’t as early as 1968, the year I discovered that old photograph, he must have been thinking along those lines by then. China had been through the calamitous famine created by the Great Leap Forward in the 1950s. One of the slogans of the Great Leap had encouraged people everywhere to ‘put maximum effort into building hydrology projects’. As a result, cadres—or officials—in the People’s Communes had ordered the construction of countless small dams. The wild enthusiasm of the ‘Great Leap into communism’ passed, leaving disaster, agricultural dislocation, and mass starvation in its wake. Unstable embankments and leaking dams littered the countryside.

By the late 1960s, the Ministry of Hydrology in which my father-in-law had worked was preoccupied with the overwhelming task of trying to deal with the ongoing ecological disaster created by the Great Leap. Even
my father-in-law’s hometown in Jixian County, Hebei province, had been devastated. His village had been submerged when they dammed the Jizhou River to create the Yuqiao Reservoir, less than one hundred kilometres from the Guanting Reservoir. The inhabitants of 141 villages had been resettled during the building of that project. There probably wouldn’t have been any complaints if the dam had really benefited local farmers.

But as was the case with so many grandiose dam-building projects, the local cadres behind the Yuqiao Reservoir had failed to ascertain the geological makeup of the area. The two-kilometre-long dam was built on sandy soil. Within a few years water was seeping out to create a vast marshland downstream. The result was the destruction of 50,000 acres of land that had provided food for the population of nearly one million people in the six major counties downstream. What was left, so Dejia told me, was a bumpy moonscape that could no longer support agriculture of any consequence. The farmers had long since been forced to leave their homes, but they snuck back to their ruined towns and eked out a living, harvesting only a fraction of the food they used to produce. To this day those villagers are still on state welfare.

Meanwhile, the authorities in Beijing are preparing for the competitors and visitors who will descend on the Chinese capital next August for the 2008 Olympics. Unprecedented efforts have gone into transforming the city. Of course, international audiences will mostly be concerned with who jumps the highest or runs the fastest. But Beijing, the capital of a ‘rapidly rising’ China, is anxious to show off its architectural magnificence: the grand Olympic Stadium (the ‘Nest’), the ‘Water Cube’ built for swimming events, all the new luxury hotels, the Rem Koolhaas-designed China Central TV building, and the multilane ring roads around the city.

While the farmers living on the outskirts of greater Beijing are given strictly controlled allocations of water, in central Beijing the people in charge are celebrating the construction of the ultimate ‘water follies’ which will be ready in time for the Olympic year. These include the vast lake that will surround the titanium, egg-shaped National Grand Theatre next to the Great Hall of the People, just off Tiananmen Square, as well as the largest
fountain in the world at the Shunyi ‘Water Heaven’—one that can shoot 134 metres high. The Shunyi water park has been built on the dried-out remains of the Chaobai River—no irony intended. And then there are the hundred golf courses that have been laid out in greater Beijing. These infamous ‘water guzzlers’ occupy over 20,000 acres of land and their imported turf has become a serious drain on the city’s dwindling water resources.

Perhaps if this spectacle had been held three hundred years ago, or even a hundred years ago, the environment of Beijing might have been able to sustain it. After all, the city is surrounded by mountains on three sides, has five major water sources, and once had numerous lakes and marshes with underground springs constantly welling up and disgorging crystal-clear water. It was a rich and fertile place, and was home to five imperial capitals. But today Beijing is entirely different. Its reservoirs are 90 per cent dry, and all of its rivers flow at historically low levels. The aquifer under Beijing has been drastically lowered by long-term overuse.

Is all of this just because of climate change? Certainly the city has been afflicted by drought for the past eight years, but the problems are more fundamental. Since 1949, the Beijing metropolitan area has experienced an eightfold population increase (growing from 2.2 million in 1948 to 18 million today). The city itself covers a geographic area that is fifty times larger, and uses thirty-five times as much water. Even the consumption of whisky has increased one hundredfold in recent years. And what of the city’s water, that precious commodity without which no one—young or old, rich or poor—can survive? On average, Beijing people have only three hundred cubic metres of water resources per capita, one-eighth of the Chinese average—which is 2,200 cubic metres—and one-thirtieth of the world average.

But during the Olympic Games, Beijing will enjoy an unprecedented supply of water. Special pipes will bring unpolluted water from the provinces to provide for the whole city, allowing people to enjoy potable water from their taps for the first time—but only for as long as the games last. Meanwhile, when the crowds watch and applaud the Olympic performances at the aquatic events, neither they nor the athletes will be aware that they are not really competing on the waters of Beijing’s original Chaobai River.
The ‘river’ they will be using is an artificial creation made by damming the two ends of a long-dry riverbed and filling it with water pumped from deep underground.

After the Olympics, what then? The quest of Mao Zedong and his fellow Communist leaders to conquer nature led to the widespread razing of forests, the destruction of grasslands, the conversion of wetlands to farms and the incessant damming of rivers. The heedless and unaccountable use of natural resources in more recent decades has led poor Beijing to the desperate state it is in today. My father-in-law’s warning was prescient: the Guanting Reservoir for which Mao wrote his inscription in 1953 was China’s first large reservoir, storing four billion cubic metres. For four decades it was Beijing’s main source of drinking water. Today it is three-quarters empty and has not supplied Beijing with water for ten years. The Miyun Reservoir, Beijing’s other lifeline on the Chaobai River, today operates at a tenth of its original capacity, supplying Beijing with only a tenth of its current water needs.

To make up for the dramatic water shortage, Beijing for the moment ‘mines’ 80 per cent of its water supply from its underground aquifer. But it is doing so at a rate faster than the aquifer can be replenished, causing the water table beneath the capital to drop precipitously and the land to subside in a two thousand square kilometre ‘funnel’. The balance of the city’s water is being piped in from increasingly resentful neighbouring provinces, such as Hebei and Shanxi. How will the city’s insatiable thirst be satisfied in the future?

China’s new rich and the financial capital controlled by the party-state bureaucracy are expanding into the world market at an alarming rate. While they have created previously unknown wealth, it is a wealth made possible by the avaricious consumption of natural resources. Today, some people of conscience have begun to speak out about what is happening and the dangers ahead. But these voices of concern and protest among China’s citizens are rarely heard, and are weak at best. Although I am still based in Beijing, my own writings have been banned in China for many years.

The writer Lu Xun, who died in 1936, likened China to an iron room. He
described a terrifying situation:

Suppose there were an iron room with no windows or doors, a room it would be virtually impossible to break out of. And suppose you had some people inside that room who were sound asleep. Before long they would all suffocate. In other words, they would slip peacefully from a deep slumber into oblivion, spared the anguish of being conscious of their impending doom. Now let’s say that you came along and stirred up a big racket that awakened some of the lighter sleepers. In that case, they would go to a certain death fully conscious of what was going to happen to them. Would you say that you had done those people a favour?*

Lu Xun called the China of the past ‘voiceless China’. But China is now part of the global community, and we all face the decision about what we should do about our shared iron room. Moreover, there is another, more fragile China that truly has no voice: the natural environment. The fertile plains, the mineral wealth of the nation, the mighty forests and the vast waterways—they are silently dying. This is the silence of China today. It is a silence that speaks of the grave.

The second-century-BCE Confucian philosopher Xunzi said, ‘The people are the water [in a river], the ruler a boat. The water can keep the boat afloat, the water can also capsize it.’ His metaphor described the relationship between the ruler and the will of the ruled. It took for granted the presence and the abundance of water. But if the actual water has been polluted and the rivers bled dry, a new metaphor is needed, one that will reflect China’s looming environmental catastrophe.

Poor people are not lazy people

Recent letters to *The National* have asserted that in Papua New Guinea, because everyone has access to land back in their villages, as long as they are prepared to work hard, there is no reason for anyone to be hungry or poor. Therefore, people who are in ‘poverty’ have only themselves to blame. They are ‘lazy’.

Leaving aside the likelihood that not everyone in PNG has access to land (for example, unmarried youths, women, migrants), there is a great deal of evidence that there are significant numbers of poor people in PNG.

They live in remote locations that are mountainous, with high rainfall, high levels of cloud cover and poor soils, or are on flood plains that are inundated regularly, or are on small islands.

They have limited or no access to basic services, including health and education services, and, importantly, to markets where they can sell agricultural produce in exchange for cash.

They also have poor access to information and knowledge about important matters like health care, nutrition and political developments. They cannot afford to buy imported foods to supplement their traditional diets that are low in protein and oils. They are often poorly represented politically and are ‘invisible’ from the main centres of the country.

The 1996 Papua New Guinea Household Survey, the first nationwide survey of consumption and living standards in PNG, was similar to surveys used to identify poverty in many other countries in the world. There is not the space here to describe the technical details of this survey, but it estimated that 34 per cent of rural people and 11 per cent of urban people lived

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in households in which the value of the food eaten and the services used (such as health and education) was significantly below what was considered acceptable by PNG standards.

The places where these poor people live have been previously unidentified in the 1970s and 1980s, by researchers in what is now the National Research Institute, as ‘underdeveloped areas’. They are located in the western parts of PNG along the Indonesian border (for example, Telefomin), at high altitudes (for example, Lagaiap), along both sides of the Highlands (for example, Bosavi, Kaintiba or Bundi), down the length of the main mountain range (for example, Tapini), on the Saruwaget and Finnisterre mountains (for example, Finschhafen), in inland New Britain (for example, Pomio) and on many small offshore islands. These areas are commonly high and mountainous, cold and wet, steep and subject to erosion, are flooded annually (for example, Middle Ramu) or are on small islands. Most are isolated from roads and urban centres. The 1982–83 National Nutrition Survey found that, in many cases, these are also areas of high child malnutrition.

The argument that all it takes to live a ‘good life’ in PNG is a bit of land and some hard work is questionable. Nutritionists tell us that it is likely that before colonisation, subsistence diets in these same poor places in PNG were inadequate, leading to high rates of disease and high death rates. This is a fairly convincing argument as to why, for example, the Highlands valleys were heavily populated, while the Highlands fringes were not.

Whether this is true or not, after PNG was colonised, the present day poor places did not attract investment in the form of infrastructure, plantations or village cash-cropping. Where village cash-cropping provided cash incomes, people were able to supplement their precolonial diets, which were exceptionally low in protein and fats with purchased, imported food that are high in protein, fats and oils. This has led to improved human nutrition and to lower infant and child mortality and higher population growth rates in many parts of PNG. But today’s poor areas were left behind, while the more favoured areas became ‘developed’.

Colonial administrators, planters and missionaries were drawn towards the higher potential land, with its higher population densities and easier
access and it was here that ‘development’ occurred, in the form of towns, roads, wharves and plantation agriculture.

Villagers were able to take advantage of these developments and rapidly adopted cash-cropping. These are now the districts with relatively high personal cash incomes from cash-cropping and the sale of fresh food. They also have the best access to education and health services.

Those who live in underdeveloped areas are not just sitting down and waiting for help to come to them. They are moving to towns and to the countryside around towns or along the main roads. These poor people move, even though life can be very tough for them in their destinations, where they do not have access to land, they have very low incomes (the price of imported foods like rice has increased by four or five times over the last 10 years) and they and their children are branded as raskols. Nevertheless, many of them say they are better off in their destinations than in their home areas, where there is no chance of their children being educated or for them to receive medical treatment should they become sick.

The eradication of poverty in PNG will not be easy or simple, because the places where poor people live are very difficult to develop, and because there is increasing prejudice against poor migrants: even though most well-educated, employed people or their parents have migrated from a rural area somewhere in PNG sometime in the past.

Nor will the situation of poor people be helped by calling them ‘lazy’ and blaming them for the predicament they find themselves in.
From fuel to food subsidies in Indonesia

The price of rice, even more than the price of fuel, is the key political barometer in Indonesia. As the country’s primary staple, rice is eaten twice, often three, times a day. Any significant increase in the rice price in the coming election year can have major consequences for political incumbents, both nationally and locally.

Intermittent, soaking rains in June and through much of July should ensure a bumper rice crop for Indonesia this year. In the high production areas of Java, the first season’s crop has now been harvested and the prospects for the second crop, especially in West Java, look promising.

Indonesia’s Central Statistics Agency has forecast a rice harvest of 58.2 million tons. If this optimistic forecast were achieved, it would be a 2 per cent increase on last year’s harvest. How this production increase will translate into food for the poor is critical, especially following the government’s 28.7 per cent reduction, in May of this year, of its subsidy for fuel.

Under President Suharto, the National Logistics Agency (BULOG) had monopolistic powers on food imports. Its central task, however, was to stabilise rice prices. In the first half of each year as the harvest came in, it would acquire a large stock of rice, thus maintaining a floor price for farmers selling their crop. With this stock, it could later intervene in the market to ensure acceptable rice prices for consumers. It built a network of warehouses throughout the country and could ship rice from the productive areas on Java to other parts of the country.

BULOG has now been stripped of its monopoly powers but in the process it has been given a new role in providing rice for the poor. Its principal
task is still price stabilisation but it does this primarily by purchasing and distributing rice as food security for the poor.

This year’s ambitious purchasing target is 3.8 million tons. A good harvest should make this target achievable. Rice imports will be at a minimum since BULOG has already purchased half its target within Indonesia and is confident of obtaining the rest of its needs for this year locally.

The Central Statistics Agency conducts regular surveys to identify Indonesia’s poor. It has currently identified 19.1 million households living in poverty. Under Indonesia’s ‘Rice for the Poor Program’ (RASKIN), these households are entitled to purchase a ration of rice—ten to fifteen kilograms—per month at approximately one-fourth of the current market price. BULOG’s distribution network now functions to move rice throughout the islands to the districts where it is then made available locally.

Since community consultation is a factor in determining who obtains this cheaper rice, local distribution has varied greatly from district to district. Despite national guidelines, there is no longer any uniformity of implementation among the patchwork of hundreds of districts that now constitute Indonesia’s system of decentralised government. Despite numerous irregularities at the village and district level, the ‘Rice for the Poor Program’ has been a success in providing, for the first time in Indonesia’s history, a basic national safety net for the poorest members of society.

The program was begun as a ‘Special Operation’ in 1998 and has continued to evolve since then. A new poverty survey is about to be conducted and it is expected that the number of identified poor will increase. The net will certainly continue to widen. Five provinces are experimenting with a village kiosk system for local allocations.

Although rice may be available for the poor, it has been recognised that they may not have the purchasing power to buy it. Hence after the fuel price increases in May, the government has begun providing a monthly cash payment of Rp.100,000—roughly A$11.50—to the same families for whom the cheap rice is available. As it slowly and painfully weans itself from its general subsidy of fuel, Indonesia has in effect instituted the beginnings of a welfare system.
Huge problems remain. For many, rice prices, even for the cheapest rice, are felt to be too high. The chief cause of these rising prices is the increased cost of fertiliser. Although Indonesia is a major producer of nitrogen fertiliser, the cost of the natural gas used to produce it has increased and thus there has been a steady rise in the price of urea. As a consequence, for reasons of food security, Indonesia must maintain a subsidy on fertiliser.

Indonesia’s continuing reduction of its massive fuel subsidy has meant a restructuring of other subsidies. In an election year, keeping these subsidies in place and setting their strategic levels will be a major concern of government policy.

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8 August 2008

THE AUSTRALIAN

RAGHBENDRA JHA

Investors punish the poor

The global spike in food prices started late in 2007 and shows no signs of abating. The price of rice, the single most important cereal consumed in the Asia Pacific region, was rising steadily but incrementally until late 2007 by which time it was roughly double the levels of 2002. However, there was a huge spike in the price of rice in late 2007 to early 2008. The monthly average price for white rice (Thai 100 per cent B second grade), for example, went up from US$385/ton in January 2008 to a peak of US$962.60 in May 2008 before falling marginally to US$836.50 in July 2008. The annual average price for this brand of rice climbed from US$196.89/ton in 2002 to US$334.45/ton in 2007 but jumped to US$696.54 in 2008. Prices of other
food grains have also experienced similar, if less spectacular, spikes.

A number of explanations have been offered for this price rise including the use of grain for biofuels, the increasing consumption of meat in fast-growing economies, stagnating agricultural productivity and investment, the weak dollar and so on. However, two important caveats are in order. First, while these factors can explain the tendency of food prices to rise they cannot explain the magnitude and the timing of the spike. Second, while all these explanatory factors have been known to be around for a while, none of the many econometric models that are used to predict food prices was able to predict this spike.

In this article I want to advance an explanation for this spike in food-grain prices. Prior to August 2007 most major stock markets looked healthy and growth prospects appeared sanguine. Then financial markets were hit by the subprime mortgage crisis in the US. Like other financial crises in the past this spread like a contagion to financial markets in other countries and to the real sector. The ensuing credit crunch now threatens major economies with a severe slowdown, if not outright recession.

In the wake of this downturn in stock markets, funds started to move out of stock markets, further fuelling stock-market downturns. These funds looked for an avenue for investment. Opportunities appeared in the areas of food and petroleum products, both of which are inelastically demanded. Everyone has to have transport and food. As a consequence there was huge investment in futures markets for food (a portfolio wealth effect) and prices in futures markets for food grains went up sharply. One report from IBT Commodities and Futures estimated that July 2008 futures price for rice went up by a whopping 71 per cent between early December 2007 and the third week of April 2008. Margins went up more substantially. Of course, there are strong speculative elements in this price rise but the impact of the influx of funds from financial markets is strong. The UN’s Food and Agriculture Organisation estimates that with financial products becoming ever more sophisticated investors have started using agricultural markets either for speculative reasons or to seek portfolio diversification. Global trading activity in futures and options in agricultural derivatives markets
has been experiencing very high rates of increase since February 2005. These have only accelerated since the subprime mortgage crisis hit financial markets.

The rise in futures prices of food grains has pulled up spot prices, since spot prices are sensitive to futures price movements. This then caused the spike in food prices that we have been witnessing since late 2007/early 2008. Thus the credit and food price crises are linked and have to be understood as such.

In hindsight this conclusion should not surprise us. In the wake of the sharp fall in stock markets beginning in the third quarter of 2001 (which followed the collapse of the dot-com bubble and the terrorist attacks in the US) vast amounts of funds moved from stock markets into housing markets and led to sharp rises in house prices. This time around, however, the problem (the subprime mortgage crisis) began with the housing sector and thus alternative destinations for funds had to be found. Food markets presented a relatively safe home.

11 August 2008

SYDNEY MORNING HERALD

GEREMIE R. BARMÉ

Painting over Mao

The ancient city of Beijing was literally turned on its head to help achieve the effects of the Olympic opening ceremony on Friday night [8 August 2008].

Six hundred years ago, the city was designed around a north–south axis

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that runs from the south of the old city through the Forbidden City and on north. Along this axis, the spectacles of imperial times would unfold. Since the 1910s, Chang’an Avenue, now a multilaned highway that runs east–west through the heart of Beijing, became the focus for military parades. From the 1950s, mass rallies organised by China’s ruling Communist Party have paraded along the avenue past Tiananmen.

As part of the makeover of the city in the past decade, the long-disused north–south imperial axis has been revived with new parks, a long shopping mall and even a rebuilt city gate in the south. On Friday night, a line of fireworks exploded in the air along this axis describing a path to the National Stadium as a prelude to the opening ceremony.

Far in advance, the ceremony designers created a digital mock-up of the fireworks so Chinese and international TV viewers could see an idealised version of Beijing’s central axis editing out the pollution haze that generally covers the city despite years of effort and billions of dollars. The show that followed was also one of canny artifice, stunning design and digital wizardry. Zhang Yimou, the renowned filmmaker and director of the show, used a quotation from Mao Zedong to describe the thinking behind the opening: ‘Using the past to serve the present and the foreign to serve China.’

Most observers noted that Mao Zedong, the party chairman who founded the People’s Republic in 1949 and led the country until his death in 1976 (launching the disastrous Great Leap Forward in the late 1950s and the decade of disruption of the Cultural Revolution from 1966) was entirely absent from this paean to China’s past civilisation. In reality, the Great Helmsman does get a look-in, if only obliquely.

On the unfurled paper scroll that featured early in the show, dancers traced out a painting of mountains and a river, to which is added a sun. It is an image that evokes the painting-mural that forms a backdrop to the statue of the chairman in the Mao Memorial Hall in the centre of Beijing. That picture is, in turn, inspired by a line from Mao’s most famous poem ‘Snow’ (1936) that reads: ‘How splendid the rivers and mountains of China.’ The poem lists the prominent rulers of dynastic China and ends by commenting on how all these great men fade in comparison to the true heroes of the
modern world: the people. The poem is generally interpreted as being about Mao himself, the hero of the age.

In their opening ceremony design, what Zhang Yimou and his colleagues achieve (among many, sometimes too many, other things) is a rethinking of this reference. Eventually, the painting is coloured in by children with brushes and the sun becomes a jaunty ‘smiley face’. In the remaining blank space of this landscape, the athletes of the world track the Olympic colours as they take up their positions following their march. Thus, a Chinese landscape, with its coded political references, is transformed into something that is suffused with a new and embracing meaning by the global community. It offers a positive message for the future of China’s engagement with the world, not only to international audiences, but perhaps also to China’s own leaders, who sat stony-faced through the extravaganza.

But after the spectacular highlights of traditional China, powerful images jostle, appear momentarily and are crowded out as one mass scene after another presses in, or some vignette comes and goes in fleeting glitz. The Chinese voice-over speaks repeatedly about traditional aesthetics and the language of understatement and elegance, but as the show goes on, a certain failure of artistic coherence becomes increasingly obvious.

One Chinese web blogger commented immediately after the ceremony: ‘We’ve been waiting for this banquet for a long time. Instead what we got was hotpot in which all the flavours have ended up confused.’

People will debate the contents and significance of the visual banquet for some time. What does remain, however, is a Chinese painting which the whole world, through its athletes, has helped co-create.
In the nineteenth century, Karl Marx argued that the value of goods and services was generated by the input of labour. A key outcome of Marx’s thinking was the formation of political systems that placed paramount importance on the position of the worker in society and the neglect of capital inputs into production, notably through restrictions on the private ownership of property.

Over the course of the last decades of the twentieth century, the fundamental flaw in Marx’s theory became increasingly apparent. Without due recognition of and rewards for the roles of all inputs of scarce resources in the production of goods and services, wealth creation through economic activity will be curtailed.

As we venture into the twenty-first century, there is a real danger of
falling into the trap again of giving trump status to one aspect of resource use. This time, the focus has shifted away from labour to the production, consumption and wealth creation process. Now attention is being devoted to a particular output of the process: carbon.

Marxist regimes developed policy on the basis of labour as the primary source of value. Policy in many western democracies, including Australia, has begun to be driven by the goal of avoiding carbon as an output. Incentives are provided for power to be generated from windmills and solar panels. Penalties or even bans are applied to goods deemed to have a heavy ‘carbon footprint’ such as incandescent light bulbs and plasma screens.

Furthermore, options are being favoured that reduce the carbon outputs arising from their ‘operation’ without recognising the carbon outputs generated from their ‘manufacture’. Solar panels and ‘hybrid’ cars are examples.

The impact of this ‘carbon theory of value’ is that due recognition is not given in policy formation to the relative scarcity of all resources at all times. The carbon concentration in the atmosphere is given trump status and so resources are being diverted to uses that are more costly than their less carbon friendly options.

The higher cost involved simply reflects greater relative resource scarcity. The carbon friendly alternatives are imposing greater pressure on other scarce resources. The higher cost of hybrid cars is an example. So too are the cost premiums associated with wind and solar power generation. The result of the carbon focus could well be an inappropriate drive to the exploitation of other, relatively scarcer, resources.

A justification for favouring carbon friendly options may be that the costs imposed by carbon emissions are not embedded in the prices of goods and services. But again this is a carbon biased view. Even carbon friendly options can have environment consequences that are not reflected by their prices. For example, the impacts of wind generators on the aesthetics of a district and the outcomes of lead battery disposal are outside the market realm. Put simply, it is not only carbon emissions that may have negative environmental consequences. Favouring carbon friendly goods may simply tilt the balance
against other environmental assets.

Economic history has demonstrated the fallacy of single issue approach to policy. These lessons need to be heeded if we are to avoid falling into the trap with carbon-driven policy.

October 2007
APEC ECONOMIES NEWSLETTER

FRANK JOTZO

Global climate policy: change in the air?

Policy responses to climate change have been high on the international agenda amongst Asia Pacific and the rest of the world in the lead-up to the Bali conference of the United Nations Framework Convention on Climate Change (UNFCCC) in December 2007. First, the June 2007 G8 summit endorsement of the UNFCCC as the venue for negotiating a post 2012 international climate agreement represented a significant concession by the United States. This was reaffirmed in the APEC Leaders’ Summit ‘Sydney Declaration’. Heads of governments meeting at the UN in late September added to the sense of purpose, clearing the way for formal negotiations. The United States re-entered the international climate talks by convening a meeting of major economies in Washington at the end of September, but the administration’s stance against emissions targets and for purely technology-based approaches remains unchanged.

Science more than ever shows the risk of dangerous climate change and the need to cut global greenhouse gas emissions drastically to limit future global warming. Climate change is now seen not just as an environmental problem but as one affecting development and economic prosperity.

Limiting global warming to around two degrees is increasingly seen as
an adequate goal to limit the risk of dangerous climate change. That would require reductions in global greenhouse gas emissions of 50–85 per cent at 2050 compared to levels in 2000, according to the latest Intergovernmental Panel on Climate Change Assessment Report. By comparison, global emissions rose by 70 per cent from 1970 to 2004. Continuing on this path would set the globe on a trajectory to substantial warming and elevated risks of large-scale, irreversible changes in earth systems.

So to mitigate climate change, the historical annual average increase in emissions of around two per cent needs to be reduced to annual decreases of minus three per cent or so, soon. Cutting back on economic growth is not an option in the policy mix, so climate change mitigation will require ‘decarbonisation’ of economies: decoupling economic activity and growth from carbon emissions.

The technology for decarbonisation exists and will continue becoming more available and affordable. A recent study prepared for the UN negotiations put the additional investment necessary for strong global mitigation at around A$200 billion per year at 2030, around 0.3 per cent of global GDP at 2030. Different studies yield different cost estimates, but typical estimates put the future cost of global greenhouse action in the broad vicinity of one per cent of GDP by the middle of the century. This cost would occur against the backdrop of GDP continuing to rise by perhaps three per cent a year, thus doubling in less than three decades. On this basis, to pay for climate mitigation the world might have to wait until May 2050 to be as rich as it otherwise would have been by January 2050.

If that is all it takes, why do we not see decisive action? Because climate change is the ultimate externality, with damages dispersed globally and over long timescales; and because thorny issues of equity, responsibility and capability stand in the way of broad international cooperation. Developed countries caused much of the greenhouse effect to date, have much higher emissions per person and command much greater ability to pay for mitigation. India points out that its per capita CO₂ emissions are only about one-twentieth of those in the United States or Australia, while its per capita income is less than one-tenth. China is higher up the ladder but still below
the global average. Meanwhile, increases in emissions come predominantly from developing and industrialising countries. China’s annual emissions more than doubled since 1990, with growth accelerating in recent years and no slowdown in sight. US emissions increased by around one-fifth since 1990, slightly faster than OECD emissions on average. China will soon overtake the United States as the largest emitter if it has not already done so. Cutting global emission cost effectively requires action in all major economies and in most sectors of those economies.

The traditional stalemate in global climate policy has been characterised by poor countries demanding significant action on greenhouse gases by rich countries before committing themselves, and rich countries demanding immediate action in fast-growing poor countries. The UN Framework Convention attempted to bridge the gap by its principle of ‘common but differentiated responsibilities’: rich countries go first, developing countries follow. The Kyoto Protocol reflects this, obliging ratifying rich countries to cut or limit emissions, and allowing developing countries to undertake emissions reductions projects and to sell emissions credits. The quantitative effects of Kyoto are small relative to the challenge, but the treaty has sent a signal and created market incentives to reduce emissions: CO$_2$ emissions now carry a price tag in many economies, and financial flows to developing countries for greenhouse gas reductions could reach A$25 billion or more by 2012.

Kyoto’s first commitment period runs out in 2012, and a more ambitious, comprehensive and flexible architecture is clearly needed after that. The European Union strongly supports retaining the Kyoto framework, expanding its mechanisms and getting more countries to commit to targets. Developing countries are also generally in favour of continuing a Kyoto-style arrangement. Developed countries including Japan, Canada, Australia and New Zealand oscillate between support and opposition to the Kyoto Protocol, depending on the government in power or the perceived difficulty of complying with their targets.

The opposing vision, where each country decides on its own action, with voluntary goals and international cooperation on technology, is promoted in
particular by the US administration, and has been the Australian government’s paradigm since about 2001. It is also attractive to developing countries that want to avoid pressure to take on climate commitments. Such agreement is easier to achieve than hard targets, especially if the goals can be reached with little or no effort. For example, the APEC Sydney Declaration’s goal of reducing energy intensity (energy use per $ of GDP) by 25 per cent from 2005 to 2030 is little different from the historical trend in energy intensity. A 1 per cent annual reduction in energy intensity coupled with 3 per cent GDP growth implies that energy use increases by 2 per cent, and historically emissions have been closely in line with energy use.

Despite these different positions, strong political momentum is now moving toward an inclusive future climate agreement under the UN framework. An ambitious timetable for a post 2012 treaty is emerging, driven by the desire to avoid a gap between the end of the first Kyoto period and a successor agreement. Under this timetable, negotiations take place over the next two years, and an architecture would be agreed by the end of 2009. However, this would leave little time for the next US administration (from early 2009) to decide its approach and contribute to the outcome, so a delay by a year or so would not surprise.

In the United States domestic pressure is rising on climate change, from voters concerned about climate change and business eager for certainty about future greenhouse policy. A number of US states have announced emissions reductions goals and trading schemes, and Congress is much less opposed to greenhouse gas legislation than in the past. The winds of change are evident also in Australia, where after long opposition to emissions pricing the federal government has announced a policy for comprehensive emissions trading—a policy also pursued by the opposition, which in addition pledged to ratify the Kyoto Protocol.

Creativity on the architecture of a future agreement could help overcome entrenched differences between countries about the nature of future commitments. Outside of the formal negotiations, an array of options is being discussed that use the basic building blocks of targets and trading, but add flexibility, entry-level commitments for developing countries and
commitments tailored to national interests. For example, emissions targets could be linked to future economic growth, apply only to selected sectors or provide an explicit opt-out clause as a safety blanket for developing countries. Offset mechanisms are already being expanded, and developing countries could enter policy-based commitments that create revenue through international carbon markets. A broader menu of options might also be available to developed countries, through explicit recognition of public investment in low-emissions technology development, or large-scale funding aimed at reducing deforestation in tropical countries.

Whatever the architecture, the fundamental principle for effective international climate policy is that rich countries pay the incremental cost incurred in the developing world. Otherwise governments and businesses in low and middle-income countries cannot justify investing scarce resources in the long-term global public good of climate change mitigation, in the face of more immediate and local concerns of development. Down the track, agreeing on equity principles for sharing rights to the atmosphere may be needed. The road will be difficult, but with strongly growing political momentum the prospects for a new climate agreement look much brighter than just a year ago.
Climate is right to tackle impacts of environmental change

The election campaign was largely devoid of debate about national security, and one of the neglected security issues was the impact of climate change. There are now few sceptics about global warming, given that the effects are apparent even to flat-earth proponents. The focus is now on how rapid (or delayed) climate change might be, the extent to which human countermeasures can mitigate the effects and consideration of best and worst case scenarios.

In the UK, on 12 November, Prime Minister Gordon Brown in his first major foreign policy speech as PM noted that ‘The unprecedented impact of climate change transforms the very purpose of government. Once, quality of life meant the pursuit of two objectives: economic growth and social cohesion. Now there is a trinity of aims: prosperity, fairness and environmental care.’ And ‘As we move to a post 2012 global climate change agreement, we need a strengthened UN role for environmental protection.’ He noted that ‘…without environmental sustainability, justice and prosperity are both imperilled and that the best route to long-term economic growth lies in action to tackle climate change.’

Climate change is also a trigger for internal strife, instability and disease, and for tensions between nation states. It can result in substantial loss of life, population migration, need for deployment of external police, military forces and NGOs, and can have severe socio-economic consequences for affected states. In extremis, it could lead to conflict between nation states.

In April this year, the UN Security Council addressed the issue of global...
warming for the first time, warning about its potential to be a ‘conflict
catalyst’. London-based conflict resolution group International Alert has
identified 46 countries at risk of violent conflict and a further 56 facing
a high risk of instability as a result of climate change. The US Center for
Naval Analyses published a recent study which stated that climate change
‘presents significant national security challenges to the US’ and is a ‘threat
multiplier for volatile regions’.

In Asia and the South Pacific the main climate change concerns relate to
food and water security, infectious diseases, natural disasters, sea-level rise,
energy security, environmental degradation, population displacement—and
the economic consequences of all of the above.

We need to recognise that climate change has the potential to generate
major humanitarian crises in Asia through a greater frequency and intensity
of natural disasters, particularly severe storms and flooding. Extreme weather
events can result in mass mortality and grave subsistence complications for
affected communities, as we have seen recently in Bangladesh.

If the environmental effect is severe and prolonged, it can also lead to mass
displacement of human populations, which may well destabilise the affected
area and neighbouring states. Again, Bangladesh is a prime candidate.

Population migration is already occurring on a small scale from slowly
submerging islands of the Southwest Pacific. This can lead to disputes
between neighbours—like Australia and New Zealand—about the absorption
of climate change refugees. Effectively what is happening in New Zealand is
societal change as it absorbs most of the climate refugees (and a lot of Asian
migrants), while other New Zealanders are coming to Australia in record
numbers (40,000 in the past year).

Health experts have already noted the growing nexus between climate
change and the emergence and spread of diseases, particularly tropical
diseases, which are spreading to warming areas. Mosquito-borne diseases,
for example, are occurring at much higher elevations than before, and in
geographic areas where they have not previously been a problem.

National security planners are most concerned about the disease threats
to human populations, but they can also endanger livestock, crops and
Climate change within Australia will gradually modify the distribution of arable land, agricultural products, fresh water and fish stocks. Over the longer term, some of our coastal land will become at higher risk to storm surges. The forward-looking insurance industry is already limiting its coverage for vulnerable coastal properties.

Perhaps the major external threat to Australia over the next 20 years or so will be to our fisheries. Overfishing and the decline in fish stocks in Asian waters have led to much of the poaching in Australia’s northern waters. We can expect climate change to accelerate that process, including into the Southern Ocean, particularly as a more prosperous China makes poaching more lucrative.

Surprisingly, climate change did not even rate a mention in Australia’s ‘Defence Update 2007’. Our Department of Defence has traditionally focused on conflict between nation states, protective alliances, actions in support of our major ally, and peacekeeping or peace enforcement. Some of these are used to justify ever more capable and expensive combat ships and aircraft. The reality of the future for the Australian Defence Force (ADF) will most likely be more Afghanistan and Timor-type deployments, providing basic training team assistance, playing a major role in regional disaster relief operations, enhancing Australian fisheries protection and support for government agencies struggling to cope with climate change problems. The shape of the future ADF to meet these challenges will be a key issue for the new defence white paper.
ROSS GARNAUT

Too hot an issue to ignore

Climate change mitigation decisions in 2008, and for the foreseeable future, are made under conditions of great uncertainty. Under such uncertainty, it is always sensible to ask whether it would be better to delay decisions while information relevant to the decision is gathered and analysed. Every climate scientist has their own views on some issues that differ from the mainstream in detail. But the broad findings of the Intergovernmental Panel on Climate Change (IPCC) have general support among scientists with relevant specialist expertise.

The broad wisdom of the IPCC is strongly contested by a small minority of reputed climate scientists. It is sometimes observed by dissenters that Galileo turned out to be right as a minority of one against the intellectual establishment of his time. Does not this establish that the intelligent dissenter can be right? Yes, it does. But the establishment of seventeenth-century Catholic Europe was not learned in scientific method. Would not Galileo be with the majority of established science today? Probably. Mainstream science is right on a balance of probabilities.

The dissenters are sometimes called sceptics. This is a misnomer in general. Many hold to their views with profound belief that is independent of external information or analysis. The dissenters are possibly right and probably wrong.

I recall the perspective offered by former Australian science minister Barry Jones. In his World Meteorological Day Address in 1992, he applied the famous wager of the seventeenth-century French scientist Blaise Pascal to the climate change problem. If there were no God and one believed,
pondered Pascal, what is the loss? Pascal’s wager would seem to make the case against the dissenters.

But it is not quite so easy with climate change. Belief, acted upon, could be costly and wasted if it is all a warp in the modern history of science. There is no alternative to seeking to measure the costs and benefits of efforts to mitigate climate change while being mindful of uncertainty. And, regrettably, there is no alternative to acting on the results of that analysis now, actively or passively, as the passage of time is rapidly reducing the scope for choice among policies affecting climate outcomes.

Economic development over the past two centuries has taken most of humanity from lives that were brutal and short to levels of personal health and security, material comfort and knowledge that were unknown to the elites of earlier times.

A new era began in the fourth quarter of the twentieth century, with the rapid extension of the beneficent processes of modern economic development into the heartland of the populous countries of Asia. From this has emerged what I have described as the platinum age of global economic growth in the early twenty-first century.

The era of modern economic growth has been intimately linked to rapid expansion in the use of fossil fuels. The amount of fossil fuel in the Earth’s crust is obviously finite. However, the amount is so large that its limits are of no practical importance for climate change policies.

There are, however, much tighter limits from the engineering point of view to the availability for human use of fossil fuels: the point at which the energy used to extract the resources would be greater than their energy content. Tighter still is the economic limit: the availability of fossil fuels in forms and locations that facilitate their extraction for human use at costs below the prices of oil, gas and coal in global markets.

A revolution in humanity’s use of fossil fuel-based energy would be necessary sooner or later to sustain and to extend modern standards of living. It will be required sooner if we are to hold the risks of climate change to acceptable levels.

The world is now some way down the track on an international system
based on emissions reduction targets, starting with developed countries. There are many imperfections in the Kyoto agreement that must be corrected in its successors if there is to be worthwhile progress towards reducing risks of dangerous climate change to acceptable levels. But the focus needs to be on the improvement of the system that has been emerging within the UN Framework Convention on Climate Change. There is no time to start again.

It is not a new idea for governments to make large financial commitments for insurance against low probability, high-impact events. Defence absorbs several percentage points of gross domestic product each year, most of it on insurance against genuinely low probability developments.

Climate change policy remains a diabolical problem. There is a chance—just a chance—that Australia and the world will manage to develop a position that strikes a good balance between the costs of dangerous climate change and the costs of mitigation. The consequences of the choice are large enough for it to be worth a large effort to take that chance in the short period that remains before our options diminish fatefully.

24 September 2008

INDIA WATER PORTAL

KUNTALA LAHIRI-DUTT

Anatomy of a flood: Kosi, India, 2008

More than 17 million people have been affected in India, Bangladesh and Nepal by the recent floods in South Asia. Around three million people have been rendered homeless and more than one million are now living

in relief camps. Nature’s rage and human misery have both been written about in such graphic details that one needs to consider how and why this great disaster happened, whether it was avoidable and what lessons might be gleaned from it.

The deluge took place in the northern part of eastern India where, in August, the Himalayan river, Kosi, burst its embankment in two locations and shifted its course to draw a straight line from north to south through a part of Bihar state to join the Ganga [Ganges river].

This is not the first time the Kosi river has breached its embankment; indeed, the Kosi has been described as the ‘River of Sorrow’. Describing its descent onto the plains, the British administrator, and the author of the *Imperial Gazetteer of India*, L. S. S. O’Malley, wrote in 1913:

Sweeping down from the hills, it brings with it volumes of sand, which it heaps over the surface of the country, destroying the productive power of the land, choking the wells, and driving the villagers from their homesteads…and changing the whole face of the country from a fruitful landscape to a wilderness of sand and swamp.

This rage of the Kosi made Christopher Hill, the American historian, describe Kosi as ‘a different type of river’. Until the late 1800s, the river traced a violent and direct path through the districts of Purnea in North Bihar to the Ganga. Kosi’s catchment is larger than that of any Himalayan river excepting the Indus and the Brahmaputra bringing the floodwaters of roughly 62,000 square kilometres of mountain basin. Yet, Kosi is less than 1,300 kilometres in length. Its fury comes from the fact that it debouches onto the Gangetic plains through the Chatra Gorge in the Nepal foothills where the valley is only 5–8 kilometres in width. Consequent to its passage through this narrow pass, the velocity and power of the Kosi increases to such an extent that the river roars through some 650 kilometres of Purnea district, carrying thousands of tons of silt and sand and destroying everything in its path. The river has been known to rise 10 metres within 24 hours and to broaden into a 25 kilometres wide ‘floating sea’. Through an east–west swathe of about 500 kilometres, the Kosi swung like a pendulum, leaving behind a mass of gravel, *kankar* (nodules of sandstone) and sandy
silt known as the ‘diara lands’, which over years became inhabited by people.

The Kosi’s destructive abilities were because of the enormous amounts of water, laden with silt, sand and kankar that it brought down from the Himalayas. The massive amounts of silt caused the river to shift its course frequently. As the Kosi waters subsided in winter, the sand would settle and raise the bed of the river, forcing it to cut a new channel almost every year. Hindu mythology attributed demonic characteristics to the river, equating it with a ten-armed monster because of the many distributaries and channels through which it drained the North Bihar plains.

Mughal rulers built low-level embankments, locally called bandhs, which often broke and were temporary in nature. With the construction of the railways and roads, these embankments rose in height during the British rule. One more reason was the need to formalise land revenue collection through a system called the Permanent Settlement in the diara lands which otherwise were an essentially shifting maze of swamps. The compelling driving force, however, was the tendency of seeing nature in India as an ‘environmental laboratory’ in which to test European ideologies. Unfamiliar with the seasonal fury of tropical rivers, the colonial British engineers saw them as uncivil and aberrant, needing control. Consequently more and higher embankments were built over the years until the villages became enclosed by—almost trapped within—what was often a series of embankments. Another British administrator, Captain F. C. Hirst, in 1908 noted that ‘Each succeeding generation has been compelled to raise the height of the embankments to make them keep pace with an ever increasing flood level.’ Consequently by the time of Hirst’s writing, the river was ‘many feet above the surrounding country’ and during the monsoons ‘the pent up waters deal death’ to the villagers living in this region.

The embankments were meant originally in good faith to protect the villagers from the floods but prepared the way for disasters. D. K. Mishra, the leader of Barh Mukti Abhiyan (Freedom from Floods Movement) and an authority on the Kosi, describes this as ‘a protection that never was’. Postindependent India largely followed this pattern; after the last great flood of 1953, the then Prime Minister Jawaharlal Nehru decided to embank the
Kosi, and by 1957 several hundred kilometres of embankments ‘shadowed’ the main channels of the river. From a meagre 160 kilometres, the length of the embankments jumped to over 3,000 kilometres in 1998. Most of these embankments left adequate space within the two major embankments supposedly to contain the excess monsoon waters brought down by the river. This had the consequence of engineering an artificial sense of security; villagers began to live well within the embankments only to be inundated by the rising waters creating a false flood disaster year after year. Moreover, the Kosi experience of embankment came to be accepted as the norm for most other rivers of the Ganga and the Brahmaputra basin without any debate whatsoever on the need for such intervention.

The construction of embankments has never been justified even by official data; the so-called flood prone area in Kosi basin rose from 2.5 million hectares in 1952 to approximately 6.9 million hectares. Clearly the embankments have worsened the flood situation in a region where regular inundation is an integral part of the hydro-ecology. Rural life has moved from the utilisation of flood waters to seeing floods (and their cause, the rivers) as ‘the problem’ that needs to be solved by river control to ensure the wellbeing of people. When I went to see the Kosi floodplains as a resource person for a group of visiting researchers sponsored by the Panos Institute of UK, I was astonished to find areas that have been under stagnating waters for months since the monsoons because the higher riverbed prevents the flood waters from returning to the channel. Older villagers complained that the floods have become unpredictable and catastrophic and longer in duration. From a rich riparian region, North Bihar in the last sixty years has been turned into one of the poorest parts of India, a regular source of migrant labour to the farms and factories of richer regions and the rickshaw-pullers and manual workers in metropolitan India.

The recent flood in Kosi has invariably been compared by the Indian media to the one experienced by New Orleans when, unable to withstand the onslaught of Hurricane Katrina, the Mississippi breached its embankments. It is worthwhile to remember that even in the US there was early opposition to the construction of embankments. This is exemplified
in the recommendations in 1850s of the Congress-commissioned engineer Charles S. Ellet that large areas of the Mississippi flood plains be used as flood storage and overflow areas. However, in 1861, the conclusion of his contemporary Andrew A. Humphrey of the US Army Corps of Engineers was accepted, embanking the river and isolating it from its floodplain. This measure had far-reaching influence on the thinking and practices of river management in the world since. Hurricane Katrina certainly taught a lesson there.

What lessons does the Kosi flood teach us? The recent flood shows that anthropogenic causes have heightened and aggravated the flood impacts, and that ‘flood control’ as seen by the state may not necessarily be the only viable response to floods. The technology of such control relies overtly on insulating floodplains from rivers by embankments and dams. The current disaster devastating the lives of so many poor people emphasises the urgent need to rethink water management strategies and policies. The future wellbeing of millions of rural Indians is at stake because it is well known that the official philosophy of water management in India has been keenly in favour of the construction of capital-intensive large structures such as dams and embankments on rivers. The government is currently toying with the ‘Riverlink Project’, based on the idea of linking all rivers through a series of canals to create a gigantic water grid for the transfer of water from one part of the country to another. The long-term environmental impacts of such a gigantic project can only be assumed.
Nixonian spirit is essential for US–China relations

It’s enough to restore one’s faith in the United States. On both sides, the two parties are propelling towards their respective nominations the two most interesting and impressive presidential candidates we have seen for many years.

As Hillary Clinton falters, it is likely the US will face a choice between Barack Obama and John McCain. Each seems capable of becoming a good, maybe even a great, president.

But they are different people, suited to different times, and they would take the US in different directions. Which of them gets to the White House may therefore make a big difference for Australia, too. So whom should we hope will win? Personally, I’d rather have tea with Obama, but I’d rather the other bloke becomes president. It’s to do with the way John McCain reminds me of Richard Nixon.
How so? Let’s start with this simple proposition: for Australia the most important relationship in the world is the one between Beijing and Washington. Australians assume that we can build an ever closer relationship with China while remaining a close ally of the US. That can happen only if the US and China get on okay.

They have been getting on fine so far thanks to a deal that was struck 35 years ago. China would accept US leadership in Asia, and the US would accept the legitimacy of the communist government in Beijing and prevent Japan from posing any kind of military threat to China.

This deal has worked perfectly and given Asia the most peaceful and prosperous 30 years of its history. The question is, can it last? Much has changed since that deal was done. China was poor then; today its economy on some measures is second only to the US and rapidly closing the gap.

With wealth goes power. If China’s economy keeps growing strongly—and you would be brave to bet that it won’t—the pressure to renegotiate the old deal to concede more power and influence to China will become irresistible. China thus poses a direct challenge to US strategic primacy in Asia. It will need adroit handling.

Give Beijing too much and you risk encouraging a Chinese bid for hegemony in Asia. Give it too little and you risk undermining the old deal and being drawn into a new and bitter strategic competition with China.

So far US political leaders, distracted by the war on terror, have mostly responded to this challenge by pretending it isn’t there. It has hardly been mentioned in the presidential campaign so far. But China has quietly been moved to the centre of US military planning and Washington has begun to build a coalition of democracies—including Japan, Australia and India—to support them in resisting the Chinese challenge. These moves look threatening to China and amplify the growing sense of strategic competition between them.

Of course, both sides have everything to lose by accelerating this slide into strategic competition and everything to gain by preventing it. No one on either side of the Pacific is dumb enough to want it to happen. The question is whether everyone on both sides is smart enough, and strong
enough, to prevent it. Which brings us to Nixon. For all his faults, the cold warrior had the vision and strength to go to Beijing in 1972 and make the deal. It was a breathtakingly bold stroke, breaking deep-seated political and policy taboos.

For Australia, the most important thing about the next president is how he handles China. Will he be another Nixon? To do that he will need to make some concessions to Beijing.

He will need to recognise the legitimacy of its growing power, including its military power. He will need to accept that China’s views need to be respected even when they do not coincide with those of the US. He will need to persuade Americans that they should accept China as an equal, as long as China refrains from acting like a hegemon.

All this will make big demands on whoever wins in November. Like Nixon, they will need to break a lot of taboos in the US to do it. Which of the candidates would have a better shot?

It may be Obama. His most famous foray into foreign policy has been to say that he would be prepared to visit Tehran to break the impasse in relations with Iran. That idea has a commendably Nixonesque flavour to it and it’s probably essential to rebuilding a sustainable US position in the Persian Gulf. It suggests Obama has the flair and vision to do what’s needed on China.

But has he the strength? That question has two elements, one personal and the other political. Of the first we know next to nothing. The campaign so far has shown Obama to be eloquent, inspiring and imaginative, but we know little about his personal ability to take and hold tough positions. Of the political element we know more. As a Democrat, issues touching national security will always be a weak spot. Any Democrat would find it virtually impossible to take the steps needed to build a new durable *modus vivendi* with China. Making concessions to Beijing would play to traditional voter suspicions about Democrats being wobbly on national security and naive in the conduct of foreign policy. Only Republicans can do such things and survive. It was Ronald Reagan who at Reykjavik in 1986 came closest to abolishing nuclear weapons and it was Nixon, the arch anticommunist, who
opened the US to China in 1972. As a Republican, McCain starts way ahead as the candidate likelier to be able to lead the US to a new understanding with China.

But there is more to it than that. As we have seen during the past sad seven years, Republicans can be weak, foolish and irresponsible on foreign policy. So we need to make a judgement about McCain’s personal strengths, too, and we have a lot more data to go on than we do with Obama.

McCain’s record is not perfect, by any means, but it does show strength and determination, and it gives him immense credibility on national security issues that, should he choose to use it, may enable him to persuade Americans that it’s time to go to Beijing again. On that basis he’d get my vote.

24 March 2008

CANBERRA TIMES

STUART HARRIS

Australia must tread carefully in Iran, US confrontation

The consensus judgement of all United States intelligence agencies in their National Intelligence Estimate (NIE) of November 2007 was that Iran halted its nuclear weapons program in 2003 and probably, as of mid 2007, had not restarted it.

For the US administration, the assessment moved back substantially from the high level of rhetoric President Bush and Vice-President Cheney in particular were using, drawing largely from earlier intelligence, that Iran was pursuing an active nuclear weapons program. President Bush initially said

he disagreed with the US intelligence report but subsequently the White House said he endorsed the ‘full scope’ of the report. For many observers, this meant that the threat of a US attack on Iran, mooted for a considerable time, was not now likely.

The sudden resignation last week of Admiral William Fallon, head of the US Central Command (Centcom), which covers the Middle East including Iran, has raised fears that the optimism that followed the intelligence agencies’ latest consensus view was unwarranted and an attack by the US could be intended. Admiral Fallon’s sudden resignation, thought to be under White House pressure, came following a profile article in *Esquire* which implied that he differed with some aspects of the approach of President Bush and Vice President Cheney on Iran. Fallon had earlier angered the White House with his statements on Iran.

Other factors feeding the current speculation include: the gradual build up of coalition naval strength in the Gulf and the replacement of one Aegis guided missile destroyer off the Lebanon coast by two ships, another Aegis guided missile destroyer and an Aegis guided missile cruiser; the warm welcome that President Ahmadinejad received on his visit to Iraq—the first Iranian president to visit its one-time bitter enemy; and Vice-President Cheney’s proposed visit to the Middle East later this month.

There are groups in Washington, particularly supporters of Israel, who would like to see a war with Iran. Given the history, however, of how the US justified its invasion of Iraq, together with the intelligence conclusion, the likelihood of a US unprovoked attack seems limited and would be unpopular generally in the US. Nevertheless, in an increasingly tense situation, a conflict could come from provocative acts by one or other side or from miscalculations.

There have also been several risky incidents in the Gulf, most recently the clash between the US Navy and Iranian speed boats in January this year, made more hazardous by differences over definitions of international water boundaries and hoax messages. And the Republican Guard presumably has lost face domestically given the National Intelligence Estimate’s conclusion about Iran’s nuclear weapons program, although the recent Iranian election
results suggest President Ahmadinejad’s popularity may not have been adversely affected.

Contributing to increasing tensions in the fraught long-term relationship between the US and Iran have been extreme rhetorical statements from President Ahmadinejad, including an intention to ‘wipe Israel off the map’. Israel, which describes Iran’s nuclear threat as an ‘existential threat’, rejected the US intelligence community’s conclusion. The Israeli foreign minister, Tzipi Livni, is currently on a speaking tour of the US with a central focus on the Iran threat. The Iranian president’s successful visit to Iraq will have worried Israel as well as the US as it indicates that politically Iran is gaining a stronger international profile in the region. In certain circumstances, such as a renewed Hezbollah provocation argued to be linked to Iranian backing, a strike by Israel against Iran could quickly bring in the US in support. Thus the risks of conflict would seem to have increased.

In such an event, given its earlier participation in Gulf patrolling, Australia could expect to be asked to contribute again. Yet such a war would be clearly against Australia’s interest. Australian support for any US action would not be welcomed by some of our Asian neighbours including China and, notably, Indonesia. Indonesia abstained on the latest Security Council vote on sanctions against Iran, and President Susilo Bambang Yudhoyono recently completed a successful visit to Iran.

More generally, a US–Iran conflict would add further to instability in the Middle East, push oil prices through the roof, particularly if there were any blockage of the Strait of Hormuz, add further to inflationary pressure and other adverse economic consequences not limited to Australia and, if anything, stimulate a resumption of Iran’s efforts to acquire nuclear weapons.
Big-picture thinking must prevail

This week the prime minister will strut the stage in China, where his much-vaunted China-literacy will be under considerable scrutiny. While the media and the opposition will be on the lookout for rapid and tangible outcomes from this visit, the real task will be only just beginning. Behind the scenes, Prime Minister Rudd will have to begin defining Australia’s role in the era of global power transition and Northeast Asian power realignment, a region where Australia’s vital interests are entrenched for the long term. It is a process that he is remarkably well equipped to lead.

This is not a matter of bilateral feel-good diplomacy. Instead, Australia must articulate and execute an intelligent, nuanced strategy that navigates between moving targets. This strategy will need to combine the development of bilateral networks, with Australia taking on the role of independent, trusted intermediary between the big three. The desirable outcome will be a new set of regional institutions that Australia helps to shape, that provides a badly needed forum for the current and rising regional powers to engage on the basis of emerging instead of superseded power realities.

Power transitions between the United States, China and Japan directly impact on Australia. Together these countries comprise Australia’s three largest trading partners. Australia has a developed military alliance with the US and a developing one with Japan. Both relationships enable potentially greater interoperability between Australian, Japanese and US military forces. It is no secret that China is a central entity in most regional security scenarios, whether this involves the Korean Peninsula, the Taiwan Strait or the East China Sea. These are the nations who will determine the economic

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and security context for Australia, the region and the world in the coming decades.

It is disturbing that all three key players are concurrently experiencing domestic uncertainty, which has the demonstrated potential (in some cases already realised) to disturb global equilibrium. The US is in a crisis of financial confidence due to the subprime issue and deepening budget deficits, at a time of imminent leadership transition. China is basking in the glow of sustained rapid growth, but the Olympic spotlight will also lay bare the environmental and social costs of this miraculous growth to a global audience. Japan is teetering towards another crisis of confidence as its exposure to both US and Chinese strategic fortunes coincide with the tortuous continuity of domestic political stalemate. Having lost control of the upper house and with it the smooth passage of legislation, the ruling coalition is at the mercy of a ruthless opposition. Yet another change of government in Japan before the end of the year is highly likely.

Relations between these three regional powerhouses are also in a state of flux and moving towards a competitive stand-off. China’s establishment of the Shanghai Cooperation Organization mobilises cross-regional countries into a bloc that may be seen as designed to counter US influence in the Northeast Asian region.

Japan is moving in two directions simultaneously. On the one hand, it is seeking closer alignment with the US global strategy in military terms while at the same time trying to outflank China in ASEAN (especially through concluding multiple bilateral free trade agreements with ASEAN members). On the other hand, Japan’s economic integration with China drags both nations into regular uncomfortable confrontation with the hypersensitivity that permeates political relations between them. Japan’s active commitment to the US ballistic missile defence initiative only makes it more difficult to engage China without suspicion and ties Japan ever more closely to the US globally.

The US has a mixed reaction from regional countries, which seem torn between acknowledging their need for US regional engagement while simultaneously seeking to establish regional bodies that exclude the US (for
example, the East Asia Summit). The US has maintained its ‘hub and spokes’ pattern of bilateralism in the region, resisting whole-hearted commitment to regional multilateralism. With APEC limited to discussion of economics and the ASEAN Regional Forum confined to confidence-building without hard security engagement, there is no forum where shifting powers can engage, retune and refine a holistic regional strategy as equals. This silo model of diplomacy will only ultimately exacerbate tensions, precisely because it eschews the fact of comprehensive security in a multilateral landscape. The self-focused bilateralism of the US, keeping each relationship separate and allowing only one ‘hub’, does not meet the demands of power realities in Asia today.

What can Australia do? To date Australia has been firmly aligned with the US global strategy, as our commitment to the war in Iraq clearly demonstrated. The 2007 security declaration signed between Australia and Japan is in danger of being subsumed within a US-centric trilateral orbit, and the suggestion of a quadrilateral forum including India would have only assisted the perception of antagonistic bloc formation between China and the US. China containment or counterbalancing may be a legitimate security objective, but without a political counterweight that promotes confidence building and cooperation, it threatens to become a self-fulfilling prophecy.

Australia is beautifully positioned to be the honest broker between these three jousting powers in constructing a new regional architecture. But this will only be possible if Australia can forge equally strong, trust-based relations with all three of them. Australia’s relations with the US and Japan are mature and solid, despite recent alarm concerning the prime minister’s ‘passing’ of Japan. Until the US rethinks its regional engagement and locates both China and Japan in a manner that reinforces both countries, Australia can perform the function of lubricant between its three great partners, involving all three in institutional creation and driving the process from a benign yet pivotal position. Call this middle-power diplomacy if you will, but it is the creative strategy that should be driving Kevin Rudd’s regional, and global, agenda.

Integrating China in regional institution building in a constructive manner is something that Australia is in a better position to achieve than either of
its great friends Japan and the US. Kevin Rudd’s China literacy is not just a party piece. It could well be the key to constructive great power management in our region.

13 June 2008

THE AUSTRALIAN

HUGH WHITE

PM flubs chance to fix Tokyo ties

Kevin Rudd had both a real diplomatic challenge and a big opportunity when he visited Japan this week. The challenge was not just to soothe Tokyo’s displeasure that he had not visited them sooner, but to bridge the very serious gulf that is opening up between Australia and Japan over how we deal with China.

His opportunity was to start promoting a vision of our region’s future that will serve Australia’s interests in the complex strategic changes that are already underway in Asia. But he has failed the challenge, and he let the opportunity pass.

Instead, his visit focused on two strangely meaningless ‘big initiatives’: his idea of a European Union for Asia and the new crusade to rid the world of nuclear weapons. No one could disagree with these noble objectives, but no one seriously believes that such ill-considered and underprepared announcements offer any hope of achieving them. They simply confirm that Australia’s new government has not yet found its feet in foreign policy and still fails to understand the difference between a real policy and a press release.

This jejune diplomacy makes us look silly, it irritates the serious players in Asia and achieves the very opposite of the ‘middle-power activism’ to which Rudd committed himself a few months ago. But the real loss is the missed opportunity to start a serious conversation with Japan about our future relationship.

On this subject he had a very important message to deliver. He needed to tell Japan that Australia wants a vibrant strategic relationship with a strong and active Japan, but we also want the same kind of relationship with China. The Japanese would welcome the first part of this message, but not the second. They would prefer Australia to join them in resisting China’s claim to a growing say in Asia’s strategic affairs.

Japan sees China very differently from Australia. They are deeply anxious that China will use its growing regional influence to push Japan into a permanently subordinate place under China’s strategic thumb.

China does nothing to assuage these fears. A recent mild warming in their diplomacy has not changed China’s fundamental disdain for Japan. However justified historically, Beijing’s relentless evocation of Japan’s wartime crimes suggests that they will never accept Japan as a legitimate regional power in its own right. Instead they seem to expect that as their power dilutes, and perhaps eventually eclipses, US primacy in Asia, they will exercise some kind of hegemony over Japan. No one in Japan could accept that.

That is why Japan is keen to build, with America, a coalition in Asia to resist China’s challenge to American primacy. It very much wants Australia to be part of this coalition. In the competition for spheres of influence in the new Asia, Australia is seen as a bit of a prize. For some years, Japanese observers have been dismayed by Australia’s growing enthusiasm for China. They were therefore delighted last year when John Howard moved sharply back in Tokyo’s (and Washington’s) direction. He signed a security agreement with Japan and keenly welcomed closer security talks involving Tokyo, Washington and even New Delhi.

And that is why Tokyo was always worried about the Mandarin-speaking Rudd. They see relations with China in zero-sum terms, and they feared that Rudd’s closeness to China would reverse Howard’s recent rebalancing and
take Australia even further into the Chinese camp.

That is why they were concerned when Kevin Rudd went to Beijing in April without a counterbalancing gesture towards Japan. It seemed to confirm Rudd’s tilt to China. They saw the same tilt in what they regarded as the anti-Japanese tone of Canberra’s response to last summer’s whaling controversy—which Rudd in populist mode seemed happy to continue in Tokyo yesterday.

The problems in Australia–Japan relations therefore go much deeper than petty scraps over travel plans or populist posturing over whales. Behind these lies a difference over the shape of the new Asia which could not be more serious, both for Japan and Australia.

Rudd needed to address this issue straight on in Tokyo this week. He should have assured Tokyo that we see a strong, active, respected and responsible Japan as essential to the future peace and stability of Asia, and that, after sixty years of exemplary international citizenship, we believe Japan deserves to be trusted as a major power.

He should have said that Australia understands Japan’s anxiety about how China might use its growing power. But he also needed to explain that, from Australia’s perspective, Japan’s approach to Asia’s future seems untenable. Terrified that better Sino–US relations may leave them unprotected, Japan now believes that its security depends on suspicion and hostility between Washington and Beijing. But the US and China are also Japan’s two biggest trading partners, and a peaceful and stable relationship between them is as vital for Japan as it is for everyone else in the Western Pacific, especially Australia.

Finally, Kevin Rudd needed to make clear to his hosts in Tokyo that Australia sees things differently. For us, there is no alternative but to work towards a new political and strategic order in Asia based on the maximum convergence between Washington and Beijing. But that new order must also provide a substantial and secure place for Japan. To reach that, Washington will need to concede some increased power and influence to China, and China will need to concede more power and influence to Japan.

It is far from clear whether this new order can be achieved, and if so how,
but it is clear that it offers the best hope for a peaceful and prosperous Asian century. The alternative—Tokyo’s vision of a regional alliance to constrain China—carries immense risks for all of us. But events are already trending that way. Without a major change of heart in Tokyo, Washington and Beijing, the drift towards a more divided and contested Asia may become unstoppable. Here then is the issue Rudd should have had at the top of his agenda this week. He flubbed it. Perhaps next time.

*Adapting to a changing world*

How can Goldman Sachs and economists like Albert Keidel continue to predict such a rosy economic future for China when the world is changing before our eyes? Linear projections based on China’s performance since 1978, and expectations that the Chinese economy will overtake America’s by the end of the next three decades are very likely to be wrong. Our world is changing in fundamental ways. Escalating oil prices, a growing food crisis, rapid climate change and now the failure of the Doha round of international trade negotiations are remaking the world we live in. China, like the rest of the world, will be shaped by these fundamental structural changes. Linkages among them appear to multiply their impact. How China adapts to these challenges will be a key factor determining its future role in the world.

Climate change is one of the most serious challenges, and China is the world’s largest emitter of greenhouse gasses. International pressure is

growing on China to agree to emission limits and to reshape policy in order to control spiralling patterns of water and air pollution in China, where the World Bank estimates that pollution causes up to 750,000 premature deaths each year. Chinese acid rain pours down as well on Korea and Japan, and even affects the air quality far across the Pacific in the United States. Environmental degradation, compounded by serious problems of water scarcity in north China, is not only the most likely obstacle to China’s ability to sustain high rates of economic growth, but it also makes China a repeated target of criticism for those countries that are determined to respond to the dire outlook for climate change.

How will the Chinese leaders respond? So far, China and other developing countries, like India, have refused to accept emission limits until the rich countries that have produced the bulk of residual world pollution take responsibility for what they have done.

But climate change is only one of the major structural changes pressing upon China, and in fact it is the least immediate with respect to its major impact. More immediate for China is the need to import more oil to fuel its burgeoning economy. Decisions about how to compete or cooperate to sustain such an urgent national priority will have serious global consequences. Expected to be the world’s largest energy consumer by 2010, China already imports more oil than Japan and uses it much less efficiently than most industrialised powers. The United States, the world’s largest petroleum-consuming country, currently imports nearly 70 per cent of its oil, and competition among the US, China, Japan and other oil-importing nations is already reshaping their strategies for maintaining energy security.

Projects for producing biofuel link the energy problem to yet another even more immediate dilemma: the food crisis. To the extent that food crops are used to produce biofuel, that makes the food crisis even more severe, combining with other factors like flood or drought in grain-exporting countries, dietary changes to more meat consumption requiring increased grain to feed farm animals and global price speculation by hedge-fund managers. The direct impact of escalating food prices affects the world’s poorest countries most urgently. Famine and growing poverty have already
caused riots in several countries (for example, in Haiti, Indonesia, the Philippines and Cameroon).

Walden Bello in the current issue of *GlobalAsia* argues that previous neoliberal trade agreements, often insisted upon by the IMF and World Bank as structural adjustment conditions for loans and grants, have made domestic food producers in the developing world vulnerable to competition with large-scale and heavily subsidised corporate agriculture in the United States and Europe. The result has been that domestic food production in many developing countries, especially by small-scale farmers, has sharply declined, and some of the poorest countries have become heavily dependent on imports to feed their people.

When the global price of food increases, as it has over the past several months, the global poor are in serious trouble. Those of us in rich countries may at a pinch have to revise our diets in response to the increasing price of food, but for the poor the effects can be life threatening. India and China in the Doha round have stood against further tariff reductions that might increase the vulnerability of domestic agriculture in developing countries.

In India, the situation is dire, marked by a sharp increase in suicides by small producers who are no longer able to compete. China, by contrast, is largely self-sufficient in food, and its grain reserves and government price supports for domestic grain producers have cushioned the impact of global food price rises. Nonetheless, China has chosen to side with India against the rich countries of the West to try to protect the poorest countries in the world against additional exposure.

It is impossible to predict how these fundamental structural changes will influence China’s future foreign policies. For example, a US war with Iran might spike oil prices to levels likely to bring on a world depression. The question is whether the major world powers can agree to cooperate and work together to meet these challenges, or whether they will instead compete for advantage at each other’s expense. A battle of zero-sum games played out by the world’s biggest countries over global energy resources, food stocks and the responsibility for climate change could make the world a much less happy place for everyone.
Some scholars, like David Kang in his book, *China Rising*, suggest that China has demonstrated a firm commitment to multilateral cooperation and is likely to want to cooperate with the other major powers to work out mutually beneficial arrangements to deal with this changing world. However, others, especially realist thinkers, foresee confrontations or worse as the major players face up to the new challenges. China’s great economic success of the past three decades, and its achievement of annual growth rates of more than 9 per cent, may not be a helpful guide to what is likely to happen in the next 30 years. Like the rest of us, China’s leaders looking to the future should expect the unexpected. How China and the other major powers respond to the new challenges will tell much of the story.

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THE ECONOMIST

JON FRAENKEL

Fiji and the Pacific Islands Summit

Frank Bainimarama, Fiji’s globe-trotting coup leader, has just come back from visiting the Beijing Olympics, the Pope in Rome and the United Nations in New York. But he missed this week’s annual summit of the Pacific Islands Forum (PIF) in Niue, one of 13 island microstates which, with Papua New Guinea (PNG), Australia and New Zealand, make up the PIF. Mr Bainimarama blames his no-show on New Zealand’s refusal to give him more than a transit visa to pass through Auckland airport (enforcing a travel ban imposed after the coup in December 2006). More likely, Mr Bainimarama stayed at home to avoid rebukes for reneging on the

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commitment he made at last year’s PIF summit in Tonga to hold elections by March 2009.

The absence of Mr Bainimarama was a relief to Australia and New Zealand. It made it easier to persuade other PIF leaders to agree to threaten Fiji with suspension from the forum unless the election is held as scheduled. In other ways, too, the gulf between the region’s minnows and its two big fish seems to be narrowing. The PIF’s ambitious ‘Pacific Plan’ for enhanced regional integration, announced with great gusto in 2005, no longer evokes much enthusiasm. Pressure to free merchandise trade is seen as benefiting Australia and New Zealand, which run big trade surpluses with the rest of the region, rather than the small island states that trade little with each other.

For the poorer countries of Melanesia, where bulges in the populations of young people threaten social unrest, the freer movement of labour is more enticing. New Zealand began a guest worker scheme last year, but John Howard, Australia’s prime minister at the time, flatly rejected opening the doors to unskilled Pacific labour. But since taking office last December, Australia’s new Labor government has announced a seasonal labour scheme for the fruit-picking industry, to be open to PNG, Vanuatu, Kiribati and Tonga. Fiji, however, is to be excluded.

Another reason for Mr Bainimarama to stay at home is that he has just taken over the finance ministry, after sacking the incumbent, Mahendra Chaudhry. The economy contracted by 6.6 per cent in 2007 and still looks weak. And the departure of Mr Chaudhry, the leader of Fiji’s ethnic Indians, raises political questions. Until now, the army takeover has been strongly opposed by indigenous Fijians, who make up 57 per cent of the population, but largely backed by the Indians (38 per cent). Mr Chaudhry’s departure leaves Mr Bainimarama with even fewer allies, at home and abroad.
Rogue nuclear states fight change

Iran and North Korea are providing an increasingly graphic indication of how drastically the nuclear non-proliferation paradigm will have to change if the whole enterprise is not to become a lost cause. The leakage of technology and materials seems unstoppable, and the profound dissonance that now characterises the international community seems to preclude the kind of prompt, unanimous censure that might give even the most recalcitrant leadership pause.

North Korea cannot feed itself or generate enough electricity to make even its capital visible to satellites at night but it detonated a nuclear device in October last year, the eighth country to do so.

Iran is perhaps five to ten years behind North Korea in stockpiling material for a bomb. Still, most observers would agree that Iran poses the greater danger to stability and peace.
The cocktail of circumstances surrounding Iran’s quest to at least become a near-nuclear weapon state is growing steadily more lethal. Iran is a nation of substance with a population of over 80 million and very large reserves of oil and gas. It is adjacent to the lion’s share of the world’s oil and gas reserves and has serious aspirations to pre-eminence over its Arab neighbourhood. It is committed to the destruction of Israel and provides substantive support to major terrorist groups operating against that country. It has had a poisonous relationship with Washington for nearly 30 years.

Throughout this time, neither has wasted any opportunity to damage the interests of the other. Iran is fuelling that animosity through compounding the American nightmare in Iraq. Apart from close Iranian ties to Iraq’s Shi’ite community, Washington in recent months has openly alleged that elements in Iran are providing arms (especially advanced road bombs) that are killing American troops in Iraq (and, possibly, Afghanistan).

At the centre of this cauldron of issues is Tehran’s uncompromising pursuit of its ‘right’ under the Non-Proliferation Treaty (NPT) to acquire all the capacities, including uranium enrichment, for a peaceful nuclear program. Iran was caught red-handed doing this secretly, after nearly two decades. Tehran insists that as it had not actually achieved any capabilities banned under the treaty, it had no case to answer. If others were suspicious that was not Tehran’s problem.

The Bush administration has steadily escalated the rhetoric directed at Iran’s leadership. Anonymous officials have fed a stream of press articles on well-developed US plans to use force and at least set Iran’s nuclear program back by a decade or more. And the administration has just imposed a package of unilateral sanctions targeted specifically at Iran’s Revolutionary Guard and the elite Quds (Jerusalem) force within the guard.

As to North Korea, there is at least a glimmer of hope. The downward spiral of events has been arrested, although Pyongyang continues to skilfully salami-slice every step forward. And all these steps remain prospective: nothing of substance has yet transpired. The big change is that Washington and Beijing are now more nearly on the same page.

A ‘roadmap’ was agreed in February, and progressively refined over the
months since. In July, Pyongyang shut down its nuclear reactor and was rewarded with 50,000 tonnes of fuel oil paid for by South Korea. The International Atomic Energy Agency (IAEA), together with US, Chinese and Russian experts, have been invited to North Korea to discuss the technical details of the steps to follow. These include a full declaration from Pyongyang concerning its nuclear facilities. This is expected to total about 11 known facilities, but the issues of key interest are whether Pyongyang gives a plausible account of the amount of plutonium it has stockpiled and how it deals with US allegations (confirmed by Pakistan’s master proliferator, A. Q. Khan) that it at least attempted to build a secret uranium enrichment facility in 2002 in violation of the 1994 nuclear freeze deal in place at the time.

If we get past this declaration unscathed, the roadmap calls for the ‘disablement’ of the declared facilities. This awkward term is not a translation error. It took North Korea about two months to reverse the ‘freeze’, while rebuilding dismantled facilities would take about five years. Disablement is a halfway house, estimated to take one to three years to reverse.

Disablement is still to be defined in detail, but the agreed objective is to implement this step before the end of 2007. Along the way, North Korea expects timely and proportionate rewards: further allocations of the remaining 950,000 tonnes of fuel oil (or its equivalent in economic aid); being removed from the US list of state sponsors of terror; progress toward ‘normal’ relations with both the US and Japan; and possibly setting up a negotiating forum to replace the current armistice from the 1950–53 Korean war with a permanent peace agreement.

There is lots of scope for the process to run off the rails, and nobody is saying anything about when Pyongyang might be asked to hand over its remaining plutonium. In addition, in September Israel bombed a facility in northeastern Syria, apparently after sharing its motives with Washington. Secrecy about the raid has been tight but leaks and informed speculation are pointing to a Syrian effort, with North Korean assistance, to construct a small nuclear reactor.

Syria has since removed every trace of construction activity at the suspect site. The Six-Party process, which last met at the end of September, remained
(surprisingly) insulated from this event, but one would not expect this to last. Washington will surely want Pyongyang’s declaration to include details of all its nuclear cooperation activities with external agencies and for such activities to stop.

28 January 2008
CANBERRA TIMES

RON HUISKEN

Nuclear disarmament: from the loony left to the realist right

Something curious is afoot. Nuclear disarmament might be on the verge of being thought about in the corridors of power. With the possible exception of the very early years of the nuclear age, the abolition of these defining weapons of mass destruction has been the objective of idealists and do-gooders who neither understood the real world nor had any responsibility for advancing the national interest while protecting the peace. For those who walked, or aspired to walk, the corridors of power, any association with the nuclear disarmament movement was the kiss of death, a really bad career move.

Nuclear weapons were the decisive instrument of power, a technological miracle that had reshaped the international environment. Aspiring to be a competitive global power was unthinkable without nuclear weapons. As the nuclear age matured, the view solidified that nuclear weapons had made hegemonic war—that is, war between major powers to directly transform

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the distribution of power in the world—too costly. In the recent past, the industrial revolution had made such wars catastrophically destructive, but they still happened. Nuclear weapons were credited with a key positive role, not changing the nature of the international system or the character of the elites that make it up, but of transforming hegemonic war into an utterly intimidating abyss and compelling major powers to be ‘better people’.

Even for hard-headed realists, however, circumstances have shifted. For some of the most respected realists—the likes of Henry Kissinger and George Shultz—the balance of considerations on whether to take a closer look at nuclear disarmament or keep it at several arms’ length has tilted toward the former.

Two linked pennies have dropped. First, it is now clear that reliably preventing any state from acquiring the materials and technology to make the bomb is a thing of the past. If North Korea—which ranks 157th out of 196 states in terms of GDP per capita—can do it, pretty much anyone can. Each instance of proliferation lights the nuclear fuse in neighbouring states. The fuse may be long or short, and it may burn quickly or slowly, but the fallout is a new bunch of states in which nuclear weapons transition from an academic interest to a political concern that has consequences for resource allocation. Second, if prevention must give way to dissuasion or voluntary abstinence as the primary non-proliferation tool, the authority of those urging restraint is crippled if the existing nuclear weapon states convey the impression that they really have no intention of giving them up.

One can look at the nuclear proliferation record and view it as a considerable success: in the six decades since the Trinity test in July 1945, eight new countries got the bomb (with one, South Africa, subsequently erasing its capacity). That’s a bit more than one a decade on average. But, together with the near certainty that business-as-usual means more nuclear aspirants, this has been enough to lead to serious concerns about the prospects of maintaining stability and protecting the taboo on the use of these weapons as the number of disparate centres of political power in command of nuclear arsenals expands.

This tilt in perceptions about the value of nuclear weapons and the
outlook for proliferation has been turbocharged by the advent of al-Qaeda-style mass casualty terrorism. The states that possess nuclear weapons have all found that the toughest thing about extracting some political utility from them is to generate credibility about the will to actually use them. These weapons are literally ‘powerful beyond purpose’ and self-deterrence has been the order of day. The concern is that for some contemporary terrorist groups—those disposed to define objectives so fantastically disproportionate to their strength that it ‘legitimates’ unlimited tactics—may not be prone to self-deterrence. The link to proliferation is unsophisticated but compelling. We can be confident that such groups cannot produce the fuel for a bomb but every location in every state in the world where this material (or the bombs themselves) is manufactured, stored or deployed constitutes a potential source. The greater the number of such locations the higher the probability that someday, somehow, terrorists will succeed in penetrating whatever security barriers are in place and equip themselves to attempt a nuclear strike at the target of their choice.

The non-proliferation regime—a complex of treaties, formal and informal institutions, innumerable resolutions on aspirations and moral standards—is in disarray. One need look no further than Iran and North Korea. These two states have been utterly disdainful of the regime so painstakingly constructed to preclude new nuclear weapon states, yet they never encountered the kind of spontaneous and resounding ‘stop’ from the international community that might have registered with their political leaders. From the Security Council and the General Assembly in the UN to the IAEA and the Six-Party talks it proved impossible to get everyone on the same page, giving these states ample room to feint, prevaricate and continue to develop their nuclear capabilities.

Can we rebuild the integrity of the non-proliferation objective? Of course we can. It will not be easy or quick. If the past is any guide, some credible state, or small group of states, will have to commit considerable political and diplomatic energy and display both creativity and dogged persistence in pressing the several sides of this agenda forward simultaneously in all the relevant forums. We will need to draw some lessons from the past. For one
thing, the US and, to a lesser extent, Russia, have a crucial leadership role but we should not stake everything on them doing everything by themselves for an indefinite period. We need to provide for regular reaffirmations of restraint and, as appropriate, concrete new obligations from all the other nuclear weapon states. And, this time, Israel must become a player. For another, we should resist the temptation to aim directly for complete nuclear disarmament. We need an interim vantage point that offers a more uncluttered view of what a world without nuclear weapons would look like and what needs to be done to go safely to zero with confidence that we can stay there. This is difficult to do from our present vantage point atop some 30,000 nuclear weapons, many still on high alert, and with arsenals still sized by scenarios for their actual use. Thirdly, the community of states without nuclear weapons will have to shift collectively to display zero tolerance on proliferation, including exploring arrangements that would allow the current ‘right’ to nationally owned capacities to manufacture nuclear fuels to be given up. These several ‘fronts’ are interdependent and need to be pushed forward simultaneously. In managerial jargon, we must aspire to a program that provides for 360 degree reinforcement and encouragement. In the national security business, the instinct to be safe rather than sorry is particularly powerful, especially so in the case of something as potentially decisive as nuclear weapons. Keeping these instincts in check will be formidably difficult.

Australia could consider playing a prominent role in this crucial endeavour. We have the resources, a strong reputation in the arms-control field, a ‘special’ relationship with the US and a compelling interest in the outcome. The demand for our uranium is an agony because the non-proliferation regime looks so unstable. And we should remember that proliferation is not just defined by Iran and North Korea at the present time. It is a problem for all time. If it is not tackled decisively Australia must expect to eventually face compelling pressures to also become a nuclear weapon state.
13 June 2008

THE AGE

ROBERT AYSON

Will the world say no to nukes?

It’s too easy to be cynical about Kevin Rudd’s new nuclear commission. After getting low marks for ignoring Tokyo’s place in regional affairs, the prime minister needed a big initiative during his visit to Japan. What better than to launch a new campaign for nuclear disarmament in the only country to have experienced the catastrophe of a nuclear attack?

With his government’s post-election honeymoon well and truly over, Rudd also needed to look prime ministerial again on the world stage. In his bottom drawer were plans to reinvent the last Labor government’s Canberra Commission, which in the early post-Cold War years had called for the elimination of nuclear weapons. Dust that idea off, bring in Gareth Evans and, hey presto, Australia was back leading the global campaign for a world where nuclear weapons might one day be consigned to the history books.

A minor groundswell of international opinion is ready to support this grand vision. In America, seasoned political heavyweights have been arguing that it’s finally time to get rid of nuclear weapons. India has expressed a renewed interest in global disarmament.

Australia is a suitable candidate to help take the lead. It has strong credentials in arms control and non-proliferation policy and is a responsible exporter of uranium for civilian uses. In the early 1990s, Canberra also shaped the successful international effort to ban chemical weapons.

There is plenty to be done. Even though it is nearly two decades since the Berlin Wall came down, the United States and Russia retain thousands of warheads. China, Britain and France—who round off the five recognised nuclear weapons states according to the Nuclear Non-Proliferation Treaty

(NPT)—have their own weapons.

It is not clear how India and Pakistan can be accommodated into the same treaty they refused to sign. Israel remains an obvious, but undeclared, possessor of nuclear weapons in a region not known for its stability. The customised responses to North Korea’s nuclear weapons program and to Iran’s flirtation with the nuclear fuel cycle remain only partial successes at best. Several threshold countries, including Japan, have the capacity to go nuclear in short order, should they so wish.

But putting the nuclear genie back into its bottle remains a perilously difficult pursuit. The big five are especially reluctant to forgo the security advantages of nuclear possession. They use every reason in the book to avoid their commitments under the NPT to achieve nuclear disarmament. They are too easily distracted by the tiny programs of the nuclear small fry and concerns over nuclear terrorism.

The major powers also know that a non-nuclear world would not necessarily be safer than the one we have now. Australia and other countries that have lived under America’s nuclear umbrella know that too.

Fortunately, the Rudd commission doesn’t have to achieve a great deal of disarmament for it to be worth the effort. As the 2005 NPT review conference was such a failure, just getting international attention focused back onto the nuclear question would be an accomplishment. A more constructive 2010 review conference would be a small but valuable prize.

But the commission will probably want to achieve more than this. The NPT is really a temporary solution. Its main achievement has been to help stop the spread of nuclear weapons far beyond the original five: one can still count the number of states with nuclear weapons on the fingers of two hands. For those wanting a nuclear-free world, a proper international convention prohibiting nuclear weapons is the ultimate mechanism.

If the commission pushes for this ambitious agenda, realists will dismiss Rudd’s body as utopian. They may be right, but big dreams can sometimes lead to small but significant achievements. One critical ingredient will be required: the active participation of the big five (and India, as the unofficial sixth nuclear weapons state). Barack Obama has already identified progress
on controlling nuclear weapons as a foreign policy priority. If he is elected US president, and the Russians and Chinese come on board, Rudd’s announcement in Japan might just be the start of something substantial. Yet none of the great powers will relinquish their weapons without a huge diplomatic fight, if at all.

Nuclear possession remains a potent symbol of great power. Yet it is still possible that the world can be galvanised into real action on nuclear weapons. Unfortunately, this might require the event none of us wants: the first use of nuclear weapons since Hiroshima and Nagasaki. It would be sad if tomorrow’s historians concluded that it took a small, but still awful, nuclear detonation in New York or London or Paris or Beijing or Moscow or Delhi to make the world sit up and take this issue seriously.

This also means we might not want to judge Rudd’s commission harshly if it doesn’t live up to the hype: because things might need to get worse if we really want them to get better.

14 July 2008

CANBERRA TIMES

SANDY GORDON

Selling uranium to India

The renewed possibilities of an agreement between the US and India on civil nuclear cooperation again puts the issue of sale of uranium by Australia to India into Canberra’s ‘in tray’. This is a first order issue for India. Short of energy and uranium and with an ambitious civil nuclear program, India is hungry for imported uranium.

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Given India has one of the world’s lowest per capita rates of energy consumption and a high economic growth rate, the country has an urgent requirement for additional sources of ‘clean’ energy in order to develop without contributing overly to global warming.

India is working hard to develop renewable energy sources, but these cannot cope with the rapid rise in demand. It is therefore burning increasing amounts of low-grade coal, which it has in abundance. In these circumstances, India regards nuclear energy as an important part of its future energy mix.

Australian uranium is not absolutely essential to India’s civil nuclear program, because other countries such as Russia, France, and even China, would provide fuel should Australia refuse. Burgeoning Australian sales onto world markets will have the general effect of loosening markets, even should Australia refuse to sell directly to India.

But New Delhi cannot understand why Australia has refused to sell to India while it has agreed to sell to China, given what India regards as China’s somewhat dubious reputation on horizontal proliferation and its lack of democratic credentials. It regards sale of uranium as an ‘earnest of intent’ in circumstances in which Australia has reiterated the importance of the relationship.

All that is not enough in itself to justify an Australian decision to sell, but it should be weighed up in the equation. Australia also needs to be mindful of counter-proliferation demands, and Labor needs to resolve some pressing internal issues in relation to nuclear energy.

As to the latter, it would have been a ‘bridge too far’ for the Rudd government to have agreed to sell uranium to India in an election environment and on the back of a decision to abandon the three-mines policy. Labor was also able to make electoral capital out of the coalition’s discomfiture on nuclear power and the ‘not in my back yard’ syndrome. But those exigencies of the election campaign have now passed into history.

So the key issue becomes: would an Australian agreement to sell to India significantly undermine the non-proliferation regime?

Given that the 45-member Nuclear Supplier’s Group (which includes Australia) and the US itself would have agreed to free up India’s civil nuclear
program should current proposals proceed, it is difficult to see how an Australian holdout would make any difference in terms of proliferation, other than helping to keep Australia’s credentials pure.

Should India be successfully inducted into the global civil nuclear regime, we would have what would amount to a three-tier system—one in which the N5 states (US, Russia, UK, France and China) would be at the top as ‘legitimate’ nuclear weapons states; then would come India as a ‘responsible’, but not fully legitimate, nuclear weapons state; and beneath that would be Pakistan and Israel, plus any other state that acquires weapons in the future.

This category of ‘responsible’ nuclear weapons states would have all the normal strictures against horizontal proliferation applying to it, since its members would effectively have acceded to the IAEA non-proliferation regime.

Membership of the second tier would have the additional benefit of enhancing civil nuclear safety regimes. This is a very important issue for India, which cannot avoid constructing reactors near heavily populated areas.

However, the existence of such a category could also be seen as an incentive to proliferate—or at least as the removal of the existing disincentive built around the effective isolation from global civil nuclear trade.

Might not Iran, for example, be encouraged in its proliferation efforts by the possibility that one day it too could enter the second tier? And might not the sense that the Non-Proliferation Treaty (NPT) regime is hypocritical be increased by the induction of India while other nuclear powers are refused?

But on the other hand, it could also be argued that possible membership of the second tier could act as an incentive for countries like Pakistan to behave responsibly in terms of global counter-proliferation efforts in order one day to enter the second tier. It should not be forgotten that Pakistan perpetrated major horizontal proliferation in its role of nuclear ‘pariah’, the NPT notwithstanding.

There is also a wider argument concerning India’s induction into the civil
nuclear regime that goes beyond proliferation and greenhouse concerns. India’s rise as a responsible Asian power—one that contributes positively to Asia’s increasingly troubled strategic environment and one that has common cause with Australia’s democratic and regional objectives—will greatly depend on the relationships it forges with the US and its allies such as Australia and Japan in the next few years.

An India left out of the civil nuclear regime by the US and Australia would be less likely to view its future in Asia as being aligned with Australia, the US and like-minded countries and the security objectives they would like to achieve.

Such an India would also be less likely to support the current NPT regime and its objectives. And given India’s imminent rise as an important Asian strategic and economic power, this could have some considerable impact on the regime itself.

So it makes sense for the Rudd government to support India’s induction into the global civil nuclear regime. And this, in turn, implies that Australia should eventually agree to sell uranium to India.

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THE AGE

ROBERT AYSON

Status quo on uranium sales the safe course

The Rudd government’s policy on nuclear cooperation with India seems at risk of disconnecting from itself. On the one hand Australia has not stood in the way of India’s waiver at the Nuclear Suppliers Group, the body that

controls global nuclear commerce, for its nuclear deal with the US. But on the other hand Australia will still not sell its own uranium to India until, or unless, Prime Minister Manmohan Singh’s government joins the Nuclear Non-Proliferation Treaty (NPT).

This stance may sound like a grand contradiction. But there may be some understandable reasons for the Rudd government’s hesitancy on uranium sales, at least for the time being. The first is political consistency: the Australian Labor Party (ALP) campaigned on the platform that Australia should retain its existing policy to sell uranium only to NPT countries. In its last months in office, the Howard government advocated uranium sales to India, partly in an attempt to wedge Rudd. The coalition is now accusing the new government of missing a fine chance to improve Australia’s relationship with India. The Rudd team is unlikely to give its domestic opponents such a victory, at least not in the short term.

The second reason is party-political reality: Australia’s involvement in uranium mining and exportation has long been a sensitive issue for the ALP. Sales to India might suggest that there are now few obstacles to the expansion of an industry that some state governments would oppose. Selling uranium to India would require Rudd to stare down opponents within his own party, especially at the state level. He would get there, but it could be an ugly fight.

The third reason is process: the US–India nuclear cooperation agreement still has to get approval from the American Senate which, like all other US political institutions, is now preoccupied by the November elections. Senate approval is the last piece of a puzzle. The difficult steps along the way included the Singh government’s desperate, but eventually successful, efforts to secure support from a fractured Indian Parliament. They also included India’s nuclear waiver, which a few countries (including New Zealand) resisted to the bitter end. Given all these obstacles, the Rudd government could have been excused for thinking that the process would seize up entirely before it became a live question for Australia.

The US–India deal will help put in place the de facto non-proliferation treaty that is being built up around India as it is welcomed as a nearly official
member of the nuclear weapons club. India will also have separate safeguard arrangements with the International Atomic Energy Agency and has agreed to separate its military and civilian nuclear facilities. As India’s accession to the NPT is extremely unlikely—because the treaty does not recognise India as a nuclear weapons state and because India is unlikely to disarm any time soon—this might just be the best we can get.

And the direct proliferation dangers involved in selling uranium to India are few and far between. There is every chance that India would use Australian uranium only to fuel its civilian power supply as its rapidly growing economy demands additional energy sources. Also, India is extremely unlikely to pass on nuclear material to potential proliferators.

So what is the Rudd government’s problem? Selling uranium would represent Australia’s ultimate endorsement of India’s decision to challenge the non-proliferation regime. Behaving nicely at the Nuclear Suppliers Group stretched Australia’s principled stand about as far as it could go. Anything more might just weaken the Rudd government’s case that it is an especially strong supporter of the non-proliferation treaty. It would risk the criticism that while India may be an otherwise responsible possessor of nuclear weapons, the stage has been set for other states to join the queue.

There is no question, for example, that India’s nuclear weapons program, and its very public nuclear tests in 1998, helped to drive and legitimise Pakistan’s nuclear weapons capability. Given international concerns that Pakistan’s arsenal may not always remain under strict, responsible and unified control, a complete free pass to India might be pushing things too far for some in Rudd’s cabinet.

It has to be remembered that Rudd has launched an international commission on nuclear non-proliferation and disarmament, which is being led by two former foreign ministers: Australia’s Gareth Evans and Japan’s Yoriko Kawaguchi. Anything that seriously questioned Australia’s commitment to the NPT might also affect the commission as it seeks to strengthen international resolve for the treaty’s 2010 review conference.

Australia’s cooperation on India’s nuclear waiver is already pushing the boundaries because the deal with the US is not universally regarded as
good for nuclear non-proliferation. A change in policy on uranium sales, at least for now, would almost definitely be a bridge too far. But the issue will resurface and it may get harder and harder for the Rudd government to keep saying no.
Defence policy can’t be left to doomsayers

The harbingers of doom are at it again. This time, some Europeans are claiming that climate change is an existential security threat whose effects will be catastrophic, like global nuclear war. Australian Federal Police Commissioner Mick Keelty has described climate change as ‘the security issue of the twenty-first century’, one that could ‘pose national security issues like we’ve never seen before’. Then we had Lord May, a former chief scientific adviser to the British government, warning Australians of the threat of climate change causing armed conflicts as the world’s population fought over limited water supplies and other resources.

Now we have Alan Dupont, professor of international security studies at the University of Sydney, calling for a fundamental reassessment of our national security because he believes climate change ‘has emerged rapidly to become one of the most serious potential security challenges’.

Rather than spend money on new defence equipment, Dupont says ‘more consideration needs to be given to funding ways to meet non-traditional security threats’.

National security is a greatly abused concept. The definition of serious threats should be restricted to events that could undermine our sovereignty, democratic freedoms and rule of law, and economic prosperity.

Australia’s security interests are few in number and should be expressed in order of priority. This will be a challenging task for Prime Minister Kevin Rudd’s new national security adviser.

When it comes to climate change, it will not be good enough to evoke generalised threats that could simply inconvenience us. Any security challenges arising from climate change will take time, unlike, for example, a global nuclear war. Increases in temperature or water levels will not occur overnight.

Of course, Rudd is right to focus on climate change as a key challenge for Australia’s prosperity. But it is far too early to say that a clear set of priorities has emerged for the national security agenda. Populations weakened by famine and water shortages are hardly likely to travel across vast distances in their millions to get to Australia. And there is a very limited number of situations in which any country today will wage war in order to increase its water supply.

Climate change could, however, undermine the security of some countries in Australia’s neighbourhood and produce failed states that will certainly require our assistance, but the prospect of climate change leading to interstate war is unlikely. We need to be more careful about identifying parts of the world that will be most seriously affected by climate change in a security sense. According to the International Institute for Strategic Studies (IISS) in London, different regions will be affected in different ways but the overall impact is likely to increase the vulnerability of areas that are already prone to conflict, poverty and disease.

According to the IISS, there will be moderate but below-average declines in rice yields in South and Southeast Asia over the next few decades, with large but average declines by the last quarter of the century. The monsoon
is likely to become, on average, warmer and wetter.

In East Asia rice, the dominant regional food crop, will experience small and below-average declines in yield in the next 20 to 30 years, with moderate but nonetheless below-average declines later in the century. There will be a small increase in available water resources in the next few decades and moderate increases later in the century.

The population at risk of coastal flooding is expected to increase significantly, particularly in China, but this is mostly because of population growth rather than the effects of climate change.

Australia is expected to experience below-average declines in wheat yields, and water resources are expected to increase marginally overall, though southern areas will be hardest hit where drought does occur. The IISS observes, however, that Australia is especially vulnerable to rainfall variation, and there is therefore scope for extreme variations from the norm.

As a result of increases in the sea level, the island nations of the South Pacific are particularly at risk from flooding, but the threat of submergence, with its profound human and political consequences, ‘will be marginal unless warming significantly exceeds the mean projection’.

The conclusion to be drawn from this analysis is that some parts of the world, such as Africa, South America and the Middle East, are more likely to be seriously affected by climate change in a security sense than Australia.

There is, however, a significant degree of uncertainty in the science surrounding these predictions. Regional climate change models are not well developed.

Of course, it would be a different matter if it could be demonstrated that climate change will fundamentally undermine Australia’s economic strength and, therefore, our strategic position. According to the latest Australian Bureau of Agricultural and Resource Economics assessment, Australia is projected to be one of the most adversely affected regions from future changes in climate in terms of reductions in agricultural production and exports.

This brings me to the suggestion that we should cut the defence budget going to hi-tech equipment in favour of funding measures against non-
traditional security threats, such as climate change. But the proponents of this idea fail to make clear how they are going to combat the security threats of climate change: is it with a bigger army, a larger federal police force, or some sort of peace corps?

We need to be clear, however, that they risk undermining Australia’s military power in a part of the world where the geopolitical balance is changing rapidly, and not necessarily in our favour. Successive Australian governments have given priority to our defence force maintaining a clear regional technological advantage. I expect the Rudd government to do the same.

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PAUL DIBB

Razor gang must establish harsh discipline

Treasurer Wayne Swan has reportedly refused to guarantee that he would not reduce defence spending in the 2008/09 budget, despite assurances of no cuts to defence by Finance Minister Lindsay Tanner.

But why should defence not have its budget reviewed by Kevin Rudd’s razor gang? It is one thing for Labor to honour one of its election promises ‘to (maintain) defence spending, including a minimum annual 3 per cent real growth’. It is another matter altogether to treat the defence budget as sacrosanct. Indeed, the Labor Party’s election policy for defence also included a commitment ‘to (ensure) that defence dollars are spent more effectively and efficiently’.

The only time a nation’s defence budget should be untouchable is when there is a clear and imminent military threat to the country. Evidently, that is not the case now. That is not to argue there are no credible threats to Australia for which we should not prudently plan. Neither is it to deny that the central aim of our defence posture must be to maintain a clear margin of technological advantage in our region. But does anyone believe that there are no efficiency savings to be made from the huge A$22 billion defence budget?

It is now almost 11 years since the last defence efficiency review was undertaken in the early days of the Howard government. That review was confident that mature annual savings of at least A$770 million were achievable, with good prospects of reaching annual savings of about A$1 billion, or about 10 per cent of total defence expenditure. Corresponding staff reductions were expected to be about 4,700 military personnel and 3,100 civilians, with most of the military positions expected to be recreated in the combat force, while the civilian positions would be lost. A further 12,900 positions would be subject to market testing.

Remember that this was more than a decade ago. So, scaling up to present-day values, what is wrong with the proposal that a new Rudd defence efficiency review should have as its aim finding cost savings of at least 5 per cent of the defence budget and mature savings of 10 per cent? That would amount to initial savings of about A$1 billion a year with mature savings of A$2 billion a year.

These are serious amounts of money at a time when the federal government is reportedly looking for overall savings in the order of A$18 billion. Savings of this magnitude would instil serious discipline into the management of the defence budget.

I would further argue that while the Howard government was very good to defence, increasing the defence budget by 47 per cent in real terms, it was not good at enforcing cost savings after the defence efficiency review. Indeed, over time it encouraged the single service chiefs to believe that they could pretty well have whatever they wanted: Abrams tanks, the region’s biggest amphibious assault ships and largest transport aircraft, and of course
the Super Hornet fighters.

The Australian Strategic Policy Institute’s Mark Thomson has pointed out that, as a result of these and other initiatives, about A$250 billion of taxpayers’ money is slated to be spent on defence during the coming decade.

However, this does not include serious shortfalls to cover the operating costs of the many new advanced technology capabilities due to enter service over the next few years, such as airborne early warning and control aircraft, armed reconnaissance helicopters, the new generation air warfare destroyers and fighter aircraft, as well as more than A$11 billion to harden, network and expand the army by about 4,400 personnel.

As taxpayers, we simply do not know how much more money will be needed to deliver existing plans for the defence force and sustain escalating operating costs and through-life support costs.

Then there is the bureaucracy. As Thomson points out, in the past seven years the number of public servants in defence has grown by more than 19 per cent while permanent uniformed personnel have grown by less than 3 per cent. What’s wrong with the razor gang focusing on that?

The Howard government’s defence management review last year observed that ‘the comparative wealth of the organisation undermines respect for cost and efficiency’. That is a damning observation.

In fact, defence can’t even spend the money already allocated to it. Since the middle of last year, almost A$760 million has been either handed back because of delays in acquisition projects or reprogrammed into future years. Of course, the unremitting high operational tempo of the Australian Defence Force (ADF) has meant that the focus of the senior military and civilian leadership has been directed overwhelmingly towards overseas military operations. This is undoubtedly stressing the organisation, even though the numbers of personnel involved are only about 3,500 at any one time (or about 6.5 per cent of the total size of the ADF). But it must be also understood that funding for overseas operations is in addition to the approved budget: so, in that sense, the budget for military operations is protected.
What is needed now is a tough-minded defence white paper that does what the previous government did not do: that is, establish a firm linkage between declaratory strategic policy and force structure priorities.

The Australian public needs to be told, for a change, what the strategic rationale is for each major force structure acquisition. We must put an end to military purchases by political (or military) whim.

In recent years we saw an increasing disconnect between what the Howard government said were our strategic priorities closer to home and the creation of an expeditionary force for far-flung operations at great distance from Australia. Although, from time to time, we will need to contribute to coalition operations in such theatres as the Middle East, such commitments should not drive the ADF’s force structure.

The fact of the matter is that Australia’s security is inextricably linked to our own region, which faces an uncertain future and is becoming increasingly well armed. This is where we can make a decisive difference, and it should form the basis of setting priorities for our force structure. The defence budget must be tailored accordingly.

But the defence budget has got off too lightly in recent years. It is time to re-establish harsh discipline over force structure priorities and the need to harvest serious cost and efficiency savings for the good of our country.
Defence white paper: what do we want the ADF to be able to do?

In 2000, when John Howard’s National Security Committee (NSC) was considering the last defence white paper, officials summed up the key issue in a single PowerPoint slide. It said that ministers faced a simple choice. Either they could focus Australia’s future defence capabilities on stabilisation and peacekeeping operations, or they could build forces to meet the more remote risk of a conventional war, or they could do both. In the end Howard and his colleagues chose the third option. It was a momentous choice, requiring long-term real increases in defence funding of 3 per cent per annum.

Over the next few months, as Kevin Rudd’s NSC sits down to consider the next white paper, they will face exactly the same choice, but this time it will be harder. All the issues that were on the table in 2000 are still there, but after eight years they look even more demanding than they did then.

In 2000 it was clear that the Australian Defence Force (ADF) would need to be able to deploy small contingents to support US-led coalition operations in the Gulf and elsewhere beyond our region, as we had often done in the 1990s. But we did not expect to find ourselves with almost two thousand personnel deployed in Iraq and Afghanistan on stabilisation operations which seem likely to last indefinitely.

In 2000, following International Force East Timor (INTERFET) deployment in East Timor the previous year, it was clear that Australia would need to keep taking a more active role in supporting peace and stability in our immediate neighbourhood, and that the ADF would be an important...
part of that. But we did not expect to find ourselves as deeply committed as we now are in East Timor and in Solomon Islands on operations which again, like those in the Middle East, seem likely to last indefinitely, while the risks of even greater long-term commitments in Papua New Guinea and elsewhere have hardly lessened.

Lastly, in 2000 it was clear that the rise of China and India posed important challenges to the future peace and stability of Asia, as the Asian order adjusted to their rising power. But now it is clearer just how difficult those adjustments are going to be. Even as their economies intertwine, the US and China increasingly identify one another as strategic and political competitors, and the region may already have started to slide towards a future in which Asia is divided into two mutually hostile camps. All this brings closer the kinds of changes to Asia’s order which would undermine the security Australia has enjoyed from armed attack for the past 40 years.

In this tougher world, Rudd and his colleagues will have to make very careful choices if they are to design a force which can meet Australia’s needs at a cost they are willing to pay. The essential first step will be to define the things they think the ADF needs to be able to do.

Some will argue for a narrow view that would limit the core roles of the ADF to defending the continent from local threats and stabilising our immediate neighbours. That would help keep the defence budget under control. But some argue that it would expose Australia to real risks if Asia’s order breaks down and we find ourselves over the next few decades facing the possibility of major Asian powers projecting forces towards Australia and its close neighbours. They ask whether we can simply assume that the US will rescue us if that happens: shouldn’t we build forces that would allow us to help ourselves? The white paper will need to confront this question head-on.

Likewise, ministers will need to consider what kind of contribution Australia might want to make, if any, to help the US should Washington go to war with China over an issue like Taiwan. And some of the government’s advisers will probably argue that Australia needs to be able to do more to support the US in the Middle East than we have done since 9/11, pointing
out that our contribution has been relatively small compared with other US allies. Do we need more heavy land forces for this role?

Finally, ministers will need to consider what we really expect the ADF to be able to do to underwrite stability among our small island neighbours. Kevin Rudd, like John Howard before him, talks expansively of Australia’s interests and responsibilities in the arc of instability, but if he really expects the ADF to do much about them, he will find himself looking at a much bigger army than Australia has seen for many decades.

Back in 2000 it was possible for Howard and his colleagues to just say ‘yes’ to most of these questions. For Rudd and his colleagues, and in 2008, it will be much harder. But the worst thing they could do is duck them, because if they cannot decide what the ADF needs to do, there is no chance that they can design a force to do it.

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Rudd’s national security alert

It is to be hoped that Prime Minister Rudd will take the opportunity of his forthcoming national security statement to move beyond education and revolutionise the national security environment as well.

National security used to be all about the survival of the nation state, but now it is more about the wellbeing of the nation state. This broadens the management parameters of national security considerably. National security used to be mainly the province of defence, diplomacy and intelligence, now

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it encompasses a wide range of government entities at federal, state and local levels.

Security challenges today may be internal to the nation state or external. They may be man-made or naturally created. They include climate change and extreme interpretations of Islam, development of a uniform and unbiased education system, and countering foreign intelligence collection and espionage.

In many ways the nation state has less capability to deal with the external challenges posed by globalisation and non-state actors—such as multinational corporations, international organisations (including transnational criminal networks), non-government organisations, terrorists—than it had in the past to deal with the threat posed by hostile nation states.

In addition, wealthier nation states, like Australia, are expected to take some responsibility for the national security needs of their poorer neighbours, particularly when it comes to disaster relief.

Disease poses a continuously evolving threat. HIV/AIDS is being contained to some extent, but still kills two million people a year. A new naturally evolving pandemic could have disastrous consequences for us if we could not deal with it effectively offshore. In the time-cycle of disease recurrence, the world is overdue for a lethal pandemic.

Do we have the capacity to plan sufficiently to cope with the new challenges, and will our bureaucracy help or hinder in that process?

The Australian government bureaucracy is competent, but unimaginative. Politicians don’t mind because it makes them look progressive by comparison. New governments often have plans to introduce radical change, but soon become mired in everyday business. Confidential reviews by public servants buy time, but rarely lead to revolutionary change.

What we need in Australia is a rigorous examination from outside the system of our national security requirements looking ahead to 2050. It should result in substantial cuts to parts of the Australian Public Service. Like the Americans, we are good at building bureaucracies, but weak at downsizing them when needs change.

My national security Masters students have, as one of their final
assignments, to make an assessment of credible threats to Australia, using as variables: the scale of the threat and its proximity in time and geography.

Students usually judge the most immediate threats to national security as pandemics (because they can kill large numbers of people at short notice), terrorism and border security issues. The serious national security implications of climate change are recognised, but related issues—like unregulated population flows to Australia—are a prospective national security problem rather than a current one.

They then have to prepare a national security budget allocated between defence, homeland security (which includes policing, protection of offshore resources, quarantine, immigration), and foreign aid, intelligence and diplomacy. To some extent, treating intelligence separately is artificial because defence contains the most costly half of the intelligence community. But this is deliberate, to make students think about intelligence as a separate entity. Capability lead times are also taken into account.

Traditionally, about two-thirds of the national security budget goes to defence. This is primarily because of the high cost of new air and sea platforms needed to project hard power. Today hard power has less utility, although US strategic policy could still lead to hard-power confrontations—as with the Bush administration’s miscalculation in Georgia or its bellicose policy towards Iran.

Notwithstanding the traditional budget allocation mentioned, students (including from government), after working through the 30 or so credible challenges and threats, usually allocate about 35 per cent of the national security budget to defence, give the same amount to homeland security, and about equal amounts from the 30 per cent remaining to intelligence, foreign aid and diplomacy.

Overall though, it does not mean that our national security needs will cost taxpayers more than they do now. A credible-threat based approach suggests that our defence assets either need to be reoriented to focus more on homeland security issues and humanitarian relief—or we need to downsize defence to provide additional funds to other areas.

Soft power provides us with considerable affordable flexibility to deal
with the kind of external national security problems Australia faces and will face in the future in our region. (Soft power is the use of strategies such as diplomacy, foreign aid, economic levers, psychological warfare, intelligence operations and reconstruction support.)

Australia will still need hard-power projection capabilities—but should we go for a few very expensive state-of-the-art combat platforms or more less expensive multipurpose platforms and more boots on the ground?

Even with a reduced budget, defence should be able to achieve a more substantial combat capability than it does today. The British Army, for example, is currently four times larger than the Australian Army, but relatively can field significantly more combat capability. Lieutenant General Gillespie’s Adaptive Army initiative is a step in the right direction. A large part of our defence budget problem is a large defence bureaucracy that absorbs funds that should be going to materiel procurement and combat capability.

Some interesting statistics about defence in Australia: we have five times more star-rank military officers for the size of force than the US military; for every three star-rank military officers we have an additional two civilian equivalents, and we rank 103rd in the world in terms of active duty personnel for the size of population (behind all of our allies, including New Zealand, and just above Trinidad and Tobago).

In conclusion, we need to make radical national security-related changes to be able to cope effectively with twenty-first century challenges. As James Freeman Clarke noted, ‘A politician thinks of the next election; a statesman thinks of the next generation.’ Will Prime Minister Rudd prove to be the statesman we need?
Prime Minister Rudd’s Asia Pacific community proposal quietly grows

Four months ago, Australian Prime Minister Kevin Rudd publicly floated an initiative to develop what he called an Asia Pacific Community, through which leaders of all the key countries in the region would be able to come together. His proposal was greeted mostly with a mixture of quiet puzzlement and outright scepticism. But this is an idea that is not going away. Over the course of the next 12 months or so I expect momentum will be built for taking it further. As this happens, the emphasis in discussion will soon shift from whether or not this initiative will proceed to focus increasingly on the modalities of how it will proceed.

Initial public responses to the proposal were wary. By far the most extensive discussion of Mr Rudd’s initiative—and the most sceptical commentary—has come from within Australia itself. This wariness had more to do with Australian domestic politics than the international politics of the Asia Pacific region, as Mr Rudd’s announcement of the initiative came as the early ‘honeymoon’ phase of the new Labor government passed and complaints were beginning to emerge about ‘initiative overload’ across the policy spectrum and about ‘under-organisation’ in the prime minister’s own office. A wide array of Australian analysts, journalists and parliamentarians past and present were quick to criticise the Rudd proposal for being ‘half-baked’, lacking in detail and presumptuous for not having consulted other regional leaders in advance. These complaints were not without some substance—not only was the initial articulation of the idea rather sketchy, with distracting references to the European Union, but even the distinguished former diplomat, Richard Woolcott, nominated to lead the regional consultation process, evidently learned about the proposal only a
few hours before it was announced.

But none of these issues was decisive and, as Richard Woolcott himself has said, the circumstances were much the same nearly 20 years earlier when then Prime Minister Bob Hawke tasked him with leading a similar initial consultation process on Asia-Pacific Economic Cooperation (APEC). Much more important than the flurry of debate within Australia has been the reaction within the Asia Pacific region. Some commentators were sceptical or even dismissive of the proposal, with most government spokespersons expressing polite, non-committal interest in hearing further details. Significantly, no head of government spoke decisively against the proposal.

In the world of multilateral diplomacy, that constitutes a positive outcome. It is very rarely the case that proposals for large-scale multilateral engagement engender clear and strong enthusiasm—almost always the benefits are too diffuse for this to be the case. Much more telling is whether they generate clear and strong opposition. And that has not been the case.

The real diplomatic action—which for the most part does not appear in the newspaper headlines—is now underway. Mr Rudd’s special envoy, Richard Woolcott, has undertaken a first consultative foray into the region, focusing on key Southeast Asian countries. Subsequent rounds will see him working his way around the wider region. There have been no official statements from Rudd about progress, but informal indications are encouraging. This will help to build momentum.

Ultimately, the reason some version of Rudd’s proposal is likely to succeed is that there is an underlying need for it. There is real scope for improving on the current situation of regional consultation arrangements to the advantage of all. Notwithstanding the variety of existing frameworks for regional engagement along various dimensions—most prominently ASEAN, the ASEAN+3 framework, the ASEAN Regional Forum (ARF) and APEC—the inescapable problem is that none of these arrangements brings all the main players from South Asia to the Americas together. It makes no sense that there is no framework which also includes both India and the United States. While all existing frameworks serve some specific purposes, none adequately meets the needs of the region as a whole. There is no particular
virtue in preserving the status quo for its own sake; more than anything else it is inertia and the inherent difficulty of taking multilateral diplomacy into new areas that preserves it.

Leadership to overcome these problems could come from almost anywhere in the region, but as a middle-sized player Australia is one of a handful of countries that is well placed to offer it. And with Rudd’s quiet persistence it is quite likely that we will see results. Increasingly, the issue that is coming into focus is the modalities of just how a comprehensive framework for regional engagement might be developed from the status quo.

There are several broad possibilities. One is that it could evolve by adapting one of the existing frameworks. For instance, the membership of the East Asian Summit might be expanded eastward across the Pacific. Or the membership of APEC could be adjusted and expanded westward to South Asia. A second broad possibility is that a special gathering could take place on the coat-tails of an existing forum. Here, too, there are several imaginable variants, but, by way of illustration, an appropriately comprehensive gathering of leaders could be engineered at the same time as the ASEAN or APEC summits, and evolve over time from there. Or third, an entirely new framework could be purpose-built from scratch.

None of these broad possibilities is clearly superior to the others. Each has distinctive pros and cons. In the end, it is likely to be the path of least resistance that prevails. And it may be that a one-off and more limited gathering of pivotal leaders is needed to start the process and help cut through some of the initial complications.

To succeed, Rudd’s initiative will need to evolve into something much broader than just another proposal from a regionally activist Australian leader. At least some countries and some other leaders will need to come to view it as advancing their interests. This is quite likely to happen and in the process the character and form of the initiative will evolve as ‘authorship’ widens. Indeed, that is what happened with all previous efforts to build frameworks for regional engagement, from ASEAN and APEC onwards.

The absence of a vocal chorus of public support for Rudd’s initiative might be thought of as telling evidence of a lack of demand or even interest.
It is not. Frameworks for multilateral regional engagement—whether in the Asia Pacific region or any other—are not essential elements of international engagement. That is why there is almost never overt demand for them. But they can be very helpful, even if in quiet and low-profile ways. There was no great demand for ASEAN at the time of its birth, but all Southeast Asian countries place value on it now. Similarly, for all its limitations, heads of state continue to invest time and effort in the APEC process.

Kevin Rudd’s proposal has already evolved somewhat since his first speech in June. It will continue to do so as momentum gradually builds behind it and as an informal coalition of leaders willing to support its development emerges. It is an idea whose time is coming.
The turn to preferential trade in the Asia Pacific

Since the turn of the century, the Asia Pacific has become the most active region for the negotiation of preferential trade agreements (PTA). The proliferation of agreements represents a dramatic transformation from a few years ago. Before the East Asian financial crises of 1997–98, only one preferential trade agreement of any substance existed in East Asia—the ASEAN Free Trade Agreement. None of East Asia’s major economies—China, Japan, Korea and Taiwan—were parties to a preferential agreement.

In the five years following the crisis, most East Asian countries jumped aboard the PTA bandwagon—and the Australian government and others that had been similarly sceptical of such agreements in the past joined suite. Today, more than 80 PTAs involving East Asian economies are either being implemented, negotiated or the subject of study groups.

We now have a substantial database from which we can begin to draw conclusions about the move to preferential trade in the Asia Pacific region. Inevitably, such conclusions will have to be tentative. The number of
agreements that are actually being implemented is still relatively small; many of them have only entered into force in the last couple of years; and several contain provisions that will not be fully implemented for some considerable period. Nonetheless, some clear patterns have begun to emerge.

The first is that marked differences exist among the agreements both in their scope and in the motivations of the parties in negotiating them. By far the most comprehensive agreements are those initiated by the United States. These go substantially beyond existing WTO commitments on issues such as intellectual property, investment and trade in services. At the other end of the spectrum are the agreements involving China and ASEAN, which typically have very selective coverage of trade (primarily in goods), flexible schedules for implementation and few aspirations for ‘WTO Plus’ ‘deeper’ integration.

Differences in the content of the agreement are in part a reflection of the range of motivations that governments have in entering these negotiations. These typically are a combination of both economic and political factors—but the balance varies from country to country, and from one agreement to another. While the United States has used PTAs to reward allies and to pursue accelerated trade liberalisation, China has used the agreements to stake its claim to regional leadership and to attempt to improve the security of its access to resources. Japan has been playing catch-up with China on both regional leadership and resource security, but has also pursued agreements that have levelled the playing field for its exporters in markets such as Mexico, where competitors already enjoyed preferred access.

What are the main outcomes of the agreements and to what extent have they lived up to the claims that proponents and opponents have made for them?

(1) **Overall Trade and Investment Flows**: To date, the agreements have had little impact, belying the often wildly optimistic predictions made in some economic modelling. This is hardly surprising given the existing low levels of applied tariffs and the presence of other arrangements, such as the WTO’s Information Technology Agreement, duty-drawback schemes and free trade zones in many East Asian countries, that all enable components to move
around the region tariff-free.

With the proliferation of schemes, the advantages enjoyed by any one country often prove to be transitory. Preferences are also frequently offset by other factors, particularly movements in exchange rates. Moreover, private sector actors often decide that the benefits from preferences are not sufficient to outweigh the costs of complying with rules of origin. Non-tariff barriers (NTB) are now the principal obstacles to trade, but few PTAs address these (except in the area of services trade).

(2) *WTO Plus?* Although most of the PTAs negotiated in the Asia Pacific region contain some ‘WTO Plus’ elements, these provisions—with the exception of the agreements involving the United States—are often very shallow. The typical reference is to ‘cooperation’ or to ‘facilitation’ on matters such as competition policy. The provisions on the environment are no stronger than vague commitments that states will not lower environmental standards in their efforts to attract foreign investment. Labour standards are seldom mentioned.

(3) *Promotion of Domestic Reform*: Proponents have argued that by increasing external and domestic pressures for liberalisation, the negotiation of PTAs will help promote structural adjustment. But such claims have been largely belied by the practice of carving out sensitive domestic sectors, particularly in agriculture, from the agreements.

(4) *Who Concedes Most?* It is now well established that in PTA negotiations between parties of unequal size, smaller economies make more concessions. Most PTAs in the Asia Pacific region follow this pattern, for example, those involving Japan and the United States. One significant exception exists: in its PTAs with ASEAN and with Hong Kong, China made the lion’s share of concessions, a reflection of the political objectives it was pursuing.

(5) *A Strengthening of Regionalism?* More than two-thirds of the agreements negotiated by East Asian states are with countries from outside the region. Rather than strengthening regionalism, the new PTAs have tended to undermine it. Some ASEAN countries now give more extensive preferences to extraregional partners than they provide within ASEAN itself.

(6) *Who Participates?* The low-income economies of the region participate
in few PTAs—a reflection of the fact that they typically have relatively little to offer partners (although Indonesia is an exception given its natural resources). Their low participation also reflects their lack of negotiating capacity and partners’ concerns about the lack of state capacity to enforce any agreement reached.

PTAs are unlikely to have significant effects on aggregate flows of trade and investment. They are most important for individual firms seeking particular advantages or attempting to level the playing field. They are important also in the services sector where a host of NTBs prevail. Whether the benefits of PTAs justify the resources being devoted to them is questionable. They tend to distract not only from talks at the global level but also from domestic reform efforts, both of which hold the promise of generating larger returns than those achieved through preferential agreements.

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APEC ECONOMIES NEWSLETTER

JENNY CORBETT AND EVI FITRIANI

Australian perspectives on the road map towards East Asian economic integration

The Australian economy and East Asia
For thirty years, Australia has attempted to find a balance between its traditional ties with Europe, its vital links with the United States and the emerging possibilities of a fast-growing Asia. Australia sees the advantage of its unique location in Asia and the Pacific. However, since it is committed to supporting both the Asia-Pacific Economic Cooperation (APEC) process along with the East Asia Summit (EAS) process as mechanisms for promoting greater integration of regional economies, there is potentially a
tension in its policy position.

East Asia is Australia’s main regional trading partner. Australia’s exports of natural resources and the Australian domestic market are vital to the continued economic growth of East Asia. Increasingly, Australia’s economic interest lies not only in maintaining the resource, energy and manufacturing trade opportunities in East Asia, but also in expanding its role in the financial sector and other service sectors and in encouraging the opening up of those sectors in the region.

There are conflicting views on the recent proliferation of preferential trade agreements (PTA) in East Asia. Some argue that because of increasingly complicated rules of origin, the trend is likely to distort and derail, rather than encourage, broader and deeper economic integration. Others believe that the proliferation of PTAs is a natural way to promote region-wide integration, which will be built on the clusters of bilateral PTAs. Whichever view one takes, the empirical evidence is clear that the wider the membership of these agreements the larger the gains.

There are also different views emerging on which regional architecture will drive closer integration. Increasingly, the convention is to acknowledge the role of ASEAN as the driving force in East Asian regionalism. This position was reiterated in May by Japan’s Prime Minister Fukuda in a significant policy speech on the region. That speech was in some measure an attempt to respond to the challenge laid down by the Secretary-General of ASEAN at the December 2007 launch of the new think-tank, Economic Research Institute for ASEAN and East Asia or ERIA, when he asked for a Fukuda-II doctrine for Japan in the region. ASEAN itself has taken new initiatives directed at formalising its structures and these should add to its credibility in a regional role.

**Importance of financial integration**

From Australia’s perspective, financial integration is as important and as necessary as trade arrangements. The lessons learned from the Asian financial crisis clearly underline the importance of financial cooperation in the region. With underdeveloped financial markets, countries in the region
have fewer opportunities to fund investment and lack mechanisms to allocate capital more efficiently.

From the Australian perspective, strengthening the domestic financial markets is the first step toward regional financial integration. With a wealth of experience in financial reform and strong capital markets, Australia could play a more active role in the development of East Asia’s financial integration. Indeed, in 2006 the Howard government said publicly that, ‘if invited by ASEAN+3 members, Australia would be willing to make a financial and practical contribution to the Chiang Mai Initiative’. Australia has also taken an active part in developing the modalities underpinning the Asian Bond Markets Initiative. The Rudd government can be expected to strengthen Australia’s regional focus.

**A roadmap and challenges to East Asian economic integration**

Current East Asian economic regionalism is underpinned by two seemingly contrasting trends: the increasing interest in ‘financial integration’ in the broad sense and the growing numbers of bilateral and subregional PTAs. The latter can be matched with the former only if preferential trade initiatives are structured to be the building blocks of economic integration. While PTAs in East Asia contain many similar provisions, they also contain many differences, and it is not clear that they can be used as the single foundation for stronger region-wide institutional cooperation. Several recent studies have questioned whether any of the existing PTAs in the region are truly consistent with and build on the WTO’s General Agreement on Trade in Services (GATS).

The underlying goal of regional economic integration is to strengthen regional cooperation in East Asia and to help the economies in the region avoid a financial crisis and other similar catastrophes in the future. But this presupposes certain common understandings about the underlying features of market economies.

East Asian economies face challenges such as domestic reform, the need for realistic and concrete strategies to move toward integration, lack of a regional authority to help control financial volatility, underdeveloped
financial markets, and the existence of competing regional architectures. In addition, competition between China and Japan for leadership in the region, the role of the United States and the region’s diversity in many respects pose politico-economic challenges.

The likely solution is to opt for something akin to the earlier APEC notion of ‘open regionalism’, designing institutions and agreements that can flexibly be extended to incorporate additional members. Moreover, realistic and plausible views are needed in designing a framework for regional economic integration.

It is important to set attainable targets within realistic timetables so that, gradually, progress can be expected and observed. Due to the different nature and conditions within each nation, East Asian economic integration should be ‘a hybrid regionalism’, a regional arrangement that is beyond the influence of Japan, China or any other single country. Australia can act as a valuable counterweight to encourage constructive engagement by all major countries, including the United States.

To accelerate trade liberalisation and integration, it is necessary to enhance free trade and factor mobility across the region; to recognise that unilateral trade liberalisation is usually in the interests of each country; to minimise security risks of cross-border transactions; and to improve competitiveness through structural reforms in domestic markets.

To foster financial integration, it will be necessary to build a more concrete framework that may include, but is not limited to, provision of peer country assistance in financial reform; coaching and training to achieve consistent application of policies, legal and regulatory standards across the region; improvement of accounting standards and skills; clarification of tax rules; upgrading of corporate governance standards; greater transparency and peer surveillance of macroeconomic policymaking; better understanding of how closer trade and financial integration imply macroeconomic linkages that will need to be managed.

To ensure access to vital energy supplies, which are both economically indispensable as an engine of growth and for which Australia is a major supplier, cooperative approaches are necessary. Although potentially divisive
and also strategically sensitive, energy issues have already been discussed in
the EAS in which Australia participates.

To harmonise PTAs in the region, ASEAN as a whole and as individual
countries should set and maintain a common standard of practice in trading
arrangements. In addition, long-term impacts and benefits should be
considered against short-term gain when deciding on the common standard
of practice for the PTAs.

To further develop the studies of regional economic integration, the
recently established Economic Research Institute for ASEAN and East Asia
(ERIA), involving all the EAS members, could be used as a regional think-
tank to provide broad-based, empirical analysis on the trends, challenges
and opportunities of regional integration, and to suggest practical
recommendations to policy makers. More rigorous analysis is needed of
factors that impede regional integration as well as the factors that can
potentially accelerate it. The research agenda for ERIA should include both
the non-economic as well as economic aspects of the integration. Greater
interaction between policymakers and researchers, and high quality, policy-
relevant research, will be of critical importance. So research should also
focus on planning and designing realistic mechanisms that inform future
policies for the region.
TREVOR WILSON

Should Australians worry about donating to Burma?

Apparently Australian NGOs are concerned about the low level of donations they have been receiving from Australians for cyclone relief in Burma. They recently spoke of their worries to foreign minister Stephen Smith. It seems that normally generous and empathetic Australians are distrustful when it comes to giving to a country run by a military regime with such an appalling reputation. They have, of course, been influenced by the saturation media coverage of tardy, uncaring and inappropriate responses by the military to the plight of the cyclone victims. But is this reaction justified?

There is no lack of evidence of the Burmese military regime’s inadequacies in responding to the cyclone. But the persistent focus of the media and foreign government spokesmen on the issue of access for foreign aid workers has somewhat clouded understanding of what relief is actually happening...
and the question of whether donations of assistance from abroad will reach victims. While reports confirm that aid has not yet reached all victims in certain difficult-to-access areas of the Irrawaddy Delta region, there is overwhelming evidence from journalists and international officials that aid donations received are getting through.

Another donor concern is presumably that, because of corruption by the Burmese authorities and their determination to force victims away from roads and other access points, the military regime is actively blocking assistance. Although there have been a few colourful reports of aid being diverted by the military regime, hard evidence of this is not yet to hand.

In fact, major Australian aid organisations have been able to deliver their relief via their local staff from the outset, although not in the volumes they would have liked. Aid organisations with years of experience working in Burma, such as World Vision and CARE, are accustomed to operating effectively and with proper accountability.

Yet quite astonishing and unprecedented things are happening in the relief effort, things which should encourage those Australians thinking of donating. One of these is the response of private Burmese to the cyclone disaster. There have been innumerable reports of local individuals and groups not normally involved in such activities turning their whole attention to collecting relief goods and delivering these to the affected areas. Reports of the authorities sometimes trying to block such efforts do not seem to have stemmed the flow of supplies going out through these private channels, according to communications from some of the groups involved. And last week the regime’s official newspaper actually praised such activities, describing them as more important than government or international aid, and proclaiming that citizens had the right of access to the affected areas for these purposes.

A different perspective would suggest, therefore, that we are witnessing a grassroots popular response to make up for the failings on the part of the military regime, a response which has some parallels with the spontaneous mass demonstrations in September/October 2007 protesting against fuel price increases. But it would be wildly optimistic to predict that Cyclone
Nargis will lead to the fall of the military regime. Rather, some observers are concerned that it may well lead to further human rights abuses by the authorities against this vulnerable and weakened population. At the same time, it would be unwise to underestimate the ingenuity and generosity of Burma’s largely Buddhist population, who are sometimes very adept at avoiding government controls and who may also sense weakness in the mistakes by the military regime in their cyclone response.

There is every reason for Australians to open their pockets to help the Burmese people at this time. Not only are there enormous needs for emergency rescue and relief, but there are major requirements for medium-term rehabilitation and recovery of livelihood. Australians have a wide choice about how they channel their donations, ranging from international agencies to Australian-controlled humanitarian organisations big and small. But it is even possible to contribute funds directly from Australia to support these new community-based Burmese support activities. Because of the financial sanctions that Australia and Western countries have imposed against the regime since 2007, it is regrettably not possible to transmit donations through the conventional banking system. But although the means of transmitting relief funds directly to Burma may seem unusual, they are in fact well-established channels, with a reputation for being reliable, quick and generally inexpensive.

As someone who has received many messages from Burmese people inside the country about the terrible state of affairs and about the drastic need for help, I would encourage Australians to consider the desperate situation of the Burmese people, and not to be distracted by the behaviour of the government they played no part in putting in power.
Election secrecy fails to instil vote of confidence

On 23 September Burma’s military regime, in a move not widely reported in Western media, announced an amnesty for 9,002 prisoners ahead of the general election planned for Burma (Myanmar) in 2010. Although Burma’s military rulers have a tradition of declaring amnesties for significant occasions, and although they have released several hundred prisoners in the past few years, this is by far the largest, the most dramatic and unexpected release we have seen.

Several significant political prisoners were among those granted an amnesty, notably the former prominent journalist Win Tin, winner of a UNESCO award for press freedom in 2001. They included a number of other members of the National League for Democracy (NLD), Burma’s leading opposition group and winner of the largest number of seats in the last election in 1990. Most of those released were ordinary prisoners, and some 2,000 political prisoners are still believed to be in detention. (This number is higher than the figure of 1,300 that obtained for many years, because of the large numbers arrested during and after the mass demonstrations of 2007.) Most of those released this week were probably nearing the end of their prison terms.

One of the unusual aspects of this release is that the regime’s announcement actually stated that the release was intended to enable those released to participate in the 2010 elections. This is unprecedented as a statement of support for new elections, but is unlikely to convince many about the quality of the election process, which most observers expect to be found wanting. The announcement was accompanied by other items in the officially controlled media which made heavy-handed references to the
duty of citizens to always show loyalty to the state. This may be an accurate reflection of the regime’s narrow view of how the people of Burma should behave in their world of ‘disciplined democracy’, but it does not square with the way most Burmese view their future.

What to make of all of this? Pro-democracy spokespeople predictably dismiss the regime’s move as cynical manipulation of public opinion and as a crude attempt to retain support in the United Nations. It is hardly surprising that the military regime hopes to deflect international criticism, given increased pressure on them at this year’s UN General Assembly. But the military leadership has also listened to international demands that it should release prisoners, even though many observers argue that international opinion has no impact on the regime. This amnesty was welcomed by the UN Secretary-General and other foreign leaders, who insisted that the regime release all political prisoners, especially NLD leader Aung San Suu Kyi whose continued detention under house arrest many are saying is now illegal.

In fact, the regime seems to have no intention of allowing a ‘free and fair’ election. It maintains its relentless pressure on the NLD, apparently intent on destroying it as an effective political force. NLD members continue to be detained for low-key, peaceful political activities, or forced to resign from their party, which though legal is denied the most basic tools of a political organisation (telephones, facsimile machines, mobile phones and printing presses). Emerging political leaders, such as those belonging to the ‘Group of 88’ students’ movement have also been detained for long periods with the apparent goal of limiting their political influence. Buddhist monks involved in protests in 2007 have been arrested or restricted in their non-religious activities. All opposition political leaders are denied freedom of movement and assembly and access to any media.

Meanwhile, the military regime promotes its own surrogate political organisation, the Union Solidarity and Development Association, in the apparent expectation that it will put forward its own candidates in the elections. Rather than educate and inform the people about what is involved in the first election in 20 years, the authorities maintain absolute secrecy about all the details. Presumably, it will be a repeat of the May 2008 constitutional
referendum which was held without most of the population having access to copies the document. Perhaps the international community could help by using international communications to disseminate factual information about the elections for the people of Burma.

If the military regime really wishes to keep the international community guessing, they should release Aung San Suu Kyi immediately. Even if she were still restricted in her movements, it is essential that she have free access to her own party members and foreign representatives, as she has on some occasions in the past. Moreover, it is clear that there are no grounds for her further detention. Other leaders of the opposition must also be released, including leading Buddhist monks, whose only ‘offence’ has been to peacefully express their dissent. Without their being freed, any election in Burma would be meaningless.
China

18 March 2008

THE AGE

JOHN POWERS

A place of their own

Once again, images of maroon-robed Tibetan monks taking to the streets to protest Chinese rule are appearing in news media around the world. And once again, they are accompanied by images of Chinese troops beating the demonstrators. The current disturbances are the largest since 1989, when thousands of Tibetans called for greater autonomy and respect for human rights, but there have been ongoing anti-Chinese protests in the restive region since troops first entered the country in 1949.

Prior to that Tibet was a *de facto* independent country, with an archaic but functioning theocratic government, legal system, currency and army, none of which derived either authority or funding from China. Nonetheless, China claimed Tibet as an integral part of its territory and continued to do so even after all Chinese were expelled by the Tibetan government in 1911.

After the Communists led by Mao Zedong captured the region by armed

force in the early 1950s, they set up a government parallel to the Dalai Lama’s administration. He tried to work with the Chinese in the now-inevitable transition to foreign rule, but moves to transform the country led to growing resentment among Tibetans. On 10 March 1959, thousands took to the streets to demand that the Chinese leave their country and restore indigenous rule. The response was a brutal crackdown in which hundreds died. This event is viewed by Tibetans in exile as the first battle in a ‘war of independence’ and is celebrated every year with demonstrations and nationalistic speeches. The present round of protests began with 10 March events, but unlike previous years they have escalated and involve both monks and significant numbers of lay people. There have been reports of Chinese-owned businesses being demolished and civilians being attacked by angry mobs.

Why now? And why have these demonstrations developed a violent aspect? There is no single answer to these questions. The region has been effectively subdued by military force, but during my visits most of the Tibetans I met told me of their profound dissatisfaction with Chinese rule. In 2002, every employed person I met was Chinese. All businesses I visited were owned and staffed entirely by Han Chinese. At tourist venues Tibetans begged foreigners for money.

The Chinese government proclaims that the Tibetan economy is booming and that it is investing billions of dollars in the region, but the indigenous population has scarcely benefited. Every year, over three thousand Tibetans escape to an uncertain fate in exile, often traversing some of the world’s highest passes in winter to avoid Chinese patrols. If conditions were as good as the government claims, there would not be such desperation to leave.

The main precipitating dynamic for the present demonstrations is most probably a combination of two factors: the upcoming Olympics in Beijing and the newly completed train from Beijing to Lhasa, Tibet’s capital, which daily brings hundreds of new Chinese tourists and settlers. Tibetans became a minority in their own country about ten years ago, and rail service has brought a sharp rise in immigration from neighbouring provinces. Increasing marginalisation has led to a sense of urgency, and with the eyes of the world focused on China in the lead-up to the Olympics, this probably seemed like
an opportune time to draw international attention to the situation in Tibet.

When China was awarded the Games, the authorities promised greater respect for human rights and acknowledged that there would inevitably be protests. They stated that peaceful demonstrations would be tolerated and, despite the violence of the past several days, security forces have been comparatively restrained. Foreign observers have been shocked by scenes of brutality against peacefully protesting monks, but by all accounts violence has been on a significantly smaller scale than in the past. Chinese authorities are aware of foreign scrutiny and deeply sensitive to criticisms of human rights abuses, but at the same time feel they are walking a thin line: fostering a positive public image while also maintaining order.

Many Chinese are puzzled by this restraint and want the government to teach the protestors a lesson. Ordinary Chinese overwhelmingly accept the government’s claims that Tibetans have benefited from the introduction of Chinese civilisation and that they should be grateful. These attitudes closely parallel those of Europeans in Australia during the early period of settlement who proclaimed that aboriginal Australians had been civilised by the foreigners and received the gifts of their superior culture, language and religion. A recent survey of Chinese blogs cites expressions of anger, shock and bewilderment. Tibetans should be thanking their Han ‘big brothers and sisters’ who have liberated them from the Dalai Lama’s repressive regime and given them the opportunity to become more like Chinese; they say the protests are outrageous and a sign of insufferable ingratitude.

Few Tibetans expect that China will ever voluntarily quit their country, and the Dalai Lama is officially committed to the position that Tibet is a part of China. He has publicly stated that China ‘is good for Tibet’ because it has introduced technological progress and eliminated some of the inequalities in the old society. He calls for ‘genuine autonomy’, which means that Tibetans would control internal affairs. Since the imposition of Chinese rule, no Tibetan has ever held a position of real authority; all decisions are made by Communist Party leaders in Beijing, and their representatives in Tibet are all Chinese.

Chinese authorities would do well to take him at his word. Maintaining
a massive military presence in Tibet represents an enormous annual expenditure, and the repression needed to prevent full-scale rebellion tarnishes China’s international image. Autonomy is compatible with China’s real interests in Tibet: a stable Tibet with Tibetans in charge of internal affairs and ultimate Chinese overlordship could satisfy both Chinese security concerns and Tibetan aspirations. The Dalai Lama has stated that he is willing to talk any time and without preconditions, but future Tibetan leaders may not be so conciliatory. A new generation of radicalised Tibetans has grown up in exile, and many are fed up with the Dalai Lama’s ‘middle way’ approach. Increasingly they call for direct action and the sort of violence often seen in other liberation movements, which brings great suffering but often yields better results.

The present riots may be a foretaste of things to come, and a pragmatic assessment of the situation should lead Chinese authorities to rethink their policies. Australia could conceivably play an important role in this process. Prime Minister Kevin Rudd is viewed by Chinese leaders as someone who understands them and is sympathetic to Chinese sensibilities. A peaceful and stable Tibet is in everyone’s interests, and if he were to press the case for autonomy during his upcoming visit it might be better received than if it came from foreigners who are perceived as biased against China.
Both official Chinese and exile Tibetan responses to the protests that broke across Tibet last month followed a familiar, worn-out script. For the Tibetan exiles and their international supporters, this was a last gasp for independence by the victims of cultural genocide. For the Chinese government this was premeditated mayhem orchestrated by the ‘Dalai clique’ and ‘criminal elements’ bent on splitting China. Both sides have it wrong.

Certainly, Tibetan exile flags and ‘free Tibet’ slogans were features of Tibet’s biggest and most violent protests in decades, but it is simplistic to see the widespread discontent on the Tibet Plateau as a bid for freedom by an oppressed people. Protests in Lhasa began with Tibetan monks using the anniversary of the Dalai Lama’s flight into exile (10 March 1959) to peacefully demonstrate against tight religious controls, including patriotic education campaigns and forced denunciations of the Dalai Lama, but they were soon joined by ordinary Tibetans who used violence against non-Tibetans and their property. Victims included Muslim traders as well as Han Chinese.

As an initial media blackout turned into a media avalanche focused on the violence, many Chinese became confused and angry. Some enraged Chinese bloggers demanded Tibetan blood in return, but most Chinese were simply baffled by what they saw as Tibetan ingratitude for years of central government financial transfers that have resulted in rapid growth in the region’s economy and a surge in incomes.

Indeed, state transfers to Tibetan areas in recent years have been

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astronomical in proportion to the size of the local economy. Before completing the world’s highest railway in 2006, China announced 180 other major infrastructure projects for the Tibet Autonomous Region (TAR) worth 77.8 billion yuan (around US$10.2 billion) to be constructed during 2006–10. The scale of these investments becomes apparent when measured against the TAR’s GDP, which was 29.1 billion yuan in 2006. In fact, state subsidies account for around 75 per cent of the TAR’s GDP.

Giant injections of state capital in major infrastructure projects have been driving growth in Tibet in recent years, with GDP rising an average of 12 per cent per annum since the launch of China’s Western Development Scheme in 2000. This plan is to expand infrastructure (and markets) to redress growth imbalances between China’s eastern seaboard and the impoverished hinterland, including Tibet. In 2007, the TAR’S GDP grew at a staggering 14 per cent over the previous year. Reportedly, incomes have been rising, too, with double-digit growth recorded in household incomes for both rural and urban residents.

Because of the rosy picture painted by official statistics and the state media, most Chinese are unaware that Tibetans have been among the big losers in the course of China’s economic miracle, and that within Tibetan areas (both the Tibet Autonomous Region and Tibetan autonomous prefectures in the neighbouring provinces of Qinghai, Gansu and Sichuan), the pace of economic modernisation has polarised Tibet’s economy. While a minority of Tibetans have been rewarded with state jobs, the majority of Tibetans, who are poorly equipped to access new economic opportunities, have been marginalised.

Tibetans are mostly subsistence farmers and herders. They make a living in an upland rural economy that is much less diversified than other parts of rural China. Further gains in the productivity of staple crops are unlikely without major technological innovation. The already fragile mountain ecosystem is under further pressure from a population that has doubled since the 1950s.* In response to these pressures, the state has imposed tough

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* Family planning policies since the 1980s have not been applied as strictly in Tibetan and other ethnic minority areas as they have been in majority Han Chinese areas.
new environmental laws restricting traditional practices such as grazing, hunting and, for a time, logging, all cutting sharply into Tibetan incomes.

Despite the boom in investment, most Tibetans have very limited access to off-farm employment. Unlike China’s eastern regions, surplus low-skilled rural labour is not readily absorbed by secondary industry. Distance and isolation make landlocked Tibetan areas a poor choice for the industrial activity that has been the engine of growth in other parts of rural China. This is true not just for the Tibet Autonomous Region, but for much of China’s western hinterland, including areas populated by Tibetans.

Most of the off-farm employment opportunities created by the boom in state investment are concentrated in the service sector (for example, administration and tourism) in addition to construction. This has attracted large numbers of economic migrants, who are increasingly free to travel under China’s liberalised labour migration policies. Economic migrants to the cities include Tibetans from rural Tibet, but most are Han Chinese migrants from other provinces.

Most Han Chinese migrants stay only for a few years, save money and return home, but since the 1990s there has been a constant stream of new arrivals. In Lhasa the non-Tibetan population now outnumbers the Tibetan population. Even Tibetan employers in Lhasa and other Tibetan areas admitted to me that they hire non-Tibetans because they are more skilled and more willing to work regular hours for a wage. Many Han Chinese have worked in other Chinese towns before trying their luck in Tibet’s booming urban areas.

So while there is no state-sponsored migration of non-Tibetans to dilute Tibetan culture as Tibetan exiles sometimes claim (more than 80 per cent of Tibetans live in rural areas that have attracted almost no non-Tibetan migration), increasing numbers of Han Chinese are out-competing Tibetans in urban labour markets. Not surprisingly, unemployed rural Tibetan migrants are reported to have been behind some of the worst violence of the protests.

New air and rail links to Tibetan areas have made possible explosive growth in tourism but, even when this tourism is largely based on growing
interest in Tibetan culture and Tibetan Buddhism, it has not necessarily translated into opportunities for Tibetans. In one large hotel in an ethnically Tibetan area outside the TAR, hotel managers reported that over 90 per cent of their staff was non-Tibetans recruited from other areas. When I asked for an explanation, the managers cited Tibetans’ dearth of skills, lack of experience in working fixed hours, and a cultural disposition not inclined to obediently comply with hotel guests’ wishes. Even in the housekeeping department, more than 80 per cent of staff was hired from outside the Tibetan autonomous prefecture.

In a more striking example of how the boom in tourism is bypassing Tibetans, when I visited Lhasa’s Potala Palace a few years ago, I was surprised to find a young Han Chinese man dressed in Tibetan costume selling tickets. When I queried him, he laughed and said, ‘tourists don’t know the difference anyway’. In some places ‘Tibetan’ song and dance troupes sometimes consist of non-Tibetan performers. Tourists might not know the difference, but Tibetans do, and daily experiences like these are sources of a deep and growing resentment.

The reasons why Tibetans are being left behind by the rapid pace of economic development are complex, and do include cultural and language differences. Non-Tibetans have access to wider networks, capital and better information. But there is no systematic discrimination of Tibetans by employers—in fact Tibetans are accorded preferential treatment in state jobs.† The labour market, however, operates according to market principles

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* Han Chinese patrons are an important and growing source of financial support for Tibetan Buddhist temples and sacred sites. For more detail on the growing interest in Tibetan culture among Han Chinese, see Ben Hillman and Lee-Anne Henfry, ‘Macho minority: masculinity and ethnicity on the edge of Tibet’, Modern China, vol. 32, no. 2, April 2006, pp. 251–72. Since the protests, Tibetan areas have clearly fallen out of favour with Chinese tourists. Tour operators in Diqing Tibetan Autonomous Prefecture in Yunnan Province report that arrivals in May, one of the busiest times of the year, are only one third what they were one year ago.

† In Diqing Tibetan Autonomous Prefecture in Yunnan Province, law requires senior heads of local government to be ethnic Tibetans and, while it is an unwritten rule, local officials acknowledge that heads of major government agencies are mostly reserved for Tibetans.
and the most skilled people are getting the jobs regardless of ethnicity. My frequent contact with service industry leaders in Tibetan areas indicates that local employers (Tibetans and non-Tibetans alike) would happily hire Tibetans if they could do the job. Unfortunately, most Tibetans, especially rural Tibetans, simply do not meet employers’ needs.

A central problem is the high rate of illiteracy among Tibetans. While rates vary between the TAR and other Tibetan prefectures, and between urban and rural areas, ethnic Tibetans remain among the most illiterate in China. While enrolments have been rising, only a small minority of the total Tibetan population has some degree of secondary education. The national curriculum is highly academic, demands strong Chinese literacy and is poorly adapted to rural and regional labour market needs. High school drop-out rates reflect the grim reality that investment in education is not rewarded by jobs, except for a tiny elite that are clever enough to continue to university and state jobs. More than 40 per cent of Tibetans have no formal schooling at all, compared with China’s national average of 8 per cent.*

State investment in primary education has increased since 2000, triggering an increase in literacy. But investments in rural education primarily target school construction and wages. The quality of teaching remains poor, as the most capable teachers are reluctant to accept jobs in remote posts. Despite accusations to the contrary, the Chinese government has made increasing efforts to sponsor bilingual education, but this too is a double-edged sword. In many Tibetan primary schools Tibetan is used as the medium of education in the first few years. But because Chinese literacy requires a huge investment in time, students need to switch to Chinese early to have a chance of competing with other Chinese students in higher level entrance exams. Many Tibetans simply never catch up.

The situation is slightly better in urban areas where there are more and better quality schools and where more Tibetans speak Chinese. In Lhasa many educated Tibetans choose to send their children to Chinese-medium primary schools because they gain an edge in learning Chinese and because

* For these and other comparative education statistics in China, see the Chinese government’s official statistics web site, http://www.stats.gov.cn.
students at these schools take English as a second language. At the Tibetan-medium schools, second language studies are devoted to Chinese. Some have suggested that bilingual policy be extended to require that non-Tibetans in Tibet learn Tibetan before being recruited to state jobs. However, there has been little progress in this direction. It should be noted, too, that outside of Tibet’s monasteries and an urban elite, levels of Tibetan literacy among Tibetans can be as low as, or lower than, levels of Chinese literacy.

Perhaps the biggest current challenge for education policy and investment in Tibet is the lack of access to vocational training—the kind of training that will allow Tibetans to compete with migrants from the east in construction, tailoring, food preparation and a host of other jobs in the dynamic service sector. The underinvestment in vocational training is evident in China’s official statistics. While the Chinese government spends twice the national average per capita on education in the TAR, and teacher–student ratios are comparable to those elsewhere, there are half as many secondary schools per capita and only one quarter of the national average of vocational training schools. While there are variations across Tibetan prefectures outside of the TAR, opportunities for vocational training outside of major cities are similarly low or nonexistent.*

As migrants move in to take advantage of the state-led boom, illiterate and semiliterate Tibetans with few skills suited to off-farm labour become marginalised in their own economy. This is not just a Tibetan problem. Across China inequality is closely linked to skills differentials, as wage increases among highly skilled workers outstrips increases among lower skilled workers. China’s Gini coefficient—a measure of income inequality where ‘zero’ is perfect equality and ‘one’ is perfect inequality—stands at 0.47 making China the most unequal country in Asia after Nepal. The figures reflect not only differences between skilled and unskilled workers but also between workers and farmers, and between rapidly developing coastal areas and poorer inland regions. This is a profound departure from the situation

* Andrew Fischer has done the most detailed analysis of socioeconomic indicators based on China’s official statistics to assess the degree of marginalisation. See State Growth and Social Exclusion in Tibet: Challenges of Recent Economic Growth, Copenhagen: NIAS, 2005.
in the 1970s, when China was among the most equal countries in the world. Rising inequality overall has levelled off somewhat in recent years, but it remains at high levels.

While recent evidence suggests that interregional inequality may be narrowing, inequality is increasing within many regions, especially between urban and rural households. According to Chinese statistics, urban incomes in the TAR are up to five times higher than rural incomes. Several researchers within China and abroad studying Tibet’s economic development over the past few years have observed with alarm the increased polarisation. In 2003 I cofounded the Eastern Tibet Training Institute, a vocational training centre in an ethnically Tibetan region in northwest Yunnan province. The training centre provides job skills training for impoverished youth from the countryside. By designing courses in consultation with local employers and industry groups, the institute’s success rate for graduates finding wage employment has been above 90 per cent during four years of operations. It confirms anecdotal evidence from local employers that Tibetans and other minorities can get jobs if they have the right skills.

While the Eastern Tibet Training Institute is small, its founders hope it can serve as a model for the sorts of education policies needed to achieve inclusive economic development in Tibet and other parts of west China. The institute has received strong encouragement from local state-linked bodies such as the Federation of Commerce and Industry, and it offers a model for fruitful vocational training. But until the Chinese government itself puts serious resources behind vocational training, the impact of the few available programs will be severely limited. Central government policies already call for more vocational training, but only limited resources are allocated to it, especially in rural areas, and local governments are not given incentives to invest in it over the long term.

Even granting Tibetans the opportunities that exist elsewhere is probably not enough. China does have affirmative action policies for minority nationalities, which afford these groups preferential access to education and state jobs, but it is insufficient. Because Tibetans have already fallen so far behind, only vigorous affirmative action can help them catch up. To reduce
inequality, secure livelihoods and prevent future unrest, Tibet should have four times the number of vocational schools as the rest of China, not the present situation of only one quarter the national average. This demands a redesign of development strategies to focus more on people, rather than infrastructure.

China’s policy makers have failed to appreciate the importance of investing in people as part of the Western Development Strategy. Their approach has been to expand markets and to encourage more ‘advanced’ migrants to lead the way. The policy assumption is that once Chinese migrants from central and eastern provinces will move into new markets, open small businesses, work on building sites, drive taxis (most taxi drivers in Lhasa are non-Tibetan), Tibetans will watch and eventually copy them. That approach is not working.

China’s leaders need policies that foster Tibetans’ participation in economic development, including assistance to Tibetan enterprise and targeted vocational training for Tibetans. There is a potential role for international NGOs here, but because of the internationalisation and politicisation of the Tibet issue and the broad sympathy the free Tibet movement enjoys in the West, Chinese leaders are highly suspicious of foreign activities in Tibet. In recent years, there have been increasing restrictions on international NGO operations in Tibetan areas.

China’s leaders desperately need to take a fresh approach to Tibet, and acknowledge that unequal development is an underlying cause of social and political tension. This could serve to depoliticise the Tibet problem and refocus the debate on practical solutions. While the recent protests have exposed policy failures in Tibetan areas, there is as yet little sign that these protests will trigger a significant change in China’s Tibet policy. Since the last major protests in March 1989, the policy has been carrot and stick—state investment for development on the one hand and zero tolerance of dissent on the other. As I returned from Tibetan areas at the end of March, Chinese authorities were emphasising the second prong of this policy. Armed police reinforcements were sent to all ethnically Tibetan areas, including those free of protest. At the same time, the official media went on a publicity offensive,
attempting to convince the world that Tibetan rioters were nothing but violent criminals.

This publicity blitz included more than the usual heated vitriol against the Dalai Lama, who Beijing accused of orchestrating the mayhem in order to split China. The approach worked well in China where the ethnic nationalist propaganda was unforgiving, and the majority of the Chinese population rallied behind their government. But the approach backfired on the international stage. In late March, foreign journalists taken to Lhasa to inspect the carnage were mobbed by monks crying and begging for recognition of their grievances. Nevertheless, the Chinese leadership seems intent on hiding its policy failures behind nationalistic propaganda. The nationalist card is played to foster internal unity among Han Chinese, but it also fosters ethnic hatred. If Chinese policy makers and media coverage continue to treat Tibetan protests as seditious acts by violent criminals, and if they fail to understand its roots in deepening Tibetan–Han inequality, it will only serve to fuel the growing resentment of ethnic Tibetans toward Han Chinese and of Han Chinese toward ethnic Tibetans. China must also end its policy of demonising the Dalai Lama. How will Tibetans ever feel at home in a country that brands their most revered religious figure an outlaw?

Recently, a group of public intellectuals led by Beijing-based writer Wang Lixiong circulated a petition urging national authorities to engage with the Dalai Lama and to take a more open approach to policy deliberations on Tibet. Referring to the recent protests, the petition states, ‘In order to prevent similar incidents from occurring in the future, the government must abide by the freedom of religious belief and the freedom of speech explicitly enshrined in the Chinese Constitution, thereby allowing the Tibetan people to fully express their grievances and hopes and permitting citizens of all nationalities to freely criticise and make suggestions regarding the government’s nationality policies.’ This is a promising impetus for a fresh approach to Tibet policy. Nothing like this could have appeared in the public domain following the last Tibetan protests of 1989.
China's new challenges after thirty years of reform

Thirty years (1978–2008) of reform have turned China into one of the largest and most dynamic economies in the world. Currently, however, China faces three significant and profound challenges: first, to maintain continued high growth amid global financial turbulence, the slowdown of the major economies abroad, and some rising socially destabilising tensions such as growing income inequality; second, to bring its growth path in line with environmental sustainability; and third, to manage the rising demand for energy in order to moderate oil price increases and to placate heightening domestic and international concerns about the environment and global warming. How China deals with these challenges will have important implications for both China itself and the world at large.

China’s task of sustaining its rapid growth and maintaining macroeconomic stability is complicated by the deceleration of the US economy, high international oil prices and gradual increases in costs of production in China. In combination, these factors enable the Chinese economy to grow at a slower pace while facing a relatively high level of inflation. The pressure from inflation is particularly acute because the temporary flight of savings from developed countries where growth has slowed into investment in China raises China’s domestic aggregate demand to offset export decline, hence maintaining output level. This capital inflow forces China’s central bank to choose between appreciating the Renminbi (RMB) more quickly and allowing faster inflation. Despite the arguably negative impact on exports, a faster pace of RMB appreciation seems desirable in the current

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macroeconomic environment, as it boosts imports, eases external pressure on current account imbalances and checks domestic inflation.

Increasingly, excessive income inequality is looming as one of the most undesirable outcomes from China’s thirty-year-long reform. It essentially reflects the trade-off between achieving the goal of economic efficiency and maintaining social stability through improved equity and social justice under economic transition. The first thirty years of reform put efficiency above everything else, which was justified by the nature of economic transition—namely moving from a centrally planned to a market economy. The challenge now is how the government alleviates income inequality while maintaining high growth. Apart from strengthening the redistributional functions of the government and building a more comprehensive social security system, further reform to enhance rural–urban migration will be crucially important for continued growth of productivity and income.

However, success in carrying out future reform for China’s long-run growth and development will be crucially dependent upon whether China is capable of building governmental institutions that are transparent, efficient and accountable, and supported by an effective legal system.

China’s present rapid economic growth goes hand in hand with increasing resource use and pressure on the environment as it relies on a large amount of factor inputs (for example, capital and raw materials), concentration on heavy industries that are both energy and pollution intensive, such as steel, and is driven by strong pro-growth central and local governments. The combination of rapid economic growth and high carbon intensity means that in the coming years China will have an impact on greenhouse gas emissions unmatched by any other country. For example, despite its low per capita emissions, China has already passed the United States as the largest emitter of CO_2, and these emissions continue to rise rapidly.

For China, a key challenge is how to minimise the negative growth impact from limiting its greenhouse gas emissions and improving environmental quality. The political economy of emissions reduction means there are different reactions from the central government, local governments, enterprises and households to the objective of emissions reduction. The key
is to design an incentive scheme that makes relevant regulations incentive-compatible among all stakeholders. The effectiveness of emissions reduction policy eventually lies in the endogenous demands for change in growth pattern and for a cleaner environment resulting from rising income.

China has been the world’s largest destination for foreign direct investment (FDI) and the environmental consequences of FDI have attracted increasing concern as China’s environment deteriorates. Empirical evidence showing an inverted-U curve relationship between FDI and pollution suggests that continued FDI inflows would eventually reduce pollution emissions. However, it also implies that FDI inflows into richer regions will reduce pollution while FDI flows into poorer regions (mostly inland) will worsen their environment. Thus, China’s poorer provinces should be treated like the less developed countries in fulfilling their global obligations to reduce emissions and provided with financial means and technological support to comply with the toughened government emissions regulations. Inland regions benefit from reducing emissions, even though pollution abatement efforts involve additional costs, because many environmental damages are irreversible.

China grows food to feed 1.3 billion people but there are growing concerns that water shortages and reduced availability of arable land would attenuate Chinese food security. Declining area of arable land due to rapid urbanisation and industrialisation, the uneven distribution of water and lower than normal rainfall in the recent years make this issue particularly acute. Water shortages may pose an immediate environmental threat to China’s continued high economic growth. While it is important for China to continue to improve its water and land management, the best hope lies in institutionalisation of water (land) pricing and water (land) use rights policies.

China’s responses to environmental challenges are critically important in building a harmonious global system. In the short run, emission mitigation policies mainly seek to increase energy efficiency through technological progress and the development of renewable energy and nuclear energy. In the long run, China’s policies will focus more on reducing greenhouse gas
emissions (through measures like emission trading schemes or a carbon tax) and adapting to climate change. China is heavily dependent on coal, which provides nearly 70 per cent of China’s primary energy consumption and is the single most significant source of pollution. For example, 85 per cent of the sulphur dioxide and 60 per cent of nitrogen dioxide emitted into the atmosphere in China come from coal burning. Coal’s share in China’s primary energy consumption is expected to remain unchanged in the next twenty years. It is therefore essential for China to work closely with other countries to develop a new generation of clean coal technologies, which if successful, will unleash sustainable development in China as well as in the rest of the world.

China will also readjust its economic structure towards producing goods which are less energy-intensive and resource-intensive. Success will depend upon whether China can effectively shift its pattern of economic activity from energy-intensive areas (for example, specific forms of heavy industry) to sectors that are knowledge-intensive and rely less on energy and other resource inputs; and whether it can stimulate the adoption of advanced technologies that are both energy efficient and more environmentally benign. Achieving such an outcome is in the interests of both China and the international community, so developed countries need strong measures in support of such policies in China.

However, it is too early for optimism. The uncomfortable reality for China remains that unless ecological balance is restored within the medium term, environmental limits could choke further growth. Proper management of the environment has now become critical if China is to continue its industrialisation process. But China’s emergence as a global economic and political player carries with it the responsibility to balance the requirements of key industries driving its development to ensure that its growth is not only efficient but also equitable as well as sustainable.
East Timor

20 February 2008

CANBERRA TIMES

GEORGE QUINN

Dangers ahead for East Timor

Following last week’s armed attacks on East Timor’s President Jose Ramos-Horta and Prime Minister Xanana Gusmao, angry voices have been raised in East Timor slamming the performance of the Australian-led International Stabilisation Force (ISF) and the United Nations Police (UNPOL), which includes Australian personnel. Essentially there have been two accusations. First, the Australians and the UN Police (so it is said) were too slow to get to the scenes of the attacks and, in the words of Ramos-Horta’s brother, were ‘cowardly’ when they did get there. Second, some, including East Timor’s Defence Force Commander Taur Matan Ruak, have claimed that the ISF and UNPOL ignored, or did not possess, crucial intelligence that might have prevented the attacks from happening.

There is much that is still murky about the events of 11 February, but I think it is already possible to assess these charges. The first is without substance.

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Both the president and prime minister issued explicit instructions that their homes were to be guarded by Timorese soldiers and their personal security was to be in the hands of the Timorese police working with UNPOL, not Australian personnel. It is easy to see why. Images of the country’s leaders under the guard of foreigners would have violated the nation’s sense that it ‘owns’ its newly elected leaders, and it would have damaged the credibility of the government, even affected East Timor’s reputation as a sovereign nation.

But unfortunately neither President Ramos-Horta nor Prime Minister Gusmao made proper provision for their personal security. It is almost beyond belief that, in a situation of ongoing tension and political volatility, President Ramos-Horta regularly took morning walks along the beach near his home with no more than a couple of guards to accompany him. This was irresponsible. In security terms he was a sitting duck. Similarly, Prime Minister Gusmao seems to have had minimal security at his home. Alfredo Reinado’s heavily armed men were able to approach the prime minister’s house unchallenged and knock at his front door.

What of the actions of Australian ISF troops once the gravity of the situation became apparent? As far as I can tell from sometimes contradictory eyewitness reports, Australian commanders acted professionally. They did not gallop into combat like the proverbial cavalry, nor should they have. In a combat situation the prudent, cool-headed commander will assess the situation with care. Where an ambush has occurred (and there were two ambushes on 11 February), he will not expose his men to the danger of another ambush by instantly charging into the combat zone.

Bear in mind, too, that after the failed attack on Reinado in Same last year, the International Stabilisation Force was under instructions from the East Timorese government not to pursue Alfredo Reinado and his men. Clearly the ISF has had to walk a very fine line between implementing the brief given to them by the East Timorese government and responding vigorously to immediate security threats. I would guess that the ‘slow’ response (if indeed it was slow) may have been an expression of respect by Australian commanders for orders previously issued by the East Timorese
government.

On the face of it, however, there is more substance to the allegation that Australian personnel did not have adequate intelligence, or failed to heed intelligence that was conveyed to them. Little can happen in Dili that goes unnoticed or unreported, and the city is a hotbed of rumour. The difficult task facing a foreign peacekeeping force is to make assessments of claims and counterclaims, reports and rumours, without relying wholly on local assistants and informants. To maintain the independence of judgement that is essential to the gathering of good intelligence requires operatives with high-level local language skills and close familiarity with local society.

It is well known that very few Australian personnel in East Timor, whether in the ISF or in UNPOL, have more than basic survival skills in Tetum, Indonesian or any other locally used language. Certainly, the really sophisticated language skills needed to make independent assessments of raw intelligence and to independently gather intelligence are in short supply. This is a major weakness in Australia’s operations.

The weakness is not just an issue of military intelligence, it is a public relations issue. During his visit to East Timor last Friday, Prime Minister Kevin Rudd committed Australia to a long-term security presence in the nation. But since 2006 antiforeign sentiment, including explicitly anti-Australian sentiment, has been on the increase. If our forces are not to become targets of growing popular resentment a really well-resourced program of training in local languages and cultures is essential.

Fortunately there is an excellent model to follow. The Australian Defence Forces’ Major Michael Stone has done wonders for the image of Australian soldiers, and Australians in general, in East Timor. A fluent, sophisticated speaker of Tetum, he has even hosted his own spot on East Timor television and is currently a military affairs adviser to President Ramos-Horta. But one man can’t do it all. Dozens of Michael Stones are needed if Australia’s long-term presence in the troubled nation is to be professional in intelligence terms and effective in public relations terms.
Reinado to live on as vivid figure in Timor folklore

A month has passed since the death of Alfredo Reinado in a fire-fight at the home of East Timor’s President Jose Ramos-Horta. There has been no backlash from his supporters, and in the past week many rebel soldiers have surrendered peacefully.

Nevertheless, the power Reinado might wield over the populace in death should not be underestimated. Reinado’s many admirers helped him remain at large for almost two years, and it was they who helped him to appear suddenly and unexpectedly at Ramos-Horta’s front door. They are the volatile, disenfranchised masses of East Timorese society who feel they can find neither voice nor representation in either the new government of Xanana Gusmao or Mari Alkatiri’s Fretilin opposition.

They are the young Timorese who, before Reinado’s death, would draw you close and whisper, ‘Did you know Alfredo has very strong connections with the people of Manufahi? They say he’s blessed with the spirit of Dom Boaventura.’

Boaventura was the king, or liurai, of the Manufahi region in the rugged hills south of Dili. He died almost 100 years ago but his tenacious spirit lives on. He is the man many see as the father of East Timorese nationalism. In Timor there is an almost Arthurian sense of legend and mythology attached to his name. He is remembered as the archetypal Timorese warrior king in a country where archetypes rarely emerge from a complex cultural and ethnolinguistic puzzle.

Last year, just days before international troops launched their abortive attack on Reinado’s hideout in the hills above the town of Same in Manufahi,
rumours fanned out across the country that Reinado had been involved in a rare ritual ceremony. During the ceremony, presided over by Manufahi elders and described by some as a coronation, Reinado was said to have been endowed with the late Boaventura’s supernatural powers.

Late in 1911, Boaventura had united many of East Timor’s indigenous kingdoms in revolt against the repressive and exploitative Portuguese colonial administration. Employing guerilla tactics akin to those used by Xanana Gusmao in the struggle against the Indonesian Army 70 years later, at one stage Boaventura came close to overrunning Dili. But the military odds were against him and ultimately he was forced back into the remote hills around Manufahi.

His resistance came to a dramatic and tragic end in August 1912. Surrounded and besieged on a mountain top, Boaventura led a courageous breakout. On horseback at the head of his warriors he plummeted towards Portuguese lines in a charge that one awestruck historian described as ‘a great avalanche down the side of the mountain’. The warrior king escaped, but most of his estimated three thousand followers did not. They were rounded up by the colonial forces and systematically slaughtered over ‘two nights and two days’ of concentrated killing.

Boaventura led a people suffering the exploitation of a colonial administration whose true authority projected little outside of Dili. Reinado, too, claimed to represent a growing population of youth and common folk disillusioned with a government struggling to extend its judicial and administrative reach beyond the same city limits. And just as Boaventura relied on the support of influential kingdoms in central and western East Timor, Reinado and his men, too, moved freely about the same regions.

Boaventura enjoyed far less support in the east of the country, and Reinado could not venture there for fear of death. Both were known for their daring escapes and, as legend would have it, were impervious to the bullets of foreigners.

Nonetheless, Reinado’s early 2007 attempt to draw parallels between his plight and that of Boaventura invited heavy criticism. Pointing to Reinado’s part-Portuguese heritage, some said he was trying to appropriate a heroism
and history that was not rightfully his. Others judged it a cynical manipulation of sacred traditional beliefs and memories with the objective of winning over an ill-informed and vulnerable support base.

In fact, for many in East Timor, there will be little to lament in the passing of the fast-talking, handsome rebel leader. From the chaos of East Timor’s crisis of mid 2006, the former military police major emerged as a serious embarrassment to East Timor’s government and the international forces it had invited to stabilise the country. By the time of his death Reinado had destroyed his relationships with almost all political factions, his notoriety growing with each of his anti-establishment stunts and daring escapes.

The innocent villagers who suffered from Reinado’s destabilising presence in the mountainous interior will also have little to lament. Even in the western districts where Reinado was most popular, the arrogance and heavy-handedness of his men drew frequent complaints. His rebellion placed an incalculable burden on the East Timor economy, causing fear-induced delays to development projects and distracting officials from the crucial mission of rebuilding the conflict-riven nation.

Boaventura’s ultimate fate has never been established. The colonial record has him facing court proceedings in the years after his rebellion but has nothing clear to say about his death. Nor did foreign bullets bring Reinado down. By all accounts his escape from last year’s assault on his base in the interior city of Same was nothing short of miraculous and, in the end, it was a Timorese bodyguard and Timorese bullets that killed him.

Ultimately, only in death may Reinado find a true parallel with the warrior king. Just as the name Boaventura is revered in far more corners of the country today than he could have hoped for in his day, so the spectre has now appeared of a Reinado who, despite his failings, may live even more vividly in popular memory than he ever did in real life.
17 July 2008

CANBERRA TIMES

GEORGE QUINN

Time to soothe East Timor’s wounds

The report of the joint Indonesia–East Timor Commission of Truth and Friendship (CTF) has been greeted with hoots of scorn across the world, some of it in the pages of the Canberra Times. The report may indeed be flawed but it is not a ham-fisted attempt to cover up the crimes of 1999 and it is very far from valueless. In fact the scorn is not justified, and here’s why.

The commission was strongly backed by East Timor’s president and prime minister. Both are figures of significant moral stature who have shown commitment to the ideals of forgiveness and reconciliation. President Jose Ramos-Horta was a joint winner of the Nobel Peace Prize in 1996 and has played a crucial role in resolving East Timor’s many post-independence tensions.

Prime Minister Xanana Gusmao is a nationally and internationally respected figure, often called East Timor’s Nelson Mandela. Neither can be accused of moral turpitude or whitewashing.

The establishment of the commission in 2005 was partly influenced by the success of South Africa’s Truth and Reconciliation Commission set up under the presidency of Nelson Mandela. True, the commission does not have anything like the powers that the South African Truth and Reconciliation Commission had, but the two processes, and their revered backers, are similar in their commitment to reconciliation rather than to punitive justice.

The idea of acknowledging institutional responsibility for crimes and moving towards reconciliation without a punitive judicial process is a powerful
one. In Australia, the Rudd government’s apology to the stolen generations was such a gesture. It was applauded nationwide and worldwide.

Arguably, it is also starting to have a real pragmatic effect, setting in motion new processes of practical collaboration in addressing immediate problems in our aboriginal communities. There are those who argue (and I would be one) that amid the endless tangle of tit-for-tat violence and institutionally inflicted injustice that marks the Israel–Palestine conflict a resolution that involved punitive justice would be an impediment to an overall settlement. In Palestine reconciliation rather than punitive justice is quite simply the best pragmatic way to go (if only the parties could muster the courage to do it), and so it is for East Timor.

Behind the rhetoric of collective remorse and reconciliation lies an expectation that both Indonesia and East Timor can benefit in a practical way from abandoning punitive justice. East Timor has a lot to gain from a comprehensive rapprochement with Indonesia. The pay-off is not only important in diplomatic or security terms. It could have an invigorating effect on the lives of many thousands of ordinary people for whom improved living standards are the best form of justice.

Take, for example, the East Timorese currently living in Indonesia. During the Indonesian occupation around 30,000 East Timorese fled abroad, most of them to Portugal and Australia. Now there is a new diaspora, and it is substantially bigger than the old one. Political correctness has suppressed the reality that around 40,000 East Timorese (some say as many as 60,000) currently live in Indonesia.

Like almost all East Timorese this expatriate community nurtures a strong attachment to their place of origin and a longing to be reunited with their families. But since independence most of these ‘unseen’ people have been unable to visit their families and their sacred uma lulik, or origin houses, in their home villages. Many are former civil servants or army and police personnel who fear hostility, even arrest, if they visit East Timor.

A renewed reconciliation process between the two countries, and the abandonment of punitive justice, may make it possible for many of them to return home permanently, bringing their expertise with them and reuniting
broken families.

Prime Minister Gusmao has said that East Timor’s secession from Indonesia and its independence is justice enough. After nine years of a flawed, largely unsuccessful punitive justice process, it is time to look to the future and strive for a better, more immediate kind of justice for the impoverished mass of the population.

In Indonesia, East Timor is already the country’s ‘conscience’. The events of 1999 have made a big contribution to improving awareness of human rights and curbing the excesses of the military in Indonesia. The joint acknowledgement of responsibility and remorse made by the presidents of the two countries in Bali last Tuesday has sunk with scarcely a ripple in the usually stroppy Indonesian mass media. Clearly, there is little public stomach for a renewed punitive justice process.

In short, in the imperfect compromised world of international relations and cross-border justice, the commission’s report—with all the shortcomings in its terms of reference and content—is by far the best option that the peoples of East Timor and Indonesia have to move forward together into a more prosperous and secure future.
Indonesia

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THE AUSTRALIAN

JAMIE MACKIE

‘Recalibrating’ Australia–Indonesia relations

In an important speech he gave in Sydney during the APEC Leaders’ Summit in September, Indonesia’s President Susilo Bambang Yudhoyono (SBY, as he is generally known) spoke encouragingly about ‘recalibrating’ Australia–Indonesia relations after the strains that had arisen over Papuan asylum seekers in Australia in 2006. That is easier said than done, unfortunately. The gulf between popular opinion in Australia about Indonesia and the thinking of well-informed observers of the country is wide—and apparently getting wider.

The head of The University of Melbourne’s Asian Law Centre (and chairman of the Australia-Indonesia Institute), Tim Lindsey, has remarked that ‘the relationship is managed mainly by its supporters, but judged by its sceptics and opponents…flipping back and forth between stability and

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collapse, between warm embrace and freezing hostility, although at its base it is, in fact, relatively stable’. Those who have a direct interest in it are inclined to see it as ‘important, resilient and strong’, whereas most Australians seem to regard it as ‘difficult, tense and ultimately disposable’.

The gulf between well-informed and popular ideas about Indonesia and its relationship with Australia needs to be reduced drastically. But that is bound to be a long-term process. There are no quick fixes in sight. Problems and frictions are sure to arise from time to time—as the controversy over the fate of the Bali Nine, accused of drug smuggling, keeps reminding us.

Why does Indonesia matter to Australia? The answers often tend to be given in terms of the negatives involved rather than the positives, of Hansonite prejudices and pettiness rather than the opportunities and potentialities worth pursuing creatively. Terrorists and Muslim extremists come to mind, or the malign influence of the army (read authoritarianism and militarism), or worries about that large population—‘too many, too close’, as one wit has put it—and limited cultivable land. Yet we worry far less these days about China, with roughly six times as many people and huge environmental problems, because it is so lucrative a market.

We can safely forget about most of those apprehensions and supposed threats. The population of Indonesia is about 230 million, but its rate of growth is falling rapidly. It will almost certainly stabilise at about 280 million some time after 2050. And in a steadily industrialising, urbanising economy, the need for additional land is no longer as pressing a problem as we used to think it was.

We worry about Muslim radicals and the few terrorists among them as a potential threat because of our obsession with the global war on terror and because of a tendency to conflate (quite wrongly) Islam and terrorism. Yet only a tiny fraction of Indonesian Muslims embrace terrorism, which creates equally great concern for the mainstream Islamic organisations that oppose the advocacy of violence and are far more directly threatened by it. Moreover, the effective cooperation that has developed between the Australian Federal Police and our intelligence agencies with their Indonesian counterparts in recent years has been most successful in constraining the
terrorists.

The basic reasons Indonesia matters to us have little to do with security but mainly with the international politics of our region. Jakarta’s assistance and cooperation with us in regional affairs can be helpful to us—and have been on several occasions—whereas its opposition or antagonism can make things awkward for us. The other members of ASEAN would be unlikely to side with us against Indonesia in any conflict situation, as we found over the East Timor crisis in 1999. At times even the US has refused to lean our way in opposition to Indonesia. That is simply a negative reason, although a potentially compelling one, hopefully remote, so long as we avoid serious divergences from Jakarta on key regional issues.

Our national interests are broadly congruent with Indonesia’s on the more important problems we both face, so our foreign policies should reflect that. Above all, our thinking about our bilateral relationship with Indonesia must form part and parcel of our broader regional policies. It cannot be subordinated to single-issue concerns about Islamic jihadis or human rights violations or independence for provinces such as Papua.

We rarely give much thought to the key question of just what our national interests really are with regards to Indonesia. A dozen or more of the most desirable objectives we would like to see attained there can easily be listed, some not at all congruent with others. I have listed them in my recent Lowy Institute paper, *Australia and Indonesia: Current Problems, Future Prospects* (pp. 40–1), and others might well be added. So we have to determine priorities between them and keep them in balance in our policymaking processes. Juggling them is the name of the game for any government in Canberra, as with so much else in politics. But the processes involved need to be much more transparent and explicit than they usually are, and better understood by the Australian public as well as in Jakarta.

As an important step towards improving relations we should aim at flattening out the ups and downs in the relationship in all the ways we can, not allow them to be aggravated by scaremongering headlines and the ignorant malice of shock jocks. And we should not delude ourselves that cordial personal relations between our leaders will always be sufficient to put
things right between us.

Above all, in the words of the old song, let’s accentuate the positive, eliminate the negative, in all this. Most Australians are unaware of the breadth and depth of our contacts with Indonesia. We have a solid corps of very well-informed Indonesia specialists in our universities, some government agencies, our armed services and federal police, parts of our media and many scientific institutions that is probably unmatched anywhere else in the world. It is an invaluable national asset that we need to keep strengthening instead of letting the underlying language skills atrophy, as the Howard government has been doing. A good start would be a less timorous attitude towards those absurdly overcautious travel advisory notices, which are making it almost impossible for our younger students to visit Indonesia to enhance their knowledge of the country and its language—and of its supposed dangers.

There are estimated to be nearly 40,000 Australians residing in Indonesia, many of them with jobs there of diverse kinds, a figure close to the number of Indonesians in Australia. More than 200,000 Australian tourists visit Indonesia every year (mostly just to Bali, admittedly, but many later go to other parts of the country), with that sort of come-and-go greatly broadening our mental horizons and awareness of our largest near neighbour.

The potential for long-term business cooperation and much closer relations is huge now that Indonesia is achieving GDP growth rates of nearly 7 per cent as in the early 1990s, and democratising dramatically after the bleak authoritarianism of the Suharto years.

People in both countries are increasingly becoming aware of what we can sell or exchange or give to each other, not only material goods but also more inchoate products of the mind and spirit.

It will all take time, of course, to have much effect; several generations, probably. But, in the long run, our efforts to achieve closer engagement with Asia more generally are likeliest to prove successful if we can first build stronger, more constructive relations with Indonesia. And we will rarely have a better or more sympatico president to deal with in Jakarta than SBY.
Indonesia’s recent economic performance has been impressive, notwithstanding severe challenges posed by rising global food and energy prices and by all-too-frequent natural disasters. But there remains much room for improvement in the policy and regulatory environment for private sector business, on which economic growth depends. For example, Indonesia ranks only 123rd of 178 countries on ease of doing business in the World Bank’s *Doing Business 2008* report, and 143rd of 180 countries in Transparency International’s Corruption Perceptions Index for 2007. A bureaucratic reform pilot project now in progress in the Ministry of Finance is therefore of particular interest.

The ministry has offices spread throughout the archipelago, and employs around 62,000 civil servants. When minister Sri Mulyani Indrawati took up her position in December 2005, she decided to push forward vigorously with reform, clearly signalling her intentions by replacing the heads of the notoriously corrupt tax and customs and excise directorates-general within the first four months. Her most spectacular action to date was to remove some 1,200 individuals from the customs office at Jakarta’s port, Tanjung Priok, and replace them with about 850 officials regarded as more trustworthy.

The aim of reform is to create a civil service whose personnel are ‘clean’ (non-corrupt), professional and accountable, and which is efficient and effective in carrying out its functions. Thus it is recognised that reform does not merely entail bringing corruption under control (seemingly the president’s principal focus), but also involves improving the capacity of the
bureaucracy to design and implement government policies.

The most important component of the reform effort concerns the way human resources are managed. The changes being implemented are far-reaching, reflecting the need to clear away decades of policies and practices that hinder efforts to optimise performance of the bureaucracy. They include: preparing detailed job descriptions for each position; grading each position on the basis of its scope, the competencies required and the risks that need to be managed by incumbents; determining a structure of remuneration that reflects this grading; and developing a system for monitoring performance and rewarding or penalising individuals accordingly.

The ministry has compiled a set of guidelines for improving discipline among its officials, together with a code of ethics for all top-level officials. More important in practice is the decision to introduce a more coherent, market-related structure of remuneration. Breaking from past practice, employees are now to be remunerated on the basis of the job gradings just mentioned: the greater the skill requirements and responsibilities of the position, the higher the level of remuneration.

A specialist multinational consulting firm commissioned to advise on official levels of remuneration in the ministry found that pay at lower levels was comparable with that in the private sector, but that the increase in remuneration with increasing levels of responsibility lagged behind. Formal remuneration of officials at the highest levels was far below that of top executives within the private sector, which was seen as detrimental to the goal of optimising the performance of such officials—and thus the ministry itself. The pattern of remuneration has now been brought more closely into line with that in the private sector through the payment of special allowances over and above the standard basic salaries.

Reports that overall remuneration has increased fourfold mean little, because the allowances have not been applied evenly across all levels. In keeping with the heavy emphasis on differentiating between positions and tying remuneration to their grading, proportionately much higher allowances are paid at higher levels. Officials at the highest grading now receive a special allowance of around US$60,000 annually. This still leaves them well behind
their private sector peers, but this is a dramatic departure from established practice, nevertheless.

A further important and closely related change concerns the filling of vacancies. Whereas in the past individuals waited patiently until seniority brought them to the top of the list of those eligible for promotion to higher positions, under the new arrangements vacancies are advertised internally, and anybody within the ministry who meets the job specifications is encouraged to apply. Still in its initial phase, this shift to merit-based competition for promotions is currently limited to Echelon II positions. Since promotions previously have depended heavily on seniority and also on the backing of one’s superiors, the new approach is experiencing some opposition from Echelon I officials—uncomfortable, presumably, with losing their capacity to dispense patronage to (and thus ensure the loyalty of) their subordinates. In order to minimise favouritism, the ministry is emphasising ‘key performance indicators’, to differentiate between applicants for vacant positions.

More generous remuneration levels should provide a stronger incentive to employees to work hard, and to act with integrity and discipline. New regulations stipulating sanctions that can be imposed on those that do not live up to these expectations might not have much impact, however, in an organisational culture averse to imposing them. Conscious of this, the ministry has enlisted outside assistance to suppress corrupt behaviour. At its request, the Corruption Eradication Commission raided the Tanjung Priok customs office at the end of May 2008, discovering quantities of cash, presumed to be bribes, hidden in the desk drawers of a number of customs officers. Nevertheless, the reported 48 per cent year-on-year increase in tax collections during January–May 2008 strongly suggests that reforms are having the desired overall effect.

Apart from the understandable reluctance of the ministry to push remuneration even closer to parity with the private sector, the other obvious shortcoming of the reforms is the unwillingness to open job vacancies to applications from the private sector, except for limited hiring to fill ‘functional’ positions—that is, those that require specific technical skills. The bureaucracy would certainly benefit from an influx of individuals with
private sector experience and with certain skills in critically short supply in the civil service.

Minister Mulyani’s recent appointment to the additional post of Coordinating Minister for Economic Affairs reflects the high esteem in which she is held. It is to be hoped that the reforms she is implementing will be followed in other ministries, although this is unlikely to occur until after the presidential elections in 2009.
18 September 2007

TESSA MORRIS-SUZUKI

Why the senate should pass the comfort women motion

On 19 September the Australian Senate will vote on a motion urging the Japanese government to apologise and pay compensation to former comfort women—women who suffered institutionalised sexual abuse in Japanese military brothels (so-called ‘comfort stations’) during the Asia-Pacific War. The resolution also calls on Japan to provide education about the history of these events in schools.

The Senate vote comes at a particularly crucial moment. Hawkish Prime Minister Shinzo Abe has just resigned, and now seems likely to be replaced by the more liberal conservative Yasuo Fukuda. More broadly, Northeast Asia is in the midst of a major transformation, centreing on moves towards a resolution of the nuclear crisis on the Korean Peninsula. Recent statements and actions by Japanese prime ministers on issues of history have heightened
tensions between Japan and its neighbours and have run the risk of pushing Japan into a more isolated position in current regional developments.

Now is the perfect moment for Japan to mend relations with its regional neighbours and to embark on an active and dynamic role in promoting future Northeast Asian integration.

The Australian Senate motion follows a similar resolution passed by the US Senate in July. Critics of these resolutions argue that they are unnecessary, since Japan has already apologised for its role in the comfort women issue. However, matters are more complex than this. Between 1991 and 1993, the Japanese government did indeed conduct its own enquiry into the issue, amassing almost two thousand pages of historical documentation on the tens of thousands of women who were recruited to work in military ‘comfort stations’ during the war.

On the basis of these findings, then Chief Cabinet Secretary Yohei Kono admitted the responsibility of the Japanese military, stating that ‘the recruitment of the comfort women was conducted mainly by private recruiters who acted in response to the request of the military. The government study has revealed that in many cases they were recruited against their own will, through coaxing, coercion, etc., and that, at times, administrative/military personnel directly took part in the recruitments. They lived in misery at comfort stations under a coercive atmosphere.’ He also expressed the government’s sincere apology and remorse and promised that Japan would use the study and teaching of history to ‘forever engrave such issues in our memories’.

Unfortunately, though, this was never followed up by government compensation to victims. Instead, the Japanese government approved the creation of a compensation fund to which ordinary Japanese people were invited to contribute if they wished. This fund has recently been dismantled. Meanwhile, a group of right-wing parliamentarians has been energetically lobbying the Japanese government to rescind the Kono apology. Worse still, a concerted campaign by the right totally undermined the government’s promise to teach future generations about the issue. In 1996, all Japanese junior high school history textbooks began to include some mention of the
comfort women, but in response to the revisionist campaign, one text after another dropped the issue, and by 2006 just one out of the eight official school history textbooks contained a single footnote reference to comfort women.

These trends have caused great concern amongst Japan’s neighbours, and former Prime Minister Abe’s confused and disingenuous response to the issue did nothing to allay these anxieties. Although Abe did not explicitly renounce the Kono apology, he sought to argue that the recruitment of comfort women had not been ‘forcible in the narrow sense of the word’, since the ‘comfort station’ system did not involve ‘officials forcing their way into houses like kidnappers and taking people away’. This piece of sophistry played to the right-wing argument that the Japanese government has nothing to apologise for, since comfort women were recruited by civilian brokers, not by the military or government officials.

It is, however, a specious argument: historical evidence shows that comfort women were recruited in many ways, in some cases by brokers, in others by soldiers themselves. It also clearly shows that the Japanese military and state were centrally involved in the management and authorisation of this system. The state has no grounds for evading responsibility.

Another argument put forward by opponents of the Senate resolution is that Japan is a country friendly to Australia, and criticism of this facet of its history would at best be churlish, and at worst could be construed as heavy-handed meddling in the affairs of another country. I would argue, on the contrary, that the Senate should pass this resolution precisely because Australia is a friend of Japan.

Recent statements by Japanese politicians on historical issues including the comfort women issue give the world the impression the Japanese are a people with little sense of historical responsibility. This is not the case. An opinion poll taken earlier this year showed that an overwhelming 85 per cent of Japanese people believed that Japan should remember and feel contrition for its colonial expansion and wartime invasion of Asia. In Japan itself there are many scholars, journalists and activists who have worked tirelessly in difficult circumstances to persuade the government to compensate the
Japan and North Korea: time for a new approach to the abduction issue

When Yasuo Fukuda steps onto US soil later this week for his first official visit as Japan’s prime minister there will be a profoundly emotional issue at the top of his agenda: the fate of Japanese citizens kidnapped by North Korea during the 1970s and early 1980s.

Just as 9/11 transformed America, so Japan changed forever on 17 September 2002: the day when the North Korean government admitted that its agents had been responsible for the kidnapping of 13 Japanese citizens, of whom five were alive and the rest (according to Pyongyang) were dead. Soon after, the five survivors returned home, and from that moment on the Japanese media have been unremittingly consumed by the abduction issue.

Published as ‘Japan needs a new approach to North Korean abductions’, The Age, 14 November 2007.
The heat generated by the issue, however, has not always been accompanied by light. The fury of the Japanese media towards North Korea is entirely understandable. The abductions were a bizarre and cruel violation of human rights, not to mention of Japanese sovereignty. But outrage in Japan quickly hardened into a political orthodoxy that has smothered domestic debate and failed to produce any significant progress in resolving the tragedy.

The orthodox version insists that all 13 victims whom North Korea admits to abducting (as well as others whose existence it has not admitted) are still alive, and that absolutely no progress can be made in normalising relations between Japan and North Korea until all have returned home. This is the line taken by the abductee support groups, and it was also the line that former Prime Minister Shinzo Abe made a central plank in his agenda.

This approach has gained such a hold on the media that few Japanese mainstream newspapers or TV programs have the nerve to question it. In private, many Japanese journalists will readily admit that no one actually knows whether the remaining kidnap victims are alive or dead. To discuss this fact in public, however, would invite a backlash that media organisations are reluctant to risk.

The problem with orthodoxy is that it produces rigid politics. Alternative approaches to the abduction issue have not been pursued, and indeed have barely been debated. Japanese demands to ‘send them all home’ have been met by bland insistence from the North Koreans that the problem has already been resolved. The result is stalemate with no end—and no closure for the victims’ families—in sight. Meanwhile, the issue threatens to become a major impediment to the current easing of tensions on the Korean Peninsula and in Northeast Asia as a whole.

Alternative approaches to the abduction issue certainly exist. One of the more obvious would be to move cautiously towards normalisation of relations with North Korea, while also pressuring Pyongyang to let a Japanese or international investigation team into the country to gather further information. Meanwhile, it is becoming increasingly obvious that the issue needs to be addressed in a broader framework; for although the plight of the Japanese kidnap victims and their families is terrible, it is not
the only bitter fruit of this last remnant of the Cold War.

In South Korea hundreds of families await news of relatives who were kidnapped by North Korea over the decades since the Korean War. In Japan tens of thousands of ethnic Koreans live in constant anxiety about the fates of family members who migrated from Japan to North Korea during the 1960s and 1970s as part of a mass resettlement scheme agreed upon between the North Korean and Japanese governments. Although this scheme was labelled a ‘repatriation’, almost all of those involved originally came from the southern half of Korea, and most had lived in Japan for decades. North Korea pushed this ‘mass repatriation’ for its own economic and political reasons, promising migrants a happy future in the socialist paradise. But it is now known that Japanese politicians and bureaucrats energetically and secretly promoted the scheme, which they saw as reducing the size of an unwelcome ethnic minority.

Around 150 survivors—out of over 90,000 who participated in this resettlement—have managed to escape from North Korea and make their way back to Japan, and many more would certainly like to join them. Those I have spoken to tell of the misery, poverty and discrimination they and their families experienced during decades of life in North Korea. Though North Korea bears direct responsibility for these sufferings, the Japanese government bears a large share of the responsibility for the process that sent them there in the first place. Only a process of dialogue between the two countries can find ways to re-link these divided families and start to address this long-neglected human tragedy.

With the departure of the Abe administration and the creation of the Fukuda administration, the time is ripe for a new, more flexible and much more wide-reaching approach to break the deadlock in Japan–North Korea relations.
HYUNG-A KIM

A review of Roh Moo-hyun's leadership: in light of Korea's state of democratic consolidation

On his presidential victory in December 2002, Roh Moo-hyun was seen as a symbol of grassroots democracy, born of a ‘revolution’ led by progressive democratisation forces and supported especially by the younger generation. Some claimed that Roh’s rise to the presidency signalled Korean democracy entering its ‘second generation’, marking the end of the politics of the ‘Three Kims Era’, which focused on bossism and regional favouritism, and commencing a new era of open competition between the younger and older generations, and the progressive ‘reformists’ and anticommunist conservatives. Ironically, however, ordinary Koreans quickly deserted Roh’s ‘Participatory Government’, asking ‘Does democracy feed us?’

Why are the Korean people so disillusioned with their democracy under the Roh government? One key reason is Roh’s leadership style, which is seen by many as politically divisive, ideologically ambiguous and economically incompetent. His government has performed poorly in introducing policies which could enhance ordinary people’s livelihoods.

Politically, Roh relied on a binary populist tactic—known as the ‘Roh Moo-hyun code’—akin to the ‘us-versus-them’ approach. This was especially evident in his appointment of presidential staff. But faced with a critical shortage of experienced people around him, Roh also had to recruit many professional bureaucrats, creating a two-layered grouping within his office which, in effect, also divided Korea’s powerful state bureaucracy. To his credit, however, Roh made a significant contribution in restoring the autonomy of the judiciary, while also putting an end to illegal money politics, risking even his own impeachment. He also expanded mass participation at both public and state-governance levels which, ironically, added to Roh’s political constraints.

Ideologically, Roh’s leadership style showed ambiguity. This was evident in his pursuing a conciliatory ‘Sunshine Policy’ toward North Korea, which focused on peace and prosperity, while also seeking a revision of Korea–US relations aimed at restoring Korea’s defence autonomy. From the beginning, however, Roh and his government were ignored by the Bush administration’s decision-making radar, especially in the course of the Six-Party talks on North Korea’s nuclear program involving the two Koreas, the US, China, Japan and Russia. Despite the Six-Party Talks Agreement, signed on 13 February 2007, and the signing of the Korea–US Free Trade Agreement, among others, Roh’s relations with the Bush administration improved very little.

Roh’s leadership failure is most widely criticised for his government’s incompetent economic management and for failing to meet expectations that it narrow income disparity. Social polarisation in Korea was recently ranked the third largest among 20 of the 30 OECD member countries, while there is an overall erosion of the middle class. According to the National Statistical Office, the top 20 per cent of urban households earned 4.98 times
more than the bottom 20 per cent in the second quarter of this year, an increase on the previous year. Another critical problem is the rapid increase of casual workers, who now number 8.4 million. Systematic discrimination against female casual workers has also become a major social problem. So, despite notable improvement in political openness and transparency, many Koreans claim Roh’s failed leadership to be the cause of the ‘hijacking’ of Korean democracy.

12 May 2008
SYDNEY MORNING HERALD

TESSA MORRIS-SUZUKI

The looming famine in our near north

My friend in Japan can tell you what it feels like. First the bowls of gritty corn mixed with a few grains of rice get smaller and smaller. To satisfy your aching stomach, you boil the grains in a big pot of water, making a grey watery gruel which silences your hunger for a little while. But then the grain diminishes until the gruel is little more than hot water.

You start to get cold and tired. Any effort seems too difficult. When you go out into the street, you see the bodies lying like bundles of rags beside the road. No one does anything much about them. Everyone is too exhausted by the struggle to survive.

That was North Korea in 1995–1997, during the famine that the authorities euphemistically call the ‘Arduous March’. Conservative estimates suggest that between 600,000 and one million North Koreans died of starvation along the way. My friend survived, mainly because she happened to live near

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the Chinese border and (risking her life) slipped back and forth across the border to trade on the black market. Then, one day, she decided to stay on other side of the frontier. Now she lives in Japan, but many of her relatives and friends are still in North Korea.

And now the nightmare is beginning all over again. Only this time, the border between North Korea and China is much more tightly controlled, and black market activities have become even more dangerous than they were in the 1990s. In a bulletin released in April, the well-informed South Korean aid NGO Good Friends reported that a second Arduous March was beginning and warned that ‘it will difficult to stabilise the situation if nothing is done by the end of April’. At the start of May, when nothing had been done, the NGO began reporting deaths from starvation particularly around the town of Yangdeok, northeast of Pyongyang.

The origins of this disaster lie in the distinctive brand of Marxism pursued by North Korea from the 1950s onward. The dream was to convert their cold and mountainous country into a self-sustaining granary. To that end, new high-yielding rice strains were developed, fertiliser factories built with Soviet aid, and chemicals poured onto the land to raise its productivity. Mountain forests were felled, and the mountainsides turned onto terraced fields of maize.

But the North Korean climate and terrain has never been suited to large-scale rice production, and the consequences in retrospect seem horribly inevitable. Deforestation produced massive flooding: a major cause both of the 1990s’ and of the present food crisis. With the collapse of the Soviet Union, North Korea lost access to cheap fuel imports needed to sustain fertiliser production, and without fertilisers the ‘high-yield’ rice plants withered and died. North Korea’s growing isolation from the rest of the world has made the situation far worse, and soaring global food prices have added a further toxic ingredient to the mix.

The erratic behaviour of North Korean leader Kim Jong-il has tested the patience even of the country’s closest ally, China. The new conservative government in South Korea has also announced its intention to take a much tougher stance on aid than its predecessors and has failed to give the
fertiliser which the previous government provided during North Korea’s rice planting season, further imperilling this year’s harvest. Meanwhile, the rest of the world seems oddly indifferent.

North Korea’s media restrictions mean that we do not see the vivid human images of hunger that have emerged from places like Ethiopia and Darfur. In the Ethiopian famine of the mid 1980s, or in Sudan more recently, we gave aid whatever we thought of the country’s government, because we could see the naked, desperate face of human need. In the case of North Korea, we rarely see anything more than images of state leaders or military parades, making it all too easy to ignore the fate of hungry people. In the worst case, some western commentators even engage in a chilling calculus which reckons a few hundred thousand deaths from famine as an acceptable price to pay for long-term political and strategic ends.

This approach is not only morally bankrupt, but does not even make sense in strategic terms. Political transformation in North Korea will take place, though how this will happen still remains unclear. But the poorer and more chaotic North Korea is, the more difficult it will be to reintegrate the country into the region and the world. A chaotic society of starving, desperate people will be a source of instability for Northeast Asia for decades to come.

In their careful analysis of the catastrophe of the 1990s, *Famine in North Korea*, US scholars Stephan Haggard and Marcus Noland are scathingly critical of the North Korean regime for its failure to call on international help more quickly, its food distribution policies and its diversion of foreign aid. But they also note that foreign aid, which finally began to flow into the country after a delay of about a year, was crucial in preventing an even greater catastrophe. Even aid which did not flow through official channels often had a positive effect, because it ended up being sold on street corners, increasing the supply of food and stimulating the growth of the market.

My friend in Japan survived not only because of her brave night-time journeys to and fro across the border, but also because, around the beginning of 1996 and after many deaths, the food aid finally did begin to arrive. She still remembers the joy of seeing those sacks of maize with their strange
foreign symbols in the streets of her town.

Australia has diplomatic relations with North Korea and excellent relations with the other countries of the region, and has been a generous contributor to World Food Program projects in North Korea. The Australian government is therefore excellently placed to play a strong leadership role in drawing global attention to this rapidly worsening crisis and encouraging a coordinated international response.

If we fail to act now, how many more will die waiting in vain for the sacks of food that never arrive?

4 July 2008
CANBERRA TIMES

HYUNG-A KIM
Cyber-savvy Koreans take their beef to president

South Korean President Lee Myung-bak’s government is in crisis in the face of popular candlelight demonstrations against its resumption of US beef imports. The protests have continued for more than 50 consecutive days.

The street demonstrations appeared to dwindle for a while when the government negotiated an ‘additional’ agreement with the US to ensure imports of beef older than 30 months were banned, thus introducing a so-called Quality System Assessment program and Specified Risk Materials regulation, as well as strengthening inspection measures. Any meat-packing producers who violated the quality program twice would be banned from exporting their products to Korea. Similarly, any product without the required certification from the program would be immediately shipped back.

Meanwhile, Lee made his second public apology, admitting his government’s failure to communicate appropriately with the people. In his desperate attempt to win back public approval which has nosedived to the single-digit range, Lee replaced last week most of his senior secretaries, including his chief of staff. He is yet to carry out a cabinet reshuffle. The cabinet has been in limbo for over three weeks since all cabinet ministers submitted their resignations in mid June.

Lee’s attempt to win back public approval, however, has achieved very little. On the contrary, the spontaneous protests have turned into organised antigovernment demonstrations, specifically calling for Lee’s resignation.

Noticeable violence has occurred after the government announced its import protocols last week that put American beef on the Korean market. Many street demonstrations are against the Lee government’s key policies, including his plans for a grand canal and privatisation of public works. The street demonstrations, in short, have paralysed the normal functioning of representative government with the new National Assembly several weeks overdue to convene. Lee appears noticeably silent while the roads to the presidential house, the Cheong Wa Dae, are blocked and heavily guarded, especially at nights.

What has gone wrong with Lee and his government? After all, Lee has been in office just over four months after his inauguration after a landslide victory with 48.7 per cent of the vote in last December’s presidential election. Despite his alleged links to several widely publicised financial scandals, the people elected Lee hoping and expecting that he would manage the economy more effectively than Lee’s predecessor, President Roh Moo-hyun.

The Lee government’s public trouble began in April when the newly elected president announced that his government would end the existing ban on US beef, which had been in place after the 2003 outbreak there of mad cow disease. Lee’s announcement was based on the advice of the World Organisation for Animal Health which had declared last September that US beef was fit for consumption. Nevertheless, many Koreans, especially high school students and their concerned parents became extremely angry with the way the Lee government had negotiated the resumption of importing
US beef without regard for public concerns.

As far as these students and their parents, especially mothers, are concerned, their health and safety are at risk because, as a rule, most South Korean schoolchildren are provided lunches by government-contracted companies which, they fear, may or may not know whether the beef they use for students’ lunches is contaminated with mad cow disease.

The high school student-led candlelight protests quickly aroused public emotions, especially expressed through South Korea’s extremely effective WiMax wireless internet and mobile networks. The effect of these internet-driven public protests was capable of raising a range of specific issues. The development of this broad-based social movement has been described by observers, including former President Kim Dae-jung, as a new form of ‘direct democracy’ or ‘cyber democracy’. Others describe it as the ‘second democratisation’ since 1987, when Korea began its democratic transition after almost 26 years of military rule since 1961.

No one seems to know exactly how these populist candlelight demonstrations will shape the character of Korean democracy in the long run. What is undeniable, especially in terms of this digital populism, is that the Korean public can now wield their ‘collective power’ in national and state affairs. In this sense, behind the candlelight demonstrations against US beef lie the Korean people’s collective fury at Lee and his government’s ‘irresolute leadership’. In fact, the Lee government is tarnished by the image of its ‘millionaire cabinet’ which is seen as lacking humility.

Even the influential Catholic Priests’ Association for Justice, with a long history of political activism since the 1970s, publicly spoke out against the Lee government when, on Monday, it convened an outdoor mass in front of City Hall. They said ‘We gathered Monday to admonish the current administration for its lack of humility.’
Ignorance rife about Islander Australians

When it comes to the prominent Australian rugby player, it’s pronounced Lote, not ‘Lotty’, and Tuqiri is pronounced Tunngiri, and not ‘Tukiri’. Pacific communities are some of the fastest growing and visible members of the Australian population but what do Australians really know about Pacific Islanders beyond the stereotypes of characters such as the reluctant student Jonah from the popular TV show *Summer Heights High*? Is Oceania out there or right here in our major cities?

From rugby league and rugby union, to *Australian Idol* and *Big Brother*, Pacific Islanders are visibly contributing to the expansion and diversity of Australian popular culture. But unlike in New Zealand, a country that now describes itself as a ‘South Pacific nation’, prominent Pacific people here are rarely identified by their island heritage. There are plenty of potential role models in Australia, but if heritage holds no social cachet, it doesn’t

help young people struggling with identity issues. A young woman I spoke to in Sydney, concerned with her Fijian boyfriend’s snobbish attitude to all things from the land of his heritage, described this to me as the ‘anglicise me’ syndrome.

Many Pacific Islanders feel pressure to assimilate and forego their cultures in exchange for acceptance. The choice impacts particularly on young island men as stereotypes of the violent, unruly Polynesian male continue to circulate in the popular imagination.

Recently in a lecture a student asked me what I thought of the high-rating series *Summer Heights High*, the final episode of which aired on ABC this week. The incredibly clever and disturbingly funny serial created by Chris Lilley, was flagged because it is one of the few on-air with a star Polynesian character. Thirteen-year-old Jonah Takalua, who is Tongan, is the epitome of delinquency, obsessed with breakdancing, drives his teachers up the wall and has a violent father. The year 7 b-boy crew, The Aussies, rivals Jonah and his Islander mates and allegedly tags their lockers with: ‘Go home FOB’ (fresh off the boat); ‘We grew here you flew here’; ‘Get back on the boat’.

In episode 6, the Polynesian Appreciation Day featured an ambiguous Pacific dance followed by a Poly-rap video illustrating two of the strongest forces shaping young Pacific migrant lives: tradition and African-American popular culture. One is rooted in the strength of culture in the home island. The other is a strategy for maintaining a sense of efficacy and pride in the urban metropoles that continue to attract Pacific families searching for better opportunities.

What is striking about Pacific Islander migrants and the strategies that help them thrive in the diaspora, is the way in which they can build on tradition. Jonah isn’t just obsessed with dancing because he’s too stupid to learn. Most Islanders come from strong oral and embodied cultures and so excel at sports and the arts for good reasons.

Let’s look at a select list of Pacific Islander icons in Australia: Lote Tuqiri (Fijian, rugby league and Wallaby), Petero Civoniceva (Fijian, rugby league), Paulini Curuenavuli (Fijian, pop and R&B singer), Trevor Butler (Fijian, winner of *Big Brother 4*), George Smith (Tongan, Wallaby), Mark
Gerrard (Tongan, Wallaby), Mo’onia Gerrard (Tongan, Australian netball), Wycliff Palu (Tongan, Wallaby), Willie Ofahengaue (Tongan, Wallaby), Mal Meninga (South Sea Islander, rugby league), Jay Laga’aia (Samoan, actor), Jai Turima (Maori, Olympic long jumper).

The numbers of both Tongans and Fijians featured in this line-up is fascinating when put into the context of Tongan representation in *Summer Heights High* and Australia’s stance on affairs in coup-riddled Fiji.

Aside from Meninga and those with Anglo surnames, all other Pacific-Australian icons have their names regularly mispronounced or strategically shortened. Civoniceva is ‘Thivonitheva’, and Laga’aia is ‘Langa’aia’, with a soft ‘ng’ like ‘sing.’ A small thing like getting this right goes a long way in helping Pacific youth feel like they can be proud to be both Australian and Islander. It also goes a long way in the perception of people in the islands who see Australia as culturally insensitive and bossy.

The Howard government’s approach to the region has been of the distant and hard ‘Big Brother’ variety, focused on security, with aid tied to the mantra of ‘good governance’. The Pacific, in the imagination of journalists, policymakers and scholars, is strangely both paradise and nightmare and regularly focused ‘out there’. In the meantime the number of Pacific Islanders is swelling in New South Wales and Queensland. Maori numbers, in particular, are growing so much that on 1 October Pita Sharples of the Maori Party in New Zealand requested the creation of a new electorate for the one in seven Maoris who now live in Australia.

So numbers grow, Fijians and Tongans are scoring the Australian tries, Australian museums and galleries are hankering for Pacific art and artifacts, and there is a strange and simultaneously increasing gap in understanding the islands in the streets, classrooms, sports fields, media and halls of government. With economic giants like China and India occupying the minds of students, business leaders, scholars and politicians alike, what is assumed to be the ‘tiny Pacific’, in fact a region that covers one-third of the surface of the planet, has slipped from the centre to the margins in the Australian consciousness.

Pacific Islanders must become Australian if they move here but is it the
case that Australia no longer needs to educate itself on the Pacific? For a region of incredible historical, economic and political significance, such a situation is of great concern.

A 2003 Senate report that never received a formal reply from the government made a passionate call for more education in Australia about Pacific cultures, lest Australia suffer a ‘dramatic loss’ of influence in the region.

As the Howard government ignored many of the sensible suggestions in this report, I can only hope that if Labor wins they will take a new and fresh approach to Oceania and the talented Pacific Islander communities that help make Australia the diverse and prosperous nation we know it will continue to be.

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SYDNEY MORNING HERALD

CYNTHIA BANHAM

Building a real rapport with Pacific Islanders

It is time to reappraise Australia’s role in the South Pacific. A new government here, and in the Solomon Islands—a country with which Australia until very lately had a fractious relationship—affords such an opportunity.

Why is such a reappraisal needed? For one thing, John Howard left behind a rather mixed legacy in the Pacific. When it came to substantive policy, Australia had a good record in the last decade: a string of successful law-and-order interventions, a generous aid budget, a real willingness to help out with disaster relief and great efforts in combating the scourge of HIV/

AIDS, so prevalent in some of the island states.

But when it came to style—diplomatic style—the Howard years were seriously lacking, and as a result Australia has been left with quite an image problem in our neighbourhood. Howard and his foreign minister, Alexander Downer, treated their Pacific Island counterparts with contempt, choosing to air complaints about them in press conferences and open letters to the public, rather than doing as they would with, say, the president of the United States or the prime minister of Japan—and pick up the phone.

Imagine Australia’s foreign minister publicly saying this of dealing with Indonesian politicians: ‘You don’t want to do so from a position of weakness, you don’t want to look weak and you don’t…want to look compliant.’ Yet that’s exactly what Downer said—about Pacific Island leaders—in a national debate before the election, which was broadcast on ABC’s Radio Australia throughout the region. Moreover, imagine some other nation saying it of us. There would be outrage.

Yes, the Pacific Island states have their problems. But Howard’s and Downer’s regular public disparaging of their leaders as corrupt smacked, to Islanders, of double standards. It’s not as if the Howard government itself was immune from criticisms of poor governance—it did, after all, preside over the AWB kickbacks scandal. If Australia’s prime minister and foreign minister treat political leaders of the South Pacific poorly, such behaviour can only seriously undermine the efforts of our diplomats on the ground, as well as Australia’s influence in the region.

Kevin Rudd has shown signs he is willing to take a fresh approach. He has already met Sir Michael Somare, the Papua New Guinean prime minister who was banned from travelling to Australia by the Howard government over his alleged role in the Julian Moti affair. If only out of self-interest from the point of view of Australia’s strategic interests, a thaw in relations with our Pacific neighbours could not come any sooner.

The more fractured those bilateral relationships have become over the past few years, the more Pacific Island states have looked to the north for support—to China and Taiwan in particular. China, which unlike Australia does not place conditions on its aid, is now pouring hundreds of millions
annually into the Pacific Island economies.

As a result Australia faces a real risk of the Pacific Islands becoming staging posts for aggressive larger nations—something the Rudd government is acutely aware of and intends to make a focus.

During the election campaign Rudd announced two new initiatives in the Pacific. One is the Pacific Partnership for Development and Security to tackle underlying structural weaknesses in education, health care, infrastructure, youth unemployment, as well as good governance and security. The other is an idea of the Parliamentary Secretary for Defence, Mike Kelly, a former military man. It’s an Asia Pacific Centre for Civil-Military Cooperation. If there’s one common complaint among senior defence figures, it’s that too much responsibility has been placed on the military in past security operations in the Pacific, with not enough emphasis on nation-building and training other arms of government in this role. This centre is meant to address that.

But is it enough to solely blame the politicians for Australia’s image problem in the Pacific? What about Australia’s education system? Despite having the island states on our doorstep, there is little teaching about Pacific cultures. There is therefore nothing to move Australia beyond the ‘us and them’ mentality that underpins our Pacific policy and the patronising behaviour of some of our politicians.

One policy initiative which could help to dispel such a mentality and help the Pacific Island nations in a way that will have long-term benefits in terms of bolstering local economies and developing a mutual understanding between Australia and its neighbours is that of labour mobility.

Allowing Pacific Islanders into Australia on short-term working visas, as their leaders have pleaded for and the World Bank has urged, was an idea rejected by the Howard government, and supported by Labor in opposition. Now the Rudd government, amid concerns voiced by unions, will not commit to such a proposal, only saying it will examine a trial visa scheme being conducted by New Zealand.
Bougainville: explosive mines

Rows about minerals sparked the decade-long civil war between Bougainville and Papua New Guinea. Now Bougainville’s politicians are hoping mining revenues will allow them to repair destroyed infrastructure and raise living standards. But this has brought them into conflict with PNG about the terms of the autonomy arrangements that ended the war in 1997, and raised questions about the rightful ownership of the mineral deposits secreted under the island’s towering, rainforest-covered mountain ranges.

PNG’s prime minister, Sir Michael Somare, and his influential deputy, Puka Temu, visited Bougainville in late January for negotiations. They acknowledged the need to transfer supervisory powers over mining to the Autonomous Government of Bougainville (ABG), but Mr Temu argued that ‘the state’, that is, PNG, should remain owner of all the resources. Joseph Kabui, president of the ABG since 2005, strongly disagrees. He argues that if his government were to accept PNG’s ownership of the resources, it would lose all support and there would be a serious danger of the rebellion’s beginning again.

That rebellion, which some claim cost 15,000–20,000 lives, was sparked by landowner disputes centred on the distribution of revenues from the vast Panguna copper mine operated by a Rio Tinto subsidiary. When the PNG government sent in the army to quash the rebellion it escalated into an independence struggle, led by the Bougainville Revolutionary Army (BRA). PNG’s soldiers withdrew after a 1990 ceasefire. But the embattled island then endured a long and debilitating conflict among the Islanders themselves.

The peace agreement eventually reached between BRA leaders and

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PNG politicians in 2001 entailed the PNG government’s accepting greater autonomy for Bougainville and a referendum on independence, to be held at some point between 2015 and 2020. In the intervening period, powers were to be devolved to the ABG. The latest dispute centres on the first big transfer of powers under the new arrangements. That this devolution of authority concerns mine ownership and regulation reinforces its sensitivity.

Mr Kabui and his ministers argue that the mine-ownership issue matters little to the national government but is of pivotal significance to Bougainville. The formula for the division of royalties already gives 20 per cent to the landowners and 80 per cent to the local government, leaving nothing to the central government. The biggest source of mining revenue is company taxation, the distribution of which Mr Kabui agrees must be negotiated with the national government. But the PNG government is worried, regardless of the financial implications, that the inexperienced ABG will be hoodwinked by the unscrupulous international mining companies waiting in the wings. That may indeed be a real danger, but a peace settlement that provides for autonomy should leave room for Bougainvilleans to learn to handle tough negotiations by themselves.

3 May 2008
THE ECONOMIST

JON FRAENKEL

Tonga: unsteady as she goes

The faltering transition in Tonga from monarchy to democracy took another step forward with an election on 24 April. This was the first poll in the islands,
where 108,000 people live, since 2005, when popularly elected politicians for the first time joined the royal government. One, Feleti Sevele, later became prime minister. In November 2006, Tonga was rocked by pro-democracy protests and riots, leaving much of the capital, Nuku’alofa, in ashes. But the leading pro-democracy parliamentarians who were accused of orchestrating those riots swept back into office on the main island of Tongatapu and those nearby. ’Akilisi Pohiva was the top-scoring candidate on Tongatapu. He and several other pro-democracy leaders face sedition charges. If found guilty they will lose their seats.

Ministers in the royal government had hoped voters would punish the radicals for the destruction of Nuku’alofa, and back the cabinet’s gradualist reform agenda. The new king, George Tupou V, who acceded to the throne in 2006, soon declared that he no longer wanted to appoint the ministers and predicted a popularly elected majority in Parliament. Last year the government agreed to increase the number of people’s representatives from nine to 17 at the next elections in 2010, while retaining nine seats for ‘nobles’ and reducing the number of ministers nominated by the king from 15 to four.

Mr Pohiva says that the 2008 electoral results demonstrate support for a speedier transition to full democracy. He is right that ordinary Tongans are suspicious of the government’s promises of reform and that expectations have been raised by the pro-democracy politicians, with hopes that reform could reverse economic decline; GDP shrank by 3.5 per cent in 2007. Electoral loyalties on Tonga’s scattered islands are largely determined by kinship as well as the education, wealth and community service of candidates. But ideology also matters, particularly on Tongatapu and neighbouring ’Eua. Tongans often praise the 177-year-old monarchy in public, but in the privacy of the polling booth plump for radical change.
13 May 2008

FIJI TIMES

BRIJ V. LAL

The road from 1987

For all sad words of tongue or pen
The saddest are these: ‘It might have been.’

14 May 1987. The news, when it finally came, was as stark as it was startling. ‘The Royal Fiji Military Forces has taken control of the Fiji government to prevent any further disturbance and bloodshed in the country,’ Radio Fiji told its bewildered listeners. Lieutenant Colonel Sitiveni Rabuka, the coup leader, until then unknown outside military and rugby circles, had gone to the Government House to see the president, Ratu Sir Penaia Ganilau, to seek his blessing for the coup. The news was repeated throughout the day amidst sombre, funereal music.

As the news of the coup (invariably pronounced ‘coop’ by a puzzled populace) spread, Suva moved into panic mode. Frightened shoppers clogged the supermarkets buying emergency food supplies. Wooden shutters went up in the city as overflowing buses screeched out of town. Commandeered government vehicles armed with soldiers began patrolling the city and balaclava-wearing snipers appeared on top of strategic buildings.

I didn’t know it then, but as dusk descended on an eerily silent Suva, the city cowering in the gathering darkness, an era in Fiji’s modern history had been brought to a cruel end. The bayonet had overturned the verdict of the ballot box, sadly not for the last time. The legacy of that fateful day continues to haunt twenty-one years on. We are still paying penance for the mistakes of the past.

A whole new generation has come of age in a culture scarred by coups. They would have no idea of the alternative possibilities we dared to imagine,

the sense of innocence with which the nation conducted its business a
generation ago. Indeed, that whole world would appear incomprehensible
to today’s generation. There was no television then, no personal computers,
no email, no mobile phones. The fax machine was the latest, and much-
heralded, invention. That whole pre-1987 world has almost vanished beyond
recall.

None of the problems which beset Fiji a generation ago have really been
resolved. The land problem continues to fester, the Agricultural Landlord
and Tenant Act (ALTA) being as contentious then as it is now. The sugar
industry continues to face an ailing, uncertain future. Race relations are as
fraught now as they were then, perhaps more so. And the debate continues
about what kind of political culture is appropriate for Fiji’s multiethnic
society. The more things change, the more they remain the same.

But some things have changed. In 1987, for the first time in our history, the
military marched out of the barracks and got embroiled in national politics.
It is still embroiled in politics. It now seeks for itself a larger, more public
role in the nation’s affairs. That is reflected in its latest reassertion of power.
The military does not any more see itself simply as another instrument of
the state under civilian control.

Rather, it sees itself as an equal partner in the management of the affairs
of the state, disciplined, dedicated and determined, better at running things,
in its own estimation at least, than wicked politicians given to pandering to
the whims of the gullible masses.

The military is there for the long haul. It may retreat to the barracks
under certain conditions, but it is unlikely ever to retreat from the line it has
drawn in the sand about what it will, and will not, tolerate. How to tame this
‘monster’ will test the skills of the nation’s future leaders.

The protection of indigenous rights was a big, emotional issue in the
1980s. The claim was that the Fijians were the minority community ‘in their
own homeland’ whose fundamental interests, particularly their rights to
land, were placed in jeopardy by the election of a government whose main
constituency was the Indo-Fijian tenant community.

If Fijians were not careful, their leaders told them, they might end up
like other dispossessed indigenous communities, such as the Maori, the
Aborigines of Australia and the Indian tribes of North America. ‘Blood will
flow’ if indigenous interests were not paramount, was a common catch-cry
of the 1970s, first popularised by the nationalist firebrand Sakiasi Butadroka
in 1975.

But now that the Fijians are an outright majority of the population, likely
to make up two-thirds of the population in a decade or so, the rhetorical
potency of the indigenous rights claim has lost its appeal.

The question by the late 1990s was not the protection of the ‘Fijian
interest’ in the singular but the protection of ‘which’ and ‘whose’ rights.
Fijian political fragmentation, seen in the emergence of a plethora of
Fijian political parties in the 1990s, and the drama highlighting intra-Fijian
rivalries following George Speight’s attempted coup, brought internal Fijian
complexities and contradictions into sharp relief and into the public arena.

The interim administration’s counterproductive sledgehammer approach
to sensitive Fijian issues—reform of the Great Council of Chiefs, for
instance—has united the Fijian community behind the SDL party, seen as
their uncompromising defender. But any hope of a permanent political unity
under one umbrella is illusory. The political experience of the Indo-Fijian
community offers salutary lessons, as does the record of the SVT party.

The massive exodus of Indo-Fijians from the country has been one of
the most dramatic developments of the last two decades. Since the coups
of 1987, more than 120,000 people have left for other shores, taking with
them skills and talents Fiji can ill afford to lose: doctors, nurses, teachers,
accountants, and the like.

And more will leave as the opportunity arises. Their absence is keenly felt
in many fields, though the diasporic dollar makes an enormous contribution
to the domestic economy of Fiji. The disappearance of the fear of ‘Indian
domination’, as the phrase went, has had a significant impact on the way
politics is, and will be, practised in the future.

An equally significant factor in national politics has been the departure
from the national scene of high chiefs who dominated the political landscape
since the Second World War, such as Ratu Sir Kamisese Mara and Ratu Sir
Penaia Ganilau.

These high chiefs were trained by the departing British for national leadership, having decided early on that power at independence should be handed over to the Fijians. Their long presence at the pinnacle of Fiji’s public life and their overarching influence fostered unity not only among their own people but across the nation. Their departure has left an unfilled, perhaps unfulfillable, vacuum and a blurred sense of future direction.

Things have not been much better on the Indo-Fijian side. Among Indo-Fijians, there is a dearth of capable people willing to enter public life. The best and the brightest have left, or will leave. Among those still here, many balk at the thought of entering the political arena when military coups remain a constant spectre on the horizon.

Now, many aspiring politicians come from the ranks of retired teachers and low-level former civil servants and faithful party functionaries, eager to make most of the opportunity while it lasts, before the twilight sets in.

Fiji’s national boundaries are much more porous now than they were in 1987. Television has played a role, but the main reason is the advent of the internet. Information about what is happening in Fiji is relayed to the world in real time.

Anyone, anywhere, in the world who wants to know what is happening in Fiji can do so with the click of the button. The internet will remain a permanent feature of our life, which makes attempts by governments to control the dissemination of information critical of its policies self-defeating. It was possible in 1987, but not now.

The last two decades have also been full of supreme irony. People professing a profound commitment to democracy seem to have no compunction supporting a regime that is anything but democratic. An unelected, titular, head of state is asked to intervene in the political governance of the country when similar calls, from the other side, were (rightly) decried two decades earlier.

A military, which was once seen as the ultimate bastion of Fijian power, now finds itself pitted against the fundamental institutions of Fijian society, to much dismay and puzzlement. People who unabashedly supported previous
coup now proclaim themselves unyielding champions of democracy. God was said to have supported the 1987 coup, but He seems to have changed His mind this time around. And so it goes.

Even a cursory glance at the last two decades shows what a turbulent, traumatic time it has been in Fiji’s recent history: military coups preceding and succeeding genuine attempts at constitutional engineering, disrespect for the rule of law on the one hand and a complete willingness to abide by the verdict of the courts on the other, bravado and brinkmanship in one breath, contrition and compromise in another, and hope mingling freely with despair. It did not have to be that way.

There was another way. The darkness which descended on Fiji at noon on 14 May 1987 is still with us twenty years on. We as a nation have reaffirmed the truth of the truism that the only lesson we learn from history is that we don’t learn from history.

31 July 2008

SOLOMONS STAR

JON FRAENKEL

The pros and cons of political party integrity legislation

The Solomon Islands government is currently considering introducing laws aimed at strengthening political parties, at restricting members of Parliament from crossing the floor and at halting excessive use of no-confidence
Similar kinds of legislation have been introduced in many parts of the Pacific, including Vanuatu, Fiji, New Zealand and Papua New Guinea. The Samoans have legal controls on what kinds of new parties can be formed. Even those from Tahiti in French Polynesia have become so frustrated with continual government change that they altered the electoral law hoping to stabilise the political order.

Several objectives can be served by political party integrity legislation. Sometimes, the aim is greater parliamentary stability, sometimes nation-building, and sometimes it is driven by the view that political parties are an inevitable feature of ‘proper’ democracy (although Ancient Greece, the ‘cradle of democracy’, never had political parties and nor do many local councils in the mass democracies of Western Europe or Australasia).

Often, the real objective is to strengthen governments, rather than political parties. In several cases, laws against MPs’ crossing the floor have been introduced in the hope of consolidating one political faction, but have ended up strengthening another.

That is what happened in Papua New Guinea and Fiji. In PNG, the government of Sir Mekere Morauta introduced laws binding MPs to political parties, but Sir Michael Somare won the 2002 election and his government proved the beneficiary of the new laws. In Fiji, Sitiveni Rabuka’s government amended the constitution to prevent floor-crossing in 1997, but Mahendra Chaudhry won the 1999 election. The new law ensured that Chaudhry’s Fiji Labor Party’s 37 seats in the 71-member Parliament was an unbreakable majority. Rebels could not switch sides. A year later, Fiji witnessed a coup d’état.

In other cases, laws binding MPs to political parties have not worked as intended. In India, more MPs crossed the floor after 1985 legislation aimed at preventing floor-crossing than beforehand. In Vanuatu, Serge Vohor passed laws providing a ‘grace period’ during which there could not be a no-confidence motion in 2004, but this was ruled unconstitutional by the courts and the Vohor government was subsequently toppled. In New Zealand, laws against MPs’ switching sides simply delayed inevitable political realignments,
and political opinion turned against their continued usage.

In PNG, the rules against floor-crossing contained in the Organic Law on Political Parties and Candidates (OLIPPAC) have not yet been fully tested before the courts. Eleven members changed political parties during Somare’s 2002–07 government, but none lost their seats. The law was not complied with.

What will happen in PNG when a prime minister finds himself politically isolated and unpopular? Will the law be complied with? What will happen if only the law prevents the fall of a government? We do not know.

Some within the PNG judiciary suggest that, in such circumstances, OLIPPAC may not withstand a constitutional challenge. The courts may rule the law null and void because it restrains MPs’ freedom of movement.

**How does OLIPPAC work in PNG?**

First, under OLIPPAC the party with the largest number of seats after an election gets the first opportunity to form a government. That law helped Sir Michael Somare’s National Alliance to form the government a second time after the July 2007 elections, for this was the largest party.

Second, MPs in PNG who vote for a particular prime minister cannot vote against that prime minister in any votes of confidence, budgetary votes and votes on constitutional amendments. There are loopholes. If a party decides collectively to switch sides—in accordance with its internal rules and procedures—it can do so. For that reason, many Papua New Guinea politicians constituted themselves as one-man political parties, and so retained their freedom to switch to and fro.

Third, there are financial incentives to join parties, and disincentives to remaining as independents.

The other key part of PNG’s package is ‘grace periods’ which were introduced separately as part of the 1975 constitution, and extended in 1992. After an election, a new government has 18 months during which there cannot be a no-confidence motion. And if there is a no-confidence motion in the last 12 months of the life of a Parliament’s five-year term, Parliament gets dissolved and there is an early election. Since MPs always
want to prolong their periods in office, there never has been a no-confidence motion in the last year of a PNG Parliament’s five yearly term.

That shows one interesting way of maintaining the safety valve of no-confidence motions, while ensuring that these are not used in a frivolous manner or simply to grab hold of ministerial portfolios or for fundraising. If a no-confidence vote entails a general dissolution of Parliament and an early election, MPs will only take this option if they are riding the crest of a wave of popular dissatisfaction with government. Under normal circumstances, as the PNG history indicates, they will not want to rock the boat if that means going back to face the electorate earlier than normal.

**What has been the impact of OLIPPAC in PNG?**

First, the number of political parties has risen, not fallen. It has followed a wave-like motion. After OLIPPAC, the number of registered parties rose to 43 in 2002. It fell back due to amalgamations and deregistration of parties with no seats at all to around 15 in 2006 and then rose again ahead of the 2007 election to 34.

Second, no MP has as yet lost his or her seat due to this law, although there were many breaches of OLIPPAC. In that respect, the law was a paper tiger.

Third, Sir Michael Somare’s 2002–07 government was the first since independence to survive a full term in office. In that sense, the law brought stability. The prime minister did not change, but many of the ministers changed regularly and there were frequent associated changes at the top levels of the public sector bureaucracy.

No-confidence challenges were avoided during Somare’s 2002–07 government not only due to the 18-month grace period and OLIPPAC, but also by suspension of Parliament at critical junctures when opposition forces were mustering for a challenge.

There are always dangers associated with laws aimed at restricting no-confidence challenges or binding MPs to political parties. They may stabilise popular governments, avoid frivolous no-confidence motions and permit Parliament to concentrate on law-making, but they may also remove the
ability to dislodge a corrupt administration or entrench an unpopular government.

The history of usage of such laws in the Pacific Islands tells us that they often have unexpected and even bizarre consequences.

9 August 2008

THE ECONOMIST

JON FRAENKEL

Tonga: thy kingdom gone

Upon accession to the throne, Tonga’s kings have traditionally retired to a position of revered remoteness, leaving day-to-day affairs of state to a designated bau or ruler. So it is to be with King George Tupou V, who was crowned King of Tonga on 1 August in an elaborate ceremony attended by minor royals from around the world. Since the death of his father, the crown prince has divested himself of interests in brewing, telecommunications and electricity. Now the monarch’s political role is changing, too.

In 2006, demonstrations destroyed much of the business district of Tonga’s capital, Nuku’alofa. The disturbances were sparked by ‘demagogues’, the new king said, including ‘certain politicians who couldn’t control the crowd’. He was referring to pro-democracy members of Parliament, many of whom are facing charges of sedition. Most of them swept back to power in an election in April. Elected members now make up nine of Tonga’s 33 parliamentarians. Another 15 have been appointed by the king, and nine selected by the country’s nobles.

Under new arrangements, scheduled to come into force for elections

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in 2010, the king will forfeit most of his powers of appointment and the number of ‘people’s representatives’ will increase to 17, or perhaps 21 if the king declines Parliament’s offer to allow him to continue to appoint four of its members. Parliament will choose the prime minister, who will pick his cabinet without monarchical interference. Although the king is likely to retain reserve powers, the lord chamberlain says he will act on the advice of the prime minister ‘in all matters of governance’.

Pro-democracy parliamentarians are overjoyed. Their leader, ’Akilisi Pohiva, says the push for political change has come to an end. Tonga’s nobles, however, are worried about being outnumbered in a popularly elected assembly and the royally appointed prime minister, Feleti Sevele, has been slow to embrace reform. A special commission appointed in July now faces the task of reconciling the politicians—sharply divided by the 2006 riots—and supervising what will be the most important election the Pacific state has witnessed.
Help at grass roots will win over the people

The launch of further substantial military operations by Australian troops deployed in Afghanistan serves as a sobering reminder of just how troubled that theatre of operations remains. At the same time, it is important to note that Afghanistan is not another Iraq, that a key driver of the insurgency blighting southern and eastern Afghanistan is external rather than internal and that much of the country, including the capital Kabul, is relatively quiet most of the time. For this reason, the Afghan cause is not hopeless, although putting the country back on a sure footing will still require years of effort, given the decades of disruption that Afghanistan experienced in the 1980s and 1990s.

Guerilla campaigns typically rely on sanctuaries in neighbouring states to sustain their momentum, and the insurgency in Afghanistan is no different. This was conceded by Pakistani President Pervez Musharraf in a speech in
Kabul in August 2007: ‘There is no doubt Afghan militants are supported from Pakistan soil. The problem that you have in your region is because support is provided from our side.’ Dealing with these sanctuaries is the single most important step that needs to be taken to stabilise Afghanistan.

The establishment of a new civilian government in Pakistan potentially offers more receptive interlocutors in Islamabad: Pakistan’s civilian politicians have every reason to fear the Talibanisation of southwest Asia, and to move against the Afghan Taliban’s sanctuaries would allow the new government to approach its own radicals from a position of greater strength. There is a strong case for NATO states, China, and countries such as Australia to engage actively with the new Pakistan government on this issue—although this will have to be done with more dexterity than has been displayed by Washington, which is now deeply unpopular in Pakistan because of its efforts to prop up Musharraf in the face of widespread popular hostility to his rule.

All that said, Afghanistan faces serious problems beyond those created by Taliban insurgents. One is the problem of poor governance. The 2001 Bonn conference which laid out the ground plan for Afghanistan’s transition saw ‘ministries’ distributed to different political groups in order to lock them into the process. At the time these ‘ministries’ existed mainly on paper, but the prospect of donor dollars arriving fuelled ferocious antagonisms between different agencies seeking to maximise their own cut. As a result, politics in Kabul has proved to be both vicious and petty, although kept in check to some degree by the presence of international actors.

If central politics has proved to be unpleasant, developments in various Afghan provinces have proved even more dispiriting. In early 2002, the deployment beyond Kabul of the UN-mandated International Security Assistance Force (ISAF) was blocked by the US, which wished to conserve airlift assets for future use in Iraq. An eventual spin-off was the deployment of so-called Provincial Reconstruction Teams (PRT), in one of which Australians troops are serving together which Dutch soldiers in the province of Uruzgan. More immediately, however, the blocking of ISAF expansion forced Afghan President Karzai to seek short-term peace by offering state
positions to potential ‘spoilers’. This has now come back to haunt him, with the greed and insensitivity of such figures damaging the reputation of the Afghan government in crucial parts of the country. An unfortunate result is that traditional tribal leaderships have been multiply disenfranchised—at the level of the central state because they lack the skills to interact with the donor community and in the provinces because they too often have had to make way for those hungry for local power.

The Taliban have also been able to exploit a number of complex problems in rural Afghanistan in order to pick up supporters. One is rivalry between different elements of the Pashtun ethnic group. President Karzai is a so-called Durrani Pashtun, coming from a collection of tribes and lineages with aristocratic connections. The Taliban are more drawn from Ghilzai Pashtun, some of whom have long resented the Durranis’ positions. Exploiting Durrani–Ghilzai tensions, and even more specific rivalries in particular localities, has proved a fruitful Taliban tactic. Even more rewarding for the Taliban, however, has been the opium trade. There is no doubt that the Taliban receive a certain amount of cash directly from narcotics. However, this is trivial compared to the political benefit that they receive from the periodic discussion of mass eradication as a device for dealing with the problem.

To see why this is the case, it is important to grasp a number of the peculiarities of opium cultivation in Afghanistan. While around 80 per cent of opium profits go to drug barons and traffickers, the 20 per cent that are received at farm-gate level support roughly two million people, many of them poor wage labourers whose ‘opium income’ can make the difference between survival and utter destitution. Blithe statements about the importance of eradication strike terror into the hearts of such people and make them easy picking for Taliban recruiters. Afghanistan’s opium problem does need to be addressed, but through nuanced and carefully crafted policies. One would be facilitating access to credit for farmers who currently plant poppies as collateral for loans from drug barons so that they can buy new farm equipment for use in cultivating cereals—a practice which reflects the fragility of Afghanistan’s banks, which are likely to win popular
confidence only if a consortium of Western central banks guarantees their deposits. Another would be to improve roads and refrigeration facilities so that fruit and vegetables could be transported to remote markets without risk of spoilage. It is through policies such as these, rather than through simplistic eradication policies, that progress in this difficult area will most likely be achieved.

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CANBERRA TIMES

CLIVE WILLIAMS

The numbers don't add up

The killing of 10 French troops near Kabul, and the statement by US Commander General McKiernan about the need for significantly more troops to defeat the Taliban insurgency, will again raise concerns about the way the war is being conducted.

Australia’s hard-power/soft-power approach in Uruzgan Province where it is ‘surgically’ targeting the Taliban leadership at the same time as improving local infrastructure seems to be working quite well, but it is not being replicated effectively elsewhere in Afghanistan.

There is little doubt that the overall security situation is deteriorating because of a lack of combat troops on the ground. It is generally accepted that to defeat an insurgency you need a ratio of 10 to one. The Taliban in Afghanistan probably number about 10,000, meaning that it would be necessary to have an International Security Assistance Force (ISAF) of around 100,000 to get on top of the situation. That is very unlikely to

One of the further difficulties of dealing with the (Pashtun) Taliban is that there are more Pashtun in Pakistan than there are in Afghanistan. This gives the Taliban a surge capacity and ability to regenerate when necessary.

Given the troop shortage, the US and ISAF approach is to rely particularly on artillery and airstrikes from aircraft and unmanned aerial vehicles (UAV). The main problem with this approach is the collateral killing of innocent civilians, thus creating more local support for the Taliban.

The key to military progress on the ground is a combination of hard power and soft power. This means having appropriate hard power to keep the Taliban in check, while making local arrangements that will make it difficult for external terrorist groups to retain local support. This may include negotiated outcomes with the Taliban where they have local popular support.

Reliance on any positive developments in Pakistan would be misguided. Musharraf stepping down will not make much of a difference to the security situation. The Zardari/Sharif coalition of convenience will lead to divorce in due course, with the likelihood that the military will eventually step in once again ‘to restore order’.

In the meantime, the Pakistan military has no incentive to do anything decisive about the Taliban or al-Qaeda. The Pakistan military is being paid monthly by the US to conduct border operations and doing anything too decisive would kill the cash cow. At the same time, there is official and public support in Pakistan for the Taliban, and Bin Laden is significantly more popular than George Bush.

With the continuing deaths of NATO troops in Afghanistan, there will be increasing domestic pressure in Europe to withdraw NATO contingents from ISAF. (176 international troops have died in Afghanistan so far this year.) Russia’s recent preparedness to use force to safeguard its security interests may accelerate that process. This will leave the US in the position of having to make up the numbers itself if it wants to try to defeat the Taliban.

Realistically, there will always be international sanctuaries for terrorist
groups like al-Qaeda, and we may have to accept that containment, covert operations, psychological warfare and targeted assistance to foreign governments are more effective ways of dealing with them than our regular military involvement in Muslim lands. Australian troop involvement will also make home-grown terrorist incidents more likely.

Cricket Australia would be unwise to contemplate any tours of Pakistan while we have Australian troops fighting the Taliban in Afghanistan—simply because of the Taliban’s capability to retaliate in Pakistan. The presidential level of security offered does not mean much in a nation where the recent president was lucky to survive three assassination attempts, and the prospective prime minister was assassinated in 2007.
Thailand

21 December 2007
CANBERRA TIMES

ANDREW WALKER AND NICHOLAS FARRELLY

King and Thais on high alert in crucial poll

On Sunday, Thai voters go to the polls for the first time since the coup of September 2006. The election represents a key turning point in the troubled history of Thai democracy. The vote is not just about the composition of the next government—there is a much deeper struggle about the nature of political authority going on.

In September 2006 telecommunications tycoon turned populist Prime Minister, Thaksin Shinawatra, was removed from office by a military coup. A political crisis had been building for months and the armed forces finally took charge, ripping up the democratic constitution and condemning Thaksin to a life in exile. The soldiers who came onto the streets were careful to pledge their loyalty to the king, tying royally auspicious yellow ribbons around the barrels of their guns.

This display of loyalty was a savvy political move. Any guidebook will tell

you that King Bhumibol Adulyadej is considered above reproach by many in Thai society. In Thailand, any criticism of the king risks stern words or even a stint behind bars. He is protected by law and by the incessant royalist pulse of public life.

In recent times this pulse has been quickening. In June 2006 the king celebrated 60 years on the throne. He is the world’s longest reigning monarch. And just two weeks ago, on 5 December, he celebrated his 80th birthday. These impressive milestones were punctuated by grand shows of loyalty and reverence throughout the country. On the evening of Bhumibol’s birthday many of Thailand’s 65 million people donned yellow shirts and sang his praises at carefully choreographed public events.

But there have been some unwelcome guests in the midst of these birthday celebrations—politicians vying for votes. The royalist atmosphere of national unity has been punctured by Thailand’s distinctively virulent brand of electoral politics.

After more than a year of policy impasse, lacklustre economic performance and constitutional re-engineering, the generals have declared that Thailand is ready for a national election. That election pits the People Power Party, which is widely seen as a proxy for the exiled prime minister, against the Democrat Party, the major opposition party during the Thaksin era.

It will be difficult for either of these parties to win enough seats to govern in its own right. The People Power Party will probably gain the most seats and may be able to form government with one or two of Thailand’s motley collection of minor parties. On the other hand the Democrat Party, even if it wins fewer seats than People Power, may still stitch together a government with several coalition partners. Either way there will be a lot of horse-trading after the election and a rather unstable coalition government appears likely. Indeed, many commentators suggest that this instability was programmed into the new post-coup constitution in an attempt to avoid the single-party dominance that characterised Thaksin’s rule.

But this election is not just a contest between political parties. There is a much more deep-seated battle about the nature of political authority in Thailand. On one side, there are those that argue ultimate political authority
lies with the electorate and is expressed by their elected representatives in Parliament. In the current political climate this view is symbolised by the exiled Thaksin and his proxy party. The name of the party, People Power, is no accident and it is campaigning on a populist platform of universal health care and robust government support for farmers.

But there are others, like those who staged the 2006 coup, who believe that supreme political judgement is held by the king and by his loyal servants in the military, the bureaucracy and the judiciary. They are keen to dismiss the policies of People Power as crude pandering to electoral desires, pork-barrelling and even outright vote buying. They contrast Thaksin’s brash self-interest with the humility and generosity of the king.

The military government, reliant on the king’s cultural force for its legitimacy, has attempted to amplify the contrast between the deceit and duplicity of elected politicians and the morality of the palace and its backers. No expense has been spared in promoting royal symbolism and the wearing of the royal yellow has been made virtually compulsory in many official contexts. The royalists are suspicious of all elected politicians. Nonetheless, the Democrats, led by an Eton and Oxford-educated cleanskin, are their best hope for a political system that retains its yellow hue.

But there are clouds on the royal horizon and the celebrations of the king’s 80th birthday were tinged with anxiety. The king’s recent stint in hospital provided an opportunity for an outpouring of affection, but it also highlighted the unresolved issue of the royal succession. The crown prince, Prince Vajiralongkorn, has a chequered reputation and is highly unlikely to command the same level of respect as his father. Bangkok high society swirls with rumours about his business dealings, private life and health. Not surprisingly, many in Thailand consider the king’s second daughter, Princess Sirindhorn, a better choice. She is commonly referred to as ‘Princess Angel’ and as a tireless promoter of royal charity would be a more appropriate custodian of the king’s carefully cultivated moral legitimacy.

According to some analysts, the 2006 coup was, in essence, an effort to guarantee the royalist elite a pre-eminent role in ‘making’ the next monarch. Thaksin was getting too popular, too close to some within the royal
household, and perhaps too likely to influence the succession. Thaksin’s economic assertiveness may also have challenged the royal inheritance. By one recent account the king is the world’s richest royal with the assets of the Crown Property Bureau estimated at US$33 billion. Moral legitimacy is clearly not all that is at stake.

Of course, the royal family is not standing for election next Sunday. And most voters, regardless of the party they support, would have no hesitation in declaring their affection for the monarch. But a strong electoral showing by Thaksin’s proxy party will be widely read as a rejection of the view that political life should be controlled by Thailand’s royalist elite. The royal stakes are high.

15 July 2008

CANBERRA TIMES

ANDREW WALKER

Let the electorate judge the Thai government’s fate

Only six months after the last election, Thai politics has, once again, descended into chaos. The government is under attack in the courts, in Parliament and in the media. A determined and vocal group of protesters, who call themselves the People’s Alliance for Democracy, is waging a high-profile campaign against the government on the streets of Bangkok. A few weeks ago they broke through police barricades and surrounded Government House itself.

Thai Prime Minister Samak Sundaravej must dread reading the newspaper each morning. Each day seems to bring a new crisis or an escalation in one
of his many existing problems.

On Tuesday last week, his deputy party leader and former speaker was found guilty of vote buying. On Wednesday, the health minister was disqualified for not declaring his wife’s assets. And on Thursday the foreign minister resigned after a nationalist backlash against the government’s decision to support a Cambodian bid for World Heritage listing for an ancient Hindu temple.

The Preah Vihear temple is located on a disputed section of the Thai-Cambodian border. Even though the International Court of Justice ruled in 1962 that the temple belonged to Cambodia, opposition forces have accused the foreign minister of being a traitor who betrayed Thai national sovereignty by supporting the Cambodian submission to UNESCO.

The constitutional court even weighed into the fray by ruling that the government should not have endorsed the Cambodian World Heritage bid without taking the matter to Parliament. It may seem like a rather arcane legal argument, but Preah Vihear is a lightning rod for ultra-nationalist sentiment and it poses a real risk to Samak’s government.

Nevertheless, the government may be more resilient than recent chaotic events suggest. The bottom line is Samak holds a commanding majority in the House of Representatives. His People Power Party, in which deposed Prime Minister Thaksin Shinawatra has considerable influence, fell just short of an absolute majority in the election of December 2007. In the weeks following the election Samak was able to stitch together a coalition with all the minor parties, leaving the Democrat Party alone on the opposition benches.

Samak’s parliamentary numbers meant that he could easily see off the no-confidence motion staged by the reinvigorated Democrats in late June. There may be nervousness among coalition partners, but Samak’s commanding majority means that he could live with some minor party defections.

Samak has also been able to cultivate a positive relationship with the military. You should never say never when it comes to coups in Thailand, but the signals from the top military brass suggest that they will not be resorting to a coup to solve the current crisis.
With the military indicating that they will stay out of the fight, Prime Minister Samak holds another important card up his sleeve. He could dissolve Parliament and call an election. Talk of an election is enough to send opposition forces in Thailand running for cover.

The opposition Democrats know that Samak’s People Power Party would perform much better in an election than they would. There is still strong voter affection for Thaksin and for Thaksin-era policies and the electorate would, in all probability, express this support by voting for People Power.

A new election would be the fourth election loss for the Democrats since 2001. They only avoided a loss in the 2006 election by boycotting it! Samak knows that his party holds the electoral upper hand and he will use the threat of a new election to shore up the government’s position.

The protesters on the street also know that Samak has a strong electoral advantage. Their protests have attracted some support but it is hardly the mass mobilisation the People’s Alliance for Democracy hoped for.

The protest leadership is now proposing a ‘new politics’ for Thailand. The central plank in their ‘reform’ agenda is to have 70 per cent of parliamentarians appointed rather than elected. That is the only way they think they can get rid of Samak and the enduring influence of Thaksin in Thai politics. If you can’t win an election then why not change the rules!

The People’s Alliance for Democracy doesn’t trust the electorate. They think that most voters, especially rural voters, are naïve and gullible. They don’t want these voters to be able to determine who forms a government. It’s hardly a democratic agenda.

Samak is a rough and tumble politician with a highly dubious political history. His government has been ham-fisted, arrogant and ill-informed on a number of issues. Street protests, no-confidence motions, court cases and media condemnation are all legitimate strategies in a democratic system. Attacks on the government have produced some high profile casualties and caused some significant backdowns.

But Samak’s government is less than six months old. Opposition forces calling for Samak to hand over power (presumably to the Democrats) are overplaying their hand. The result of the December 2007 election was clear
and the government should be allowed to govern. Thai politics is very messy at the moment but some of democracy’s main checks and balances seem to be working.

Once the government has served its term, the electorate can make its judgement.

12 September 2008

CANBERRA TIMES

PETER WARR

Thailand’s democratic dilemma

The ongoing political crisis in Thailand threatens to damage its huge tourism industry and to undermine the confidence of both foreign and domestic investors. It has also deflected attention from important domestic concerns. Within the last fortnight rival groups have confronted one another on the streets with at least one death and many injuries.

The source of the conflict is puzzling to outsiders. Two issues motivate the protesters, led by the so-called People’s Alliance for Democracy (PAD). The first is deep antipathy towards the present Prime Minister, Samak Sundaravej and, even more so, his patron-in-exile, former Prime Minister Thaksin Shinawatra, deposed by a military coup two years ago. The second, and more basic issue, is ambivalence towards electoral democracy itself.

Samak is a bellicose right-winger with a long and controversial political past. He is perceived as a crude proxy for Thaksin. A brilliant entrepreneur, Thaksin demonstrated an amazing capacity first to enrich himself massively by manipulating government telecommunications regulators and then to use

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this wealth to advance himself politically. Allegedly, he then misused this political power to enrich himself and his family even further.

Thaksin is admired by the rural masses who were the basis of his political support. These groups recognise the economic benefits that Thaksin brought to them while in power and could not care less about his alleged corruption or his limitless greed. But both Thaksin and Samak, along with all those closely allied to them, are despised by the Bangkok elite.

Contrary to their name, the PAD is essentially a conservative middle-class movement who desire a return, at least partially, towards Thailand’s more authoritarian past. They perceive the electoral successes of Thaksin, Samak and their allies as threatening the dominant position of Thailand’s traditional elite—the army, the civil service and especially the monarchy. They have seen what electoral democracy delivers and they do not like it.

There is little doubt that if new elections were held any time soon, Thaksin’s allies—‘proxies’ or not—would win again. Such is the magnitude of their rural support.

The PAD has demanded that Samak step down and that two basic changes be made. First, the proportion of the Parliament that is elected should be limited to 30 per cent, the rest appointed by the elite. Second, they want the possibility of a prime minister who is not an elected member of Parliament. Each of these demands conflicts with the present constitution.

The PAD points out that the two most respected prime ministers of recent decades, Prem Tinsulanonda and Anand Panyarachun, were not elected but appointed by the king.

The position of the PAD is thus a rejection of one-person, one-vote electoral democracy. Beneath this is a disdain for the competence of the poorly educated rural people who elected Thaksin and Samak.

Samak has refused to submit to ‘mob rule’. He has pointed out, with some justification, that unlike the self-appointed PAD leaders, he was duly elected to public office. But events of the past two weeks have undermined his position.

First, the electoral commission has recommended to the constitutional court that Samak’s People Power Party (PPP) be dissolved for electoral fraud,
as was its predecessor, Thaksin’s Thai Rak Thai party. If the constitutional court agrees, members of the PPP could simply reunite under a different name, but there would be a lingering stigma.

Second, when Samak declared a state of emergency this week, giving legal control of Bangkok to the army, the head of the army, General Anupong Paochinda, publicly refused to act against the demonstrators. He even refrained from expressing the army’s support for the government.

Third, the highly respected foreign minister, Tej Bunnag, suddenly resigned. He was appointed only two months ago in the wake of a farcical confrontation with Cambodia over the land surrounding an ancient temple on their border. His resignation isolated Samak.

Finally, this week the constitutional court voted to remove Samak from office because he had accepted payment for appearing on a cooking television program. His party could presumably re-elect him but, again, a stigma would remain.

Samak may be finished, but unfortunately the two most obvious alternative leaders within PPP are even closer to Thaksin than Samak was. Appointment of either one as prime minister would merely prolong the crisis.

Cool heads within Thailand are urging restraint on all sides. They want a peaceful resolution, through the Parliament, in a manner consistent with the present constitution.

Thailand is groping, sometimes stumbling, towards a form of democracy that suits its own circumstances. Finding that middle ground will require compromise on all sides.
In Thailand the legal system seeks to ensure that public comment about the monarchy can only be favourable. Under the lèse majesté provision of the criminal code, any action that insults or disrespects the royal family can bring a sentence of up to 15 years behind bars.

The most recent victim of this law is Melbourne man Harry Nicolaides, who has worked in Thailand as a university lecturer and freelance writer. He was arrested at Bangkok airport on 31 August 2008. As Nicolaides continues to languish in a Bangkok prison cell, the use and abuse of the lèse majesté law has received a modicum of worldwide scrutiny. However, since 21 September, Nicolaides’s case has been completely out of the news. He has been quietly forgotten.

Lèse majesté is a weapon used to defend the perceived honour of Thailand’s royal family. According to Paul Handley, the author of an unauthorised 2006 biography of the king, ‘[i]n Thailand, all that truly stands between royal virtue and London-tabloid-style media treatment is the lèse majesté statute’.

Since Handley’s controversial book—which is banned in Thailand—there have been a number of high-profile cases of lèse majesté involving foreigners. The two most recent instances where accusations have been levelled at non-Thais are illustrative of the problems with implementing this law.

In December 2006 Oliver Jufer was charged with the offence after defacing images of the king in Chiang Mai during a drunken spree. He was held for four months without bail and after a quick trial was sentenced to ten years in prison. Jufer served another few weeks before he was pardoned.
by the king and deported to his native Switzerland.

At the time, outrage about his draconian treatment for an act of immature vandalism led to even more outlandish attacks on the Thai monarchy. There was a flurry of provocative and childish online protests that used the global reach of the YouTube video-sharing website to mock the Thai royals. In response, the Thai government banned YouTube. This sparked further international bemusement and condemnation. To conform to local expectations of fair comment, YouTube is today only available in Thailand in filtered form.

Since the Jufer fiasco, in April 2008 the BBC’s Bangkok correspondent Jonathan Head has been embroiled in a lèse majesté fight of his own. He has not been charged but is the subject of ongoing investigations. Head’s case is related to that of Jakrapob Penkair, an outspoken critic of military intervention in Thai politics and an eloquent ally of deposed former Prime Minister Thaksin Shinawatra. Comments made to the Foreign Correspondents’ Club of Thailand during 2007 landed both men in trouble.

When only Thais are involved, lèse majesté does not get as much attention. But one case that has entranced the international press involved student activist and social critic, Chotisak Onsoong. Earlier this year he was charged with lèse majesté after refusing to stand during the playing of the king’s anthem at a Bangkok cinema. Almost unique among recent lèse majesté cases, Chotisak welcomed the charge with further acts of public defiance.

The view of the king himself on lèse majesté is not completely clear. In his 2005 birthday speech he cautioned against the overexuberant use of this criminal provision. Nonetheless many factions within the Thai elite continue to indulge in episodes of lèse majesté accusation and counter-accusation to score political points.

The king’s formidable media management apparatus is apparently comfortable with this situation. While he may have some personal reservations, the king has yet to make any explicit recommendation that lèse majesté be abolished. Perhaps it remains too useful as a tool for stifling open public debate about the role of the royal family in national political and economic life. Lèse majesté helps guarantee an unrelenting public diet
of positive royal news.

In Thailand it is even hard to report the details of a lèse majesté charge without fear of sanction. Detailed reporting runs the risk of repeating the offence. Self-censorship reigns. So Harry Nicolaides will be unlikely to ever see substantial details about his case published in the Thai media.

Hopefully foreign journalists will exercise their greater freedom to report on his predicament. Some, including the BBC’s Jonathan Head, The Age’s Peter Gregory, Reuters, the Associated Press and Reporters Without Borders have already made important contributions. But for the past two weeks there has been silence.

All reports suggest that the charge relates to a passage in an obscure book published by Nicolaides that describes the rather flamboyant private life of a Thai prince. This may have been an error of judgement on Nicolaides’s part but it does not, in any way, justify his current treatment. Respect for other country’s legal systems is all very well. But this is a law that silences Thais and foreigners alike. It prevents what we would regard as perfectly normal, if somewhat prurient, reporting on royal lives. More importantly, it muzzles public discussion of a range of issues that lie at the heart of Thailand’s ongoing political crisis.

The Australian media could be doing more to highlight the plight of Nicolaides and to open up broader regional discussion on this outdated taboo.
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