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# ADVANCE

Essays, opinions and ideas on public policy

Winter 2015

## **Future security**

Rory Medcalf on tackling Australia's  
expanding horizon of security threats

## **The smart century**

Kiran Mazumdar-Shaw on fostering innovation

## **Unintended consequences**

Khalid Koser and Marie McAuliffe on what 'ghost ships' tell  
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## **Feeding nine billion**

Quentin Grafton on how we can produce enough food  
for a growing world



ASIA & THE PACIFIC  
POLICY SOCIETY

Crawford School of Public Policy



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## ASIA AND THE PACIFIC POLICY SOCIETY

The Asia and the Pacific Policy Society is a community of scholars, policymakers, researchers and students. It is the first international association to link people working across academic disciplines in the region.

The Society supports the journal, *Asia and the Pacific Policy Studies*, and works to position research on the region within the mainstream of public policy.

Membership of the Society is free and brings with it significant benefits including networking opportunities, a weekly newsletter, priority invitations to selected events and a host of other exclusive opportunities.

By joining the Society you can play an important role with the growing policy community in our region.

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## Introduction



When Crawford School set up the Asia and the Pacific Policy Society in 2013 it did so with one intention—to encourage debate, discussion and dialogue between everyone involved or interested in the development of better public policy.

This issue features contributions that show how far we have driven that discussion. The pieces featured highlight significant policy issues and propose new thinking and new conversations to tackle the challenges that face us as a society.

But a true conversation requires more than a single expert detailing their expertise and views, however learned they are. It requires the participation of others. Public policy also needs these conversations, and the Society is our way of helping to facilitate that.

Late last year we quietly opened the proverbial doors of Policy Forum.net, the Society's new website. *Policy Forum* acts as meeting place for Society members, but more importantly it builds on the work that has happened through *Advance*, through the Society and through the journal *Asia and the Pacific Policy Studies*.

It does this by providing a platform for the debate and discussion of ideas; all contributions are written by experts in an accessible and approachable way. Society members are welcome and encouraged to debate and discuss these ideas, or even start conversations of their own by submitting contributions.

It's exciting to see these elements come together. But more exciting is seeing that throughout the region we are getting the strong message that the Society is a welcome addition to the policy discussion landscape. Strong growth in Society members, a thriving website in *Policy Forum* and some incredible debate and discussion across all platforms—websites, social media and events—are all signs that there is an appetite for people at all levels to have their voices and views heard.

That's a great thing; because the more we talk, the more views we hear, and the greater the likelihood we'll have better public policy.

These are important conversations, and they're worth having.

Professor Tom Kompas  
Editor-in-Chief, *Advance*  
President, Asia and the Pacific Policy Society  
Director, Crawford School of Public Policy

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# Finding pathways out of poverty

**Are policymakers really making progress in tackling economic inequality, asks Ana Manero.**

**A**s the dust blows through ramshackle homes located on the edge of despair, the economic progress lauded in official figures seems a long way away.

According to the United Nations, the proportion of people across the world living in extreme poverty today is half of what it was in 1990. This has been reported as a major milestone, meaning the first Millennium Development Goal has been met ahead of schedule.

However, that percentage is more a global average rather than a global achievement. Compared to 25 years ago, there are now 900 million less Asians

living in extreme poverty—that is, living on less than \$1.25/day PPP (Purchasing Power Parity). Contrastingly, in sub-Saharan Africa, those living in extreme poverty have in fact risen by 124 million.

Not only are one-in-two sub-Saharan Africans extremely poor, but one-in-four are chronically undernourished. For the majority of them, access to education, health or transport remains a luxury too far from reach—yet not from their sight. Over the past decades, the economic output of the region has increased. So has its number of millionaires and billionaires. While the economy is growing, the gap between the rich and the poor is also growing.



Ana Manero is a PhD scholar at Crawford School of Public Policy in the ANU College of Asia and the Pacific.

Rising wealth inequality is a matter of concern, but certainly not a new one. Back in the times of the ancient Greeks, the philosopher Plato advocated for a society where there would be neither excessive poverty nor wealth, as both are detrimental to individuals and societies alike. In modern times, extreme, unhealthy disparities are typically associated with an overwhelming list of social issues, including violent crime, tax evasion, corruption, hunger, chronic poverty, discrimination, social unrest, and poor health and education.

In the long run, extreme inequality is also destructive for the economy. An editorial published by the *New York Times* in April 2007 indicated that the combined income of the top one per cent of US citizens was equivalent to almost a quarter of the national total. Such an uneven income distribution had not been seen since 1929. It is no coincidence that the two periods of extreme wealth accumulation were immediately followed by the two most devastating financial collapses of our era: the Great Crash and the Global Financial Crisis.

But it is not all about Lamborghini-driving New Yorkers and Armani-wearing Nigerian oil barons. Growing economic divides are also present at smaller scales, at regional levels. Contrary to popular belief that major disparities rise from the contrast between the city-rich and the rural-poor, evidence from a number of countries proves that the strongest driver lies within groups. This means that, economic differences within cities and within rural areas, as well as within industry and within agriculture, are far more important than the imbalance between them.

In Tanzania, major agricultural reforms during the 1980s resulted in a significant increase of rural incomes—on average. In reality, the growth was accompanied by a 40 per cent rise in income inequality. While some farmers were successful in modernising their production systems and boosting their profits, the least sophisticated farmers lagged further and further behind. Unable to keep up with the competition, many were forced out of their traditional livelihoods. At the same time, skyrocketing inflation drove the prices of basic goods and foods through the roof, further sinking the purchasing power of those who hadn't thrived. The fact that, after the reforms, some of the poor ended up being poorer was an undesirable and unnecessary consequence of uncontrolled, rapid development. With an adequate redistribution of

**It is no coincidence that the two periods of extreme wealth accumulation were immediately followed by the two most devastating financial collapses of our era.**

the benefits of the reforms, a much greater poverty reduction impact could have been achieved.

Focusing on growth as a key to prosperity has become a common practice. Nonetheless, a much stronger effort is needed from policymakers, researchers and development agencies to incorporate wealth distribution in the design of more effective poverty eradication strategies. In Ghana, for instance, a cash-transfer program led by the UN Food and Agriculture Organization has been successful in providing substantial improvements for particularly vulnerable families and, in turn, for the communities they live in. Launched in 2008 and reaching across 70,000 households, the Livelihood Empowerment Against Poverty initiative has increased school attendance, improved access to health services, reduced debts and raised self-confidence and happiness, chiefly in women-led households.

While we all depart from different points and, inevitably move at different speeds, economic development should not become a motorway only for some, but instead a path for all.



# China's new urbanisation

## Chunlai Chen and Hu Biliang look at a nation-building project to rival that of the Great Wall.

**T**he sheer scale and size of China's population means that country-wide public policy and plans often affect many millions of people. So the government's new urbanisation program, which aims to radically improve the lives of more than 100 million people, is a nation-building project to rival that of the Great Wall.

Launched in March 2014, the program aims to drive China's social and economic development through focusing on integrated urban and rural development, creating city clusters to spread the benefits of urbanisation, and promoting sustainable urban development.

While admirable in its ambition and scope, the new program may also bring some new social and economic problems. A key challenge for China's policymakers is that they are problems that are best addressed by greater use of market forces to promote change, rather than using government forces and government administrative planning to advance policy.

The primary focus of the program is to promote integrated urban and rural development. According to the program, by 2020 around 100 million out of China's 270 million rural migrants will be granted urban household registration status and settled down in the cities and towns where they have worked and lived for many years. For the remaining 170 million rural migrants, although their urban household registration status cannot be granted, they will receive basic medical and healthcare, a basic pension and other basic services.

However, by 2020, China will still have more than 500 million people living in rural areas. A fundamental challenge will be to reduce the differences in income and social security and to promote balanced and coordinated urban and rural development. In this sense, the new urbanisation program is different from previous ones. It not only includes aspects of urban development, but also has a set of policies to promote agriculture and rural development.

The program also adopts the idea of creating three big city clusters to foster urbanisation in Beijing-Tianjin-Hebei, the Yangtze River Delta and the Pearl River Delta, while cultivating the city clusters in the central and western regions. The development of medium and small cities will also be accelerated.

Developing city clusters could have a positive impact on integrated urban and rural development. The key will be to create city clusters which strengthen transport links between cities, promoting the flows of people and goods between urban and rural areas.

The program's focus on sustainable urban development aims to help China increase the efficiency of resource utilisation, improve environment protection, increase living standards of urban residents, and ultimately contribute to the sustainable development of Chinese cities.

But the new program may also bring some new problems.

First, the focus on creating large city clusters means financial and human capital, technology, modern industry, infrastructure construction, and provision of public services will flow faster towards those areas. Although the new urbanisation program also proposes to simultaneously foster the development of city clusters in the central and western regions, it will be slower there and the gap in urban development between different regions in China will further expand.

Second, with the opening up of cities and towns to the rural population, more will move to cities and towns. However, among the rural migrants 70 per cent have only junior high school education while 70 per cent have not received any professional training. This makes finding work very difficult.

On top of that, the current overall employment situation in China is not promising. Already half of the annual seven million university graduates cannot find jobs. If the rural migrants cannot find jobs it may worsen the already serious problem of 'urban poverty'. This could lead to the formation of a new class of urban poor, with potentially serious social and even political consequences.



Chunlai Chen is an Associate Professor in the Policy and Governance Program at Crawford School of Public Policy in the ANU College of Asia and the Pacific.



Professor Hu Biliang is a Professor of Economics and Dean of Emerging Markets Institute at Beijing Normal University.

## These issues present some significant challenges for Chinese policymakers; especially when the number of people affected is so large, and when the stakes are so high.

Third, even though it mentions sustainable development, the program does not pay enough attention to the role and significance of environmental protection in the process of urbanisation. Building the cities of tomorrow requires strong environmental protection and low-carbon development.

These issues present some significant challenges for Chinese policymakers; especially when the number of people affected is so large, and when the stakes are so high. So what can the country's policymakers do to minimise the negative effect?

International experiences show that market forces mainly determine the emergence and development of cities. However, China's program is designed by and will be implemented mainly through government planning; particularly the flows of people into different sizes of cities.

Relying on the market to make the choices based on the principle of recognising people's equal rights and freedom of choices is a better way to urbanise. No matter who they are, as long as they enter the cities and towns and find jobs, have the ability to purchase or rent houses, and can afford the living costs, China's migrants should have the rights to live and settle down in cities and towns and should enjoy appropriate social welfare and

security provided by the cities and towns. This is the approach adopted by the majority of countries in the world.

China's urbanisation requires greater use of market forces to promote change, rather than continuously using government forces and government administrative planning to advance policy. This is especially important as the Chinese economy moves from being a planned economy to a market economy and is increasingly integrated into the global economy.

Another issue Chinese policymakers need to get to grips with is the relationship between dispersion and concentration in the process of urbanisation. In this, China should learn from the experiences in Western Europe about how to integrate cities into a regional development system. A key to achieving this would be to supplement the urbanisation program with existing foreign direct investment (FDI), industrial restructuring and regional development programs and policies.

Finally, policymakers need to understand the relationship between economic development and social development in the process of urbanisation. International experience shows that urbanisation is not only an economic issue, but also a social issue, particularly when it comes to public services, security, and the environment.

Currently in China the government pays great attention to the issue of urban economic development, while urban social development is relatively neglected. This is especially the case with environmental protection, which has led to widespread urban environmental pollution problems. The new program talks about the need to 'speed up the construction of green cities', but the issue of carbon dioxide emissions brought on by high speed construction and urban development has not been given enough attention.

Ultimately, the answer to this set of policy challenges is to allow the market to determine the flows of capital, land and people in the urbanisation process. This will achieve integrated urban and rural development, balanced regional development, coordinated economic and social development, and a sustainable development of China's urbanisation.

These are significant challenges for China. But an ambitious plan requires ambitious thinking as well as an appetite for change. Hundreds of millions of people's lives will be profoundly affected by the choices the country makes—let's hope policymakers make the right choices.



# Tackling terrorism beyond jail sentences

**Should prisoners who remain radicalised at the end of jail sentences be allowed back into the community, asks The Honourable Anthony Whealy QC.**

**R**adicalisation of young Muslim men (and perhaps women) is a burning current topic in Australian society. Some years ago when I was Chair of a COAG committee examining the efficiency and fairness of our then range of counterterrorism laws, I became aware of a new peril for the Australian community: the prospect of fervent young Muslim men travelling to Syria to join in the conflict, then returning to Australia, fully radicalised to extremist Islam. The fear was that this new and fervent extremism, aided by extensive military training overseas, would show itself in acts of violence—politically and religiously motivated—against Australians and their property.

The prospect of a new wave of terrorist activity occurring in our country prompted debate and discussion about the need to ‘beef up’ our laws to meet this threat head-on: hence, recent legislation declaring parts of other countries ‘no go’ zones without legitimate reason and new laws permitting the temporary suspension of passports.

For my part, I did not foresee then that the problem would, with the aid of the Internet and the digital age, result, to the extent it has, in radicalisation occurring within our shores. As events have shown, terrorist activity can be promoted without any of our so-called foreign fighters returning to Australia. The emergence of ISIS, its promotion of a Caliphate and its brutal but effective propaganda program have demonstrated that this is so.



The Honourable Anthony Whealy QC is Deputy Chair of the New South Wales Sentencing Court, Part-time Commissioner at the NSW Law Reform Commission, Consultant at the Judicial Commission of NSW and University Visitor at The Australian Catholic University.

The process and the causes of radicalisation are complex. What is clear, however, is that to protect the community there is a need to go beyond security and intelligence measures. Of course, the law cannot by itself stop terrorism in Australia. There is plainly a need to take proactive measures to prevent vulnerable individuals from falling into the pit of extremism. Equally there is a need—difficult though it may be—to rehabilitate those who have already embraced extremism by a process of both disengagement and deradicalisation.

My principal concern is the situation of the extremist radical prisoner who at the end of his prison term remains committed to the religious obligation to continue an armed struggle. This may, probably will, carry with it the obligation to harm the Australian people in an endeavour to ‘persuade’ the government to abandon its foreign policy in Muslim lands.

The stark question is—should prisoners who are unable to demonstrate that genuine disengagement from radical extremism at the end of their sentence be allowed to re-enter the civilian community and thus continue their domestic terrorism activities?

There are approximately a dozen or more prisoners in Australia serving lengthy sentences for serious terrorism offences. There are presently a handful of young men in prison awaiting trial on serious terrorism or related charges. Both these categories of prisoner are kept in maximum security and away from the general prison community. Their proximity to one another may be a factor in reinforcing their extremist ideals and principles.

In addition, there may be a significant body of prisoners serving sentences for non-terrorism offences who, for one reason or another, have become radicalised in prison. These ‘conversions’ may be known to the authorities or they may be hidden from the authorities.

There are three areas where a brake may be applied to the release of extremist radicals. The first—the Parole system—presently exists. The second, is the Commonwealth Control Order legislation. It may require amendment to have direct application to the body of radical prisoners

## Prisoners who remain seriously radicalised at the end of their time in custody may clearly pose a very serious threat to the community upon release.

due for release. The third—no doubt a last resort measure—is the possibility of legislation to obtain a court sanctioned order to keep a prisoner in detention at the expiry of the sentence where he or she presents a danger to the community. This legislation would be new, although it has counterparts in existing legislation throughout Australia in relation to sexual offenders and serious violent offenders.

The Parole system is complex. It is sufficient to say that courts, when they sentence for serious crimes, normally set a non-parole period (the minimum time a prisoner must remain in custody) and ‘a balance of term’—the parole period. In certain circumstances and subject to certain conditions, a prisoner if granted parole, may serve the rest of his term in the community.

There are complex and detailed systems for determining whether a prisoner should be released into the community at the end of his or her non-parole period. This is particularly so in the case of serious offenders where an adverse recommendation from the Serious Offenders Review Council may almost certainly leave the prisoner in jail for a lengthy period beyond the expiry of the non-parole period.

The Commonwealth Control Order legislation is also complex. It is not concerned with guilt or innocence but with the question of whether a person poses a threat of a terrorist act occurring or has trained with a terrorist organisation. With suitable amendments, the Control Order legislation could be made to apply to people who are serving lengthy terms for serious terrorism offences. Of course, the offender would be released into the community but there would be significant restraints on his movements and ability to communicate and participate with those likely to engender terrorism activity. Allied to this Commonwealth system there is state legislation that enables the Supreme Court to make orders for the extended supervision of prisoners upon their release from custody.

What should be examined is whether we ought to consider legislation that will, in an appropriate case, and subject to court scrutiny, result in a dangerous terrorist prisoner being kept in custody at the end of his entire sentence.

The model for this type of legislation differs from state to state in Australia. In New South Wales it is the *Crime (High-Risk Offenders) Act 2006*. This is a complex piece of legislation but, in simplistic terms, it enables a Supreme Court to make an order that a person remain in custody if the court is satisfied to a high degree of probability that they will commit a serious sex offence or a violent criminal offence if released.

The proposition I advance for debate is that prisoners who remain seriously radicalised at the end of their time in custody may clearly pose a very serious threat to the community upon release. The capacity to undertake a terrorist act or to assist in its preparation may be very high. Is it too much to ask of the community that they accept this risk? Distasteful as it is, is it not too much to demand that prisoners who pose that type of serious risk should remain in custody until and unless they can demonstrate their genuine rehabilitation?





# It's good to talk

**The best public policy solutions will come when we allow and encourage debate, discussion and an open exchange of ideas, writes Tom Kompas.**

It is easy to become despondent when it comes to the creation and implementation of effective public policy.

Throughout Asia and the Pacific we see countless examples of sensible policy being created, debated, discussed and then drowned out by the noise of partisan politics or stakeholder self-interest before being dismissed, often for the wrong reasons.

The issues that the region's policymakers have been unable to adequately tackle are numerous; from protecting the fisheries of our oceans to managing our changing climate; from creating liveable cities to having sustainable economies. Everywhere I go in Asia and the Pacific I hear different, but common, complaints about where good ideas have failed to turn into effective public policy.

This failure of public policy is not happening because of the quality of our public servants, researchers or stakeholders. The quality of thinking in tackling the challenges of our time is as high as I've ever seen it, and throughout Asia and the Pacific I see an appetite for addressing challenges in an inclusive, multilateral way. The graduates coming out of the universities of the region, and the researchers working within them, are high quality and driven by an appetite for quality change informed by evidence.

I'd also urge caution about blaming our politicians for this failure. Most every politician I know—whether I agree with their views or not—is doing what they think is right. They are making decisions in the best interest of their constituents, country or state. They are not evil schemers driven by cold self-interest like Frank Underwood in *House of Cards*, nor the well-meaning but bumbling politicians being outwitted by spin doctors, whip-smart bureaucrats and a re-election-obsessed party that we see in comedies like *The Thick of It*.

So where are things falling down? That's not a question with an easy answer, particularly when viewed on a region-wide basis. After all, the process for tackling a public policy challenge in one country and the answers they come up with for doing so may be completely different from a neighbouring country.

But there is one area where I'd suggest there could be improvement—in every country of the region and by the region as a whole. That is the debate, discussion and sharing of ideas of people engaged in or by public policy ideas.

I strongly believe that the best answers for our regional public policy challenges won't come from a single person, however eminent or well-informed their ideas. No, the best answers will come when we allow and encourage debate, discussion and an open exchange of ideas between those people on all sides of a debate who share only one thing in common—finding answers. That means offering the opportunity for input to everyone; from cabinet ministers to people delivering policy at the coalface.

This open exchange of ideas is one of the reasons why we created the Asia and the Pacific Policy Society—the free membership organisation open to all with an interest in public policy that I am President of. Through the Society the members are creating the region's public policy community. The Society offers members many ways to analyse, discuss and debate policy ideas—from our website *Policy Forum* to the members-only LinkedIn group and an incredibly active Facebook page.

A glance at those platforms will highlight a couple of interesting things for those who would be despondent about the quality of public policy formulation and implementation in the region. Firstly, you'll quickly see that there is an appetite for people throughout the region to have the chance to discuss the challenges facing the region. Secondly, it will be obvious that the challenges we face are more often than not common to multiple countries. The exact nature of the problem may be different, its impacts and stakeholders may not be the same across borders, but the underlying issues, the potential ways to address it, and the political and public reception to issues facing implementation are remarkably similar across our region.

From Thimpu to Taiwan, from Canberra to Cambodia, the region's public policy stakeholders have a lot to learn from one another. And if we give ourselves the opportunity to listen, share ideas, discuss and debate solutions, there's no reason to feel despondent—the answers are within our grasp, we just need to keep talking to find them.



Tom Kompas is the Publisher of the APPS Policy Forum ([policyforum.net](http://policyforum.net)), the Director of Crawford School of Public Policy and a Professor of Economics at The Australian National University.



# A new foreign policy blueprint

**To meet global challenges and ensure national interests, Australia needs to develop a coherent foreign policy narrative, writes Michael Wesley.**

**F**acing a tough year ahead on the domestic policy front, the Abbott government should seize the opportunity to build a strong policy narrative in the realm of foreign affairs.

This new foreign policy blueprint needs to reconcile Australia's three enduring national interests with the prevailing challenges and trends of the time—and find the most appropriate techniques and settings for doing so. Foremost, Australia needs to ensure it remains an active and influential insider in the regions that are most crucial to our safety and prosperity. The Pacific, Southeast and Northeast Asia have always been central to our security and prosperity; today South and West Asia are also growing in importance.

Second, as a highly trade-dependent economy without the military throw-weight of a great power, Australia has an enduring preoccupation with ensuring that international rules and institutions are robust, fair and authoritative. A world without strong rules and institutions is a law-of-the-jungle world, and nothing would be more damaging to our safety and wellbeing.

Australia's third enduring interest feeds directly into the first two. Thanks to our history and geography, Australians have a long history of thinking creatively about the outside world, and our readiness in proposing new ways of doing things can at times weary even our closest friends. But this means that we attach great importance to maintaining strong relationships, and even privileged access, to the most influential countries and institutions in our world.

Meeting these national interests is not without challenges. The regional memberships that once seemed to assure our influence and access are now less dependable. APEC, the ASEAN Regional

Forum and even the East Asia Summit are no longer the only games in town.

The rules and institutions of global order seem less robust now than they once did. Like a flash of lightning, the Global Financial Crisis illuminated how profound have been the shifts in global economic and political power since the end of the Cold War. Asia's three continental states, China, India and Russia, each impatient for a return to global prominence, have begun to push and haul at the rules and institutions we've come to rely on. What makes their challenges so confounding is the partial and self-interested nature of their goals and tactics.

India has affected the biggest shift in the nuclear non-proliferation regime since its inception; the world is dealing with the consequences of this shift as it struggles to deal with Iran's nuclear program. China's and Russia's challenges are to territorial rules and agreements established after the Second World War and Cold War.

And while there is little doubt we have robust relations with the region's most influential states, there is real difficulty in keeping each relationship in good shape simultaneously; particularly as each of the great powers watches our relations with its rivals with no small measure of jealousy, and at times a shade of paranoia.

If tracking Australia's national interests during this era is hard, divining the dominant global trends and preoccupations in today's world is doubly difficult. But among all the power shifts and divergent viewpoints, three dominant concerns are shared by nearly all national governments around the world.

The first is a yearning to escape the nagging, seemingly endless instability and uncertainty that has pervaded the global economy since the collapse of Lehmann Brothers.



Professor Michael Wesley is Director of the recently launched Coral Bell School of Asia Pacific Affairs in the ANU College of Asia and the Pacific.

## Canberra has shown that it refuses to be panicked by great power jealousies.

The second is the need for new understandings on who sets and enforces the rules in a world of rapidly shifting power correlations. The most powerful and prosperous societies of the last century—the United States, Europe and Japan—are convinced that the existing rules suit the new world as well as they did the old. The new behemoths, principally China and India, are not so sure.

The third pervasive anxiety concerns who sets policy in this new age of activism and connectivity. Governments, whether authoritarian or democratic, liberal or statist, face unprecedented challenges to their authority, control of information, and capacity to deliver reform.

These are big challenges for an Australian foreign policy blueprint to reconcile. But the elements of such a framework already exist in the broad evolution of Australian foreign policy over the past five years. Canberra has remained abreast of the rapid evolution of regional connectivities, and the widening of regional definitions. We have signed on to preferential trade agreements, and are also one of a handful of countries that are parties to the two big regional trade deals being negotiated, the Trans-Pacific Partnership and the Regional Closer Economic Partnership.

All of these strands could be knitted together into a clear statement of Australia's approach to its regional connectivities: a multi-vector, comprehensive engagement.

Although Australia has benefited greatly from the existing rules and institutions of the global order, we are pragmatic enough to realise that shifts in global power will inevitably lead to changes in rules and who enforces them. In the current stand-off between status quo advocates and change

protagonists, there is a great need for pragmatic advocates of considered evolution in global rules and institutions. Australia could begin to play such a role by setting out a vision of those aspects of international rules and institutions that need to endure in the name of global stability, and those that should be allowed to evolve. Kicking off such a discussion offers a much better chance at consensual progress.

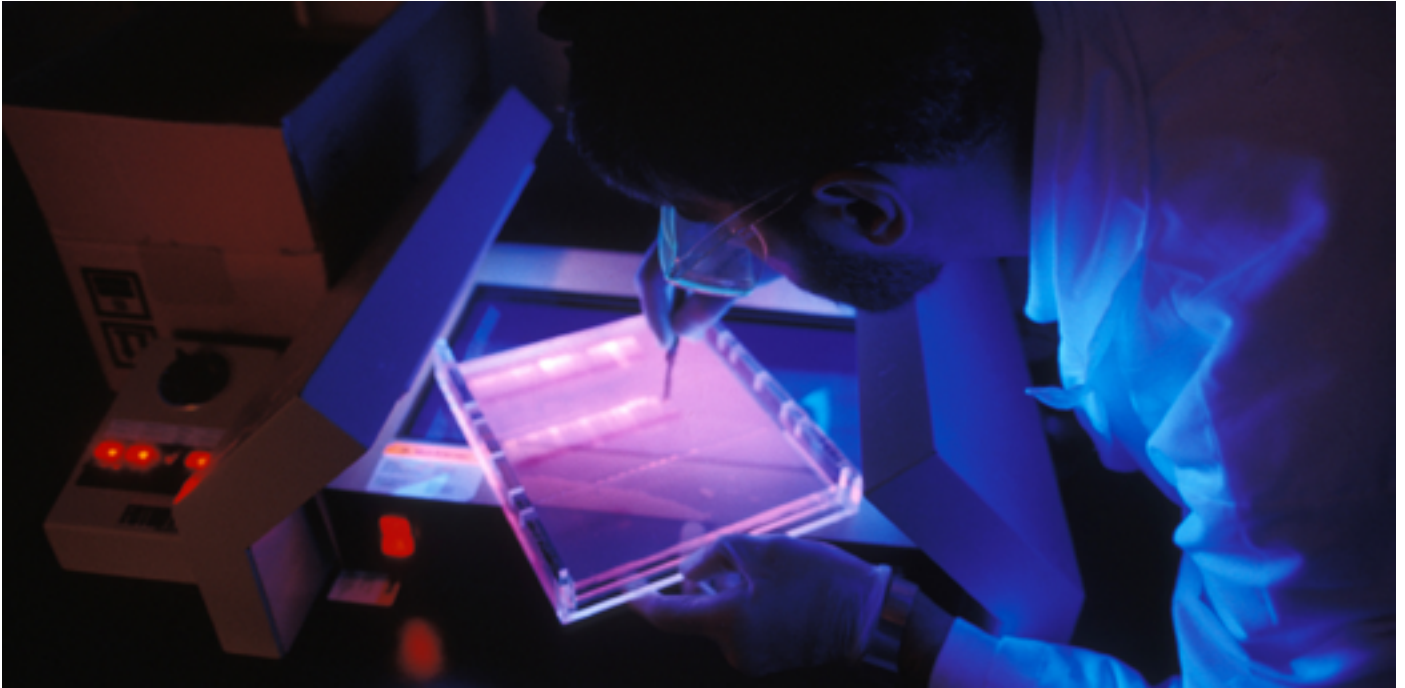
The outlines of this approach are apparent, though not explicitly articulated. Late last year saw Canberra's cautious approach to China's proposed Asian Infrastructure Investment bank, with Australia signaling its openness and support for institutional innovation and evolution sponsored by rising powers; while insisting that these must uphold abiding values of global governance.

Canberra has also shown that it refuses to be panicked by great power jealousies. Instead, it has patiently continued to build good bilateral relations with established and rising powers. Stating this as a clear foreign policy principle would do much to assure all sides, while also signaling to our neighbours in Southeast Asia that we share their goal of maintaining all powers' active and positive involvement in the region. We could also add that Australia's strong relations with all of the region's great powers makes us more, not less, valuable to each of them.

Finally, an Australian foreign policy blueprint can take direction from the common anxieties over economic prosperity, governance and connectivity to forge a new approach to foreign policy. These are all enduring challenges that cannot be addressed by the foreign policy strategies of the past. No one believes that all or indeed any of these challenges can be addressed by grand multilateral institutions or bargains. Nor is there much credibility given to muddling through these issues with dogged pragmatism.

Our age calls for a new approach, of explicit discussions of practical solutions to governance issues, be they broadly multilateral or bilateral. They should no longer be confined to governments, but need to include business, civil society groups, and connected and engaged publics. This new approach might be called "heterolateral", and built around a cumulative determination to foster a new era of equilibrium, certainty and prosperity to the world beyond our shores.

All of the elements are there for a new foreign policy vision for Australia and the conditions are ripe for a new blueprint to guide us through the tricky times ahead.



# Innovating the future

**Australia and India should combine their technology and entrepreneurship forces to foster innovation, writes Kiran Mazumdar-Shaw.**

**H**ealthcare tomorrow will have no resemblance to what exists today. Imagine a world where 3D printing technology prints bespoke organs, blood vessels, bones and joints and every one of us has a lifelong genome map that is tracked for mutations that are linked to their disease-causing potential, enabling early diagnosis and therapeutic intervention.

According to consulting firm Visiongain, the forecast for the 3D printing medical market is estimated to generate \$4 billion by 2018. It is also well accepted that advancements in medical science have increased life expectancy in the developed world to over 80 years. There are 60,000 centenarians in the US today and it is estimated that there will be one million by 2050.

At a time when technology is transforming the world we live in, India and Australia have great potential to collaborate to leverage technology and innovate a better future.

As an entrepreneur, I am cognisant of the need to partner and collaborate in order to leverage new technologies that will propel business growth. Today, at Biocon we are focused on personalising our products for global markets by partnering with multiple providers of smart and innovative technologies. These companies are precursors of what the future holds—a vast and vibrant marketplace of millions of small, medium and large enterprises (SME) symbiotically interconnected to deliver superior and sustainable solutions.



Kiran Mazumdar-Shaw is Chairperson and Managing Director of Biocon Limited.

Bangalore is today the start-up capital of India and accounts for nearly 30 per cent of the country's start-ups and Sydney is home to half of Australia's. What these two cities share is a conducive entrepreneurial ecosystem that links research, capital and technology-led ideas to the market place. The opportunity lies in bringing these two ecosystems together through policies and mechanisms that unleash the combined strengths of all such ecosystems in both countries.

The IT industry in India, built largely by first generation entrepreneurs based out of Bangalore, generates annual revenues of over \$100 billion and employs some 3.2 million people in India. It is estimated that there will be two million IT workers in Bangalore alone by 2020, outnumbering those in California's Silicon Valley.

Bangalore has also attracted a diverse number of life science start-ups over the years and has grown to be the biotech capital of India. I established my own company Biocon in a small garage in 1978 as the country's first biotech start-up and built it up into Asia's largest biotech enterprise today.

As a first generation entrepreneur who started my own business, I urge every jobless person to opt for self-employment. If I could build a billion dollar business on a foundation of innovative ideas and meagre resources, with no business experience but with abundant spirit and youthful confidence, anyone can do so. I have also learnt along the way that innovation creates value, differentiation builds competitive advantage and that businesses need to evolve dynamically as a way to adapt and leverage new technologies.

To me perhaps the most transformative power of technology is that of entrepreneurship. Technology is unleashing innovation through entrepreneurial zeal like never before. No longer is value creation linked to scale but to the power of the idea.

In 2014 the global biotech sector raised \$40 billion through venture funds, private equity and IPOs—the highest ever to date. Add ICT and this number zooms to \$200 billion. These 'technopreneurs' are all focused on breakthrough ideas and money is chasing every one of them.

We are today witnessing the birth of the 'ideas economy', where the value of a company is measured by its 'innovation quotient' rather than traditional metrics such as revenue, profit, physical assets etc. The potential of the WhatsApp

messaging platform to change the way the world communicates led Facebook to pay an 'innovation premium' resulting in a blockbuster deal of US\$19 billion.

In medical and life sciences, the technology revolution is already apparent with the Australian invention of the Cochlear hearing implant and an Indian innovation for rapid TB detection. My own company is developing the world's first oral Insulin as a tablet.

There is no dearth of innovative ideas in life sciences, but unlike the ICT sector, there does seem to be a dearth of investor appetite. The US is perhaps the only ecosystem that has drawn inspiration from the marvels of bio-medical science and created an investment environment that ascribes high value to innovative ideas.

I believe that Australia and India need to emulate the US model of value creation through backing innovative start-ups if we wish to create an 'ideas economy' that generates perpetual value accretion and thereby economic and employment growth.

Genomics and Big Data analytics are emerging areas where Indian IT skills provide an advantaged impetus. Combine this with advanced scientific and medical knowledge in Australia and we have a win-win.

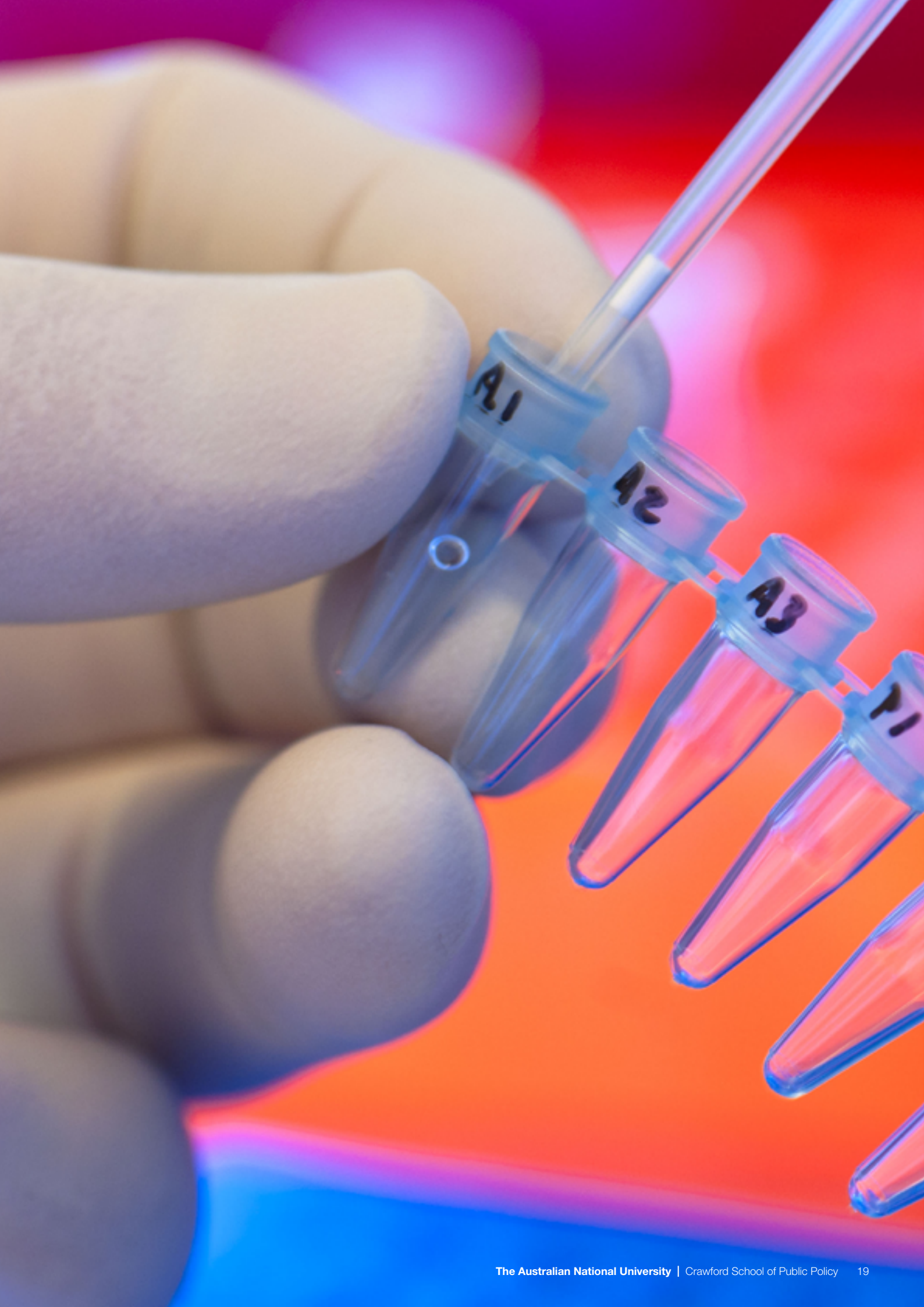
However, unless our respective governments recognise the potential of this scientific synergy, it will remain rhetoric. We need foreign policies to reflect on the power of collaborative innovation, especially in a world that is truly boundary-less, interconnected and virtual, thanks to technology.

The building blocks for close cooperation between India and Australia to create a knowledge society are already there.

Indian Prime Minister Narendra Modi recently paid a historic visit to Australia, reinforcing the importance of building strong bilateral ties between our two countries. While the focus was on mega projects, the potential to create a partnership in the SME sector through technopreneurs and the scope of jointly taking innovative ideas to global markets is compelling.

The future will belong to those countries and companies that can unleash the power of cross-border collaborations, invest in innovation and embrace entrepreneurship as an economic model of growth.

*This is an abbreviated version of the 2015 KR Narayanan Oration delivered by Kiran Mazumdar-Shaw on 2 March at Crawford School of Public Policy, The Australian National University. The complete text of the Narayanan Oration is available at: [crawford.anu.edu.au/acde/asarc/narayanan](http://crawford.anu.edu.au/acde/asarc/narayanan)*



# Politics: ignoring it won't make it go away

**Governments can only deliver the best outcomes for people if people get involved, writes Mitzi Bolton.**

**W**ith democratically elected governments around the world currently clouded by hung parliaments, taxpayer funded bailouts, and no apparent ability to agree on actions that recognise and respond to planetary boundaries, it is easy to become disillusioned with politics and to question the need for, and role of, government. If our elected representatives appear not to be making decisions that align with societal values, regardless of who is elected, why should we, the people, take an interest? Why not disengage and just live our lives?

The response to this lies in what happens next. What happens if we decide it's all too hard? What happens if we disengage? The answer, surely, is more of the same. The motions of government don't stop because you or I decide to switch channels or go and live as a recluse. Decisions are still made, policies still enacted and implemented. We are still affected. Deeply. From the level of security on our streets to the state of those streets themselves. From what we pay for our services, to the control of pollutants in our environment. What's more, in an age of increasingly complicated and interconnected issues where there can be significant time-lags between action and consequence, we are not just affected right now, but also long into the future.

So how do we deal with this growing discontentment? Insanity, according to Einstein, is doing the same thing over and over and expecting different results. Our elected representatives don't have ESP, and thankfully not all smart devices are equipped with Orwellian sensitivities yet. So given voicing our concerns by a 'share', 'like' or 'tweet', or complaining to sympathetically-minded friends about

the failures of our government seems to have done a #fatlotofgoodsofar, perhaps it's time to do something different. Perhaps it's time to really engage.

Of course, governments aren't blameless in getting us to this point. The refrain often heard is that, policies these days only benefit those operating in the 'London' of each region, or with the ability to influence media or markets. That globalisation and corporatisation now overshadow democracy. That ultimately, the role adopted by governments is no longer one of forging a path for the common good. Some say that it's nothing new. That it can't be helped. That they once cared but no longer see the point. But, what's the alternative?

If we allow representative government to be boiled down into just another commodity, bought and sold by those with influence, what is its purpose? Without broad societal participation it's surely just another institution that can change direction, be sued, or morally bankrupted. While any teenager can see that not all things are right in the world, these things will not change through detachment. It is those who participate whose voices are heard. It is their visions for the future, or lack thereof, which we will all come to live by.

Representative governments can only deliver the best outcomes for the people if the people get involved. The 2014 Scottish Independence Referendum demonstrated that the decisions made by governments aren't always what the people want, and that active engagement by the people can alter the consequence not just the result. Moreover, it proved that politicians don't have a monopoly on complex thinking, that the public are capable of considering and discussing difficult issues, and that they want their opinions to be heard.



Mitzi Bolton is a PhD Student at Crawford School of Public Policy in the ANU College of Asia and the Pacific, and a Senior Policy Officer at the Victorian Environment Protection Authority.



Sadly, the high level of interest in the referendum was somewhat of an anomaly in a continuing downtrend of voter turnout in Western elections. Compounding the problem of low voter turnout is that, of those who do vote, many base their choice on long-standing allegiances or physical impressions rather than actual policy offerings. How can we reasonably criticise the decisions made, if we show such disregard for these individuals and the processes by which they do our bidding? Our votes and our post-election passivity give them the mandate to make decisions. If we don't like what they're doing, who can we blame but ourselves? We can't lament the lack of alternatives if we don't demonstrate a desire or need for them to exist.

Opportunities to participate are numerous and, given the myriad social media platforms now sitting in people's pockets, it's perhaps easier than ever before. But by not engaging in public debate in our homes, communities and streets, by not writing to or calling our local members to raise what is important

to us, and by not participating in public consultations, we don't give our elected representatives any reason to act differently. We demonise our politicians as egotistical political masters, yet fail to remember that they are our (egotistical political) elected representatives. They are public servants and we are the public. They can only paint the picture we ask for. If we don't ask, we in effect waive our right to complain about the outcome.

True democracy isn't a sausage sizzle and a ballot box. It's not a #QandA retweet or a Facebook 'like' of memes of the PM. It's debating our future, and that of our children. It's reflecting on our values and showing that we do have views and we want them to be considered. It's taking action to ensure that the reality we want is brought to life.

In an era where political 'leaders' are no longer revered or even respected, it is time for all of us to speak up and be heard. To break free from this social trap. To demonstrate we're not asleep in the back, while the political vehicle we're all travelling in careers down a road we didn't choose.

# **Towards a new Australian security**

**Rory Medcalf on putting the right policies and priorities in place to tackle Australia's expanding horizon of national security risks.**



**W**hy think about Australian national security? Why, in particular, should we think about it anew?

Today's and tomorrow's Australia faces an era of change, uncertainty and fragility. Our horizon of risk is expanding, as our connections with the world increase, including in terms of energy, resources, people, money and knowledge. The world's centre of economic and strategic gravity is moving to our region of Indo-Pacific Asia.

Australia's interests are large and growing yet our capabilities are not keeping pace. So there is a premium on partnerships to guard our interests in an uncertain world. Yet to have the best chance of building and maintaining the partnerships we need, we must also have the credibility that comes with doing our best to provide our own security.

The key question, then, is are we really doing our best? It can be argued that Australia continues to fall short of its potential as an effective security actor.

We are still in transition from the Australia of the past few decades: a country that has relied for its security primarily on the combination of a stable global and regional environment and a less demanding US ally.

Now the strategic environment is less stable and the ally more demanding, yet frustratingly less than clear about its own strategy or priorities.

Added to that, our own ability to set security priorities is being dispersed by worsening dangers of terror and radicalisation at home and worldwide.

Of course, a national security statement focused exclusively on terrorism is a misnomer. It is obviously incomplete.

Amid entirely justified present-day fears, we must not lose sight of truly strategic risks associated with China's rise and the Indo-Pacific power balance.

But how to set priorities? For instance: how to prioritise the immediate security threat of terrorism, the wider strategic problem of the changing Indo-Pacific Asian order, and dealing with longer-term trends like the security repercussions of environmental pressures?

The simple answer is that we need a layered response that deals with each problem on its own time-scale. Nor should we imagine that all these risks exist in parallel worlds. They interact in ways we are just starting to understand. A common thread is the way in which they threaten order.

In acquiring our own new security capabilities, we need to be constantly looking for flexibility and adaptability.

Like it or not, devoting substantial resources to national security, broadly-defined, will need to be an accepted part of the Australian policy landscape for as far ahead as we can see.

In all, this is hardly a context in which we can afford our national security debate to become any further politicised. A country of our limited capacities cannot afford to be complacent about consensus.

The good news is that we have a reasonably good recent history of bipartisanship on key security issues, including the US alliance. Yet there is also a hidden fragility, a potential fragmentation of public opinion and political views, across much of the national security, defence and foreign policy agenda—for instance on the best ways to respond to terrorism.

How cohesive or resilient is Australia on matters of security, really? What do young Australians think about these issues?

In a nation where now more than one in four of us was born overseas, more Australians from more places—including East Asia, South Asia and the Middle East—will mean a much more complex mosaic of views about security issues than Australian Governments have needed to relate to in the past.

This will make national consensus-building on security harder. It will also make it more necessary. What we cannot afford is any further politicisation of the national security debate—by any side.

Of course, politics is not the only part of the national security house we need to get in order. Australia can ill-afford for national security to be the narrow interest of a professional security caste which, confident in the knowledge that it is striving for the national interest, just expects the rest of the country to let it get on with the job.


The national security community needs to accept that intensive, sophisticated public consultation and outreach will be a constant requirement and a priority for policymaking.

We have to work much harder to ensure that the security debate in Canberra is recognisable to the wider population—and is recognisably in their interests.

That is a necessary and achievable task, because, like it or not, national security really is becoming everyone's problem. That is why it must now be a national priority to ensure that no part of the community feels like it is being treated as the problem.



Professor Rory Medcalf is the head of the National Security College in the ANU College of Asia and the Pacific.



## The national security community needs to accept that intensive, sophisticated public consultation and outreach will be a constant requirement and a priority for policy-making.

For instance, to quote former ASIO director-general David Irvine, we should not be critical of a whole community, Muslim Australians, based on the actions of a tiny minority of misguided individuals.

The need to ensure that national security policy is owned right across Australian society is also why the government is correct to seek to connect citizenship with responsibility as well as with rights.

There are many in the community who seem to think that national security is not their problem, or indeed who think that national security policy is the problem. Those who sincerely hold such views need to be willing to suspend preconceptions or posturing, and engage in a first-principles conversation.

This would be an open-minded conversation about how best to preserve the security and cohesion of the society that has offered levels of political freedom, personal opportunity and physical safety that most of humanity has never experienced.

One way to get the national security conversation on a more fruitful path is to recognise that Australia's security problem requires multiple responses over multiple time-scales.

On terrorism, there's little question that counter-radicalisation and showing the emptiness of the Islamic State narrative are essential tasks. But even the best efforts on these fronts will take time and trust-building.

In the meantime, it is imperative not only to minimise the number of Australians attracted to the terrorist cause—at home or overseas—but to minimise the harm they can do.

Right now the most pressing national security priority must be to prevent further atrocities of a kind that would damage social harmony in a multicultural Australia.

The question then becomes how to maximise the security community's chance of success in preventing terrorist violence, without poisoning the nation's medium and longer-term capacity to erode the appeal of terrorist propaganda. It is not a choice. Both are priorities.

Thus it is incumbent on the critics of counter-terrorism measures to offer their best ideas on how to reduce the chances of further terror attacks—or alternately to acknowledge a willingness to risk those attacks and their potentially dreadful impact on Australia's core qualities of social tolerance and trust.

A new and inclusive Australian security approach must extend to other risks as well. It will involve a recognition that we need to face multiple challenges at once, some that can be met or deterred or limited by principally military means, others that cannot.

Ultimately, a new and inclusive approach to Australian security requires that as a nation we step up our efforts to engage and employ all the qualities we have—advanced technology, strategic geography, a strong ally, promising partners, a private sector increasingly conscious of security, an educated population and exceptional cultural diversity.

The fact that the Australian Defence Force and other policy and security agencies are lifting their game in ethnic and gender diversity is good, but not good enough.

To match the new shape and potential of Australia's dynamic society, patterns of recruitment and employment in the security community need fresh attention.

Cyber capabilities, for instance, could well be a natural fit for a new kind of reservist. A national cyber security reserve, involving creative work arrangements and flexible exchanges with private industry, would transform traditional notions of what soldiering is about, and what new generations with new skills can do for their country.

Just as Australia's political and social history has been about increasing inclusion, so too is inclusiveness the essential quality of a new Australian security.

*This is an extract of a major speech, 'Towards a New Australian Security', delivered by Professor Medcalf on 16 March 2016. Watch a video of the speech at <http://bit.ly/rorymedcalf>*

# Bridging the gap

**Asia and the Pacific Policy Society Fellow Sri Mulyani Indrawati has had a distinguished career in academia and policy-making. She tells Belinda Thompson about some of the challenges facing both of those worlds.**

Indonesia's 'Arab Spring' in the late 1990s led Sri Mulyani Indrawati from academia to becoming a rising star and now a recognised celebrity of the policy-making world.

Mrs Indrawati's rise corresponded with a seismic shift in Indonesia's political system. Moving from a closed, autocratic government system to an open democracy, the government needed capable and credible leaders with a fresh perspective and no historical baggage.

The Java-born economist was an executive director on the board of the International Monetary Fund in 2004 when she was selected to become Indonesia's Finance Minister by President Yudhoyono.

As a newly-minted Finance Minister—the first female and youngest ever in Indonesia—she had to tackle entrenched corruption inside and outside her own ministry and navigate the fallout from the Global Financial Crisis in 2008.

"Coming from the academic world, I knew policy adjustment was needed," Mrs Indrawati said.

"We knew we really needed to improve revenue, had to strengthen anti-corruption measures, implement checks and balances, and invest in technology to prevent or reduce corruption."

Back in 2006, she had to cut Indonesia's generous fuel subsidies to curb a ballooning deficit. It was an action that presented a classic gap between what was academically right to do, and one which would be unpopular with voters and require the policymaker's willingness to handle trade-offs and risks.

Cutting subsidies would increase the cost for transport and cooking fuel, putting pressure on millions of Indonesians living at or below the poverty line. The shock of a price increase would be disproportionately felt by this group.

"I knew that we had to protect and compensate the poor, the potential losers of this policy," she said.

"The academic world could provide us with tools to identify the poor. They recommended 16 indicators to measure who would be eligible for targeted assistance to cushion the blow of the price hike. But when you implement that in the real world, it can happen that one family will be classified as poor while the neighbour next door is just slightly better off and will be excluded from the benefits," she said.

"As policymakers we had to face that reality and try and address it. You have to deal with dilemmas."

Another major challenge was the diversity in the capacity of local governments in the 34 provinces that make up the Indonesian archipelago.

"When you're looking at a policy, one aimed at improving health services for example, but each local government's capacity is different, you have to take this into account," she said.

"You can have good intentions, but it can be difficult to turn them into benefits for the people.

"You have to understand the institutional, political, cultural and societal barriers. In the policy-making world you often can't have the 'first-best' policy; realities often won't let you have even the second best; sometimes it's the least-worst option and you have to deal with that. You still have to make a decision and make the best of it.

"This is the tension between the 'perfect' world of academia and the 'imperfect' world of policy-making.

"How are the stakeholders going to react? Will they try to defend or maintain the status quo? How are you going to address interest group pressure? How are you going to stay the course? It is important to stay true to yourself even when your environment is muddy and messy."

Before becoming a minister, Mrs Indrawati had an established academic career; she had been a faculty member at the University of Indonesia and Visiting Professor at the Andrew Young School of Public Policy at Georgia State University.



The Asia and the Pacific Policy Society is a community of scholars, policymakers, researchers and students. Membership is free. To join go to: <http://bit.ly/APPSociety>



“As an academic it is rewarding when you are able to influence the thinking or priorities of government,” she said.

“You usually have a clear sense of the objective, a certain idea of what needs to be done. But the policymaker is not working in a simple one-dimensional world; they have to achieve many goals.

“The dynamic political, economic, cultural and behavioural context is not always reflected in the academic world. That is really the most important difference.”

Now the World Bank’s Chief Operating Officer and one of two Managing Directors, second only to President Jim Yong Kim, Mrs Indrawati said she made the move into policy-making to help her country’s transition to democracy.

Going from the challenges of designing and implementing policy across Indonesia to governance and agenda setting in a multilateral organisation has some significant differences.

“The context is different, the scope and the scale are different. At a local or national level, the shareholders are the people who elected you and you have to deliver your mandate to those people,” she said.

“For policy and policy-making priorities in multilateral organisations like the World Bank, the shareholders are different. They comprise 188 countries, all of them are at different political and development levels.”

Mrs Indrawati views an ongoing dialogue between academics and policymakers as essential to ensure the best policy outcomes.

“We need to exchange ideas and points of view. What are the policy goals? How to implement them? What reality do the policymakers have to face?” she said.

So, having made a highly successful transition from academia to the government, what advice would she offer young academics?

“You must thrive for academic and technical excellence,” she said.

“But while that is necessary, it is not sufficient. You need to equip yourself with new perspectives, be pragmatic and flexible without compromising your integrity.”

Mrs Indrawati’s star continues to rise; her ability to combine the academic and policy worlds now recognised on a global stage.



# Wired and worried

**Is social media making us depressed and anxious, asks James Donald.**

**H**ere's a challenge for you: can you read to the end of this article without being interrupted to respond to an urgent email, send a tweet or finding some other way to multitask?

Communications technologies are giving us all something we desperately want: attention. As humans, we are the most socially conscious of all species. MRI scans have shown that the areas of the brain associated with social awareness are active

even in newborn babies, moments after birth. Social media gives us the social attention we want, 24/7.

Recent scientific research has found that when a human isn't engaging directly in their immediate activity, they're thinking about social issues: themselves, other people and the relationship between both. It's known as 'default mode'.

Researchers from Harvard estimate this to be about 47 per cent of an average human's waking day. In this context, social media meets a big need and it's no coincidence that uptake rates are so rapid.



James Donald is a PhD scholar at Crawford School of Public Policy in the ANU College of Asia and the Pacific.

Yet excessive media use—video clip-watching, texting, gaming and emailing—is associated with significantly higher rates of depression and anxiety. Other research has found that social media use is linked with narcissistic tendencies. There’s even a new disorder called ‘phantom vibration syndrome’, perceived vibration from a phone that isn’t actually vibrating, reflecting the anxiety associated with chronic media use. So although it meets a basic need, over-use of social media hurts us.

It also lowers our performance. A fascinating study by Clifford Nass and colleagues at Stanford University compared high-volume media multitaskers with low media multitaskers on a range of tests of task performance. To their surprise, they found that the multitaskers had worse memory, less focus and ... were worse at multitasking. The researchers reasoned that multitasking undermines people’s ability to prioritise competing calls on one’s attention, which, in turn, undermines task performance.

One area where our ‘always on’ culture has particular costs is the workplace. In the current economic climate, employees are commonly being asked to do more with less and technology facilitates this. I recently met a senior construction executive at a conference who said he worked until 10pm or later every night. “Is all that work critical?” I asked. “Some of it is, but most is not”, he replied. “Everyone sends stuff, day and night—we’re a global business ... you kind of feel like you don’t want to miss out.”

Despite the flexibility this technology brings, there is evidence, especially from developed nations, that employees are struggling to cope effectively with the demands placed on them. This, in turn, spills over into greater workplace absenteeism and turn-over rates. A recent Australian study estimated that stress-related workplace absenteeism and presenteeism cost the Australian economy around A\$14.8 billion in 2008.

So where does this leave us—other than feeling even more worried than if we hadn’t read this article, and just multitasked instead? More than anything, the challenge lies in how we manage our attention. *Time* magazine recently reported on the ‘mindfulness revolution’ gripping the West. This is no coincidence. Skills like mindfulness and similar attention-training techniques are critical for helping

## Excessive media use—video clip-watching, texting, gaming and emailing—is associated with significantly higher rates of depression and anxiety.

people manage our always on culture. And there is a large and growing body of evidence to support this. Mindfulness training has been shown to be associated with lower stress levels, greater focus and task performance, improved memory and increased persistence.

Some of the world’s most successful organisations, such as Google, Apple, Sony and Deutsche Bank realise this and have invested in training their staff in attention and emotional regulation. Mindfulness programs are cropping up everywhere in OECD countries as part of countries’ health policies. Notable examples are the UK’s .b program, which has received support from the UK parliament, and Australia’s Smiling Mind program, an app that teaches mindfulness to school kids.

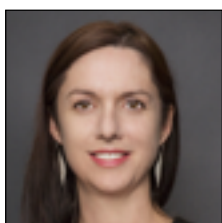
But there is still a long way to go. Government and organisational health policy that advances greater attentional regulation among students and employees are much-needed.

So the next time you find yourself in the all-too-familiar place of trying to meet too many of your social needs at once, spare a thought—and perhaps some attention—for your attentional needs. After all, did you make it through this piece in one uninterrupted sitting?

# Unintended consequences

**‘Ghost ships’ and the on-water abandonment of the hundreds of migrants they carry is an ominous sign for policymakers. Marie McAuliffe and Khalid Koser report.**





Marie McAuliffe is a doctoral candidate supported by the Sir Roland Wilson Foundation at the Australian Demographic and Social Research Institute, The Australian National University, and is on leave from the Department of Immigration and Border Protection.

**M**igrant smuggling may once have been the bastion of small-scale operators seeking to move people across borders illegally. The emergence of ghost ships carrying hundreds of migrants in the Mediterranean Sea shows how times have changed. They are a warning sign that smugglers may be in the ascendancy and that the international protection system risks being undermined.

This new tactic by migrant smugglers is potentially very lucrative for them. It is reported that the organisers of the *Ezadeen* merchant ship rescued in Italian waters in January earned around US\$3 million, with each of the 350 migrants on board paying up to US\$8,000. Only two days earlier a larger ghost ship carrying around 800 migrants was saved in the Mediterranean Sea from what could have been a massive maritime disaster.

The on-water abandonment by smugglers is a new development in large-scale maritime smuggling operations. Where previously small vessels were used to transport migrants from North Africa, Turkey, Syria and elsewhere, larger cargo vessels were used more frequently during 2014.

Using cargo ships for migrant smuggling is anything but small-scale. It's not able to be done hastily. It's not ad hoc. It would take considerable time as well as planning, organisational and delivery capability, and many people would be involved directly and indirectly. While it is difficult to judge whether the use of ghost ships will become more common, they signal greater sophistication and some ominous signs for policymakers, migrants and others.

What it shows us is that firstly, operational feasibility is increasing. There are fewer constraints on smugglers as telecommunications improve, international monetary flows enable pooling of resources, the number of migrants able to afford smuggling increases and there are officials who

seem willing to collaborate. In a recent research project on the assisted voluntary return of migrants, we found that every single one of the 273 migrants interviewed in the 15 countries had paid smugglers. Migrant smuggling has become the norm.

Secondly, demand is high. The increase in displacement is an important factor but migrants' search for a better life fuelled by limited opportunity at home is also driving demand. At the end of June 2014, the total number of refugees was the highest for almost 20 years at 13 million. The migrants on the *Ezadeen* were almost all Syrian.


Thirdly, the international protection system is under growing pressure. An increasing number of people are on the move for a range of reasons, but the international protection route provides the only valid avenue for people without visas to access the industrialised countries that are the target destinations for many migrants today.

The result is that the international refugee protection system no longer provides protection for a sizeable proportion of those in need; nor is it able to adequately protect states' rights to manage migration and their borders with requisite integrity. Instead, it has become about who can pay, and one of its greatest beneficiaries has become the migrant smuggling industry. Some analysts estimate that smugglers extracted US\$1 billion from migrants along the Mediterranean Sea route during 2014.

Migrant smuggling and its intersection with the international protection system poses many policy challenges for governments. How can migrants' rights be maintained, irregular movements of asylum seekers be managed effectively, and smuggling operations be stemmed? How can refugees be better assisted in their home countries? Are there better ways to provide information to asylum seekers about the reality of being smuggled?



Dr Khalid Koser is Executive Director of the Global Community Engagement and Resilience Fund and Non-Resident Fellow at the Lowy Institute.



## The international refugee protection system no longer provides protection for a sizeable proportion of those in need; nor is it able to adequately protect states' rights to manage migration and their borders with requisite integrity.

In our view, a range of responses is required. Firstly, we need to further develop a strong evidence base so we can understand the various actors, their roles, their connections, their operating strategies, their successes and their failures. This is worthy of ongoing investment, particularly given the dynamic nature of migration flows as well as the fluidity of asylum and refugee policy and practice.

Research on smuggling has illuminated aspects, however, its exploitation of the protection system needs to be further explored.

Secondly, we need to be honest and clear about some of the weaknesses of the international protection system while acknowledging its substantial strengths. The Refugee Convention is extensively ratified and its core principles widely supported. UNHCR's frontline operations provide critical support and stability in often highly unstable environments. There remain, however, glaring weaknesses. The inability to return failed asylum seekers is a fundamental issue but so is the absence of a practical response to secondary movements, adequate support for refugee host countries, the lack of accountability of states that cause displacement in the first place, and the failure of existing durable solutions.

Finally, we need to look beyond the media headlines and think in iterative and strategic terms. Understanding and appreciating the increasing interconnectedness of not just countries and regions but people smugglers and potential migrants underpins sustainable responses.

Policies that are able to account for migration patterns and monetary flows, geography, migrants' rights, motivations and decision-making, as well as bilateral and regional sensitivities have a much greater chance of developing into long-term solutions. The current policy and operational framework in Australia has been successful at halting maritime migrant smuggling, but at a cost.

Creating a safer and more certain future based on evidence, a critical and honest appraisal of the current international protection system and greater recognition of our interconnected prosperity is a pressing global priority.



# The view from here

**By 2050 the world's population is predicted to be 9.6 billion. How are we going to feed everybody on the planet? Quentin Grafton offers some insights.**

**T**he picture you see was taken on Christmas Eve 1968 by William Anders on the Apollo 8 space mission.

Much has changed since that first manned journey around the moon. Back then the world's population was 3.6 billion. It is now 7.3 billion, but projected to be 9.6 billion by 2050.

1968 was arguably the year hope died for many who wanted a better world. Robert (aka Bobby) Kennedy, and the Reverend Martin Luther King Junior were both assassinated in that critical year. Then there was the ending of the Prague Spring by Soviet tanks, the Paris student riots, the Tet Offensive in Vietnam, a worsening conflict in Nigeria, and a low point in the Chinese Cultural Revolution, all in 1968. Such events changed the Zeitgeist of the time.

This, I contend, is why the picture of a small earth alone in space captured the imagination of all who saw it then, and all who see it today. It unites us all.

Despite the chaos of 1968, in the years since the world successfully overcame a pending global food crisis even though humanity was then growing at its fastest rate ever. In fact, even with this formidable challenge, global food supplies tripled and world per capita incomes, in real terms, more than doubled since 1968.

The very positive changes witnessed over the past 50 years or so did not just happen by accident. Investments were made in high-yielding crops varieties, knowledge was created and diffused, and gradually people were given opportunities in terms of better education, health care and employment.

It is worth considering these human triumphs when thinking about what we must do in the next 35 years as we face the human-created challenge of climate change. Challenges like the need to produce at least 60 per cent more food and how we respond to projected increased water demand of at least 50 per cent, and primary energy demand of 40 per cent by 2050. All of these will need to be done without damaging the soils and resources we need to feed the world.

Our past successes made many of us complacent in the 1990s and the early 2000s. It was thought that business as usual would continue to deliver the food and the environmental services that we all need, now and forever.

The rude awakening came 40 years later with the Global Financial Crisis. It showed that very large and unexpected shocks can happen almost out of the blue and be enormously damaging. Equally as important, it showed that past methods of decision making and understanding risks had spectacularly failed.

Immediately before the global economic crisis the world had experienced a food crisis. Food prices rose some 80 per cent, on average, from 2005 to 2008 primarily as a result of high-energy prices, but also due to misguided policies to subsidise biofuels production. The end result was that globally an additional 100 million people became chronically undernourished.

The food price spikes of 2008–2011 show the systemic risks between food and energy. Recent droughts, such as Australia's Millennium Drought that ended in 2010, or the California drought that is continuing in 2015, illustrate our critical dependence on water for food production and the environmental services.

Unlike in 1968, in 2015 we are approaching, or perhaps have passed, key planetary limits. Simply put, it is not physically possible to continue extracting water at an increasing rate in many of the key food growing regions of the world. Instead, we need an alternative vision that has been called 'sustainable intensification'.

I interpret sustainable intensification as increasing food production, but without using more arable land or inputs, such as water, that would degrade our long-term ability to produce food or irreparably damage critical environmental systems.

Full consideration of the systemic risks across food, energy and water, and the collective impacts on the environment, are achievable. It is no pipe dream. But it will not happen by simply wishing it, by moral exhortations that we become vegans, or by resting on past laurels.

Too often we wring our hands, take amazing pictures to illustrate our despair, make documentaries, swarm together on social media and care loudly and publicly.

We have telegraphed the problem to the world. Now we must fix it.

The global food, energy and water risks of today demand nothing less than a 'paradigm shift' in how we see the world, and how we make decisions. What is required are ways to help decision makers make better decisions, whether it be a farmer, a catchment manager or a president.

My colleagues and I in the Food, Energy, Environment and Water (FE<sup>2</sup>W) Network have developed a Risk and Opportunities Assessment for decision making that accounts for systemic risks and gives options about how to make better decisions.

The time and effort required to apply our risk and opportunities framework will depend on the decisions at hand. For a subsistence farmer it may be a simple and virtually costless process, but one that would provide a more systematic way to assess and mitigate risks. By contrast, for a state water department, it could be much more involved, considering multiple triggers, threats, risks and opportunities with a range of decision controls and options. Such a framework is urgently needed in the food, energy, environment and water space.

There is no question that the world faces major challenges over the coming decades in the context of food, energy, the environment and water.

The time for action is at hand. Many opportunities exist, and better decision making can deliver solutions to the challenges that we face. We know what to do and where to begin our work.

In the next 35 years we cannot deploy the solutions of the 20th century. Increasing food supplies at the expense of irreversible soil loss or the mining of key aquifers, or much greater greenhouse gas emissions, is no longer sustainable, if it ever was.

Now an alternative path is required. This pathway to the future demands better decision making that connects the dots across food, energy, environment and water. It requires decisions that fully account for the value chains from the 'farm gate to the dinner plate'. It needs integrated assessment and management to promote resilient food-energy-water systems that can withstand unexpected and negative shocks. And it demands decisions that do not compromise future sustainability.

Better, risk-based decisions are needed if we are to navigate the perfect storm that lies ahead of us to 2050. This is not a journey we can take by ourselves, but if we work together we can continue to feed the world. Most importantly, we can do this in ways that do not compromise our common future and make us both resilient to risks and responsive to opportunities.



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# Out in the cold

**Many Australians are having to make difficult choices between eating or staying warm, writes Noel Chan.**

**I**magine shivering through the bleakest winter without an external source of warmth; no heater, no electric blanket, no roaring fire, no oven for radiant heat.

While it sounds like a life taken straight from a Dickens novel, for too many Australians rising energy prices are forcing them to choose between food and power. It's become such a familiar phenomenon that there's even a term for it—fuel poverty.

The statistics show that fuel poverty is on the rise in Australia. In just the first nine months of the 2013–2014 financial year, the Australian Energy Regulator reported 25,900 cases of electricity disconnections, 1,000 more cases than the previous financial year. There has also been an increase in complaints received by the Energy and Water Ombudsman related to utility affordability challenges, such as utility debts, customer credit rating, and being contacted by debt collectors.

Fuel poverty was first recognised as a social problem in the United Kingdom in the early 1990s by researcher Brenda Boardman. She found that fuel-poor households usually spent more than 10 per cent of their income on energy services. They lived in poorly-insulated homes, suffered from health problems, and survived under the weight of multiple financial stressors and hardship. Their inability to afford heating and other energy services further exacerbated their health and poverty situations.

By the late 1990s, fuel poverty was firmly on the political agenda in the UK. Policy responses included *The Warm Homes and Energy Conservation Act of 2000* and the publication in 2012 of the *UK Fuel Poverty Strategy*, which aimed to eliminate fuel poverty by 2016. Following the lead of the UK, Ireland, New Zealand, and the

European Union now have policies and initiatives to tackle fuel poverty.

In Australia, the concept of fuel poverty was considered in the early 2000s in response to the rapid increase of energy prices after microeconomic reforms. However, no specific policies or initiatives have been developed.

Government-led infrastructure, pricing and market reforms since then have made tackling fuel poverty even more challenging. While reform may have been necessary, most have meant the traditional social objectives of energy provision have diminished.

The general belief that in a privatised, competitive market, energy prices will become cheaper hasn't eventuated; the prices of electricity and gas have continued to increase at a much faster rate than the consumer price index in the past five years. Extra costs associated with carbon reduction schemes have added to the upward price pressure. These costs are inevitably borne by energy customers, with the poor bearing a disproportionate burden.

Government incentives, including the Renewable Energy Target, solar panel rebates, and feed-in-tariffs, have further polarised energy inequality between the rich and the poor. With the financial capacity to install alternative energy sources, wealthier households can reduce their electricity bills to nil or even earn income from energy supplied back to the grid; while poor households are paying more despite using less energy overall.

No wonder more Australian households are joining energy hardship programs, or requesting alternative payment plans. No wonder that more aged pensioners are reluctant to turn on heaters during winter and more families are visiting food hubs to buy subsidised groceries.



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At present, state energy concessions are the main mechanism to ease the energy burden among eligible households. However, my analysis found that the current concession schemes are inconsistent, inequitable and inefficient to target the fuel poor. Some pensioners or seniors who are not poor are eligible for concessions, while some fuel-poor households without concession cards are excluded from assistance. Only a quarter of the concession expenditure was allocated efficiently to reduce fuel poverty.

But bill reductions are a short-term approach to tackling fuel poverty which deal with the symptoms of the problem, not the cause. There are two main failings of the current energy concession system: first, it is not designed to target fuel poor households; and second, it is reactive, not a proactive, approach which fails to tackle the root causes of fuel poverty—the quality of the housing

stock, the cost of fuel, and the widening gap in energy inequality. People on low incomes generally live in energy-inefficient homes with limited financial capacity to improve energy efficiency. Investment in energy efficiency or renewable energy for fuel-poor households can both save concession budgets and reduce energy burden of the poor in the long run.

Despite the recent repeal of the carbon tax, additional costs associated with fighting climate change in the future are unavoidable. A more proactive and inclusive approach is required in any new energy policy so that fuel poverty and energy inequality are not intensified.

The fuel poverty policy void has to be addressed as a matter of urgency before it gets to the point where we start seeing people perishing in Australia due to a lack of access to basic energy utilities. We need to stop leaving the most vulnerable behind.



# Policy Forum

**Public policy turns a new page with online portal for debate and opinions.**

**T**he Internet, they say, makes instant experts out of us all. Luckily, we are bringing back some of the truth to that statement with the launch of our sister site *Policy Forum*—a new portal dedicated to the biggest policy issues and challenges facing Asia and the Pacific.

The website from the Asia and the Pacific Policy Society is a new platform for the free, frank and open exchange of ideas and informed opinions. It also provides a platform for Asia and the Pacific Policy Society members to share essays, research and events.

So far it's met with great enthusiasm with thousands of readers each day and many new members signing on to the Society—our community of scholars, policymakers, researchers, students and policy-engaged public.

Membership to the Society is free and brings significant benefits including commenting, contributing and submitting events on Policyforum.net, priority invitations to selected events, a weekly e-newsletter, and networking opportunities with policy-engaged peers and the region's leading policy experts.

Published authors on *Policy Forum* include former Justice of the High Court of Australia, Michael Kirby; Nobel Laureates Joseph Stiglitz and Brian Schmidt; and many distinguished academics, politicians, public servants, people employed by NGOs and postgraduate students.

Crawford School Director and Publisher of Policy Forum, Tom Kompas said that the website raises the bar on public policy debate and discussion in Australia and the region.

"I believe that the best way to develop good public policy is through the free and open exchange of ideas and expertise.

"That's why *Asia and the Pacific Policy Studies* is an open-access journal; that's why membership to the region's public policy community, the Asia and the Pacific Policy Society, is free; and it's the thinking behind policyforum.net," he said.

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